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Congressional Record

SEVENTY-SECOND CONGRESS, FIRST SESSION

SENATE

MONDAY, JANUARY 4, 1932

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Eternal God, who art from everlasting to everlasting and whose mercies are new every morning; we thank Thee for the renewed springs of love, joy, peace, aspiration, and hope with which Thou hast but recently refreshed us. As we stand at the threshold of another year, give us the power to be more patient, more just in judgment, more useful and helpful in action, more apt in learning the lessons of life. May our work be better done and may our hearts respond more quickly to the touch of all that is good and true, that by our counsels and deliberations we may speed the Nation's welfare with blessings of peace and tranquillity within our borders and rise to the passion of the larger claim of the hopes of mankind. Through Jesus Christ, our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Monday, December 21, 1931, when, on request of Mr. FESS, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Robinson, Ind.
Austin	Dale	Johnson	Sheppard
Bailey	Davis	Jones	Shipstead
Barbour	Dickinson	Kean	Shortridge
Barkley	Dill	Kendrick	Smith
Bingham	Fess	Keyes	Smoot
Black	Fletcher	King	Steiwer
Blaine	Frazier	La Follette	Swanson
Borah	George	Logan	Thomas, Idaho
Bratton	Glass	McGill	Thomas, Okla.
Brookhart	Glenn	McKellar	Townsend
Broussard	Goldsborough	McNary	Trammell
Bulkley	Gore	Metcalf	Tydings
Bulow	Hale	Morrison	Vandenberg
Byrnes	Harris	Moses	Wagner
Capper	Harrison	Neely	Walcott
Caraway	Hastings	Norbeck	Walsh, Mass.
Connally	Hatfield	Norris	Waterman
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	Wheeler
Costigan	Howell	Robinson, Ark.	White

Mr. KENDRICK. I wish to announce that my colleague, the junior Senator from Wyoming [Mr. CAREY], is necessarily absent on official business. I ask that this announcement may stand for the day.

Mr. BLACK. I desire to announce that my colleague, the junior Senator from Alabama [Mr. BANKHEAD], is absent on official business.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

RELIEF OF ECONOMIC SITUATION (S. DOC. NO. 32)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read:

To the Senate and House of Representatives:

At the convening of the Congress on December 7 I laid proposals before it designed to check the further degeneration in prices and values, to fortify us against continued shocks from world instability, and to unshackle the forces of recovery. The need is manifestly even more evident than at the date of my message a month ago. I should be derelict in my duty if I did not at this time emphasize the paramount importance to the Nation of constructive action upon these questions at the earliest possible moment. These recommendations have been largely developed in consultation with leading men of both parties, of agriculture, of labor, of banking, and of industry. They furnish the bases for full collaboration to effect these purposes. They have no partisan character. We can and must replace the unjustifiable fear in the country by confidence.

The principal subjects requiring immediate action are:

1. The strengthening of the Federal land bank system to aid the farmer and to maintain at the highest level the credit of these institutions which furnish agriculture with much-needed capital. This measure has passed the House of Representatives and is now before the Senate.

2. The creation of a reconstruction finance corporation to furnish during the period of the depression credits otherwise unobtainable under existing circumstances in order to give confidence to agriculture, industry, and labor against further paralyzing influences. By such prompt assurance we can reopen many credit channels and reestablish the normal working of our commercial organization and thus contribute greatly to reestablish the resumption of employment and stability in prices and values.

3. The creation of a system of home loan discount banks in order to revive employment by new construction and to mitigate the difficulties of many of our citizens in securing renewals of mortgages on their homes and farms. It has the further purpose of permanent encouragement of home ownership. To accomplish these purposes we must so liberate the resources of the country banks, the savings banks, and the building and loan associations as to restore these institutions to normal functioning. Under the proposal before the Congress the most of the capital of these discount banks would be subscribed by the institutions participating in their use, and such residue as might be necessary for the Federal Government to supply temporarily would be repaid in time by such institutions as in the case of the farm-loan banks when they were first organized.

4. The discount facilities of our Federal reserve banks are restricted by law more than that of the central banks in other countries. This restriction in times such as these limits the liquidity of the banks and tends to increase the forces of deflation, cripples the smaller businesses, stifles new enterprise, and thus limits employment. I recommend an enlargement of these discount privileges to take care of emergencies. To meet the needs of our situation it will not be necessary to go even as far as the current practice of foreign institutions of similar character. Such a measure has

the support of most of the governors of the Federal reserve banks.

5. The development of a plan to assure early distribution to depositors in closed banks is necessary to relieve distress among millions of small depositors and small businesses and to release vast sums of money now frozen.

6. Revision of the laws relating to transportation in the direction recommended by the Interstate Commerce Commission would strengthen our principal transportation systems and restore confidence in the bonds of our railways. These bonds are held largely by our insurance companies, our savings banks and benevolent trusts, and are therefore the property of nearly every family in the United States. The railways are the largest employers of labor and purchasers of goods.

7. Revision of banking laws in order to better safeguard depositors.

8. The country must have confidence that the credit and stability of the Federal Government will be maintained by drastic economy in expenditure, by adequate increase of taxes, and by restriction of issues of Federal securities. The recent depreciation in prices of Government securities is a serious warning which reflects the fear of further large and unnecessary issues of such securities. Promptness in adopting an adequate budget relief to taxpayers by resolute economy and restriction in security issues is essential to remove this uncertainty.

Combating a depression is indeed like a great war in that it is not a battle upon a single front but upon many fronts. These measures are all a necessary addition to the efficient and courageous efforts of our citizens throughout the Nation. Our people through voluntary measures and through State and local action are providing for distress. Through the organized action of employers they are securing distribution of employment and thus mitigating the hardships of the depression. Through the mobilization of national credit associations they are aiding the country greatly. Our duty is so to supplement these steps as to make their efforts more fruitful.

The United States has the resources and resilience to make a large measure of recovery independent of the rest of the world. Our internal economy is our primary concern, and we must fortify our economic structure in order to meet any situation that may arise and by so doing lay the foundations for recovery.

This does not mean that we are insensible to the welfare of other nations or that our own self-interest is not involved in economic rehabilitation abroad, which would restore the markets for our agricultural and other commodities. But it is our duty to devote ourselves to the problems of our own internal economy, not only as the first necessity to domestic welfare but as our best contribution to the stability of the world as a whole.

Action in these matters by the Congress will go far to reestablish confidence, to restore the functioning of our economic system, and to rebuilding of prices and values and to quickening employment. Our justified hope and confidence for the future rests upon unity of our people and of the Government in prompt and courageous action.

HERBERT HOOVER.

THE WHITE HOUSE, *January 4, 1932.*

The VICE PRESIDENT. The message will be printed and referred to the Committee on Banking and Currency.

CLAIMS OF CERTAIN FOREIGN GOVERNMENTS AND THEIR NATIONALS (S. DOC. NO. 34)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State recommending the enactment of legislation for the purposes described therein.

The recommendations of the Secretary of State have my approval, and I request the enactment of legislation for the purposes indicated in order that this Government may carry out the projects and meet the obligations outlined in the report.

HERBERT HOOVER.

(Inclosure: Report of the Secretary of State.)

THE WHITE HOUSE, *January 4, 1932.*

EXPENSES OF INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS (S. DOC. NO. 33)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the inclosed report from the Secretary of State to the end that legislation may be enacted authorizing an annual appropriation in the sum of $5,750, or so much thereof as may be necessary, for the purpose of defraying the expenses of participation by the Government of the United States in the meetings of the International Technical Committee of Aerial Legal Experts and/or of the commissions established by that committee.

HERBERT HOOVER.

(Inclosure: Report.)

THE WHITE HOUSE, *January 4, 1932.*

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a communication from the Postmaster General, transmitting, pursuant to law, a schedule of papers and documents on the files of the department which are not needed in the transaction of business and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. ODDIE and Mr. MCKELLAR members of the committee on the part of the Senate.

The VICE PRESIDENT also laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, lists of publications and documents on the files of the department which are not needed in the conduct of business and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. NYE and Mr. PITTMAN members of the committee on the part of the Senate.

The VICE PRESIDENT also laid before the Senate a communication from the Acting Secretary of Commerce, transmitting, pursuant to law, a list of documents and papers on the files of the department which are not needed in the conduct of business and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. JOHNSON and Mr. FLETCHER members of the committee on the part of the Senate.

REPORTS OF THE COMPTROLLER GENERAL

The VICE PRESIDENT laid before the Senate a communication from the Comptroller General of the United States, transmitting, pursuant to law, his recommendation for the enactment of legislation excepting Federal civilian employees continuously employed in a department or establishment from the taking of a renewal oath on change of status, etc., which, with the accompanying papers, was referred to the Committee on the Judiciary.

The VICE PRESIDENT also laid before the Senate a communication from the Comptroller General of the United States, submitting a report showing—

One hundred and ninety-six officers of the Government who on June 30, 1931, were delinquent in rendering or transmitting their

accounts to the proper offices in Washington, the names thereof, and, in each instance, whether the delinquency was waived.

One thousand one hundred and eighty-five officers of the Government who, upon final settlement of their accounts, were found to be indebted to the Government and who on June 30, 1931, had failed to pay the same into the Treasury of the United States, together with the amount of the indebtedness of each and the aggregate of said indebtedness, viz, $1,980,496.60—

which, with the accompanying papers, was referred to the Committee on Claims.

The VICE PRESIDENT also laid before the Senate two communications from the Comptroller General of the United States, which, with the accompanying papers, were referred to the Committee on Claims, as follows:

Report and recommendation to Congress concerning the claim of Joseph E. Bourrie Co. against the United States; and

Report and recommendation to Congress concerning the claim of Lewis O. Wick against the United States.

REPORT OF THE NATIONAL ACADEMY OF SCIENCES

The VICE PRESIDENT laid before the Senate a communication from the president of the National Academy of Sciences, transmitting, pursuant to law, his report for the fiscal year ended June 30, 1931, which, with the accompanying report, was referred to the Committee on the Library.

USE OF SILVER IN THE MONETARY SYSTEM

Mr. JONES. Mr. President, considerable agitation has occurred with regard to the use of silver as a part of our monetary system. I want to say that the people of my section of the country are very strongly in favor of that, and they do not look upon it as a change or a departure from the policy of the Republican Party in the past. As Senators know, much of the agitation for the restoration of silver in our monetary system is free from any partisan consideration. In this connection, I think it is well to read a line from the Republican platform of 1896 as follows:

We are unalterably opposed to every measure calculated to debase our currency or impair the credit of our country. We are, therefore, opposed to the free coinage of silver—

And note this—

except by international agreement with the leading commercial nations of the world—

And note this—

which we pledge ourselves to promote, and until such agreement can be obtained, the existing gold standard must be preserved.

That declaration was substantially reaffirmed in 1900. I do not know of any subsequent platform that has abrogated that declaration. As I say, I have heard of no special urgency for the rehabilitation of silver except through international agreement. I believe that if the administration would do everything possible along those lines, it would be acting, not only in accord with the Republican policy but I think it would be meeting the general opinion of the people, at least of the western and central portions of the country. I ask that the entire plank of the Republican platform of 1896, from which I have read, may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The plank referred to is as follows:

[From Republican Party platform, 1896]

FINANCE

The Republican Party is unreservedly for sound money. It caused the enactment of the law providing for the resumption of specie payments in 1879; since then every dollar has been as good as gold.

We are unalterably opposed to every measure calculated to debase our currency or impair the credit of our country. We are, therefore, opposed to the free coinage of silver except by international agreement with the leading commercial nations of the world, which we pledge ourselves to promote, and until such agreement can be obtained the existing gold standard must be preserved. All our silver and paper currency must be maintained at parity with gold, and we favor all measures designed to maintain inviolably the obligations of the United States of all our money, whether coin or paper, at the present standard, the standard of the most enlightened nations of the earth.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Arkansas?

Mr. JONES. I yield.

Mr. ROBINSON of Arkansas. The Senator recalls that this body adopted a resolution at its last session requesting the President to call a conference on this subject?

Mr. JONES. I do.

Mr. ROBINSON of Arkansas. Can the Senator inform the Senate whether the President has acted upon or has the intention of acting upon that suggestion?

Mr. JONES. The Senator knows as much about that as I do.

Mr. ROBINSON of Arkansas. The Senator, I understood, was speaking for the Republican Party?

Mr. JONES. Oh, no.

Mr. ROBINSON of Arkansas. And I was asking him if he could tell us a little more about what the President thought.

Mr. JONES. I was just reminding our people or bringing to their minds the declaration in the platform of 1896, which, I repeat, was reaffirmed in 1900, and I do not know that it has ever been abrogated since.

PETITIONS AND MEMORIALS

Mr. JONES presented resolutions adopted by the chambers of commerce of Everett and Port Townsend, Wash., favoring the passage of legislation amending the antidumping law so as to make it more promptly enforceable, which were referred to the Committee on the Judiciary.

Mr. BARBOUR presented a resolution adopted at a meeting of the Montclair (N. J.) Real Estate Board indorsing the plan of President Hoover for the passage of home loan bank legislation, which was referred to the Committee on Banking and Currency.

Mr. SHIPSTEAD presented petitions of sundry citizens of the State of Minnesota praying for the passage of legislation known as "The farmers' farm relief act," which were referred to the Committee on Agriculture and Forestry.

Mr. TYDINGS presented a petition of sundry citizens of Baltimore, Md., praying for the passage of legislation providing for more adequate safety of life at sea, which was referred to the Committee on Foreign Relations.

Mr. BROUSSARD presented resolutions adopted by the board of governors of the New Orleans Stock Exchange, the Louisiana Sugar and Rice Exchange, the directors of the New Orleans Board of Trade (Ltd.), the Young Men's Business Club of New Orleans, the board of directors of the New Orleans Real Estate Board, and the board of directors of the New Orleans Cotton Exchange, indorsing a resolution adopted by the American Legion at its national convention held in Detroit, Mich., appealing to Congress for a referendum in connection with the proposed amendment of the eighteenth amendment to the Constitution, which were referred to the Committee on the Judiciary.

Mr. CAPPER presented a resolution adopted by Howard Burnett Post, No. 1520, Veterans of Foreign Wars, of Fort Dodge, Kans., favoring the passage of legislation providing for the immediate cash payment of World War adjusted certificates (bonus), which was referred to the Committee on Finance.

He also presented resolutions adopted by the Ellis Community Club, of Ellis, Kans., favoring the passage of legislation providing for the Federal regulation of motor trucks and other instrumentalities of transportation competing with the railroads, which were referred to the Committee on Interstate Commerce.

Mr. BROOKHART presented a petition of sundry citizens of Prairie City, Iowa, praying for the limitation of armaments on land, sea, and air, etc., which was referred to the Committee on Foreign Relations.

He also presented petitions numerously signed by sundry citizens of the State of Iowa, praying for the imposition of a tariff duty on oil, which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of Malvern, Iowa, praying for the passage of legislation providing payment of the balance of adjusted-service certificates which was referred to the Committee on Finance.

Mr. BLAINE presented resolutions adopted by the Glenwood National Farm Loan Association, of Glenwood City, Wis., favoring the passage of legislation to grant the members of the national farm loan associations a 3-year moratorium on mortgaged indebtedness, said moratorium to apply only to bona fide farmers having lived on and operated farms for one year or more, and such suspended payments to be added to the end of the amortization period, and also the passage of legislation to amend the Federal farm loan law so as to permit the sale of Federal Government bonds, proceeds of such sale to retire the present bonds and to refinance Federal land banks, thus assuring the borrower a lower rate of interest; which were referred to the Committee on Banking and Currency.

He also presented a joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Agriculture and Forestry, as follows:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to enact legislation to prohibit the manufacture and sale of oleomargarine

Whereas oleomargarine is a product manufactured mainly from vegetable oils not produced in the United States; and

Whereas oleomargarine is capable of being used as, and is being used as a substitute for butter; and

Whereas the most eminent scientists and food experts have proved and recognized the superiority of butter over oleomargarine as a food product, and have repeatedly pointed out the vital importance of the vitamin content of butter, absent from oleomargarines and other butter substitutes, to the health, growth, and welfare of the children of the United States; and

Whereas the economic condition of the American farmer has never been so acute as at the present time; and

Whereas the economic welfare of the farmer is of basic significance in the economic welfare of the State and Nation; and

Whereas one of the principal causes of the deplorable condition of the American farmer is the depression of the market for his dairy products by the presence of dairy substitutes; and

Whereas butter is one of the principal products and sources of income to the American farmer and the price of butterfat is reflected in all other dairy products; and

Whereas the market for butter has been steadily depressed as the manufacture and consumption of oleomargarine in the United States has increased; and

Whereas the manufacture and consumption of oleomargarine in the United States has now reached the figure of 347,482,000 pounds annually, or a per capita consumption of 2.84 pounds per year; and

Whereas the Dominion of Canada in Parliament assembled has recognized the foregoing and has absolutely prohibited the manufacture and sale of oleomargarine or any other butter substitute within its territory: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of the State of Wisconsin hereby respectfully memorializes the Congress of the United States, before the adjournment of the present session, to enact legislation to prohibit the manufacture and sale of oleomargarine or any other butter substitute in the United States; be it further

Resolved, That properly attested copies of this resolution be transmitted to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

Mr. BLAINE also presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Foreign Relations:

STATE OF WISCONSIN.

Joint resolution relating to the conclusion of a treaty with Canada for the Great Lakes-St. Lawrence waterway

Whereas there is absolute unanimity in this State, as often expressed by the legislature, that the Great Lakes-St. Lawrence waterway is a vital need not only to Wisconsin but to the entire Middle West, as it would result in a large reduction in freight rates upon agricultural and manufactured products, to the benefit of all farmers and industries of this section of the country; and

Whereas this project would give employment to many thousands of the unemployed workmen of the country and thereby aid very materially in economic recovery; and

Whereas this important project now appears to be very near realization, as it has been announced that the United States Government has begun negotiations with the Government of Canada for a treaty governing the construction of this waterway: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully memorializes the President of the United States to expedite the arrangements with Canada for the conclusion of a treaty under which the Great Lakes-St. Lawrence waterway may become a reality; and also memorializes the Congress of the United States and especially the Wisconsin Senators and Members of Congress to promptly ratify any treaty which may be submitted for this purpose and to enact the necessary legislation for the beginning of actual construction; be it further

Resolved, That properly attested copies of this resolution shall be transmitted to the President of the United States, to both Houses of the Congress of the United States, and to each Wisconsin Member thereof.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

PROPOSED CANCELLATION OF FOREIGN INDEBTEDNESS

Mr. COPELAND. Mr. President, I present and ask to have printed in the RECORD and referred to the Committee on Finance a set of resolutions adopted by the United Irish-American Societies, of New York, on December 20, 1931, opposing the cancellation of debts owed to the United States by foreign governments.

There being no objection, the resolutions were referred to the Committee on Finance and ordered printed in the RECORD, as follows:

Whereas there is a movement on foot favored by prominent officials of the United States Government, and by propagandists, native and foreign, to cancel part at least of the debts due by foreign nations to this country; and

Whereas, in preparation for this proposed cancellation, the Congress is asked to declare a moratorium stopping the payment of these foreign debts for a period of a year and arranging that the payment of the year's debt be made in installments for several years to follow: Therefore be it

Resolved, That we, exercising our right as citizens, call the attention of the Members of both Houses of Congress to the serious injustice which this proposed moratorium, and particularly the suggested debt cancellation, would do to the American taxpayers. If such laws were passed by the Congress, taxpayers in this country would be saddled with the financial burdens taken off the backs of the peoples of several foreign nations. In order to keep faith with holders of United States bonds, the Government in Washington would have to increase direct and indirect taxation, thus placing hundreds of thousands and perhaps millions of already overburdened citizens in the position of paying themselves, through taxes collected from them, the interest due to them on the war bonds which they and others hold and the principal also when the bonds become due. This would be little better than repudiation by the United States Government of its financial obligations to its own people.

Resolved, That besides drawing the attention of Members of the United States Senate and House of Representatives to this matter we warn American citizens generally that their interests are in danger and that well-paid bands of propagandists, foreign and native, are using every device known to professional promoters of make-believe "public opinion" and to the agents of high finance to have a moratorium approved, foreign debts to the United States canceled, and this country entangled in the schemes and intrigues of foreign diplomacy in utter disregard of old-time American policy and of the sage advice of the first President of the United States.

Resolved, That we commend and congratulate the Navy League on its patriotic and independent stand for United States security on the seas. We, as members of a race which has served this Nation well in peace and war, from colonial times to the present day, pledge our earnest support to other patriotic organizations which are devoted to the preservation of the old-time American policy of avoidance of entanglements in the affairs and intrigues of foreign powers. We, whether we are native-born citizens or citizens by adoption, pledge every service and sacrifice that men and women can give to a great cause in order to defend the independence and interests of the United States.

Resolved, That we warn our fellow citizens of all the racial groups that make up the composite population of the United States of the danger arising from our Government giving a large part of its attention to "saving the world" while so many of our own people are in dire need, and we urge citizens of all parties to protest to their United States Senators and Representatives against such a policy and to insist that as "charity begins at home," "America first" should be the slogan of the rulers and people of this Republic. We ask our fellow citizens to make their opinions

known to their United States Senators and Congressmen, not by stereotyped resolutions sent out ready for signatures, by paid propagandists, but by letters, petitions, and resolutions written by themselves, and advise them to make personal calls on their Senators and Congressmen.

PROPOSED RESUBMISSION OF EIGHTEENTH AMENDMENT

Mr. FLETCHER. I present a communication in the nature of a petition signed by Mrs. Lenora H. Holcomb, president of the Miami (Fla.) Woman's Christian Temperance Union, opposing the resubmission of the eighteenth amendment to the electorate of the United States, which I ask to have printed in the RECORD and referred to the Committee on the Judiciary.

There being no objection, the communication was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

Hon. DUNCAN U. FLETCHER,
Washington, D. C.

MY DEAR MR. FLETCHER: Through the press it is reported that the resubmission of the eighteenth amendment will be voted on at this session of Congress.

Because our Woman's Christian Temperance Union is vitally interested in this question we are writing to ask that you vote against the proposition.

We know the history of prohibition in the various States—first township local option, then county. As the law provided for a resubmission every two years, one fight was not over until another was started. Under local option the liquor traffic was driven out of all but the larger cities, then, State by State, the saloon business was outlawed until we had 33 States dry by their own legislation. Then came the adoption of the eighteenth amendment, with ratification by 46 of the 48 States, the largest majority ever given any amendment.

Since its adoption, or ratification, we have had a noisy bunch, headed by the brewers and distillers, whose hopes of again reaping rich profits in the liquor business have never died. They are the ones who have kept up the agitation for repeal, resubmission, and nullification. They tell half truths, distort facts, and have no respect for law or authority. They say the law can not be enforced, then place every obstacle in the way of its enforcement. Our officers and citizens are being corrupted and intimidated, honest men vilified and persecuted. Our President, when at Detroit, discussing matters of grave importance to the people, was greeted with cries of "We want beer; we want beer." Surely a fine bunch to tie to!

Those who oppose prohibition are easily classified: First, brewers, distillers, ex-saloon keepers, et al.; second, gamblers and the whole immoral element who prey upon human weaknesses; third, those who have an inferiority complex and need liquor to make them forget their inferiority; fourth, those who have been deceived by the insidious propaganda put out by the wets into thinking that prohibition is to blame for our ills, financial and otherwise, and to just repeal the eighteenth amendment will bring the millenium, while the facts are that human ingenuity, through all the ages, has never been able to formulate a law that would properly control the liquor traffic.

After all other methods had been tried, the eighteenth amendment, outlawing the traffic, was placed in the Constitution, and its repeal would mean turning lose a bunch of human leeches who would suck the lifeblood out of the Nation.

With the Nation on fire financially, it is a poor time for Congress to go fiddling on the wet-and-dry question, arousing antagonism among the people.

When the wets have a definite plan for the control of the liquor traffic, when they put forth their best efforts to help enforce the law, and give it a fair trial, honestly and squarely, and it is proven a failure, then, and not until then, have they a right to ask for resubmission. They should not be allowed to go into court with unclean hands.

It is unfortunate that there is no financial profit on the moral side of a question. But it is fortunate that we have a class of citizens who do have a care for the welfare of humanity, without a thought of financial profit.

This is the class who by great labor and self-denial and prayer placed the eighteenth amendment in the Constitution, and they will fight to the very end to keep it there. They will not compromise nor support those who do, and it would be absolutely unfair to put them on the defense.

The following resolution was unanimously adopted at a largely attended meeting of the Miami Woman's Christian Temperance Union at the White Temple Monday, December 14, 1931, and we are sending a copy to each of our Members of Congress:

"Whereas it is reported that the resubmission of the eighteenth amendment will be voted on at this session of Congress; and

"Whereas those asking for resubmission have not advocated any definite plan for the control of the liquor traffic, asking only for the repeal of the existing laws; and

"Whereas prohibition was adopted after all other methods had been tried and failed; and

"Whereas under our present financial crisis we need all our energies to work out a plan for the return of prosperity, we feel it is a very poor time for Congress to advocate a resubmission of the question that would arouse intense antagonism among the people: Therefore, be it

"*Resolved*, That we call upon our Representatives in Congress to do their moral and patriotic duty by voting against the resubmission of the eighteenth amendment at this time."

Very respectfully yours,

MRS. LENORA H. HOLCOMB,
President Miami W. C. T. U.

THE PALMS,
242 N. E. Third Street, Miami, Fla., December 15, 1931.

THE WORLD COURT

Mr. BARKLEY. I ask to have printed in the RECORD and referred to the Committee on Foreign Relations certain resolutions adopted and indorsements given by various Kentucky organizations on the subject of the World Court.

There being no objection, the matter was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

INDORSEMENT OF THE WORLD COURT PROTOCOLS BY KENTUCKY ORGANIZATIONS

THE KENTUCKY FEDERATION OF LABOR, 1931

Whereas an official representative of the American Federation of Labor, appearing before the Senate Foreign Relations Committee in 1924 said, in presenting the resolution which the American Federation had unanimously passed urging the entrance of the United States into the World Court:

"The American worker recognizes that the position of isolation for the United States is an impossibility—a great exporting and importing nation. Whatever occurs in the farthest part of the world that affects the political and economic conditions of the people also affects the people of the United States. * * * We realize that the chaotic conditions that now obtain in Europe affect us materially, and we recognize that those conditions are superinduced by fear, mutual fear, based upon lack of mutual understanding"; and

Whereas these words of 1924 are perhaps even truer to-day, when the industrial and political leaders of the world are bending every energy to achieve closer international understanding which will benefit the economic condition of the world; and

Whereas in our judgment, nothing will more significantly allay fear and suspicion among the nations than a cooperative agreement to apply to international disputes the principles of international law when it is practicable to do so; and

Whereas the World Court has proved its value as a stabilizing influence by applying the principles of international law to 34 international disputes that have been presented to it in the nine years of its existence: Now, therefore, be it

Resolved, That the Kentucky Federation of Labor, being in accord with the position of the American Federation of Labor with reference to the entry of the United States into the court, respectfully and earnestly urges the Senate to give its consent to the ratification of the three World Court protocols or treaties which will make the United States a member of the World Court, in accordance with the conditions which the Senate set forth in 1926, which conditions, according to Secretary Stimson, are "fully met" by these protocols; and be it further

Resolved, To instruct the Secretary to send a copy of this resolution to:

(1) President Hoover, now.

(2) The Kentucky Senators, with a request for it to be printed in the RECORD.

(3) A copy in December to every member of the Foreign Relations Committee of the Senate.

(4) Mr. Green, of the American Federation of Labor, with the hope that similar views be incorporated in any further expression of opinion on this important question by the American Federation of Labor.

THE KENTUCKY PRESS ASSOCIATION

(Editorial quoted from the Louisville Times)

The Kentucky Press Association passed unanimously a resolution, in behalf of the Senate's ratification of the World Court protocols and at the same time declared its purpose to avoid discussion of controversial subjects.

In other words, there is no controversy between the political parties as to the suitability of the entrance of the United States into the World Court in the circumstances which now present themselves.

A few recalcitrants in the Senate oppose ratification. But the two political parties, representing the sentiment of the people of the United States, favor going in.

OWENSBORO BAR ASSOCIATION

Be it resolved by the Owensboro Bar Association of Owensboro, Ky., That we favor the adherence of the United States of America to the World Court and urge the ratification of the protocols providing therefor at the next session of the Senate.

LOUISVILLE COUNCIL OF CHURCHES

Inasmuch as the thought of the whole world is being centered upon international peace and amity, and inasmuch as President Hoover has instructed the proper authorities to sign the necessary documents looking to the adherence of the United States

to the World Court, which instructions have been already carried out, subject to ratification of the United States Senate, we respectfully request the Senate to ratify the action thus far perfected in order to make it finally binding upon the United States. Especially do we request the United States Senators from Kentucky that they use their influence and their vote in behalf of this measure.

POLL OF DAILY NEWSPAPERS IN KENTUCKY

A direct inquiry to the editor of every daily newspaper in Kentucky, asking its considered editorial position toward ratification of the World Court protocols, resulted as follows:

Favorable	24
(Includes the 4 largest papers in the State.)	
Opposed	1
No stand	0
Impossible to classify	0
No reply	4

REFERENDUM AMONG THE MEMBERS OF THE NATIONAL ECONOMIC LEAGUE

A referendum among the members of the National Economic League in Kentucky on whether the United States Senate should ratify the pending protocols resulted in the following vote:

Favorable to ratification	34
Opposed to ratification	2

In addition to the central World Court committee in Louisville, there are representative community groups interested in completing the adherence of the United States to the World Court in Lexington, Covington, and Paducah.

In addition to the resolutions and referenda reported upon in the preceding pages, the following organizations have formally expressed their desire to see the United States a member of the World Court: The Unitarian Laymen's League of Louisville, Board of Governors of the Kentucky League of Women Voters, International Relations Committee of the Woman's Club of Louisville.

SIGNIFICANT PUBLIC MEETINGS ON THE WORLD COURT

There has been consistent and long-standing interest in the World Court in Kentucky over a period of years. This is readily indicated by the number of public meetings held in Louisville, at which public interest in our adherence to the World Court was conclusively demonstrated. The first of these meetings, held at the end of 1925, just before the Senate took up the World Court resolution, which it later passed, was called by the mayor of the city of Louisville and was attended by official representatives of the following organizations, which all urged the entrance of the United States into the World Court:

Board of Trade of Louisville, Retail Merchants Association of Louisville, Rotary Club of Louisville, Optimist Club of Louisville, Lions Club of Louisville, Exchange Club of Louisville, Woman's Club of Louisville, League of Women Voters, Louisville Women's City Club, Council of Jewish Women, Young Women's Christian Association, Louisville Parent-Teachers League, Bar Association of Louisville, Jefferson County Medical Association, Republican State Committee, Democratic State and County Executive Committee, Louisville Ministerial Association, Herald-Post Co., Louisville Courier-Journal Co., The Louisville Times.

Shortly after this meeting a mass meeting urging the entrance of the United States into the World Court was arranged by the Louisville World Court Committee and the Legion.

At a public meeting of the leaders of Louisville on January 2, 1930, the interest of the city in seeing the entry of the United States into the World Court was again reiterated.

PROPOSED TARIFF ON COPPER

Mr. VANDENBERG. In the nature of a petition I present resolutions in behalf of a copper tariff adopted at a recent conference of the governors of 11 Western States. Michigan shares this necessity for relief and joins in this prayer for emergency action in behalf of domestic copper. It makes itself a party to this prayer. The recent report of the United States Tariff Commission lays the warrantable foundation for this plea. What the protective rates should be may be a matter of legitimate argument. That the differential in costs should be covered does not admit of argument when the Tariff Commission reports some African copper labor running down to 5 and 6 cents a day. I ask that this petition may be printed in the RECORD and referred to the Finance Committee.

There being no objection, the petition was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolution adopted by delegates at the western governors' conference in Portland, Oreg., October 29, 1931, petitioning Congress to levy a tariff on copper

Whereas the domestic copper-mining industry is threatened with destruction through excessive importation of duty-free foreign-produced copper from cheap-labor areas throughout the world; and

Whereas foreign-produced electrolytic copper can be laid down at our domestic ports at a cost of 6 cents as against an average domestic cost several cents per pound greater; and

Whereas a domestic commodity price for copper within our highly protected market can only be obtained through adequate tariff protection; and

Whereas the domestic copper-mining industry, which is now utterly without tariff protection, is now merely seeking an equitable degree thereof; and

Whereas the 11 Western States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming produce 90 per cent of our domestic copper; and

Whereas about 1,400,000 citizens within said 11 Western States are directly or indirectly dependent on the domestic copper-mining industry; and

Whereas the value of copper produced is not only greater than any other metal product, but is greater than the combined value of all other metals mined within said 11 Western States; and

Whereas a commodity price should be received for every pound of copper mined within and depleting the industrial resources of said 11 Western States; and

Whereas a fair commodity price for copper will salvage untold quantities of copper which under free-trade conditions would be termed "industrial waste"; and

Whereas none of the 206 copper-producing districts within said 11 Western States have ever been explored with copper stabilized at a commodity price and utilizing modern mining and metallurgical efficiencies; and

Whereas a maximum and efficient operating domestic copper-mining industry from ore to ingot stage is a national requisite during war as well as peace: Now, therefore, be it

Resolved by the conference of western governors assembled here to-day, That they petition Congress to forthwith levy a duty of at least 6 cents per pound as against copper imported in refined ingot forms; at least 5 cents per pound as against copper imported in the form of blisters, regulus, scrap, old, composition, or in concentrates containing more than 30 per cent of copper; at least 4 cents per pound as against copper imported in the form of ores or in concentrates containing less than 30 per cent of copper; be it further

Resolved, That a copy of this resolution be transmitted to each Member of the House of Representatives and the Senate of the United States.

I hereby certify that the foregoing is a true and correct copy of the resolution adopted by the western governors' conference at Portland, Oreg., October 29, 1931.

GEORGE C. SUTHERLAND,
Secretary Western Governors' Conference.

REPORTS OF THE JUDICIARY COMMITTEE

Mr. NORRIS, from the Committee on the Judiciary, to which was referred the joint resolution (S. J. Res. 14) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, reported it without amendment and submitted a report (No. 26) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the joint resolution (S. J. Res. 8) authorizing and directing the Comptroller General of the United States to reopen, adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense, and for other purposes, reported it without amendment and submitted a report (No. 27) thereon.

As in executive session,

Mr. BORAH, from the Committee on the Judiciary, reported favorably the following nominations, which were placed on the Executive Calendar:

John Knight, of New York, to be United States district judge, western district of New York, to succeed John R. Hazel, resigned; and

James M. Morton, jr., of Massachusetts, to be United States circuit judge, first circuit, to succeed George W. Anderson, retired.

ENROLLED BILL PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on December 23, 1931, that committee presented to the President of the United States the enrolled bill (S. 930) limiting the operation of sections 109 and 113 of the Criminal Code with respect to counsel in the case of the Appalachian Electric Power Co. against George Otis Smith and others.

PRESIDENTIAL APPROVAL

A message from the President of the United States by Mr. Latta, one of his secretaries, announced that on December 24, 1931, the President had approved and signed the above entitled and numbered (S. 930) enrolled bill.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 2420) for the relief of Edward F. Weiskopf; to the Committee on Military Affairs.

A bill (S. 2421) for the relief of Martin Aloysius Mahon; to the Committee on Naval Affairs.

A bill (S. 2422) for the relief of the owners of the coal hulk *Callixene;*

A bill (S. 2423) for the relief of Norman Beier;

A bill (S. 2424) for the relief of Grace K. Barber; and

A bill (S. 2425) for the relief of Elizabeth Bolger; to the Committee on Claims.

By Mr. HAYDEN:

A bill (S. 2426) to authorize the Secretary of War to permit the use of a portion of a National Guard target range near Phoenix, Ariz., as a burial plot; to the Committee on Military Affairs.

A bill (S. 2427) granting a pension to Herbert L. Sanders; to the Committee on Pensions.

A bill (S. 2428) to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona; to the Committee on Public Lands and Surveys.

By Mr. SHEPPARD:

A bill (S. 2429) authorizing the investigation of waste products by the Secretary of Commerce; to the Committee on Commerce.

A bill (S. 2430) for the relief of Arthur N. Knofft; to the Committee on Claims.

A bill (S. 2431) for the relief of Timothy Jones Powers; and

A bill (S. 2432) to give advanced rank to certain retired officers of the United States Army; to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 2433) authorizing refund of 50 per cent of the duties collected upon certain carillons and parts thereof; to the Committee on Finance.

A bill (S. 2434) for the relief of Edgar H. Taber; to the Committee on Military Affairs.

A bill (S. 2435) granting a pension to Michael Ludwig; to the Committee on Pensions.

A bill (S. 2436) for the relief of Alfred G. Simmons, jr.; and

A bill (S. 2437) for the relief of Robert E. Edgecumbe; to the Committee on Claims.

A bill (S. 2438) for the relief of Homer V. Milton; and

A bill (S. 2439) to authorize the Secretary of the Navy to proceed with certain public works at the United States naval air station, Pensacola, Fla.; to the Committee on Naval Affairs.

By Mr. McGILL:

A bill (S. 2440) to amend section 19 of the World War veterans' act, 1924, as amended (relating to suits on insurance claims); to the Committee on Finance.

A bill (S. 2441) for the relief of Walter Alonzo Ford; to the Committee on Naval Affairs.

A bill (S. 2442) for the relief of William Duckett; to the Committee on Claims.

A bill (S. 2443) granting an increase of pension to Leonard Boyd; to the Committee on Pensions.

A bill (S. 2444) for the relief of Frederick Bischoff; and

A bill (S. 2445) for the relief of Allie Fisher; to the Committee on Military Affairs.

By Mr. BYRNES:

A bill (S. 2446) to provide that indictments and information shall not be held insufficient for failure to lay the venue;

A bill (S. 2447) to provide for references in law cases by consent of the parties and declaring the effect of such submission; and

A bill (S. 2448) to dispense with the necessity of setting out copies of instruments in indictments and informations; to the Committee on the Judiciary.

By Mr. THOMAS of Oklahoma:

A bill (S. 2449) to create a bureau of welfare of the blind in the Federal Board of Vocational Education, to provide for the issuing of licenses to blind persons operating cigar stands in Federal buildings, and for other purposes; to the Committee on Education and Labor.

A bill (S. 2450) to provide for the acceptance of a donation of land on the campus of the University of Oklahoma, and the construction thereon of suitable buildings and appurtenances for an institution for higher education of American Indians and their descendants, and for other purposes; to the Committee on Indian Affairs.

A bill (S. 2451) granting to the State of Oklahoma 210,000 acres of unappropriated nonmineral land for the benefit of its agricultural and mechanical colleges, according to the provisions of the acts of July 2, 1862, and July 23, 1866, and authorizing the Secretary of the Treasury, upon the Secretary of the Interior certifying the number of acres available and that there are not sufficient lands in the State of Oklahoma to comply with the provisions of this act, to pay to the State of Oklahoma in lieu thereof the sum of $1.25 per acre for the number of acres due said State; to the Committee on Public Lands and Surveys.

A bill (S. 2452) granting a pension to Laura E. Todd;

A bill (S. 2453) granting a pension to Mary M. Kibe (with accompanying papers);

A bill (S. 2454) granting a pension to Thomas Otterby (with accompanying papers); and

A bill (S. 2455) granting a pension to Arthur W. Mace (with accompanying papers); to the Committee on Pensions.

A bill (S. 2456) for the relief of Benjamin F. Hazlett; to the Committee on Military Affairs.

A bill (S. 2457) granting a pension to the regularly commissioned United States deputy marshals of the United States District Court for the Western District of Arkansas, including the Indian Territory, now the State of Oklahoma, and to their widows and dependent children; to the Committee on the Judiciary.

A bill (S. 2458) for the relief of Ralph E. Williamson for loss suffered on account of the Lawton, Okla., fire, 1917; and

A bill (S. 2459) for the relief of Lettie Leverett (with accompanying papers); to the Committee on Claims.

By Mr. BLAINE:

A bill (S. 2460) for the relief of Theodore K. Birkhaeuser (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2461) granting a pension to Thomas Sullivan (with accompanying papers); to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 2463) for the relief of James W. Walters; to the Committee on Claims.

A bill (S. 2464) to amend section 122 of the Judicial Code;

A bill (S. 2465) to fix the date when a sentence shall commence to run; and

A bill (S. 2466) to amend the act providing for the annual conference of senior circuit judges; to the Committee on the Judiciary.

By Mr. COUZENS:

A bill (S. 2467) granting a pension to Morris Glickstone (with accompanying papers); to the Committee on Pensions.

A bill (S. 2468) for the relief of Trifune Korac; and

A bill (S. 2469) for the relief of Nellie E. Treuthart; to the Committee on Claims.

By Mr. BINGHAM:

A bill (S. 2470) to authorize the establishment of a Coast Guard station on the east coast of Maui, in the Territory of Hawaii; to the Committee on Commerce.

A bill (S. 2471) to provide that the provisions of the act requiring the payment of the prevailing rate of wages to laborers and mechanics on public-building projects shall apply to public-building projects in the Territory of Hawaii; to the Committee on Education and Labor.

A bill (S. 2472) to amend section 100 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900; to the Committee on Immigration.

A bill (S. 2473) to provide for increasing the permissible alcoholic content of beer, ale, or porter to 3.2 per cent by weight, and to provide means by which all such beer, ale, or porter shall be made of products of American farms; to the Committee on Manufactures.

A bill (S. 2474) to amend an act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916; to the Committee on Naval Affairs.

A bill (S. 2475) to establish a commercial airport for the District of Columbia; to the Committee on Public Buildings and Grounds.

A bill (S. 2476) to amend section 4 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900; to the Committee on Territories and Insular Affairs.

A bill (S. 2477) to authorize the appointment of reporters in the court of the United States in the Territory of Hawaii and to fix their duties and compensation; and

A bill (S. 2478) to fix the alcoholic content of liquors included within the Webb-Kenyon Act so that liquors may not be brought into a State in violation of the State policy on prohibition even though Congress has not prohibited the manufacture, sale, or transportation of such liquors elsewhere; to the Committee on the Judiciary.

A bill (S. 2479) to establish a branch home of the National Home for Disabled Volunteer Soldiers in the Territory of Hawaii; and

A bill (S. 2480) authorizing the Secretary of War to set apart as a national cemetery certain lands of the United States military reservation of Schofield Barracks, Leilehua, Oahu, Territory of Hawaii; to the Committee on Military Affairs.

By Mr. FESS:

A bill (S. 2481) for the relief of Kenneth G. Gould; to the Committee on Claims.

A bill (S. 2482) granting an increase of pension to Carrie F. Bloom (with accompanying papers); and

A bill (S. 2483) granting an increase of pension to Martha E. Owens (with accompanying papers); to the Committee on Pensions.

By Mr. BRATTON:

A bill (S. 2484) to regulate interstate and foreign air commerce; to the Committee on Interstate Commerce.

A bill (S. 2485) for the relief of Anna Hathaway; to the Committee on Claims.

A bill (S. 2486) granting a pension to Nancy Cornwall Williams; to the Committee on Pensions.

By Mr. KING:

A bill (S. 2488) to abolish the Bureau of Efficiency, and for other purposes; to the Committee on Appropriations.

A bill (S. 2489) to amend the laws relating to the immigration and naturalization of aliens; to the Committee on Immigration.

A bill (S. 2490) placing the Rural Delivery Service on a contract basis; and

A bill (S. 2491) to prohibit the use of the mails in furtherance of bucket-shop transactions and short sales of securities; to the Committee on Post Offices and Post Roads.

By Mr. VANDENBERG:

A bill (S. 2492) to authorize the erection of a 362-bed addition to the United States Veterans' Administration hospital at Camp Custer, Mich.; to the Committee on Finance.

By Mr. BORAH:

A bill (S. 2493) to amend section 2 of an act known as the agricultural marketing act, passed and approved June 15, 1929, relating to salaries of members and employees; to the Committee on Agriculture and Forestry.

A bill (S. 2494) to amend section 4 of the legislative, executive, and judicial appropriation act, passed and approved March 4, 1925, relating to the compensation of Members of and Delegates to Congress; and

A bill (S. 2495) to repeal section 17 of the act passed and approved July 28, 1866, relating to mileage of Members of Congress; to the Committee on Appropriations.

By Mr. CAPPER:

A bill (S. 2496) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products in the District of Columbia;

A bill (S. 2497) to amend an act approved May 1, 1906, entitled "An act to create a board for the condemnation of insanitary buildings in the District of Columbia, and for other purposes"; and

A bill (S. 2498) to authorize the transfer of jurisdiction over public land in the District of Columbia; to the Committee on the District of Columbia.

A bill (S. 2499) for the relief of George A. Gundelfinger; and

A bill (S. 2500) to amend an act to increase the efficiency of the Veterinary Corps of the Regular Army, approved June 28, 1930 (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2501) granting a pension to Eliza Ellis (with accompanying papers);

A bill (S. 2502) granting a pension to Charles O. Puckett (with accompanying papers);

A bill (S. 2503) granting an increase of pension to Mattie F. Colebaugh (with accompanying papers); and

A bill (S. 2504) granting an increase of pension to Nancy J. Walker (with accompanying papers); to the Committee on Pensions.

A bill (S. 2505) for the relief of William Duckett (with accompanying papers); to the Committee on Claims.

By Mr. SMOOT:

A bill (S. 2506) to provide for the reforesting of watersheds in and adjacent to national forests; to the Committee on Public Lands and Surveys.

A bill (S. 2507) for the relief of Ralph E. Woolley; and

A bill (S. 2508) for the relief of Maj. O. S. McCleary, United States Army, retired; to the Committee on Claims.

By Mr. SHIPSTEAD:

A bill (S. 2509) to authorize an appropriation for combating grasshopper infestation; to the Committee on Agriculture and Forestry.

A bill (S. 2510) for the relief of Genevieve M. Heberle; to the Committee on Claims.

By Mr. HULL:

A bill (S. 2511) authorizing and directing the Secretary of Agriculture to establish and maintain a tobacco experiment and demonstration station for the South at or near Carthage, Tenn.; to the Committee on Agriculture and Forestry.

By Mr. McNARY:

A bill (S. 2512) for the relief of Kate Hatton; to the Committee on Claims.

A bill (S. 2513) granting an increase of pension to Mary A. Miller (with accompanying papers); to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 2514) to amend section 5 of the suits in admiralty act, approved March 9, 1920; to the Committee on the Judiciary.

A bill (S. 2515) for the relief of Martin De Vries; to the Committee on Military Affairs.

A bill (S. 2516) amending section 1 of an act entitled "An act granting pensions and increase of pensions to certain soldiers, sailors, and nurses of the war with Spain, the Philippine insurrection, or the China relief expedition, and for other purposes," which became a law June 2, 1930, by including male as well as female nurses within its provisions and benefits; to the Committee on Pensions.

By Mr. JONES:

A bill (S. 2517) to authorize the erection of a 300-bed addition to the United States Veterans' hospital at American Lake, Wash.; to the Committee on Finance.

A bill (S. 2518) to provide for the establishment of the Yakima Indian Forest; to the Committee on Indian Affairs.

A bill (S. 2519) granting an honorable discharge to Frank I. Otis, first lieutenant, Fourth Regiment United States Cavalry, (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2520) for the relief of Lucy B. Hertz and J. W. Hertz; to the Committee on Claims.

A bill (S. 2521) granting a pension to William A. Baker (with accompanying papers); to the Committee on Pensions.

A bill (S. 2522) for the erection of a public building at Kelso, Wash.; and

A bill (S. 2523) for the erection of a public building at Camas, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. HARRISON:

A bill (S. 2524) for the relief of Ike F. Kearney; to the Committee on Finance.

A bill (S. 2525) granting a pension to Mary Alice Maum; to the Committee on Pensions.

By Mr. WAGNER:

A bill (S. 2526) to provide for the admission to the mails as second-class matter of publications of charitable societies; to the Committee on Post Offices and Post Roads.

A bill (S. 2527) for the relief of Edwin P. Hulsberger;

A bill (S. 2528) to extend the benefits of the World War veterans' act, 1924, as amended, to John Melville; to the Committee on Finance.

A bill (S. 2529) to amend section 118 of the Judicial Code to provide for the appointment of law clerks to United States circuit judges; to the Committee on the Judiciary.

A bill (S. 2530) for the relief of John J. Gillick;

A bill (S. 2531) for the relief of the Union Shipping & Trading Co. (Ltd.);

A bill (S. 2532) for the relief of George B. Marx;

A bill (S. 2533) for the relief of Ludwig Baer;

A bill (S. 2534) for the relief of Grace Emmons;

A bill (S. 2535) for the relief of Amos D. Carver, S. E. Turner, Clifford N. Carver, Scott Blanchard, P. B. Blanchard, James B. Parse, A. N. Blanchard, and W. A. Blanchard; and

A bill (S. 2536) for the relief of Regina Schoor; to the Committee on Claims.

A bill (S. 2537) granting a pension to John H. Fleming;

A bill (S. 2538) granting a pension to Edward A. McGuire;

A bill (S. 2539) granting a pension to William P. A. Fitzjohn;

A bill (S. 2540) granting a pension to William H. Bruns;

A bill (S. 2541) granting an increase of pension to Julia Mackintosh;

A bill (S. 2542) granting a pension to Alice Clyde Stafford; and

A bill (S. 2543) granting an increase of pension to John T. Powers; to the Committee on Pensions.

A bill (S. 2544) to provide for the appointment of Maurice D. Loewenthal as a warrant officer, United States Army.

A bill (S. 2545) to authorize the presentation of a distinguished-service cross to T. K. Jones;

A bill (S. 2546) for the relief of Dr. Fred Barney;

A bill (S. 2547) providing for the retirement of certain Medical Reserve officers of the United States Army, Navy, and Marine Corps;

A bill (S. 2548) for the relief of Thomas E. Carlin;

A bill (S. 2549) for the relief of William D. Grush;

A bill (S. 2550) for the relief of Thomas F. Nicholas; and

A bill (S. 2551) for the relief of Harry Stanbrough Monell, formerly chairman War Department Claims Board Transportation Service; to the Committee on Military Affairs.

By Mr. FRAZIER:

A bill (S. 2552) authorizing an appropriation for the construction of roads and bridges in the State of North Dakota; to the Committee on Agriculture and Forestry.

A bill (S. 2553) to reserve certain land on the public domain in Utah for addition to the Skull Valley Indian Reservation; to the Committee on Indian Affairs.

A bill (S. 2554) for the relief of Charles F. Poitra; to the Committee on Military Affairs.

By Mr. NEELY:

A bill (S. 2555) granting a pension to Charles E. Conner;

A bill (S. 2556) granting a pension to Jennie Tewksbury;

A bill (S. 2557) granting a pension to John T. Wilson;

A bill (S. 2558) granting an increase of pension to Mary L. Haddix;

A bill (S. 2559) granting an increase of pension to Earl W. Newlon; and

A bill (S. 2560) for the relief of Samuel Pelfrey; to the Committee on Pensions.

By Mr. HARRIS:

A bill (S. 2561) for the relief of Robert G. Hunnicutt; to the Committee on Claims.

A bill (S. 2562) granting a pension to James C. Howard; to the Committee on Pensions.

A bill (S. 2563) to authorize the appointment of Technical Sergt. Tom Bowen as a warrant officer, United States Army;

A bill (S. 2564) to establish a national military park to commemorate the battles fought around Atlanta, in the State of Georgia; and

A bill (S. 2565) to provide for the commemoration of the Battles of Dalton, Cassville, New Hope Church, Resaca, and Ringgold, in the State of Georgia, and for the erection of markers along the Johnston-Sherman line of march in Georgia; to the Committee on Military Affairs.

A bill (S. 2566) for the relief of Newdigate Moreland Owensby;

A bill (S. 2567) for the relief of Angus M. Whatley; and

A bill (S. 2568) for the relief of John B. McLamb; to the Committee on Finance.

By Mr. HOWELL:

A bill (S. 2569) authorizing adjustment of the claim of Lewis O. Wick; to the Committee on Claims.

A bill (S. 2570) authorizing adjustment of the claim of Joseph E. Bourrie Co.;

A bill (S. 2571) authorizing adjustment of the claim of the Pennsylvania Railroad Co. (with accompanying papers); and

A bill (S. 2572) for the relief of Ransome Cooyate (with accompanying papers); to the Committee on Claims.

By Mr. WALSH of Massachusetts:

A bill (S. 2573) to extend the benefits of the employees' compensation act of September 7, 1916, to Albert D. Drury; to the Committee on Claims.

A bill (S. 2574) for the relief of Edmund L. Moore; to the Committee on Patents.

A bill (S. 2575) for the relief of George W. Brothers;

A bill (S. 2576) for the relief of John Donnelly; and

A bill (S. 2577) for the relief of Thomas Duffy; to the Committee on Military Affairs.

A bill (S. 2578) for the relief of Edward Flanagan;

A bill (S. 2579) to restore to the active list of the Marine Corps the name of Albert Hamilton;

A bill (S. 2580) for the relief of John Francis Henneberry;

A bill (S. 2581) for the relief of Carl John Johnson;

A bill (S. 2582) for the relief of Leo James McCoy;

A bill (S. 2583) for the relief of Albert Lawrence Sliney; and

A bill (S. 2584) for the relief of John Henry Smith; to the Committee on Naval Affairs.

By Mr. PATTERSON:

A bill (S. 2585) to provide for the commemoration of the siege of Lexington, in the State of Missouri; to the Committee on Military Affairs.

A bill (S. 2586) granting a pension to George H. Miller;

A bill (S. 2587) granting a pension to Lucy Brown (with accompanying papers);

A bill (S. 2588) granting a pension to Sarah J. Parker (with accompanying papers); and

A bill (S. 2589) granting a pension to Alice Paver (with accompanying papers); to the Committee on Pensions.

A bill (S. 2590) for the relief of John Evans (with accompanying papers); and

A bill (S. 2591) for the relief of Minnie D. Hines (with accompanying papers); to the Committee on Claims.

By Mr. BROUSSARD:

A bill (S. 2592) for the relief of the Amite Bank & Trust Co., of Amite, La.; and

A bill (S. 2593) for the relief of the Canal Bank & Trust Co., formerly Canal-Commercial Trust & Savings Bank, suc-

cessors to United States Safe Deposit & Savings Bank, of New Orleans, La.; to the Committee on Claims.

A bill (S. 2594) to authorize the erection of a 250-bed addition to the United States Veterans' Administration hospital at Alexandria, La.; to the Committee on Finance.

By Mr. WATSON:

A bill (S. 2595) for the relief of Charles G. Keiser, to the Committee on Civil Service.

A bill (S. 2596) granting a pension to Effie Howard (with accompanying papers); to the Committee on Pensions.

A bill (S. 2597) for the relief of the Peoples Trust & Savings Co., of Fort Wayne, Ind.; and

A bill (S. 2598) for the relief of the Security Trust Co., of Indianapolis, Ind.; to the Committee on Finance.

By Mr. TYDINGS:

A bill (S. 2599) for the relief of Louis E. LeBrun; to the Committee on Commerce.

A bill (S. 2600) for the relief of Earl L. Kelly; to the Committee on Naval Affairs.

A bill (S. 2601) granting a pension to Annie J. Maddox (with accompanying papers); and

A bill (S. 2602) granting an increase of pension to Catherine Merritt (with accompanying papers); to the Committee on Pensions.

A bill (S. 2603) for the relief of Mary A. Cox;

A bill (S. 2604) for the relief of the Union Trust Co. of Baltimore, Md.;

A bill (S. 2605) for the relief of Philip F. Hambsch (with accompanying paper);

A bill (S. 2606) for the relief of Moreau M. Casler;

A bill (S. 2607) for the relief of Mary E. Roney;

A bill (S. 2608) to extend the benefits of the employees' compensation act of September 7, 1916, to Lillian Stecher Waldecker, formerly Lillian A. Stecher;

A bill (S. 2609) for the relief of Hattie E. Barber, executrix of Lloyd H. Barber;

A bill (S. 2610) for the relief of the Maryland Trust Co., successors to Continental Trust Co., of Baltimore, Md.;

A bill (S. 2611) for the relief of the Fidelity Trust Co. of Baltimore, Md.; and

A bill (S. 2612) to extend the benefits of the United States employees' compensation act of September 7, 1916, to Anna S. Matthews (with accompanying papers); to the Committee on Claims.

By Mr. THOMAS of Idaho:

A bill (S. 2613) for the relief of Lynn Bros.' Benevolent Hospital; to the Committee on Claims.

A bill (S. 2614) for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. HALE:

A bill (S. 2615) for the relief of Henry Stanley Wood; to the Committee on Finance.

By Mr. CAPPER:

A bill (S. 2616) granting an increase of pension to Minnie Mahler (with accompanying papers); to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 2617) to restore to the active list of the Marine Corps the name of Albert Hamilton; to the Committee on Naval Affairs.

A bill (S. 2618) to correct the military record of Richard T. Butler;

A bill (S. 2619) for the relief of Vito Basile; and

A bill (S. 2620) to correct the military record of Thomas W. H. Ball; to the Committee on Military Affairs.

By Mr. BINGHAM:

A bill (S. 2621) to provide for the appointment of an acting secretary of the Territory of Hawaii during the absence or illness of the secretary; to the Committee on Territories and Insular Affairs.

By Mr. STEIWER:

A bill (S. 2622) to provide an examination and survey of Seaside Harbor, Oreg.; to the Committee on Commerce.

By Mr. GLENN:

A bill (S. 2623) for the relief of Howard Donovan; to the Committee on Claims.

By Mr. GORE:

A bill (S. 2624) for the relief of Cæsar F. Simmons; to the Committee on Claims.

By Mr. GOLDSBOROUGH:

A bill (S. 2625) to provide for preliminary examination and survey of the channel from Rhodes River to Cadle Creek, Anne Arundel County, Md., with a view to providing a navigable channel across Cherry Stone Bar; to the Committee on Commerce.

By Mr. HARRIS:

A joint resolution (S. J. Res. 68) relative to the naturalization of aliens; to the Committee on Immigration.

By Mr. KING:

A joint resolution (S. J. Res. 69) establishing an interdepartmental committee on conservation of natural resources, providing for cooperation with the States in the conservation of natural resources, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. McNARY:

A joint resolution (S. J. Res. 70) to correct section 2 of the act of March 4, 1931, to coordinate the agricultural experiment-station work and to extend the benefits of certain acts of Congress to the Territory of Porto Rico; to the Committee on Agriculture and Forestry.

By Mr. WAGNER:

A joint resolution (S. J. Res. 71) requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America; to the Committee on the Judiciary.

By Mr. BINGHAM:

A joint resolution (S. J. Res. 72) directing the Comptroller General to adjust the account between the United States and the State of Connecticut; to the Committee on the Judiciary.

LIBERALIZATION OF PROHIBITION LAWS

Mr. BLAINE. I desire to introduce a bill, but before doing so I ask the privilege of making a statement of two or three minutes with respect to the objects of the bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Wisconsin will proceed.

Mr. BLAINE. Mr. President, the bill which I am about to introduce authorizes, first, the States to define intoxicating liquors in which case the Volstead Act shall not apply in its administration by the Federal Government, thus permitting a State to authorize light wines and beer, though the Federal Government is given concurrent jurisdiction to enforce the Volstead Act within the limits fixed by the State as to alcoholic content.

Second. A State may do one of two things, namely:

(1) Set up a system of State regulation and control through its agents; or

(2) Set up a system of liquor control under the Swedish system or any of the Canadian Province systems, or any similar system of direct State control.

Under this part of the bill the Volstead Act will not apply to any State that adopts either of the systems.

It is recognized that it will take some time before the eighteenth amendment is modified or repealed. This bill, in the meantime, permits of a flexibility, so that each State may solve its local problems, and permits the States to undertake experiments, and out of the experiences of the several States will grow a sane and sensible control of intoxicating liquors.

I now introduce the bill and ask that it may be printed in the RECORD as part of my remarks and appropriately referred.

There being no objection, the bill (S. 2462) to amend the national prohibition act, as amended and supplemented, in respect of the definition of intoxicating liquor, and for other purposes, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 1 of Title II of the national prohibition act, as amended and supplemented, is hereby further amended by inserting immediately after the first paragraph thereof the following:

"The foregoing definition of the term 'liquor' and 'intoxicating liquor' shall not apply in the administration of this act or

any act amendatory thereof or supplementary thereto within the territorial limits of any State which has or may have in effect a prohibition enforcement law defining intoxicating liquor otherwise than as defined by this act. In the case of any such State the definition of 'liquor' and 'intoxicating liquor' to be applied in the administration of this act or any act amendatory thereof or supplementary thereto within the territorial limits of such State shall be the definition of intoxicating liquor provided in the prohibition enforcement law of such State."

SEC. 2. Title II of such act, as amended and supplemented, is hereby further amended by adding at the end thereof the following new section:

"SEC. 40. The provisions of this act or any act amendatory thereof or supplementary thereto shall not apply to any liquor purchased or manufactured by any State or political subdivision thereof acting in the exercise of its proprietary functions, or by any officer, agent, or employee of any State or its political subdivisions when such officer, agent, or employee is engaged in the performance of any duty or the exercise of any power specifically provided by the laws of any such State governing the exercise of its proprietary functions or the proprietary functions of any political subdivision thereof, except in so far as such liquor may be shipped out of such State or manufactured, sold, or transported for such shipment."

SEC. 3. If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

PROPOSED BIMETALLIC CURRENCY SYSTEM

Mr. WHEELER. I introduce a bill to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, and to provide for the free coinage of silver, and ask that it may be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the bill (S. 2487) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes, was read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the proportional value of silver to gold in all coins which are by law current as money within the United States, shall be as 16 to 1, according to quantity in weight, of pure silver or pure gold; that is to say, every 16 pounds weight of pure silver shall be of equal value in all payments with 1 pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.

SEC. 2. There shall be free coinage of both gold and silver, at the ratio fixed in this act, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage, or to recoinage, exchange, or conversion of coin, bars, or bullion, of gold, shall apply equally, so far as practicable, to silver.

SEC. 3. The dollar consisting of 25⅘ grains of gold 0.9 fine, or of 412½ grains of silver 0.9 fine, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

METHODS OF AMENDING THE CONSTITUTION

Mr. BINGHAM. I introduce a joint resolution, and, in view of the interest in the subject of changing the method of amending the Constitution, I ask that the joint resolution may be read at the desk.

There being no objection, the joint resolution (S. J. Res. 73) proposing an amendment to the Constitution of the United States was read the first time by its title, the second time at length, and referred to the Committee on the Judiciary, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three-fourths of the several States, which conventions shall be composed in each State of delegates elected by a majority vote of the electors of the State voting at such election:

Article V of the United States Constitution is hereby amended by adding thereto the following: "*Provided, however*, That no amendment conferring on the Government of the United States any added powers over the people of the United States or their individual rights, or any of them, and no amendment relating to any powers now granted to the Government of the United States over the people of the United States shall be valid to all intents and purposes as part of this Constitution except when ratified by the vote of the qualified electors in three-fourths of the several States.

CHANGES OF REFERENCE

On motion of Mr. HALE, the Committee on Naval Affairs was discharged from the further consideration of the following bills, and they were referred to the Committee on Commerce:

S. 787. A bill authorizing an appropriation for the construction of a marine hospital at Portland, Oreg.; and

S. 891. A bill for the relief of A. B. Thomas.

RELIEF OF INDIANS IN ARIZONA AND NEW MEXICO

Mr. ASHURST. Mr. President, I submit two amendments to the urgent deficiency appropriation bill and ask that they may be printed and referred to the Committee on Appropriations.

The VICE PRESIDENT. The amendments will be received, printed, and referred to the Committee on Appropriations.

Mr. ASHURST. I ask the privilege of speaking a minute on the amendments.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Arizona will proceed.

Mr. ASHURST. Mr. President, snowstorms and blizzards of Siberian ferocity and Arctic fury have fallen upon the Indian reservations in northern Arizona and northern New Mexico, where dwell over 50,000 pure-blood Indians. The storms came at intervals beginning November 21 last, and the whole of that Indian country, 20,000 square miles in area, is as a marble ocean; Indians have perished in the snowdrifts, have starved in the storms, and have frozen in the frosts. Their mainstays are sheep and goats, and the cavalry of these winds and the artillery of these snows, with the thermometer ranging from 10 to 30 degrees below, have decimated their herds and flocks of sheep and goats.

The Indian Bureau and the superintendents of the various reservations have put forth valiant efforts at relief, but have exhausted their resources, and this appropriation of $75,000 is necessary to purchase food for the Indian and his flocks and herds.

Mr. KING. Mr. President, does the amendment call for the payment of this amount from the tribal funds or out of the Treasury?

Mr. ASHURST. It is a gratuity out of the Treasury.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter which I have received from Mr. John Collier, who is the executive secretary of the American Indian Defense Association and who gives a description of this storm.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

THE AMERICAN INDIAN DEFENSE ASSOCIATION (INC.),
Washington, D. C., December 31, 1931.

DEAR SENATOR ASHURST: A disaster quite unprecedented has fallen upon the great Indian reservation area of northern Arizona and northern New Mexico. Here dwell the 45,000 Navajos and the 3,000 Hopi Pueblo Indians, the 2,000 Zuni Pueblo Indians, the 600 Jicarilla Apaches, and 500 Utes whose reservation adjoins the Navajo.

The disaster is still in progress. A series of blizzards and snowstorms have fallen and continue to fall, with intervals of a fortnight between. Before last Christmas day the Jicarilla Apaches had lost half of all their sheep, the Zunis had lost heavily, and the Navajos had lost more than 150,000 head. The worst, as events have proved, was yet to come.

To realize the major disaster which has befallen these pure-blood Indians, self-supporting, and living in their tribal integrity, it is necessary to go back earlier in time than the first of the blizzards, which came November 24 last.

These Indians rely principally on sheep and on blankets woven from the wool of sheep and goats. The wool market for many months has been profoundly depressed. A season of droughts had weakened their stock before November. The Indian Bureau forester for the Navajo and Zuni areas, in charge of grazing matters, wrote October 22:

"On account of lack of rains in certain areas of the Navajo Reservation as a whole we find a serious shortage of winter feed. It appears to me that we are facing a rather serious condition on the Navajo Reservation as a whole and that much of the stock will suffer this winter and undoubtedly perish in large numbers due to the lack of feed. * * * Inasmuch as the sheep industry is the mainstay of the Navajo people, it will be

necessary to do something in order that these people will not lose everything and seriously suffer in the future."

Nature would appear deliberately to have lured the Indians to their destruction. There came in middle November last a time of delicious Indian summer warmth, clear soft air, and cloudless skies. The long-awaited piñon crop, which comes once in five or seven years, was heavy on the trees, and the Indians relied on this crop to compensate them in part for their losses through the collapse of their wool market. Thousands of the Indians went out from their pueblos and hogans thinly clad, leaving perhaps a single young boy in charge of the sheep. They traveled to the highest areas—Zuni Mountain was the most fertile bearing of the piñon areas. Hardly had their piñon gathering begun when on November 21 the sky darkened without any warning which they could read and there fell a snow exceeding 5 feet in depth in many of the areas. This snow covered the whole southern Navajo area, the eastern Navajo, the Zuni and Jicarilla Apache areas, and most of the northwestern and western Navajo areas. It blocked all traffic; it made even horse passage out of the question. It completely buried the sagebrush and other feed of the sheep and it marooned more than 1,500 Indians in and around the Zuni Mountain area. Their food supply was practically nothing and their clothing was a blanket or a light coat.

With the snow came the cold. It was an Arctic cold. Night after night the thermometer registered 25° below zero and sometimes 35° below and even 40° below. Bitter winds piled the snow into huge drifts and intensified the effect of the cold.

The picture is best drawn in telegrams from the reservation superintendents. Superintendent Hunter, of the Fort Defiance Navajo jurisdiction, telegraphed to Commissioner Rhoads on November 25:

"Storm condition continues. Superintendent Trotter advises that approximately 1,000 Navajos are marooned on the mountains south of Zuni. Party now organized to break trails that section. Food supplies being sent. Distress calls elsewhere will no doubt be received as storm subsides. No applicable funds available for distress calls of this nature. Estimated at least three thousand required for immediate emergency needs of this jurisdiction. Snow ranges from 1 to 5 feet."

Superintendent Hunter telegraphed again on November 26:

"Hundreds of Navajo piñon pickers still marooned in mountain regions south of Zuni. Eight deaths reported. Temperature has been ranging from 10 to 40 below zero. Conditions are extremely serious. Trails are being broken and medical supplies being rushed to these regions. Everything possible being done to relieve distress."

The Indian and white communities alike met the disaster in a resourceful, even heroic, way. Rescue parties, working night and day in deep snow and 30-below-zero weather, found and brought to safety more than a thousand of the marooned Indians. There might have been hundreds of deaths, and there were only two. Thousands of the sheep were saved a gradual death from starvation by being frozen to death in the first days. Before December 6 all the rescue parties were back to the lower levels, chiefly through the activity and generalship of Superintendent Stacher, of the Crown Point jurisdiction; Superintendent Trotter, of Zuni; and Superintendent Hunter, of Fort Defiance, helped by all of the Indian traders and all able-bodied Indians. But the country looked like northern Siberia and was as deep in snow and as cold as if it had been a Siberian tundra. Even the transcontinental highway remained only partially cleared. Many of the reservation roads are still, at the beginning of January, impassable.

Then, on December 8, came a second blizzard with a new and heavy snow and a renewed intense cold.

And now, December 31, a third blizzard has come.

The situation over an area of 20,000 miles square is illustrated by a letter from Superintendent Hunter, of the Fort Defiance jurisdiction, dated December 24 last.

"A few days ago I came upon a sight I shall never forget. A Navajo woman and three little children were loading a few sheep and goats into a wagon with the intention of taking them a few miles where brush could be found. These animals had been subsisting on thistle and coarse brush, which had been dug out of the snow near the hogan. As a result, the sheeps' mouths were chopped and bleeding and in addition had been frozen. With what hope this family could further undertake the task of saving these animals I am at a loss to understand. The only answer could be that these few sheep and goats represented all their possessions, and naturally they were putting forth every effort to save them. The pitiful situation, which I have very inadequately described, is only representative of nearly every other case on the reservation. Under these circumstances it is certainly obligatory that everything be done that can reasonably be done.

"Without being on the ground, it is very difficult to realize how serious conditions are, but when we consider that the whole country, including 16,000 Navajos and 500,000 sheep, are entirely snowed-bound, with no food in many camps and no stock feed at all, it can be understood what we are up against."

Superintendent Hunter's letter refers to the Fort Defiance jurisdiction only. Conditions equally severe exist through the whole eastern Navajo jurisdiction, and the conditions at the Jicarilla Apache are still more terrifying and the actual destruction has been greater.

Superintendent Hunter states in his letter of December 24 to Commissioner Rhoads:

"I can not close this letter without expressing my appreciation, and that of the Navajos, for the splendid attention you have given our situation. I wish to also take the opportunity to express appreciation to the Navajos themselves for the wonderful qualities which they have shown during these very trying times. I have never known people to withstand dire adversity as these people have done. They are resourceful to an extraordinary degree in managing livestock and keeping them alive when there seemed no chance to do so. In many sections of the country the sheep have been subsisting entirely upon piñon and juniper brush, which has been cut and hauled to the sheep as soon as it was possible for the Navajo to break the trails in order to do the hauling. They have also carried their sheep in their arms and on horses to places where brush might be found."

The whole country should know the way in which the Zunis met the disaster. Their own sheep were stricken; the snow on their whole reservation was more than 2 feet deep. The thousand Navajos, gathering piñons on and near the Zuni Reservation, became a charge on the hospitable Zunis. Superintendent Trotter writes:

"Some of the Zunis fed all of their hay to the Navajo's teams, while all gave freely of their supplies. One of the horses of the rescue teams of the Zunis died from overexertion, as did one of the draft mares belonging to the agency."

He adds that the Zunis used up all their firewood in caring for the refugees. There was one refugee for every two Zunis, and Superintendent Trotter concludes his letter: "The Zunis are not asking anything (for themselves), but it is known that there are many homes where suffering will result later because of this hospitality unless relief is given."

After the first blizzard a superintendents' conference was held at Gallup and estimates were telegraphed to the Indian Office calling for an immediate allowance of $38,500, of which $18,500 is to be used for food and clothing for the Indians and $20,000 for feed for the sheep. This request was immediately granted by Commissioner Rhoads although the allowance in the pending urgent deficiency bill is only $25,000 for relief for the whole storm area. In addition, the Indian Office secured from the Army 50 carloads of Army clothing for distressed Indians in all parts of the country, and of these 50 carloads 3 have already gone to this storm area and 2 more will go.

It quickly became apparent that the allotment of $38,500 was totally insufficient unless a half million or more of Navajo sheep were to be abandoned to starvation. Mr. Roman Hubbell, of Ganado, an Indian trader, one of a famous and noble family of Indian traders, wired December 23 as follows:

"Just returned from reservation. Visited many Navajo camps. Only since thawing of last two days have sheep been able to get feed on ground. Still snow covered. Sheep are weak, conditions very serious. Understand Government appropriated $25,000 emergency to get feed to sheep to isolated points and Government employees already delivering feed. This is help but only drop in bucket for the number of sheep in real need. Long time until spring grass. Lots of feed required to save 50 per cent of sheep. Needs immediate action before thaw makes roads impassable."

Mr. Chee Dodge, probably the best known Navajo leader, telegraphed on December 24:

"My people suffering from cold and storm. Sheep are dying by the thousands from lack of feed. Ground covered with snow from 1 to 2½ feet. To save sheep they must be fed. Urgent that Government helps now. Already have 15 per cent loss, and will probably be 50 per cent, especially in southern Navajo and Crownpoint (Eastern Navajo jurisdiction)."

Mr. Hubbell's telegram was followed December 25 by a telegram from Superintendent Hunter, of the Fort Defiance jurisdiction. The following is Hunter's long telegram in part: (Note that it relates only to the Fort Defiance jurisdiction, one of the six areas overwhelmed by the storm.)

"Hubbell telegrams regarding Navajo situation called my attention. Navajo people making extraordinary effort in helping themselves, but implore your office for further aid. Past allotment $5,000 undoubtedly saved numerous sheep. Urge immediate allotment additional $5,000 and more as soon as possible. Another $5,000 will also be required to care for human distress."

As stated above, Mr. Hubbell's anticipation of a thaw was not realized. Instead there has come another blizzard and a renewed intense cold.

From far in the northern Navajo area, at Kayenta, on December 18, Doctor Perkins, of the Kayenta Indian Bureau hospital, wired:

"Roads blocked; frozen snow. No mail for two weeks. Road to coal mine blocked. Supplies insufficient. Present equipment poor and torn up."

He wired again December 29: "Coal supply diminishing rapidly. Roads so bad trucks can deliver only small quantities. May be worse in January and February. Another bad snowstorm would isolate us with short coal supply."

The following is from Superintendent Walker of the western Navajo jurisdiction, the least hard hit of the entire Navajo area:

"Because of the extremely cold weather we have experienced for almost a month now, which is very extraordinary for this section of the country so early in the year, I am much more uneasy regarding the welfare of the Indians than I have ever been. With from 4 to 18 inches of snow over the reservation, very cold weather, and at least two months more ahead of us in which to expect like conditions, or worse, the situation looks bad. On top of this, our Indians have pawned practically everything available, and some of the traders are unable to take anything more, even if the Indians had it. They (Indians and traders) have not been able

to sell anything, and we have no more building or other funds for employment. Consequently we must depend on funds from the office."

And now, on top of the situation as it existed around Christmas time, comes the situation described in a wire dated December 30 from Superintendent Stacher, of the Crown Point or Eastern Navajo Agency:

"Snowstorm of yesterday completely blocked roads Thoreau, Crown Point, Star Lake, and Kinebeto. Will be several days before roads can be opened, which will delay further delivery of feed and subsistence to Indians. However, have some supplies distributed at several points for Indians. Have delivered supplies Blanco Canyon Indians on pack horses. Absolutely impossible to reach by car or trucks."

Few Members of Congress are in a position to realize what the destruction of half, or more, of the Navajo, Zuni, and Apache livestock means. These Indians in numbers are more than a third of the pure-blood Indians in the whole country. Their tradition of self-support is an unbroken one. They live on and utilize vast stretches of country which are outstanding for scenic beauty but are barren, harsh, and waterless through great areas. Year by year these Indians have struggled upward, raising their standard of living, meeting their obligations, and asking favors of none. They live at peace with their white neighbors and are an indispensable element in the economy of the Southwest, particularly in Arizona and New Mexico. Sheep are their livelihood, their capital, and even their very life. Unless the present crisis be met, the Government may have cast upon it within the year 1932 a burden of hundreds of thousands of dollars of charitable relief and of appropriations to enable these Indians once more to get on their feet in the sheep and stock business. Congress may well be reminded that the Pueblo and Navajo sheep are not even bought with money loaned by the Government. These tribes created their own capital by their own labor, and it is this capital which is now, day by day, in the amount of thousands of sheep every day, being annihilated.

The paramount need, of course, is feed for the sheep. In many areas the forage will be out of reach for weeks, probably months, to come. One who traversed the reservation after the first storm thus describes the situation:

"The sheep and cattle were huddled or standing helpless, freezing or frozen, on the snow. Here and there a cedar or piñon tree stood out above the snow, but through great areas there are no cedar or piñon trees. The frozen breath of the cattle hung in long icicles from the ice-sealed lips of the creatures in agony. The Indians were carrying on their backs, often long distances through deep snow, brush and branches, which, of course, were scarcely food at all, but which the cattle and sheep tried to eat. Here and there, with enormous effort, an Indian had pushed away snow from the sagebrush; but even in summer time, and in a season of good rains, it requires more than 5 acres of this scattered sagebrush to feed one sheep. The situation meant inevitable and dreadful starvation, and the Indians were at the edge of starvation themselves."

The costs are twofold. Hay and cottonseed cake must be bought. Then these must be distributed by wagon, on the backs of burros, on the backs of men, to hundreds, even thousands, of hogans and sheep camps through this immense wilderness of snow and frost. The increased emergency appropriation of $75,000 is a pitiful amount, but it will probably save the lives of a quarter million sheep and directly and indirectly the lives of hundreds of Indians.

Most cordially, JOHN COLLIER.

The VICE PRESIDENT. The amendments will be printed and referred to the Committee on Appropriations.

AMENDMENT OF FEDERAL FARM LOAN ACT

Mr. THOMAS of Idaho submitted an amendment intended to be proposed by him to the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

ADDRESS BY DR. NICHOLAS MURRAY BUTLER ON "THE REPUBLICAN FORM OF GOVERNMENT"

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Dr. Nicholas Murray Butler in the Hall of Parliament, Vienna, Austria, on June 22, 1931, the subject of the address being "The Republican Form of Government."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The text of the address which I have the honor to make in this distinguished presence is to be found in the opening sentences of the constitution of Austria, adopted October 1, 1920:

I. Oesterreich ist eine demokratische Republik. Ihr Recht geht vom Volk aus.

II (1). Oesterreich ist ein Bundesstaat.

Article I. Austria is a democratic republic. The will of the people is the foundation of its laws.

Article II (1). Austria is a Federal state.

It is most interesting and most significant that, because of the wholly changed conditions which have come upon Europe during the past quarter century, the great experiment in government which the people of the United States have been carrying on for more than a century and a half should now appear to have useful lessons to teach to many of the older nations. It is startling but true to record the fact that the republican form of government set up when the Constitution of the United States was ratified in 1789 is, if the Empire of Japan be excepted, the very oldest form of government of a great nation which now exists in the world. During the eighteenth century, the British ministries with two exceptions, came and went at the pleasure of the Crown, but the British Government was revolutionized by the reform act of 1832, by the representation of the people act of 1867, and very radically by the parliament act of 1911. The present Government of France dates only from the fall of the Second Empire and the rise of the Third Republic in 1870–71. The ancient peoples of China became a republic in 1912. The German State is governed under the terms of the constitution of Weimar, which was written in 1919. The constitution under which Austria became a republican federation of eight Provinces was adopted in 1920, and in the same year Hungary established the existing form of government in that country. The revolution in government in Italy, of which Signor Mussolini is the representative and spokesman, took place in 1922. The Union of Socialist Soviet Republics came into existence in Russia in 1923. Spain has just now passed from monarchy toward a republic. Every other European or Asiatic State of any considerable importance has found its government made over as a result either of the Napoleonic wars or of the revolutions of 1848 or of the Great War which seized the whole world in its grasp from 1914 to 1918. These changes and revolutions in government have been sometimes quiet and orderly, sometimes violent and accompanied with the shedding of blood. They have had various origins, but they have always tended toward one goal. Their origin has been now in difficult economic conditions, now in changed modes of political thinking, and now in personal and group ambition. The common result of them all has been to make increasingly unstable any form of government or social order which does not rest upon an enlightened and instructed public opinion. For 300 years, government has everywhere tended to become less and less the function and privilege of the few, whether competent or incompetent, and to become more and more the accepted prerogative of the great mass of the governed. It is time, then, to look about and inquire with an open mind and the broadest human sympathy what lessons the experience of recent generations may have to teach. When this question is asked, the United States becomes of importance to the whole world, not because of the extent of its territory, not because of the size of its population, not because of its vast natural resources, and not because of its accumulated wealth, but rather because of its attempt to make the republican form of government work under those rapidly changing conditions of philosophic thought, of economic interest and of political practice which have marked the nineteenth century and the twentieth.

That the republican form of government was consciously adopted for the United States admits of no doubt. That question is settled forever by the debates in the Constitutional Convention of 1787 and by the classic discussions of The Federalist, particularly by chapter 10 of that famous work, which came from the pen of James Madison. These are Madison's words: "A republic, by which I mean a government in which the scheme of representation takes place. * * *" (Lodge, Henry Cabot—The Works of Alexander Hamilton (New York: 1904), Vol. XI, pp. 74–75.) He then proceeds to examine the points in which it differs from pure democracy. He describes the two great points of difference between a democracy and a republic as, first, the delegation of the government in the latter to a small number of citizens elected by the rest; and, second, the greater numbers of citizens and the greater sphere of country over which the republic may be extended. This is the republican form of government which by the Constitution of the United States is guaranteed by the United States to every State in the Union. There is now at hand the experience of a century and a half to give answer to the question: How has this republican form of government worked?

The English philosopher, Herbert Spencer, in writing of the Americans, used these words:

"The republican form of government is the highest form of government; but because of this it requires the highest type of human nature—a type nowhere at present existing." (Spencer, Herbert—Essays, Scientific, Political, and Speculative (New York: 1891), The Americans, Vol. III, pp. 478–479.)

It would not be easy to controvert that judgment. The republican form of government certainly puts the heaviest sort of burden upon the whole adult population, since if their government is to be really effective they must first of all clearly understand the issues to be met by those chosen to exercise the powers of government and then show skill and wisdom in selecting these public officers. Whatever may be the theoretical soundness of the republican form of government, in practice it must meet these two tests if it is to attain success on a high plane.

It is worth while before pursuing this inquiry further to come to terms as to the meaning of words which are commonly used concerning forms of government but in different and often in illusive senses. If democracy be taken to mean pure democracy, in which the people as a whole themselves exercise the powers of government directly, then it must be said at once that no such thing is possible in modern times or under modern conditions.

Indeed, it never has been possible save for a very homogeneous group, small in number and occupying a very restricted area of the earth's surface. From the time of Plato and Aristotle the meaning of this word and its antitheses has been studied and debated and expounded until surely there is nothing more to be said.

It would appear to be more helpful to clear thinking, however, not to use the word democracy to connote a form of government which can not and does not exist; but rather to apply it to any government, whatever its external form, which rests upon the authority and expresses the will of all the people. In this sense it is quite possible to have a democratic monarchy, as in Great Britain, or a democratic republic, as in the United States. This democracy, whatever its external form, would become oligarchy or monarchy if the authority and the will of the whole people were displaced by the authority and the will of a small and privileged group or by the authority and will of one, whether he came to his high place by hereditary advantage or by personal seizure of the right to rule. In this sense, then, it would appear that the prevailing tendency throughout the world is toward a democratic government, usually republican, but sometimes monarchical, in its form of expression. The two chief outstanding exceptions are the Communist Government in Russia and the Fascist Government in Italy, each of which rests upon a distinct philosophic, economic, and political foundation of its own. At the moment communism and fascism are competing vigorously with democracy in the experimental laboratory of political practice and they are competing with that democracy wherever it exists, either in Europe or in America, no matter whether it find expression in monarchical or in republican institutions.

There are some aspects, important ones, of the Government of the United States which are not of necessity a part of the republican form but as to which American experience is distinctly enlightening. Chief among these is that separation of powers, executive, legislative, and judicial, which Aristotle planned, which Montesquieu taught, and which the framers of the Constitution of the United States thought most important. Through the acceptance of this principle of separation there has been set up an independent judiciary which is one of the most characteristic and strongest elements of the republican form of government in the United States. That government would not to-day be what it is, nor would the people of the United States be where they are had not their highest courts, particularly the United States Supreme Court under the long leadership of Chief Justice John Marshall, had the power and the courage to interpret in practice the great phrases of the Constitution and to build barriers against the oft-attempted invasion of private and personal rights by the legislative branch of Government. There is no contradiction in the possession or exercise of this authority by the Supreme Court of the United States. It speaks for the whole people in its sphere as the Congress speaks for the whole people in the sphere allotted to it.

The notion widely held and often expressed that in some mysterious way the legislative branch of government is more fully representative of the people than the executive or the judicial branch finds no basis whatever in history or reason. The same people authorized at the same time all three of these branches of government and set them their several tasks. That these agencies of government should strive to work together in harmony goes without saying, but that occasion might arise when grave difference would manifest itself between them is almost certain. Should this difference arise between the executive and legislative branches the legislative branch may prevail, provided two-thirds of its Members present and voting are ready and willing to record their difference with the Executive. From the finding of the highest tribunal in the judicial branch of the Government there is, however, no further appeal. Its judgment stands. Surely a people's ripe and reflective judgment is as much entitled to weight in government as are a people's violent and passing emotions.

Of course, it would have been perfectly possible to build a republican form of government in the United States wherein the judicial branch was made subordinate to the executive or wherein the executive branch was made subordinate to the legislative, as in Great Britain or in France, but, doubtless fortunately, that was not done. On the whole, the experience of the United States teaches that the separation of powers in its republican form of government, particularly as regards the independent judiciary, has worked well. It has made for consideration, for sober reflection, for emphasis upon underlying principles, and for opportunity to interest vast numbers of people in difficult and disputed questions of public policy.

There are at least two respects in which existing arrangements in the Government of the United States could be improved without in any way altering its form.

There might be instituted by the Congress itself some restriction upon the introduction of bills and resolutions for consideration. It is now the privilege of any 1 of the 96 Senators or of any 1 of the 435 Members of the House of Representatives to introduce any bill or resolution he may see fit, dealing with any conceivable matter, germane or not germane to the public interest. In theory, at least, each one of these legislative proposals stands on an equal footing; but, of course, the vast majority of them are doomed to what may be described as legislative asphyxiation. They are introduced and heard of no more. Nevertheless, there is no orderly responsibility such as exists in the British House of Commons in respect to the introduction and discussion of bills and resolutions of a public character. Since this same tendency and this same habit prevail in the legislatures of each of the 48 constituent States, it follows that the people of the United States live under an overwhelming and constantly increasing flood of legislation, most of which is inconsequent, much of which is unnecessary, and not a little of which is distinctly mischievous. If it were possible to place responsibility for the introduction and report of public bills and resolutions upon a responsible majority group, much might be gained; but as matters now stand there is no Senator or Representative so poor or so inconsequent that he may not on his own behalf and of his own right present for the consideration of the Congress any proposal that may suit his fancy, however revolutionary, even if it attack the very foundations upon which the Government rests. All this points to a weakness, not of principle but of method, in the practical working of the republican form of government as it exists in the United States.

The second improvement which might be effected almost by the stroke of a pen has been proposed on high authority, but nothing whatever has been done to bring it to pass. This is to require members of the Cabinet, who are the administrative heads of the several executive departments, to attend the sessions of the Senate and House of Representatives at stated times. The executive branch of the Government may have been at work anxiously and carefully upon some important problem and may have suggested the introduction of a bill or resolution relating to it either in the Senate or House of Representatives. Present practice makes no provision whatever for the appearance on the floor of either House of Congress of that Cabinet officer who, representing the executive branch of the Government in any particular case, would be best qualified to discuss the proposal, to give information concerning it, and to answer objections to it. Such Cabinet officer would of course have no vote in either house, but it would be a distinct gain in the transaction of the public business if he were not only permitted, but required, to attend upon the sessions of the Senate and of the House of Representatives at definite times in order publicly to give information regarding the work of his department of government and to answer questions regarding any detail of its administration. This is now provided for in limited fashion at hearings before committees of either House of Congress. These hearings are sometimes private and sometimes public. They are, however, no substitute for the important proposition which was formally made to the Senate on December 8, 1831, by a committee of most responsible and representative Senators of both political parties. No action has been taken upon that vitally important proposal from that day to this, despite the fact that such names as Blaine, of Maine; Platt, of Connecticut; Allison, of Iowa; Ingalls, of Kansas; Pendleton, of Ohio; Long, of Massachusetts; and Presidents Garfield and Taft are to be cited in its support.

That the republican form of Government in the United States would work more expeditiously, more effectively, and more wisely if these two improvements in its administration were made without in anywise changing its form, is, I believe, quite certain.

The major questions, however, in respect to the effectiveness of the republican form of government must always be: First, are the people upon whose will the Government rests and to whose will it is to respond really enlightened and competent; and, second, have ways and means been found to make it reasonably certain that the republican form of government when established will become and remain genuinely representative of the interests and ideals of the whole people?

The answer to the former question indicates the fundamental part which the process of education is to play in the modern republican state. There must be not merely effective instruction, first, of youth in the schools followed by that of the adult through the many new and powerful agencies which are coming into existence for that purpose, but this instruction must be part and parcel of genuine education. The underlying moral, social, and political principles upon which the republican form of government rests are not of themselves beyond the reach of injury or even of ruin. They must be respected, cared for, supported, and emphasized in and through every aspect of social and political life, and in and through every act of government, unless that government is to degenerate into a mere grasping for power by selfish and competing groups whose dominating interest is not principle but privilege. The people upon whose authority and will the republican form of government rests must be taught to think, must be able to think, and must be willing to think.

In the republican form of government the substitution of any private interest for the public interest is perversion. This is the path by which the republican form of government degenerates into some superficial imitation of democracy for which we have as yet found no adequate name. Aristotle understood all this perfectly. He saw and accepted as basic the varieties of social condition, of occupation, of personal interest, and of economic status. He was too wise to put forward any notion of false or compulsory equality. He understood clearly that the poor should no more govern than the rich and that the best ends can be obtained only when all persons alike, whether high or low, rich or poor, share in the government to the utmost. If this be beyond the power of mankind, then a continuing and successful form of republican government is impossible.

Cynics and critics have at all times been quick to seize upon the weaknesses and abuses of democracy and to poke fun at them. So sagacious an historian as Froude wrote that "Popular governments have hitherto uniformly glided into democracies, and democracies as uniformly perish of their own excess" (Froude, James Anthony—Short Studies on Great Subjects (New York: 1890),





Party Politics, third series, p. 316), while Gibbon went so far as to point to corruption as the most infallible symptom of constitutional liberty (Gibbon, Edward—The History of the Decline and Fall of the Roman Empire (London: 1901), vol. 2, ch. 21, p. 372).

It must be borne in mind, however, that these cynics and critics measure the republican form of government in terms of its perfection and not by comparison with the evils and defects of monarchy or oligarchy or with such as may attach to any other nondemocratic form of government. If it is meant by these criticisms to point to the fact that the republican form of government, where it exists, does not of itself do absolute justice to all or assure perfection of policy, then it must quickly be admitted that the experience of the United States can not be cited in contravention of this judgment. On the whole, the American people justly feel that under their republican form of government they have weathered many storms, have dealt with many grave problems, and have demonstrated the principles of that form of government in a way reasonably to satisfy both the demands and the hopes of men. So long as human nature remains imperfect, just so long will any form of government which rests upon human nature be imperfect, too. The important question is not whether the republican form of government as hitherto practiced has reached perfection, but whether it is improving and can be farther improved and how it compares, even from the standpoint of perfection, with monarchy, with oligarchy, with Fascism, or with Communism. An instructed and informed electorate is of vital importance, and no people who venture upon the republican form of government dare leave any stone unturned to offer to the whole population, youth and adult alike, every opportunity, every inducement, and every reward to obtain that training and that discipline, those habits of mind and of conduct which taken together are marks of a genuine education.

Then there is the vitally important matter of the choice of those persons who shall from time to time and for fixed periods exercise the power and authority of government. Theoretically the people in making these choices speak by the voice of a majority. In important elections this occurs but rarely, however, particularly in the United States. There it has been found most difficult to induce the millions who enjoy the right and the privilege of suffrage to exercise that right and that privilege. This fact taken in connection with the institution in recent years of a very complicated and involved system of preelections for the purpose of choosing competing candidates from whom choice must be made at a final election has built very high barriers to the possibility of majority rule and has elevated to high consequences and power well-organized and active pluralities of voting minorities. These facts, together with the vast area of the United States and the great diversity of immediate local interests and problems, unite to make it extremely difficult, as matters now stand, effectively and accurately to record the judgment of the American people upon any single question, however important. Those who participate in the elections may be in part chiefly influenced by personal allegiance to a particular individual candidate, in part by their judgment as to the relative significance of some issue which is to all intents and purposes purely local, and in part by deep conviction as to some great question of both national and world-wide importance. It would defy human power to analyze precisely and accurately how the voting public in the United States at any particular time intended to register its preferences as to any such dominant issue.

Nevertheless, experience shows that in some extraordinary fashion the prevailing temper of the American people finds expression at the polls with the result that, if the choice declared be not logically or mathematically accurate, it is nevertheless on the whole reflective of preponderant public opinion. This was certainly true in the presidential election of 1860, when Abraham Lincoln was chosen President, although his popular vote was nearly a million less than the combined vote of the three candidates who contended against him. It was certainly true also in 1896, when William McKinley was chosen to the Presidency, although his popular vote was but little greater than the combined vote cast for the six other candidates. In the former case, the people were speaking for a policy that would preserve the Union and deal firmly with all proposals for the extension of slavery into new territory. In the latter case, they were speaking against that extreme form of bimetallism in public finance which was earnestly advocated by President McKinley's vigorous competitor, William Jennings Bryan. American experience would appear then to indicate that the people have found a rough and ready way of expressing their will and of getting it translated into official action, even if logic and mathematics will not always give full support either to their methods or to their forms of expression.

Simplification of the electoral process is greatly needed in the United States, and, if American experience is to be weighed, no other people accepting the republican form of government should attempt to imitate either the extent, the variety, or the complication of the electoral procedure which now exists throughout the United States.

In the first place, far too many public officers are chosen by popular election. In village, town, city, and county government, hosts of public officials are chosen annually or biennially who should really be appointed by a competent executive for long terms, since their duties are in no wise primarily political but almost exclusively administrative. The fact that these minor offices are so largely elective conceals from the voting public the great importance of the choices which they must make for legislative office and for such high administrative posts as those of mayor and governor and president. If the many officials in the field of local government were appointed under proper terms and conditions, not only would their posts and their duties cease to be objects of partisan clamor and partisan pressure, and the public be thereby much better served, but the way would be cleared to focus public attention on the choice of those public officers who directly represent the public will in the discharge of their duties and who when elected have it within their power quickly to affect and to shape public policy. The notion that the election of local administrative officials is more democratic than their appointment would be, is a vexatious illusion. It is democratic properly to serve the democracy, and it is undemocratic to install those processes and to do those things which make it difficult or impossible to serve the democracy.

There are not wanting evidences that an increasing body of opinion in the United States is awake to the improvements which might well be effected in the electoral system now prevailing. Time, probably considerable time, will be needed to bring such improvements to pass, but there is no reason to doubt that as public opinion becomes more alert, better instructed, and ready to accept a higher degree of responsibility for public policy, it will bring about improvement in the conditions which have just now been mentioned for the purpose of indicating that they are not aspects of American experience which should uncritically be adopted elsewhere.

It remains to point out how difficult is the effective participation of the Government of the United States in the new and cooperative life of the world by reason of the relations of its various instruments of government to the formulation and execution of foreign policy. That field of responsibility and opportunity is directly committed by the Constitution to the chief executive officer of the Government, the President of the United States, but whenever this involves agreement or arrangement with another government—as it almost always does—then the resultant treaty can only be made by and with the advice and consent of the Senate, provided two-thirds of the Senators present concur. In other words, if the Government of Great Britain or of France or of Germany or of Austria or of almost any other nation signs a treaty with a foreign power, that treaty is an accomplished fact and both governments may proceed accordingly. In the case of the United States, however, agreement with a foreign power upon a treaty is only the beginning of what may be, and usually is, a long and involved process of discussion and debate in the Senate, where the whole question, very simple originally, may be vastly complicated and its difficulties multiplied by injudicious, irrelevant, and unwise things which may there be said. The established procedure of the Senate of the United States is such that a very small group of Senators, insignificant in number, may delay almost indefinitely important action in respect to international relationship, action to which the public opinion of the people is overwhelmingly favorable. This constantly creates difficult and even painful situations which gravely affect the highest interests of the people of the United States, as well as the peace and good order of the world at large.

The cooperation of the Senate in respect of foreign policy through its power to advise and consent in the process of treaty making is not of itself harmful or unwise. Quite the contrary; still greater difficulties would arise in connection with the foreign policy of the United States if the President were to have unlimited and unhampered power to make treaties on his own single official responsibility. The insertion in the Constitution of the provision that two-thirds of the Senators present must consent before a treaty can be ratified, was intended to raise the whole process of treaty making above the level of partisan politics and to invite and to secure the cooperation of men of various parties and from different parts of the country in formulating those important measures which have to do with international relations. What is of vital consequence, however, is that the Senate itself should by change of its procedure make it impossible for a few Senators indefinitely to delay action upon a treaty, and by such delay not only to injure the reputation of the United States but to complicate the international life of the world. There are few cases in which the outright rejection of a treaty by the Senate would not cause less international disturbance and do less harm to the people of the United States than the long and inexplicable delays which are now permitted because of existing rules of procedure.

Fundamental and controlling in the form of government established by the people of the United States are the Bill of Rights and the principle of federal union. The Bill of Rights, which sets out with definiteness and in detail the limitations which the people put upon the government which they established and the rights and liberties which they reserved for themselves or for the constituent States, is the foundation upon which the whole structure of American life and government is built. In Great Britain the Bill of Rights has for centuries existed in the form of custom, convention, and tradition, but it is nowhere expressly formulated in definite terms that represent its power and its place under the conditions of contemporary life. Apart from the Déclaration des Droits de l'Homme et du Citoyen adopted by the National Assembly at Versailles on August 26, 1789, which was placed at the forefront of the Constitution presented to the King of France on September 3, 1791, and accepted by him on September 14, a Bill of Rights first made its appearance in the written constitutions of nations of continental Europe when the German Empire was organized in 1871. Recent constitutions adopted by continental European nations have incorporated a Bill of Rights

in more or less specific and complete form. The people of the United States are everywhere and always insistent that the limitations which their Bill of Rights puts upon government shall be strictly adhered to and maintained. They look upon government as their servant, not their master, and they require it as best they can to keep strictly within the limits which they have marked out for it. Without a Bill of Rights, a republican form of government might readily become a tyranny, and there is no essential difference between the tyranny of the many and the tyranny of the one or of the few. Tyranny is tyranny, however manifested and exercised.

The principle of federal union is next in importance to the Bill of Rights. Had the vast area of the United States been brought under a single, a rigid, and a uniform system of executive and legislative control, it would have broken to pieces long ago. Local self-governments so organized and conducted as to reflect the wishes and to meet the needs of different sections, different climates, different economic conditions, and different social conditions are essential to the republican form of government as it exists in the United States. Uniformity of legislation and singleness of executive oversight are found only in the narrow field prescribed and limited by the Constitution, and in respect to all which has to do with foreign policy and international relations. A smaller, a more compact, and a more homogeneous area than that of the United States might perhaps dispense with the federal form, but so far as American experience can teach it is an essential element in the success of a republican form of government over a wide territory and a numerous people in these modern days.

It may then be said that the experience of the people of the United States over more than a century and a half gives evidence that the republican form of government can be operated wisely, justly, and successfully, and that such incidental weaknesses and defects as are revealed from time to time in its practical conduct and administration may easily be remedied when instructed public opinion is directed to that end. It would be unbecoming to suggest or to imply that any modern people, particularly one with long historic background and fine traditions of its own, should adopt, much less imitate, the form of government which any other people has found adequate and successful. On the other hand, it is becoming, when the problems of government are being studied more intensively than ever before and with larger knowledge, that every form and kind of experience should be turned to for assistance and for light. The open-minded, the fair-minded citizen of any twentieth-century nation will be constantly asking how the government, for which he himself is in part responsible, can be improved and strengthened and what lessons have other nations to teach out of their own experiences. If the people of the United States be asked this question, their answer can be that, on the whole and with due regard to weaknesses and limitations in practical operation, they may say, without appearing to boast, that they have demonstrated that the republican form of government can be made to work with essential justice to all men and for the protection and widening expression of human liberty.

MANUFACTURE AND SALE OF MALT AND SPIRITUOUS LIQUORS

Mr. BINGHAM. I offer a Senate resolution, and ask unanimous consent for its immediate consideration. It merely asks for information.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 123) was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of Commerce is requested to furnish to the Senate as soon as practicable information covering each annual period from the year 1909 to the year 1917, both inclusive, with respect to (1) the number of persons employed in the United States in the manufacture and sale of malt and spirituous liquors, (2) the number of gallons of malt and spirituous liquors manufactured in the United States, and (3) the number of freight cars employed and the amount of coal used on railroads in the United States in the transportation of coal and grain to breweries and distilleries.

Mr. BINGHAM. I offer another Senate resolution and ask unanimous consent for its immediate consideration. It merely requests information.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 124) was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of Agriculture is requested to furnish to the Senate as soon as practicable information with respect to the number of bushels of grain used in the manufacture of malt and spirituous liquors in the United States during each annual period from the year 1909 to the year 1917, both inclusive.

COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. FESS. I desire to submit a Senate resolution and should like to have a minute or so in which to explain it before presenting it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator will proceed.

Mr. FESS. Mr. President, the resolution I am about to submit has to do with the procedure of the Senate with reference to measures that under the statute must be referred to the Committee to Audit and Control the Contingent Expenses of the Senate. It is a matter of law rather than a matter of rule. Not infrequently a resolution is presented that goes to substantive matters involving policy over which the Committee to Audit and Control the Contingent Expenses of the Senate has absolutely no authority by way of suggesting amendments or holding hearings or anything of that sort. We have tried to establish the practice here that when such a resolution is submitted it shall be referred to the standing committee which would have jurisdiction of it before its reference to the Committee to Audit and Control the Contingent Expenses of the Senate, so that in case the standing committee recommends it, then the other committee will be free to report it favorably. I am submitting a resolution, which I ask to have referred to the Committee on Rules, looking to that change in our procedure.

The resolution (S. Res. 125) was read and referred to the Committee on Rules, as follows:

Resolved, That the fourth paragraph of clause 1 of Rule XXV of the Standing Rules of the Senate, relating to the Committee to Audit and Control the Contingent Expenses of the Senate, be amended by adding before the semicolon at the end thereof a colon and the following proviso: "*Provided*, That any such resolution relating to substantive matter within the jurisdiction of any other standing committee of the Senate shall be first referred to such commitee."

ARTICLE BY GOVERNOR PINCHOT ON "THE CASE FOR FEDERAL RELIEF"

Mr. COSTIGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an article in the Survey Graphic, published in New York City, for January, 1932, entitled, "The Case for Federal Relief," by Governor Pinchot, of Pennsylvania.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

THE CASE FOR FEDERAL RELIEF

By Gifford Pinchot

Is this Nation, as a Nation, to reach out a hand to help those of its people who through no fault of their own are in desperation and distress? Shall Federal aid be granted in this great national crisis? It is not a question of ability to help. We are the richest nation on earth. If Federal aid is needed, it can be granted. Congress has only to say the word. Shall the answer be yes or no?

My answer is yes. To my mind it is the only possible answer. Prolonged study and profound conviction support my belief that Federal aid in this depression is our clear duty and our best hope for prompt and permanent recovery. Two solid years of bad times have taught us that we can no longer consider our condition as an unfortunate accident which will automatically right itself if left alone. Gentle bedside language can do nothing for us.

Our methods so far have been restricted substantially to local relief. Those in high places have continually insisted that a national emergency be met with local aid alone. They have left it all, with the exception of a bit of benevolent advertising, to the States and communities themselves. To requests and plans for Federal aid they have cried "dole, dole." Why aid given by the Nation should be a dole, and precisely the same aid given by a State or a city should not be a dole, I have never been able to understand.

Of course, none of us wants the dole. None of us is in favor of establishing any system which will give the unemployed money or even food when work can be given instead. But that choice is not before us. Industry and business are not giving men the chance to work. Nor are they feeding the unemployed. We must feed them if they are to live. We must feed them if they are to retain any confidence in the Government under which they live.

Crying "dole" has not helped the unemployed, but it has served a very definite purpose, that of restricting relief to local sources. Then what about local relief? In what direction has it headed us?

A nation-wide community-chest campaign was backed to the hilt by the most persuasive and efficient forces that charitable leaders could muster. We can all rejoice that in many cases the quotas were subscribed. The quality of neighborliness, the virtue of sympathy have not died out. We never feared they had. But if the full quotas aimed at were everywhere collected would they be sufficient to cover the needs of the winter? They would not. Responsible social workers tell me the quotas were fixed on the basis of what the chest managers believed that the communities could be made to subscribe. They were often small in proportion to the real needs. The people who think they can wash their hands, now that the chest drives are over, and go away on trips to Florida should think again.

Where does the bulk of local relief come from? Who carries the load? It comes from and is carried by those who pay taxes to the municipal and county and sometimes to State governments. The Russell Sage Foundation, reporting for 81 cities, found that in past years private funds supplied only 28 per cent of the relief. Tax funds supplied the other 72 per cent. In some cities over 90 per cent came from tax funds.

How are these taxes raised? The answer is that municipalities raise their funds mainly through real estate and other property taxes. Local relief of this kind means an increase in property taxes. This increase in property taxes and the sort of enforced charity by which industry takes a day's pay out of every twenty or so in the month from workers, even from scrubwomen in offices, to help swell relief funds—that is how the program of local relief works out. Yet it is substantially true that every cent a man of small means contributes to relief either directly or indirectly through increased taxes is taken out of consumption. His buying power is immediately slowed down by exactly that much. And the slowing down of buying power means the slowing down of the wheels of industry. Here, then, is the heart of the local-relief plan. By cutting down consuming power, it can only serve to further our economic maladjustment and to sink us deeper in the hole.

Now in considering what plan we are to advance in addition to, or as a total or partial substitute for, local relief, it might be well for us to investigate the flaws in our economic structure which brought our present troubles upon us. There ought to be very little doubt that the largest single cause was production beyond the power of the people to consume. Through the years called prosperous, no stone was left unturned which would help perfect or increase our national productive power. Technological improvements, financial devices such as mergers, high-pressure sales campaigns, installment buying and other credit schemes, all tended to the same end. All helped to raise production to new and dangerous heights and to leave normal consuming power farther and farther behind.

Instead of sharing with labor the profits of increased production, industry shunted the wealth back to itself. Wage earners were encouraged, persuaded, cajoled to spend their money buying goods. If they couldn't pay for them now, they should buy on the installment plan. They should borrow money, if necessary. But they should buy. No real American, they were told, could be without his radio and his automobile.

And what happened to the money spent in buying? Did a reasonable part of it go back in increased wages to the workingman's pocket so that the circle of producing and consuming could go on? It did not. It went in staggering disproportion to dividends and capital. It went back to industry so that production might be increased, even at the expense of consuming power.

This is no wild guess. This is fact with figures to support it. Julius Klein, Assistant Secretary of Commerce, tells us that in the decade ending in 1929 real wages increased only 13 per cent while the returns to all industry increased 72 per cent. Where did the 72 per cent come from but out of the spent wages of the millions and millions of workingmen? Doctor Klein tells us the dividends in industrial and rail stocks increased by 285 per cent, twenty-two times as fast as wages. Is it any wonder that the crash of depression came? Increased production served only to turn the national wealth into two tremendously unequal channels. By far the bulk of that wealth went back in a torrent to capital and production. A tiny stream returned to purchasing power through wages.

Was overproduction and the disregard of consuming power entirely accidental? I think not. To me it is inconceivable that the great experts in business and economics who have taken over the banking, industrial, and political control of the country could have been blind to what was going on. As early as 1921 the Federated American Engineering Societies reported that many of our large industries were overdeveloped: Clothing, 45 per cent; printing, 50 per cent; shoes, 50 per cent; coal, 50 per cent. Yet throughout the whole decade the Department of Commerce used every power of persuasion to bring industry to the highest point of mass production.

If the drive for superproduction had been coupled with a drive for an increased return to labor and consumers, the result might have been very different. If it had been combined with an arrangement for providing men discharged because of labor-saving machinery and mergers with a dismissal wage, it might have been helpful. It was coupled with nothing of the sort.

What it was coupled with was a campaign on the part of the Treasury Department to reduce taxation on great wealth. That campaign was not only successful but oversuccessful. Not only was the excess-profits tax repealed but the income tax on the higher brackets was reduced.

Meanwhile, what was happening to consuming power? What about maintaining the buying ability of those millions of wage-earners who would have to use the extra goods turned out by glorified production? Take bituminous coal. In 1923 the people paid $900,000 for a coal commission to direct stabilization of that industry, already in bad shape. Its report and its recommendations were killed in cold blood while the administration looked calmly on. Take agriculture. For years the farm organizations have battled in vain for the stabilization measures which were so badly needed. Take the stock market. Some years ago when speculation was getting out of hand and the Senate had begun to study the situation, the then President concisely announced that the amount of brokers' loans was not too high. Never before had a President undertaken to support the stock market.

In all this record not a plan was made—let alone carried out—for stabilizing purchasing power. Not a prop was put beneath consuming ability while producing ability was being reared to such dizzy heights. Our national leaders, those same leaders who have been insisting on local relief, lent willing hands in the development of a prosperity so one-sided that it could not stand.

Before going further let us see what sort of an economic structure these men have been building—these men who have consistently opposed the idea of Federal relief. By the steady drying up of the springs of purchasing power and the overstimulation of production, there has been developed in this country the most astounding concentration of wealth in the hands of a few men that the world has ever known. Here is the basic evil which has brought on the depression, and which we must guard against in planning relief for the future. Here is the evil which is protected and fostered by local-relief plans.

In 1926 the Federal Trade Commission made a report to the Senate on national wealth and income. They had studied the county court records of over 40,000 estates. The records came from 12 States and stretched over a 12-year period. The counties studied had been chosen to represent not only every section of the country from coast to coast, but also every sort of district from the farms to the congested cities. They found that in this sampling, 1 per cent of the people owned about 60 per cent of the wealth, that sixty dollars out of every hundred were owned by one person out of every hundred. They found that 40 per cent of the wealth, forty dollars out of every hundred, were left for the other 99 per cent of the people. In other words, one person out of every hundred was considerably richer than the other 99 put together. They found further that 13 per cent of the people owned more than 90 per cent of the wealth. And at the other end, 77 per cent of the people owned only 5 per cent of the wealth. Three-quarters of the people could have added up all their fortunes and it would come to a bare twentieth of the total. In 1929 the National Bureau of Economic Research made a careful study of all the incomes in this country for 1926. They found that four and a half thousand people received that year an average of almost $240,000 apiece. And at the bottom of the heap, 44,000,000 people had incomes of about $1,000 each, or less than one-half of 1 per cent of the separate incomes of those at the top.

Most recent figures are yet more amazing. In 1929 the per capita income in this country was $700 for every man, woman, and child. But according to the Treasury Department's preliminary estimate over 500 persons had in that year incomes of over a million dollars apiece. Their total income was $1,185,000,000. They received these five hundred and odd, the average shares of 1,692,000 people.

The facts of concentration alone are impressive enough. But even more so are the indications of how tremendously that concentration increased in the years during which it received governmental encouragement. The figures for these years tell all too vividly the story of a nation building toward disaster by unbalancing its economic equilibrium. On March 20, 1931, the National Industrial Conference Board published in its bulletin figures representing the total income of the Nation for several years back. In 1920 we made over $74,000,000,000. In 1928 we made $81,000,000,000. In eight years we had increased our income by a little less than 0.1.

But the Treasury Department's latest annual statistics of income reveal some particularly interesting things to compare with that one-tenth. In 1920 there were 3,649 people who had incomes of over $100,000. In 1928 that number had jumped to 15,977. It had doubled and then doubled again and was still going up. In 1920 those people made a total of over $727,000,000. But in 1928, those who had the $100,000 incomes and up received about four and a half billion dollars—more than six times as much money. And all this, remember, while the incomes of all our people increased one lone tenth of its previous figure.

Then how about the men who receive a million a year? In 1920 there were 33 of them and they got $77,000,000. In 1928 there were 511 of them, fifteen times as many, and they got over a billion dollars, or fourteen times as much. The national income had meanwhile increased by one-tenth. Finally look at our fellow-citizens who get a paltry five million a year. In 1920 there were four of them and they collected not quite $30,000,000. But by 1928 they had added 22 new members to their exclusive circle, and the 26 of them were forced to get along with an income of a little over $250,000,000 among them.

In other words, in the 8-year period between 1920 and 1928, while the total national income increased less than 10 per cent, the number of men with incomes of over a million dollars increased over 1,400 per cent, or one hundred and forty times as fast. And the amount of money these men made in one year increased 1,300 per cent, or one hundred and thirty times as fast as the total amount of money made by everybody in the whole of the United States. They certainly got their share.

The same astounding concentration of wealth and power is seen in the industrial world. A study of corporate wealth and of the influence of large corporations was published this year in the American Economic Review. The conclusions reached are eye-openers. In 1927, there were over 300,000 industrial corporations in this country. Two hundred of the 300,000, less than seven-hundredths of 1 per cent, controlled 45 per cent of the total wealth of all these corporations. The same 200 received over 40

per cent of all corporate income, and controlled over 35 per cent of all business wealth. Furthermore, about 20 per cent of the wealth of this entire Nation was in the hands of those 200 corporations.

Truly the growth of these 200 giant corporations has been almost beyond belief. In the 10 years up to 1929 their assets grew from under $44,000,000,000 to $78,000,000,000, an increase of 78 per cent. The author of the study, Prof. Gardiner C. Means, asserts that if their indicated rate of growth continues in the future they will own within 20 years virtually half of our national wealth. Professor Means then emphasizes an extremely important fact. He says that in 1927, less than 2,000 men were directors of these 200 corporations. Since many of them were inactive, the ultimate control of more than one-third of industry was actually in the hands of a few hundred men. And, according to present indications, it will still be only a few hundred men who by 1950 will control half of the wealth of this entire Nation.

It is this almost unbelievable concentration of wealth which has killed the consuming power of the average millions and has brought our misfortunes upon us. It is this same incredible concentration which is the chief obstacle in our path to permanent prosperity. And it is the Senegambian in the local-relief woodpile. For if we examine statements and actions of the proponents of local relief, we find that they weave together into a surprisingly harmonious pattern. That pattern does not spell relief for the unemployed. What it spells is persistent shielding of concentrated wealth—not relief for the needy but release for the millionaire.

The local-relief advocates are prolific in denials of any excessive distress. Yet I know that there are almost a million men unemployed in the State of Pennsylvania alone. If my State were typical of the rest of the Nation, there would be not far from 10,000,000 unemployed in the country.

Next we have statements to the effect that wage earners are not so badly off because prices have been dropping along with wages. That argument is answered by the Government's figures. Commissioner of Labor Statistics Stewart of the United States Department of Labor announced on October 1, 1931, that from June, 1929, to June, 1931, the cost of living went down less than 12 per cent. In the same period, he stated, the total wage decrease was about 40 per cent. Wages actually paid dropped more than three times as far as prices.

The local-relief advocates have also laid unwarranted emphasis on Federal public works. Their construction program, they say, has greatly relieved distress and they point out that the number of men employed in the Federal construction program last month was 50,000. We have had the past summer half that number employed on State highways alone in Pennsylvania. And 50,000 is no large percentage of the millions unemployed, after two years of depression. Is it any wonder that President William Green of the American Federation of Labor calls this "only a drop in the bucket" toward relieving unemployment?

Finally, there are the plans now under way to make up the Federal deficit the depression has caused.

Treasury proposals to increase the income taxes recommend that the exemptions be lowered and the base of the tax be spread. In other words, much or most of the increase is to come from the little fellows. Certain leaders, among them Senator Reed, advocate a sales tax. A sales tax is simply another way of putting the burden on small business. They do far and away the largest part of the Nation's buying, and a sales tax would fall mainly on them. Does a sales tax reach the hoarded millions of the overrich? Does it take money from the coffers of the large manufacturing corporations? It does not. It is another way of seeing to it that concentrated wealth shall remain concentrated.

There is only one conclusion to be drawn from all this: The safeguarding of money in the hands of an incredibly small number of incredibly rich men. The force behind the stubborn opposition to Federal relief is fear lest the taxation to provide that relief be levied on concentrated wealth—fear lest the policy of years, the policy of shielding the big fortunes at the expense of the little ones, should at long last be tossed into the discard.

In the name of those who are overburdened now, I demand that the tax rates on the upper-bracket incomes be increased. In their name I demand that the graduation of the inheritance tax be steepened. And in their name I demand that the exemptions and the lower-bracket tax rates be left untouched. To meddle with them is to trifle with disaster and to invite the depression to stay. When I ask that the top rates of the income and estate taxes be raised enough to pay for Federal relief for the unemployed, I am speaking as a man directly affected. I pay an income tax in the high brackets myself. In time, a goodly share of my estate will go to the Government.

I believe in levying taxes according to ability to pay. Our Government recognizes that principle in its dealings with foreign nations. Why should it not do so at home? The burden of an income tax or an inheritance tax can not be shifted. It lies where it falls. The burden of a heavily graduated tax falls on the man who is best able to bear it, who will feel the loss the least. I am strong for it. I am strong for its use to help defeat that shameful situation by which millions suffer from want in the richest country in the world.

You may ask how Federal relief funds can be used. In two ways. First, by supplementing the efforts of the States, cities, and other municipal organizations for feeding and otherwise helping people who can not get work. Second, to give work. There is scarcely any limit to the number of men who could be employed by the Federal Government in great public works of many kinds in every part of the country. Flood control on the Mississippi and other rivers; the development of inland waterways; reforestation and fire prevention; the use of rivers for water supply, irrigation, and power; the checking of erosion; the construction of airports and the lighting of airways; the drainage of swamp land; the building of highways—all these and many others can be undertaken, and will pay for themselves over and over again in the recreated efficiency of national life. More than 2,400 years before the Christian era the rulers of Egypt were faced with the question of employing idle labor. It was answered by the most widespread and effective public construction program the world up to that time had known. The Nile was harnessed. Irrigation lakes and canals, public buildings and monuments, entire cities were built on a nation-wide scale. Are we lacking in the vision and the courage that set a nation at work 43 centuries ago?

The picture is now complete. Local relief means making the poor man pay. Local relief serves to weaken further our national consuming power and block any hope of permanent recovery. Local relief is part of a vicious policy to shield concentrated wealth—a policy which brought on the depression and has kept it with us for two long years. Local relief means release for the rich, not relief for the poor.

Federal relief is demanded by every principle of justice, of humanity, and of sound economics. Federal relief can be raised from the wealthy, so that the purchasing power of the millions of average citizens will not suffer. Federal relief can be spent in such a way that unemployment and distress will be defeated and the entire Nation started well along the path to a permanent and balanced prosperity.

Best of all, it should be remembered that plans for a very considerable part of these developments are already in existence and that work upon many of them could be undertaken with comparatively little delay.

There is no local crisis, no State crisis; it is nation-wide. I can not believe that a National Government will stand by while its citizens freeze and starve without lifting a hand to help. I do not see how it can refuse to grant that relief which it is in honor, in duty, and in its own interest bound to employ.

THE AVIATION INDUSTRY

Mr. BINGHAM. Mr. President, in the nature of a petition from the airplane industry, which, like many other industries, is suffering greatly, I ask that there may be printed in the RECORD a statement by Mr. Charles L. Lawrence, president of the Aeronautical Chamber of Commerce of America (Inc.), entitled "Where the Industry Stands," and an editorial from Aviation entitled "The Federal Budget and Aviation."

There being no objection, the statement and editorial were ordered to be printed in the RECORD, as follows:

WHERE THE INDUSTRY STANDS

By Charles L. Lawrence, President Aeronautical Chamber of Commerce of America (Inc.)

The condition of an industry may be gauged by what it produces—and sells.

In 1931, we estimate that the aircraft industry will produce 2,520 airplanes valued at $19,289,445 and 3,566 engines valued at $13,424,290—a total value of $32,713,735. And most of this equipment has been sold.

In 1927 there were produced 2,186 airplanes, and 1,397 engines, valued at $21,055,532.

In 1928 the production was 4,761 airplanes and 3,252 engines, with a value of $49,648,197.

In 1929 the production was 6,034 airplanes and 7,378 engines, having a value of $70,053,130. Most of this very large production remained unsold at the end of the year.

In these figures is embraced the story of the expansion and contraction of the aircraft industry. From the standpoint of productive activity we are to-day back to about where we were in the first quarter of 1928, as shown in Table I. We have undergone some disillusionment. We have acquired much experience. And we have obtained and still retain certain tangible advantages, which, granted there is no serious deviation from our national aviation policy, hold forth to me the promise of distinctly better times.

But first let us examine further into the record of 1931. Of the 2,520 airplanes, which we estimate will be produced this year, 875, or 34.8 per cent, are military, valued at $12,847,625. Of the 3,566 engines, 1,866, or 52.3 per cent, are military, valued at $10,197,690.

Of 2,520 planes built in 1931, 1,645, or 65.2 per cent, valued at $6,441,820, are commercial. Of the 3,566 engines, 1,700, or 47.6 per cent, valued at $3,226,600, are commercial.

In other words, out of a total estimated production of $32,713,735 in 1931, $23,045,315, or 70.4 per cent, represent sales to the War and Navy Departments, and $9,668,420, or 29.6 per cent, represent sales to private and business owners, aerial service operators, and operators of scheduled transport lines.

Our military sales in 1931 represent practically the final shipments under the procurement authorized by the Army and Navy 5-year programs—the Navy's quota having been completed and the Army's quota standing now at four and one-half yearly in-

crements complete, with the last half of the fifth and final increment postponed.

Having learned in 1929 the extravagance of building in anticipation of a commercial market which failed to appear we spent most of 1930 in working off inventories, and in 1931 were generally disposed to build only on order.

TABLE I.—*Airplane and engine production*

Airplanes	Military			Commercial		
	Units	Value	Unit value	Units	Value	Unit value
1925	447	$8,174,025	$11,575	268	$1,499,634	$5,595
1926	532	6,154,708	11,569	604	2,716,319	4,497
1927	621	7,528,383	12,123	1,565	6,976,616	4,457
1928	1,219	19,066,379	15,641	3,542	17,194,298	4,854
1929	677	10,832,544	16,221	5,357	33,624,756	6,276
1930	747	10,723,720	14,355	1,937	10,745,042	5,547
1931 (7 months)	542	7,958,567	14,683	1,158	4,534,875	3,916
1931 total (estimated)	875	12,847,625	.....	1,645	6,441,820	.....

Engines	Military			Commercial		
	Units	Value	Unit value	Units	Value	Unit value
1925	(1)	(1)	(1)	(1)	(1)	(1)
1926	842	$4,080,571	$4,846	(1)	(1)	(1)
1927	1,397	6,550,533	4,689	(1)	(1)	(1)
1928	2,620	12,407,920	4,735	632	$979,600	$1,550
1929	1,861	8,600,530	4,621	5,517	17,895,300	3,243
1930	1,841	10,823,423	5,879	1,925	6,255,493	3,249
1931 (7 months)	1,166	6,372,555	5,465	1,570	2,980,046	1,898
1931 total (estimated)	1,866	10,197,690	.....	1,700	3,225,600	.....

[1] The war supply of OX-5 and Liberty engines were in use almost exclusively at this time, and were used on commercial planes to some extent in 1928.

Our commercial airplane production in 1931 we estimate at 1,645 units. Classified as to general types, according to the user, we find 740 light airplanes, with a value, including engines, of $1,256,984; 658 larger private planes and equipment for business and aerial service use, with a value, including engines, of $3,310,976; 247 heavy transports, with a value, including engines, of $5,100,550.

It is thus seen that the light types, while constituting 44.9 per cent of the total commercial production, represented but 12.9 per cent of the dollar value. The aerial service, business and private machines, constituted 40 per cent of the commercial total and represented 34.4 per cent of the dollar value. The transports, constituting but 15.1 per cent of the number of units, accounted for 52.7 per cent of the total value of our commercial sales.

No one knows how many millions of dollars were poured into the emergency aircraft industry, hastily created during the World War; but we do know that by 1920 not more than $5,000,000 capital investment remained. In the next six years we estimate that this had grown to $15,000,000. In 1929, when the boom was at its height, it is believed that $500,000,000 was invested in our total aeronautical fixed establishment, including building sites, structures, machinery, tools, and airports. In 1930 perhaps $100,000,000 had been liquidated. By 1931 the capital investment had been further reduced to an estimated total of from $300,000,000 to $350,000,000.

In 1925, 44 plants were listed as airplane factories and 4 as engine factories, as shown in Table II. In 1929 there were listed 101 plane factories and 32 engine factories. In 1931 the list declined to 82 plane factories and 31 engine factories, of which, however, only 46 of the former and only 19 of the latter plants were even nominally active.

TABLE II.—*Manufacturing facilities*

	Plants listed	Actually doing business	Employees
AIRPLANES			
1925	44	(1)	2,701
1926	62	(1)	(2)
1927	70	(1)	4,422
1928	78	(1)	(2)
1929	101	92	16,105
1930	100	67	12,000
1931	82	46	11,500
ENGINES			
1925	4	(1)	(2)
1926	5	(1)	(2)
1927	6	(1)	(2)
1928	17	(1)	(2)
1929	32	30	5,977
1930	34	28	3,500
1931	31	19	3,150

[1] No data available but probably corresponds closely to number listed, as business was expanding.
[2] No data available.

In 1925 the plane and engine plants employed a total of, perhaps, 3,500. In 1929 the personnel totaled 23,000. In 1931 the number had decreased to 14,650 operatives, of whom 75 per cent were engaged in military construction.

In November, 1918, when the war-time aircraft industry was approaching its maximum, our plants were producing planes at the rate of 21,000 per annum, while engine production was at even a higher peak. In 1925 the productive capacity of the industry was 1,200 planes, though only 715 were actually built. In 1929, when our commercial boom production facilities were approaching the zenith, we were turning out airplanes at the rate of 6,000 and engines at the rate of 7,000 a year. In 1931 we estimate that we will build a total of 2,520 planes and 3,566 engines. Yet our production facilities, in so far as structures, tools, and machinery are concerned, remain, in 1931, practically what they were in 1929.

From 1903 to 1914 there was virtually nothing but experimental flying. From 1914 to 1917, when we entered the World War, a few plants were producing aeronautical equipment for the Allies. The period 1917–18 marked the creation and 1919–20 the liquidation of our war-time aircraft establishment.

By 1922 aviation had sunk to what appeared to be the lowest point possible to reach without disappearing. We lacked a continuing military procurement policy. Disastrous attempts were made to operate transport lines with obsolete equipment. The country was full of barnstormers flying surplus military planes, doing stunts, and impressing the public further that flying was a trade suited only to daredevils, that an airplane was outrageously costly, and that even to ride in one was heroic. The popular idea of aviation was that it was a military adjunct. There was no financial incentive to encourage commercial aviation and no legal protection once operation was begun. There were virtually no airports, save a few military fields, and absolutely no airways or aids to aerial navigation. From an engineering standpoint we had progressed no further than two types of service planes and engines developed during the war.

From 1918 to 1923 the aircraft industry and our air defenses were made the subject of a number of investigations. Not all of these inquiries were friendly. Outstanding, however, among the constructive observations were those made in 1923 by the Lassiter Board of the War Department, and in 1924 by a special board of the Navy Department.

The Lassiter Board, which included representatives of the General Staff, stated: "The aircraft industry in the United States at present is entirely inadequate to meet peace and war-time requirements. It is rapidly diminishing, and under present conditions will soon practically disappear." It was the opinion of the Lassiter Board that a continuing procurement program extending over a period of 10 years would be most helpful.

The special board appointed by the Secretary of the Navy, reporting in 1924, found that "the aviation industry is in a very unsatisfactory condition."

This board, which, like the Lassiter Board, did not include a single representative of the industry, listed as contributory causes, first, the letting of airplane contracts by competitive bidding; second, a lack of continuity of production; and third, the destruction of capital in the industry.

Congress next took a helpful step. The Select Committee of Inquiry into the Operation of the United States Air Service, otherwise known as the Lampert-Perkins committee, sitting in 1924 and 1925, recommended that "not less than $10,000,000 should be spent annually for the War Department and a like sum for the Navy Department for the procurement of new flying equipment, constructed by the civilian industry." Purchases, the committee's report observed, should be based on a continuing program. Recognition by the Government of proprietary rights of design in the construction of planes, engines, and accessories also was urged.

Largely as a result of the congressional inquiry, President Coolidge appointed an Aircraft Board, headed by the late Senator Dwight W. Morrow. The Morrow Board, in its report, complemented the conclusions of Congressman RANDOLPH PERKINS and his colleagues, with respect to assistance to the aircraft industry, and stressed the necessity for the adoption of a policy of continuity in the purchase of aviation equipment. Out of the tangle of conflicting and controversial testimony, as given before the various preceding investigating boards or committees, the Morrow Board, late in 1925, evolved a national policy.

Our air transport system had its beginnings in the passage in February, 1925, and amendment June, 1926, of the Kelly contract air mail law, and the enactment in April, 1930, of the McNary-Watres Act, whereby air mail carriage is used to stimulate the carriage of passengers and express.

Our military policy, which in the main pursues the spirit of the recommendations of the Army, Navy, and Morrow Boards and the Perkins Committee, dates from the middle of 1926, when legislation was passed authorizing the 5-year procurement programs.

Our lawless flight became legal and our adventurous cross-country commercial operations more orderly and safe when, in 1926 also, the aeronautics branch was established in the Department of Commerce for the encouragement and regulation of civil aviation.

May 20–21, 1927, Lindbergh flew to Paris. Without in any way detracting from the significance of that immortal achievement, I believe it is truthful to say that the world, amazed that such a thing could be, emulated Lindbergh in fancy and saw the heavens filled with commerce. It was as if a meteor, flashing into our vision, had for a moment illumined the vault of the sky, giving us a glimpse of what could be seen, understood, and utilized gen-

erally only after patient research, experiment, and practical education.

However that may have been, our industry was under way; the boom was on; all else was forgotten. If some of us had our doubts, these doubts were swept aside by popular enthusiasm. And it probably occurred to none of us, either in the industry or out, that while we thought aviation was booming business, what really was happening was that the general business boom, world-wide in its surge and scope, was carrying aviation with it.

Without this tremendous impetus, beyond our control and certainly at the time beyond our knowledge, it is now obvious to me that aviation would never have been promoted to such unsound heights, and likewise would never have suffered so severely when the general depression came.

Let me now revert to the four obvious markets for aircraft—private, aerial service, scheduled transport, and military.

The air "flivver" has never appeared, except as an engineering experiment, but private flying is a fact. In 1928, 1,500 planes flew 12,000,000 miles in the hands of individual owners, 3,125 flew 25,000,000 miles in 1929, and 4,974 flew 40,000,000 miles in 1930. This year we estimate that 3,750 are in active use, and in 12 months will have carried their owners 30,000,000 miles.

How rapidly the 3,750 private planes will be increased in number depends largely upon advanced engineering and, probably, lower prices, together with uninterrupted development of our Federal airways and the maintenance of aids to navigation. The States must supplement the Federal program with airports, airways, lights, and weather data for flying within their boundaries. It seems clear to me also that private flying will increase only to the degree that patronage of the scheduled transport system increases. As the body of the public intelligently acquainted with the advantages of air travel is enlarged, so will be enlarged the prospective market for the sale of private planes.

From 1919 to 1924 the gypsy flyer had his day. By 1925 most of the reckless itinerants had disappeared and the more substantial ones had become fixed-base operators—the forerunner of specialized aerial service. From 1925 to 1928 there was substantial growth, so far as the carrying of passengers or the performance of salable service was concerned. In 1929 the public, which was seeing "big money" in aviation, as well as in almost everything else, raised the number of planes in aerial service (as compared with 1928) from 489 to 7,408, carried 2,995,530 passengers instead of 526,203, flew 104,336,560 miles instead of 8,411,889, and put 20,944 people instead of 1,988 on the pay rolls. The sky was the limit.

But aerial service, for all its imaginative expansion, has reluctantly relinquished its gains. Passing over 1930 to 1931, we find that we now have (in contrast with 1929) 349 operators instead of 800, that planes in commission number 4,824, that 1,917,540 passengers will have been carried 74,772,000 miles, and that 3,839 employees will be doing the jobs that 20,944 were being paid for in 1929, as shown in Table 3.

TABLE III.—*Miscellaneous aerial service operations in the United States*

	1925	1926	1927	1928	1929	1930	1931
Number of planes	676	969	708	489	7,408	5,324	4,824
Passengers	205,094	380,201	476,724	526,203	2,995,530	2,621,769	1,917,540
Miles flown	4,640,672	7,656,492	8,341,517	8,411,889	104,336,560	95,959,645	74,772,000
Employees	931	1,537	1,674	1,988	20,944	12,283	3,839
Operators	262	420	357	268	800	600	349

Development of the aerial service market for the industry depends on improved engineering, greater pay-load efficiency, lower initial and operating costs, and, most emphatically, not only on the maintenance of the Federal airway program but also upon the provision by the States of aids to navigation for intrastate flying.

On a certain day in December, 1903, only one man in the world had successfully flown in an airplane.

In 1926, the first full year of our contract air mail system, 5,782 passengers were carried. Year by year since then the number has progressively increased: 12,594 in 1927, 52,934 in 1928, 165,263 in 1929, 385,910 in 1930, and, it is estimated, 400,000 in 1931. From 433,649 pounds in 1926, air mail has increased to an estimated poundage of 8,965,000 in 1931 and air express from 6,467 pounds in 1926, to an estimated 675,000 pounds in 1931. In 1926, 19 operators employed 527 persons, utilized 95 planes, and flew 2,025,824 miles on schedule. This year we estimate that 42 operators employ 7,000 persons, utilize 753 airplanes, and fly an estimated total of 42,653,000 scheduled miles. Complete statistics, showing the growth of the air-transport branch of the industry, are given in Table IV.

I am convinced of two things:

First. That within a few years all of the first-class mail and the bulk of urgent express will have to move by air because the public will demand it.

Second. That the average growth of the last few years indicates it is only a matter of mathematics and time until most of the passenger travel, where speed is a factor, will be by air. The public will insist upon it.

How long? Certainly not in 1932 or 1933. Air transport is now in its most critical stage. Remove from it the contract air mail, deprive it of the Federal airway system and aids to navigation and it will collapse. Deviate severely from our present policy and its growth will be retarded. Here, again, engineering is imperative. Here, again, experimentation, always costly, is inevitable. Granted undisturbed continuance of indispensable Federal assistance for a few more years and the system will establish itself upon a sound basis, performing an economic service to the public and aiding the production end of the industry by purchases of equipment and by creating an ever-widening circle of air transport patrons from among whom will come the aerial service customers and the private owners of the future.

TABLE IV.—*Scheduled air transport operations*

	1926	1927	1928	1929	1930	1931 (7 months)	1931 (estimated)
Planes	95	144	294	610	637	753	753
Passengers	5,782	12,594	52,934	165,263	385,910	231,925	400,000
Air mail	433,649	1,101,404	3,632,059	7,096,930	8,005,201	5,325,188	8,965,000
Express	6,467	12,495	35,376	197,538	280,798	464,590	675,000
Scheduled miles flown	2,025,824	3,922,304	10,472,024	20,242,891	28,833,967	22,455,878	42,653,000
Employees	527	840	1,740	4,430	6,350	6,947	7,000
Number of operators	19	24	32	27	35	40	42

This brings us once again to the military. For all my optimism, I can not forget that in 1931, 70.4 per cent of the total value of our entire airplane and engine production is military and that 75 per cent of the individuals on our pay rolls are engaged in military work. I know that engineering is vital to our progress and that it is prohibitive in its cost unless it can be stimulated by military production. I know that without engineering, cheaper, safer, and more efficient aircraft can not be obtained. And I know that without such improved aircraft air defense falls short of its responsibility and commercial aviation can not be expected to become a great and profitable industry.

Early this year it was my privilege to present a statement to President Hoover in behalf of the aircraft industry. In this statement we said:

"It is our desire to develop aircraft primarily as vehicles of peace.

"Notwithstanding the possibilities which aviation offers for the good of humanity, we recognize that until peace is universally practicable aircraft will occupy an increasingly important place in national defense.

"The aircraft industry—manufacturing and operating—is essential as a source of supply to the air defenses of our country."

Aviation can not be dissociated from our national defense. Our national defense is now involved with the general problem of unproductive and excessive armaments, an answer to which is being sought by the world and by each of us individually as well. As an individual and also as the spokesman for the aircraft industry, I feel that it is proper for me to observe:

Any plan for the reduction of American air defenses in agreement with foreign powers must, out of justice to us, recognize the fact that the fundamental concept of aviation held in the United States is radically opposed to that which we believe is held in some other countries. We regard aircraft as servants of commerce; others regard them as weapons of destruction. We ask support from the military for the aircraft industry in order that it may be established upon a permanent commercial basis; others subsidize commercial operations to achieve a military end.

We know where the aircraft industry is to-day; where it will be to-morrow, and how long will be required before we can achieve our objective as a business primarily commercial, but ever at the service of our country in time of emergency. I will not even hazard a guess.

NEXT YEAR'S FINANCIAL OUTLOOK—THE FEDERAL BUDGET AND AVIATION

The Federal Budget, that formidable document which contains the record of the estimates of every penny of expenditure and income in prospect for the Government in Washington, has taken on a lean and hungry look in the last two years. It used to run almost 2,000 pages, but now it musters barely half that number. But shrunken as the volume is, some of the figures that it contains are more shrunken still. And particularly severe punishment has fallen upon aeronautical items.

Aviation, in fact, seems to have sunk into the stepchild rôle. For the first time in six years, there was no direct mention of the subject either in the President's general message to Congress or in the message accompanying the Budget. Last year, a review of the Federal Government's aeronautical activities occupied almost a page of the Budget message. Only three other subjects received as much space. This year, not a line. The President, in fact, accomplished what is probably an absolutely unique feat when he wrote the section of his message on national defense without letting aviation creep into it anywhere. On no other occasion in the last five years, we imagine, has anyone undertaken to summarize the whole field of military and naval affairs in 600 words without the slightest mention of aircraft or air power.

In the fiscal year 1929 [ending June 30, 1929. The fiscal year, always ending on June 30, is the calendar unit of all governmental finance. The present Budget relates to the fiscal year 1933, which will begin on July 1, 1932], the last of the Coolidge administration and the last to be completed before the depression struck, the Government spent $3,300,000,000, not counting retirements of the public debt, yet receipts overbalanced that figure by almost

$700,000,000. The estimates submitted for 1933 are $150,000,000 higher, largely because of a $600,000,000 increase in the cost of the Veterans' Administration, but the prospective receipts have fallen off by more than a third from the figure of four years ago, exposing the cheerless spectacle of a billion-dollar deficit.

Leaving out of account such items as the Veterans' Bureau, the payment of pensions, and the public debt, the amount proposed by the Budget for the current running of the Government in the coming fiscal year is $1,734,000,000—almost the same as the expenditures of 1929, and approximately $300,000,000 less than the appropriations for the present year. About one-half the total saving over 1932, however, is to be made on the Farm Board and the Shipping Board. With those exceptional items left out of account, next year's Budget stands about 8 per cent below that of the present year. The aeronautical items, and especially the proposed allotments for aviation in the Army and Navy, take much more than their share of the cut. The only ray of sunshine, from the aeronautical point of view, is in the fact that Congress has power to work its will on the Budget recommendations. Congress has made large increases in the Budget allotments for aviation before now, and Congress can do it again.

ARMY AND NAVY AVIATION

The total appropriations for the national defense have been reduced from approximately $700,000,000 to approximately $650,000,000, a cut of 7 per cent. The Budget estimates for the direct purposes of military and naval aviation, the allotments to the Army Air Corps and the Bureau of Aeronautics, are decreased from $62,625,000 to $52,133,000, a cut of 16 per cent. To put it in other terms, during the present year the direct appropriations for Army and Navy aviation are just 9 per cent of the total outlay for the national defense. The Budget estimates for next year provide for aviation only 8.1 per cent of the total national-defense allotment. Comment is superfluous.

Furthermore, from the point of view of the aircraft industry, this reduction, severe enough in any case, is even worse than it appears at first sight. Congress adopted some five years ago, at the time when the 5-year procurement programs were just getting under way, the device of permitting the Army and Navy to obligate the funds of future years for the purchase of aircraft. It was an expedient designed, by circuitous means, to disguise the sudden increase of appropriation that accompanied the introduction of the 5-year programs and to ease the shock of the sensibilities of the economically minded. The Army disentangled itself from that method of beating the financial devil around the bush a couple of years ago, but the Navy is still involved in it, and a very substantial proportion of the appropriation for naval aviation for the coming year has to be earmarked to meet the obligations of contracts already signed and to pay for aircraft already ordered and partially built. The nominal estimate for naval aviation for 1933 is set at $26,660,000, as against $31,145,000 for 1932. Analysis of the proposed wording of the appropriation bill, however, shows the amounts actually available for obligations in the two years to be $24,460,000 and $30,845,000, respectively. To be sure, presidential demands for economy during the past summer are expected to result in the saving of $3,300,000 of this year's naval aviation appropriation, but even so, the amount proposed for the next year will be 11 per cent less than is being spent in the present year. The position and responsibilities of the Bureau of Acronautics most nearly parallel, in the Navy Department, those of the Bureaus of Engineering and Ordnance. Engineering and Ordnance are taking cuts of only 5 per cent and 9 per cent, respectively, as against Aeronautics' 11 per cent. Furthermore, the Bureau of Aeronautics has been supporting the administration's economy program with such whole-hearted fervor that more than 10 per cent of the present year's naval aviation appropriation is scheduled to be turned back to the Treasury unused. None of the other technical bureaus, on the other hand, are expected to save as much as 1 per cent.

The Air Corps appropriations for 1932 were $31,480,000. The estimate for 1933 is down to $25,483,000, a reduction of 19 per cent, and the Air Corps is spending virtually up to the full amount of its appropriation this year, so that the 19 per cent will be a real cut of that amount in the sum available for use. For comparison with that drastic revision it is noteworthy that most of the other branches of the Army undergo cuts of 5 per cent or less, and that the provision for permanent seacoast defenses (coast artillery) is cut but 15 per cent and that for transportation by horses and mules only 4 per cent. Broadly speaking, more than one-sixth of the whole cut in the Army's budget is taken out of the Air Corps, which receives only one-eleventh of the total Army appropriation.

Of course, a very large part of these funds goes to maintenance work, which is of only indirect consequence to the aircraft industry. What most interests the manufacturer of aircraft, engines, or accessories is the amount to be expended for new equipment. And it is there that the budget cuts begin to look most painfully impressive.

FUNDS FOR BUYING NEW PLANES

The amount available for the maintenance and repair of naval aircraft is to be increased by $700,000. The amount for the payment of the civilian employees of the Army Air Corps is to be cut by only 1 per cent. And the purchase of aircraft and engines will get slim pickings from what is left.

The Budget allowance for new planes and engines, equipment, spare parts, and accessories for the Army, including the Organized Reserves and the National Guard, is $12,576,000. It is the lowest figure since 1928. It is 24 per cent, or almost $4,000,000, below that for the present year. But the Navy fares still worse.

The Navy has substantially completed its 5-year program, and the Budget has treated naval aviation without mercy. The total amount available for new aircraft for the next fiscal year, unless Congress shows itself more liberal than the President and the Director of the Budget have been, will be $5,800,000. Not since 1925 has there been an appropriation for naval aircraft below $11,000,000, and only once in 10 years has it gone below $6,000,000. If Congress accepts the Budget figures, the industry that has been built up to supply flying equipment for the military and naval services will find itself transported back into the conditions of the days before the Morrow Board.

The treatment of aviation is in sharp contrast with that meted out to the surface and subsurface sections of the Navy. While the allotment for new naval aircraft undergoes a 49 per cent reduction, expenditures for new naval vessels are actually estimated to increase by 7 per cent. The change in the number of new planes to be bought is as striking as the change in the amount of money provided for buying them. The official explanatory statement reveals that the Budget is based on a plan to buy 238 new planes for the Army and only 150 for the Navy during the year, as against approximately 480 and 325, respectively, this year. Not since 1925 have the total purchases in a year by the two services been below 500.

There ought to be some explanation of the apparent discrepancy between these figures and the much more optimistic ones contained in various officially released tables. The differences are accounted for, in the first place, by the frequent ignoring of the effect of the contract authorizations on money available for obligations, and, in the second place, by the presentation of the figures representing actual payments from the Treasury instead of obligations. The bookkeeping in this article, in other words, relates to the number of things that can be bought during next year, while the Budget tables commonly represent the amount that is to be spent in paying the bills as they are presented. They relate largely to work done a year ago.

The Navy's specific allocation for instruments, radio, and other like accessories of aviation suffered almost as severely, with a cut from $1,800,000 to $950,000. Experimental work, on the other hand, was treated with surprising generosity, the total for the Navy remaining fixed at $2,220,000 (excluding only the $75,000 allotment made this year for the specific purpose of carrying on design work on a metal-clad airship), and the Army receiving an increase from $2,310,000 to $2,824,000.

RESERVES AND THE NATIONAL GUARD

The aviation reserves, by comparison, fare passably well. The specific appropriation for aviation material and fuel and other supplies for the aerial section of the Naval Reserve has been dropped from $960,000 to $575,000, and in the explanatory statement on the Budget it is said that the greatest effect of a $730,000 reduction in the total of the Naval Reserve allocation will be to "curtail the number of reserves to be given basic and advanced aviation training." The allowance for aviation equipment for the Organized Reserves of the Army has been cut from $441,000 to $348,000.

In both the Army and Navy the specifically aeronautical items suffer a much larger relative cut than the total of the reserve appropriations. The National Guard, on the other hand, must have made a very favorable impression by its participation in the Air Corps maneuvers last May, for $909,000 is estimated for new airplanes for the guard, an increase of $24,000 over the 1932 figure.

The plan is to provide for 272 Air Corps reserve officers, the same number as in the present year, to go on a year of active duty with troops. The regular flying operations of the Air Corps are to be scaled down, and a saving of $2,000,000 made in operating expenses, by imposing an unprecedented limitation on flying time. An average of only 165 hours per officer is to be permitted.

Lighter-than-air craft are the beneficiary of a grant for carrying on work on the *Akron's* successor at a normal rate; $1,450,000 will be provided. The Army's allowance for lighter-than-air equipment, on the other hand, is reduced from $300,000 to the preposterous sum of $100.

AIR MAIL

To the manufacturing industry the Army and Navy sections are the most important part of the Budget. For the transport operator their significance is negligible, compared with that of the Post Office Department.

The Post Office figures are much more encouraging. In spite of the pressure for economy, which leads to an estimated reduction of the postal deficit from $195,000,000 this year to $155,000,000, and in spite of cuts of $10,000,000 in the total Post Office pay roll and $9,000,000 in the allotment for rail transportation of mail, the total allowed for air mail is cut by only 4 per cent. The $7,000,000 allotment for the foreign air mail is to be untouched. The reduction is all in the allowance for the domestic contract service, for which $20,000,000 is appropriated this year and for which the estimates allow only $19,000,000 in 1933. It is apparently intended that that shall involve no cancellation of routes, but that the reduction, and also any increases of compensation due to passage of a contracting line from a lower to a higher bracket under the Watres Act regulation, shall be taken care of by reductions in unit compensation, such as have already been made twice during the last year. Presumably, however, no new

routes and few, if any, increases of frequency of service on existing routes will be possible. The air-mail appropriation, of course, includes practically no overhead, and of the $19,000,000 estimate all but $51,000 will be directly available for payments to contractors. The average amount available will be $1,579,000, as against $1,562,000 monthly for the last eight months of the present fiscal year if a deficiency is to be avoided.

The air-mail contractors now receive 14 per cent of the total amount expended for domestic transportation of all United States mails, while 18 per cent of the total sum allotted for foreign mail transportation goes to carriers by air. Payments for the handling of mail by the merchant marine have been increasing more rapidly than those for foreign air mail, however, for in the fiscal year which ended last June more than 21 per cent of the foreign mail expenditure was for the aerial service, as against 18 per cent in the new Budget.

AIRWAY DEVELOPMENT

As the manufacturers are most concerned with the military services, and most of the transport operators with the Post Office Department, so the "independent" transport line or the small fixed-base-operator or itinerant flyer has his closet governmental relations with the Departmen of Commerce.

For Secretary Young's office the present Budget, if accepted by Congress, will mark the first check in the steady increase of the appropriation for air navigation facilities that has gone on ever since the Aeronautics Branch was founded. For the present fiscal year the appropriation attained a maximum of almost exactly $9,000,000, of which $8,800,000 will actually be spent. The estimate for 1933 cuts the total to $7,628,000, a reduction of 15 per cent and a figure just below the 1931 level.

There will, of course, be no shutting down of existing airways and no abandonment of maintenance work, but the estimate has been based on a total cessation of new airway construction. The lighted airway system that has been growing steadily at the rate of 4,000 miles a year will be virtually static until the middle of 1933, at 19,500 miles total, unless Congress increases the Budget figures.

Most of the employees of the airways division are on maintenance work, and the estimated number for next year actually shows an increase of 17 per cent above the present level, to a total of 3,217 men. The growing significance of the radio on the airways is plain from the air navigation facilities pay roll. A year ago only 354 radio operators were employed by the Department of Commerce. A year from now, according to present signs, there will be 519.

The appropriation for regulations has also been cut down, again in part, at the expense of the aircraft industry. The estimate of actual expenditures for the current fiscal year is $1,350,000 and for next year only $1,301,000. The pay roll, accounting for two-thirds of the total, will be practically unaffected, but the amount for the purchase of airplanes and accessories for the use of the department is to drop from $90,500 to $75,000.

THE WEATHER BUREAU

An indispensable adjunct of the organized airways is the weather reporting service furnished by the Department of Agriculture. It has expanded with great rapidity in the last three years, with the appropriation for meteorological work for the benefit of aviation increasing from $500,000 in the fiscal year 1930 to $1,779,000 in the present year. In the 1933 estimates $225,000 have been cut off this year's figure, more than three-quarters of the total amount of savings in Weather Bureau expenditures being taken out of the aeronautical work. That is bad enough by any standard, but not quite so serious as it appears at first sight, for substantial savings are being made now, and about $160,000 of the 1932 appropriation will be unexpended. The actual cut in expenditures for next year as compared with this will be only about 3 per cent, and most of that will be for equipment, which has been purchased during the fiscal year 1932, and does not need to be duplicated. The Weather Bureau work, like that on airway development, will be continued substantially at its present level, but it is hardly to be expected that any expansion or improvement of the service can be undertaken.

COAST GUARD AND NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

Although the Coast Guard has never been a very large purchaser of aircraft, its expenditures for seaplanes have played an important part in the calculations of some of the manufacturing companies. In the fiscal year 1931 the appropriation for new flying equipment for the Coast Guard was $320,000. For 1932 it was $160,000; for 1933 the item has been omitted from the budget. Taking Army, Navy, Coast Guard, and Department of Commerce all together, the total available to be obligated for new planes and engines has dropped from $32,401,000 last year to $28,312,000 this, and for next year the estimate is only $18,451,000, a decline of 43 per cent in two years.

In spite of the great amount of experimental work done by the Army, Navy, and Department of Commerce, all departments of the Government, and all units in the industry have learned to look to the National Advisory Committee for Aeronautics for most of their basic research, especially on aerodynamic questions. The friendliness toward research that appears in the undiminished experimental allotment for the Navy and the increased figure for the Army is shown again in liberal treatment of the National Advisory Committee. Provision is made for a slight increase in the pay roll and number of employees, the latter to a total of 330, and also in expenditures for supplies and equipment. The total estimate for 1933 comes to $988,000 as against $1,028,000 appropriated, or $955,000 expected to be actually expended in the current year. If the appropriations that have been made for special building construction, such as the full-scale wind tunnel or the seaplane towing channel at Langley Field, be deducted the national advisory committee had up to 1932 an unbroken record of annual increase in the sums provided for pay roll and general operating expenses. It is an exceptional testimony of the confidence that Congress and the administration have felt in the organization.

THE CALENDAR

The VICE PRESIDENT. The morning business is closed. The calendar under Rule VIII is in order.

The first business on the calendar was the concurrent resolution (S. Con. Res. 3) establishing a joint congressional committee to make a general investigation and study of railroad problems.

Mr. COPELAND. Mr. President, I have talked with the author of the concurrent resolution and have requested of him that it might go over for a few days. He has gladly consented, and I ask that it go over.

The VICE PRESIDENT. The concurrent resolution will be passed over.

DEPORTATION OF ALIEN SEAMEN

The bill (S. 7) to provide for the deportation of certain alien seamen, and for other purposes, was announced as next in order.

Mr. BINGHAM. Mr. President, when this matter came up before, I asked the chairman of the committee whether he would not be willing to have the bill rereferred to his committee in order that hearings might be had upon it. There are certain persons who believe that it is very much contrary to their interests; and no hearings have been held on this measure for some time.

I now ask the chairman of the Immigration Committee whether he will not be willing to have the bill go back to his committee in order that hearings may promptly be held, and the bill then brought back to the calendar.

Mr. HATFIELD. Mr. President, I should like to invite the attention of the Senator from Utah [Mr. KING], who is the patron of the bill, to the request of the Senator from Connecticut.

Mr. KING. Mr. President, this measure has been before the Senate for a number of years. A similar measure was before the House perhaps in 1924 or 1925. It has passed the Senate at least twice, and my recollection is—upon three occasions. Hearings have been had upon at least three separate occasions when this bill or a similar measure was before the Committee on Immigration of the Senate. Those hearings were very full and complete. They presented the facts in support of the measure, and those who were opposed to it also had full opportunity to present their views.

The State Department made representations, and those representations were brought to the attention of the committee and duly considered by the committee. I know of nothing that could be added to the rather large volume of facts and testimony heretofore obtained in the various hearings. I think it would bring about unnecessary delay. The Senate and the country are familiar with the facts, and I do not feel like assenting to the bill going back to the committee.

Mr. BINGHAM. Mr. President, may I say that while it is true that the bill did pass the Senate at least on one occasion, it passed because I happened to be out of the Chamber for a few minutes. However, that is neither here nor there.

The point is that we are at the present time in a state of great difficulty with regard to business of all kinds. Our merchant marine is having a particularly difficult time. The representatives of the shipping companies operating on the Pacific believe that the passage of this bill would be disastrous to the American flag on the Pacific. There are others of us who believe that the passage of this bill would lead to serious difficulties with foreign nations, particularly with Asiatic nations, at this time when we are having a very difficult row to follow as it is.

Therefore, it seems to me that there is new testimony that might be adduced, and that no one should be denied the privilege of a hearing merely because hearings were

held several years ago; and I again renew my request to the chairman of the committee.

Mr. HATFIELD. Mr. President, I have no objection whatever to the bill being returned to the committee for hearings. Since the report of the bill to the calendar I have received several requests to be heard from representatives of steamship companies. While I am in favor of the bill, and the entire membership of the committee, about nine in all, were present and the bill was unanimously reported out with a recommendation that it pass, notwithstanding that, so far as I am concerned as chairman of the committee, I have no objection to its return so that those who wish to be heard can be heard upon the bill.

Mr. BINGHAM. Mr. President, I ask unanimous consent that the bill be returned to the committee for hearings.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. I object.

Mr. BINGHAM. Mr. President, I move that the bill be rereferred to the committee for hearings.

The VICE PRESIDENT. The Senator from Connecticut moves that the bill be recommitted to the Committee on Immigration. The question is on the motion of the Senator from Connecticut.

Mr. LA FOLLETTE. Mr. President, I would be in a mood to respond to the appeal made by the Senator from Connecticut for hearings upon this bill were it not for the fact that he has resorted to every type of parliamentary tactics to prevent the consideration and passage of the measure.

The bill was on the calendar at the last session for many weeks. The Senator from Connecticut made no request for further hearings at that time. Later the bill passed the Senate in his absence, and he entered a motion to reconsider. Then finally, weeks later, when his motion came up, the Senator from Connecticut debated the merits of the bill at great length and quoted in extenso from the hearings which had been held upon it. Finally, when his arguments were exhausted and a vote taken, a mere handful of Senators, after listening to the argument and the debate, voted with the Senator to reconsider the measure. I hope the Senator's motion will not prevail.

The VICE PRESIDENT. The question is on the motion of the Senator from Connecticut [Mr. BINGHAM] that the bill be recommitted to the Committee on Immigration.

The motion was rejected.

The VICE PRESIDENT. The clerk will read the bill.

Mr. BINGHAM. I ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

R. B. MILLER

The Senate proceeded to consider the bill (S. 159) for the relief of R. B. Miller, which had been reported from the Committee on Claims with amendments, on page 1, line 5, after the words "sum of," to strike out "$9,407.54, said amount representing the principal sum of $6,336.38 overpayments in freight on" and to insert "$2,500, in full and final settlement of all claims or demands of whatsoever nature, kind, or character against the Government, on account of the shipment of," and on page 2, line 5, after the word "law," to strike out "and the interest on said sum from the respective dates of shipment to April 1, 1926," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to pay to R. B. Miller, out of any money in the Treasury not otherwise appropriated, the sum of $2,500, in full and final settlement of all claims or demands of whatsoever nature, kind, or character against the Government, on account of the shipment of 75 carloads of manganese ore shipped over the Norfolk & Western Railroad from Suter, Va., Rocky Gap, Va., and Graham, Va., to Reading, Pa., Harrisburg, Pa., and Birmingham, Ala., during the period that said railroad was operated by the Director General of Railroads and which said amount was in excess of the regular freight rates published and allowed by law.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

C. M. WILLIAMSON AND OTHERS

The Senate proceeded to consider the bill (S. 458) for the relief of C. M. Williamson, Mrs. C. E. Liljenquist, administratrix, Lottie Redman, and H. N. Smith, which had been reported from the Committee on Claims with amendments, on page 1, line 5, after the words "Mrs.," to strike out "C. E." and insert "Tura"; in line 6, after the word "administratrix," to insert "of C. E. Liljenquist, deceased"; and in line 8, after the words "sum of," to strike out "$13,134.99" and insert "$8,824.10," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to C. M. Williamson, Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased, Lottie Redman, and H. N. Smith, in accordance with their respective interests, the sum of $8,824.10. Such sum represents the amount expended by them in installing a pumping plant and making necessary connections to bring water to their land on the Fort Hall Indian Reservation and the amount paid by them to the Idaho Power Co. during the years 1920 to 1927, inclusive, for power to operate said pumping plant.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of C. M. Williamson, Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased, Lottie Redman, and H. N. Smith."

MILBURN KNAPP

The Senate proceeded to consider the bill (S. 971) for the relief of Milburn Knapp, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the words "sum of," to strike out "$22,960" and insert "$16,000," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay to Milburn Knapp, out of any money in the Treasury not otherwise appropriated, the sum of $16,000 in full settlement of all claims against the United States for losses sustained by him as the result of the revocation by the Department of the Interior, on November 12, 1913, of a permit granted for the use of the Williamson River in connection with a contract for the cutting and removal of certain timber lands in the Klamath Indian Reservation, in the State of Oregon, entered into on January 24, 1913, by Milburn Knapp and the Commissioner of Indian Affairs on behalf of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISTRIBUTION OF GOVERNMENT-OWNED WHEAT FOR RELIEF PURPOSES

The Senate proceeded to consider the joint resolution (S. J. Res. 60) authorizing the distribution of Government-owned wheat to States or organizations for relief of people in distress, which had been reported from the Committee on Agriculture and Forestry with an amendment to strike out all after the resolving clause and to insert:

That the Federal Farm Board is authorized and directed to take such action as may be necessary to make immediately available 40,000,000 bushels of the wheat of the Grain Stabilization Corporation, or so much thereof as in the judgment of the President may be needed, for the use of the American National Red Cross, and/or for the use of such other organization or organizations as the President, or such person or persons as he may designate to pass upon the matter, may deem advisable, in providing food for the needy and distressed people of the United States. It is expressly understood that no organization receiving wheat under the provisions of this resolution shall discriminate against any person who is in distress regardless of the causes of such distress. In the delivery of such wheat or any part thereof to any organization or organizations as provided herein, the Federal Farm Board shall be at no expense, and all expense incident to the receipt or distribution of such wheat shall be borne by the organization or organizations to which said wheat is delivered.

SEC. 2. The Federal Farm Board shall keep account of all wheat furnished and delivered as provided herein and shall keep a record of the average cost of such wheat to the board as a credit against its revolving fund.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator in charge of the bill whether the National Red Cross will carry out the mandate of the joint resolution in the event it passes the Congress and becomes a law?

Mr. CAPPER. There is no doubt in my mind that it will. I believe the Red Cross is entirely sympathetic with the provisions of the measure.

Mr. ROBINSON of Arkansas. The Red Cross has indicated its willingness to administer the measure?

Mr. CAPPER. My information is that it has.

Mr. ROBINSON of Arkansas. It has not, then, interposed the objection that this represents, in effect, an appropriation from the Federal Treasury for relief purposes, and that the Red Cross confines its benevolences to cases where the contributions are made by individuals voluntarily?

Mr. CAPPER. It has not. I have a letter from Mr. Payne, of the American Red Cross, as to this measure but nothing from him that would indicate any objection along the lines referred to by the Senator from Arkansas.

I might say at this point to the Senator from Arkansas that practically the same measure, except as to the amount of wheat made available, passed the Senate at the last session but failed finally of enactment.

Mr. ROBINSON of Arkansas. I remember that very well, and I also remember that a provision appropriating a sum to be administered by the Red Cross for the relief of persons in distress passed the Senate, and that its final passage was defeated for the reason that the Red Cross, specified in the measure as the administrator of the item, announced that it was the long-established practice of that very useful and charitable organization to limit its administrative efforts to sums contributed voluntarily from private sources, and that under no conditions could it accept responsibility for administering public funds.

While I understand that this is not an appropriation, there are provisions in the joint resolution which indicate the intention on the part of the authors of the measure to reimburse the Federal Farm Board for the wheat taken over and distributed, and in that view of the matter it becomes in effect an appropriation.

In addition to that, the wheat which is the subject of the resolution is owned by the Federal Farm Board. It will be recalled that at the last session of the Congress a bill introduced by me, as well as a bill introduced by the Senator from Kansas, was considered by the Committee on Agriculture and Forestry, but neither of those bills was finally acted upon by the Congress. The need then was quite noted and decisive, but the principal reason assigned for the failure to enact one of those measures was that the Red Cross would not administer it.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. I yield.

Mr. McNARY. I think it fair to say that no representative of the Red Cross appeared before the committee in the consideration of three joint resolutions relating to this subject matter, two of which referred to charitable organizations which might administer whatever law was enacted. The third resolution referred to the Red Cross. When a subcommittee was appointed, I am advised, they considered the Red Cross organization, which was included among the charitable organizations, believing, I assume, that that organization might as well distribute this wheat as any other organization which might meet with the approval of the President.

The only witness who appeared before the committee was Chairman Stone, of the Farm Board. He approved of the general purposes of the three resolutions.

It may be proper for me to say that last year similar measures were before the committee, and Mr. Legge, the former chairman of the Farm Board, disapproved of them. There also appeared Mr. Payne, chairman of the Red Cross, who also disapproved.

What information the Senator from Kansas may have with respect to the attitude of the Red Cross is personal to him. No representative of that organization appeared before the committee; nor do I believe the committee thought it was essential to call for representatives of that organization because they believed in the purposes of the legislation and could designate whomever they please to administer it.

Mr. ROBINSON of Arkansas. Mr. President, in connection with the statement just made by the Senator from Oregon, it may be pointed out that the language of the amendment which is under consideration is "and/or for the use of such other organization or organizations as the President, or such person or persons as he may designate to pass upon the matter, may deem advisable in providing food for the needy and distressed people of the United States."

Plainly, that amendment contemplates the possibility, or I might say the probability, of a refusal on the part of the Red Cross to administer the act, but it devolves the duty on the President to designate the organization in the event the Red Cross does not function in this particular.

I desire to ask the Senator whether he is informed that the President would assume the responsibility imposed under the provisions of the measure.

Mr. McNARY. Mr. President, I take it for granted the President would assume any responsibility imposed upon him by the Congress, though I have never conferred with the President regarding this matter.

I may say to the Senator that it is made optional; if the Red Cross refused to administer the act as a governmental or charitable agency, then the President could designate some other organization, or he might designate an organization which could act simultaneously and cooperatively with the Red Cross.

Mr. ROBINSON of Arkansas. I understand that perfectly, but my question was directed to whether the President is in sympathy with the joint resolution and will approve it, and whether, if the Red Cross does not function under it, the President would designate another organization or decline to do so.

It is well known that the President has not recommended the measure which is now before the Senate. It is well known that he has sent to the Senate a number of recommendations with respect to general economic conditions, but that he has taken the attitude that in so far as the relief of the distressed in this country is concerned, that must, for the present at least, and until private charity has been exhausted, be confined to voluntary contributions made through an organization he has established and which apparently is functioning. Does the Senator know whether the joint resolution will be effective if it passes?

Mr. McNARY. Mr. President, I very specifically gave my views on that subject. I do not know what the President will do, but it is my judgment that the President will carry out any orders contained in a statute enacted by the Congress. There is no way to establish that fact except to present the resolution to him for his signature. In my heart and in my opinion, if he believes it is in the interest of those in distress, he will properly function under the joint resolution.

Mr. BARKLEY. Mr. President, I should like to inquire of the Senator from Kansas or the Senator from Oregon whether the members of the Farm Board appeared before the committee with reference to this measure, and what their attitude is with reference to it.

Mr. CAPPER. Mr. President, the chairman of the Farm Board, Mr. Stone, appeared before the Committee on Agriculture and testified at some length. He was apparently entirely sympathetic with the purposes of the joint resolution. Yet later he sent a formal report on the measure, in which he made the point on the part of the board that they ought to be reimbursed financially. But it was not the thought of the committee, and there is nothing in the resolution that would contemplate any appropriation for this to the Farm Board. The resolution would simply afford the Farm Board the protection it wanted, that is, a bookkeeping record made showing offset for the wheat that had been used for relief purposes.

Mr. BARKLEY. Of course, that would be necessary in any event.

Mr. CAPPER. Yes.

Mr. BARKLEY. My question was based on information which I had received from some source to the effect that the Farm Board felt that if this wheat should be distributed for the relief of distress—and I am in sympathy with the measure—Congress ought to reimburse the Farm Board in order not to cripple the revolving fund with reference to its obligations to cooperative organizations throughout the country

which had been promised aid by the Farm Board. I wondered whether the committee took that into consideration in framing the measure as they have brought it in.

Mr. CAPPER. Mr. President, that was referred to in the discussions before the committee; but so far as I know, there was no member of the committee in favor of reimbursing the Farm Board for this wheat by a direct appropriation. Such a proposition would stand little chance here, in my judgment.

Mr. BARKLEY. Does the Senator know whether as a matter of fact the distribution of this wheat without any reimbursement will in any way involve the board in embarrassment with reference to the loaning of funds, within its hands now, to cooperative organizations which are in existence and which are calling for help?

Mr. CAPPER. I have no information along that line.

Mr. BRATTON. Mr. President, I should like to ask the Senator from Kansas a question. Did the Senator say a while ago that he had assurance from the Red Cross that it was willing to administer this measure, if it should be enacted?

Mr. CAPPER. Mr. President, I have no assurance officially. The word I had from Mr. Payne, the chairman of the Red Cross, led to believe that the Red Cross was sympathetic with the purposes of the resolution.

Mr. BRATTON. That is very interesting, in view of his unqualified declination about a year ago to receive money from the Federal Treasury for relief of suffering humanity.

Mr. CAPPER. I think his attitude may be different now.

Mr. BRATTON. I did not understand the Senator's remark.

Mr. CAPPER. I think the attitude of the Red Cross as to that may possibly have changed in the past year, but I have no authority to speak for them on that point.

Mr. BRATTON. That is encouraging, Mr. President. I was in disagreement with the Red Cross a year ago on that matter. It is gratifying to hear the Senator from Kansas say that in his opinion the Red Cross has changed its attitude and is now willing to administer wheat belonging to the Government.

Mr. ROBINSON of Arkansas. Mr. President, may I inquire of the Senator from Kansas, with the permission of the Senator having the floor——

Mr. BRATTON. I yield.

Mr. ROBINSON of Arkansas. At what rate did the chairman of the Federal Farm Board suggest the wheat should be paid for?

Mr. CAPPER. In his report he estimated that for 40,000,000 bushels, reimbursement to the extent of about $16,000,000 would be required.

Mr. ROBINSON of Arkansas. He based his request for compensation on the present market value of the wheat?

Mr. CAPPER. Yes.

Mr. BRATTON. Mr. President, I shall not consent that the Farm Board be reimbursed for this wheat. It could be devoted to no better useful purpose than that contemplated in this legislation. The committee should be commended for disagreeing emphatically with the president of the Farm Board in his attitude that the board should be reimbursed from the Federal Treasury.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from New York?

Mr. BRATTON. I yield.

Mr. COPELAND. Going back a moment to what the Senator said about the Red Cross, is not this a chance to test the Red Cross? If we find a refusal on the part of the Red Cross to administer the provisions of such a great humanitarian act, then we will very quickly take further action so that starving people may actually have some of the wheat that is now stored away.

Mr. BRATTON. I quite agree with the Senator from New York. If the Red Cross is unwilling to lend its cooperation to aid in the relief of suffering in this country through this method, then I should favor substituting the American Legion and availing ourselves of its cooperation.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator will yield to me——

Mr. BRATTON. Certainly.

Mr. ROBINSON of Arkansas. I am compelled to leave the Chamber for a few moments and I wish to make this observation before going. We have heard much about a dole. The administration has had a good deal to say in repudiation of proposals for doles. Its head has insisted that it is a dangerous thing to enter into the Treasury of the United States for any amount, because necessarily there is established a precedent which may be followed by legislation calling for much larger appropriations and much more comprehensive action than can be taken under this measure. There is no disguising the fact that this is a dole as that term is commonly used.

Mr. BRATTON. Certainly.

Mr. ROBINSON of Arkansas. There is no disguising the fact that it is intended to cost the Federal Treasury $16,000,000. It is a pitiable sum, in view of the probable needs of the country. It is a poor, futile way to deal with the question from which every Member of Congress has been shrinking. To appropriate $16,000,000 as a dole in the form of wheat, and then to say that this great Government has performed its duty, that this great Government has been liberal, is foolish and absurd.

My judgment is that we had better proceed with some degree of caution unless we are willing to recognize this for what it is—a dole pure and simple, a precedent for appropriations which may run into hundreds of millions of dollars at a time when the Federal Treasury already has a deficit of something like $2,000,000,000. Certainly no one here would advocate a policy of permitting people to starve in this country so long as any resources upon which the Government can draw are available to supply the needs. But it is not going very far, it is not doing very much when we take a product of which there exists a surplus, when we reach into an already bankrupt Treasury and take a small sum, and we are not by that means solving the problem that underlies proposals of this nature. We are establishing a precedent that is worthy of our serious consideration.

Mr. BRATTON. Mr. President, I quite concur with the Senator from Arkansas that in principle this is a dole. It is so closely akin to what we commonly call a dole that the two can not be distinguished nor differentiated. But when the issue arises between human suffering among Americans on the one hand and an appropriation from the resources of the Federal Government on the other hand with which to relieve suffering I have no fundamental objection to resorting to that means of relieving suffering humanity in this country.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Kentucky?

Mr. BRATTON. I yield.

Mr. BARKLEY. There has been a rather facetious question propounded for a long time to this effect: "When is a door not a door?" The answer that is given is, "When it is ajar." I suppose we might inquire when is a dole not a dole, and answer it by saying that it is not a dole when it becomes a bushel.

But, as a matter of fact, $16,000,000 representing at the present price 40,000,000 bushels of wheat does not represent the outlay on the part of the Government. In order to figure the full loss of the Government we would have to find out what the board paid for this wheat out of the $500,000,000 fund set aside for that purpose. If we could figure the total amount involved here in the way of cost to the Government, probably it might be found to be in the neighborhood of $40,000,000 instead of $16,000,000. Of course, regardless of that I agree that we have this condition, and not a theory, confronting us, and the resolution ought to be adopted without regard to the effect it may have on the price of wheat.

Mr. BRATTON. Of course, when we talk about this legislation solving the stupendous problem which is confronting us it is like a popgun in a cyclone. It will not accomplish the whole, but it will aid to a limited extent. To say this

is not a dole and may be distinguished from a dole is a play upon words. It can not be differentiated upon tenable grounds.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Montana?

Mr. BRATTON. I yield.

Mr. WHEELER. The only possible difference is that if the Farm Board keeps the $16,000,000 worth of wheat it will probably lose it the same as it lost the rest of it.

Mr. BRATTON. Of course.

Mr. WHEELER. So I feel it is really doing a charitable act to take the 40,000,000 bushels of wheat away from the Farm Board and give it to the suffering people where it will actually do some good rather than let it remain in the hands of the Farm Board and probably be wasted there.

Mr. BRATTON. But I am unwilling to reimburse the Farm Board either on the basis of the present value of wheat or the price at which it was purchased.

Mr. WHEELER. When the question came up before the subcommittee, of which I am a member, we refused to incorporate that principle in the joint resolution, feeling that we should let that question be decided later when the matter should be presented to the Appropriations Committee by the Farm Board.

Let me say further that I was one of the authors of the joint resolution and was responsible for the language written in it to the effect that it should be—

> For the use of the American National Red Cross and/or for the use of such other organization or organizations as the President, or such person or persons as he may designate to pass upon the matter, may deem advisable.

I did not personally consult the Red Cross as to whether it would or would not take the wheat. My idea was that if it did not take it the President should designate some other charitable organization for that purpose. There were some members of the committee who felt that possibly we should turn the wheat over to various city or State governments. I myself was opposed to that idea, because of the fact that I feel that there are numerous charitable organizations at the present time working in the various cities, and that if it was turned over to some of those welfare workers, in my humble judgment it would be much better used than it would be if we turned it over to some of the city governments, which are rather notorious for the corruption that is going on within them. I felt it would be much better to turn it over to some charitable organization who would see that it actually got out to the people themselves.

The bill has a dual purpose, in my judgment. First, the Farm Board has this surplus of wheat which it is holding over the heads of the farmers of the country to help depress the price of wheat. If we take 40,000,000 bushels of wheat and turn it over to charitable organizations we are going to distribute it and feed it to people who actually are not able to get that amount of wheat, who could not otherwise get it probably at all.

There has been some objection to the joint resolution on the ground that we are taking the wheat away from the Farm Board. The Farm Board has already at the direction of the President of the United States turned a lot of this wheat over to China. In my humble judgment it is nothing more than a gift to China, because we will never get a cent for the wheat that we have turned over to China. Do not make any mistake about that at all. We are taking Chinese Government bonds or Chinese securities, but we will never get paid for them.

My idea is that charity begins at home. We have the wheat in the bins, and are holding it there and holding it over the head of the American farmer without the buyers knowing when it may be put on the market, thus depressing the price of wheat at a time when there are millions of people starving in the country because they have not any food. The testimony before the La Follette committee has shown that the local organizations are unable to take care of the people who are going hungry to-day, and yet we are in the Senate of the United States quibbling as to whether or not we are going to give them a few bushels of wheat. It is just about the same situation that existed in Nero's time. We are going to be fiddling while Rome burns. I am not only in favor of giving this 40,000,000 bushels of wheat but I am willing and anxious to appropriate money out of the Treasury of the United States for the purpose of feeding the millions of people who are going hungry to-night in the various States and cities throughout the country, because I feel that if the local city, county, and State organizations can not do so it is the duty of the Government to then step in. We must do it whether we like it or not. We must do it to preserve this Nation.

Mr. BRATTON. Let me ask the Senator from Montana how much wheat we have sent to China?

Mr. WHEELER. I can not give the figures offhand.

Mr. McNARY. Mr. President, if the Senator from New Mexico will yield——

Mr. BRATTON. Certainly.

Mr. McNARY. We turned over to China 5,000,000 bushels of wheat upon what was assumed to be at that time adequate security.

Mr. BRATTON. I was inquiring solely about the quantity and not the compensation.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Florida?

Mr. BRATTON. I yield.

Mr. FLETCHER. How much wheat has the Grain Corporation on hand?

Mr. McNARY. I can answer that as of December 19, 1931, when it was between 160,000,000 and 162,000,000 bushels at a cost on the average of 81 cents per bushel. Including the carryover charges, the amount taken from the Treasury of the United States would equal about $1.17 per bushel. I am speaking about the amount on hand to-day which is about 160,000,000 bushels.

Mr. FLETCHER. Irrespective of what has gone to China?

Mr. McNARY. Yes. At one time the board had as much as 290,000,000 bushels of wheat on hand.

Mr. FLETCHER. If the wheat remains in storage subject to attacks by worms, weevils, and what not, it will soon all be chicken feed anyhow. Is it quite fair for the people of the country to be hungry while the Government stores up wheat and keeps it there in that fashion?

Mr. BRATTON. Of course not. The disposal of this wheat, about 25 per cent of the entire quantity the board has on hand, will relieve in part or minimize the shadow that constantly hangs over the wheat producers of the country. They do not know when the wheat stored by the Farm Board will be placed in the channels of commerce in competition with their wheat. Of course, that depresses the market price of wheat. Making this disposition of 40,000,000 bushels of wheat will minimize that danger and reduce their constant dread. In addition to that, it will feed hungry men and women and children throughout the country. It will relieve suffering. Certainly, Mr. President, we should not quibble about the principle involved being a dole or not a dole when we are selling wheat to other governments, for which we may or may not collect, while our own people, worthy citizens of this country, fathers, husbands, wives, and families, are suffering. I hope that this joint resolution will be passed and that the wheat proposed to be used will be devoted to the humanitarian purpose intended.

Mr. BORAH. Mr. President, the income of the American farmer in 1919 was set at $16,000,000,000. Last year it was $6,920,000,000. The farmer has about 55 per cent of his wheat yet on hand. Who are to be benefited by this measure? It will certainly not relieve the market of the 120,000,000 bushels which will be left in the hands of the Farm Board, and neither will it care for the hungry except by an appropriation from the Treasury of the United States. If we are going to make an appropriation, why not buy the wheat from the farmer?

It has been said that we sent 25,000,000 bushels of wheat to China, and that it was a gift. Mr. President, I do not hesitate to say that I wish we had sent the entire 160,000,000

bushels to China as a gift. In that event the farmer would have been infinitely better off, the Americana Treasury, in the end, would have been better off, and the American workingmen who are out of employment would have been fed just as effectively from the bins of the American farmer and just as cheaply.

I have no doubt of the good purpose and fine sentiments that are behind the joint resolution, but if we are going to feed those who are out of employment from the Treasury of the United States, what do we really gain by taking the wheat out of the bin of the Farm Board instead of taking it out of the bin of the American farmer? We are not giving him any added market value for the wheat which he holds through the disposal of wheat in this way; we are not aiding him in any respect by reason of it; and the hungry would just as soon eat the wheat from the farmer's bin as they would from the Farm Board's bin.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I yield.

Mr. WHEELER. Will the Senator tell me where he gets the estimate that the farmers of this country are themselves holding at present 55 per cent of their last wheat crop.

Mr. BORAH. I do not know whether that estimate came from the Secretary of Agriculture or not, but it has been printed in the public press.

Mr. WHEELER. I was about to state that if there is any amount of wheat held by the farmers of this country it is being held not by the smaller farmers, such as he knows in his State and such as I know in mine, but it is wheat that is being held, if it is being held at all, by the National Grain Corporation, or some of the so-called cooperative organizations; it is not to-day being held by the American farmer.

Mr. BORAH. Mr. President, I think the Senator is in error. I myself have not communicated directly with any of the sources of information since I have seen in print the figures to which I have referred, but during the last days of November and early in December I sent a number of telegrams to individuals in the Northwest asking how much wheat was still in the hands of the farmers, and the telegraphic replies came back that from 60 to 65 per cent was being so held. What changes have taken place since that time I do not know. I put the figure at 55 per cent because I saw that estimate in the public print and, associating it with the answers to my telegrams, I thought it was probably correct.

I venture to say to the able Senator from Montana that there is quite a sufficient supply of wheat in the bins of the American farmer to supply five times over the 40,000,000 bushels now proposed to be donated.

Mr. WHEELER. But where does the Senator think we would buy the wheat? We would probably buy it from some of the great grain organizations, from some of the mills; we would not go out and buy from the American farmer this 40,000,000 bushels of wheat. There are a tremendous number of people who are not going to get sufficient bread to eat unless we give them the flour. I should much prefer to buy the wheat from the American farmer, but my judgment was that we could not get a bill through the Congress of the United States that would enable the wheat to be bought directly from the farmer, and I felt that as a practical proposition we could take 40,000,000 bushels of the wheat from the Farm Board and turn it over to various charitable organization to enable them to feed hungry men and women. I am looking at it purely as a practical proposition. I repeat I do not think we can get through the Congress of the United States a bill which would permit us to go out and buy 40,000,000 bushels of wheat; and if we did that we would not be buying it from the farmer but from the millers or the elevators or the large so-called cooperatives of the country.

Mr. BORAH. So long as this wheat is held as at present it is being held, whether 160,000,000 bushels or 120,000,000 bushels, it is going to keep the price of the American farmer down as it has done for the last year and a half. I venture to say that the policy of the Farm Board has cost the American farmer millions upon millions of dollars.

Mr. WHEELER. I agree with the Senator as to that, and I voted against the bill, but I do not think it makes a particle of difference where we get the wheat so long as it is gotten off the market.

Mr. BORAH. If we could clean up the market so far as wheat is concerned, there would be something to that proposition, but the Farm Board would have 120,000,000 bushels left; and so long as 120,000,000 bushels are left on the market, just the same as in the case of 160,000,000 bushels, what benefit will it be to the farmer to have 40,000,000 bushels of it given away? If we could remove this incubus that has been resting upon the farmer for the last year and a half it would be a different proposition. I repeat what I said here a year ago, that if I had my way about it I would ship every bushel of this wheat to China, where not only thousands but millions of people are starving to death, and I would do so if we never got a cent back. In my opinion, we would get the money back in time, for the Chinese will pay their obligations, but whether they pay or not I would send them the wheat not only for their benefit but for our benefit and get rid of it.

Mr. THOMAS of Oklahoma. Mr. President, the impulses back of this joint resolution, as I understood them, were not so much to help the American farmer as to help those who are hungry. The Committee on Agriculture and Forestry found that we had some 160,000,000 bushels of wheat and that no good use could be made of it. The Farm Board is selling its wheat at the rate of 5,000,000 bushels per month, and that is all. The Farm Board sold on contract, as has been stated, 25,000,000 bushels to China, for which they accepted bonds, and those bonds are not negotiable or at least are not salable. The Farm Board also agreed to sell and transfer a large amount of their wheat to Brazil in exchange for coffee, but under the contract the coffee can not now be sold for delivery. So the Federal Farm Board will get no return for its coffee at any near future date. We found a vast quantity of wheat in storage, and the question to-day before the Congress, it occurs to me, is whether or not we will feed this wheat to the weevil or feed it to the hungry of the United States.

Mr. BORAH. Mr. President, I would agree with the Senator perfectly so far as the hungry man is concerned, if there were no other source from which to feed him as speedily as he may be fed in this way.

Mr. THOMAS of Oklahoma. Upon that particular phase of the question, if the Congress were appropriating money to buy 40,000,000 bushels of wheat I would agree with the Senator from Idaho that it would be much better to buy it from the farmers than to buy it from the Federal Farm Board, but there is no one on the committee, so far as I know, in favor of buying the wheat from the Farm Board and giving it to the hungry people of the country. That would be of no benefit to the farmer. It would help the hungry people, that is true, but rather than appropriate money and pay the Federal Farm Board for its wheat it would be far better to appropriate money and buy the wheat from the farmers of the country and thus reduce the supply from their bins and granaries. The committee, however, does not think Congress would appropriate money with which to buy wheat from the farmers.

Mr. BORAH. We are doing the same thing, are we not, indirectly? Something has been said about a dole. That does not disturb me at all; I know that this is a dole; it is a dole just the same as all the money which has come from State treasuries is a dole; it is a dole the same as the money which has come from municipalities is a dole. We have been saying in this country that we do not want a dole; but we have had it for a year and a half. So that suggestion does not disturb me at all. However, I ask the Senator in all sincerity will not the purchase price of this wheat finally come out of the Treasury of the United States?

Mr. THOMAS of Oklahoma. It already has come out of the Treasury of the United States; the money has been paid

to the Federal Farm Board and they in turn have bought the wheat. The money has been appropriated; the money has been spent, and all we have to show for it is some cheap low-grade wheat in bins and elevators now being dissipated and destroyed by rats, mice, age, dampness, and weevils. What are we going to do with it?

Mr. BORAH. It may be that this joint resolution, as a matter of relief to the Farm Board, is justified.

Mr. THOMAS of Oklahoma. Mr. President, it will help the Farm Board to some extent.

Mr. BORAH. I thought so.

Mr. THOMAS of Oklahoma. I agree to that proposition, because if this joint resolution shall be passed, the Farm Board, which on its books is charged 81 cents per bushel for this wheat, can go on the open market and buy wheat for twenty-odd cents per bushel.

Mr. KING. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Utah.

Mr. KING. Because I anticipated that the board would seek to make a profit on account of their profligate expenditures by charging a great deal more than the market price, I have offered an amendment which provides that the board shall receive a credit for "the market price of the wheat so delivered and of the date of such delivery and may receive a credit therefor against its revolving fund."

Mr. THOMAS of Oklahoma. Mr. President, I would have to vote against the Senator's amendment for this reason: The Farm Board paid an average price of 81 cents per bushel plus for the wheat they hold. If they turn over the wheat for which they have paid the sum of 81 cents, I think they are entitled to have credit on their books for such amount. However, if we enter the market and buy wheat, then, of course, we will try to buy it as cheaply as we can in order to save the taxpayers as much as possible. So I am against the amendment of the Senator from Utah on the ground that inasmuch as it is merely a paper transaction, a book transaction, the board is entitled to have the benefit of a return to them for book purposes an amount equal to the cost of such wheat; but if we make an appropriation from the Treasury, then, of course, I will support the Senator's amendment.

Mr. KING. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Utah.

Mr. KING. Does not the Senator think, in view of the statement which he has made, that the wheat which is now impounded is being destroyed by rats and by mice and by weevils and also its value lessened by reason of the insurance that has to be paid and the rent charges, that we are doing a favor to take it out of the hands of the board and give them a credit even of 20 cents on the dollar or 20 cents a bushel? We are saving them that much loss.

Mr. THOMAS of Oklahoma. I am supporting the joint resolution, and I agree with the position just asserted by the Senator from Utah.

Mr. WHEELER. Mr. President, will the Senator yield for a moment?

Mr. THOMAS of Oklahoma. I yield to the Senator from Montana.

Mr. WHEELER. Does the Senator see any difference between sending this wheat over to China and supplying it to the Chinese and feeding Americans with it? If the Chinese did not get this wheat, they would have to go into the market and buy wheat from some other place.

Mr. BORAH. Mr. President, when we furnish wheat to China, we are not supplying a market; they could not possibly buy wheat elsewhere.

Mr. WHEELER. I am not at all sure about that. As a matter of fact, let me say to the Senator from Idaho that a miller complained to me the Government of the United States was selling China wheat and thereby destroying his market, for he was selling wheat to China.

If the Chinese are giving good security for the wheat they are purchasing from this country, then there is no reason why they could not give good security to somebody else. I do not agree with the Senator from Idaho that they are giving good security. I am perfectly willing that the Government of the United States should take this wheat and get it off the market and feed it to China; but I think we ought to take it and use it to feed hungry Americans before we feed hungry Chinese.

Mr. BORAH. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Idaho.

Mr. BORAH. If we could serve the American farmer at the same time by doing that, I should agree with the Senator; but there is just one place to put this wheat so that the market of the American farmer would be benefited, and that is in the hands of the countless millions in China who can not go into the private markets and buy wheat, because the private markets would not take the kind of security that they have to offer.

Mr. WHEELER. The private markets would take it provided it was good security; but the point I make is that it is not good security. I agree with the Senator, of course, that if the Government of the United States wanted to be so charitable that it desired to go over and feed all the hungry Chinese, it probably would be a good thing for the farmers of the United States to do it, and I should not have any objection to it. First of all, however, there are a lot of hungry Americans who to-night are not getting enough to eat. If the Senator had heard the testimony that has been given day after day before the La Follette committee, the Committee on Manufactures, he would appreciate that fact; and I am sure he would want to see those people fed before he would want to see the Chinese people fed.

Mr. BORAH. I have read every word of the testimony given before the committee presided over by the Senator from Wisconsin [Mr. LA FOLLETTE]. It is a startling story. I am anxious and willing that the Government of the United States do its part in taking care of the situation. I am only speaking now of the fact that we are going to the Farm Board to get the wheat, and we do not aid the hungry man any more by getting it from the Farm Board than we do by getting it from the farmers themselves. We do aid the farmers, however.

Mr. THOMAS of Oklahoma. Mr. President, in the event this joint resolution does not pass, I should like to ask the Senator from Idaho how the wheat farmers of the country will be benefited. If the bill does pass, we at least will get rid of all the wheat that can be distributed and consumed; but in the event that this joint resolution does not pass, the unemployed will not consume that much wheat, because they have no money and no means of getting possession of it. If this joint resolution does not pass, the wheat that would be distributed under it will not be distributed and, of course, will not be consumed. If the joint resolution does pass, we will at least get rid of some of our surplus wheat, and for that reason I am supporting the joint resolution.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment which I ask to have read, and I ask the attention of the Senator from Kansas [Mr. CAPPER] to it.

The PRESIDING OFFICER (Mr. GLENN in the chair). The amendment to the amendment will be read.

The LEGISLATIVE CLERK. The Senator from Minnesota offers the following amendment to the committee amendment: On page 2, line 22, after "United States," insert a new paragraph, as follows:

Provided, That donations shall be made only when the relief agencies can show that they have perfected arrangements for the milling of the wheat, or for its exchange for a corresponding quantity of milled wheat, or for the sale of such wheat and the purchase of flour and for the distribution of the flour on a definite charity basis.

Mr. CAPPER. Mr. President, the committee in charge of the joint resolution has an amendment to suggest which I think probably covers the purpose of the amendment offered by the Senator from Minnesota. I send the amendment to the desk and ask to have it read.

The PRESIDING OFFICER. The amendment to the amendment of the committee will be read for the information of the Senate.

The LEGISLATIVE CLERK. On page 3, line 6, it is proposed to add the following:

Any organization receiving such wheat shall agree not to sell it, directly or indirectly, or to use any part of it in exchange for the cost of transportation, distribution, or milling; it being the intent of this resolution that the persons in distress shall receive the full benefit of such wheat without any costs deducted therefrom.

Mr. SHIPSTEAD. Mr. President, if I understand the Senator's amendment correctly, it will not be possible to sell this wheat, directly or indirectly. A condition arises in my mind that might exist.

If the Farm Board had wheat in storage in Omaha, and people were in need of flour in Montana, it seems to me that the Farm Board or the organization that has the distribution of this wheat should be permitted to sell that wheat in Omaha and transfer the proceeds of the sale to Montana, where the money could be used for the purchase of flour in Montana, instead of sending the wheat from Omaha to Montana, under which conditions I can conceive that the freight rates would be more than the value of the wheat.

Under the Senator's amendment would it be possible for the agencies distributing this wheat to exchange the wheat for flour or sell the wheat and use the funds for the purchase of flour?

Mr. CAPPER. Mr. President, I do not think the amendment offered by the committee would interfere with an exchange of wheat for flour, for milled wheat. What is contemplated in our amendment is that trafficking in this Government wheat after it has left the hands of the Government agency should not be permitted.

Our committee was informed that in the past, in the distribution of seed wheat and other grain and relief provided by the Government, there have been cases where the Government has been imposed upon, where wheat and seed have been drawn by parties who really were not entitled to them, and they have sold them and profited by the sale. It is the desire of the Farm Board that we guard against anything of that sort.

Mr. SHIPSTEAD. The wheat will remain in the hands of the agencies that will have charge of its distribution until they have something to show for it, either flour or money that can be used for the purchase of flour after the sale of the wheat. Does the Senator intend to prohibit the sale of this wheat, so that wheat will have to be transported from where the Farm Board has it in storage to whatever locality may need it? It seems to me that would be an expensive transaction.

Mr. CAPPER. The wheat will be under the control of the relief organizations; and it will be their duty to process it, to put it in condition to deliver to the needy persons who are asking for help.

If the Senator has any doubt about the wording of this amendment, and would like to have the words "directly or indirectly" stricken out, I have no objection to that. Then I think it would take care of what he has in mind. I do not believe, however, that the Senator's amendment is a proper one to put on the joint resolution.

Mr. SHIPSTEAD. I do not want to press my amendment if the Senator's amendment accomplishes the same purpose.

Mr. CAPPER. I think it does.

Mr. McNARY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Oregon?

Mr. SHIPSTEAD. Yes; I yield.

Mr. McNARY. I think the Senator from Kansas is entirely correct. The amendment which he offers does the same thing as that proposed by the Senator from Minnesota; namely, to permit the exchange of wheat for flour, or any other form of distribution that may meet the economic situation. I suggest to the Senator from Minnesota that he adopt the amendment of the Senator from Kansas, which does precisely the same thing in broader language, and let us go to conference with that amendment.

Mr. SHIPSTEAD. Having that assurance, I will withdraw the amendment I sent to the desk in favor of the amendment of the Senator from Kansas.

Mr. McNARY. May I inquire whether the Senator from Kansas has offered his amendment? Is it now pending?

Mr. CAPPER. I have offered it.

Mr. McNARY. Let us act upon it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas.

Mr. WALSH of Massachusetts obtained the floor.

Mr. KING. Mr. President, will the Senator yield to me just for an inquiry?

Mr. WALSH of Massachusetts. If there is any opposition, I will ask to have the floor, but I yield for a question.

Mr. KING. I desire to ask the Senator from Oregon whether the amendment just offered would interfere with the amendment which I have pending.

Mr. McNARY. I do not know. I am not conversant with the Senator's amendment. Let me examine it while the Senator from Massachusetts is speaking.

Mr. KING. I have no objection to the Senator's amendment.

Mr. WALSH of Massachusetts. Mr. President, the purpose of this amendment is unquestionably praiseworthy, but it seems to me it is most objectionable.

First of all, it opens up without any definite plan the whole question of relief. It admits the need and necessity for relief measures. Secondly, it admits and accepts the principle that the Federal Government, independent of State cooperation, should participate in extending relief. Thirdly, it opens up the whole question of the disposal of surpluses, which, in the opinion of many people, are the cause of our depression. Are we prepared, without a survey of the whole situation and a well-planned relief program, to establish these precedents?

Either this wheat is good wheat and has a value, or it is poor wheat and has no value. If the latter, we are giving worthless wheat to the depressed, suffering people of the country. I assume that it has a value; and, having a value, the net result of this measure is to take $16,000,000 out of the National Treasury and apply it for relief to those who are in need through Red Cross societies, legionnaires, St. Vincent de Paul, Salvation Army organizations, and other relief societies that may be in a position to distribute relief.

Mr. President, it seems to me that we ought not to go about this matter of relief piecemeal; that we ought to decide, first of all, What have the States and other agencies done? Shall the Federal Government enter into the field of giving independent relief to the needy and distressed? Shall that relief be surpluses or cash? Shall it be publicly or privately distributed? Shall it be of wheat surpluses alone? If so, why stop at wheat? Why not boots and shoes? Why not the surpluses of fruits of various kinds? Why not the surpluses of cotton—it can be used in making clothes as well as wheat can be used to make bread?

Mr. President, I think this is a very dangerous proposition. I have heartfelt sympathy with any movement to relieve distress and starvation, but I want to know where it is going to end. I want to know in what direction I am going on this matter of relief; how much and how long we must tax the Public Treasury; and whether it is going to be done in the haphazard manner of distributing by agencies that are responsible to nobody, chosen by the President or his agents or advisers?

One thing the measure does: It admits that there is distress in the country, and it admits that the distress is greater among the industrial class than among the farmers, because this joint resolution proposes to give relief to a class that are not farmers, who are in want and in need; but we are limiting the relief only to wheat. Have not these other unfortunate people got to be sheltered? Have they not got to be given clothes? Is this amount of wheat to be appropriated every two or more months? How long will the depression continue to the extent of supplying the need of wheat and other necessities? In Heaven's name, where are

we to end if we start out by approving measures of this character and this kind without contemplating a general relief plan?

If we had before us a complete relief plan, there might properly be considered the question of taking this surplus of wheat and distributing it, but it seems to me that without a fixed plan this is opening the door and establishing a very dangerous precedent, and, as much as I sympathize with the poor, the unfortunate, the distressed, I can not see my way clear to recognizing the doctrine that we must go into the surpluses of this country in order to give relief to the distressed, and that we should limit relief merely to surpluses of wheat.

I repeat, let a committee bring before us a definite program of relief, recognizing, if it seems necessary, that the Federal Government must do its part, with the State governments and the municipal governments, and let a broad and comprehensive plan be brought forward, and let it include wheat, if it may be essential and necessary to have that one surplus alone treated and dealt with in a relief measure.

Mr. President, I consider this principle and policy unsound and a dangerous precedent, though I am anxious to extend relief if it is included in a general plan cooperating with State, municipal, and private welfare agencies.

Mr. COPELAND. Mr. President, usually I find myself in perfect accord with the Senator from Massachusetts. I may be in accord with him to-day as to the general principle involved. But I can think of no more unwise action the Senate could take to-day than the defeat of this measure.

We are so sheltered and secluded here in Washington, we come so little in contact with the practical aspects of poverty that we have no appreciation, I am sure, of what is going on in this country. I have been in New York for a couple of weeks, and, frankly, I did not like to go near my office because of the appeals made to me there for jobs, appeals to which I could not respond, because I had no jobs to give. But I saw hundreds—yes, thousands—of men and women in the bread lines seeking food.

Those people read the newspapers. They may not buy a fresh, clean copy of a morning paper, but they will find one somewhere, in a wastebasket or elsewhere. If they were to read to-morrow that the Senate, after giving thought to the question of distributing 40,000,000 bushels of wheat to needy persons, an amount capable of furnishing 4 bushels to every unemployed person, those 4 bushels capable of making 240 loaves of bread—if they should read to-morrow that we refused to do that because we could not decide whether we wanted to do it this way or the other way, it would have a very saddening effect upon our people. It might well stimulate still more thoughts which are in their minds, thoughts which might be dreadful to us if they were put into effect.

The Senator from Massachusetts is right when he says that it is a haphazard thing, that it is only one of many, many measures. But why did not the Senate pass with approval last year on the plan suggested by the Senator from Oklahoma [Mr. THOMAS]? That plan provided that there should be a new standing committee for the period of the emergency, a committee made up of representatives of the other committees interested, a standing committee to which could be referred for proper consideration measures like that now before the Senate, in order that there might be worked out a plan the different parts of which would dovetail with all the rest. That was not done. Scant consideration was given to that wise suggestion.

Senators, we can not afford to-day to defeat this joint resolution. Let us not do it.

It is all very well to talk about the distress of the farmer, and I am in the fullest sympathy with the farmer. I was born on a farm. My relatives are farmers. I myself live upon my farm in the summer, and I know something about the burdens of the farmer. But there never is a day on the farm when they can not go out and kill an old rooster and parboil him long enough to make him edible.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. COPELAND. In a moment. There is not a day on the farm when they can not take some of the wheat out of the granary and make it into bread. But in New York, or in Boston, or in any other of the cities, when hunger comes they have nothing to eat but sidewalks.

Are we going to decline to give $16,000,000 worth of wheat, 40,000,000 bushels? If this proposal had never been made, if it had been referred, as the Senator from Massachusetts has suggested, with other plans, to some committee so that there might be worked out a great inclusive measure which would take care of other surpluses, that would do very well. But this measure has come to the floor of the Senate, and I beg Senators not to disregard it.

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from South Dakota?

Mr. COPELAND. I yield.

Mr. NORBECK. The Senator has been talking about that rooster for a year. Has it not occurred to him that the rooster may be gone by this time?

Mr. COPELAND. Yes; but my experience with farming farmers indicates that roosters are born every day [laughter], or every year; so I think perhaps there is a rooster still on the farm.

Mr. NORBECK. Out in the West the rooster is gone, but the Senator still talks about it.

Mr. COPELAND. But in the tenements of New York there are no roosters and no other food except that given by the generous-hearted people of my city, and we are spending a million dollars every day to take care of the hungry people in our community.

Mr. NORBECK. Where did the money you are spending come from?

Mr. COPELAND. I suppose it came largely from South Dakota. But I do not care where it comes from—at least, we are spending it. The Senator from South Dakota need not chide me. I have followed his lead in the consideration of all these measures which have had to do with the relief of the farmer, except that last monstrous measure, which I had the pleasure of voting against, and I am glad I did vote against it, because it has done harm to the farmer instead of good, in my opinion.

Mr. NORBECK. The Senator and I were on the same side in that matter, so he should get the record straight. We both voted against it.

Mr. COPELAND. Very well, then, the Senator and I have no reason for disputing to-day as to what should be done about the farm or about the farmer.

Mr. NORBECK. Not at all.

Mr. COPELAND. But, I beg of Senators, let us not send out word to the hungry people of the United States that because we are not buying this 40,000,000 bushels directly from farmers who have it, but are taking it from another source, wheat which originally came from those same farms, that we deny them this little bit of aid.

I agree with the Senator from Massachusetts that it is very little, indeed, but at least it is that much.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WHEELER. I want to say to the Senator that I have received numerous telegrams and letters from farmers indorsing the joint resolution now before the Senate. So that the farmers are not complaining because of the fact that we are to take the wheat from the Farm Board. They are urging that it be taken from the Farm Board. All they want is to have the surplus cut down and to have it go where it will do some good and will feed some of the hungry people in some of the larger cities of the country.

Mr. COPELAND. I am glad to hear that statement of the Senator. It confirms the belief I have always held, that the farmer is the hardest headed and most sensible man in the world. Any farmer who has followed the devious ways of the Farm Board must rejoice if 40,000,000 bushels of that wheat shall be taken care of. I join the Senator from Idaho in the wish that all of it might have been shipped to China, or, better still, fed to our people. Let us get rid of it, then give the farmers a chance of their own, and they will make good.

But just now there are nearly 10,000,000 men and women walking the streets of this country without any means of



support, without any jobs, without any food. Let us not put the Senate in the position of declining to give 40,000,000 bushels of wheat out of our great surplus.

Mr. President, in a country which has half the gold of the world, which has all the wealth we possess, and 140,000,000 bushels of wheat in storage, the hungry people can not understand why the Government, which is supposed to serve the people, can not interfere in some sensible way to relieve their distress.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Washington for a question?

Mr. COPELAND. I yield.

Mr. DILL. May I suggest to the Senator that not only the 10,000,000 who are hungry feel that way, but probably seventy-five or eighty million others who are being asked to take care of those hungry ones feel that way also?

Mr. COPELAND. Yes; and when there are ten millions of unemployed the dependents of those 10,000,000 are without the means of support. So even 40,000,000 bushels of wheat made into bread would not go very far, but at least it would give evidence that we are not unmindful of their distress and that we are not unwilling to relieve it.

Mr. GORE. Mr. President, I think I feel as much distressed over the distress which prevails in this country as does any other Senator. But on the pending measure I am obliged to agree with the senior Senator from Massachusetts [Mr. WALSH], rather than with the senior Senator from New York [Mr. COPELAND]. Whatever is done ought to be done in a systematic and rational way and ought to be done so as not to produce more of evil than of good in the long run.

I hope that the bread furnished to the hungry under this measure will be better baked than the legislation itself. This measure is half baked. I am reinforced in making that statement by the amendment already offered by the senior Senator from Kansas [Mr. CAPPER].

Under this measure as reported to the Senate it seemed that each grain of wheat would have been earmarked and officially guided in its course to the mouth of the hungry and of the unemployed. Senators are simply deceiving themselves with the idea that there is some sort of charm in the wheat held by the Farm Board. Wheat still held by the farmers is just as nutritious and just as palatable.

I approve the amendment offered by the Senator from Minnesota, and I hope that the amendment offered by the Senator from Kansas will accomplish the same result.

It may be that the people are asking for bread. I think this measure would give them worse than a stone. Indeed, sir, I think it would be administering poison.

The senior Senator from New York [Mr. COPELAND] is a physician, and I dislike to disagree with him in a prescription of this kind, or any other. But in arguing for this measure the Senator has stated the fundamental and controlling reason why it should not be enacted. He has erected here a red signal, a danger signal; and, if we pass it unheeding, I fear me that we shall never return.

The Senator says that millions of hungry people—and I deplore the fact—have their eyes riveted upon the Senate, and that if this measure does not pass they will not only be disappointed but will be discontented, and that their discontent will be aggravated by its defeat.

The Senator says that we have half the gold on the globe here in the United States, and that hungry men do not understand why they can not be fed out of the National Treasury.

Mr. President, some one has said the only lesson we learn from history is that we learn no lesson from history. I fear that is too true. I have in mind the experience of the Roman Republic. Caius Gracchus was the first to institute, not free grain, not to furnish grain free to the inhabitants of Rome, but to sell grain below the market price to the inhabitants of Rome. What happened? Aspiring politicians, competing for public favor, insisted that the price fixed by the government, even though below the market price, was a higher price than the free citizenship of Rome should be required to pay. Competition for public favor induced promises that, if elected, the price would be reduced. The price was reduced and these reductions continued until the inhabitants of Rome were furnished grain free of charge, without money and without price. When Julius Cæsar came to the dictatorship he found that 300,000 Roman citizens were listed as recipients of free grain; no charge whatever was made for this public bounty.

Other rulers, to propitiate popular favor, afterwards placed pork on the free list, contending that the free citizenship of Rome should not be required to purchase their pork at their own expense. Still another Emperor, in order that nothing should be left to annoy the citizenship of Rome, placed wine on the free list and ministered out wine to the populace of Rome. Other rulers, in order that the people should not look to the Government in vain, provided free shows for the inhabitants of Rome. So that the people had free meat, free bread, free wine, and free shows. But, sir, they lost their freedom. The reaction upon the character and the citizenship of Rome need not be described here or now. Historians are unanimous that this policy perhaps more than any other undermined and destroyed Roman character and in the end destroyed the Roman Republic and destroyed Roman liberty itself.

I do not believe the President of the United States would sign this measure. It is contrary to his fixed policy. The President of the United States was importuned frequently last summer to assemble Congress in extraordinary session in order that it might take steps to meet the unemployment situation during the coming winter—the winter that is now upon us. The President steadfastly, if not stubbornly, disregarded those petitions. If the Congress had assembled in the summer or in the early fall, it could have investigated the situation and could have enacted such relief measures as were found to be necessary and proper. Meeting and deliberating in midwinter, it is neither a physical nor a legislative possibility for the Congress to do now what it could have done last summer or last autumn, nor is it a legislative or physical possibility for the Congress to take deliberate measures at this juncture. I think that any measure passed by the Congress will be vetoed by the President. I am as sympathetic as any man, but I want this done deliberately. For my part I would not have the Congress appropriate one single dollar for the relief of the unemployed, distressing as the situation is, until President Hoover comes to Congress and says that his plan has failed, that he has not met the situation, that he can not meet the situation. If the President can meet and solve the unemployment situation and all its distresses by voluntary or private contribution, I bid him Godspeed. I will rejoice in his success and I believe the country would. I do not believe the country is clamoring at this time for this legislation.

The President assumed sole responsibility so far as he could for meeting the situation and for the evils of the situation which he did not avert. When he comes to the Congress and says, "I assumed responsibility. I would not assemble Congress to meet the emergency. I undertook to meet it myself with voluntary and private contributions and organizations of a private character. My efforts have been in vain. They have come to nought. Not only unemployment still exists but the evils of hunger and misery are still stalking the land. 'Help me, Cassius, or I sink!'" When he says that, then let the Congress do its duty.

No one is willing to play politics with human misery, least of all the sponsors of this benevolently designed legislation. I can not but think, I repeat, that the President would not sign this measure at this time. According to its own terms, it can not be administered without his approval and without his affirmative cooperation. I do not believe that will be forthcoming at this time. I agree with the Senator from Massachusetts [Mr. WALSH] that whatever is to be done should be done in a systematic way after a survey of the entire situation, if need be, by the enactment of legislation that would be effective and that would meet the situation

so far as humanly possible, so far as the obligation rests upon the Congress to administer such relief or to solve this distressing problem.

Mr. KING. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. GORE. I yield.

Mr. KING. I want to ask the Senator from Oklahoma if he does not regard the States and their political subdivisions, possessing as they do power to borrow money and with their exclusive authority over their internal affairs, as being competent to deal with the question? The suggestion was made by a Senator to-day that the Federal Government will have a deficit of more than $2,000,000,000 for this fiscal year. It is obvious that even if taxes are greatly increased there will still be a deficit of perhaps $1,000,000,000 or $1,500,000,000. Already Government bonds are at a discount, as I recall, of 15 per cent. Have not the States, the counties, the municipalities, the authority to issue bonds, and is not their credit such as to enable them to borrow money?

Mr. GORE. Mr. President, I agree in a general way with the Senator from Utah as to the principle he lays down. I might say I agree pretty much in detail with the suggestion he has made. If the Senate will pardon me, I will make one further observation which will explain my attitude upon this measure in part and upon all of the measures of like character which may come up in the future.

The Senate will pardon me for saying I served for 14 years in this body when the country had the misfortune to lose the benefit of my services. [Laughter.] During my entire service I never voted to take one dollar out of the Treasury of the United States and give it to anybody on earth, either in the United States or outside of the United States. I voted uniformly—I may have made a mistake, but not out of hardness of heart—against every measure for the relief of distressed peoples of the Old World; not that I did not sympathize with those people but because I am old-fashioned enough—I did not intend to say this on account of its being so old-fashioned—to believe that the Congress of the United States has no power under the Constitution to take money away from the citizens of this country and give that money to aliens across the sea. I do not believe the framers of the Constitution ever contemplated such an act. It would be or could be made an act of unbridled tyranny and despotism. I do not believe the Government of the United States has the power—and I am certain it has not the right—to take money out of the humblest citizen of Oklahoma, to take money out of the pocket of a farmer selling his wheat for 20 cents a bushel and make him pay taxes into the Treasury of the United States out of the proceeds of such wheat, and then to bestow that as a gift upon strangers upon the other side of the world. I do not believe that Congress has the power to take money out of the pockets of one citizen and give that money to another citizen of the United States. That is one reason why I have always opposed the tariff so strenuously.

The Constitution provides that private property shall not be taken for public use except upon payment of just compensation to the owner. That contemplates that private property shall not be taken for private use either with or without compensation. I have often thought that one of the greatest glories of our free institutions is that the Government of the United States, with all its armies and all its navies, with all its power and all its majesty, can not strip a street urchin of the rags upon his back except with the urchin's consent or else upon payment and full payment for the rags.

I know that I am old-fashioned in this view and I had not meant to state it now. I do so that it may serve now and hereafter as a statement of my attitude. Whatever the necessity of the situation requires and whatever duty devolves upon the Congress under the Constitution, let us meet it in a deliberate way and not, as I think, in such a partial measure as that now pending. I doubt not, if the measure does not pass, that the predictions of the Senator from New York [Mr. COPELAND] may come true. There may be mutterings and discontent, but, sir, if we pass this measure we shall hear increasing mutterings in the future to which we can not say nay.

During the delivery of Mr. GORE's speech—

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. The election of a President pro tempore.

Mr. MCNARY. Mr. President, I ask unanimous consent that the unfinished business may be temporarily laid aside in order that we may continue with the business on the calendar and dispose of the pending joint resolution.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

After the conclusion of Mr. GORE's speech—

Mr. DILL. Mr. President, I think the Senator from Utah [Mr. KING] did the Senator from Oklahoma [Mr. GORE] a service when he led him to place his objections to this measure on the ground of unconstitutionality and upon his long-harbored and cherished ideals of old-fashioned principles of government, because in so doing he led him away from that fealty to the President of the United States which he had given as his reason for opposing the joint resolution. I can not believe that the Senator from Oklahoma would have the Senate or the country take him too seriously when he preaches the doctrine of fealty to the President of the United States to the point of letting people suffer by the thousands and even by the millions, simply because the President will not admit that he has made a failure of a policy that he has established.

However, Mr. President, I want to say one or two other things that have come to my mind in connection with this discussion. I wanted to embalm in the RECORD, if I might, my conception of the word "dole." The word "dole" has been greatly misused during the past year, not because of any real misunderstanding of its meaning among those who studied the question, but because of the President's misuse of the word. Some months ago when we were then attempting to enact legislation here to help certain sufferers in this country, the President himself put his objections on the basis that that would be a "dole," and from that hour until now every proposal of any kind to help the suffering people of America, if it were to come from the Federal Government in the form of a contribution, has been called a "dole."

The real meaning of the word "dole" by those who have understood it, has been the regular payment of stipends from the Government to certain individuals among the people. The dole in England does not consist of appropriations to provide food for people who are suffering; the dole in Germany does not provide appropriations of lump sums to take care of those who are in need; but the dole in those countries has a definite meaning, namely, the payment of a certain amount at stated intervals to those who are living under certain conditions.

I think the sentiment of our people, whether in public office or out of it, is practically universal in opposition to a dole system of that kind; but the officials of this Government have always been ready to vote money and to vote supplies from the Federal Government to take care of those in need. Such action was never called a dole; it was never considered a dole until the President, trying to defend himself against a policy which Congress was proposing, applied that term to the proposal, and from that time until now we have had a great confusion of ideas as to what the dole is.

The Senator from Utah [Mr. KING] suggested something about this matter being taken care of entirely by the local authorities. I happen to have in my hand a telegram signed by all the city commissioners of my home city and all the county commissioners of the county in which I live—Spokane, Wash.—a portion of which I want to read:

The undersigned commissioners of the city and county of Spokane urge on Congress the immediate passage of legislation to aid the States, cities, and counties in taking care of their local

unemployment problem. The local communities have now carried on the work for two years and have about exhausted their ability. The problem is national in its scope and every agency of government, from the town to the Federal authority at Washington, should be exerted to alleviate the distressed. Local governments in administering relief are dependent wholly on direct taxes on tangible property and the burden can not be borne much longer.

I submit that in answer to what the Senator from Utah asked the Senator from Oklahoma.

Objections to the pending joint resolution are largely technical; they are placed on theoretical possibilities in the future. Senators know how difficult it is to get any kind of legislation out of committee and upon this floor. While the joint resolution may need amendment, while it may not come here in the form some of us would write it, the fact is that it is a definite, concrete proposal to provide food for the people of this country who need food, and at the same time, by relieving the Federal Farm Board of its embarrassing load of wheat, to that extent help the farmers of the country.

For my part, I feel under no obligation to continue the fatuous policy of the President of letting towns and communities take care of their poor when they do not take care of them. I feel a duty to the people of the State who sent me here and to the people of this country who expect me as a Senator to serve the interests of those in need.

Senators say the President will veto the joint resolution. Let him veto it if he so desires. It will be but one more act to convince the American people that there should be a change in the White House at the first opportunity the people have to make that change. Are we to sit here, idle and silent, and do nothing because the President will not admit that he has failed in the plan which he proposed; or are we to do our duty as Senators and pass the legislation which we, in our judgment, think will help the situation and place the responsibility upon the the President, if he dares take the responsibility, of refusing to make that proposed legislation law?

Mr. NORBECK. Mr. President, I have no objection to the relief plan which has been suggested except, in my opinion, the money should not come out of the farmers' fund, but out of the Federal Treasury.

During the World War the Government handled the farmers' wheat, and the agency engaged in that activity accumulated a profit of some fifty or sixty million dollars. With this money Congress was very generous in dealing out relief. A good share of it went to Russia. The country praised the generosity of Uncle Sam, but the funds were furnished by the wheat farmers.

Every Senator knows that every dollar expended or lost by the Farm Board will in the future be an argument against doing justice to the farmer. We will be reminded of what large sums have been expended in the futile attempt to put agriculture on a better level; I came nearly saying foolish attempt, because I always considered the plan unsound and voted against it. But anyhow, it is going to be charged against the Farm Board and the farmers. The newspapers will be constantly reminding us of the $500,000,000 that went to farm relief.

Now, why should we dip into this fund even for the purpose of feeding the hungry. Should not charity come out of the Treasury instead of out of the special farmers' funds? Why not draw on Andrew Mellon for this relief instead of on the Farm Board?

Mr. GORE. Mr. President, perhaps I made an erroneous impression on the Senator from Washington [Mr. DILL] if I impressed him with the idea that I was going too far in my loyalty or fealty to the President, as I believe he termed it. Mr. President, I think that if any action was necessary, it ought to have been taken last summer or fall, when it could have been done with deliberation and with economy and efficiency. I think that the President has placed Congress in an impossible situation. No matter what it does now, it can not be done either with economy or efficiency.

The President refused steadfastly to give us that opportunity; he took unto himself the sole responsibility of meeting the exigency and the distress which now prevails. So far as I am concerned, if I may be pardoned the expression, I would put the President "on the spot," and I would keep him there until he said to this Congress, "I did you an injustice," and until he said to those in distress in this country, "I did you an injustice in not permitting the Congress to come to your rescue and to your relief." That is the view I take, Mr. President, of the present situation, and that is the reason I do not think Congress ought to embark on this policy at this time.

I want to add, Mr. President, that there are only two possible reasons for the introduction of the pending measure, for its discussion or for its passage. I may say there are only two reasons that give rise to the discussion of relief; one is to provide relief for human misery and the other is to "play politics with human misery." I am sure that no Senator would be guilty of the latter. I do not think it is worth while to discuss this now for either reason, repeating that, in my judgment, the President would veto the measure if passed, and I therefore regard it as idle discussion for the moment. Of course, the Senator from Washington [Mr. DILL] said that such action on the President's part would be only an added reason for his retirement from the White House. I confess that in regard to such results I would be extremely indulgent. We can not now bring relief over the President's veto and the other, the playing of politics with human misery, is not to be considered.

It is my desire to see a policy pursued both in and out of Congress which will enable those who need help to help themselves.

Mr. NORRIS. Mr. President, is the committee amendment now pending?

The VICE PRESIDENT. The amendment pending is the one offered by the Senator from Kansas [Mr. CAPPER] to the committee amendment, which will be read for the information of the Senate.

The CHIEF CLERK. On page 3, after line 6, it is proposed to add the following:

> Any organization receiving such wheat shall agree not to sell it directly or indirectly, or to use any part of it in exchange for the cost of transportation, distribution, or milling, it being the intent of this resolution that the persons in distress shall receive the full benefit of such wheat without any costs deducted therefrom.

Mr. NORRIS. I assume that there will be no objection to that amendment, no matter how Senators may stand on the main proposition involved, and I do not want to interrupt a vote on the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. CAPPER] to the committee amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The Senator from Utah [Mr. KING] has an amendment on the table which he desires to offer.

Mr. NORRIS. Mr. President, I made the inquiry regarding the pending amendment a few moments ago because I knew that my colleague [Mr. HOWELL] had an amendment he desired to offer.

The VICE PRESIDENT. The joint resolution is open to amendment.

Mr. HOWELL. Mr. President, I ask that the telegram which I hold in my hand may be read by the clerk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Chief Clerk read as follows:

[Telegram]

OMAHA, NEBR., *January 4, 1932.*

Hon. R. B. HOWELL,
United States Senator, Senate Office Building:

Just received telegram signed by George Ready, chairman county Red Cross; A. K. Lammers, chairman joint relief committee; Ralph Smith, secretary chamber of commerce; George Beste, vice president First National Bank; J. P. O'furey, editor Cedar County News, setting out situation in seven northeastern counties of Nebraska. These suffering people feel that some way ought to be provided so that they can get food for themselves and their animals. They can not understand why supply from Farm Board surplus wheat should not be sent them, which would relieve the situation. The people are desperate. The need very great. If

something is not done at once thousands of families will be forced to abandon farms, starved out, frozen out. Will come to towns, morale broken. Will not be restored in generation. The signed mentioned above asked me to appeal to you and Senator NORRIS. Please take this up with NORRIS. Suggest you and NORRIS get in touch with persons mentioned by wire at once.

ROBERT SMITH.

Mr. HOWELL. Mr. President, this telegram was received by me this morning during the discussion of this measure. The measure provides for food, but it does not provide that any portion of this wheat can be used for food for animals.

At the price at which wheat is now selling in this country it is a favorable food for animals. You will note that in this telegram attention is called to the fact that these people have not food for themselves nor for their animals. What it means is this: They are having to dispose of their young pigs, of their young stock, and dispose of it for any price they can get for it; but with some of this wheat available for use for animal feed as well as for human food they will be able to tide over until spring, and this necessary stock on their farms will save them from having to migrate to the cities.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. HOWELL. I yield.

Mr. TYDINGS. A moment ago—I do not recall whether the Senator from Nebraska was in the chamber or not—the Senator from Idaho [Mr. BORAH] made the suggestion that the farmers of the country had 55 per cent of their wheat crop now in their own bins. It strikes me it would be "carrying coals to Newcastle" if we are going to give the farmers wheat when they already have wheat; and I should like to know whether or not the observation made by the Senator from Idaho is correct.

Mr. HOWELL. Mr. President, I am speaking of the drought-affected regions in South Dakota and in the northern counties of Nebraska. The drought was not limited to this particular region, either, as the Senator knows. There is a section there where they have nothing. They had no crops this last year; they had no crops the year before; and the consequence is that they have reached the limit of their endurance.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. HOWELL. I yield.

Mr. TYDINGS. I am to assume, then, that in certain parts of Nebraska, and in South Dakota, and perhaps North Dakota, in that general area, there are large territories where no wheat at all, or no wheat of any consequence, was produced?

Mr. HOWELL. That is true.

Mr. TYDINGS. To what extent did these farmers avail themselves of the drought relief which Congress provided?

Mr. HOWELL. They availed themselves of it to the full extent that they were able. I want to say, too, that the Secretary of Agriculture was ultimately quite lenient in the terms under which the money could be borrowed. Money was loaned even on second mortgages; but in the regions to which I now am referring the people have no security upon which to borrow any money.

Mr. TYDINGS. My original question was as to a matter which the Senator has cleared up; namely, that there are certain sections of the United States devoted to agriculture where there is not any wheat in the bins.

Mr. HOWELL. There is no question whatever about that.

Mr. President, I now offer the amendment which I am sending to the desk.

The VICE PRESIDENT. The amendment will be stated.

Mr. KING. Mr. President, before the amendment is read will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. HOWELL. I do.

Mr. KING. Has not the State of Nebraska, with its large resources and its considerable wealth, taken any steps to meet the situation that the Senator describes. If not, why not?

Mr. HOWELL. The legislature is not in session. The governor has made efforts to aid in these counties, and the people have responded; but it is beyond their ability now, apparently. I have these facts, which are facts, stated in this telegram; and I knew of this condition up in the northern tier of Nebraska counties and in South Dakota.

Mr. WHEELER and Mr. McKELLAR addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. HOWELL. I yield first to the Senator from Montana.

Mr. WHEELER. Mr. President, I want to say to the Senator from Utah that this is true not only of northern Nebraska and South Dakota but of eastern Montana and western North Dakota. In many counties out there, which previously have been prosperous counties, there is not a spear of grass growing—not a spear. They put in their crops, and there was nothing in the way of a harvest. They are feeding their animals to-day upon Russian thistles that grew up there, just weeds, and in many places even Russian thistles would not grow. It is impossible to describe the condition and the suffering of those unfortunate people through that drought area.

It is all right to stand upon this floor and talk about why we should not aid people when they are starving, because of some theory that we may have; but the fact is that it is much more dangerous to let them starve than it is to appropriate a few dollars out of the public Treasury to feed them. As far as I am concerned, I want to say that where it is shown to me that men, women, and children are actually suffering either from drought or from unemployment, when they can not get employment, I am not going to let some theory stand in the way of aiding them.

I do not like a dole. I dislike it as much as anybody upon the floor of the Senate; but I want to call attention to the fact that one of the conservative members of the House of Commons has repeatedly said, after picturing all the evils of the dole, that it was the dole that saved England from a revolution.

Let me say to the Members of the Senate that if the present condition of affairs continues in this country, it will be necessary for the Government of the United States to appropriate money out of the Treasury in order to save the United States of America. Do not make any mistake about it. I am for saving this country, and I am for feeding these unfortunate men, women, and children in the country who are not able to save themselves; and I am not going to let some well-grounded theory keep me from doing it.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. HOWELL. I do.

Mr. McKELLAR. I desire to ask the Senator how many counties in Nebraska and how many people there are affected by this particular drought?

Mr. HOWELL. The seven northern counties of Nebraska were not only drought stricken, but they were invaded by grasshoppers, and the corn crop was eaten off the ground. The leaves were just simply devoured, so that the people have no fodder or very little fodder for the stock they have on hand.

Mr. McKELLAR. It applies, then, to seven counties in Nebraska?

Mr. HOWELL. Seven counties in the northern part of Nebraska, and a number of counties in southern South Dakota.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Maryland?

Mr. HOWELL. I yield.

Mr. TYDINGS. I wondered if the Senator had thought of how we might handle this situation in another way, which I should like to suggest briefly.

Suppose the Federal Government created a national relief fund; and then, if there was any State in the Union

which felt that it had not the finances with which to cope with its local situation, it could borrow from the Federal fund, on very reasonable terms, the sum of money which that State felt it was necessary to borrow to carry it over to better times. That would throw the responsibility of administering the fund in the most economical manner upon the people who were in the territory directly affected; and the Federal Government would not lose the money, because in better times the State would repay it to the Federal Treasury. Consequently, if a subdivision of the State was unable to handle its relief problem, it could borrow from the State fund; and in that way a relief fund would be provided, but it would all be returnable when better times came upon us again.

In the city of Baltimore, for example, the citizens have raised about a million and a half dollars to take care of our emergency. Lots of people have given more than they could really afford to give in order to raise a fund to take care of our people. I understand that in the city of Philadelphia 30,000 families have been evicted in the last month, or at least eviction proceedings have been started to put out that many families.

With that situation going on all over the country, if there were a revolving fund, which the Government would not lose and which might be loaned to the States on proper security, so as to make the States borrow just as little as was needed and to have the thing economically administered by people in authority who were familiar with the condition, would not that be fairer than to take these individual dips into the Treasury for drought relief and for wheat and something else for cotton and what not, when a comprehensive plan for the whole country could be worked out without a permanent expenditure from the Federal funds?

Mr. HOWELL. Mr. President, I have always believed that relief should be taken care of locally so far as practicable.

I want to say, for instance, that in Omaha the community chest went over the top, and proportionately the amount provided by Omaha exceeds the amount to which the Senator from Maryland referred as being the community chest of Baltimore. It happens, however, that this section has been receiving relief, and it seems that the relief funds have been exhausted; and the people there seem to feel that with all this wheat in the elevators, with storage charges and insurance charges running against it, that wheat might be used to tide them over. The consequence is that I have this telegram, and I have already received a number of applications; so I have provided here that a certain proportion of this wheat might be used for the purpose I have indicated.

I now ask that the amendment be read.

Mr. TYDINGS. Will the Senator yield further, before the reading?

Mr. HOWELL. I yield.

Mr. TYDINGS. I do not want the Senator to get the idea that I feel that there are not certain sections of the country which are unable to help themselves; but it did occur to me to be a better plan, one that would be more economically administered and be fairer all the way around, if that section could borrow from its State. Then, if the State felt that tax collections were bad, or it could not afford to donate any revenue, it could borrow from the Federal Government, thus putting each community on its own bottom, so to speak, but with the helping hand of the Federal Government where it was needed.

If we get into the field of promiscuous donations of wheat or money or what not, I feel that there is a great deal of opportunity for abuse of what should be a splendid thing for any government to do to help its distressed people. Therefore, if we should set up a system of that kind, it strikes me that more real good along certain lines would be obtained than from having these promiscuous doles, so to speak, in one form or another out of the Federal Treasury.

Mr. HOWELL. I think there is a great deal of merit in the suggestion made by the Senator from Maryland.

The VICE PRESIDENT. The amendment offered by the Senator from Nebraska will be stated.

The CHIEF CLERK. The junior Senator from Nebraska [Mr. HOWELL] offers the following amendment to the amendment of the committee: On line 22, page 2, after the words "United States," insert the following:

Provided, That not to exceed 5,000,000 bushels of said wheat shall be available for necessary animal feed in the drought-stricken agricultural regions of the country.

Mr. NORRIS. Mr. President, I am just a little surprised at the opposition there appears to be to the enactment of this legislation. I realize that this joint resolution does not meet the situation as we will have to meet it. I realize that perhaps it is not a drop in the bucket. I think the theory which the committee had in reporting the measure was that the Government of the United States practically own, through the instrumentality of the Farm Board, a large amount of wheat, and it was thought that while there were millions of our people suffering for bread it would be a good idea to donate the wheat; and I regard it as a donation. I do not expect the Government to pay the Farm Board for this wheat. It is only a matter of bookkeeping. It was Government money that bought the wheat, and in reality it is the Government of the United States that owns it.

I am impressed with what some of the Senators have said. In the last few moments the Senator from Maryland has made some good suggestions as to what he thought would be a better way of meeting this problem, meeting it in a broader way. I would have no objection to that. But the very plan which the Senator proposes would meet with some very serious obstacles which might entirely defeat his purpose.

The Senator suggests that instead of this kind of legislation, we should pass some legislation which would enable the Government of the United States to lend money to the States. I would favor that kind of legislation, but the Senator will find, when he comes to examine the constitutions of the various States, that many of the States are without any authority whatever to borrow money along those lines, and in that respect such legislation could not be general.

Moreover, the Senator says, if that were done, the money would be returned through taxation from the various States. Of course, if that were possible, that would be a return, and if this terrible calamity which is upon us were confined to one or two States, I should think that would be the proper way to handle the situation. But this depression is general. Every locality in the United States is suffering more or less, and if we donate this wheat, somebody will lose it; and we must donate it, or somebody must donate it, if those who are starving are to be fed. It is quite immaterial, I think, when the suffering is general, whether it is the Federal Government or whether it is the States which afford the relief. In other words, it seems that we should not hold up some proposed remedy, even though we have a better remedy, even though we think we can suggest something which will be better. I confess I feel that if I could have my way I could propose better legislation than this. But we can not all have our way. We have to compromise. We have to yield our ideas. Now is a time of all others when we ought to be willing to yield, it seems to me, because people are starving in many localities, and while this will not help the situation except in a small degree, it is perhaps as good as any, as far as it will go.

If we pass this legislation, hundreds of thousands of people will get bread who would not get it if we did not pass such legislation. This is the situation, that the Government of the United States has 160,000,000 or more bushels of wheat stored in bursting elevators, while surrounding us on all hand are our citizens suffering for food.

Should we quibble now as to whether we could get a better remedy, or should we oppose this measure because it does not go far enough, and does not involve enough to spread all over the United States, and to relieve suffering completely, 100 per cent, everywhere? It will not do that. Those who are in favor of it do not believe it will do that. But it will be 40,000,000 bushels of wheat turned into food, donated to suffering people, and in this calamity that ought to be almost enough of an argument to cause us to pass the legislation.

Mr. President, there is some difference of opinion as to who should handle the matter; what instrumentality we should use. That is a serious question I admit. But it seems to me that at such a time as this we ought to be willing to suppress our own ideas in order to get together on some legislation that will be practicable and that will bring relief.

Personally, I think there are some things in the original joint resolution better than the provisions in the substitute offered by the committee, although I helped to frame the substitute myself. There are some things in the substitute resolution which are not in the original resolution. I want to call attention to one in particular. The substitute provides:

> It is expressly understood that no organization receiving wheat under the provisions of this resolution shall discriminate against any person who is in distress, regardless of the causes of such distress.

I think I ought to tell the Senate that that was inserted in order to meet a case where a strike was on, particularly down in Kentucky, where there is a strike on now. We were told that the Red Cross, for instance, did not extend any relief to striking miners. Their children might be starving, they might be suffering from cold and hunger, but they could not get any relief from the Red Cross; because, under the organization of the Red Cross, as I understand it, they are prohibited from giving relief in that kind of a case. When a striking miner, who might have five or six children at home in his little shack starving, applied to the Red Cross for food for his family, he would be given a card which would say "You can get a job here," and he would be sent back to the company where he had formerly worked; and between which and the miners a terrible controversy was on.

I do not want to go into the merits of that; I do not know enough about it to go into the merits of it. But a statement of that situation ought to be sufficient, it seems to me, when we find children and women starving, to cause us to give them relief, if we have power to do it, regardless of the cause of the distress. Even though a man who had a family were a thief, though he were an escaped convict, if his children were suffering, and we had something with which we might feed them, would we not feed them? We can not enter into anything of that kind, and this provision was therefore put into the substitute resolution, and I think it is a good thing.

Now, referring particularly to the amendment offered by my colleague Mr. HOWELL, the question is asked—and it is a very proper question, I concede—are not the neighbors of these people in our States, in these six counties which are suffering, able to supply the money necessary to afford relief? Can not the people go to the government there and borrow the money with which to buy the wheat or the corn necessary to feed their stock and themselves?

I take it that in any such case no relief would be granted if such a condition existed. But some of those people can not borrow anything. Their crops have been complete failures. In some localities in the Dakotas, I understand, not a single thing has grown out of the ground; it has been absolutely barren. Everything those people had is mortgaged, and the people who have raised something in other localities can not get anything for it, and they can not lend money. They can live, and that is about all, because they have raised food for themselves and their animals. They have just enough for their own food and to feed their animals, and can, in a way, get through. But they can not sell their produce and get enough to pay the cost of production, and if they did, the mortgagees would get it all.

I do not want to draw a line here which will be perfectly arbitrary and say to those who are going to have charge of this wheat that certain things must be complied with technically. We are now in a situation where millions of our people are suffering and are unable to get relief in their localities. The localities where there is suffering have exhausted themselves. The States have exhausted themselves. The municipalities have gone the limit. Still there are millions suffering; and why, if we have the wheat now, should it not be used for the purpose of giving relief?

Mr. President, I said a moment ago that this was not a drop in the bucket. We will have to go much further before we get through, whether the administration favors it or not. So far we have confined our consideration to bills proposed by the administration, by the executive department. But before we get through, the Government is going to have to issue bonds, in my judgment, and it is going to have to issue a great many bonds, either to get food and distribute it as charity or go into the building of roads or other public improvements in order to give jobs to people whose families will otherwise starve.

We are not going always to be able to do the thing we would like to do. We are not always going to have everything just as we would like to have it. But now is not the time, it seems to me, to quibble over methods, methods of administration, methods of legislation, when we are confronted by demands for immediate relief.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the junior Senator from Nebraska [Mr. HOWELL].

The amendment was agreed to.

Mr. KING. Mr. President, a few days ago I offered an amendment, and I ask that the clerk read it.

The VICE PRESIDENT. The clerk will read the amendment proposed by the junior Senator from Utah.

The LEGISLATIVE CLERK. The Senator from Utah proposes to strike out, in section 2 of the substitute, the following: "the average cost of such wheat to the board as a credit against its revolving fund," and insert the following: "the market price of the wheat so delivered and of the dates of such delivery and may receive a credit therefor against its revolving fund."

Mr. KING. Mr. President, as I understand, the joint resolution as reported provides that the Farm Board may receive a credit for the amount of wheat which may be disposed of by this bill at the average rate the wheat cost the Farm Board.

It seems to me that that is not a fair disposition to make of the question. Undoubtedly the Farm Board is being benefited by this proposed legislation, no matter what the amount of credit it receives for the wheat. The Senator from Oklahoma has indicated that the wheat held by the board is deteriorating, and he said that it would be destroyed. There are factors, of course, which are constantly diminishing the value of the wheat.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. NORRIS. I did not quite understand the Senator's amendment. What change would it make?

Mr. KING. It provides that the Farm Board shall receive a credit equivalent to the value of the wheat on the day they part with it and deliver it to the organizations which, under the pending joint resolution, will obtain it. The resolution itself gives them a credit amounting to the average price which was paid for the wheat from the beginning of the operations of the Farm Board.

Mr. NORRIS. I had not thought of this before, I may say to the Senator, but I am rather inclined to look with favor on his amendment. But, after all, it is only a matter of bookkeeping.

Mr. KING. I agree with the Senator.

The Farm Board has expended several hundred millions of dollars wrung from the taxpayers of the United States. What the ultimate loss will be to the Government, and of course to the taxpayers, can not definitely be determined. There is no question but that the losses will be very great. In the recent hearings before the Committee on Agriculture of the Senate sufficient facts were developed to show that the relief which was expected from the Farm Board had not been obtained; that there had been serious losses and grievous mistakes. I think the fact can be demonstrated that some of the so-called cooperatives organized under the direction of the Farm Board are not entitled to that name; that they have been an injury rather than a benefit to the agriculturists of the United States.

It is certain that legitimate business has been injured as a result of the operations of the Farm Board and that farmers in many instances have been victims of the policies which it has pursued. The losses to the wheat and cotton producers of the United States by reason of the policies of the Farm Board amount to colossal figures. This organization, in my opinion, engaged in activities not within the letter of the law and certainly not within its spirit. The wheat-gambling transactions have materially injured the wheat growers of the United States. Protests were made when the Farm Board was seeking to control the wheat market and to acquire hundreds of thousands of bales of cotton, but the board persisted in its policy, and the result was that at one time more than 200,000,000 bushels of wheat were purchased and held in elevators and storehouses. It is believed by some that the purchase and holding of such large quantities of wheat and cotton demoralized the market, forced the price of these commodities to low levels, and wrought incalculable harm to the farmers of our country.

It seems to me that the day of reckoning has come and that steps should be taken to have an accounting and to determine what disposition shall be made of this organization.

Undoubtedly the board would be glad to have a very large credit for the wheat which it is proposed by this bill to transfer to the Red Cross for distribution to the hungry people of the United States. A credit of $1 per bushel or 80 cents a bushel would make a better showing for the Farm Board than a credit representing the actual value of the wheat at the time it will be delivered to the Red Cross. It has been said by the Senator from Kansas [Mr. CAPPER] that the present value of this wheat is $16,000,000. If 80 cents were to be charged for the wheat, the Farm Board, of course, would receive a larger credit than the amount just indicated. The amendment which I have offered does not deprive the board of credit for the wheat but limits the credit to an amount representing the value of the wheat at the time it is delivered to the Red Cross.

It seems to me, Mr. President, that the——

Mr. NORRIS. Mr. President, may I interrupt the Senator again?

Mr. KING. Certainly.

Mr. NORRIS. The Senator just reminds me of another thing to which I think I ought to call attention. I do not agree with the Senator that the wheat is going to deteriorate so rapidly that in a short time it will be worthless. Properly stored and cared for, it can be kept indefinitely. But it is true, and I think it ought to be mentioned in connection with the Senator's amendment, that it costs the Government something to keep the wheat.

Mr. KING. The storage charges are large and the cost of insurance is a factor contributing to the loss which the Government will sustain.

Mr. NORRIS. Yes. I have forgotten the estimate of what it costs to store it.

Mr. CAPPER. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Kansas?

Mr. KING. I yield.

Mr. CAPPER. I am informed that it costs from 1¼ cents to 1½ cents a month per bushel for storage.

Mr. NORRIS. So the longer we keep it the more we have to pay.

Mr. ROBINSON of Arkansas. Mr. President, may I inquire how much wheat the Farm Board has on hand now?

Mr. NORRIS. I believe it is about 162,000,000 or 163,000,000 bushels.

Mr. McKELLAR. Mr. President, does the Senator from Nebraska have any objection to the amendment offered by the Senator from Utah?

Mr. NORRIS. Personally, I have not. I hope it will be adopted.

Mr. KING. Mr. President, the Senator from Oregon [Mr. MCNARY] is not opposed to it, nor is the Senator from Kansas [Mr. CAPPER], who has charge of the measure. May I say to my friend from Nebraska that the statement which I made as to deterioration and possible loss of a considerable part of the wheat was based upon what was said by the Senator from Oklahoma [Mr. THOMAS], who knows more about this than I do? Be that as it may, there will be some deterioration, and the costs of holding the wheat are increasing. I am informed that there is a progressive deterioration in the quality of the stored wheat, and it is obvious there has been a marked depreciation in its market value.

I shall not attempt at this time to discuss the operations of the Farm Board and its rather extravagant, and, as many believe, unsound, and irrational policies. Permit me to remark, however, that the conduct of the board has been the subject of violent controversy. Undoubtedly there are some who have been the beneficiaries of the munificence of this organization who are praising it and who are engaged in efforts to perpetuate its existence. I have had a number of letters from organizations that have secured loans from the board, and these organizations, of course, are concerned in its preservation. But from many parts of the country come strong protests against the continuation of the board.

I voted against the Farm Board measure, believing that such an organization would do more harm than good. I think that even the friends of the bill did not dream that it would engage in practices which are at variance with sound and fair business methods and policies. No one thought that hundreds of millions of dollars controlled by the board would be used, in part at least, for speculative purposes, and to attempt to set at naught the laws of supply and demand and to destroy business organizations that had been built up by years of thrift, enterprise, and honest and fair dealing.

No one thought that stabilization corporations of the character formed would be established, and that they would exercise the power which the board evidently was willing to confer upon them; or that the board would look with complacency upon the waste, inefficiency, and tyranny of such organizations. I believe that those who supported the bill creating the Farm Board are disappointed and grieved over its delinquencies and its mistaken policy, which have proven so serious an injury to agriculture.

It was claimed that the personnel of the board was of the highest character and quality; that under their wise leadership prosperity would come to the farmers of the United States. The high standing of Mr. Legge in the business world was regarded by the proponents of the bill and by the President as conclusive evidence that the Farm Board act would lift agriculture from its depressed condition.

There were some Senators and Members of the other branch of Congress who regarded the measure as unsound and who believed that it would work irreparable harm and injury. Speaking for myself, I preferred the so-called McNary-Haugen bill to the measure which was known as the "President's plan to effectively deal with the agricultural problem."

Senators will recall that measures dealing with the agricultural situation and which were approved by the two branches of Congress did not receive Executive approval. During the last presidential campaign Mr. Hoover promised that he would convene Congress in extraordinary session for the purpose of enacting a farm relief measure. After his election Congress was so convened, and the bill which met the President's approval was enacted into law. It was regarded, as I understand, by the President as well as some others, as a measure of the highest importance, and that it would bring permanent relief to the farmers of the United States. It was supposedly one of the crowning achievements of the administration.

I do not want to be partisan, but I can not repel the thought that this measure was a distinct injury to agriculture and will result in burdening the taxpayers of the United States with several hundred millions of dollars.

The Senator from Nebraska [Mr. NORRIS] has offered a resolution asking for a searching investigation of the Farm

Board and its operations. I believe that this resolution will receive the support of most, if not all, Members of this body. There is a general feeling, so far as I can learn, that the situation brought about by the modus operandi of the board calls for investigation and for radical changes in the functions and work of the board if it shall be continued. A measure has been offered in the other branch of Congress to abolish this organization. I have prepared a measure, not yet offered, which transfers its functions to the Department of Agriculture. Undoubtedly that department could with greater economy, and certainly with better results, discharge the functions of the board as they are prescribed by the law creating it.

I hope the Senator from Nebraska [Mr. NORRIS] will speedily secure adoption of his resolution and before Congress adjourns legislation will be enacted that will prevent a repetition of the mistakes and blunders which have characterized the operations of the board up to the present time.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Utah [Mr. KING] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BLAINE. Mr. President, on page 2, line 18, I move to amend the amendment of the committee by inserting after the words "Red Cross" the following:

And any State or political subdivision thereof for use of Indians on any Indian reservation and among other Indians in distress.

Mr. CAPPER. Mr. President, is that an amendment to be offered by the Senator from Wisconsin?

Mr. BLAINE. Yes; I offer that as an amendment. The reason why I do so arises out of a request which I have received from my own State from one of the departments which has been to a large extent authorized to assist the Indians on the Indian reservations in my State. That is a State organization, a public function. Then there are other sections in my State which are occupied by tribes of Indians, not on reservations or in tribal relationship, but to all intents and purposes constituting a distinct organization. The Government no longer has jurisdiction over them. Wherever they are located they have become a great burden upon the towns. I think it ought to be mandatory in a measure of this kind that a State or any of its political subdivisions shall receive its fair proportion of the wheat for the purpose of taking care of and feeding Indians, who stand in quite a different relationship to our Government than do the rest of mankind in this country.

They are wards of the Government. There is no question that there are thousands of them in distress, in the most abject poverty, and I think it ought to be emphasized in this particular measure that the States and the political subdivisions should have the opportunity to obtain the wheat for the purposes designated.

The VICE PRESIDENT. Will the Senator from Wisconsin send his amendment to the desk in order that it may be stated?

Mr. BLAINE. I send the proposed amendment to the desk.

The VICE PRESIDENT. Let it be stated.

The LEGISLATIVE CLERK. On page 2, line 18, after the words "Red Cross," insert the following:

And any State or political subdivision thereof for use of Indians on any Indian reservation and among other Indians in distress.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin to the committee amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The joint resolution is open to further amendment. If there be no further amendment, the question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

The joint resolution was ordered to be engrossed and to be read a third time.

The joint resolution was read the third time and passed.

The title was amended so as to read: "A joint resolution authorizing the distribution of Government-owned wheat to the American National Red Cross and other organizations for the relief of people in distress."

THE CALENDAR

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business.

Mr. McNARY. Mr. President, earlier in the session I asked unanimous consent temporarily to lay aside the unfinished business that we might proceed with the calendar. I now ask unanimous consent that we may complete the call of the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the next bill on the calendar.

AMENDMENT OF RADIO ACT

The bill (S. 1037) to amend the radio act of 1927, approved February 23, 1927, and for other purposes, was announced as next in order.

The VICE PRESIDENT. Let the bill be read.

The legislative clerk read the bill.

Mr. DILL. Mr. President, the rest of the bill simply provides for the transfer over to the Radio Commission of the different parts of the radio services which are now in the Department of Commerce. I may say that the bill has twice passed the Senate as parts of other legislation. It has once passed the House, but we have been unable to get it enacted into law because of other parts of bills connected with it to which there was objection. Therefore the committee reported this part of the legislation separately, the whole purpose being that all of the radio control exercised by the Government shall be centered in the Radio Commission and not in a divided organization, a part in the commission and a part in the Department of Commerce. I hope the bill may pass now, because it has already passed this body twice.

Mr. ROBINSON of Arkansas. Is the report unanimous?

Mr. DILL. It is.

The PRESIDENT pro tempore. The bill is before the Senate and open to amendment. If there be no amendment the question is, Shall the bill be engrossed and read the third time?

The bill was ordered to be engrossed and read a third time.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That the radio act of 1927 (U. S. C., Supp. III, title 47, sec. 81), is hereby amended as follows:

"All powers and authority vested in and exercised by the Secretary of Commerce by the act entitled 'An act to require apparatus and operators for radio communication on certain ocean steamers,' approved June 24, 1910, as amended, and by the radio act of 1927, are hereby vested in and shall, after the approval of this act, be exercised by the Federal Radio Commission.

"(b) All the records and files of the Radio Division of the Department of Commerce are hereby transferred to the Federal Radio Commission and shall be available for use by such commission in all proceedings under the radio act of 1927, as amended, to the same extent as if such records and files were original records and files of such commission.

"(c) All property of the United States under the jurisdiction and control of the Secretary of Commerce used by the Radio Division of the Department of Commerce, including all monitoring radio stations, is hereby transferred to the jurisdiction and control of the Federal Radio Commission.

"(d) All officers and employees under the jurisdiction and control of the Radio Division of the Department of Commerce are hereby transferred to the jurisdiction and control of the Federal Radio Commission. Such transfer shall not operate to change the grade or salary of any such officer or employee.

"(e) All unexpended balances of appropriations to be expended by the Secretary of Commerce in the administration of the Radio Division of the Department of Commerce, available upon the date of the approval of this act, are hereby transferred to the Federal Radio Commission and shall be available for expenditure by the commission in the administration of the radio act of 1927, as amended.

"(f) All permits and licenses issued by the Secretary of Commerce under the radio act of 1927, as amended, shall continue in effect to the same extent as if they had been issued by the Federal Radio Commission under this act.

"(g) All rules and regulations of the Secretary of Commerce applicable to interstate and foreign radio transmissions and communications or to persons subject to the radio act of 1927, as amended, or to the act entitled 'An act to require apparatus and operators for radio communication on certain ocean steamers,' approved June 24, 1910, as amended, shall be effective as rules and

regulations of the Federal Radio Commission until said commission shall otherwise provide, and shall have the same force and effect as rules and regulations made by said commission under the Radio act of 1927, as amended.

"(h) The enactment of this act shall not invalidate any proceeding by or before, or any of the acts or orders of the Secretary of Commerce prior to the date of the approval of this act. All proceedings, hearings, or investigations commenced or pending before the Secretary of Commerce with reference to matters covered by the provisions of the radio act of 1927, as amended, shall be continued by the Federal Radio Commission in the same manner as originally commenced before said commission, and said commission may exercise any of the powers conferred upon it by the radio act as amended in reference to such matters."

CALL OF THE ROLL

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

Mr. THOMAS of Oklahoma. Mr. President——

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cousens	Hull	Robinson, Ind.
Austin	Dale	Johnson	Sheppard
Bailey	Davis	Jones	Shipstead
Barbour	Dickinson	Kean	Shortridge
Barkley	Dill	Kendrick	Smith
Bingham	Fess	Keyes	Smoot
Black	Fletcher	King	Steiwer
Blaine	Frazier	La Follette	Swanson
Borah	George	Logan	Thomas, Idaho
Bratton	Glass	McGill	Thomas, Okla.
Brookhart	Glenn	McKellar	Townsend
Broussard	Goldsborough	McNary	Trammell
Bulkley	Gore	Metcalf	Tydings
Bulow	Hale	Morrison	Vandenberg
Byrnes	Harris	Moses	Wagner
Capper	Harrison	Neely	Walcott
Caraway	Hastings	Norbeck	Walsh, Mass.
Connally	Hatfield	Norris	Waterman
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	Wheeler
Costigan	Howell	Robinson, Ark.	White

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

EXPANSION OF CIRCULATING MEDIUM

Mr. THOMAS of Oklahoma. Mr. President, we have just heard read a message from the President of the United States calling attention to certain measures designed to assist in the rebuilding of prices and values and to quicken employment. I call special attention to the phrase "rebuilding of prices and values." After the message was read, the distinguished Senator from Montana [Mr. WHEELER] introduced a bill providing for the restoration of silver as one of our basic monetary metals.

Two days ago the Washington Post, in its leading editorial, called attention to the "stringency of money in circulation." "The country needs more dollars," said the Post, "not inflated dollars, but 100-cent gold-value dollars."

It is true that we have a surplus of everything save money. We have a surplus of manufactured goods, a surplus of food supplies, and a surplus of clothing, yet many of our people are cold and hungry. We have a surplus of work and a surplus of labor, yet at this very hour men, unemployed and in desperation, are reported to be marching toward this Capital.

For many money is a memory. In some sections traders stamped metal disks circulate as money. In other sections abandoned flour and grist mills have been reopened, where farmers trade wheat and corn for flour and meal. The Federal Farm Board has just traded American wheat for Brazilian coffee.

In one State students trade wheat for tuition. In another students pay their way with vegetables, fruits, meats, milk, and eggs. In many cities and in some States no money is available to meet salaries and public expenses.

Mr. President, the United States is the richest, strongest, and most influential nation of the earth. We have over 120,000,000 people. Only recently our massed wealth was estimated at $500,000,000,000. We have foreign investments, public and private, in excess of $25,000,000,000. Until now our annual foreign trade has amounted to approximately $10,000,000,000. Our Federal taxes each year amount to over $5,000,000,000. The annual State, county, and municipal taxes amount to $7,000,000,000. The total massed debts of our people, national, State, municipal, corporate, public, and private, amount to over $150,000,000,000. We have almost one-half of the world's gold monetary supply stored in our Treasury's strong box. Yet to pay all the taxes, pay all the interest, and to transact the business of our country and our business with the world, on July 31, 1930, we had only $4,426,493,631 in circulation.

While the sum mentioned was theoretically in circulation, yet only a portion was actually performing services as money. The twenty-odd thousand banks are required by law to keep some $800,000,000 as reserves in their vaults. Over $1,000,000,000 are buried, hid, and hoarded. Five hundred million dollars are scattered throughout the world. Over $100,000,000 are in Cuba. This leaves only some $2,000,000,000 of actual money in practical circulation.

Who or what is responsible for the amount of money in circulation?

The Constitution says that the Congress shall have power to coin money and to regulate its value. The Congress has delegated this power to the Federal Reserve Board, and today the Congress indirectly and this board directly are responsible for the scarcity of money in circulation and responsible for the conditions caused by the policy adopted and followed.

During this depression we have had the smallest amount of real money in circulation since just after the close of the World War. During 1920, when we had the largest amount of money in circulation, wheat sold for over $3 per bushel, corn sold for $2 per bushel, oats sold for $1 per bushel, cotton sold for 40 cents per pound, and oil sold for $3 per barrel.

During recent months wheat has sold for 30 cents per bushel, corn has sold for 17 cents, oats have sold for 12 cents, cotton has sold for 5 cents per pound, and oil has sold for less than 10 cents per barrel.

When the largest sums of money were in circulation commodity prices were the highest, all wage earners were employed, wealth increased, and we enjoyed our best times. With the least money in circulation in a decade commodities will not bring cost of production; millions are idle; factories are closed; banks are failing; railways are bankrupt; bonds are defaulting; cities, counties, and States are unable to meet their bills; and even the Federal Government itself is floundering to keep its financial head above the water.

The Federal Reserve Board is directly responsible for the condition of which I complain. In 1920–21 the board put in force policies which caused one and one-half billion dollars to be withdrawn from circulation and canceled. This policy brought on the deflation, which has destroyed hundreds of billions of wealth, covering every form of property and now reaching fixed investments, such as notes, bonds, and even bank deposits themselves. The value of notes and bonds depends upon the value of the property back of such securities. The money in the banks listed and carried as deposits is backed by the property of those who have created the deposits. This property has now lost much, if not most, of its former value, and if relief is not had the holders of these bank deposits will suffer partial if not total loss.

The Federal Reserve Board can at will increase the amount of money in circulation. During the past few months the board has increased theoretically the circulation by over $1,000,000,000. Banks suffering from currency withdrawals have been forced to sell their governmental notes and bonds in order to replenish their legal reserves. The Federal reserve banks have purchased such securities, paying therefor Federal reserve notes.

The Federal Reserve Board has the power at will to increase the circulation to any amount within the legal limits permitted by the amount of gold on deposit. We have available gold sufficient to legally secure the circulation of over $10,000,000,000 in currency. We have the currency already printed, and now same is being "aged" and made ready for circulation.

The Federal reserve system can increase the circulation in at least three ways. First, by loans to the member banks; second, by purchasing bills in the open market; and third, by the purchase of governmental notes and bonds.

Mr. President, I contend that the amount of money in circulation is entirely too small. I assert that this small amount of circulation is largely responsible for the present low commodity prices; for the destruction of property values; for the lack of industrial activity; for the existing unemployment, and for the near collapse and chaos which we now face.

If a decreased circulation has wrought such havoc, then an increased circulation should bring some relief. The Federal Reserve has the money, it has the power and the legal authority to practically double the existing circulation.

In 1920 a circulation of less than six and one-half billions caused wheat to sell for over $3 per bushel and other commodities in proportion. On December 23, 1931, we had in circulation the sum of five billion seven hundred million. Another billion added would make the total greater than the post-war circulation. It might not require so much to thaw out the frozen credits and bring back from hiding the billion now admitted to be hoarded.

A declared policy of voluntary, premeditated, and enforced inflation of the currency will serve notice to the country that the height of the buying power of the dollar has been reached and that unless the billions of "slacker" dollars come out from hiding and go to work, that other dollars will be inducted into service to take their place; and, further, that sufficient currency will be placed in circulation to offset every dollar buried, hid, and hoarded and sufficient to be and become the basis of the credit required by the people of the country.

If such a policy should be announced, it would be notice to those so fortunate as to have deposits in the banks and they, financially wise as they must be, would lose no time in converting their deposit money into property before the rise in property values begins.

Mr. President, such an announcement of policy would turn the tide and the carrying out of such a policy would hasten the return of prosperity.

To the extent that money is added to the circulation and the actual circulation increased the value or buying power of the dollar will be decreased, and as the dollar comes down commodity and property values will go up.

Mr. President, taxes, interest, notes, bonds, debts, and salaries at any given time are definitely fixed in terms of dollars. If the ruinous policy of deflation can be stopped and the money withdrawn from circulation can be replaced, thus making money more plentiful and thereby cheaper, those who owe taxes, interest, notes, and bonds will be able to secure money necessary to meet such obligations for less of the products of their farms, factories, and mines.

If inflation of the currency will have the effect of doubling the price of wheat, corn, oats, and cotton, then such effect to the farmer will be comparable to a reduction of one-half in taxes, one-half in interest, and one-half on all the debts the farmer owes.

Mr. President, the people have never voted in favor of a policy of deflation. They have neither favored nor indorsed the policy of deliberately withdrawing money from circulation in order to decrease the price of the things they produce and at the same time add unearned value to notes, bonds, and credits.

To-day the demand is presented squarely to those who have their wealth in fixed investments, that unless they yield some of the value of such investments they stand a chance of losing all.

The people can not pay their obligations on the present basis or value of the dollar. Already farmers, wage earners, and industries have defaulted; counties, municipalities, and States will come next, and while they are falling the whole structure may tumble.

To date the Federal Reserve Board, the agent of the Congress, has failed but the Congress itself can not evade or escape its constitutional duty.

Mr. President, at this point I ask unanimous consent to have printed in the RECORD the editorial referred to in my opening paragraph.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Washington Post of Saturday, January 2, 1932]

TURN BONDS INTO MONEY

The amount of cash withdrawn from banks and hoarded by the people is estimated at $1,000,000,000. If this cash were in banks it would furnish a basis of credit amounting to twenty times as much, or $20,000,000,000.

The total amount of money nominally in circulation is over $4,800,000,000, amounting to $38 per capita. The amount actually in circulation is much less. The people have withdrawn and hoarded immense sums from circulating money, as well as from banks. The amount hoarded is unknown, but it is conservatively estimated that the total is equivalent to the shrinkage of $40,000,000,000 of credit.

The value of stocks diminished $60,000,000,000 after the market crash in 1929, affecting 17,000,000 stockholders. Real estate and other property diminished in value. Much of the apparent loss was unreal, because of fictitious values, but there were real losses running into billions. Property is now undervalued, because of pessimism and loss of confidence. Much property will recover normal value when confidence is restored.

There is a stringency of money in circulation. The dollar has an abnormal value because of the scarcity of dollars. A dollar will buy $1.45 worth of commodities. It will buy ten times as much stock on the New York Stock Exchange as it could buy in 1929. It can buy 40 per cent more factory labor. Millions of citizens are unable to obtain these dollars at any price in exchange for labor.

The country needs more dollars—not inflated dollars but 100-cent gold-value dollars.

Section 4 of the Federal reserve act authorizes the reserve banks to deposit United States Government bonds with the circulating privilege and receive from the Comptroller of the Currency Federal reserve bank notes of the same par value as the bonds.

Congress is about to authorize the issuance of bonds to help make up the Treasury deficit. Why should not these bonds carry the circulating privilege and be exchanged for Federal reserve bank notes? The release of $1,000,000,000 in Federal reserve bank notes, secured by the equivalent in bonds, would release $20,000,000,000 of credit on a solid gold basis.

At present there are no bonds with the circulating privilege available for deposit with the Comptroller of the Currency. Unless the circulating privilege is stipulated in the forthcoming issue the Treasury will still further draw upon the public money resources, which are already too scanty to do the country's business. With the bonds exchangeable for Federal reserve bank notes the Treasury could pay out these notes for Government expenditures and thus put new money in circulation, thereby releasing an immense amount of credit.

With the passing of the emergency the bonds and notes should be retired, as the dollar and commodity prices will have returned to normal and there will be no need of extra circulation.

The Federal reserve act contemplates the issuance of Federal reserve bank notes secured by United States bonds in times of emergency. The emergency now exists, and yet the relief provided for by law has not been granted by Congress.

ELECTION OF A PRESIDENT PRO TEMPORE

The VICE PRESIDENT. The question is on the unfinished business, the election of a President pro tempore.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Robinson, Ark.
Austin	Dale	Johnson	Robinson, Ind.
Bailey	Davis	Jones	Sheppard
Barbour	Dickinson	Kean	Shipstead
Barkley	Dill	Kendrick	Shortridge
Bingham	Fess	Keyes	Smith
Black	Frazier	King	Smoot
Blaine	George	La Follette	Steiwer
Borah	Glenn	Logan	Swanson
Bratton	Goldsborough	McGill	Thomas, Idaho
Broussard	Gore	McKellar	Thomas, Okla.
Bulow	Hale	McNary	Trammell
Byrnes	Harris	Metcalf	Tydings
Capper	Harrison	Morrison	Vandenberg
Caraway	Hastings	Moses	Wagner
Connally	Hatfield	Neely	Walsh, Mass.
Coolidge	Hayden	Norris	Watson
Copeland	Hebert	Nye	White
Costigan	Howell	Patterson	

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present. The clerk will call the roll on the election of a President pro tempore.

The legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). On this question I am paired with my colleague [Mr. NORBECK], who is absent. I therefore withhold my vote.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Nebraska [Mr. ODDIE], who is unavoidably absent from the Senate. If he were present, he would vote for Senator MOSES, and if I were at liberty to vote I should vote for Senator PITTMAN.

Mr. KENDRICK (when Mr. CAREY's name was called). I desire to announce again the absence of my colleague [Mr. CAREY] on official business, and to say that if he were present he would vote for Senator MOSES. He is paired with the Senator from Ohio [Mr. BULKLEY].

Mr. CONNALLY (when his name was called). On this question I am paired with the Senator from Iowa [Mr. BROOKHART] and therefore withhold my vote.

Mr. HASTINGS (when his name was called). On this question I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and will vote. I vote for Senator MOSES.

Mr. McKELLAR (when his name was called). On this question I am paired with the junior Senator from Delaware [Mr. TOWNSEND]. If he were present, he would vote for Senator MOSES, and if I were at liberty to vote I should vote for Senator PITTMAN.

Mr. MOSES (when his name was called). I have a general pair with the senior Senator from Nevada [Mr. PITTMAN] and withhold my vote.

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], who is absent. If he were present, he would vote for Mr. MOSES. I transfer that pair to the Senator from Missouri [Mr. HAWES] and will vote. I vote for Mr. PITTMAN.

Mr. FESS (when the name of Mr. ROBINSON of Indiana was called). The junior Senator from Indiana [Mr. ROBINSON] has a pair with the junior Senator from Mississippi [Mr. STEPHENS]. Were those two Senators present, the Senator from Mississippi would vote for Mr. PITTMAN and the Senator from Indiana would vote for Mr. MOSES.

Mr. THOMAS of Idaho (when his name was called). On this question I have a pair with the senior Senator from Montana [Mr. WALSH]. If he were present, he would vote for Senator PITTMAN, and if I were at liberty to vote I should vote for Senator VANDENBERG.

The roll call was concluded.

Mr. BINGHAM (after having voted for Mr. MOSES). Has the junior Senator from Virginia [Mr. GLASS] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BINGHAM (after having voted for Mr. MOSES). I have a general pair with that Senator. Therefore, being unable to obtain a transfer, I withdraw my vote.

Mr. FESS. I desire to announce the following pairs:

The senior Senator from Washington [Mr. JONES] with the junior Senator from Washington [Mr. DILL];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Montana [Mr. WHEELER];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Florida [Mr. FLETCHER].

Mr. SHEPPARD. I desire to announce that the Senator from Iowa [Mr. BROOKHART], the Senator from Ohio [Mr. BULKLEY], the Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senators from Washington [Mr. JONES and Mr. DILL], the Senator from South Dakota [Mr. NORBECK], the Senator from Indiana [Mr. ROBINSON], the Senator from Delaware [Mr. TOWNSEND], and the Senator from Connecticut [Mr. WALCOTT] are necessarily detained in committee meetings; and the Senator from Illinois [Mr. LEWIS] wires that he is detained on an important Government emergency.

Mr. HARRISON. I wish to announce that my colleague the junior Senator from Mississippi [Mr. STEPHENS] is necessarily detained from the Senate by illness.

Mr. SHEPPARD. I also desire to announce that the Senator from Nevada [Mr. PITTMAN] and the Senator from Missouri [Mr. HAWES] are necessarily out of the city.

The roll call resulted:

FOR SENATOR PITTMAN—31

Ashurst	Copeland	Kendrick	Smith
Bailey	Costigan	King	Swanson
Barkley	George	Logan	Thomas, Okla.
Black	Gore	McGill	Trammell
Bratton	Harris	Morrison	Tydings
Broussard	Harrison	Neely	Wagner
Caraway	Hayden	Robinson, Ark.	Walsh, Mass.
Coolidge	Hull	Sheppard	

FOR SENATOR MOSES—24

Austin	Glenn	Johnson	Shortridge
Barbour	Goldsborough	Kean	Smoot
Dale	Hale	Keyes	Steiwer
Davis	Hastings	McNary	Vandenberg
Dickinson	Hatfield	Metcalf	Watson
Fess	Hebert	Patterson	White

FOR SENATOR VANDENBERG—10

Blaine	Couzens	La Follette	Shipstead
Borah	Frazier	Norris	
Capper	Howell	Nye	

The VICE PRESIDENT. On this vote Senator PITTMAN has received 31 votes, Senator MOSES 24 votes, and Senator VANDENBERG 10 votes. Sixty-five votes having been cast, and 33 being necessary for a choice, and no Senator having received a majority of the votes, there is no election; and the clerk will call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence, being unable to obtain a transfer, I withhold my vote. If I were permitted to vote, I would vote for Senator MOSES.

Mr. BULOW (when his name was called). Making the same announcement as on the previous vote, I withhold my vote.

Mr. BYRNES (when his name was called). Making the same announcement as on the previous roll call, I withhold my vote.

Mr. KENDRICK (when Mr. CAREY's name was called). Making the same announcement as before with respect to the absence of my colleague, I desire to state that he is paired with the junior Senator from Ohio [Mr. BULKLEY]. If my colleague [Mr. CAREY] were present, he would vote for Senator MOSES, and I understand that if the Senator from Ohio [Mr. BULKLEY] were present he would vote for Senator PITTMAN.

Mr. CONNALLY (when his name was called). On this vote I have a pair with the senior Senator from Iowa [Mr. BROOKHART], and in his absence I withhold my vote.

Mr. HASTINGS (when his name was called). Making the same announcement as to my pair, which I transfer to the senior Senator from Colorado [Mr. WATERMAN], I vote for Senator MOSES.

Mr. McKELLAR (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. MOSES. I desire to repeat the announcement of my pair which I made on the last roll call.

Mr. ROBINSON of Arkansas (when his name was called). Transferring my pair with the senior Senator from Pennsylvania [Mr. REED] to the senior Senator from Missouri [Mr. HAWES], I vote for Mr. PITTMAN.

Mr. THOMAS of Idaho (when his name was called). On this vote I have a pair with the senior Senator from Montana [Mr. WALSH], and in his absence I withhold my vote. If the senior Senator from Montana [Mr. WALSH] were present, he would vote for Senator PITTMAN. If I were permitted to vote, I would vote for Senator VANDENBERG.

The roll call was concluded.

Mr. BLACK. As previously announced, my colleague [Mr. BANKHEAD] is unavoidably absent on official business. He is paired with the senior Senator from Delaware [Mr. HASTINGS]. If my colleague [Mr. BANKHEAD] were present, he would vote for Senator PITTMAN.

Mr. FESS. I desire to announce the following general pairs:

The Senator from New Mexico [Mr. CUTTING] with the Senator from Montana [Mr. WHEELER];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Illinois [Mr. LEWIS];

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS];

The senior Senator from Washington [Mr. JONES] with the junior Senator from Washington [Mr. DILL]; and

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Florida [Mr. FLETCHER].

The roll call resulted as follows:

FOR SENATOR PITTMAN—31

Ashurst	Copeland	Kendrick	Smith
Bailey	Costigan	King	Swanson
Barkley	George	Logan	Thomas, Okla.
Black	Gore	McGill	Trammell
Bratton	Harris	Morrison	Tydings
Broussard	Harrison	Neely	Wagner
Caraway	Hayden	Robinson, Ark.	Walsh, Mass.
Coolidge	Hull	Sheppard	

FOR SENATOR MOSES—24

Austin	Glenn	Johnson	Shortridge
Barbour	Goldsborough	Kean	Smoot
Dale	Hale	Keyes	Steiwer
Davis	Hastings	McNary	Vandenberg
Dickinson	Hatfield	Metcalf	Watson
Fess	Hebert	Patterson	White

FOR SENATOR VANDENBERG—10

Blaine	Couzens	La Follette	Shipstead
Borah	Frazier	Norris	
Capper	Howell	Nye	

The VICE PRESIDENT. On this ballot Senator PITTMAN received 31 votes, Senator MOSES 24 votes, and Senator VANDENBERG 10 votes. Sixty-five votes have been cast; necessary for a choice, 33. No Senator having received a majority of the votes cast, there is no election.

LANDS IN LOUISIANA AND MISSISSIPPI

Mr. BROUSSARD. Mr. President, I offer the resolution which I send to the desk and ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be reported for the information of the Senate.

The legislative clerk read the resolution (S. Res. 126), as follows:

Resolved, That the Secretary of the Interior is hereby respectfully requested to suspend for 90 days from this date the further sale and patent of lands in Louisiana and Mississippi under the act approved April 11, 1928.

Mr. McNARY. Mr. President, has the resolution been referred to the Committee on Public Lands and Surveys, which has jurisdiction of the subject matter of the resolution?

Mr. BROUSSARD. I have conferred with the chairman of that committee, and he has no objection to the resolution. This is an urgent matter, and I wish the Senator would withhold any objection he may have in mind until I have opportunity to make a statement.

Mr. McNARY. Very well.

Mr. BROUSSARD. Mr. President, on January 6, 1930, Senator Ransdell introduced in the Senate the following bill:

Be it enacted, etc., That the act entitled "An act authorizing the Secretary of the Interior to sell and patent certain lands in Louisiana and Mississippi," approved April 11, 1928, is hereby repealed.

As we all know, toward the close of the last session there was a congestion of legislative matters, and no action was taken on this bill. My colleague went out of the Senate with the close of the last session, so I have been requested by the same parties who suggested the legislation to him to introduce a similar bill, which I did introduce on the 10th of December last.

The Committee on Public Lands and Surveys has had no meetings in the meantime, and after I had been given to understand by the Department of the Interior that there would be no disposition of the lands affected, I have been advised that during the holidays an opinion was rendered in a case involving such lands.

So far as I am advised by the people interested who have gotten in touch with me, the act of April 11, 1928, would seem to grant a prior right to an individual who has never been on the property, and deprive others who have been on the property and who, under the general public land laws of the United States, would have preference. Not only that, but this act of April 11, 1928, deprives ex-soldiers of a prior right to enter these lands, and the department has refused to grant any patents under the general laws to ex-soldiers who have applied for them. This is merely to suspend the granting of patents or the selling of those lands for 90 days so that the committee may consider the matter.

I tried the best way I could to reach the committee during the holidays. I was notified about five days ago and got in touch with the chairman of the committee immediately after his return. After getting in touch with the Secretary of the Interior, who promised to give me an answer to-day, I found it necessary to do something because I expect to leave the city to-morrow. The committee will have hearings, but I would not like to have these lands disposed of to a perfect stranger to that community when others have prior rights there.

The situation is entirely in conflict with the general public land laws of the United States. This measure was enacted into law when no one paid any particular attention to it, so I am informed, and for a special purpose. I am not charging that to anybody, because I do not know who introduced the bill; but such is the information I have. In view of the fact that I have to leave the city to-morrow I ask the Senate to pass the resolution deferring the matter for 90 days until the committee can act on it.

Mr. McNARY. The bill has not reached the committee, I understood the Senator to say?

Mr. BROUSSARD. The bill has been referred to the committee, but the committee has had no meeting up until this time.

Mr. NYE. Mr. President, if I may be permitted a brief statement, the committee had before it in a former session of the Congress a bill similar to that which the Senator from Louisiana has introduced in this session. Hearings were held on that bill and the hearings were printed. I have endeavored to ascertain why the committee took no action on the legislation following the hearings. I have been unable to ascertain why, unless it was merely a case of the committee being crowded and others interested directly in the legislation being crowded to a point where they could not follow through with it. The hearings are printed and are a matter of record.

It has occurred to me, in my contact with the Senator from Louisiana to-day, that there certainly would be no harm done in the acceptance of the resolution which he has offered, to the end that the committee may be afforded a chance straightaway to resume its hearings and give more definite consideration to the pending legislation.

Mr. McNARY. I have no objection to the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

EXECUTIVE SESSION

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

NOMINATIONS REFERRED

The VICE PRESIDENT laid before the Senate sundry nominations, which were appropriately referred.

(For nominations this day received see the end of Senate proceedings.)

REPORTS OF NOMINATIONS

Mr. AUSTIN, from the Committee on the Judiciary, reported favorably the nomination of William F. Rampendahl, of Oklahoma, to be United States attorney, eastern district of Oklahoma.

Mr. HASTINGS, from the Committee on the Judiciary, reported favorably the nomination of Edward W. Wells, of Pennsylvania, to be United States attorney, eastern district of Pennsylvania.

Mr. WALSH of Massachusetts. Mr. President, I should like to inquire of the chairman of the Judiciary Committee what, if any, report has been made upon the nomination of Mr. Justice Morton to the United States Circuit Court for the District of Massachusetts?

Mr. NORRIS. The committee reported that nomination back to the Senate to-day. It will be on the calendar at the next executive session.

Mr. WALSH of Massachusetts. It is not on to-day's calendar?

Mr. NORRIS. No.

Mr. WALSH of Massachusetts. I thank the Senator.

REREFERENCE OF NOMINATION OF SAMUEL PURVIS

Mr. NORRIS. Mr. President, by direction of the Committee on the Judiciary I ask that the nomination of Samuel Purvis, to be United States marshal, middle district of Georgia, be referred back to the Judiciary Committee.

The VICE PRESIDENT. Is there objection? The Chair hears none and, without objection, the nomination will be recommitted to the Committee on the Judiciary.

ADJOURNMENT

Mr. McNARY. As in legislative session, I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 5 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, January 5, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 4, 1932

CONSUL GENERAL

Emil Sauer, of Texas, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America.

SURVEYOR OF CUSTOMS

Thomas S. Stephenson, of Altoona, Pa., to be surveyor of customs in customs collection district No. 11, with headquarters at Philadelphia, Pa., in place of James E. Rininger, whose term expired on March 17, 1931.

POSTMASTERS

ALABAMA

John L. Miller to be postmaster at Berry, Ala., in place of J. L. Miller. Incumbent's commission expired January 17, 1931.

Anna M. Nabors to be postmaster at Boothton, Ala., in place of A. M. Nabors. Incumbent's commission expired December 13, 1930.

Charles W. Massengale to be postmaster at Greensboro, Ala., in place of L. M. Otts, resigned.

Euline G. Holsonback to be postmaster at Kennedy, Ala., in place of H. M. Guin, deceased.

Robert S. Cartledge to be postmaster at Mobile, Ala., in place of R. S. Cartledge. Incumbent's commission expired December 15, 1931.

Ivy J. King to be postmaster at Opp, Ala., in place of A. R. Woodham. Incumbent's commission expired January 29, 1931.

Frances J. Davis to be postmaster at Repton, Ala., in place of D. M. McMillan, resigned.

Tyler M. Swann to be postmaster at Roanoke, Ala., in place of T. M. Swann. Incumbent's commission expired January 29, 1931.

Clarence N. Anderson to be postmaster at Silverhill, Ala., in place of E. P. Forsman, deceased.

ALASKA

Earl T. Stannard to be postmaster at Latouche, Alaska, in place of E. T. Stannard. Incumbent's commission expired December 15, 1931.

ARIZONA

Herman L. Snyder to be postmaster at Ajo, Ariz., in place of L. L. Scott. Incumbent's commission expired February 5, 1931.

Leonard D. Redfield to be postmaster at Benson, Ariz., in place of L. D. Redfield. Incumbent's commission expired December 19, 1931.

Harry G. White to be postmaster at Glendale, Ariz., in place of H. G. White. Incumbent's commission expired February 16, 1931.

Luther Cadwell to be postmaster at Holbrook, Ariz., in place of Luther Cadwell. Incumbent's commission expired December 19, 1931.

Henry M. Hall to be postmaster at Mesa, Ariz., in place of H. M. Hall. Incumbent's commission expired December 15, 1931.

Myrtle Prophet to be postmaster at Oatman, Ariz., in place of G. A. Woodward. Incumbent's commission expired December 20, 1930.

George H. Staiger to be postmaster at Ray, Ariz., in place of G. H. Staiger. Incumbent's commission expired December 15, 1931.

James R. Welker to be postmaster at Safford, Ariz., in place of C. B. Yett. Incumbent's commission expired February 24, 1931.

Anna M. Hall to be postmaster at San Simon, Ariz. Office became presidential July 1, 1931.

Dilworth Baird to be postmaster at Tempe, Ariz., in place of R. W. Still, deceased.

Luella L. Reneer to be postmaster at Thatcher, Ariz., in place of O. L. Larson. Incumbent's commission expired February 5, 1931.

Charles G. Montgomery to be postmaster at Whiteriver, Ariz. Office became presidential July 1, 1930.

Chester A. Williamson to be postmaster at Willcox, Ariz., in place of C. A. Williamson. Incumbent's commission expired December 15, 1931.

Warren O. Perkins to be postmaster at Williams, Ariz., in place of F. O. Polson, removed.

Alfred R. Kleindienst to be postmaster at Winslow, Ariz., in place of A. R. Kleindienst. Incumbent's commission expired March 3, 1931.

ARKANSAS

Mary Brown to be postmaster at Alpena Pass, Ark., in place of Mary Brown. Incumbent's commission expired December 19, 1931.

Roy W. Stevens to be postmaster at Ashdown, Ark., in place of R. W. Stevens. Incumbent's commission expired December 19, 1931.

Thomas T. West to be postmaster at Beebe, Ark., in place of T. T. West. Incumbent's commission expired December 19, 1931.

Milton R. Stimson to be postmaster at Brinkley, Ark., in place of M. R. Stimson. Incumbent's commission expired December 19, 1931.

Charlie I. Grayson to be postmaster at Camden, Ark., in place of J. C. Russell, deceased.

Kay S. Rolley to be postmaster at Crawfordville, Ark., in place of K. S. Rolley. Incumbent's commission expired December 19, 1931.

Edith M. Cook to be postmaster at De Valls Bluff, Ark., in place of E. M. Cook. Incumbent's commission expired December 19, 1931.

Robert M. Deason to be postmaster at El Dorado, Ark., in place of R. M. Deason. Incumbent's commission expired December 19, 1931.

William J. Rumsey to be postmaster at Hardy, Ark., in place of W. J. Rumsey. Incumbent's commission expired December 19, 1931.

Oliver A. Hill to be postmaster at Hartford, Ark., in place of O. A. Hill. Incumbent's commission expired December 19, 1931.

Ralph C. Lehman to be postmaster at Hoxie, Ark., in place of C. C. Cherry. Incumbent's commission expired June 12, 1930.

Charles L. Jones to be postmaster at Junction City, Ark., in place of C. L. Jones. Incumbent's commission expired December 19, 1931.

George H. C. Palmer to be postmaster at McGehee, Ark., in place of G. H. C. Palmer. Incumbent's commission expired December 19, 1931.

Dennis M. Townsend to be postmaster at Mena, Ark., in place of D. M. Townsend. Incumbent's commission expired January 28, 1931.

Ethel Roberts to be postmaster at Mountain Pine, Ark., in place of L. D. Bledsoe, resigned.

Harry L. Shambarger to be postmaster at Mulberry, Ark., in place of H. L. Shambarger. Incumbent's commission expired December 19, 1931.

Paul Smith to be postmaster at Nettleton, Ark., in place of Paul Smith. Incumbent's commission expired December 19, 1931.

Roscoe J. Gammill to be postmaster at Ozark, Ark., in place of A. J. Hansberry, resigned.

Ned P. Atkin to be postmaster at Parkdale, Ark., in place of N. P. Atkin. Incumbent's commission expired December 19, 1931.

James H. Ward to be postmaster at Quitman, Ark., in place of J. H. Ward. Incumbent's commission expired December 19, 1931.

Edress A. Casner to be postmaster at Rector, Ark., in place of M. J. Gogue. Incumbent's commission expired January 28, 1931.

John J. Eckart to be postmaster at Subiaco, Ark. Office became presidential July 1, 1931.

Nona E. Robertson to be postmaster at Thornton, Ark., in place of N. E. Robertson. Incumbent's commission expired December 19, 1931.

CALIFORNIA

Chester T. Steele to be postmaster at Arroyo Grande, Calif., in place of E. F. Hopkins, deceased.

Harry W. Crider to be postmaster at Artesia, Calif., in place of H. C. Lewis. Incumbent's commission expired December 22, 1930.

Jessie A. Collins to be postmaster at Clearwater, Calif. Office became presidential July 1, 1931.

Chelso A. Maghetti to be postmaster at Davis, Calif., in place of C. A. Maghetti. Incumbent's commission expired December 17, 1931.

John L. Olson to be postmaster at Decoto, Calif., in place of J. L. Olson. Incumbent's commission expired December 17, 1931.

Knowles C. Weiss to be postmaster at Downey, Calif., in place of J. E. Van Matre, deceased.

Charles C. Jenkins to be postmaster at El Centro, Calif., in place of C. C. Jenkins. Incumbent's commission expired December 17, 1931.

Lillian G. Brackett to be postmaster at Geyserville, Calif., in place of L. G. Brackett. Incumbent's commission expired December 11, 1930.

George E. Preston to be postmaster at Harbor City, Calif., in place of Charles Hofstetter, resigned.

William R. Harriman to be postmaster at Hondo, Calif. Office became presidential July 1, 1931.

Minnie E. Dewar to be postmaster at Hueneme, Calif., in place of M. E. Dewar. Incumbent's commission expired December 17, 1931.

Clarence A. Acton to be postmaster at Inglewood, Calif., in place of F. E. Laxdal, deceased.

Fred W. McCullah to be postmaster at Long Beach, Calif., in place of F. W. McCullah. Incumbent's commission expired January 29, 1931.

Grace D. Perkins to be postmaster at Los Nietos, Calif., in place of G. D. Perkins. Incumbent's commission expired December 17, 1931.

James M. Cremin to be postmaster at Marysville, Calif., in place of Ed Lewis, deceased.

Donald L. Burbeck to be postmaster at Mill Valley, Calif., in place of D. L. Burbeck. Incumbent's commission expired December 21, 1930.

Flora Dahl to be postmaster at Mokelumne Hill, Calif., in place of Flora Dahl. Incumbent's commission expired December 17, 1931.

John L. Steward to be postmaster at Monterey, Calif., in place of J. L. Steward. Incumbent's commission expired February 24, 1931.

Jacob J. Shroy to be postmaster at Newman, Calif., in place of J. J. Shroy. Incumbent's commission expired December 17, 1931.

Sidney E. Burritt to be postmaster at Niland, Calif. Office became presidential July 1, 1931.

Earl D. Cline to be postmaster at North Los Angeles, Calif., in place of E. D. Cline. Incumbent's commission expired December 17, 1931.

Warren N. Garland to be postmaster at Oakdale, Calif., in place of W. N. Garland. Incumbent's commission expired February 12, 1931.

James H. Pearce to be postmaster at Oilfields, Calif., in place of W. M. Vaughn, resigned.

Fadette T. Gossard to be postmaster at Olive View, Calif., in place of F. T. Gossard. Incumbent's commission expired December 17, 1931.

John H. Canning to be postmaster at Oxnard, Calif., in place of Flournoy Carter. Incumbent's commission expired January 29, 1931.

Florence E. Buckner to be postmaster at Pacific Palisades, Calif., in place of F. E. Buckner. Incumbent's commission expired December 17, 1931.

Edgar L. Etter to be postmaster at Palos Verdes Estates, Calif., in place of E. L. Etter. Incumbent's commission expired December 17, 1931.

Euell Y. Gray to be postmaster at Placerville, Calif., in place of J. D. Elliot, resigned.

Mary K. Davis to be postmaster at San Carlos, Calif., in place of M. K. Davis. Incumbent's commission expired December 17, 1931.

Josephine Zucca to be postmaster at Selby, Calif., in place of Josephine Zucca. Incumbent's commission expired December 17, 1931.

Alice C. Elmore to be postmaster at Sequoia National Park, Calif. Office became presidential July 1, 1931.

Addie E. Waits to be postmaster at Solana Beach, Calif., in place of A. E. Waits. Incumbent's commission expired December 17, 1931.

Meta C. Stofen to be postmaster at Sonoma, Calif., in place of M. C. Stofen. Incumbent's commission expired March 1, 1931.

Myrtle E. Catterall to be postmaster at Sunland, Calif. Office became presidential July 1, 1930.

Bess Morabe to be postmaster at Sutter Creek, Calif., in place of V. W. Norton, deceased.

Nicholas Kitchak to be postmaster at Taft, Calif., in place of C. Z. Irvine, removed.

Edwin A. Reeves to be postmaster at Terra Bella, Calif., in place of F. S. Stephenson, resigned.

Pierce P. Correll to be postmaster at Tujunga, Calif., in place of N. M. Chapman, resigned.

Cinderella L. Phiney to be postmaster at Tustin, Calif., in place of C. L. Phiney. Incumbent's commission expired December 17, 1931.

Mathilda Busch to be postmaster at Verdugo City, Calif., in place of Mathilda Busch. Incumbent's commission expired December 17, 1931.

Hazel E. Avise to be postmaster at Walnut Creek, Calif., in place of H. E. Avise. Incumbent's commission expired December 17, 1931.

Edith M. Kennedy to be postmaster at Weimar, Calif., in place of E. M. Kennedy. Incumbent's commission expired December 17, 1931.

COLORADO

Adelbert E. Humeston to be postmaster at Collbran, Colo., in place of A. E. Humeston. Incumbent's commission expired May 10, 1926.

Alexander G. Johnson to be postmaster at Fort Lupton, Colo., in place of A. G. Johnson. Incumbent's commission expired December 17, 1931.

William B. Sweezy to be postmaster at Fort Lyon, Colo., in place of E. J. Feistel, deceased.

Lawrence H. Dewey to be postmaster at Fruita, Colo., in place of L. H. Dewey. Incumbent's commission expired December 17, 1931.

Lula D. Trimble to be postmaster at Georgetown, Colo., in place of L. D. Trimble. Incumbent's commission expired December 17, 1931.

Walter H. Morris to be postmaster at Granada, Colo., in place of G. W. Karn, deceased.

James M. Brown to be postmaster at Mancos, Colo., in place of J. M. Brown. Incumbent's commission expired December 17, 1931.

William A. Sawyer to be postmaster at Mount Morrison, Colo., in place of W. A. Sawyer. Incumbent's commission expired December 17, 1931.

Ellsworth A. Weller to be postmaster at New Castle, Colo., in place of E. A. Weller. Incumbent's commission expired December 17, 1931.

Anna Richards to be postmaster at Ouray, Colo., in place of Anna Richards. Incumbent's commission expired December 17, 1931.

Juan R. Valdez to be postmaster at San Luis, Colo. Office became presidential July 1, 1931.

Harry G. Moore to be postmaster at Victor, Colo., in place of D. D. Pennington, deceased.

CONNECTICUT

John W. Cook to be postmaster at Beacon Falls, Conn., in place of J. W. Cook. Incumbent's commission expired December 19, 1931.

Leontine M. Root to be postmaster at East Berlin, Conn., in place of L. M. Root. Incumbent's commission expired December 19, 1931.

Sarah L. Ruic to be postmaster at Farmington, Conn., in place of S. L. Ruic. Incumbent's commission expired December 19, 1931.

Prentice W. Chase to be postmaster at Jewett City, Conn., in place of W. T. Crumb, deceased.

W. Burton Allen to be postmaster at Litchfield, Conn., in place of W. B. Allen. Incumbent's commission expired December 19, 1931.

Joseph H. Derenthal to be postmaster at Madison, Conn., in place of J. H. Derenthal. Incumbent's commission expired December 22, 1930.

Ernest F. Brown to be postmaster at Manchester, Conn., in place of E. F. Brown. Incumbent's commission expired December 19, 1931.

Courtland C. Potter to be postmaster at Mystic, Conn., in place of C. C. Potter. Incumbent's commission expired December 19, 1931.

Walter E. Brown to be postmaster at Naugatuck, Conn., in place of W. E. Brown. Incumbent's commission expired December 19, 1931.

Henry R. Carignan to be postmaster at North Grosvenor Dale, Conn., in place of H. R. Carignan. Incumbent's commission expired December 15, 1931.

Casper K. Bailey to be postmaster at Norwich, Conn., in place of C. K. Bailey. Incumbent's commission expired December 19, 1931.

Fred R. Alford to be postmaster at Oakville, Conn., in place of F. R. Alford. Incumbent's commission expired December 19, 1931.

William C. Bushnell to be postmaster at Plantsville, Conn., in place of W. C. Bushnell. Incumbent's commission expired December 19, 1931.

William P. Stone to be postmaster at Salisbury, Conn., in place of W. P. Stone. Incumbent's commission expired December 19, 1931.

Thomas B. McDonald to be postmaster at Sharon, Conn., in place of T. B. McDonald. Incumbent's commission expired December 13, 1930.

Nelson E. Welch to be postmaster at Somers, Conn., in place of N. E. Welch. Incumbent's commission expired December 19, 1931.

John P. McGrath to be postmaster at Southington, Conn., in place of J. P. McGrath. Incumbent's commission expired December 19, 1931.

Frank B. Crocker to be postmaster at South Manchester, Conn., in place of O. F. Toop, deceased.

John V. Abbott to be postmaster at Watertown, Conn., in place of J. V. Abbott. Incumbent's commission expired December 19, 1931.

Adele P. Brush to be postmaster at West Cornwall, Conn., in place of A. P. Brush. Incumbent's commission expired December 19, 1931.

DELAWARE

George W. Mullin to be postmaster at Marshallton, Del., in place of G. W. Mullin. Incumbent's commission expired February 24, 1931.

George H. Wright to be postmaster at Smyrna, Del., in place of A. L. Hudson. Incumbent's commission expired March 3, 1931.

FLORIDA

George P. Farnall to be postmaster at Belle Glade, Fla. Office became presidential July 1, 1930.

Harold A. Rosenberg to be postmaster at Canal Point, Fla., in place of C. C. Coleman, removed.

Stuart T. Morse to be postmaster at Greenville, Fla., in place of J. T. Phillips, deceased.

John F. Yearty to be postmaster at Gulf Hammoch, Fla. Office became presidential July 1, 1931.

Joseph M. Griffin to be postmaster at Holopaw, Fla., in place of J. M. Griffin. Incumbent's commission expired March 3, 1931.

Sara E. Sweat to be postmaster at Inverness, Fla., in place of A. Van Wormer, resigned.

Frederick L. Cory to be postmaster at Jupiter, Fla., in place of R. E. Damon. Incumbent's commission expired February 18, 1929.

William H. Turner to be postmaster at Largo, Fla., in place of W. H. Turner. Incumbent's commission expired February 24, 1931.

Cason Walker to be postmaster at Milton, Fla., in place of J. H. Collins, removed.

Charles W. Stewart to be postmaster at Naples, Fla., in place of C. W. Stewart. Incumbent's commission expired January 5, 1931.

Sinclair A. Bryan to be postmaster at Raiford, Fla., in place of L. B. Ritch. Incumbent's commission expired December 18, 1929.

Thomas J. Chason to be postmaster at Tallahassee, Fla., in place of W. H. May. Incumbent's commission expired June 16, 1930.

Elizabeth D. Barnard to be postmaster at Tampa, Fla., in place of E. D. Barnard. Incumbent's commission expired January 15, 1931.

Jessie A. Heath to be postmaster at White Springs, Fla., in place of Maxfield Sellers, resigned.

GEORGIA

Ralph A. Waters to be postmaster at Alpharetta, Ga., in place of R. A. Waters. Incumbent's commission expired February 17, 1931.

Lucius Hannon to be postmaster at Atco, Ga., in place of Lucius Hannon. Incumbent's commission expired December 20, 1930.

James A. Brackett to be postmaster at Blairsville, Ga., in place of J. A. Brackett. Incumbent's commission expired February 4, 1931.

Elizabeth H. Quinn to be postmaster at Barnesville, Ga., in place of C. P. Graddick, resigned.

Floy D. Walker to be postmaster at Blue Ridge, Ga., in place of F. D. Walker. Incumbent's commission expired December 22, 1930.

William B. King to be postmaster at Bluffton, Ga. Office became presidential July 1, 1930.

Joseph D. Long to be postmaster at Bremen, Ga., in place of J. D. Long. Incumbent's commission expired May 20, 1930.

Martha C. Aultman to be postmaster at Byron, Ga., in place of M. C. Aultman. Incumbent's commission expired February 9, 1931.

Jesse S. Weathers to be postmaster at Cairo, Ga., in place of J. B. Crawford, resigned.

Robert H. Ridgway to be postmaster at Canon, Ga., in place of R. H. Ridgway. Incumbent's commission expired January 29, 1931.

Alexander Davidson to be postmaster at Cleveland, Ga., in place of Alexander Davidson. Incumbent's commission expired December 20, 1930.

Fred Fitts to be postmaster at Dahlonega, Ga., in place of Fred Fitts. Incumbent's commission expired March 3, 1931.

Horace T. George to be postmaster at Eatonton, Ga., in place of H. T. George. Incumbent's commission expired December 20, 1930.

James H. McCowen to be postmaster at Forsyth, Ga., in place of L. A. Hooks. Incumbent's commission expired December 17, 1929.

William C. Chambers to be postmaster at Fort Gaines, Ga., in place of W. C. Chambers. Incumbent's commission expired January 18, 1931.

Charles H. Crumbley to be postmaster at Greensboro, Ga., in place of C. H. Crumbley. Incumbent's commission expired January 28, 1931.

Lois Horton to be postmaster at Guyton, Ga., in place of M. D. Shearouse. Incumbent's commission expired May 7, 1930.

John H. Cash to be postmaster at Hapeville, Ga., in place of S. K. Hogue. Incumbent's commission expired June 28, 1930.

Sara B. Fox to be postmaster at Harlem, Ga., in place of S. B. Fox. Incumbent's commission expired December 20, 1930.

Joseph O. Rodgers to be postmaster at Homerville, Ga., in place of W. A. Howell, removed.

George D. Griffith to be postmaster at Kinderlou, Ga. Office became presidential July 1, 1930.

James C. Perry to be postmaster at Kingsland, Ga., in place of W. N. Casey. Incumbent's commission expired December 18, 1929.

Vennie M. Jones to be postmaster at Lavonia, Ga., in place of V. M. Jones. Incumbent's commission expired April 30, 1930.

Kate Harris to be postmaster at Leesburg, Ga., in place of Kate Harris. Incumbent's commission expired May 28, 1930.

Clifton O. Lloyd to be postmaster at Lindale, Ga., in place of C. O. Lloyd. Incumbent's commission expired January 21, 1931.

Theron E. Watson to be postmaster at Lithonia, Ga., in place of T. P. Philips. Incumbent's commission expired May 12, 1930.

Christine P. Hankinson to be postmaster at McDonough, Ga., in place of C. P. Hankinson. Incumbent's commission expired June 3, 1930.

Benjamin N. Walters to be postmaster at Martin, Ga., in place of B. N. Walters. Incumbent's commission expired December 18, 1929.

Huram R. Hancock to be postmaster at Maysville, Ga., in place of H. R. Hancock. Incumbent's commission expired February 17, 1931.

Effie Hambleton to be postmaster at Meigs, Ga., in place of J. H. Pullen. Incumbent's commission expired June 30, 1930.

Rois A. Martin to be postmaster at Milner, Ga., in place of R. A. Martin. Incumbent's commission expired May 21, 1930.

Marcus G. Keown to be postmaster at Mount Berry, Ga., in place of M. G. Keown. Incumbent's commission expired January 15, 1931.

Minnie P. Abt to be postmaster at Mount Vernon, Ga., in place of M. P. Abt. Incumbent's commission expired December 14, 1930.

J. Stanley Newton to be postmaster at Norman Park, Ga., in place of R. L. Callan, resigned.

May Mixon to be postmaster at Patterson, Ga. Office became presidential July 1, 1930.

Marie E. Harrell to be postmaster at Pearson, Ga., in place of M. E. Harrell. Incumbent's commission expired February 17, 1931.

Joe B. Saunders to be postmaster at Ringgold, Ga., in place of J. B. Saunders. Incumbent's commission expired May 20, 1930.

Baxter Sutton to be postmaster at Rochelle, Ga., in place of Baxter Sutton. Incumbent's commission expired June 30, 1930.

Eugene H. Wood to be postmaster at Roswell, Ga., in place of E. H. Wood. Incumbent's commission expired December 21, 1930.

Gordon G. Ridgway to be postmaster at Royston, Ga., in place of G. G. Ridgway. Incumbent's commission expired June 16, 1930.

Isaac F. Arnow to be postmaster at St. Marys, Ga. Office became presidential July 1, 1931.

Watson K. Bargeron to be postmaster at Sardis, Ga., in place of W. K. Bargeron. Incumbent's commission expired December 17, 1930.

James M. Wright to be postmaster at Screven, Ga., in place of J. M. Wright. Incumbent's commission expired May 7, 1930.

Arthur F. West to be postmaster at Shannon, Ga., in place of W. E. Colquitt, resigned.

William V. Cobb to be postmaster at Smyrna, Ga., in place of W. V. Cobb. Incumbent's commission expired January 18, 1931.

Claude M. Proctor to be postmaster at Summit, Ga., in place of C. M. Proctor. Incumbent's commission expired April 20, 1930.

Morine Allgood to be postmaster at Temple, Ga., in place of M. E. Sewell. Incumbent's commission expired June 22, 1930.

William B. Smith to be postmaster at Tennille, Ga., in place of W. B. Smith. Incumbent's commission expired February 17, 1931.

Halton L. Dayton to be postmaster at Thomaston, Ga., in place of H. L. Dayton. Incumbent's commission expired December 20, 1930.

Paul J. Ridgway to be postmaster at Toccoa, Ga., in place of P. J. Ridgway. Incumbent's commission expired January 21, 1931.

Nathaniel O. Carter to be postmaster at Vidalia, Ga., in place of N. O. Carter. Incumbent's commission expired July 3, 1930.

Frank H. Moxley to be postmaster at Wadley, Ga., in place of F. H. Moxley. Incumbent's commission expired December 17, 1930.

Rebie I. Corbin to be postmaster at Warrenton, Ga., in place of W. T. Pilcher. Incumbent's commission expired February 27, 1929.

Walter A. Seaman to be postmaster at Waycross, Ga., in place of J. F. Morgan. Incumbent's commission expired May 28, 1930.

HAWAII

Charles S. Ishii to be postmaster at Kamuela, Hawaii. Office became presidential July 1, 1931.

Antone Fernandez to be postmaster at Kekaha, Hawaii, in place of Antone Fernandez. Incumbent's commission expired December 15, 1931.

Arthur W. Carlson to be postmaster at Lanai City, Hawaii, in place of H. B. Brown, resigned.

Virginia S. Mathias to be postmaster at Waiakoa, Hawaii. Office became presidential July 1, 1931.

Antone F. Costa to be postmaster at Wailuku, Hawaii, in place of A. F. Costa. Incumbent's commission expired December 15, 1931.

Louis P. Lino to be postmaster at Waipahu, Hawaii, in place of E. H. Travis, resigned.

IDAHO

Iva F. Madden to be postmaster at Cascade, Idaho, in place of H. P. Gorton, removed.

Arthur D. Kelley to be postmaster at Challis, Idaho, in place of B. D. Fox. Incumbent's commission expired February 14, 1931.

Ward Evans to be postmaster at Craigmont, Idaho, in place of George Odenius, deceased.





Benjamin H. Thomas to be postmaster at Dubois, Idaho, in place of E. M. Whitzel, removed.

Vida I. Perry to be postmaster at Elk City, Idaho. Office became presidential July 1, 1931.

Herbert L. Spencer to be postmaster at Paris, Idaho, in place of H. L. Spencer. Incumbent's commission expired March 1, 1931.

Carrie M. Shortlidge to be postmaster at Peck, Idaho. Office became presidential July 1, 1931.

ILLINOIS

John R. Funkhouser to be postmaster at Albion, Ill., in place of J. R. Funkhouser. Incumbent's commission expired February 28, 1931.

Wilbur G. Black to be postmaster at Aledo, Ill., in place of H. R. Morgan. Incumbent's commission expired March 3, 1931.

Raymond C. Moon to be postmaster at Annawan, Ill., in place of R. C. Moon. Incumbent's commission expired December 15, 1931.

Nancy Michael to be postmaster at Argo, Ill., in place of Nancy Michael. Incumbent's commission expired June 10, 1930.

H. Melville Potter to be postmaster at Ashley, Ill., in place of H. T. Peeck. Incumbent's commission expired February 24, 1931.

Earl W. Nichols to be postmaster at Assumption, Ill., in place of A. C. Etchison. Incumbent's commission expired January 28, 1931.

Claude I. Miller to be postmaster at Atlanta, Ill., in place of M. F. Watt, deceased.

Joseph J. Janda to be postmaster at Berwyn, Ill., in place of J. J. Janda. Incumbent's commission expired March 8, 1930.

George W. Mockmore to be postmaster at Camp Point, Ill., in place of Louis Lindenbauer. Incumbent's commission expired February 12, 1931.

Harold B. Hamilton to be postmaster at Carlock, Ill., in place of U. G. Stutzman. Incumbent's commission expired December 11, 1930.

Charles H. Collins to be postmaster at Casey, Ill., in place of C. H. Collins. Incumbent's commission expired June 30, 1930.

Charles V. Champion, sr., to be postmaster at Catlin, Ill., in place of Lem Neville, removed.

Richard Tyer to be postmaster at Cave in Rock, Ill., in place of Richard Tyer. Incumbent's commission expired June 16, 1930.

Clarence Duckles to be postmaster at Chesterfield, Ill., in place of Clarence Duckles. Incumbent's commission expired December 15, 1931.

Clarence L. Kiger to be postmaster at Cisne, Ill., in place of C. L. Kiger. Incumbent's commission expired March 23, 1930.

Jessie L. Wilson to be postmaster at Dalton City, Ill. Office became presidential July 1, 1931.

William C. Lewman to be postmaster at Danville, Ill., in place of W. C. Lewman. Incumbent's commission expired December 15, 1931.

Ruby R. Remick to be postmaster at Earlville, Ill., in place of J. E. Hughes, removed.

Edith M. Tuxhorn to be postmaster at Edwardsville, Ill., in place of E. M. Tuxhorn. Incumbent's commission expired December 15, 1931.

Eldon P. Fleming to be postmaster at Fairfield, Ill., in place of E. D. Freshwater. Incumbent's commission expired December 11, 1930.

William F. Temple to be postmaster at Fairmount, Ill., in place of W. F. Temple. Incumbent's commission expired December 15, 1931.

William M. Karr to be postmaster at Flora, Ill., in place of W. M. Karr. Incumbent's commission expired February 17, 1931.

Walter J. Fagan to be postmaster at Flossmoor, Ill., in place of W. J. Fagan. Incumbent's commission expired December 15, 1931.

William W. Ramsey to be postmaster at Galatia, Ill., in place of P. W. Norman. Incumbent's commission expired December 22, 1930.

John J. Lord to be postmaster at Galva, Ill., in place of J. J. Lord. Incumbent's commission expired January 18, 1931.

August F. Kietzman to be postmaster at Gilman, Ill., in place of G. L. Thrasher. Incumbent's commission expired February 24, 1931.

Claire A. Harlan to be postmaster at Girard, Ill., in place of J. J. Stowe. Incumbent's commission expired January 18, 1931.

George F. Sutton to be postmaster at Harvey, Ill., in place of G. F. Sutton. Incumbent's commission expired December 15, 1931.

Leo H. Borgelt to be postmaster at Havana, Ill., in place of L. H. Borgelt. Incumbent's commission expired December 15, 1931.

Earl Cory to be postmaster at Hazel Crest, Ill., in place of Earl Cory. Incumbent's commission expired December 15, 1931.

Ralph K. Munro to be postmaster at Heyworth, Ill., in place of R. O. Bell. Incumbent's commission expired February 10, 1931.

George H. Bargh to be postmaster at Kinmundy, Ill., in place of G. H. Bargh. Incumbent's commission expired February 10, 1931.

Allen C. Stoltz to be postmaster at Lawrenceville, Ill., in place of E. H. Mills. Incumbent's commission expired April 16, 1930.

Frank E. Fairlamb to be postmaster at Leaf River, Ill., in place of H. H. Myers, removed.

Fred C. Whisler to be postmaster at Mackinaw, Ill., in place of G. A. Field. Incumbent's commission expired May 14, 1930.

William L. Beebe to be postmaster at Manito, Ill., in place of W. L. Beebe. Incumbent's commission expired December 18, 1929.

Mode Morrison to be postmaster at Manteno, Ill., in place of Mode Morrison. Incumbent's commission expired January 28, 1931.

William H. Blakely to be postmaster at Milan, Ill., in place of C. D. Smith, deceased.

John W. Meierhofer to be postmaster at Minonk, Ill., in place of M. B. Heider. Incumbent's commission expired January 18, 1931.

Alonzo M. Spaeth to be postmaster at Mount Carmel, Ill., in place of A. M. Spaeth. Incumbent's commission expired December 15, 1931.

Henry J. Troeger to be postmaster at Mount Olive, Ill., in place of F. A. Sassmannshausen. Incumbent's commission expired March 3, 1931.

William E. Tharp to be postmaster at Nashville, Ill., in place of W. E. Tharp. Incumbent's commission expired December 15, 1931.

James H. Cawthon to be postmaster at Oakwood, Ill., in place of J. H. Cawthon. Incumbent's commission expired December 15, 1931.

Lawrence P. Ready to be postmaster at Odell, Ill., in place of W. D. Abbaduska. Incumbent's commission expired December 18, 1929.

Wales S. Stamper to be postmaster at Olympia Fields, Ill. Office became presidential July 1, 1931.

Bernie N. Griffin to be postmaster at Patoka, Ill., in place of B. N. Griffin. Incumbent's commission expired December 15, 1931.

Ulysses S. G. Blakely to be postmaster at Plainfield, Ill., in place of U. S. G. Blakely. Incumbent's commission expired March 3, 1931.

Alice G. Dunbar to be postmaster at Prairie City, Ill., in place of Jefferson Louk. Incumbent's commission expired December 18, 1929.

Henry L. Haynes to be postmaster at Ramsey, Ill., in place of H. L. Haynes. Incumbent's commission expired December 11, 1930.

Florence Roseberry to be postmaster at Riverton, Ill., in place of Katherine Adams. Incumbent's commission expired February 12, 1931.

Leverett E. Phelps to be postmaster at Shelbyville, Ill., in place of J. K. Hoagland. Incumbent's commission expired December 11, 1930.

Albert L. Pickel to be postmaster at Springfield, Ill., in place of W. H. Conkling. Incumbent's commission expired December 18, 1929.

Margaret O. Wolff to be postmaster at Steger, Ill., in place of H. O. Manuel, removed.

Bond B. Blackman to be postmaster at Stonefort, Ill., in place of B. B. Blackman. Incumbent's commission expired December 15, 1931.

Harold M. Lathrop to be postmaster at Sumner, Ill., in place of J. W. Vangilder, removed.

Herman A. Eisenmayer to be postmaster at Trenton, Ill., in place of C. A. Hollow. Incumbent's commission expired April 28, 1930.

William C. Karr to be postmaster at Vermont, Ill., in place of W. C. Karr. Incumbent's commission expired December 15, 1931.

Ernest L. Crain to be postmaster at Villa Ridge, Ill., in place of E. L. Crain. Incumbent's commission expired December 15, 1931.

Henry Zobel to be postmaster at Warsaw, Ill., in place of M. T. Hunt. Incumbent's commission expired January 28, 1931.

Walter W. Lesch to be postmaster at Washburn, Ill., in place of V. E. Buckingham. Incumbent's commission expired January 28, 1931.

Vernon G. Keplinger to be postmaster at Waverly, Ill., in place of V. G. Keplinger. Incumbent's commission expired January 18, 1931.

Lloyd R. Winn to be postmaster at White Hall, Ill., in place of L. R. Winn. Incumbent's commission expired December 15, 1931.

Herbert Tucker to be postmaster at Williamsfield, Ill., in place of Herbert Tucker. Incumbent's commission expired December 15, 1931.

Nathan S. Doty, jr., to be postmaster at Williamsville, Ill., in place of Doris Shuck. Incumbent's commission expired March 3, 1931.

INDIANA

Grace K. Freeman to be postmaster at Amboy, Ind., in place of M. J. Haines, removed.

Guy J. Shaughniss to be postmaster at Angola, Ind., in place of F. B. Rowley. Incumbent's commission expired December 13, 1930.

Roscoe V. Dunn to be postmaster at Atlanta, Ind., in place of A. G. Kauffman, resigned.

J. Frank McDermond, jr., to be postmaster at Attica, Ind., in place of E. D. Robison. Incumbent's commission expired January 15, 1931.

Neil D. McCallum to be postmaster at Batesville, Ind., in place of N. D. McCallum. Incumbent's commission expired December 19, 1931.

Edward R. Siegel to be postmaster at Boonville, Ind., in place of H. P. Roetzel, removed.

Arthur J. McLaughlin to be postmaster at Cedar Lake, Ind., in place of A. J. McLaughlin. Incumbent's commission expired February 24, 1931.

Ralph E. Busse to be postmaster at Chesterton, Ind., in place of L. J. Gustafson, removed.

James E. Reed to be postmaster at Columbus, Ind., in place of C. G. Hunter. Incumbent's commission expired March 3, 1931.

Robert E. Black to be postmaster at Corydon, Ind., in place of R. E. Black. Incumbent's commission expired December 14, 1930.

Frost R. Harden to be postmaster at Covington, Ind., in place of J. W. McMahon. Incumbent's commission expired January 29, 1931.

Ivan W. Blase to be postmaster at Cynthiana, Ind., in place of I. W. Blase. Incumbent's commission expired December 14, 1930.

Harvey E. Mayall to be postmaster at Decker, Ind., in place of H. E. Mayall. Incumbent's commission expired March 3, 1931.

Burr S. Balser to be postmaster at Delphi, Ind., in place of Morton Hefner. Incumbent's commission expired January 22, 1931.

John M. Sweeney to be postmaster at Dugger, Ind., in place of J. M. Sweeney. Incumbent's commission expired February 17, 1931.

Lester L. Wildman to be postmaster at Dupont, Ind., in place of L. L. Wildman. Incumbent's commission expired March 3, 1931.

William Teutemacher to be postmaster at Dyer, Ind., in place of William Teutemacher. Incumbent's commission expired December 19, 1931.

John A. Thompson to be postmaster at Edinburg, Ind., in place of Samuel Haslam. Incumbent's commission expired January 29, 1931.

Arthur E. Dill to be postmaster at Fort Branch, Ind., in place of A. E. Dill. Incumbent's commission expired January 15, 1931.

Raymond B. McConnell to be postmaster at Francisco, Ind., in place of G. P. Witherspoon, removed.

Carl W. Sims to be postmaster at Frankfort, Ind., in place of E. A. Spray. Incumbent's commission expired January 29, 1931.

Clyde W. Ward to be postmaster at Gas City, Ind., in place of C. W. Ward. Incumbent's commission expired December 19, 1931.

Normal V. McClellan to be postmaster at Goodland, Ind., in place of W. G. Beal. Incumbent's commission expired December 17, 1930.

Frank M. Martin to be postmaster at Gosport, Ind., in place of T. C. Dodd. Incumbent's commission expired February 5, 1931.

Clarence W. Bertram to be postmaster at Haubstadt, Ind., in place of C. H. Magenheimer. Incumbent's commission expired January 6, 1930.

George O. Davidson to be postmaster at Idaville, Ind., in place of G. O. Davidson. Incumbent's commission expired March 3, 1931.

Leslie D. Clancy to be postmaster at Indianapolis, Ind., in place of R. H. Bryson. Incumbent's commission expired December 19, 1931.

Ernest M. Hunt to be postmaster at Kokomo, Ind., in place of Morton Lamb. Incumbent's commission expired March 3, 1931.

Harry E. Nichols to be postmaster at Madison, Ind., in place of H. H. Cope. Incumbent's commission expired December 14, 1930.

Logan Motsinger to be postmaster at Medora, Ind., in place of M. I. Massena, deceased.

George H. Merritt to be postmaster at Michigantown, Ind. Office became presidential July 1, 1931.

Carlyle D. Barnes to be postmaster at Milford, Ind., in place of J. W. Robinson, deceased.

Harry R. Manlove to be postmaster at Milton, Ind., in place of C. H. Callaway, deceased.

William H. Wright to be postmaster at Montezuma, Ind., in place of W. H. Wright. Incumbent's commission expired December 19, 1931.

Philip E. Rowe to be postmaster at Mount Vernon, Ind., in place of O. A. Weilbrenner, removed.

Henry D. Long to be postmaster at New Harmony, Ind., in place of H. D. Long. Incumbent's commission expired February 24, 1931.

Charles E. Ballance to be postmaster at Oaktown, Ind., in place of C. E. Ballance. Incumbent's commission expired December 19, 1931.

Dwight M. Hayes to be postmaster at Odon, Ind., in place of E. P. Laughlin. Incumbent's commission expired January 6, 1930.

Pearle H. Moulton to be postmaster at Parker, Ind., in place of C. F. Morris, resigned.

Nellie G. Hallowell to be postmaster at Pendleton, Ind., in place of C. L. Bragdon. Incumbent's commission expired December 17, 1930.

Lloyd Burch to be postmaster at Petersburg, Ind., in place of W. E. Davisson, removed.

Jacob C. McCarter to be postmaster at Pierceton, Ind., in place of E. E. McCarter, deceased.

Sol A. Tuttle to be postmaster at Pleasant Lake, Ind., in place of Martha Wise. Incumbent's commission expired June 10, 1930.

Alfred M. Johnson to be postmaster at Princeton, Ind., in place of F. R. Ewing. Incumbent's commission expired December 21, 1930.

James J. McCauley to be postmaster at Richmond, Ind., in place of E. E. Eggemeyer, deceased.

Ernest A. Bodey to be postmaster at Rising Sun, Ind., in place of E. A. Bodey. Incumbent's commission expired January 29, 1931.

Hilbert Bennett to be postmaster at Rockport, Ind., in place of G. H. Walker, removed.

Frank B. Harding to be postmaster at Rockville, Ind., in place of C. A. Thompson. Incumbent's commission expired December 14, 1930.

Iver C. Bain to be postmaster at Russellville, Ind., in place of S. D. Evans. Incumbent's commission expired February 10, 1931.

Sylvester H. Klueh to be postmaster at St. Mary-of-the-Woods, Ind., in place of S. H. Klueh. Incumbent's commission expired December 14, 1930.

Travis E. Carter to be postmaster at Seymour, Ind., in place of Haskell Lett. Incumbent's commission expired December 22, 1930.

Alfred W. Hill to be postmaster at Shelburn, Ind., in place of A. W. Hill. Incumbent's commission expired March 3, 1931.

Oris T. Kercheval to be postmaster at Sheridan, Ind., in place of C. V. Norman, deceased.

Newton H. Brown to be postmaster at Star City, Ind., in place of J. B. King, removed.

Charles L. Grishaw to be postmaster at Tipton, Ind., in place of C. L. Grishaw. Incumbent's commission expired December 19, 1931.

Omer R. Huff to be postmaster at Troy, Ind., in place of Lawrence O'Connor. Incumbent's commission expired May 19, 1930.

Clyde H. Peters to be postmaster at Vallonia, Ind., in place of D. W. White. Incumbent's commission expired February 27, 1930.

Gretchen H. Cole to be postmaster at Vevay, Ind., in place of J. S. Wright. Incumbent's commission expired January 28, 1931.

Valance U. Slater to be postmaster at Warren, Ind., in place of D. P. Keller. Incumbent's commission expired February 17, 1931.

Claude C. Darnell to be postmaster at Waynetown, Ind., in place of Isaac Sutton. Incumbent's commission expired January 15, 1931.

James C. Harris to be postmaster at Windfall, Ind., in place of Fred Dunn, removed.

Harry J. Baker to be postmaster at Worthington, Ind., in place of Rex Hannum, deceased.

IOWA

Anna B. Chambers to be postmaster at Agency, Iowa. Office became presidential July 1, 1931.

Edward J. Kooreman to be postmaster at Alton, Iowa, in place of E. J. Kooreman. Incumbent's commission expired December 19, 1931.

Lucian C. Tilden to be postmaster at Ames, Iowa, in place of L. C. Tilden. Incumbent's commission expired December 19, 1931.

Arthur L. Remley to be postmaster at Anamosa, Iowa, in place of A. L. Remley. Incumbent's commission expired December 19, 1931.

Eddy L. Newton to be postmaster at Anita, Iowa, in place of E. L. Newton. Incumbent's commission expired December 19, 1931.

Howard C. Walter to be postmaster at Arnolds Park, Iowa, in place of H. C. Walter. Incumbent's commission expired December 19, 1931.

George L. Beeler to be postmaster at Bellevue, Iowa, in place of G. L. Beeler. Incumbent's commission expired December 19, 1931.

Lloyd Lock to be postmaster at Castana, Iowa, in place of Lloyd Lock. Incumbent's commission expired December 19, 1931.

Hellen B. Randolph to be postmaster at Chapin, Iowa. Office became presidential July 1, 1931.

William H. Beacon to be postmaster at Clayton, Iowa. Office became presidential July 1, 1931.

Omar H. Brooks to be postmaster at Cleghorn, Iowa, in place of O. H. Brooks. Incumbent's commission expired December 19, 1931.

William M. Crosier to be postmaster at Coggon, Iowa, in place of W. M. Crosier. Incumbent's commission expired December 19, 1931.

Earl F. McClelland to be postmaster at Corning, Iowa, in place of E. A. Cupp. Incumbent's commission expired March 5, 1930.

Orlean P. Riordan to be postmaster at Correctionville, Iowa, in place of O. P. Riordan. Incumbent's commission expired December 19, 1931.

Frank M. Williams to be postmaster at Council Bluffs, Iowa, in place of F. M. Williams. Incumbent's commission expired December 19, 1931.

Earl A. Rhinehart to be postmaster at Dallas Center, Iowa, in place of G. C. Lloyd, resigned.

Ressie E. Scheib to be postmaster at Delmar, Iowa, in place of R. E. Scheib. Incumbent's commission expired December 19, 1931.

Adam F. Deadrick to be postmaster at Dike, Iowa, in place of A. F. Deadrick. Incumbent's commission expired December 19, 1931.

Ralph R. Ray to be postmaster at Doon, Iowa, in place of R. R. Ray. Incumbent's commission expired December 19, 1931.

Howard C. Snyder to be postmaster at Earlville, Iowa, in place of H. C. Snyder. Incumbent's commission expired December 19, 1931.

Charles A. Clark to be postmaster at Fort Des Moines, Iowa, in place of C. A. Clark. Incumbent's commission expired January 22, 1931.

William L. McLaughlin to be postmaster at Glidden, Iowa, in place of W. L. McLaughlin. Incumbent's commission expired December 19, 1931.

Charles F. Christians to be postmaster at Grafton, Iowa. Office became presidential July 1, 1931.

Robert D. Adey to be postmaster at Granger, Iowa, in place of R. D. Adey. Incumbent's commission expired December 17, 1931.

Howard L. Nickerson to be postmaster at Grundy Center, Iowa, in place of H. L. Nickerson. Incumbent's commission expired December 19, 1931.

William F. Wolf to be postmaster at Hawarden, Iowa, in place of R. E. Metcalf. Incumbent's commission expired February 16, 1931.

John C. Foster to be postmaster at Hedrick, Iowa, in place of J. C. Foster. Incumbent's commission expired December 19, 1931.

Alexander M. Donnan to be postmaster at Hudson, Iowa, in place of A. T. Joder, deceased.

John G. Devine to be postmaster at Humboldt, Iowa, in place of Frank Jaqua. Incumbent's commission expired January 25, 1930.

Alfred G. Rigby to be postmaster at Independence, Iowa, in place of A. G. Rigby. Incumbent's commission expired March 3, 1931.

Charles W. Woodward to be postmaster at Kellogg, Iowa, in place of C. W. Woodward. Incumbent's commission expired December 19, 1931.

Dora M. Schenken to be postmaster at Keystone, Iowa, in place of D. M. Schenken. Incumbent's commission expired December 19, 1931.

Frank E. Gibbs to be postmaster at Klemme, Iowa, in place of E. A. Gibbs, deceased.

Maurice L. Curtis to be postmaster at Knoxville, Iowa, in place of M. L. Curtis. Incumbent's commission expired December 19, 1931.

Edwin E. Starr to be postmaster at Lake Park, Iowa, in place of E. E. Starr. Incumbent's commission expired December 19, 1931.

James J. Pruitt to be postmaster at Larchwood, Iowa, in place of J. J. Pruitt. Incumbent's commission expired December 19, 1931.

Roland A. Walter to be postmaster at Lenox, Iowa, in place of J. E. Rogers. Incumbent's commission expired January 7, 1931.

Fred A. Okell to be postmaster at Lewis, Iowa, in place of L. C. Temple, deceased.

Harold H. Phillips to be postmaster at Luverne, Iowa, in place of E. A. Haskell. Incumbent's commission expired January 7, 1931.

Frank L. Ratliff to be postmaster at Lynnville, Iowa, in place of A. L. Meredith, deceased.

William D. Lorenzen to be postmaster at McCallsburg, Iowa, in place of W. D. Lorenzen. Incumbent's commission expired December 17, 1931.

Irven L. Donner to be postmaster at Malvern, Iowa, in place of I. L. Donner. Incumbent's commission expired December 19, 1931.

Gus E. Holmberg to be postmaster at Manning, Iowa, in place of G. E. Holmberg. Incumbent's commission expired December 19, 1931.

Thomas V. Welch to be postmaster at Marathon, Iowa, in place of L. H. Martin. Incumbent's commission expired December 16, 1930.

Hope C. Niemann to be postmaster at Marcus, Iowa, in place of H. C. Niemann. Incumbent's commission expired December 19, 1931.

Harland J. Maurer to be postmaster at Mechanicsville, Iowa, in place of H. J. Maurer. Incumbent's commission expired December 19, 1931.

Milton G. Irwin to be postmaster at Merrill, Iowa, in place of M. G. Irwin. Incumbent's commission expired December 16, 1930.

William E. Males to be postmaster at Milo, Iowa, in place of W. E. Males. Incumbent's commission expired December 19, 1931.

George Guyan to be postmaster at Monticello, Iowa, in place of George Guyan. Incumbent's commission expired December 19, 1931.

Charles S. Rogers to be postmaster at Mount Pleasant, Iowa, in place of C. S. Rogers. Incumbent's commission expired December 19, 1931.

William S. McKee to be postmaster at Muscatine, Iowa, in place of W. S. McKee. Incumbent's commission expired December 19, 1931.

James M. Crawford to be postmaster at New London, Iowa, in place of J. M. Crawford. Incumbent's commission expired December 19, 1931.

Roy H. Bailey to be postmaster at Newton, Iowa, in place of R. H. Bailey. Incumbent's commission expired December 19, 1931.

Alexander J. Irwin to be postmaster at New Virginia, Iowa, in place of A. J. Irwin. Incumbent's commission expired December 19, 1931.

Lanah A. Lawler to be postmaster at North English, Iowa, in place of L. A. Lawler. Incumbent's commission expired December 19, 1931.

Carl A. Wissler to be postmaster at Oakdale, Iowa, in place of C. A. Wissler. Incumbent's commission expired December 19, 1931.

Christopher C. Morris to be postmaster at Oakland, Iowa, in place of C. C. Morris. Incumbent's commission expired December 19, 1931.

John B. Balkema to be postmaster at Orange City, Iowa, in place of J. B. Balkema. Incumbent's commission expired December 19, 1931.

Louis F. Bousquet to be postmaster at Pella, Iowa, in place of L. F. Bousquet. Incumbent's commission expired December 19, 1931.

Maude E. Barkley to be postmaster at Pierson, Iowa, in place of M. E. Barkley. Incumbent's commission expired December 19, 1931.

Silas L. McIntire to be postmaster at Pocahontas, Iowa, in place of S. L. McIntire. Incumbent's commission expired February 16, 1931.

Edward Oldis to be postmaster at Preston, Iowa, in place of Edward Oldis. Incumbent's commission expired December 19, 1931.

Jo G. Milligan to be postmaster at Pulaski, Iowa, in place of J. G. Milligan. Incumbent's commission expired December 19, 1931.

Lola Thomas to be postmaster at Randolph, Iowa, in place of A. V. Gillette, resigned.

Regina W. Spiegelberg to be postmaster at Rembrandt, Iowa, in place of R. W. Spiegelberg. Incumbent's commission expired December 10, 1930.

Anna N. Dixon to be postmaster at Rock Valley, Iowa, in place of A. N. Dixon. Incumbent's commission expired December 16, 1930.

H. Peter Hendricksen to be postmaster at Royal, Iowa, in place of J. M. Thomsen, resigned.

Lloyd R. Hughes to be postmaster at Sac City, Iowa, in place of L. R. Hughes. Incumbent's commission expired December 19, 1931.

Gabriel L. Archer to be postmaster at St. Charles, Iowa, in place of G. L. Archer. Incumbent's commission expired January 18, 1931.

Lucille Brouillette to be postmaster at Salix, Iowa, in place of Lucille Brouillette. Incumbent's commission expired December 19, 1931.

Warren W. Fulton to be postmaster at Selma, Iowa, in place of M. J. Stump. Incumbent's commission expired December 10, 1930.

Hiram K. Evans, jr., to be postmaster at Seymour, Iowa, in place of H. E. Morrison. Incumbent's commission expired February 16, 1931.

William H. Needham to be postmaster at Sigourney, Iowa, in place of H. M. Harlan, deceased.

Walter E. Witten to be postmaster at Sloan, Iowa, in place of W. E. Witten. Incumbent's commission expired December 19, 1931.

Edward R. Bender to be postmaster at Spencer, Iowa, in place of E. R. Bender. Incumbent's commission expired December 19, 1931.

Eunice M. Miller to be postmaster at Stanhope, Iowa, in place of E. M. Miller. Incumbent's commission expired December 17, 1931.

George W. Sisler to be postmaster at Stanwood, Iowa, in place of G. W. Sisler. Incumbent's commission expired December 19, 1931.

John A. Schmitz to be postmaster at Storm Lake, Iowa, in place of J. A. Schmitz. Incumbent's commission expired December 17, 1931.

John D. Herriott to be postmaster at Stuart, Iowa, in place of J. D. Herriott. Incumbent's commission expired December 19, 1931.

Nellie J. Solleder to be postmaster at Thurman, Iowa, in place of W. C. Solleder, deceased.

Dwight C. Kessler to be postmaster at University Park, Iowa, in place of D. C. Kessler. Incumbent's commission expired December 19, 1931.

Tabitha Yelsma to be postmaster at Ute, Iowa, in place of Tabitha Yelsma. Incumbent's commission expired December 19, 1931.

Lennie L. Hoffman to be postmaster at Vail, Iowa, in place of L. L. Hoffman. Incumbent's commission expired December 19, 1931.

Frank Kirscher, jr., to be postmaster at Van Meter, Iowa, in place of Frank Kirscher, jr. Incumbent's commission expired December 10, 1930.

Layton E. Brown to be postmaster at Victor, Iowa, in place of L. E. Brown. Incumbent's commission expired December 19, 1931.

Clarence A. Knaack to be postmaster at Walcott, Iowa, in place of C. A. Knaack. Incumbent's commission expired December 19, 1931.

Lindley L. Birkett to be postmaster at West Liberty, Iowa, in place of A. L. Richards. Incumbent's commission expired February 26, 1931.

Robert L. Parry to be postmaster at Williamsburg, Iowa, in place of K. E. Lewis, removed.

James A. Smiley to be postmaster at Winfield, Iowa, in place of J. A. Smiley. Incumbent's commission expired December 19, 1931.

Letha Doughten to be postmaster at Woolstock, Iowa, in place of Letha Doughten. Incumbent's commission expired December 17, 1931.

KANSAS

Frederick H. Dodd to be postmaster at Altoona, Kans., in place of F. H. Dodd. Incumbent's commission expired December 19, 1931.

John G. Hyde to be postmaster at Beloit, Kans., in place of J. G. Hyde. Incumbent's commission expired December 19, 1931.

James R. Galyon to be postmaster at Burden, Kans., in place of J. R. Galyon. Incumbent's commission expired December 19, 1931.

Linnihan M. Kelleher to be postmaster at Burlingame, Kans., in place of L. M. Kelleher. Incumbent's commission expired December 19, 1931.

Claude W. Simpson to be postmaster at Cawker City, Kans., in place of C. W. Simpson. Incumbent's commission expired December 19, 1931.

Elwood M. Jones to be postmaster at Council Grove, Kans., in place of E. M. Jones. Incumbent's commission expired December 19, 1931.

Alfred N. Parrish to be postmaster at Dunlap, Kans., in place of A. N. Parrish. Incumbent's commission expired December 19, 1931.

Reuben H. Funk to be postmaster at Durham, Kans., in place of R. H. Funk. Incumbent's commission expired December 15, 1931.

James W. Way to be postmaster at Elmdale, Kans., in place of J. W. Way. Incumbent's commission expired December 15, 1931.

Harry A. Osborn to be postmaster at Emporia, Kans., in place of H. A. Osborn. Incumbent's commission expired December 19, 1931.

William L. Oliver to be postmaster at Erie, Kans., in place of W. L. Oliver. Incumbent's commission expired December 19, 1931.

Delle Duncan to be postmaster at Esbon, Kans., in place of Delle Duncan. Incumbent's commission expired January 18, 1931.

David A. Nywall to be postmaster at Formoso, Kans., in place of D. A. Nywall. Incumbent's commission expired March 1, 1931.

John F. Mitchell to be postmaster at Fort Dodge, Kans., in place of J. F. Mitchell. Incumbent's commission expired March 3, 1931.

Jessie I. Cramer to be postmaster at Galva, Kans., in place of J. I. Cramer. Incumbent's commission expired July 2, 1930.

Edward M. Brown to be postmaster at Greensburg, Kans., in place of E. M. Brown. Incumbent's commission expired December 19, 1931.

Bessie M. Achenbach to be postmaster at Hardtner, Kans., in place of B. M. Achenbach. Incumbent's commission expired December 19, 1931.

Ferdinand Scharping to be postmaster at Hillsboro, Kans., in place of Ferdinand Scharping. Incumbent's commission expired December 19, 1931.

Kirby L. Griffith to be postmaster at Kanopolis, Kans., in place of K. L. Griffith. Incumbent's commission expired December 19, 1931.

Charles S. Smith to be postmaster at Lakin, Kans., in place of C. S. Smith. Incumbent's commission expired December 15, 1931.

John A. Bryan to be postmaster at Leoti, Kans., in place of J. A. Bryan. Incumbent's commission expired December 15, 1931.

Harold R. Starbuck to be postmaster at Lincoln, Kans., in place of H. R. Starbuck. Incumbent's commission expired December 15, 1931.

Eben Carlsson to be postmaster at McPherson, Kans., in place of Eben Carlsson. Incumbent's commission expired December 19, 1931.

John O. Rodgers to be postmaster at Mankato, Kans., in place of J. O. Rodgers. Incumbent's commission expired December 19, 1931.

William C. Loveless to be postmaster at Marion, Kans., in place of D. D. McIntosh, resigned.

Clarence L. Keith to be postmaster at Menlo, Kans. Office became presidential July 1, 1930.

Josiah Foltz to be postmaster at Newton, Kans., in place of Josiah Foltz. Incumbent's commission expired December 19, 1931.

Charles P. Stevenson to be postmaster at Oberlin, Kans., in place of M. M. Marks. Incumbent's commission expired February 7, 1931.

Herman F. Kiesow to be postmaster at Osage City, Kans., in place of H. F. Kiesow. Incumbent's commission expired December 19, 1931.

Karl O. Ranney to be postmaster at Osawatomie, Kans., in place of A. L. January. Incumbent's commission expired June 3, 1930.

Charlie Gray to be postmaster at Pretty Prairie, Kans., in place of Charlie Gray. Incumbent's commission expired December 15, 1931.

Leslie Fitts to be postmaster at Reading, Kans., in place of Leslie Fitts. Incumbent's commission expired December 19, 1931.

Earl R. Ipson to be postmaster at Rolla, Kans., in place of E. R. Ipson. Incumbent's commission expired December 15, 1931.

Albert E. Kerns to be postmaster at Saint Marys, Kans., in place of A. E. Kerns. Incumbent's commission expired December 19, 1931.

Guy E. Woodhouse, jr., to be postmaster at Sharon Springs, Kans., in place of G. E. Woodhouse, jr. Incumbent's commission expired December 19, 1931.

Etta M. Hall to be postmaster at Solomon, Kans., in place of Winifred Hamilton, resigned.

Viola E. Stauffer to be postmaster at Valley Center, Kans., in place of V. E. Stauffer. Incumbent's commission expired December 19, 1931.

Mary O. Bittmann to be postmaster at Wamego, Kans., in place of M. O. Bittmann. Incumbent's commission expired December 19, 1931.

Charles E. Painter to be postmaster at Waverly, Kans., in place of C. E. Painter. Incumbent's commission expired December 19, 1931.

Clarence E. Swanson to be postmaster at Weskan, Kans. Office became presidential July 1, 1931.

John F. Allen to be postmaster at Yates Center, Kans., in place of J. F. Allen. Incumbent's commission expired December 19, 1931.

KENTUCKY

Lenard W. Thrasher to be postmaster at Burkesville, Ky., in place of L. W. Thrasher. Incumbent's commission expired January 6, 1931.

Lizzie B. Davisworth to be postmaster at Cumberland, Ky., in place of Walter Creech. Incumbent's commission expired February 4, 1931.

Claude P. Freeman to be postmaster at Fulton, Ky., in place of C. P. Freeman. Incumbent's commission expired December 19, 1931.

Mary L. Easum to be postmaster at Jeffersontown, Ky., in place of M. L. Easum. Incumbent's commission expired December 19, 1931.

Mary O. Manby to be postmaster at La Grange, Ky., in place of M. O. Manby. Incumbent's commission expired December 19, 1931.

John B. Searcy to be postmaster at Lawrenceburg, Ky., in place of J. B. Searcy. Incumbent's commission expired February 11, 1931.

Lillie M. Jackson to be postmaster at Lebanon, Ky., in place of L. M. Jackson. Incumbent's commission expired December 19, 1931.

Frank A. Mohney to be postmaster at Lynch, Ky., in place of S. F. Nelson. Incumbent's commission expired February 11, 1931.

Carl A. Reis to be postmaster at Mogg, Ky., in place of C. A. Reis. Incumbent's commission expired December 19, 1931.

Gilson P. Tate to be postmaster at Monticello, Ky., in place of J. W. Tate, resigned.

Burton Roberts to be postmaster at Richmond, Ky., in place of Burton Roberts. Incumbent's commission expired February 11, 1931.

Edith Eaton to be postmaster at Uniontown, Ky., in place of Edith Eaton. Incumbent's commission expired December 21, 1930.

Tacie G. Thoroughman to be postmaster at Vanceburg, Ky., in place of T. G. Thoroughman. Incumbent's commission expired March 3, 1931.

James L. Howard to be postmaster at Wallins Creek, Ky., in place of J. L. Howard. Incumbent's commission expired January 6, 1931.

LOUISIANA

Effie O. Broussard to be postmaster at Allemands, La. Office became presidential July 1, 1931.

Regina D. Melanson to be postmaster at Arnaudville, La., in place of R. D. Melanson. Incumbent's commission expired December 17, 1931.

Homer A. Toms to be postmaster at Bienville, La., in place of W. L. Huckabay. Incumbent's commission expired December 21, 1930.

Ella M. Perot to be postmaster at Campti, La., in place of E. M. Perot. Incumbent's commission expired December 17, 1931.

Robert B. Matthews to be postmaster at Castor, La., in place of R. B. Matthews. Incumbent's commission expired December 14, 1930.

Jeannette Clarkson to be postmaster at Clarks, La., in place of P. B. Allbritton, resigned.

Rufus W. Echols to be postmaster at Converse, La., in place of R. W. Echols. Incumbent's commission expired December 17, 1931.

Ruth W. Monroe to be postmaster at Elton, La., in place of H. J. Monroe, deceased.

John G. Bourgeois to be postmaster at Goodhope, La. Office became presidential July 1, 1931.

Theodore F. Seiler to be postmaster at Grayson, La., in place of T. F. Seiler. Incumbent's commission expired December 14, 1930.

Elizabeth Crawford to be postmaster at Gretna, La., in place of E. F. Crawford, deceased.

Jesse M. Hutchinson to be postmaster at Kentwood, La., in place of A. O. Ott. Incumbent's commission expired March 11, 1930.

Howard A. Hudson to be postmaster at Lake Arthur, La., in place of B. S. Marquart. Incumbent's commission expired April 9, 1930.

Alvin C. Brunson to be postmaster at Mangham, La., in place of A. C. Brunson. Incumbent's commission expired December 17, 1931.

Frank Warren to be postmaster at Merryville, La., in place of Frank Warren. Incumbent's commission expired December 17, 1931.

James A. Gannon to be postmaster at Natchitoches, La., in place of J. A. Gannon. Incumbent's commission expired January 15, 1931.

John Aiton to be postmaster at Newllano, La. Office became presidential July 1, 1931.

James M. Cook to be postmaster at Oakdale, La., in place of J. M. Cook. Incumbent's commission expired February 5, 1931.

John T. Boyett to be postmaster at Sarepta, La., in place of J. T. Boyett. Incumbent's commission expired December 17, 1931.

Carey P. Duncan to be postmaster at Shreveport, La., in place of C. S. Clarke, resigned.

Thomas L. Hardin to be postmaster at Sicily Island, La., in place of J. M. Coan, deceased.

Edna H. White to be postmaster at Slagle, La., in place of Overton Smith, resigned.

Stellie F. Milstead to be postmaster at Sterlington, La. Office became presidential July 1, 1930.

MAINE

Asa H. Hodgkins to be postmaster at Bar Harbor, Me., in place of B. H. Young, deceased.

Ernest L. Harmon to be postmaster at Biddeford, Me., in place of E. J. Gove, resigned.

Cleveland P. Curtis to be postmaster at Bowdoinham, Me., in place of V. H. Lowell, resigned.

Everett E. Brown to be postmaster at Brooks, Me., in place of E. E. Brown. Incumbent's commission expired December 19, 1931.

Leslie D. Ames to be postmaster at Camden, Me., in place of L. D. Ames. Incumbent's commission expired December 15, 1931.

Mark W. McGown to be postmaster at Carmel, Me., in place of R. S. McGown. Incumbent's commission expired June 30, 1930.

Fred A. Pitts to be postmaster at Damariscotta, Me., in place of F. A. Pitts. Incumbent's commission expired December 19, 1931.

Everett M. Vannah to be postmaster at East Boothbay, Me., in place of E. M. Vannah. Incumbent's commission expired December 19, 1931.

Sarah J. Jordan to be postmaster at Ellsworth Falls, Me., in place of S. J. Jordan. Incumbent's commission expired December 15, 1931.

Harry B. Brown to be postmaster at Farmington, Me., in place of H. B. Brown. Incumbent's commission expired December 19, 1931.

John E. Sargent to be postmaster at Fryeburg, Me., in place of J. E. Sargent. Incumbent's commission expired December 19, 1931.

Stephen H. Ward to be postmaster at Kennebunk Port, Me., in place of S. H. Ward. Incumbent's commission expired December 19, 1931.

George D. Vose to be postmaster at Kingfield, Me., in place of G. D. Vose. Incumbent's commission expired December 19, 1931.

Charles E. Perry to be postmaster at Kittery Point, Me., in place of C. E. Perry. Incumbent's commission expired December 19, 1931.

Walter B. Stone to be postmaster at Lovell, Me., in place of W. B. Stone. Incumbent's commission expired December 19, 1931.

Mary G. Kennison to be postmaster at Madison, Me., in place of M. G. Kennison. Incumbent's commission expired December 19, 1931.

Bernice E. Morse to be postmaster at North Jay, Me., in place of B. E. Morse. Incumbent's commission expired December 19, 1931.

Clarice O. Small to be postmaster at Ridlonville, Me., in place of C. O. Small. Incumbent's commission expired December 15, 1931.

Alice C. Havener to be postmaster at Searsport, Me., in place of A. C. Havener. Incumbent's commission expired December 19, 1931.

Earle R. Clifford to be postmaster at South Paris, Me., in place of E. R. Clifford. Incumbent's commission expired December 19, 1931.

George H. Hopkins to be postmaster at Stockton Springs, Me., in place of G. H. Hopkins. Incumbent's commission expired December 19, 1931.

Frank O. Wellcome to be postmaster at Yarmouth, Me., in place of F. O. Wellcome. Incumbent's commission expired March 3, 1931.

MARYLAND

Earle H. Ault to be postmaster at Accident, Md., in place of E. H. Ault. Incumbent's commission expired March 3, 1931.

Nettie Fowler to be postmaster at Bowie, Md., in place of Nettie Fowler. Incumbent's commission expired December 15, 1931.

George G. Young to be postmaster at Cumberland, Md., in place of E. L. Shaw, deceased.

Leland T. Short to be postmaster at Denton, Md., in place of S. G. Nuttle. Incumbent's commission expired January 22, 1931.

Thomas E. Brian to be postmaster at Ellicott City, Md., in place of T. E. Brian. Incumbent's commission expired March 3, 1931.

Joseph J. Banz to be postmaster at Essex, Md. Office became presidential July 1, 1930.

Beatryce B. Bounds to be postmaster at Fruitland, Md., in place of B. B. Bounds. Incumbent's commission expired December 15, 1931.

William D. Wilkinson to be postmaster at Halethorpe, Md., in place of E. S. Wootton, removed.

George W. Nichols to be postmaster at Hurlock, Md., in place of Mary Stevens. Incumbent's commission expired June 30, 1930.

Jacob H. Reinhardt to be postmaster at Lansdowne, Md., in place of J. H. Reinhardt. Incumbent's commission expired December 15, 1931.

Louis E. Lamborn to be postmaster at McDonogh, Md. Office became presidential July 1, 1931.

Mary W. Stewart to be postmaster at Oxford, Md., in place of M. W. Stewart. Incumbent's commission expired March 16, 1930.

Robert H. Phillips to be postmaster at Salisbury, Md., in place of R. H. Phillips. Incumbent's commission expired December 15, 1931.

Turner B. Waters to be postmaster at Severna Park, Md., in place of J. H. Lamon, deceased.

Floyd R. Bennett to be postmaster at Sharptown, Md., in place of J. P. Cooper, resigned.

Herbert W. Mason to be postmaster at Snow Hill, Md., in place of D. S. Hickman. Incumbent's commission expired January 22, 1931.

Victor F. Cullen to be postmaster at State Sanatorium, Md., in place of V. F. Cullen. Incumbent's commission expired December 15, 1931.

William E. Tull to be postmaster at Stockton, Md., in place of Leon Clifton, removed.

George W. Stevens to be postmaster at Sudlersville, Md., in place of G. W. Stevens. Incumbent's commission expired December 15, 1931.

Howard R. Damuth to be postmaster at Thurmont, Md., in place of H. R. Damuth. Incumbent's commission expired December 15, 1931.

Philip E. Huntt to be postmaster at Waldorf, Md., in place of P. E. Huntt. Incumbent's commission expired February 4, 1931.

Harry M. Kimmey to be postmaster at Westminster, Md., in place of H. M. Kimmey. Incumbent's commission expired December 16, 1930.

MASSACHUSETTS

Clarence E. Deane to be postmaster at Athol, Mass., in place of C. E. Deane. Incumbent's commission expired January 18, 1931.

George R. Bruce to be postmaster at Ballard Vale, Mass. Office became presidential July 1, 1931.

Harold F. Peck to be postmaster at Belchertown, Mass., in place of A. L. Pratt, deceased.

Wilfred B. Littlefield to be postmaster at Brockton, Mass., in place of L. T. Briggs, deceased.

George W. Peterson to be postmaster at Chelmsford, Mass., in place of R. C. Hazeltine, resigned.

Ralph C. Putnam to be postmaster at Clifton, Mass. Office became presidential July 1, 1931.

James R. Delaney to be postmaster at Dedham, Mass., in place of F. A. Campbell, deceased.

John K. Parker to be postmaster at Duxbury, Mass., in place of R. B. DeWolf, resigned.

Charles M. Rollins to be postmaster at East Boxford, Mass. Office became presidential July 1, 1931.

Arthur I. Maguire to be postmaster at East Walpole, Mass., in place of B. S. Whittier, resigned.

Godefroy de Tonnancour to be postmaster at Fall River, Mass., in place of Godefroy de Tonnancour. Incumbent's commission expired December 15, 1931.

Joseph J. Tebo to be postmaster at Fisherville, Mass., in place of J. J. Tebo. Incumbent's commission expired December 15, 1931.

James A. Fulton to be postmaster at Gilbertville, Mass., in place of E. O. Meuse, resigned.

Arthur F. Cahoon to be postmaster at Harwich, Mass., in place of A. F. Cahoon. Incumbent's commission expired December 15, 1931.

Charles E. Hamblin to be postmaster at Huntington, Mass., in place of C. E. Hamblin. Incumbent's commission expired December 15, 1931.

Samuel L. Wildes to be postmaster at Montague, Mass., in place of S. L. Wildes. Incumbent's commission expired March 3, 1931.

Louis H. Chase to be postmaster at Norfolk, Mass. Office became presidential July 1, 1931.

Dorothy T. Swift to be postmaster at North Falmouth, Mass. Office became presidential July 1, 1931.

George M. Campbell to be postmaster at Rutland Heights, Mass., in place of G. M. Campbell. Incumbent's commission expired December 15, 1931.

Osgood L. Small to be postmaster at Sagamore, Mass., in place of O. L. Small. Incumbent's commission expired December 15, 1931.

Ella M. Ovenden to be postmaster at West Boylston, Mass., in place of E. M. Ovenden. Incumbent's commission expired December 15, 1931.

Eugene B. Tobey to be postmaster at West Hanover, Mass., in place of E. B. Tobey. Incumbent's commission expired December 15, 1931.

J. Hormisdas Hebert to be postmaster at West Warren, Mass., in place of W. C. A. Hebert, resigned.

Charles H. Ellis to be postmaster at Westwood, Mass. Office became presidential July 1, 1931.

Stanley H. Matthews to be postmaster at Yarmouth Port, Mass., in place of S. H. Matthews. Incumbent's commission expired December 15, 1931.

MICHIGAN

Maurice Kenel to be postmaster at Ahmeek, Mich., in place of Maurice Kenel. Incumbent's commission expired December 15, 1931.

Roy W. Maddock to be postmaster at Benzonia, Mich., in place of L. J. Chandler, resigned.

Joseph L. Gotta to be postmaster at Bessemer, Mich., in place of Jennie McMinn, resigned.

Claud E. Ford to be postmaster at Caledonia, Mich., in place of C. E. Ford. Incumbent's commission expired December 15, 1931.

Hilda M. Hammer to be postmaster at Carney, Mich., in place of H. M. Hammer. Incumbent's commission expired December 15, 1931.

Martin Donahue to be postmaster at Center Line, Mich., in place of Martin Donahue. Incumbent's commission expired December 15, 1931.

Lew E. Davy to be postmaster at Clare, Mich., in place of S. C. Kirkbride, deceased.

Gladys E. Daniells to be postmaster at Coleman, Mich., in place of G. E. Daniells. Incumbent's commission expired December 15, 1931.

Robert D. Gifford to be postmaster at Eaton Rapids, Mich., in place of J. S. Hamlin, resigned.

George H. Florian to be postmaster at Grand Junction, Mich., in place of G. H. Florian. Incumbent's commission expired December 15, 1931.

Frank E. Darby to be postmaster at Kalkaska, Mich., in place of F. E. Darby. Incumbent's commission expired February 16, 1931.

Arthur O. Drevdahl to be postmaster at Manistique, Mich., in place of F. R. Griffin. Incumbent's commission expired March 1, 1931.

Cornelius G. Schuur to be postmaster at Marne, Mich., in place of C. G. Schuur. Incumbent's commission expired December 15, 1931.

Kate Turner to be postmaster at Michigan Center, Mich., in place of Kate Turner. Incumbent's commission expired December 15, 1931.

Victor Gustafson to be postmaster at Nahma, Mich, in place of Victor Gustafson. Incumbent's commission expired December 15, 1931.

Gwendolyn E. Stockman to be postmaster at Oscoda, Mich., in place of G. E. Stockman. Incumbent's commission expired December 15, 1931.

John F. Reed to be postmaster at Ravenna, Mich., in place of R. S. Cox, removed.

Mattie D. Read to be postmaster at Richland, Mich., in place of M. D. Read. Incumbent's commission expired December 15, 1931.

Napoleon Valrance to be postmaster at Rockwood, Mich., in place of Napoleon Valrance. Incumbent's commission expired December 15, 1931.

Theodore C. Bruning to be postmaster at Rogers City, Mich., in place of F. J. Adams, removed.

Louis A. Lowen to be postmaster at Roseville, Mich., in place of L. A. Lowen. Incumbent's commission expired December 15, 1931.

MINNESOTA

Thomas R. Ohnstad to be postmaster at Cannon Falls, Minn., in place of T. R. Ohnstad. Incumbent's commission expired February 9, 1931.

Cora A. Ilstrup to be postmaster at Cromwell, Minn., in place of W. W. Wright. Incumbent's commission expired February 9, 1931.

Edgar Stivers to be postmaster at Dodge Center, Minn., in place of Edgar Stivers. Incumbent's commission expired April 15, 1930.

Louis C. Hebeisen to be postmaster at Hamburg, Minn. Office became presidential July 1, 1931.

Charles F. Mallahan to be postmaster at Jackson, Minn., in place of C. F. Mallahan. Incumbent's commission expired February 9, 1931.

Herman Herder to be postmaster at Jordan, Minn., in place of Herman Herder. Incumbent's commission expired March 3, 1931.

Charles A. Allen to be postmaster at Milaca, Minn., in place of C. A. Allen. Incumbent's commission expired December 17, 1930.

Will G. Mack to be postmaster at Plainview, Minn., in place of W. G. Mack. Incumbent's commission expired January 10, 1931.

James A. Christenson to be postmaster at Preston, Minn., in place of J. A. Christenson. Incumbent's commission expired January 15, 1931.

Werl I. Smith to be postmaster at Proctor, Minn., in place of C. J. Hertzog, resigned.

Charles A. Luscher to be postmaster at Redwood Falls, Minn., in place of H. W. Ward, deceased.

Mathew Rivers to be postmaster at Rollingstone, Minn. Office became presidential July 1, 1930.

Harry H. Johnson to be postmaster at Spring Valley, Minn., in place of H. H. Johnson. Incumbent's commission expired February 28, 1931.

Axel M. Croonquist to be postmaster at Stillwater, Minn., in place of A. M. Croonquist. Incumbent's commission expired February 9, 1931.

Hugh R. Smith to be postmaster at Wabasha, Minn., in place of H. R. Smith. Incumbent's commission expired February 28, 1931.

Samuel A. Nystrom to be postmaster at Watertown, Minn., in place of S. A. Nystrom. Incumbent's commission expired February 11, 1931.

William G. Gish to be postmaster at Waterville, Minn., in place of A. W. Knaak, deceased.

Richard E. Wakefield to be postmaster at Wayzata, Minn., in place of C. H. Wise. Incumbent's commission expired February 28, 1931.

Frank H. Wherland to be postmaster at Welcome, Minn., in place of F. H. Wherland. Incumbent's commission expired February 9, 1931.

MISSISSIPPI

Robert B. Cox to be postmaster at Batesville, Miss., in place of R. B. Cox. Incumbent's commission expired February 14, 1931.

Scott H. Speck to be postmaster at Blue Springs, Miss., in place of S. H. Speck. Incumbent's commission expired December 17, 1931.

Bess L. Scarborough to be postmaster at Bude, Miss., in place of H. B. Griffing, resigned.

Louise H. Gray to be postmaster at Greenville, Miss., in place of R. K. Haxton, resigned.

Holcombe H. McDonald to be postmaster at Lake, Miss., in place of H. H. McDonald. Incumbent's commission expired March 1, 1931.

Roy Scott to be postmaster at Lake Cormorant, Miss., in place of N. M. Scott. Incumbent's commission expired March 11, 1930.

Anna C. Morehead to be postmaster at Laurel, Miss., in place of A. A. Edwards, resigned.

Daniel F. Hitt to be postmaster at Louin, Miss., in place of D. F. Hitt. Incumbent's commission expired December 17, 1931.

Ella C. Covington to be postmaster at Lyon, Miss., in place of Ruth Seale. Incumbent's commission expired June 7, 1930.

William G. Sloan to be postmaster at Northcarrollton, Miss., in place of M. A. Anderson. Incumbent's commission expired January 22, 1931.

Myra P. Varnado to be postmaster at Osyka, Miss., in place of M. P. Varnado. Incumbent's commission expired December 17, 1931.

Etoyle S. Countiss to be postmaster at Pittsboro, Miss., in place of E. S. Countiss. Incumbent's commission expired December 17, 1931.

William F. Henson to be postmaster at Ripley, Miss., in place of A. L. Stanford. Incumbent's commission expired December 14, 1930.

Joel L. Peach to be postmaster at Saltillo, Miss., in place of W. P. Gardner, jr. Incumbent's commission expired December 15, 1920.

Samuel L. Deavenport to be postmaster at Scott, Miss. Office became presidential July 1, 1930.

Mary C. Carr to be postmaster at Tylertown, Miss., in place of W. W. Collins. Incumbent's commission expired March 3, 1931.

MISSOURI

William P. Rowland to be postmaster at Bevier, Mo., in place of W. P. Rowland. Incumbent's commission expired June 3, 1930.

David W. Puthuff to be postmaster at Bolivar, Mo., in place of D. W. Puthuff. Incumbent's commission expired March 3, 1931.

Amy E. Larey to be postmaster at Buckner, Mo., in place of Ruie Chatburn, resigned.

Charles Gustin to be postmaster at Edgerton, Mo., in place of I. P. Hopkins, deceased.

Ross A. Prater to be postmaster at Essex, Mo., in place of R. A. Prater. Incumbent's commission expired December 18, 1929.

Florence E. Gilbert to be postmaster at Fillmore, Mo., in place of F. E. Gilbert. Incumbent's commission expired December 19, 1931.

Flora L. Brentlinger to be postmaster at Fordland, Mo., in place of T. K. West, removed.

Henry W. Schupp to be postmaster at Fremont, Mo., in place of H. W. Schupp. Incumbent's commission expired December 19, 1931.

Glenn Vaughn to be postmaster at Green Castle, Mo., in place of G. E. Guiles. Incumbent's commission expired December 18, 1929.

Alta O. Snow to be postmaster at Holt, Mo., in place of W. H. Smith, removed.

Helen Barnes to be postmaster at Ilasco, Mo., in place of John Fleurdelys, removed.

Estella D. Seaton to be postmaster at Lathrop, Mo., in place of E. D. Seaton. Incumbent's commission expired December 19, 1931.

William A. Black to be postmaster at Lawson, Mo., in place of A. R. Lebold. Incumbent's commission expired February 17, 1931.

Roy R. Quinn to be postmaster at Moberly, Mo., in place of R. R. Quinn. Incumbent's commission expired January 29, 1931.

George H. Thomas to be postmaster at Norborne, Mo., in place of C. S. Beck. Incumbent's commission expired January 22, 1931.

Robert J. Hann to be postmaster at Robertson, Mo., in place of T. J. Bryant, resigned.

David L. Wilder to be postmaster at Ste. Genevieve, Mo., in place of L. T. Wilder, resigned.

Gilbert W. Jones to be postmaster at Seymour, Mo., in place of A. L. Williams, deceased.

Alfred O. Lowman to be postmaster at Smithville, Mo., in place of A. O. Lowman. Incumbent's commission expired December 19, 1931.

Emmett R. Lindley to be postmaster at Stanberry, Mo., in place of E. R. Lindley. Incumbent's commission expired March 1, 1931.

Robert R. Marshall to be postmaster at Steele, Mo., in place of W. B. Little, removed.

Charles F. Hamrick to be postmaster at Stover, Mo., in place of C. F. Hamrick. Incumbent's commission expired February 6, 1930.

Virgil Smee to be postmaster at Sugar Creek, Mo., in place of Virgil Smee. Incumbent's commission expired December 17, 1930.

Frankie F. Tanner to be postmaster at Union Star, Mo., in place of L. D. Fisher, deceased.

Anna M. Schaper to be postmaster at Warrenton, Mo., in place of J. J. Schaper, deceased.

James A. Allison to be postmaster at Waverly, Mo., in place of J. A. Allison. Incumbent's commission expired January 29, 1931.

Harry E. Jackson to be postmaster at Winfield, Mo., in place of L. L. Buchanan, deceased.

Annie M. Johnson to be postmaster at Winston, Mo., in place of A. M. Johnson. Incumbent's commission expired December 19, 1931.

MONTANA

Daniel E. Freshour to be postmaster at Arlee, Mont., in place of H. C. Hoyt, removed.

Harly J. Stephenson to be postmaster at Belgrade, Mont., in place of H. J. Stephenson. Incumbent's commission expired December 17, 1931.

Alfred Briscoe to be postmaster at Cascade, Mont., in place of Alfred Briscoe. Incumbent's commission expired December 19, 1931.

Joseph Keeler to be postmaster at Crow Agency, Mont., in place of Joseph Keeler. Incumbent's commission expired December 17, 1931.

George D. Dutro to be postmaster at Dodson, Mont., in place of G. D. Dutro. Incumbent's commission expired December 17, 1931.

William S. Carlson to be postmaster at Ekalaka, Mont., in place of W. S. Carlson. Incumbent's commission expired December 19, 1931.

Jennie W. Chowning to be postmaster at Ennis, Mont., in place of J. W. Chowning. Incumbent's commission expired February 17, 1931.

Arthur D. Liberman to be postmaster at Fort Harrison, Mont. Office became presidential July 1, 1931.

Cass E. Parker to be postmaster at Fromberg, Mont., in place of C. E. Parker. Incumbent's commission expired December 19, 1931.

Adeline F. Kolnitchar to be postmaster at Geraldine, Mont., in place of Andrew Kolnitchar, deceased.

Otto M. Christinson to be postmaster at Glasgow, Mont., in place of O. M. Christinson. Incumbent's commission expired December 19, 1931.

John R. Lloyd to be postmaster at Great Falls, Mont., in place of J. R. Lloyd. Incumbent's commission expired December 19, 1931.

James R. Minugh to be postmaster at Harlem, Mont., in place of J. R. Minugh. Incumbent's commission expired December 19, 1931.

Frederick B. Gillette to be postmaster at Hinsdale, Mont., in place of F. B. Gillette. Incumbent's commission expired December 19, 1931.

Harry W. Sankey to be postmaster at Jordan, Mont., in place of P. E. Winfield, resigned.

Estella K. Smith to be postmaster at Lima, Mont., in place of E. K. Smith. Incumbent's commission expired February 10, 1931.

Henry B. Chambers to be postmaster at Manhattan, Mont., in place of H. B. Chambers. Incumbent's commission expired December 17, 1931.

Donald A. Petrie to be postmaster at Martinsdale, Mont., in place of D. A. Petrie. Incumbent's commission expired December 17, 1931.

Harry Kennedy to be postmaster at Rosebud, Mont., in place of Harry Kennedy. Incumbent's commission expired December 19, 1931.

Charles P. Hahnkamp to be postmaster at Turner, Mont., in place of C. E. Kern, removed.

Amy B. Cowee to be postmaster at Wibaux, Mont., in place of A. B. Cowee. Incumbent's commission expired December 19, 1931.

NEBRASKA

Carl K. McCleery to be postmaster at Blue Hill, Nebr., in place of F. E. Britton, resigned.

Clarence E. Johnson to be postmaster at Gibbon, Nebr., in place of L. A. Wight, resigned.

Ross D. Rash to be postmaster at Gordon, Nebr., in place of A. A. Strong. Incombent's commission expired April 13, 1930.

Merwyn C. Johnson to be postmaster at Hyannis, Nebr., in place of L. A. Howard, removed.

William A. Barraclough to be postmaster at North Platte, Nebr., in place of L. C. Sturges, resigned.

Clarence B. Benson to be postmaster at Upland, Nebr., in place of H. C. Rogers, deceased.

Frank E. Crawford to be postmaster at Wymore, Nebr., in place of F. E. Crawford. Incumbent's commission expired February 11, 1931.

NEVADA

Helen C. Thrasher to be postmaster at Gerlach, Nev., in place of W. E. Dalton, resigned.

Harold E. Haviland to be postmaster at Winnemucca, Nev., in place of W. S. Norris, deceased.

NEW HAMPSHIRE

Willard R. Heath to be postmaster at Concord, N. H., in place of W. R. Heath. Incumbent's commission expired December 9, 1931.

Louis T. Pike to be postmaster at Pike, N. H., in place of F. J. Aldrich, resigned.

NEW JERSEY

Samuel D. Mitchell to be postmaster at Blairstown, N. J., in place of W. E. Allen, removed.

Mary H. Jeffrey to be postmaster at Deal, N. J., in place M. H. Jeffrey. Incumbent's commission expired February 16, 1931.

Charles V. Weiler to be postmaster at Flemington, N. J., in place of H. W. Bellis, deceased.

Samuel Munyan to be postmaster at Gibbstown, N. J., in place of Samuel Munyan. Incumbent's commission expired December 16, 1930.

Isaac E. Bowers to be postmaster at Groveville, N. J., in place of I. E. Bowers. Incumbent's commission expired February 16, 1931.

Charles C. McKinley to be postmaster at Haddon Heights, N. J., in place of R. E. Bromley, resigned.

James C. Norris to be postmaster at Hightstown, N. J., in place of J. C. Norris. Incumbent's commission expired December 19, 1931.

George H. Russell to be postmaster at Jersey City, N. J., in place of John Rotherham. Incumbent's commission expired January 15, 1931.

Richard F. Holt to be postmaster at Kenvil, N. J., in place of J. D. Seals, removed.

Dallas G. Young to be postmaster at Keyport, N. J., in place of D. G. Young. Incumbent's commission expired December 15, 1931.

Renview L. Hull to be postmaster at Lebanon, N. J., in place of R. L. Hull. Incumbent's commission expired December 19, 1931.

Samuel A. Gruver to be postmaster at Madison, N. J., in place of F. E. Marinaccio, removed.

George C. Kloss to be postmaster at Manasquan, N. J., in place of G. C. Kloss. Incumbent's commission expired December 15, 1931.

Winfield L. Smith to be postmaster at Mantua, N. J., in place of W. L. Smith. Incumbent's commission expired December 15, 1931.

Elvord G. Chamberlin to be postmaster at Montclair, N. J., in place of E. G. Chamberlin. Incumbent's commission expired December 19, 1931.

John S. Inman to be postmaster at New Egypt, N. J., in place of J. S. Inman. Incumbent's commission expired December 15, 1931.

George I. Harvey to be postmaster at Palmyra, N. J., in place of G. I. Harvey. Incumbent's commission expired January 22, 1931.

Arthur H. Gilbert to be postmaster at Park Ridge, N. J., in place of G. C. Reed. Incumbent's commission expired March 1, 1931.

Richard T. Wilson to be postmaster at Ridgewood, N. J., in place of C. R. Stoneall. Incumbent's commission expired January 10, 1931.

Remington E. Rose to be postmaster at Rutherford, N. J., in place of Reid Howell. Incumbent's commission expired January 10, 1931.

Mary F. Brophy to be postmaster at Skillman, N. J., in place of C. W. Brophy, deceased.

Elizabeth C. Brill to be postmaster at Stewartsville, N. J., in place of J. H. Kinkel. Incumbent's commission expired March 1, 1931.

Charles H. Wilson to be postmaster at Swedesboro, N. J., in place of C. H. Wilson. Incumbent's commission expired December 14, 1930.

W. Burtis Havens to be postmaster at Toms River, N. J., in place of W. B. Havens. Incumbent's commission expired December 15, 1931.

Jacob Feldman to be postmaster at Woodbine, N. J., in place of Jacob Feldman. Incumbent's commission expired February 16, 1931.

NEW YORK

Raymond B. Mott to be postmaster at Angelica, N. Y., in place of A. J. Lytle, resigned.

Henry W. Ware to be postmaster at Batavia, N. Y., in place of H. W. Ware. Incumbent's commission expired December 19, 1931.

Mary J. O'Brien to be postmaster at Bedford, N. Y., in place of E. B. Stead, resigned.

Irving Barrett to be postmaster at Bedford Hills, N. Y., in place of Irving Barrett. Incumbent's commission expired December 19, 1931.

Charles J. Amsden to be postmaster at Bolivar, N. Y., in place of C. J. Amsden. Incumbent's commission expired December 19, 1931.

Nicholas Reilly to be postmaster at Brentwood, N. Y., in place of Nicholas Reilly. Incumbent's commission expired February 16, 1931.

Etta Merritt to be postmaster at Brewerton, N. Y., in place of Etta Merritt. Incumbent's commission expired December 19, 1931.

Theodore W. Grahlfs to be postmaster at Central Valley, N. Y., in place of Richard Bullwinkle, deceased.

Arthur B. Barker to be postmaster at Clifton Springs, N. Y., in place of William Holmes, deceased.

Arcade G. Boivin to be postmaster at Cohoes, N. Y., in place of J. E. McDonald, removed.

Mary Young to be postmaster at Cornwall Landing, N. Y. Office became presidential July 1, 1930.

Carrie S. Johnson to be postmaster at De Kalb Junction, N. Y., in place of C. S. Johnson. Incumbent's commission expired December 19, 1931.

Ernest U. Smith to be postmaster at Eagle Bay, N. Y., in place of E. U. Smith. Incumbent's commission expired December 11, 1930.

Alexander Glendinning to be postmaster at East Quogue, N. Y., in place of Alexander Glendinning. Incumbent's commission expired March 3, 1931.

Hattie D. Lyon to be postmaster at East Setauket, N. Y., in place of H. D. Lyon. Incumbent's commission expired January 22, 1931.

Ellsworth Allen to be postmaster at Farmingdale, N. Y., in place of J. E. Duryea, resigned.

Cornelius T. E. Van Horne to be postmaster at Fultonville, N. Y., in place of A. L. Van Horne, deceased.

William C. Monsell to be postmaster at Greenport, N. Y., in place of Joseph Ogle, deceased.

James E. Colgan to be postmaster at Hamden, N. Y., in place of J. E. Colgan. Incumbent's commission expired December 19, 1931.

Fred N. Parquet to be postmaster at Inlet, N. Y., in place of F. N. Parquet. Incumbent's commission expired December 21, 1929.

Charles F. Fowler to be postmaster at Iona Island, N. Y., in place of C. F. Fowler. Incumbent's commission expired December 19, 1931.

Roscoe C. Van Marter to be postmaster at Ithaca, N. Y., in place of C. D. Tarbell. Incumbent's commission expired January 22, 1931.

Henry W. Koster to be postmaster at Narrowsburg, N. Y., in place of H. W. Koster. Incumbent's commission expired December 19, 1931.

Maude E. Butterfield to be postmaster at New Berlin, N. Y., in place of M. E. Butterfield. Incumbent's commission expired December 19, 1931.

Philip W. Burdick to be postmaster at Old Forge, N. Y., in place of W. F. Winterbotham. Incumbent's commission expired December 13, 1930.

John J. Lynch to be postmaster at Oscawana, N. Y., in place of J. J. Lynch. Incumbent's commission expired December 19, 1931.

Phelps Smith to be postmaster at Paul Smiths, N. Y., in place of Phelps Smith. Incumbent's commission expired December 19, 1931.

Read Clarke to be postmaster at Perry N. Y., in place of E. V. Jenks, deceased.

George H. Stanton to be postmaster at Pine Bush, N. Y., in place of S. K. Seybolt, resigned.

Edward W. McBrian to be postmaster at Port Washington, N. Y., in place of I. B. Smith, resigned.

J. Edward Uline to be postmaster at Ransomville, N. Y., in place of J. E. Uline. Incumbent's commission expired December 19, 1931.

George W. Harris to be postmaster at Richmondville, N. Y., in place of G. W. Harris. Incumbent's commission expired December 19, 1931.

Kenneth B. Preston to be postmaster at Roxbury, N. Y., in place of B. S. Preston, resigned.

Edith F. Tyler to be postmaster at Setauket, N. Y., in place of L. B. Sellock. Incumbent's commission expired December 11, 1930.

Alfred A. Clairmonte to be postmaster at South Fallsburg, N. Y., in place of A. A. Clairmonte. Incumbent's commission expired December 19, 1931.

Jay M. Glover to be postmaster at Southold, N. Y., in place of J. I. Fanning, resigned.

Bert P. Wood to be postmaster at Springfield Center, N. Y., in place of B. P. Wood. Incumbent's commission expired December 19, 1931.

Laura E. Bedle to be postmaster at Spring Valley, N. Y., in place of N. L. Bedle, deceased.

Francis D. Lynch to be postmaster at Stony Point, N. Y., in place of F. D. Lynch. Incumbent's commission expired February 26, 1931.

William L. Bouchard to be postmaster at Sunmount, N. Y., in place of W. L. Bouchard. Incumbent's commission expired December 19, 1931.

Frank W. Withey to be postmaster at Wyoming, N. Y., in place of G. R. Dodson. Incumbent's commission expired February 16, 1931.

NORTH CAROLINA

Benjamin E. Atkins to be postmaster at Apex, N. C., in place of B. E. Atkins. Incumbent's commission expired March 3, 1931.

James J. Hathaway to be postmaster at Battleboro, N. C., in place of A. L. Fisher. Incumbent's commission expired June 16, 1930.

Jed Shepardson to be postmaster at Belhaven, N. C., in place of J. M. Selby. Incumbent's commission expired May 21, 1930.

John P. Hoffman to be postmaster at Dallas, N. C., in place of L. V. Rhyne, removed.

Neill S. Green to be postmaster at Dunn, N. C., in place of W. D. Holland. Incumbent's commission expired June 28, 1930.

J. Lee Norman to be postmaster at East End, N. C., in place of B. I. Hauser. Incumbent's commission expired February 5, 1931.

Laurence T. Gibson to be postmaster at Gibson, N. C., in place of A. M. Gibson. Incumbent's commission expired January 29, 1931.

Coy S. Lewis to be postmaster at Hemp, N. C. Office became presidential October 1, 1931.

Edith E. Holton to be postmaster at Jamestown, N. C., in place of E. E. Holton. Incumbent's commission expired March 1, 1931.

William R. Stephens to be postmaster at Leaksville, N. C., in place of J. B. Fagg. Incumbent's commission expired June 16, 1930.

Mary W. Yarborough to be postmaster at Louisburg, N. C., in place of M. W. Yarborough. Incumbent's commission expired March 2, 1930.

George E. Hunsucker to be postmaster at Maiden, N. C., in place of G. L. Harbinson, removed.

Charles F. Scarborough to be postmaster at Mount Gilead, N. C., in place of J. E. Green, resigned.

Thelma Dickey to be postmaster at Murphy, N. C., in place of A. B. Dickey, deceased.

Blanche H. Edwards to be postmaster at Newport, N. C., in place of J. L. Edwards, deceased.

James W. Smith to be postmaster at Pembroke, N. C., in place of F. K. Thagard, resigned.

Raymond C. Edwards to be postmaster at Pomona, N. C., in place of C. A. Hinton, removed.

Alfred L. Purrington to be postmaster at Scotland Neck, N. C., in place of A. B. Hill, deceased.

Evelyn Hill to be postmaster at Snow Hill, N. C., in place of B. W. Hill, deceased.

John C. Matthews to be postmaster at Spring Hope, N. C., in place of M. H. Brantley, removed.

Lucy B. Hofler to be postmaster at Sunbury, N. C., in place of L. B. Hofler. Incumbent's commission expired March 3, 1931.

Osmund F. Pool to be postmaster at Taylorsville, N. C., in place of Ross Matheson. Incumbent's commission expired December 14, 1930.

Lawrence Harris to be postmaster at Wake Forest, N. C., in place of C. Y. Holden. Incumbent's commission expired December 14, 1930.

George H. Wright, jr., to be postmaster at Wendell, N. C., in place of G. H. Wright, jr. Incumbent's commission expired March 3, 1931.

Ina L. Jordan to be postmaster at Winton, N. C., in place of L. V. Owen, deceased.

NORTH DAKOTA

Leo Rolle to be postmaster at Brinsmade, N. Dak., in place of Leo Rolle. Incumbent's commission expired December 17, 1931.

James Taylor to be postmaster at Cando, N. Dak., in place of James Taylor. Incumbent's commission expired December 19, 1931.

James E. Galehouse to be postmaster at Carrington, N. Dak., in place of J. E. Galehouse. Incumbent's commission expired February 11, 1931.

James E. Cusator to be postmaster at Cleveland, N. Dak., in place of J. A. Phillips. Incumbent's commission expired January 6, 1931.

Martin Olsen to be postmaster at Devils Lake, N. Dak., in place of F. A. Scott, removed.

Earl M. Sanness to be postmaster at Enderlin, N. Dak., in place of E. M. Sanness. Incumbent's commission expired December 19, 1931.

Louis Hansen to be postmaster at Esmond, N. Dak., in place of Louis Hansen. Incumbent's commission expired December 19, 1931.

Hugh H. Parsons to be postmaster at Fessenden, N. Dak., in place of H. H. Parsons. Incumbent's commission expired December 19, 1931.

Otto Gackle to be postmaster at Fredonia, N. Dak., in place of Otto Gackle. Incumbent's commission expired December 19, 1931.

William D. Sinclair to be postmaster at Hannaford, N. Dak., in place of W. D. Sinclair. Incumbent's commission expired December 19, 1931.

Duncan McLean to be postmaster at Hannah, N. Dak., in place of Duncan McLean. Incumbent's commission expired December 19, 1931.

Clarence O. Abrahamsen to be postmaster at Kathryn, N. Dak., in place of K. O. Abrahamsen, deceased.

Louie L. Gardner to be postmaster at Langdon, N. Dak., in place of L. L. Gardner. Incumbent's commission expired March 3, 1931.

Leta L. Davis to be postmaster at Lansford, N. Dak., in place of H. W. Willis. Incumbent's commission expired March 3, 1931.

Nellie E. Gagner to be postmaster at Lignite, N. Dak. Office became presidential July 1, 1931.

Alice Stewart to be postmaster at Linton, N. Dak., in place of Alice Stewart. Incumbent's commission expired December 17, 1931.

Francis R. Cruden to be postmaster at McHenry, N. Dak., in place of F. R. Cruden. Incumbent's commission expired December 17, 1930.

Jens B. Dyrud to be postmaster at Maddock, N. Dak., in place of J. B. Dyrud. Incumbent's commission expired December 17, 1931.

Albert M. Marchand to be postmaster at Rolla, N. Dak., in place of A. M. Marchand. Incumbent's commission expired December 19, 1931.

Ralph H. McKean to be postmaster at Sanborn, N. Dak., in place of R. H. McKean. Incumbent's commission expired December 19, 1931.

Carl L. George to be postmaster at Sarles, N. Dak., in place of C. L. George. Incumbent's commission expired December 19, 1931.

Bridget A. Hennessy to be postmaster at Tolna, N. Dak., in place of B. A. Hennessy. Incumbent's commission expired December 17, 1931.

Albert J. Drake to be postmaster at Westhope, N. Dak., in place of A. J. Drake. Incumbent's commission expired December 19, 1931.

OHIO

Thomas D. Ziggafoos to be postmaster at Albany, Ohio, in place of E. W. White. Incumbent's commission expired December 17, 1929.

Edwin E. Foster to be postmaster at Amherst, Ohio, in place of J. B. Coburn. Incumbent's commission expired December 13, 1930.

Mark E. Miller to be postmaster at Ashtabula, Ohio, in place of M. E. Miller. Incumbent's commission expired December 17, 1931.

Henry J. Snyder to be postmaster at Ashville, Ohio, in place of C. M. Dunnick, resigned.

Harold E. Simon to be postmaster at Barberton, Ohio, in place of J. W. McCoy, removed.

Robert O. Cady to be postmaster at Bay Village, Ohio, in place of R. O. Cady. Incumbent's commission expired December 15, 1931.

Ambrose B. Wingate to be postmaster at Beach City, Ohio, in place of A. B. Wingate. Incumbent's commission expired December 17, 1931.

Ralph P. Crane to be postmaster at Bowling Green, Ohio, in place of R. P. Crane. Incumbent's commission expired December 17, 1931.

Matthew C. Morrison to be postmaster at Bradner, Ohio, in place of J. P. Evans, resigned.

Effie W. Mansfield to be postmaster at Brilliant, Ohio, in place of E. W. Mansfield. Incumbent's commission expired December 17, 1931.

Carl A. Brown to be postmaster at Bucyrus, Ohio, in place of C. A. Brown. Incumbent's commission expired December 17, 1931.

Starling F. Trimble to be postmaster at Crestline, Ohio, in place of S. F. Trimble. Incumbent's commission expired December 17, 1931.

Arthur M. Eidson to be postmaster at Cygnet, Ohio, in place of A. M. Eidson. Incumbent's commission expired December 17, 1931.

Lawrence W. Hall to be postmaster at East Sparta, Ohio, in place of L. W. Hall. Incumbent's commission expired December 15, 1931.

John W. Darling to be postmaster at Elmore, Ohio, in place of J. W. Darling. Incumbent's commission expired December 15, 1931.

Henry A. Taylor to be postmaster at Cleveland, Ohio, in place of H. A. Taylor. Incumbent's commission expired January 28, 1931.

Robert B. Lersch to be postmaster at Elyria, Ohio, in place of J. W. McHenry. Incumbent's commission expired February 17, 1931.

Florence Hilgefort to be postmaster at Fort Loramie, Ohio, in place of Florence Hilgefort. Incumbent's commission expired December 17, 1931.

Guy W. Reuter to be postmaster at Fort Recovery, Ohio, in place of G. W. Reuter. Incumbent's commission expired December 17, 1931.

James G. Lewis to be postmaster at Girard, Ohio, in place of J. G. Lewis. Incumbent's commission expired December 17, 1931.

Fred Brockmeyer to be postmaster at Glendale, Ohio, in place of Fred Brockmeyer. Incumbent's commission expired December 17, 1931.

Charles S. Brown to be postmaster at Glenmont, Ohio. Office became presidential July 1, 1931.

Bertha M. Rising to be postmaster at Grafton, Ohio, in place of L. M. Robson, resigned.

Edward L. Jones to be postmaster at Granville, Ohio, in place of E. L. Jones. Incumbent's commission expired December 17, 1931.

Fred B. Reed to be postmaster at Green Springs, Ohio, in place of F. B. Reed. Incumbent's commission expired December 17, 1931.

Warren H. Noble to be postmaster at Greenwich, Ohio, in place of W. H. Noble. Incumbent's commission expired December 17, 1931.

Jennie Pfeiffer to be postmaster at Grover Hill, Ohio, in place of Jennie Pfeiffer. Incumbent's commission expired December 17, 1931.

William H. Tracy to be postmaster at Harrison, Ohio, in place of W. H. Tracy. Incumbent's commission expired December 17, 1931.

Wilber F. Bush to be postmaster at Jeffersonville, Ohio, in place of W. F. Bush. Incumbent's commission expired December 15, 1931.

George H. Metheany to be postmaster at Lima, Ohio, in place of A. E. Gale, deceased.

Alpheus E. Huls to be postmaster at Logan, Ohio, in place of I. C. Steinman. Incumbent's commission expired December 13, 1930.

Lincoln A. Slusser to be postmaster at Louisville, Ohio, in place of L. A. Slusser. Incumbent's commission expired December 17, 1931.

Garnet E. Sharp to be postmaster at McArthur, Ohio, in place of J. C. Gill. Incumbent's commission expired December 21, 1930.

Francis M. Fletcher to be postmaster at McComb, Ohio, in place of F. M. Fletcher. Incumbent's commission expired December 17, 1931.

Elmyra L. Griswold to be postmaster at Macedonia, Ohio, in place of E. L. Griswold. Incumbent's commission expired December 15, 1931.

Charles E. Penquite to be postmaster at Mason, Ohio, in place of C. E. Penquite. Incumbent's commission expired December 17, 1931.

Harry E. Coil to be postmaster at Mendon, Ohio, in place of H. E. Coil. Incumbent's commission expired December 17, 1931.

Anna Heise to be postmaster at Middle Bass, Ohio. Office became presidential July 1, 1931.

Pearl C. Brown to be postmaster at Middlefield, Ohio, in place of P. C. Brown. Incumbent's commission expired December 17, 1931.

French C. Stillings to be postmaster at Milford Center, Ohio, in place of F. C. Stillings. Incumbent's commission expired December 17, 1931.

Elmer W. Armstrong to be postmaster at Monroeville, Ohio, in place of D. H. Beck, removed.

Edwin S. Randolph to be postmaster at Newark, Ohio, in place of W. G. Corne, deceased.

Harry M. Day to be postmaster at New Richmond, Ohio, in place of H. M. Day. Incumbent's commission expired December 17, 1931.

Albert S. Nye to be postmaster at New Washington, Ohio, in place of A. S. Nye. Incumbent's commission expired December 17, 1931.

John M. Harmon to be postmaster at Oakwood, Ohio, in place of E. M. Stover, deceased.

Marshall O. Brooke to be postmaster at Peebles, Ohio, in place of M. O. Brooke. Incumbent's commission expired December 17, 1931.

Charles E. Morris to be postmaster at Philo, Ohio, in place of Nora Kassell, deceased.

Victor Ferrari to be postmaster at Piney Fork, Ohio. Office became presidential July 1, 1931.

George A. Fisher to be postmaster at Port Clinton, Ohio, in place of G. A. Fisher. Incumbent's commission expired December 17, 1931.

Harry A. Doerr to be postmaster at Portsmouth, Ohio, in place of W. H. Harsha. Incumbent's commission expired January 17, 1931.

Lema M. Collins to be postmaster at Proctorville, Ohio, in place of M. V. Smith. Incumbent's commission expired February 12, 1929.

Clarence R. Seymour to be postmaster at Ravenna, Ohio, in place of C. R. Seymour. Incumbent's commission expired December 17, 1931.

Lloyd B. Folk to be postmaster at Rawson, Ohio. Office became presidential July 1, 1931.

Harry W. Hayes to be postmaster at Reynoldsburg, Ohio, in place of H. W. Hayes. Incumbent's commission expired December 17, 1931.

Helen M. McGuire to be postmaster at Rudolph, Ohio. Office became presidential July 1, 1931.

Fred O. Foster to be postmaster at Seville, Ohio, in place of F. O. Foster. Incumbent's commission expired December 17, 1931.

Charles M. Sauder to be postmaster at Smithville, Ohio, in place of C. M. Sauder. Incumbent's commission expired December 17, 1931.

M. Margaret Searl to be postmaster at South Webster, Ohio, in place of M. M. Searl. Incumbent's commission expires January 27, 1932.

Elmer E. Weaver to be postmaster at Sugarcreek, Ohio, in place of E. E. Weaver. Incumbent's commission expired December 17, 1931.

Oral H. Hilborn to be postmaster at Tiro, Ohio, in place of O. H. Hilborn. Incumbent's commission expired December 17, 1931.

Raymond M. Swank to be postmaster at Trotwood, Ohio, in place of R. M. Swank. Incumbent's commission expired December 17, 1931.

Karl H. Hale to be postmaster at Upper Sandusky, Ohio, in place of G. H. Irwin. Incumbent's commission expired February 26, 1931.

Ralph L. Stamm to be postmaster at Versailles, Ohio, in place of R. L. Stamm. Incumbent's commission expired December 17, 1931.

George P. Ewing to be postmaster at Vinton, Ohio, in place of G. P. Ewing. Incumbent's commission expired December 15, 1931.

George W. Hassenier to be postmaster at Wapakoneta, Ohio, in place of G. W. Hassenier. Incumbent's commission expired December 17, 1931.

Robert D. Fisher to be postmaster at Warrensville, Ohio, in place of F. M. Brakeman, removed.

Dora A. Kramer to be postmaster at West Alexandria, Ohio, in place of D. A. Kramer. Incumbent's commission expired December 17, 1931.

Elva L. Gauch to be postmaster at West Manchester, Ohio, in place of E. L. Gauch. Incumbent's commission expired December 17, 1931.

John A. Gatchell to be postmaster at Wharton, Ohio, in place of J. A. Gatchell. Incumbent's commission expired December 15, 1931.

Edward T. Siddens to be postmaster at Winchester, Ohio, in place of C. S. Daulton. Incumbent's commission expired December 17, 1929.

OKLAHOMA

James W. Lewis to be postmaster at Ada, Okla., in place of M. F. Manville. Incumbent's commission expired March 11, 1930.

Nealy Godwin to be postmaster at Alex, Okla., in place of R. B. Hill. Incumbent's commission expired December 10, 1930.

Garnett O. Fields to be postmaster at Aline, Okla., in place of E. K. Merchant. Incumbent's commission expired March 3, 1931.

Clyde O. Thomas to be postmaster at Arapaho, Okla., in place of C. O. Thomas. Incumbent's commission expired February 26, 1931.

John R. Hibbard to be postmaster at Asher, Okla., in place of J. R. Hibbard. Incumbent's commission expired December 15, 1931.

Samuel M. Wilson to be postmaster at Barnsdall, Okla., in place of Lee Hilton, resigned.

Herbert L. Burke to be postmaster at Beaver, Okla., in place of J. E. Spurrier. Incumbent's commission expired March 3, 1931.

Vernon A. Farmer to be postmaster at Broken Bow, Okla., in place of V. A. Farmer. Incumbent's commission expired December 16, 1930.

Maud W. Cassetty to be postmaster at Calvin, Okla., in place of M. W. Cassetty. Incumbent's commission expired February 26, 1931.

John R. McIntosh to be postmaster at Chelsea, Okla., in place of J. R. McIntosh. Incumbent's commission expires January 13, 1932.

James W. Blair to be postmaster at Clayton, Okla., in place of J. W. Blair. Incumbent's commission expired December 16, 1930.

Osman A. Gilbert to be postmaster at Cleveland, Okla., in place of Ward Guffy. Incumbent's commission expired January 18, 1931.

Dory E. McKenney to be postmaster at Custer, Okla., in place of D. E. McKenney. Incumbent's commission expired January 28, 1931.

Guy M. Babcock to be postmaster at Denoya, Okla. in place of M. M. Adams, resigned.

Clarence E. Werrell to be postmaster at Depew, Okla., in place of C. E. Werrell. Incumbent's commission expired February 26, 1931.

Roy R. Dodd to be postmaster at Fairfax, Okla., in place of G. S. Prentiss. Incumbent's commission expired December 17, 1930.

John N. Voorhees to be postmaster at Fairview, Okla., in place of C. E. Seese, deceased.

Doris M. Tyrrell to be postmaster at Fargo, Okla., in place of B. A. Tyrrell, deceased.

John W. Dagenhart to be postmaster at Gage, Okla., in place of J. W. Dagenhart. Incumbent's commission expired December 15, 1931.

Lynn F. McDonald to be postmaster at Goodwell, Okla., in place of L. F. McDonald. Incumbent's commission expired December 15, 1931.

Pauline I. Beardsley to be postmaster at Gracemont, Okla., in place of P. I. Beardsley. Incumbent's commission expired March 3, 1931.

Walker D. Guthrie to be postmaster at Granite, Okla., in place of W. D. Guthrie. Incumbent's commission expired March 17, 1930.

Frederick M. Deselms to be postmaster at Guthrie, Okla., in place of F. M. Deselms. Incumbent's commission expires January 13, 1932.

June M. Jarvis to be postmaster at Haileyville, Okla., in place of J. M. Jarvis. Incumbent's commission expired February 24, 1931.

James H. Sparks to be postmaster at Healdton, Okla., in place of J. H. Sparks. Incumbent's commission expired February 26, 1931.

Isom P. Clark to be postmaster at Heavener, Okla., in place of I. P. Clark. Incumbent's commission expires January 13, 1932.

Jean C. Buell to be postmaster at Holdenville, Okla., in place of J. C. Buell. Incumbent's commission expired December 15, 1931.

Louia M. Amick to be postmaster at Jefferson, Okla., in place of L. M. Amick. Incumbent's commission expired March 3, 1931.

James L. Lane to be postmaster at Kiowa, Okla., in place of J. L. Lane. Incumbent's commission expired December 22, 1930.

Lyle H. Ball to be postmaster at Laverne, Okla., in place of L. H. Ball. Incumbent's commission expired March 3, 1931.

Robert B. Morford to be postmaster at Lawton, Okla., in place of R. B. Morford. Incumbent's commission expired January 10, 1931.

Lura Williams to be postmaster at Manitou, Okla., in place of Lura Williams. Incumbent's commission expired January 22, 1931.

Marshall G. Norvell to be postmaster at Marietta, Okla., in place of M. G. Norvell. Incumbent's commission expired December 17, 1931.

Harry Andrews to be postmaster at Marland, Okla., in place of Harry Andrews. Incumbent's commission expired December 22, 1930.

Onie L. Tapp to be postmaster at Marlow, Okla., in place of D. L. Lindsey, resigned.

Elinore Jett to be postmaster at Nash, Okla., in place of Elinore Jett. Incumbent's commission expired March 3, 1931.

Bruce W. Hutton to be postmaster at Oakwood, Okla., in place of B. W. Hutton. Incumbent's commission expired December 15, 1931.

L. Manuel Merritt to be postmaster at Roff, Okla., in place of L. M. Merritt. Incumbent's commission expired December 16, 1930.

Otto G. Bound to be postmaster at Ryan, Okla., in place of O. G. Bound. Incumbent's commission expired December 17, 1931.

Elmer D. Rook to be postmaster at Sayre, Okla., in place of E. D. Rook. Incumbent's commission expired February 10, 1931.

James O. Seger to be postmaster at Seminole, Okla., in place of R. A. Hoffman. Incumbent's commission expired April, 20, 1930.

Harold F. Facker to be postmaster at Shamrock, Okla., in place of H. F. Facker. Incumbent's commission expired December 16, 1930.

Jonas R. Cartwright to be postmaster at Shattuck, Okla., in place of J. R. Cartwright. Incumbent's commission expired January 15, 1931.

Alvin L. Derby to be postmaster at Shidler, Okla., in place of A. L. Derby. Incumbent's commission expired December 15, 1931.

Irl J. Trout to be postmaster at Stigler, Okla., in place of E. A. Loyd. Incumbent's commission expired April 13, 1930.

Floyd A. Rice to be postmaster at Strong City, Okla., in place of F. A. Rice. Incumbent's commission expired December 16, 1930.

George F. Benge to be postmaster at Tahlequah, Okla., in place of G. F. Benge. Incumbent's commission expired February 16, 1931.

George Logsdon to be postmaster at Taloga, Okla., in place of George Logsdon. Incumbent's commission expired January 18, 1931.

Emil G. Etzold to be postmaster at Temple, Okla., in place of E. G. Etzold. Incumbent's commission expired December 16, 1930.

Clarence O. Payne to be postmaster at Tipton, Okla., in place of Mark Gough, resigned.

William A. Vassar to be postmaster at Tryon, Okla., in place of W. A. Vassar. Incumbent's commission expired December 17, 1931.

Severee L. Massie to be postmaster at Tyrone, Okla., in place of S. L. Massie. Incumbent's commission expired December 17, 1931.

Sol A. Glotfelter to be postmaster at Verden, Okla., in place of S. A. Glotfelter. Incumbent's commission expired December 16, 1930.

Bertha A. Wolverton to be postmaster at Wapanucka, Okla., in place of B. A. Wolverton. Incumbent's commission expired January 15, 1931.

William C. Wallin to be postmaster at Watts, Okla., in place of W. C. Wallin. Incumbent's commission expired February 16, 1931.

Fred Hudson to be postmaster at Webb City, Okla., in place of Fred Hudson. Incumbent's commission expired December 15, 1931.

William C. Colvin to be postmaster at Westville, Okla., in place of W. C. Colvin. Incumbent's commission expired January 22, 1931.

Elmer D. Orwig to be postmaster at Wewoka, Okla., in place of Horace Bradley. Incumbent's commission expired December 21, 1929.

Sarah E. Goodwin to be postmaster at Wirt, Okla., in place of S. E. Goodwin. Incumbent's commission expired June 16, 1930.

Orland H. Park to be postmaster at Wright City, Okla., in place of O. H. Park. Incumbent's commission expired February 16, 1931.

OREGON

Lillian E. Wheelhouse to be postmaster at Arlington, Oreg., in place of O. C. Stephens. Incumbent's commission expired January 10, 1931.

Alice K. Gallier to be postmaster at Bandon, Oreg., in place of A. K. Gallier. Incumbent's commission expired December 17, 1931.

John S. Horn to be postmaster at Bonanza, Oreg. Office became presidential July 1, 1931.

Fred C. Matches to be postmaster at Dayton, Oreg., in place of F. C. Matches. Incumbent's commission expired December 17, 1931.

Walter W. Mascall to be postmaster at Dayville, Oreg. Office became presidential July 1, 1931.

Oscar C. Maxwell to be postmaster at Elgin, Oreg., in place of O. C. Maxwell. Incumbent's commission expired February 11, 1931.

John W. Bubb to be postmaster at Huntington, Oreg., in place of V. B. Greenslade, removed.

George W. Johnson to be postmaster at Lakeview, Oreg., in place of G. W. Johnson. Incumbent's commission expired December 17, 1931.

Thomas R. MacMillan to be postmaster at Lebanon, Oreg., in place of T. R. MacMillan. Incumbent's commission expired December 17, 1931.

Charles B. Wilson to be postmaster at Newberg, Oreg., in place of C. B. Wilson. Incumbent's commission expired December 14, 1930.

Daniel E. O'Connor to be postmaster at Paisley, Oreg. Office became presidential July 1, 1931.

Harold R. McIsaac to be postmaster at Parkdale, Oreg., in place of H. R. McIsaac. Incumbent's commission expired December 17, 1931.

James E. Jenks, jr., to be postmaster at Tangent, Oreg. Office became presidential July 1, 1931.

Thomas G. Tucker to be postmaster at Umatilla, Oreg., in place of M. A. Hower, removed.

Ann B. Heydon to be postmaster at Valsetz, Oreg., in place of A. B. Heydon. Incumbent's commission expired December 17, 1931.

PENNSYLVANIA

William P. Bush to be postmaster at Bellwood, Pa., in place of I. R. Burns, deceased.

Howard P. Schaeffer to be postmaster at Bernharts, Pa. Office became presidential July 1, 1931.

Henry Doering to be postmaster at Bethayres, Pa. Office became presidential July 1, 1931.

Robert K. Ritter to be postmaster at Bethlehem, Pa., in place of H. W. Thatcher, deceased.

Karl R. Volk to be postmaster at Boswell, Pa., in place of Comfrey Ickes. Incumbent's commission expired December 21, 1929.

Clarence G. Dixon to be postmaster at Butler, Pa., in place of C. G. Chase, deceased.

Chestina M. Smith to be postmaster at Centralia, Pa., in place of C. M. Smith. Incumbent's commission expired February 28, 1931.

George F. Marsh to be postmaster at Clifton Heights, Pa., in place of F. F. Duke, resigned.

William S. Behanna to be postmaster at Connellsville, Pa., in place of W. S. Behanna. Incumbent's commission expired February 11, 1931.

Samuel E. Spare to be postmaster at Doylestown, Pa., in place of J. G. Hart, deceased.

Fred A. Wyckoff to be postmaster at East Stroudsburg, Pa., in place of G. C. Hughes. Incumbent's commission expired February 27, 1930.

John Martinelli to be postmaster at Fairbank, Pa., in place of John Martinelli. Incumbent's commission expired December 21, 1930.

Henry W. Redfoot to be postmaster at Fredonia, Pa., in place of H. W. Redfoot. Incumbent's commission expired December 11, 1930.

Mahlon C. Cleaver to be postmaster at Girardville, Pa., in place of M. C. Cleaver. Incumbent's commission expired March 3, 1931.

Rachel M. Thurston to be postmaster at Iselin, Pa. Office became presidential July 1, 1931.

Carl Steuer to be postmaster at Johnstown, Pa., in place of W. E. Shissler. Incumbent's commission expired December 22, 1930.

William N. Baker to be postmaster at Lewisburg, Pa., in place of W. N. Baker. Incumbent's commission expired March 3, 1931.

Elmer G. Cornwell to be postmaster at Mansfield, Pa., in place of E. G. Cornwell. Incumbent's commission expired July 2, 1930.

Irvin L. Romig to be postmaster at Mertztown, Pa., in place of I. L. Romig. Incumbent's commission expired March 1, 1931.

William F. Houser, sr., to be postmaster at Middletown, Pa., in place of W. F. Houser, sr. Incumbent's commission expired March 3, 1931.

Clarence E. McGhee to be postmaster at Minersville, Pa., in place of I. B. Jones. Incumbent's commission expired February 28, 1931.

Oscar R. Moser to be postmaster at Mont Alto, Pa., in place of O. R. Moser. Incumbent's commission expired February 24, 1931.

Evalyn M. Roberts to be postmaster at Morganza, Pa. Office became presidential July 1, 1931.

Rapha C. Sieg to be postmaster at Mountainhome, Pa. Office became presidential July 1, 1931.

Mary R. Clapper to be postmaster at New Enterprise, Pa. Office became presidential July 1, 1931.

Frank M. Berk to be postmaster at New Ringgold, Pa. Office became presidential July 1, 1931.

Lina E. Williams to be postmaster at Reno, Pa. Office became presidential July 1, 1931.

Eli B. Weaver to be postmaster at Ruffs Dale, Pa., in place of G. G. Wallace, deceased.

Daniel M. Witmer to be postmaster at Safe Harbor, Pa. Office became presidential July 1, 1931.

Anna E. Snyder to be postmaster at Seven Valleys, Pa., in place of H. F. Groff, deceased.

Laura M. Gilpatrick to be postmaster at Seward, Pa., in place of M. F. McCullough, resigned.

Herman S. Van Campen to be postmaster at Shavertown, Pa. Office became presidential July 1, 1931.

Raymond Williams to be postmaster at Shoemakersville, Pa., in place of J. D. Williams, deceased.

Harvey E. Rogers to be postmaster at Spring City, Pa., in place of H. E. Rogers. Incumbent's commission expired December 22, 1930.

Harry B. Lee to be postmaster at Springville, Pa., in place of W. L. Meserole, resigned.

Ezra M. Cooper, jr., to be postmaster at Union City, Pa., in place of S. J. Downs, deceased.

William D. Ghrist to be postmaster at Uniontown, Pa., in place of W. D. Ghrist. Incumbent's commission expired June 3, 1930.

Elmer E. Grover to be postmaster at Wapwallopen, Pa. Office became presidential July 1, 1931.

Charles B. Rothenberger to be postmaster at West Leesport, Pa. Office became presidential July 1, 1931.

Joseph P. Kearney to be postmaster at Wynnewood, Pa., in place of M. A. Jefferis, resigned.

RHODE ISLAND

Lillian G. Hoxie to be postmaster at Shannock, R. I., in place of L. G. Hoxie. Incumbent's commission expired December 17, 1931.

SOUTH CAROLINA

Guthrie W. Woodham to be postmaster at Bishopville, S. C., in place of Irene Stuckey, removed.

Clarence J. Fickling to be postmaster at Blackville, S. C., in place of H. A. Rich. Incumbent's commission expired May 12, 1930.

George B. Patrick to be postmaster at Bowman, S. C., in place of G. B. Patrick. Incumbent's commission expired December 17, 1931.

Caleb F. Pendleton to be postmaster at Cheraw, S. C., in place of J. L. McCown. Incumbent's commission expired July 3, 1930.

Tully A. Sawyer to be postmaster at Chesnee, S. C., in place of T. A. Sawyer. Incumbent's commission expired December 17, 1929.

Walter L. Gettys to be postmaster at Clover, S. C., in place of W. L. Gettys. Incumbent's commission expired December 17, 1931.

Allen T. Collins to be postmaster at Conway, S. C., in place of B. T. Frierson, removed.

Henry W. Garrison to be postmaster at Easley, S. C., in place of J. E. Folger, removed.

Joseph G. Holland to be postmaster at Edgefield, S. C., in place of J. G. Holland. Incumbent's commission expired December 14, 1930.

Paul DeL. Mazyck to be postmaster at Gaffney, S. C., in place of F. B. Gaffney. Incumbent's commission expired April 5, 1930.

Murray S. McKinnon to be postmaster at Hartsville, S. C., in place of J. S. Cathcart. Incumbent's commission expired June 12, 1930.

Fore J. Watson to be postmaster at Kingstree, S. C., in place of Louis Stackley, deceased.

John B. Harmon, jr., to be postmaster at McCormick, S. C., in place of D. B. Woodward, removed.

Loka W. Rigby to be postmaster at Moncks Corner, S. C., in place of L. W. Rigby. Incumbent's commission expired December 17, 1931.

Eugene C. Jones to be postmaster at North, S. C., in place of C. G. Schoenberg. Incumbent's commission expired February 24, 1931.

Alonzo D. Webster to be postmaster at Orangeburg, S. C., in place of A. D. Webster. Incumbent's commission expired March 3, 1931.

SOUTH DAKOTA

William B. Poe to be postmaster at Andover, S. Dak., in place of S. T. Wickre, resigned.

Truman C. Knott to be postmaster at Bristol, S. Dak., in place of T. C. Knott. Incumbent's commission expired December 19, 1931.

Lemont C. Ashbaugh to be postmaster at Butler, S. Dak. Office became presidential July 1, 1931.

Charles A. Olson to be postmaster at Claremont, S. Dak., in place of C. A. Olson. Incumbent's commission expired March 3, 1931.

Claud I. Force to be postmaster at Clear Lake, S. Dak., in place of C. I. Force. Incumbent's commission expired February 23, 1931.

Valentine J. Fetzner to be postmaster at Colome, S. Dak., in place of L. D. Houk, removed.

Ernest F. Roth to be postmaster at Columbia, S. Dak., in place of E. F. Roth. Incumbent's commission expired February 23, 1931.

Frank Den Beste to be postmaster at Corsica, S. Dak., in place of Frank Den Beste. Incumbent's commission expired January 18, 1931.

Leland W. Willis to be postmaster at Custer, S. Dak., in place of D. J. Delaney. Incumbent's commission expired December 17, 1930.

John Schafer to be postmaster at Delmont, S. Dak., in place of John Schafer. Incumbent's commission expired December 19, 1931.

William O. Johnson to be postmaster at Faulkton, S. Dak., in place of W. O. Johnson. Incumbent's commission expired February 5, 1931.

Lewie E. Gorder to be postmaster at Frederick, S. Dak., in place of G. M. Gorder, deceased.

Lyle E. Swift to be postmaster at Gettysburg, S. Dak., in place of E. C. Hoover, resigned.

Earl J. Meredith to be postmaster at Groton, S. Dak., in place of E. J. Meredith. Incumbent's commission expired December 19, 1931.

Myron J. Cannon to be postmaster at Hermosa, S. Dak. Office became presidential July 1, 1931.

Clyde H. Cotton to be postmaster at Hitchcock, S. Dak., in place of C. H. Cotton. Incumbent's commission expired December 19, 1931.

Peter E. Koistinen to be postmaster at Lake Norden, S. Dak., in place of O. W. Geranen, removed.

Thorvald Jordeth to be postmaster at Lebanon, S. Dak., in place of Thorvald Jordeth. Incumbent's commission expired March 3, 1931.

Adolph B. Holien to be postmaster at Madison, S. Dak., in place of Henry Rohrer, deceased.

Clarence S. Johnson to be postmaster at Milbank, S. Dak., in place of C. S. Johnson. Incumbent's commission expired December 21, 1929.

Gustavus M. Finotti to be postmaster at Missionhill, S. Dak., in place of G. M. Finotti. Incumbent's commission expired December 19, 1931.

Oscar W. Coursey to be postmaster at Mitchell, S. Dak., in place of Henry Swindler, deceased.

Garfield G. Tunell to be postmaster at Mobridge, S. Dak., in place of G. G. Tunell. Incumbent's commission expired February 23, 1931.

Catherine M. Kuehl to be postmaster at Mound City, S. Dak., in place of C. M. Kuehl. Incumbent's commission expired December 19, 1931.

Eugene M. Coffield to be postmaster at Oelrichs, S. Dak., in place of E. M. Coffield. Incumbent's commission expired December 19, 1931.

Percy R. Miklebost to be postmaster at Peever, S. Dak., in place of P. R. Miklebost. Incumbent's commission expired December 17, 1930.

Richard Whalen to be postmaster at Pine Ridge, S. Dak., in place of Richard Whalen. Incumbent's commission expired December 19, 1931.

Justin Snyder to be postmaster at Stephan, S. Dak., in place of Pius Boehm, resigned.

Lawrence E. Hosking to be postmaster at Vivian, S. Dak., in place of Joseph Matt. Incumbent's commission expired February 23, 1931.

Clarence I. Hougen to be postmaster at Wilmot, S. Dak., in place of C. I. Hougen. Incumbent's commission expired January 18, 1931.

Thomas R. Worsley to be postmaster at Witten, S. Dak. Office became presidential July 1, 1930.

TENNESSEE

Henry I. Smythe to be postmaster at Bristol, Tenn., in place of J. M. Fain. Incumbent's commission expired March 1, 1930.

Berry L. Morgan to be postmaster at Dayton, Tenn., in place of S. C. Patton, removed.

Robert T. Johnson, jr., to be postmaster at Elizabethton, Tenn., in place of D. L. Hyder, resigned.

Edgar H. Miller to be postmaster at Jellico, Tenn., in place of G. W. Harp, deceased.

Lulu M. Divine to be postmaster at Johnson City, Tenn., in place of L. M. Divine. Incumbent's commission expired March 3, 1931.

Lee R. Griffitts to be postmaster at Philadelphia, Tenn. Office became presidential July 1, 1931.

Ethel King to be postmaster at Raleigh, Tenn. Office became presidential July 1, 1931.

Jasper A. Berry to be postmaster at Bullsgap, Tenn., in place of J. A. Berry. Incumbent's commission expired March 3, 1931.

TEXAS

George W. Ragland to be postmaster at Abernathy, Tex., in place of G. W. Ragland. Incumbent's commission expired December 15, 1931.

Lindsey C. Payton to be postmaster at Abilene, Tex., in place of L. C. Payton. Incumbent's commission expired December 19, 1931.

Roberta G. Sterrett to be postmaster at Albany, Tex., in place of R. G. Sterrett. Incumbent's commission expired December 19, 1931.

Edgar W. Burkett to be postmaster at Andrews, Tex. Office became presidential July 1, 1931.

Mack M. Pittman to be postmaster at Annona, Tex., in place of M. M. Pittman. Incumbent's commission expired December 19, 1931.

John R. Martin to be postmaster at Anson, Tex., in place of J. R. Martin. Incumbent's commission expired December 11, 1930.

Joel A. Reese to be postmaster at Ballinger, Tex., in place of J. A. Reese. Incumbent's commission expired December 19, 1931.

Alice S. Cummings to be postmaster at Balmorhea, Tex., in place of M. C. Lucky. Incumbent's commission expired December 17, 1929.

Fred A. Mansfield to be postmaster at Bandera, Tex., in place of F. A. Mansfield. Incumbent's commission expired December 11, 1930.

Frederick W. Guffy to be postmaster at Belton, Tex., in place of F. W. Guffy. Incumbent's commission expired December 19, 1931.

Vina Johnson to be postmaster at Bertram, Tex., in place of Vina Johnson. Incumbent's commission expired December 19, 1931.

George J. Skarda to be postmaster at Bloomington, Tex., in place of A. J. Skarda, deceased.

John K. Ford to be postmaster at Bogata, Tex., in place of J. K. Ford. Incumbent's commission expired December 15, 1931.

Flora G. Bowers to be postmaster at Borger, Tex., in place of Harold Rothschild, removed.

Jeptha G. Flato to be postmaster at Bovina, Tex. Office became presidential July 1, 1930.

Pearl G. Boynton to be postmaster at Bronte, Tex., in place of P. G. Boynton. Incumbent's commission expired December 15, 1931.

Charles S. Myers to be postmaster at Bryan, Tex., in place of C. S. Myers. Incumbent's commission expired December 15, 1931.

Sallie C. Milburn to be postmaster at Bryson, Tex. Office became presidential July 1, 1930.

Ray C. Kelley to be postmaster at Caddo, Tex., in place of R. C. Kelley. Incumbent's commission expired December 15, 1931.

Hester Thomason to be postmaster at Centerville, Tex., in place of D. T. Cook, removed.

Alfred A. Thomas to be postmaster at Chandler, Tex., in place of A. A. Thomas. Incumbent's commission expired December 19, 1931.

John J. Crockett to be postmaster at Chapel Hill, Tex., in place of J. J. Crockett. Incumbent's commission expired December 10, 1928.

Millard T. Jones to be postmaster at Chillicothe, Tex., in place of M. T. Jones. Incumbent's commission expired March 3, 1931.

Viola L. Harris to be postmaster at Christoval, Tex., in place of Maggie Hannum, deceased.

Etta Varley to be postmaster at Collinsville, Tex., in place of Etta Varley. Incumbent's commission expired December 19, 1931.

Claude H. Martin to be postmaster at Crane, Tex., in place of C. H. Martin. Incumbent's commission expired December 15, 1931.

Wilson I. Lawler to be postmaster at Deport, Tex., in place of W. I. Lawler. Incumbent's commission expired December 19, 1931.

Frederick V. Blesse to be postmaster at Dilley, Tex., in place of F. V. Blesse. Incumbent's commission expired December 15, 1931.

Wiley Fox to be postmaster at Dumas, Tex., in place of Wiley Fox. Incumbent's commission expired December 15, 1931.

Grady C. Edmonds to be postmaster at Elsa, Tex. Office became presidential July 1, 1931.

Charles H. Cmajdalka to be postmaster at Fayetteville, Tex., in place of C. H. Cmajdalka. Incumbent's commission expired December 19, 1931.

Gladys Arnold to be postmaster at Forsan, Tex. Office became presidential July 1, 1931.

Ferman Carpenter to be postmaster at Franklin, Tex., in place of Ferman Carpenter. Incumbent's commission expired December 15, 1931.





Charles W. Silliman to be postmaster at Ganado, Tex., in place of C. W. Silliman. Incumbent's commission expired December 19, 1931.

James P. Hewitt to be postmaster at Giddings, Tex., in place of J. P. Hewitt. Incumbent's commission expired December 19, 1931.

Virgil G. Pritchett to be postmaster at Gladewater, Tex., in place of V. G. Pritchett. Incumbent's commission expired December 19, 1931.

Eleanor B. Johnston to be postmaster at Goree, Tex., in place of S. G. Hampton. Incumbent's commission expired December 11, 1930.

Emma J. Cleveland to be postmaster at Grand Prairie, Tex., in place of E. J. Cleveland. Incumbent's commission expired December 19, 1931.

William I. Rodgers to be postmaster at Gunter, Tex., in place of W. I. Rodgers. Incumbent's commission expired December 19, 1931.

James M. Everett to be postmaster at Hedley, Tex., in place of J. M. Everett. Incumbent's commission expired December 19, 1931.

Lillie Brinkley to be postmaster at Howe, Tex., in place of Lillie Brinkley. Incumbent's commission expired December 15, 1931.

Walter S. Street to be postmaster at Humble, Tex., in place of E. W. Corley. Incumbent's commission expired January 13, 1930.

Charles F. Adams to be postmaster at Jacksonville, Tex., in place of C. F. Adams. Incumbent's commission expired December 19, 1931.

Helen M. Peel to be postmaster at Jourdanton, Tex., in place of H. M. Peel. Incumbent's commission expired December 19, 1931.

Charles E. Smith to be postmaster at Kerens, Tex., in place of C. E. Smith. Incumbent's commission expired December 19, 1931.

Annie D. Barker to be postmaster at Kilgore, Tex., in place of A. D. Barker. Incumbent's commission expired December 19, 1931.

James T. Davis to be postmaster at Kopperl, Tex., in place of J. T. Davis. Incumbent's commission expired December 15, 1931.

Nicholas C. Nail to be postmaster at Krum, Tex., in place of N. C. Nail. Incumbent's commission expired December 19, 1931.

Helen C. Wallace to be postmaster at Kyle, Tex., in place of H. C. Wallace. Incumbent's commission expired December 19, 1931.

Alex E. Jungmann to be postmaster at Lacoste, Tex., in place of A. E. Jungmann. Incumbent's commission expired December 15, 1931.

James D. Dyer to be postmaster at Lamesa, Tex., in place of J. D. Dyer. Incumbent's commission expired December 19, 1931.

William R. Wagle to be postmaster at Lampasas, Tex., in place of W. R. Wagle. Incumbent's commission expired December 15, 1931.

John H. Anderson to be postmaster at Lawn, Tex., in place of J. H. Anderson. Incumbent's commission expired December 15, 1931.

Raymond I. Gabbert to be postmaster at Los Fresnos, Tex. Office became presidential July 1, 1931.

Jessie L. Kay to be postmaster at Lytle, Tex., in place of J. L. Kay. Incumbent's commission expired December 15, 1931.

Tryon Lewis to be postmaster at McCamey, Tex., in place of Tryon Lewis. Incumbent's commission expired December 15, 1931.

Iona Cooke to be postmaster at Mart, Tex., in place of J. E. Cooke, resigned.

Paul Fomley to be postmaster at Maud, Tex., in place of H. H. Helms. Incumbent's commission expired December 11, 1930.

Oscar J. Adcock to be postmaster at Merkel, Tex., in place of O. J. Adcock. Incumbent's commission expired December 15, 1931.

William H. Spratt to be postmaster at Mingus, Tex., in place of T. A. Guthrie, deceased.

Santford P. Rosette to be postmaster at Mission, Tex., in place of S. P. Rosette. Incumbent's commission expired March 29, 1930.

Mollie A. Hough to be postmaster at Montgomery, Tex., in place of M. A. Hough. Incumbent's commission expired December 11, 1930.

Wenzel K. Richter to be postmaster at Moulton, Tex., in place of W. K. Richter. Incumbent's commission expired December 19, 1931.

William C. Simmons to be postmaster at Murchison, Tex., in place of W. C. Simmons. Incumbent's commission expired March 3, 1931.

Henry A. Williamson to be postmaster at Nacogdoches, Tex., in place of H. A. Williamson. Incumbent's commission expired December 19, 1931.

Elmer J. Mayo to be postmaster at Nevada, Tex., in place of E. J. Mayo. Incumbent's commission expired December 15, 1931.

Fannie H. Miller to be postmaster at Newton, Tex., in place of F. H. Miller. Incumbent's commission expired December 15, 1931.

James R. Kersey to be postmaster at Ozona, Tex., in place of J. R. Kersey. Incumbent's commission expired March 1, 1931.

Bessie E. Fairless to be postmaster at Palo Pinto, Tex., in place of B. E. Fairless. Incumbent's commission expired December 11, 1930.

Hattie M. Culpepper to be postmaster at Palmer, Tex., in place of H. M. Culpepper. Incumbent's commission expired December 19, 1931.

David E. Cecil to be postmaster at Pampa, Tex., in place of W. A. Crawford, resigned.

Ida B. Gilliland to be postmaster at Paradise, Tex., in place of J. R. Gilliland, deceased.

Charles B. Myers to be postmaster at Poteet, Tex., in place of T. E. Franklin, resigned.

Andrew J. Sitton to be postmaster at Pyote, Tex., in place of A. J. Sitton. Incumbent's commission expired December 15, 1931.

Jasper W. Blount to be postmaster at Quinlan, Tex., in place of J. W. Blount. Incumbent's commission expired December 19, 1931.

Arthur N. Brown, jr., to be postmaster at Richland, Tex., in place of A. N. Brown, jr. Incumbent's commission expired December 19, 1931.

Henry L. Goodwin to be postmaster at Roaring Springs, Tex., in place of H. L. Goodwin. Incumbent's commission expired December 15, 1931.

Efren M. Ramirez to be postmaster at Roma, Tex., in place of E. M. Ramirez. Incumbent's commission expired December 15, 1931.

Gayle T. Snedecor to be postmaster at Rosenberg, Tex., in place of G. T. Snedecor. Incumbent's commission expired December 19, 1931.

John W. Ledbetter to be postmaster at Round Rock, Tex., in place of F. L. Aten. Incumbent's commission expired March 10, 1930.

Kelsey R. Dort to be postmaster at Saint Jo., Tex., in place of K. R. Dort. Incumbent's commission expired December 19, 1931.

Atheniar Wade to be postmaster at San Augustine, Tex., in place of C. M. Martin, removed.

Archie C. Saxon to be postmaster at Saratoga, Tex., in place of R. M. Foster, removed.

Walter Kurz to be postmaster at Somerset, Tex. Office became presidential July 1, 1931.

Thomas C. Murray to be postmaster at Sonora, Tex., in place of T. C. Murray. Incumbent's commission expired December 15, 1931.

Nobye Hamilton to be postmaster at Stanton, Tex., in place of R. H. Kelly. Incumbent's commission expired December 11, 1930.

Turner H. Perry to be postmaster at Stephenville, Tex., in place of T. H. Perry. Incumbent's commission expired December 15, 1931.

Nelson L. Yates to be postmaster at Stratford, Tex., in place of N. L. Yates. Incumbent's commission expired December 19, 1931.

Winfred C. Wilson to be postmaster at Sunset, Tex., in place of W. C. Wilson. Incumbent's commission expired December 15, 1931.

Daniel G. Shields to be postmaster at Sweetwater, Tex., in place of M. B. Howard, deceased.

John E. Kimsey to be postmaster at Texon, Tex., in place of J. E. Kimsey. Incumbent's commission expired December 15, 1931.

Miles B. Earnheart to be postmaster at Trenton, Tex., in place of M. B. Earnheart. Incumbent's commission expired December 15, 1931.

Bertha M. Nicholson to be postmaster at Trinidad, Tex., in place of B. M. Nicholson. Incumbent's commission expired January 22, 1931.

Ralph D. Gilbert to be postmaster at Trinity, Tex., in place of R. D. Gilbert. Incumbent's commission expired December 19, 1931.

Vera Butler to be postmaster at Troup, Tex., in place of Vera Butler. Incumbent's commission expired December 19, 1931.

Thomas W. McCormick to be postmaster at Tuscola, Tex., in place of T. W. McCormick. Incumbent's commission expired December 15, 1931.

Alfred S. Maddox to be postmaster at Valley View, Tex., in place of A. S. Maddox. Incumbent's commission expired December 15, 1931.

Robert H. Rhodes to be postmaster at Waelder, Tex., in place of R. H. Rhodes. Incumbent's commission expired January 6, 1931.

Mary J. Lovely to be postmaster at Weslaco, Tex., in place of M. J. Lovely. Incumbent's commission expired December 20, 1930.

Laura E. Tidwell to be postmaster at Whittenburg, Tex., in place of L. E. Tidwell. Incumbent's commission expired December 15, 1931.

UTAH

Wallace L. Holst to be postmaster at Brigham, Utah, in place of W. L. Holst. Incumbent's commission expired December 15, 1931.

Erastus F. Birch to be postmaster at Eureka, Utah, in place of Frank Beesley. Incumbent's commission expired December 20, 1930.

James C. Hill to be postmaster at Elsinore, Utah, in place of J. C. Hill. Incumbent's commission expired December 19, 1931.

Will C. Barton to be postmaster at Garfield, Utah, in place of W. C. Barton. Incumbent's commission expired December 19, 1931.

John H. Hall to be postmaster at Hurricane, Utah, in place of J. H. Hall. Incumbent's commission expired December 15, 1931.

Alta A. Dayton to be postmaster at Magna, Utah, in place of A. A. Dayton. Incumbent's commission expired December 19, 1931.

Henry C. Jacobs to be postmaster at Mount Pleasant, Utah, in place of H. C. Jacobs. Incumbent's commission expired December 19, 1931.

Harold C. Nelson to be postmaster at North Salt Lake, Utah, in place of Andrew Adamson, jr., removed.

George G. Rosevear to be postmaster at Park City, Utah, in place of G. G. Rosevear. Incumbent's commission expired December 19, 1931.

Porter A. Clark to be postmaster at Parowan, Utah, in place of P. A. Clark. Incumbent's commission expired January 6, 1931.

Mary Cooper to be postmaster at Pleasant Grove, Utah, in place of Mary Cooper. Incumbent's commission expired December 19, 1931.

VERMONT

Mabel W. Roberts to be postmaster at East Poultney, Vt. Office became presidential July 1, 1931.

Ralph Gaul to be postmaster at North Bennington, Vt., in place of Ralph Gaul. Incumbent's commission expired February 16, 1931.

Earl R. Sheldon to be postmaster at Rupert, Vt. Office became presidential July 1, 1931.

Jessie E. Dyer to be postmaster at Salisbury, Vt., in place of F. C. Dyer, deceased.

George E. Carpenter to be postmaster at Waterbury, Vt., in place of G. E. Carpenter. Incumbent's commission expired March 3, 1931.

VIRGINIA

John Q. Blackburn to be postmaster at Amelia Courthouse, Va., in place of L. O'N. Scott. Incumbent's commission expired December 22, 1930.

Charles B. Graves to be postmaster at Chester, Va., in place of C. B. Graves. Incumbent's commission expired June 8, 1930.

Robert J. Blackburn to be postmaster at Endless Caverns, Va. Office became presidential July 1, 1931.

John O. Hawkins to be postmaster at McGaheysville, Va., in place of C. F. Harmon, resigned.

Lawrence C. Page to be postmaster at Norfolk, Va., in place of C. L. Wright, resigned.

Mary R. Piggott to be postmaster at Purcellville, Va., in place of A. E. Lybolt. Incumbent's commission expired December 22, 1930.

Berkeley Williams to be postmaster at Richmond Va., in place of J. W. Stewart. Incumbent's commission expired December 22, 1930.

Walter H. Oakey to be postmaster at Salem, Va., in place of E. S. Barnitz. Incumbent's commission expired December 22, 1930.

Alfred L. Benson to be postmaster at Tangier, Va. Office became presidential July 1, 1931.

WASHINGTON

Joseph L. Milner to be postmaster at Almira, Wash., in place of J. L. Milner. Incumbent's commission expired March 3, 1931.

Walberg Tonstad to be postmaster at Auburn, Wash., in place of M. G. Wilkinson. Incumbent's commission expired February 17, 1931.

Augusta Hunt to be postmaster at Burton, Wash. Office became presidential July 1, 1931.

Donald M. Mitchell to be postmaster at Camas, Wash., in place of N. M. Field, deceased.

Isaac Knutsen to be postmaster at Chinook, Wash. Office became presidential July 1, 1931.

Ruth Monroe to be postmaster at Clearlake, Wash. Office became presidential July 1, 1931.

Inez G. Spencer to be postmaster at Creston, Wash., in place of I. G. Spencer. Incumbent's commission expired March 3, 1931.

Alonzo E. Emerson to be postmaster at Ellensburg, Wash., in place of A. E. Emerson. Incumbent's commission expired February 17, 1931.

Charles C. King to be postmaster at Entiat, Wash., in place of C. C. King. Incumbent's commission expired March 3, 1931.

Clarence W. Fisk to be postmaster at Ferndale, Wash., in place of E. K. Field, removed.

William F. Byars to be postmaster at Goldendale, Wash., in place of T. A. Graham. Incumbent's commission expired February 28, 1931.

Lynn P. Hart to be postmaster at Hunters, Wash., in place of L. R. Menkee, resigned.

John H. Gibson to be postmaster at Issaquah, Wash., in place of J. H. Gibson. Incumbent's commission expired February 17, 1931.

Henry T. Bennett to be postmaster at Monroe, Wash., in place of Arthur Bailey. Incumbent's commission expired February 17, 1931.

Zelda Ellis to be postmaster at Morton, Wash., in place of N. D. Tower, deceased.

Jennie A. Smith to be postmaster at Peshastin, Wash., in place of E. C. Bosma, resigned.

Rachel A. M. Hilstad to be postmaster at Port Blakely, Wash., in place of H. P. McVicker, removed.

Orien L. Renn to be postmaster at Touchet, Wash., in place of O. L. Renn. Incumbent's commission expired February 12, 1931.

Arthur W. Calder to be postmaster at Vancouver, Wash., in place of A. B. Eastham, deceased.

Anna C. Dowling to be postmaster at Vashon, Wash., in place of M. B. Bridgman, resigned.

WEST VIRGINIA

Enoch L. Ellison to be postmaster at Beckley, W. Va., in place of A. M. McKinney. Incumbent's commission expired December 11, 1930.

John K. Quick to be postmaster at Cedar Grove, W. Va., in place of R. L. McClung, resigned.

Stewart S. Stepp to be postmaster at Chattaroy, W. Va., in place of S. S. Stepp. Incumbent's commission expired May 19, 1930.

Levi Gay to be postmaster at Eccles, W. Va. Office became presidential July 1, 1931.

James T. Jarrell to be postmaster at Edwight, W. Va., in place of C. F. Tomlinson, removed.

Harison G. Vicars to be postmaster at Fort Gay, W. Va., in place of Oscar Sipple, removed.

Willie J. Ayers to be postmaster at Grantsville, W. Va., in place of C. C. Hathaway, removed.

Harry O. Lockman to be postmaster at Helen, W. Va., in place of H. O. Lockman. Incumbent's commission expired December 11, 1930.

James G. Meadows to be postmaster at Hinton, W. Va., in place of J. G. Meadows. Incumbent's commission expired March 30, 1930.

Grafton S. Stidger to be postmaster at Littleton, W. Va., in place of C. F. Stewart, resigned.

Ethel M. Zimmerman to be postmaster at McMechen, W. Va., in place of E. M. Zimmerman. Incumbent's commission expired December 11, 1930.

Cecil H. Kirby to be postmaster at Minden, W. Va., in place of C. B. Wright, resigned.

Godfrey B. Beebout to be postmaster at New Cumberland, W. Va., in place of G. B. Beebout. Incumbent's commission expired December 14, 1930.

Thomas C. Scott to be postmaster at Philippi, W. Va., in place of T. C. Scott. Incumbent's commission expired January 17, 1931.

George A. Brooks to be postmaster at Pineville, W. Va., in place of G. A. Brooks. Incumbent's commission expired March 25, 1930.

Thomas C. Bond to be postmaster at Powellton, W. Va. Office became presidential July 1, 1931.

Joseph D. Brown to be postmaster at Renick, W. Va., in place of K. W. Snedegar. Incumbent's commission expired December 17, 1929.

Rex Michael to be postmaster at Rivesville, W. Va., in place of G. H. Spencer, removed.

Ira W. Folden to be postmaster at Ronceverte, W. Va., in place of I. W. Folden. Incumbent's commission expired December 17, 1929.

Sylvester V. Riggs to be postmaster at Saint Marys, W. Va., in place of S. V. Riggs. Incumbent's commission expired April 28, 1930.

William A. Meredith to be postmaster at Shinnston, W. Va., in place of C. S. Randall. Incumbent's commission expired March 18, 1930.

Emmett W. Williams to be postmaster at Stotesbury, W. Va., in place of E. W. Williams. Incumbent's commission expired March 30, 1930.

George L. Wilcoxon to be postmaster at Tams, W. Va., in place of H. R. Tribou, resigned.

William H. Snedegar to be postmaster at Ward, W. Va., in place of Virginia Ekberg, resigned.

Willard E. Hatfield to be postmaster at Williamson, W. Va., in place of W. E. Hatfield. Incumbent's commission expired March 1, 1931.

WISCONSIN

Jerry J. Jerabek to be postmaster at Algoma, Wis., in place of J. J. Jerabek. Incumbent's commission expired December 19, 1931.

Emmery A. Greunke to be postmaster at Appleton, Wis., in place of W. H. Zuehlke, resigned.

John F. Lambert to be postmaster at Crandon, Wis., in place of J. F. Lambert. Incumbent's commission expired December 22, 1930.

Edward C. Szyperski to be postmaster at Cudahy, Wis., in place of Paul Mlodsik. Incumbent's commission expired January 14, 1931.

Charles C. Randolph to be postmaster at East Troy, Wis., in place of H. B. Linde, removed.

Otto E. Born to be postmaster at Fond du Lac, Wis., in place of T. A. Watson, deceased.

Dean J. Hotchkiss to be postmaster at Foxlake, Wis., in place of D. J. Hotchkiss. Incumbent's commission expired March 3, 1931.

Benjamin O. Wall to be postmaster at Holmen, Wis., in place of B. O. Wall. Incumbent's commission expired March 3, 1931.

William C. Curry to be postmaster at Kiel, Wis., in place of A. C. Eckardt. Incumbent's commission expired March 3, 1931.

Anton Schiesl to be postmaster at Laona, Wis., in place of Anton Schiesl. Incumbent's commission expired January 29, 1931.

Clarence A. Loescher to be postmaster at Menasha, Wis., in place of W. H. Pierce. Incumbent's commission expired January 13, 1930.

Ethel F. Pilgrim to be postmaster at Menomonee Falls, Wis., in place of E. F. Pilgrim. Incumbent's commission expired January 14, 1931.

Grace A. Johnson to be postmaster at Merrimack, Wis., in place of G. A. Johnson. Incumbent's commission expired December 21, 1929.

Edith S. Bartlett to be postmaster at Nashotah, Wis., in place of E. S. Bartlett. Incumbent's commission expired February 28, 1931.

Peter D. Harris to be postmaster at Oneida, Wis. Office became presidential July 1, 1931.

Harry W. Nyenhuis to be postmaster at Oostburg, Wis., in place of Herman Graskamp, resigned.

Fisk W. Carlin to be postmaster at Palmyra, Wis., in place of G. G. Nelson. Incumbent's commission expired December 22, 1930.

Louis J. Bettinger to be postmaster at Plain, Wis., in place of L. J. Bettinger. Incumbent's commission expired February 5, 1931.

Alma Colt to be postmaster at Poy Sippi, Wis., in place of Alma Colt. Incumbent's commission expired December 19, 1931.

Charles F. Ninman to be postmaster at Sauk City, Wis., in place of C. F. Ninman. Incumbent's commission expired March 3, 1931.

John Feutz to be postmaster at Slinger, Wis., in place of John Feutz. Incumbent's commission expired March 3, 1931.

LeRoy H. Ardern to be postmaster at Springbrook, Wis., in place of L. H. Ardern. Incumbent's commission expired December 19, 1931.

Russell E. Burlingame to be postmaster at Statesan, Wis. Office became presidential July 1, 1931.

Louis C. Currier to be postmaster at Stoughton, Wis., in place of L. C. Currier. Incumbent's commission expired January 14, 1931.

LeRoy Winters to be postmaster at Twin Lakes, Wis., in place of LeRoy Winters. Incumbent's commission expired January 18, 1931.

Ralph W. Lathrop to be postmaster at Wauzeka, Wis., in place of R. W. Lathrop. Incumbent's commission expired January 22, 1931.

Sam Dewar to be postmaster at Westfield, Wis., in place of Sam Dewar. Incumbent's commission expired March 3, 1931.

Edward F. Sweeney to be postmaster at Whitewater, Wis., in place of R. C. Bulkley. Incumbent's commission expired February 28, 1931.

WYOMING

Verne W. Mokler to be postmaster at Casper, Wyo., in place of E. M. Bean. Incumbent's commission expired January 8, 1930.

Wilson A. Clark to be postmaster at Clearmont, Wyo. Office became presidential July 1, 1930.

William H. Davis to be postmaster at Douglas, Wyo., in place of H. C. Miller, deceased.

Arthur W. Crawford to be postmaster at Guernsey, Wyo., in place of A. W. Crawford. Incumbent's commission expired January 29, 1931.

Edward Bottomley to be postmaster at Kleenburn, Wyo., in place of Edward Bottomley. Incumbent's commission expired February 26, 1931.

Daniel C. Carson to be postmaster at Pinedale, Wyo., in place of D. C. Carson. Incumbent's commission expired December 15, 1931.

Hedwig C. Hurtt to be postmaster at Sundance, Wyo., in place of H. C. Hurtt. Incumbent's commission expired December 16, 1930.

William Russell to be postmaster at Winton, Wyo. Office became presidential July 1, 1931.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 4, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, again the sweep of time has brought us to the threshold of a new year. Solemn and tender, indeed, are the thoughts which fill our minds. We pray that it may have for us mental and spiritual treasure to enrich our whole lives. We thank Thee that we are the children of Thy handiwork; were it not so, the brighest day of earth would be darkness and every joy would pass under a perpetual eclipse. We are supported by the sublime truth that the angels of Thy providence will go before us and the angels of Thy mercy will camp about us, and from the heavens above the divine hand will pour light upon our pathway. Do Thou sustain and direct our President, our Speaker, and every Member of this House, that they may be brave to investigate and fearless to decide. In this hour so grave, so intense, so agitated may we listen, may we hearken to the highest challenge of faith and hope. May all selfishness, sectarian bias, and evil design melt away into brotherly love and pour into the golden circle of our homes the fullest measures of purity and sweetness, and may we relate ourselves in every way to the upper movements of our country. O Thou who art the ancient of days, put Thy finger upon the fevered pulse of the world, replenish its wasted places; may it feel the shame of its unworthy living and come back to Thy footstool. In defeat and in victory may we pledge ourselves to Him, the Master over all. Amen.

The Journal of the proceedings of Tuesday, December 22, 1931, was read and approved.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on December 23, 1931, present to the President for his approval a joint resolution of the House of the following title:

H. J. Res. 147. Joint resolution to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed a joint resolution of the House of the following title:

December 23, 1931:

H. J. Res. 147. Joint resolution to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933.

SWEARING IN OF A MEMBER

Mr. TAYLOR, of the second district of the State of Tennessee, presented himself at the bar of the House and took the oath of office.

MEETINGS OF COMMITTEES

Mr. QUIN. Mr. Speaker, I present a request, which I ask the Clerk to read.

The Clerk read as follows:

The Committee on Military Affairs asks permission to sit during the sessions of the House for the period of one week beginning January 5, 1932.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, I did not understand the request of the gentleman from Mississippi.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that the Committee on Military Affairs be permitted to sit during the sessions of the House for one week. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I offer a resolution, and ask unanimous consent for its immediate consideration.

The SPEAKER. The gentleman from New York offers a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 82

Resolved, That the Committee on Immigration and Naturalization and the subcommittees thereof are authorized to sit during the sessions for one week from January 5, 1932.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

COMMITTEE ON THE MERCHANT MARINE, RADIO, AND FISHERIES

Mr. COLLIER. Mr. Speaker, I offer a resolution and ask unanimous consent for its immediate consideration.

The SPEAKER. The gentleman from Mississippi offers a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 83

Resolved, That clause 9 of Rule X is amended to read as follows:

"9. On Merchant Marine, Radio, and Fisheries, to consist of 21 members."

Clause 9 of Rule XI is amended to read as follows:

"9. To merchant marine, radio, and fisheries—to the Committee on Merchant Marine, Radio, and Fisheries."

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand the only change which is made in the rule is that of adding "radio" to the jurisdiction of the Committee on the Merchant Marine and Fisheries.

The SPEAKER. That is the Chair's understanding of it. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, the only change is really in the name.

Mr. COLLIER. In the name, yes; that committee already having jurisdiction over radio.

Mr. LAGUARDIA. Let us hope the committee will exercise that jurisdiction.

The SPEAKER. Is there objection?

Mr. MAPES. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Mississippi if he has consulted with the gentleman from Texas, the chairman of the Committee on Interstate and Foreign Commerce, about this change.

Mr. COLLIER. This is the unanimous report of the committee on committees and it received the approval of all

the Democrats. I know of no objection to it from any source. That committee already has jurisdiction over radio, and this resolution simply adds "Radio" to the title of that committee, making it the Committee on the Merchant Marine, Radio, and Fisheries.

Mr. MAPES. I do not know whether the gentleman from Mississippi intended not to answer my question or not, but my question concretely was as to whether the gentleman had consulted with the chairman of the Committee on Interstate and Foreign Commerce, the gentleman from Texas [Mr. RAYBURN].

Mr. COLLIER. I do not think I have.

Mr. DAVIS. If the gentleman will permit, I will say that the gentleman from Texas was present at the meeting of the Democratic caucus at which this change was unanimously adopted. I discussed it with him afterwards and he has no objection to the resolution.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

Mr. COLLIER. Mr. Speaker, I offer a resolution, and ask for its immediate consideration.

The SPEAKER. The gentleman from Mississippi offers a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 84

Resolved, That those Members of the House elected to the Committee on the Merchant Marine and Fisheries are hereby elected to the Committee on Merchant Marine, Radio, and Fisheries, and all records and papers of the Committee on the Merchant Marine and Fisheries are hereby transferred to the Committee on Merchant Marine, Radio, and Fisheries.

That all bills, resolutions, papers, documents, petitions, and memorials heretofore referred to the Committee on the Merchant Marine and Fisheries, are hereby referred to the Committee on Merchant Marine, Radio, and Fisheries.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. HILL of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having printed therein a telegram from the county commissioners of Spokane County, Wash.

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, what is the subject?

Mr. HILL of Washington. It has reference to the need of Federal aid for the unemployed.

Mr. UNDERHILL. Mr. Speaker, I think such petitions will come in by the score or hundreds or thousands. I object.

PERMISSION TO ADDRESS THE HOUSE

Mr. JOHNSON of Texas. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

Mr. UNDERHILL. Mr. Speaker, may I submit a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. UNDERHILL. Did I understand there was a message received from the President? There was so much confusion I could not hear what was the message that was submitted to the House.

The SPEAKER. The message has not been laid before the House, so the gentleman could not understand what it contains.

Mr. UNDERHILL. What is the parliamentary situation with respect to the message?

The SPEAKER. It is on the Speaker's desk.

Mr. UNDERHILL. When will it be laid before the House?

The SPEAKER. The Chair will lay it before the House at a very early date.

The gentleman from Texas asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

THE LATE HON. SCOTT FIELD

Mr. JOHNSON of Texas. Mr. Speaker, on December 20, 1931, just before Congress recessed for the holidays, there passed away at his home in Calvert, Tex., the Hon. Scott Field, a former Member of this body. For four years, in the Fifty-eighth and Fifty-ninth Congresses, he represented the sixth congressional district of Texas, the district that I now have the honor to represent.

He became a Member of the House at the same time that our distinguished Speaker [Mr. GARNER] began his service. The present able leader of the majority [Mr. RAINEY] also began his service in the same Congress. Had Mr. Field desired to do so, he could have remained a Member of the House doubtless for many years, but he did not desire reelection, and voluntarily retired at the expiration of his second term on March 4, 1907.

Mr. Field was born in Canton, Madison County, Miss., January 26, 1847, and during the Civil War, at the age of 16, enlisted in the Confederate Army as a member of the Harvey Scouts; he later served in Maj. Gen. W. H. Jackson's division, Forrest's corps; saw active service in northern Alabama and through the Georgia and Tennessee campaigns under Generals Johnson and Hood. After the war he was graduated from the University of Virginia, thereafter taught school for two years, studied law, and was admitted to the bar in 1872, having moved to Calvert, Tex., that year, and continued to make that his home until his death.

He served as prosecuting attorney of Robertson County, Tex., 1878–1882; served in the State Senate of Texas, 1887–1891; and was delegate to the Democratic National Convention at Chicago in 1892.

He was an able and successful lawyer, and was actively engaged in the practice of his profession until 1913. He was also for many years engaged in extensive agricultural pursuits. In the later years of his life, Mr. Field's vision became materially impaired so that he was practically blind, but this affliction did not cause him to lose the cheerful and optimistic spirit that he had always possessed; neither did it affect his interest in public questions.

Always a loyal Democrat, in the presidential campaign of 1928 he spoke in his home county in behalf of the Democratic ticket.

Mr. Field possessed a most pleasing personality—quiet and unassuming in manner, uniformly courteous, considerate of the welfare of others, he was truly a gentleman of the old school.

When one considers his long life of nearly 85 years, and his record as a soldier, a statesmen, a citizen, and a friend, it can be said of him as was said of another, "He was tried in many high offices and critical enterprises and found faithful in them all."

CONSENT CALENDAR

The SPEAKER. To-day is Consent Calendar day. The Clerk will call the calendar.

HOSPITAL AND HOME FACILITIES FOR VETERANS OF CONFEDERATE ARMY AND NAVY

The first bill on the Consent Calendar was the bill (H. R. 4577) to extend hospital and home facilities to veterans of the Confederate Army and Navy.

The Clerk read the title of the bill.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I would like to have the bill go over.

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that the bill may go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FIRST DEFICIENCY APPROPRIATION BILL

Mr. BYRNS, from the Committee on Appropriations, by direction of that committee submitted a privileged report on the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30,

1932, and for other purposes (Rept. No. 15), which was read the first and second times and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union.

Mr. MAPES reserved all points of order on the bill.

Mr. BYRNS. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the present consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes. And pending that I would like to make some agreement as to the time.

Mr. LAGUARDIA. I would like to ask the gentleman if he expects to read the bill to-day?

Mr. BYRNS. I have enough requests for general debate for the entire day if the gentleman from Indiana has some requests.

Mr. LAGUARDIA. The bill has not yet been printed, has it?

Mr. BYRNS. It has not, but we will have it by to-morrow, and we can have general debate to-day.

Mr. SNELL. The gentleman from Tennessee intends to go on with the general debate to-day, one-half of the time to be controlled by himself and one-half by the gentleman from Indiana?

Mr. BYRNS. Yes.

Mr. UNDERHILL. Mr. Speaker, I do not wish to interfere with the prerogatives or privileges of the Speaker, but I would ask if it is not usual when a message is received from the President of the United States that it be at once laid before the House so that we may know what the message contains?

The SPEAKER. Permit the Chair to say to the gentleman from Massachusetts that the custom has been to investigate these messages before they are laid before the House in order that the Chair may determine what reference shall be made of them and whether the documents appended to the message shall be printed. That investigation is being made at the present time. Whether it is laid before the House now or later this afternoon can make but little difference.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, will the gentleman from Tennessee couple with his request a statement that the bill will not be taken up to-day under the 5-minute rule, so that we may be advised what is in it before it is taken up?

Mr. BYRNS. Pending action, I would like to ask the gentleman from Indiana [Mr. WOOD] if he has any number of requests for general debate?

Mr. WOOD. I have but one or two requests. I will suggest to the gentleman that the bill be taken up to-day for general debate and that the time be not limited.

Mr. BYRNS. I will say to the gentleman that I have requests for an hour and 40 minutes in addition to the time I shall consume in explanation of the bill. So, if the gentleman from Indiana has any number of requests——

Mr. WOOD. Up to the present time I have two or three requests which will occupy about three-quarters of an hour.

Mr. BYRNS. I think I can assure the gentleman from New York that the bill will not be taken up for consideration under the 5-minute rule until the House meets to-morrow. Mr. Speaker, I ask unanimous consent that the time for general debate be equally divided between the gentleman from Indiana and myself.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee that the time be equally divided between himself and the gentleman from Indiana? [After a pause.] The Chair hears none. The question is on the motion of the gentleman from Tennessee that the House shall resolve itself into Committee of the Whole House on the state of the Union for the consideration of the deficiency bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MOREHEAD in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will report.

The Clerk read the title of the bill, as follows:

H. R. 6660

A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

Mr. BYRNS. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

There was no objection.

Mr. BYRNS. Mr. Chairman and ladies and gentlemen of the committee, it is not my purpose to consume any more time of the committee than may be necessary for explanation of this bill. I propose to limit my remarks almost entirely to the bill now before you.

I may say, however, as a preliminary, that a good deal has been said in the newspapers of the country about the reduction of appropriations and expenditures. I am very sure that I voice the sentiment of every member of the Committee on Appropriations, and I feel sure of every Member of this House, when I say that every possible effort should be made to cut down appropriations and expenditures. It has been stated many times on the floor of this House by Members on both sides of the Chamber that there is never any partisanship in the Committee on Appropriations in the consideration of appropriation bills. That custom will, of course, be continued, I hope, for all time to come. Everyone is interested in the amount that is appropriated for the expenditures of the Federal Government. It is a matter which appeals not only to every actual taxpayer, but also to every consumer in the country, because in the last analysis they have the taxes to pay. The Committee on Appropriations, I am happy to say, since I have been a member of it, for 20 years or more, has never indulged in any partisanship when it comes to consider any items of expenditure.

This bill is reported to you by the unanimous action of that committee. Before I take it up let me say this with reference to the effort that will be made by the committee and by the House toward a reduction of estimates submitted by the President. Up to the present time those estimates amount to $4,601,000,000, in round numbers, for the fiscal year 1933.

Of that amount $497,000,000 represents the sum that will be needed by way of reduction in the principal of the debt from the sinking fund and other debt-retirement funds, an amount which, I think you will agree with me, can not, of course, under the law as it now reads, be reduced. There will also be required $640,000,000 of interest on the public debt, which, of course, must be paid, and which can not be scaled. The Veterans' Administration, including permanent appropriations, has an estimate pending before the committee amounting in round numbers to $1,072,000,000. Under present law fixing the amount of compensation, insurance, and other expenditures made necessary by way of pensions, and so forth, for veterans of all wars, I take it there is very little possibility of reducing that amount.

In addition to that the Post Office Department and the Postal Service have estimates for $814,000,000. Just how much that can be reduced I do not know. Of course, if the Congress should take any action with reference to the reduction of salaries, there would be some decrease in that estimate, and then the other permanent appropriations, other than those enumerated, which are not passed on by the Congress amount to $77,000,000, which makes a total of $3,100,000,000. I have called attention to these figures just to let you see how difficult it is going to be for Congress with every good intention to reduce these estimates in an amount that the people might expect them to be reduced, and which we ought to do, in the interest of the taxpayer, and for the purpose of calling your attention to the fact

that if this Congress pursues a practice which has been followed in previous years of increasing commitments and obligations on the part of the Government, you are going to have a situation which will not only result in defeating actual reduction, but in an increase beyond your expectations. That leaves a balance of $1,501,000,000 out of these estimates, and in those figures is $125,000,000 for Federal-aid roads, forest roads and trails, and roads in national parks. You gentlemen know as well as I do just how much those estimates can be reduced, and how difficult it may be if anyone makes an effort to reduce them, without passing upon the question of whether or not they should in all good conscience be reduced. Those estimates include also $120,000,000 for the public buildings program in 1933. They include also $93,000,000 for rivers and harbors and flood control, exclusive of permanent appropriations. That makes a total of $338,000,000 for those three items of public expenditure, involving the construction of public works. Then they include also an estimate of $342,000,000 for the Navy and $301,000,000 for the military expenditures, exclusive of permanent appropriations, making a total for those two departments of $643,000,000. That leaves for all other activities of the Government in these estimates as they are now before Congress of approximately $520,000,000.

I have called these figures to your attention for the purpose of emphasizing the necessity upon the part not only of every member of the Committee on Appropriations, but of every Member of this House, of guarding the Treasury and cutting down the deficit by not loading onto the Treasury additional burdens and new expenditures and new obligations in this time of stress. [Applause.] I hope that every Member will realize that we must all make certain sacrifices with reference to expenditures by the Federal Government which we feel are needed in our own States.

There never was a time in the history of our Government when we had a peace-time deficit such as those we are now facing. The deficit was over $900,000,000 in the fiscal year just closed. The President tells us in his message that for the year ending June 30, 1932, the deficit will amount to $2,120,000,000, and that for the year to end June 30, 1933, from present indications, the deficit will amount to $1,400,000,000. The country is looking to you, it is looking to me, it is looking to every Member of Congress to exercise economy and to cut down expenses, and the country will, as it ought to do, hold you and me responsible if we fail by our votes to cut them down.

I think we all agree that in the interest of the credit of our country, in the interest of future generations, one of the most important, if not the most important, problems, that now confronts Congress is the balancing of our Budget. That can be done by a reduction of expenditures, and, of course, by the passage of such additional laws as will be necessary to bring in more revenue.

When we think about these additional taxes we must consider the depression that exists throughout the country; the fact that every business at the present time is crippled; that the revenues of the Federal Government have been greatly decreased under the present law by the falling off of income; and that it is not fair to them, it is not fair to business, it is not just to the taxpayers for Congress to fail to meet this emergency and use the scalping knife upon these appropriations as they come to us.

It is not a pleasant job for the Committee on Appropriations to deny requests. It is not a very pleasing thing for any member of the Committee on Appropriations to tell a colleague or to tell the country that it is not going to make an appropriation for this or for that, especially when we realize that if conditions were different the appropriation would be in order; that it would be most desirable if we had the revenues with which to meet it; but I think I can promise you, ladies and gentlemen, that the members of the committee are going to bring these bills before you, we are going to exercise our best judgment in reducing them, and then it is up to you Members of the House as to whether or not you shall sustain the committee in its effort to reduce the expenditures, or whether or not they will be increased.

Now, I want to take a few minutes to explain this bill which is now before you. The estimates which were submitted to the committee carried a total of $139,330,162.75. The amount recommended to be appropriated in the bill is $125,886,262.75, which is $13,443,900 less than the Budget estimate.

If you will look at the report of the committee you will find that these reductions are contained in a comparatively few of the items. You will remember that this is a deficiency bill, and it is not always easy to reduce estimates for this character of bill, because these estimates either represent deficiencies already incurred or they are made for supplemental appropriations during the fiscal year, and at a time when it has been demonstrated to the department just how much money will be needed to carry on its activities until the close of the fiscal year.

I am not going to refer to all of these items unless some Member wishes some information in regard to a particular item; but I will take up some of the principal items, possibly not in the order in which they appear in this bill.

The first item to which I wish to call attention is the appropriation which will be necessary for the remodeling of the present House Office Building so as to accommodate those Members who will remain in that building, and give them practically the same facilities that will be accorded to those who move into the new building, which it is anticipated will be ready on the 1st day of next January.

The Architect of the Capitol submitted, with the approval of the House Building Commission, an estimate of $760,000 for remodeling the old House Office Building. That will necessitate the tearing out of partitons, the cutting off of one of the offices so as to supply a storeroom and other facilities and accessories similar to those provided in the new building; the rearrangement of all the plumbing and other things necessary in that building, which is now about 24 years old. Of course, the committee does not know, and no one can definitely say, just what will be found to be necessary when that work is undertaken. The Architect of the Capitol stated that he had made a very close and careful investigation; he had secured the advice of those in whom he had confidence as to the amount of money that would be necessary. Those figures have been placed before the House Building Commission, which, as you know, consists of the Speaker and one member of each of the two parties, and those figures have met the approval of that commission.

The Committee on Appropriations knew of no way whereby it could reduce that estimate. The Architect of the Capitol stated that unless that appropriation was carried in this bill it would be impossible for him to make any promise that that work would be carried on and that Members would be able to get in, without inconvenience to themselves, and occupy these new quarters in December, 1933. He stated that this appropriation must be made now if he is to have time to draw his plans and specifications, to secure proper fabrication of the material that is necessary, and to call for bids and make his contracts, so that work should begin promptly in March, 1933, immediately after the adjournment of the present Congress, and be concluded, as we hope, within the eight months intervening before the regular session in December of that year. So the committee, feeling that it was the wish of the House and feeling further that every Member of Congress was entitled to the same facilities and the same advantages in his office work, has allowed that estimate.

The other estimate submitted was one for $550,000 for furnishings and equipment for the new House Office Building. The committee felt that it had the right, although it was approved by the House Building Commission, to exercise a little judgment with reference to that. We found certain items which the deficiency subcommitte was unanimously opposed to. For instance, there was $10,000 for the installation of gymnasium equipment in that building. I am not here to question the advisability of gymnastics, but we have a modest gymnasium in the old building, very modest, it is true. I have never been in it, but I have

been told about it. We felt that under the circumstances the taxpayers of this country should not be charged with $10,000 for a purpose of that sort. It is quite important that we all take exercise, but I think we can do that in other ways and at our own expense.

There was an item of $5,000 for certain moving-picture equipment in a room in that building, which we have cut out for obvious reasons, and which the committee does not expect to be expended out of this appropriation.

There was an estimate of $1,780 each for the furnishing of 251 office suites, consisting of furniture and other equipment, such as desks for a couple of secretaries, desks for Members, tables, chairs, and other necessary office equipment. The committee felt that that was possibly too much; that in this day of decreasing prices that estimate could be safely cut and ought to be cut. Your committee therefore reduced that amount, feeling that considerably less than $1,800 should furnish each suite appropriately.

There was also an estimate for five large committee rooms, estimated to cost $3,750 each, which we felt was high and could be reduced. There were estimates for seven smaller committee rooms, amounting to $2,100 each, which we felt could be cut, and after a thorough consideration of the matter your committee came to the unanimous conclusion that that estimate should be cut $150,000, and therefore we have recommended $400,000 for that purpose.

There is another item in this list to which I wish to call your attention, and that is the appropriation of $321,201.94 more for the acquisition of a site for the annex for the Library of Congress, the land just back of the present Library. I call it to your attention for this reason: This appropriation is made necessary to pay the awards of the courts in condemnation proceedings. The authorization for this land was $600,000, and that money has been appropriated. The commission in charge tried to purchase the land, but after negotiation concluded it should resort to condemnation proceedings, and the court awards result in this additional amount of $321,000, and there seems to be no way on earth by which Congress can avoid making the payment if we want the land. But, gentlemen, in view of the cry that is set up in the District every time it is proposed to increase taxes here, I want to call your attention to this fact—which has been called to your attention in numerous other cases, and particularly with reference to the condemnation of land for the Botanic Garden: This $321,000 in the way of awards represents nearly 128 per cent more than the assessments on that particular property. I venture to say that there is not a city in the United States, certainly none within my knowledge, where the assessments are so low that a court of record could under its oath decide that the actual value of the land was 128 per cent more than that which had been fixed by the tax assessor.

Mr. LAGUARDIA. Was that by jury or judge?

Mr. BYRNS. By jury and judge. I hope the people of the District, when they talk about their extra taxes and the fact that increased taxes are being imposed upon them, will remember that practically every time we come to the question of condemnations in the courts it is found that these assessments are amazingly and extravagantly—and I was about to say scandalously—low.

Mr. GLOVER. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman.

Mr. GLOVER. I notice that this bill carries an appropriation of $4,260,000 for fighting fires, which I figure is something over $8 an acre. Does not the gentleman think that is exceedingly excessive?

Mr. BYRNS. Well, I will say that the forest supervisor stated that there had been an unusual epidemic of fires in the last year and beyond any past experience, as I recall, of the Department of Agriculture. The gentleman will recall that the regular annual bill carries $100,000 by way of a lump-sum appropriation for the fighting of forest fires. It does it with the idea that none of it may be needed or that a situation may result in these forests when many times that amount will be needed. Under the law the Secretary of Agriculture has the right to use other appropriations for the purpose of extinguishing and preventing these fires, and this is the amount which has actually been expended—so we were told by the Chief Forester—from other appropriations to control these fires and suppressing them during the last summer and fall, and, of course, it is necessary to reimburse the appropriations from which this money has been taken.

That is unusually large if you take the past record of the department into consideration. But, of course, in all fairness we must admit that the department and no one else can control these matters. If the fires occur it is their duty to put them out and to protect the public domain.

Mr. GLOVER. I happen to know some of the lands that were burned over, and the lands themselves with everything on them are not worth $8 an acre. I would like to know whether the committee had a sufficient showing to know that all of this money was required.

Mr. BYRNS. No. The only thing we had was the showing that the amount of $4,260,000 had actually been expended, and upon that showing, definite and positive as it was, we made that appropriation in order to reimburse the other appropriations.

Now, gentlemen, there is an estimate of $30,000 for the protection of the interests of the United States in matters affecting the oil lands in naval reserves. This lawsuit involves lands said to be worth from $5,000,000 to $50,000,000 in the naval reserves in California. Appropriations have been made heretofore for the payment of attorneys and other expenses involved in that litigation, amounting, as I recall, to about $215,000. The suit is now ready for presentation to the district land office and also for appeal, if necessary, to the Secretary of the Interior. It was stated that $10,000 was needed, $5,000 of which was to be expended for the appointment of oil experts, who were expected to go into the briefs of the Standard Oil Co. and other interests which are fighting this suit and assist the attorneys in preparing their replies, and that $5,000 was to cover traveling and other expenses. Your committee felt, of course, that in a lawsuit of that importance and involving that amount, where it was stated these oil experts were necessary, it would be very unwise and very foolish not to allow a sufficient amount of money to provide these experts to help prepare the cases for hearing.

Twenty thousand dollars was estimated for the further payment of two attorneys engaged in this suit. They have been paid a great deal of money up to date. One of them has been paid over $24,000 during the past year. Another one something like $11,000. I think one of them during the past five years, and during the pendency of that suit, has been paid about $83,000, and another one about $30,000. So your committee felt that Uncle Sam was pretty good for his debts, and that if these attorneys were entitled to any more money they could certainly wait until this suit was concluded, which it is expected will happen very soon. Therefore we eliminated the $20,000 which was intended for the payment of attorneys.

I am going to call your attention particularly to the eliminations because you are entitled to such information in advance of your consideration of the bill.

There was $20,000 estimated for the Federal Trade Commission for stenographic reporting. I am not going to comment on the fact here, but I wish sometime at your leisure you would read the hearings and see what the Federal Trade Commission and other commissions in Washington are spending for stenographic work. It appeared here that 75 cents a page was being paid to a New York contractor for this work, most of which has been done in the State of Texas in an investigation of the cottonseed industry. I do not know what you may think about it, but, speaking for myself, I consider it is outrageous to pay 75 cents a page for stenographic work of this character.

Stenographers can be secured in Texas, hundreds of them, who would do the work for far less and do just as good a job, because, after all, they actually do the work anyway. It appears that a contract is made on bids, they say, with some man at the present time living in the State of New York. He does not do a lick of the work. Whenever they

notify him they are going to have a hearing in Dallas, Tex., for instance, he gets in touch with his representatives there and employs them to do the work and pays them a certain amount, I do not know exactly what, and puts the balance in his pocket. I do not see why the Federal Trade Commission can not do this itself. If it has stenographic work to be performed in Dallas, Tex., for instance, it ought to have on its list the names of the stenographers in that city and be able to employ them direct and to pay them the amount which they are getting for reporting in the courts of Dallas and for other work which they perform there. I see no reason why it should be necessary, unless it is to save somebody a little trouble in these commissions, to go to New York or to any other place and get one general contractor and have him handle the job.

Mr. LAGUARDIA. Will the gentleman yield there?

Mr. BYRNS. I yield to the gentleman.

Mr. LAGUARDIA. I agree with what the gentleman has said, but I take it that in eliminating any amount asked for by the Federal Trade Commission, it is not the intention of the committee to curb the very excellent work the Federal Trade Commission is doing in reference to their power investigation?

Mr. BYRNS. No; and it is not the purpose of the committee to even curb the work that is being done with reference to this particular industry, and I am glad the gentleman has asked the question. The gentleman knows that it is the custom of another body to adopt separate resolutions directing the commission to investigate this or that industry, or to make any other investigation which may occur to it ought to be made. The House has never had the privilege of even passing upon such resolutions. The House and the Senate pass appropriations here providing what they believe to be necessary for the investigations under way and with a promise that the appropriations will be expended in that way. Then another body passes a resolution providing an entirely different and new investigation and the Federal Trade Commission abandons its investigation, at least in part, as to these other subjects and uses the money appropriated for a particular purpose for this new investigation.

I think this is wrong. I think the Federal Trade Commission should use the money that is appropriated for specific purposes in accordance with its promise made to both Houses, and thus give both Houses an opportunity to pass upon the matter; and this being a Senate resolution, we felt we would eliminate it and let it go over to the Senate and let the Senate act, as it did in the first instance, and provide the necessary money; and, of course, if it is necessary, we will approve it when it comes back.

Mr. LAGUARDIA. The gentleman, as chairman of the great Committee on Appropriations, speaks with a great deal of authority, and I think the country would want to be assured by the gentleman that it is not the intention of his committee to in any way curb or hamper or limit the splendid work that the Federal Trade Commission is doing in the investigation of power conditions in this country.

Mr. BYRNS. I have had occasion a number of times to express myself personally on that subject. I am in favor of those investigations and I do not want to curb any of them in the slightest degree. What I am contending is that when Congress makes an appropriation to investigate power conditions, for instance, or the chain stores, the money so appropriated should be expended for that purpose, and that the Federal Trade Commission should not be in a position to come back and tell us, at the end of the year, "We did not complete the investigation; we did not use all the money you appropriated for that purpose, because another body passed a resolution directing us to do something else." It is in the interest of the investigations such as the one to which the gentleman has alluded and the ones to which I have referred that I have made this statement.

The chain-store investigation started several years ago, and yet we are now in a position where we are told that even by next June the work will not have been completed, and, as I recall, more than a year ago the House was assured it would be ready, and ready at a very early date.

The only reason and explanation given is that a part of the money at least has been used in another special investigation.

Mr. TEMPLE. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman.

Mr. TEMPLE. Does the gentleman mean to say that the Federal Trade Commission has taken money appropriated by bills that have passed both Houses for a specific purpose and spent it for a purpose that the House of Representatives has not passed upon?

Mr. BYRNS. I did not mean to make it that broad. What I meant to say was this: The Federal Trade Commission will come before the Committee on Appropriations of the House in support of its estimates, and it will indicate to the Committee on Appropriations that it needs so much money for this investigation, so much for that investigation, and so much for the other. The Committee on Appropriations makes its report to the House based on these statements, and the House presumably acts on those representations, and the bill goes to the Senate, and the appropriation becomes a law.

Later on the other body will pass a resolution providing for an investigation of some other subject which was not anticipated when that appropriation was recommended to the House and passed. Then, the Federal Trade Commission—and I am not making any criticism of the commission, although I think it is improper—feeling that it becomes its duty to make the investigation under that resolution, will use some of its funds for that purpose, as it did in the investigation of the oil-industry matter, and thus divert the funds which the House and the Senate had appropriated for other purposes.

I do not mean to make any severe criticism of the Federal Trade Commission, but I think it is a practice that ought to be stopped.

Mr. TEMPLE. Does not the gentleman think it would be proper to spend the money provided in the appropriation bill which passes both the Senate and the House on projects submitted to them by both the House and the Senate, and if the Senate has an additional investigation that it should be paid for out of the Senate contingent fund?

Mr. BYRNS. Yes; or at least if the Federal Trade Commission has not the money to make the investigation without impinging upon the fund provided by the Senate and the House they ought to go to the Budget officer and say, "We must have an additional appropriation," and thus enable the House to have some say about the matter.

Now, the George Washington Bicentennial Commission is a matter that appeals to me very strongly, because I happen to be a member of that commission, not at my own request, but I was honored by an appointment by the former Speaker of the House.

Mr. UNDERHILL. Does the gentleman feel interested to the extent of a million and a half dollars?

Mr. BYRNS. I was about to say to the gentleman from Massachusetts that I am not assuming any credit for the good work of this commission, because I am not entitled to it, and other members of the commission are. I am not taking anything away from the distinguished chairman, Mr. FESS, of Ohio, nor the director of that commission. I feel that in fairness to him it should be stated that he has done a wonderful work in bringing the attention of the country to this great celebration which is to take place this year in commemoration of the great services and the memory of the Father of our Country.

Of course, it has cost a great deal more money than anyone expected when the commission was created; far more money, I assume, than those who originated the idea anticipated. It has grown to large proportions, and while I do not want to put it on a commercial basis, I will say to my friend from Massachusetts that it is stated the Government will realize a million and a half dollars in the sale of stamps alone. The stamp sale the other day realized $100,000 in this city, I am told by the postmaster. The statement has been made that the Government will realize a million dollars and a half. That was made by the director and also by our

late lamented friend, Mr. Ackerman, of New Jersey, who had considerable experience in the collection of stamps and in whose judgment we all had great confidence.

It is also provided that the 2,000 copies of the definitive writings of Washington out of the 3,000 sets to be published shall be sold for a sufficient amount of money to pay for the entire 3,000 sets.

So that when all the books are balanced I do not know that we are going to find that the Bicentennial Commission has cost anything like the present figures will indicate.

Eight hundred and thirty-five thousand dollars has been appropriated up to this time for this commission. Four hundred and twenty-seven thousand dollars was estimated for this deficiency bill. An estimate is pending before the committee for the next year of $452,000. This estimate of $427,000, with which we are concerned now, provided for $312,000, to be expended on the publication of pamphlets on George Washington and various phases of his career; also in certain musical and other publications and publicity which you will find set forth in the hearings. It also provided $115,000 for certain celebrations. Fifty thousand dollars was for the celebration of February 22.

The Congress having already provided a joint committee for the purpose of taking proper action with reference to February 22, it was felt by the committee that it was hardly within its province or within the province of the commission to consider that. That is a matter that could be properly left to the joint committee, and if the joint committee needs any money it can ask for it out of the contingent funds of the two Houses. It provided $10,000 for Flag Day, $10,000 for Mother's Day, $10,000 for the Lee Mansion, and $15,000 for the opening of the bridge and the Mt. Vernon Highway, and possibly some other dedications amounting to some $115,000. Your committee felt that while all those things were very desirable, in view of the present circumstances we had no business even considering making appropriations of that kind at this time. I would rather see some of the money in the Treasury taken to feed the people than to be used for the purpose of celebrations and other unnecessary activities in the Government. [Applause.]

Mr. HUDDLESTON. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. HUDDLESTON. Will the gentleman tell us just what is the objective of this campaign, of all this advertising, of all this expenditure by the Washington Bicentennial Commission? Is it to convince the people of the country that George Washington was a great man and a patriot? Is it necessary to go to all this expense to convince us at this time that he was the Father of his Country? I am serious in asking that question. What are we trying to accomplish in spending this six or eight hundred thousand dollars?

Mr. LAGUARDIA. That is a question that I was going to ask.

Mr. BYRNS. The professed objective, and I am sure that is the real objective, is to inculcate the spirit of patriotism and love of country in the little children of the country and coming generations, and also to provide information in a definite, fixed form for future generations, with reference to every phase of George Washington's life and period.

Mr. HUDDLESTON. Does the gentleman feel that in all this expensive campaign there is anything of any substantial value toward creating a love of country in the hearts of the American people?

Mr. BYRNS. I confess to the gentleman that I believe it will be and is of great value. When the gentleman talks about great expenditures that are being made at this particular time, of course, some question may be made as to whether it is proper. When this was undertaken and these expenditures started it was not expected that our Treasury would be in the condition that it is to-day, or that the condition of the people would be as it is to-day. I think it is going to be of tremendous value in the sense that there is hardly a schoolroom in the United States which will not have information as to the life of Washington which will prove an inspiration to its pupils. The school-teachers of the country have been urged—and I take it they will all do so—to carry on a course of training of the children in these schools throughout the land, encouraging them to study Washington and to study his life and what he stood for and what he accomplished and what this Government has accomplished, due largely to his personality and achievements. So in that sense I think it is of great value. The gentleman has his own opinion as to whether it is worth the amount expended.

Mr. HUDDLESTON. May I suggest to the gentleman that he has pointed out purely superficial aspects of patriotism. Putting up a picture of Washington in a schoolroom so that a child may be familiar with the physiognomy of the Father of his Country seems to me to be of very slight value in teaching that child to love his country and be willing to serve it.

Surely love of our country stands upon some more substantial footing than merely admiration for one of the founders of the Republic, greatest though he may have been. Surely it is our institutions, the institutions of liberty; surely it is the opportunities that are afforded the American citizen which inculcate patriotism, and not this mere lip service, a bowing and scraping before personalities and advertising that is being carried on. This hullabaloo is comparable to an effort to draw a crowd into a circus. It is belittling to Washington; it is belittling to our country.

Mr. BYRNS. Of course, my reference to the picture was incidental. I think the real value comes from the fact that these writings have been collected and that all these incidents in the life of Washington have been combined in various volumes for future generations.

Mr. HUDDLESTON. What does it all matter? Every school child in the country is familiar with the history of George Washington. Everybody who knows anything of our country is familiar with it. We already have adequate sources of information. The story of Washington is drunk in with the mother's milk; it is poured into the ears of the child from the time he starts to school. The really patriotic citizen is bound to maintain that had George Washington never lived we would have had the great American Republic, and would have had the same love for American institutions that we now have. He was merely one of the great men who founded this country. This groveling at the feet of a mere man belittles our institutions.

Mr. BYRNS. I think that we can not afford to be too materialistic about these things. I think as we pass along through the world we ought to look a little to the sentimental side of life and encourage our children to do it, and succeeding generations, also.

Mr. HUDDLESTON. I would rather some of the starving school children in my district had a loaf of bread than a picture of George Washington or any other great man. [Applause.] I think that this money that is being wasted in this hullabaloo, a large part of which is to advertise certain individuals and to pay men for their literary and artistic performances and for the work of printing presses, all constituting a sort of "racket," might much better be devoted to the relief of our distressed citizens.

Mr. BYRNS. The committee is not altogether out of sympathy with the ideas expressed by the gentleman, I want to assure him, and that is the reason the committee has reduced this estimate nearly 50 per cent. It has cut out every dollar that was intended for the purpose or may have been utilized for the purpose to which the gentleman has referred, and has appropriated a less amount by $62,000 than it was said would be necessary.

Mr. HUDDLESTON. A large part of these expenditures under a patriotic cloak are to draw people to Washington, so that the hotel and boarding-house keepers and merchants may be able to skin the visitors while here. A large part of this pretense of honoring Washington is based upon the grossest materialism and is an insult to patriotism. The boarding-house and lodging-house keepers in Washington have already listed their rooms at extortionate figures, expecting visitors to come here so that they can soak them in connection with this patriotic purpose.

Mr. BYRNS. I may say to the gentleman from Alabama that there is not a dollar contained in this appropriation and not a dollar that has heretofore been appropriated out of the Federal Treasury that can be utilized for any celebration of any kind or description in the District of Columbia or anywhere else. We have confined these appropriations solely to the purpose which I have outlined.

Mr. HUDDLESTON. But there is all this advertising campaign. The gentleman is advised of the proposals that are being made to hold celebrations in Washington?

Mr. BYRNS. Yes; and $100,000 has been appropriated in another bill for that purpose.

Mr. HUDDLESTON. The fundamental purpose is to draw people to the city of Washington.

Mr. BYRNS. But those are District revenues, and not Federal revenues.

Mr. HUDDLESTON. But we give the subject all this advertising and then the District makes an outlay so as to cash in on it. That is the whole thing.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LINTHICUM. I would like to know what items have been eliminated by the committee. I entirely disagree with the gentleman from Alabama [Mr. HUDDLESTON]. I do not think that if this Nation lives a thousand years it can honor George Washington too much. I would like to know what items the committee has stricken out.

Mr. HUDDLESTON. Will the gentleman permit me to answer the gentleman from Maryland?

Mr. BYRNS. I yield.

Mr. HUDDLESTON. George Washington can not be honored by the cheap device of sending his picture around over the country and making a hullabaloo over it. George Washington is to be honored by the people of this country following his example of devotion and self-sacrifice and modest retirement. Only in that way can George Washington be really honored—not by a circuslike program of ballyhooing.

Mr. BYRNS. I may say to my friend from Maryland that the committee has eliminated the following items:

There was an item of $50,000 which it was proposed to utilize on February 22 in connection with the birthday of George Washington, which we eliminated for the reason I stated to the gentleman from Massachusetts.

Mr. LINTHICUM. How will we celebrate it without any money?

Mr. BYRNS. A joint committee has already been appointed by the two Houses for the purpose of making plans for what shall be done on February 22, and we felt that that was a matter for that joint committee to determine and to submit their plans, and if they need any money they can get it out of the contingent fund.

Mr. LINTHICUM. Is that for a general celebration or for a celebration in the House of Representatives and the Senate?

Mr. BYRNS. Oh, no. This fund has never been intended for any general celebration. There was never to be anything of that kind either in the District or in the State. It was only to bring to the attention of the country the facts with reference to the achievements of George Washington and the accomplishments of that day and to permit the States and the local communities to do their own celebrating at their own expense. So that there has never been any money appropriated for that purpose.

Mr. LINTHICUM. Maryland is going to celebrate George Washington's birthday at its own expense, and its people and societies will do the same thing.

Mr. BYRNS. Absolutely. And this commission, as I understand, has been exerting its best endeavors to bring about that situation in the various States and communities.

Mr. LINTHICUM. The people of this country are looking to the city of Washington, the seat of the National Government, to lead in this matter, and they are looking for bigger things here than they are looking for in the various States and cities of the Union.

Mr. BYRNS. The bill which was passed at the last Congress carries $100,000 to enable the city of Washington to celebrate in the manner that it thinks best. In addition to that, it is expected that this local commission will be able to derive a great deal of revenue from the sale of seats and other concessions like that, from which it is thought they will have plenty of money.

The CHAIRMAN. The gentleman from Tennessee [Mr. BYRNS] has consumed one hour.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one additional hour, or for such length of time as he may desire.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LAGUARDIA. The gentleman is always eminently fair, but it seems to me the statement he made might be misleading. As a matter of fact, is it not true that any new or special issue of stamps will always bring in $1,000,000 on the first sale? That has been long established in almost every country in the world, so that the Bicentennial Commission had absolutely nothing to do with the sale of those stamps, except to exploit the sale as one of their own achievements.

Mr. BYRNS. Well, I will say to the gentleman that the work which has been done by the Bicentennial Commission, of course, has been of tremendous advantage in advertising those stamps and causing them to be bought. The gentleman knows more about that general subject than I do, because I am not one of these stamp collectors; but it was stated that it is not expected that these stamps, in the largest measure, will be used in the actual mailing of letters.

Mr. LAGUARDIA. That is absolutely true.

Mr. BYRNS. And, therefore, it will be a clear gain to the Government.

Mr. LAGUARDIA. When I was a member of the Post Office Committee I remember distinctly that the Postmaster General, or the person in charge, testified that on every new issue of stamps there is a purchase of about $1,000,000, and that they are not used in the carrying of the mails. Some of the new countries immediately after the war financed themselves on the issuance of new stamps. That is my objection to the commission. I say that with all due deference and respect to the gentleman.

Mr. BYRNS. I will say to the gentleman that I am a small part of the commission and have had very little to do with it.

Mr. LAGUARDIA. I want to exclude certain gentlemen from my criticism. The gentleman has said that the commission has advertised the stamps. Not at all. The stamps advertised the commission. It has been said that the commission is advertising George Washington. Not at all. Certain members of the commission are exploiting George Washington. That is the trouble, and it is the attitude of advertising George Washington or selling George Washington to the American people that has brought certain members of the commission into ridicule—their effort to advertise and sell George Washington.

Mr. MICHENER. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. MICHENER. Does the commission pass on the activities of the director? For instance, if the director advocates tire covers for distribution, does the commission act on the plan before it is put into execution?

Mr. BYRNS. I do not see the associate director; the gentleman from New York [Mr. BLOOM] here and I would like to have the gentleman wait until this bill comes up under the 5-minute rule, at which time he can interrogate the gentleman. I will say to the gentleman, however, that all items of expense have to be approved by the chairman.

Mr. DYER. Who is the chairman of the executive committee?

Mr. BYRNS. The Senator from Ohio, Mr. FESS.

Mr. MICHENER. Was the gentleman present as a member of the commission when it was determined to distribute these automobile-tire covers?

Mr. BYRNS. No; I was not.

Mr. MICHENER. As well as these tags for the front of cars, these busts to set up in different places, as well as the music that has been written?

Mr. BYRNS. I imagine the gentleman heard about that as soon as I did. I got my information from the newspapers.

Mr. KNUTSON. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. KNUTSON. Does not the gentleman think the commission has been doing pretty well and that the American people are getting pretty well acquainted with George Washington?

Mr. BYRNS. I think so.

Mr. STAFFORD. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. STAFFORD. Has the commission ever considered the total amount it will expend for the proper celebration of the memory of George Washington?

Mr. BYRNS. I do not think that matter—certainly not in my presence—has ever come up, and I have attended several meetings of the commission.

Mr. STAFFORD. Is the commission or the commissioner going to have unlimited access to the Treasury of the United States in order to exploit the name of the Father of our Country just as the commission or the commissioner may see fit?

Mr. BYRNS. The Treasury, of course, is in charge of the Congress of the United States, and the commission can not have unlimited power in that respect unless the gentleman and other Members of Congress give that power.

Mr. STAFFORD. The gentleman will remember my criticizing the commission in preparation of the Writings of George Washington, as well as the extravagant amount of the appropriations for that work—$56,000. At that time I contended that was a matter for private publishers, and not for the Government; and I now notice in the hearings that there has been appropriated to date $835,000, and in this deficiency bill a further quarter of a million of dollars. What has the commission before it as the total amount that will be expended for a proper celebration in memory of the Father of our Country?

Mr. BYRNS. I am sorry I can not answer the gentleman personally.

Mr. STAFFORD. In these piping times I approve of the gentleman's expression that we should be economical, but here we find in the hearings thousands of dollars being spent on tours without any restriction at all, just to advertise the person himself.

Mr. BYRNS. Gentlemen, this appropriation of $250,000, which is a reduction of $177,000 from the original estimate of $427,000, is before the House. The gentleman has the same power to fix the future expenditures of the commission as either the gentleman now speaking or any other Member.

Mr. STAFFORD. If the gentleman will permit, the phraseology of the appropriation is "for the same objects specified under this head in the independent offices appropriation act of 1932." I sent for a copy of that act. The commission has unlimited authority to spend money for any character of activity it sees fit, and it seems that one commissioner alone is determining the policy. I read here in the hearings about Senator Sterling and others going around the country stopping at expensive hotels and advertising themselves.

Mr. BYRNS. The gentleman referred to is not a member of the commission.

Mr. STAFFORD. I understand he is not, but he has gotten funds from the commission to spend in advertising himself, and the reason I am taking the floor is because in reading the hearings I find that the distinguished commissioner refers twice to the city which I have the honor in part to represent as having been favored by one of these illustrious historians going there to exploit the Treasury in an attempt to advertise the memory of the Father of our Country.

Mr. BYRNS. I may say to the gentleman that the gentleman to whom he has referred is now deceased. He was never a member of the commission, and I know he has not been connected with the commission in any way for a long time. He was chosen for a certain specific work and performed that work for a short time, so far as I know, with his usual ability and fidelity. He was selected by the chairman of the commission.

Mr. STAFFORD. Yes; and he also performed very faithful work in connection with some private claim bills which were on the calendar at the last session of the Congress.

Mr. BYRNS. I do not want the gentleman to abuse me for something for which I am not responsible.

Mr. DYER. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. DYER. The gentleman from Alabama has called the attention of the committee to the fact that this celebration has developed somewhat into a midway plaisance. I agree with the gentleman, at least partially.

The Speaker of this House has been advocating economy, and this country certainly needs economy now in order to take care of the wants of the people in various respects, including education, and I do not believe that education, so far as George Washington is concerned, is needed. The question I would like to ask the gentleman to answer, if he can, Is how much money is being expended by this commission for rent and for hire of personnel?

Mr. BYRNS. There is a pretty full list of expenditures put in here by the commission.

Mr. DYER. I understand they have an entire floor rented here in a very expensive office building.

Mr. BYRNS. No; I think they have about one-half of a floor.

Mr. LAGUARDIA. That amount is between $24,000 and $34,000, which includes amount used to remodel the offices. I can not remember exactly now, but we had that up several months ago.

Mr. DYER. The gentleman is a member of the commission, and at the same time I know the gentleman has a great deal of other work to do as chairman of the important Committee on Appropriations——

Mr. BYRNS. I can tell the gentleman how much is being spent for rent, as appears from this statement—$15,301.04.

Mr. DYER. In this one building here?

Mr. BYRNS. Yes.

Mr. DYER. Will the gentleman tell the committee whether or not the commission itself has had anything to do with the leasing of these quarters and the hiring of the personnel. I understand there are several hundred people employed.

Mr. BYRNS. I can only say to the gentleman, as one member of the commission, I was appointed without my request and without my knowledge by the former distinguished Speaker of this House, and I have had nothing to do with it. What other members of the commission have had to do with it I do not know. My impression is that it was done with the approval of the chairman of the commission, and certainly with the acquiescence of the entire commission.

Mr. DYER. Is there any great emergency for any money carried in this bill for this celebration at this time?

Mr. BYRNS. The only purpose for which this money can be used is for the carrying out of the contracts or commitments which have been undertaken and which are now pending for various publications.

Mr. DYER. Who made these contracts?

Mr. BYRNS. I take it they were made by the director and with the approval of the chairman of the commission.

Mr. DYER. Of course, the commission itself has not passed upon any of these matters.

Mr. BYRNS. I do not know what the commission may have passed upon. The only action that was taken with reference to rents or with reference to the employment of personnel or with reference to the salary roll was that there came before the entire commission and before the executive committee from time to time the question of the publication of these definitive writings of Washington, and those things were approved by the commission. There were other

things, and I would not want to say that the commission did not have any information as to what was being done down there. I believe if the gentlemen will defer their questions until this matter comes up under the 5-minute rule they will then be in position to get information, possibly, from those who have been in direct charge rather than to attempt to get it from me.

Mr. DYER. Oh, no; far be it from me; but the gentleman's committee has brought into this House and we have now for consideration a matter of appropriating quite a large amount of money for the continuance of this work. I believe as one Member of the House that the gentleman's committee should have gone into this fully or laid it aside and eliminated it. It should have made a close examination of these expenditures—under whose authority they were made and whether or not we could save to the people some of this money which it is charged is being wastefully, extravagantly, and uselessly expended.

Mr. BYRNS. I will say to the gentleman that if he will do the committee the honor of reading the hearings he will find that the committee did just what the gentleman says it should have done. We went into the matter closely, as the gentleman will find if he examines the 15 or 20 pages of the testimony.

Mr. DYER. What witnesses were before the committee?

Mr. BYRNS. Hon. SOL BLOOM, the associate director, and there was present the accountant and the Budget officer and also Mr. Williams, who has another responsible position——

Mr. DYER. But no member of the commission appeared.

Mr. BYRNS. No; no member of the commission.

Mr. DYER. They are the ones responsible to Congress for the expenditure, and none of them appeared to show the necessity for further expenditure.

Mr. MICHENER. Will the gentleman yield to me?

Mr. BYRNS. I yield.

Mr. MICHENER. In my section of the country there is a growing feeling against these appropriations. For instance, I have received through the mail printed literature sent out by the "George Washington Bicentennial Commission Costumes (Inc.)" in New York City, sent to merchants selling costumes, in which it is stated that the Federal Government has spent millions of dollars in advertising this celebration and urging the local merchants to buy these costumes, and the literature indicates, by inference, that it is sent out with the approval, at least, of this commission. I am receiving letters asking me if it is true that the Federal Government, which is trying to reduce expenditures at this time, is appropriating millions of dollars to advertise George Washington.

Mr. BYRNS. I feel that I can not too emphatically say that in the publication of advertisements and circulars the commission has not authorized it nor given indirect approval to it. That is wholly incorrect.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended one-half hour.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. MONTAGUE. Will the gentleman yield to me for a question?

Mr. BYRNS. I yield.

Mr. MONTAGUE. There is an item on page 3 of the print I have of the bill, line 16, "House Office Building: For reconstruction and remodeling of the House Office Building * * * $760,000." That is for reconditioning and improvement of the present House Office Building. It seems to me that this is a very serious item, and naturally the inquiry arises whether we can not postpone this improvement to a more propitious time. What great business enterprise, under the present distressing circumstances, would undertake to do that which can be done without serious consequences at any other time?

Mr. BYRNS. That matter was discussed extensively at the beginning of my remarks when the gentleman from Virginia was temporarily out of the Chamber. I can only repeat what I said then. It is expected that the new House Office Building will be ready for occupancy on January 1 of next year. It is expected that half of the membership who will not be able to occupy that building but will have to remain in the present building should be given the same facilities and conveniences and advantages that are given to the other half that moves into the new building.

The Architect of the Capitol stated that unless this appropriation was made now he would be unable to have the material fabricated and plans and specifications drawn so as to get the work into shape by March, 1933, and complete it in eight months.

Therefore, unless it was carried in this bill, it would practically amount to a postponement of the work in that building for two additional years, on to 1935. It is a question for the House as to whether it wants to give the convenience and advantages to half the membership that are not accorded to the other half for two or three years later. The committee felt, in view of the action of the House and determination to give to Members reasonable office advantage, that it was entirely proper to make this appropriation at this time.

Mr. MONTAGUE. It seems to me that the object was originally to give two offices to each Member, and I suggest that a very small appropriation would cut the necessary doors between the partitions and provide two offices, and that the other conveniences alluded to could be put in hereafter.

Mr. BYRNS. The gentleman would find if that were done that it would cost twice the amount it would cost to do the job at one time.

Mr. MONTAGUE. What? To cut doors between partitions?

Mr. BYRNS. I think if it is done at all it ought to be done at one time, because the cutting of the doors may involve the rearrangement of the plumbing and various things of that sort, that no one can determine now. I think the gentleman would find, if we undertook to do the work in two jobs, that we would spend more than we would in one job. I think it would be better to do it all at once or defer it all.

Mr. MONTAGUE. That may be true. Then give each Member two keys to two rooms and wait until the depression that now rests upon us shows some sign of improvement, instead of cutting down salaries and wages and employees of the Government, to give us advantages which we have not heretofore enjoyed. It seems to me that this is an inopportune time to do that.

Mr. BYRNS. While recognizing that Members needed two offices, yet I was one of those who voted against the appropriation for the new House Office Building. However, the Congress by a large and overwhelming vote made provision for it. It has authorized the work to be done. We feel as a committee that we could do nothing other than obey the directions of the House and report it to the House. If the House itself wants to cut it out, that will be agreeable to me.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. ARENTZ. If one will but read the program laid out by President Hoover's Unemployment Committee, he will see where proposals are made that housekeepers and house owners and factory owners put the unemployed at jobs that can be done to-day to much better advantage than if put off until next year. The work that is suggested by the gentleman from Virginia [Mr. MONTAGUE] is work that will not take machinery; it will employ the maximum number of men. On the first floor of our office building will be men working at odd jobs removing plumbing and tearing out partitions and putting in new doors, just such work as we are advising the people of America to do now and not put off until next year. Not putting vast machines to work where the number of men is negligible, but starting work employing the maximum number of men at the greatest variety of work. I want this Government to lead the way in placing the unemployed at work.

Mr. MORTON D. HULL. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. MORTON D. HULL. Reverting to another subject, in the discussion of the appropriation made for the Federal Trade Commission it appeared that certain funds appropriated for a specific purpose by this House were diverted to other investigations. Is that correct?

Mr. BYRNS. I would not use the word "diverted." They were used for investigations ordered by another body; or, a certain part was.

Mr. MORTON D. HULL. Is not that a matter that can be controlled by the Comptroller General?

Mr. BYRNS. I take it, no; because there was no limitation or specification in the bill as to the particular investigations on which that money should be used. It was a lump sum appropriation made to carry on these investigations, and I take it that the Federal Trade Commission was authorized.

Mr. Chairman, I wish briefly to refer to two or three items, and then conclude. One is with reference to the estimate of $60,000,000 which was submitted by the Department of Agriculture for the building of roads. The committee has reduced that estimate to $50,000,000, making a reduction of $10,000,000. It did so for these reasons: In the first place, no one can say now just how much money will actually be needed for cooperation with the States in the building of the roads.

The legislatures of practically all the States meet next winter, and we do not know and no one can tell just what provisions those legislators will make in their respective States, by way of appropriations, to cooperate with the Government; and no one can tell, as the director frankly stated, just how much might be needed. It is the custom, and the next bill will undoubtedly carry an authorization making the funds appropriated in that bill immediately available, so there is no question but that the amount appropriated here, even if the full amount of the funds is needed, will be more than sufficient to carry on this work, and your committee felt in view of the uncertainty and the importance of conserving the Treasury, that this reduction was entirely in order and accordingly made it.

Another item to which I call your attention is the public-building estimate for $20,000,000, which the committee has reduced to $17,000,000. I call attention to the hearings, and if gentlemen will read them they will find it was stated that they had on hand on December 1, $55,000,000, and that they will need between then and June 30, $72,000,000 to $75,000,000. Your committee took the minimum of the amount stated by those who appeared and made the appropriation $17,000,000, which we feel will be amply sufficient to provide for that work until June 30. In this connection let me call attention to the fact that the committee has inserted a proviso in this bill which prohibits the use of any money appropriated herein or heretofore for the remodeling of the State, War, and Navy Building, down on Pennsylvania Avenue.

The committee felt that the expenditure of $3,000,000 at this time for the purpose of reducing space and for the purpose of making that building conform to the Treasury Building and the White House was an entirely useless and extravagant waste of money. Personally I do not think it ought to ever be done. [Applause.] I think there could be no greater extravagance than to spend $3,000,000 in tearing off the top story of that building, reducing the space necessary for the Government service, merely, as was said in the paper the other day, to make a frame in connection with the Treasury Department for the White House. I think that 40 or 50 years from now people who come to Washington will have their attention specifically pointed to that splendid old building down there, which was erected in the eighties as a type of architecture of that period. I think it is nothing more than a matter of conceit on the part of this generation and, if you please, the Fine Arts Commission saying, "We know all and have the last word in the matter of architecture, and therefore everything done in the past should be destroyed." [Applause.]

Mr. LOZIER. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LOZIER. When this matter was before Congress a year ago I called attention to the fact that in the State, War, and Navy Building we have one of the most splendid types of the Italian Renaissance type of architecture. Buildings of this type will be found throughout Europe, and the Europeans would no more think of destroying a building of that character than they would think of junking a Greek temple or the cathedrals that were a thousand years in building. When people from all over the United States come to the Capital of the Nation we should have here in Washington not only buildings embodying the Grecian or classical types of architecture but in our more than two score public buildings we should have structures typifying all the distinct and outstanding styles of architecture with which enlightened nations have adorned the earth and bequeathed to future generations as a priceless heritage.

It is nothing short of vandalism to destroy this the most splendid type of Italian Renaissance architecture in America.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LAGUARDIA. I take issue with the gentleman. I took issue with the gentleman at the time, and I hope the gentleman's taste for beauty is not so "offside" as to hold that monstrosity of a building as representing any type of architecture.

Mr. LOZIER. The gentleman from New York should know that architectural art, beauty, and harmony are embodied in that building. I regret the attitude of the gentleman, for whose opinion on most subjects I entertain a very high regard. I fear he is not as good an art critic as legislator. His views are at variance with the opinions of many architects of world-wide celebrity, and with that great school of architects who have filled Europe with buildings of that type, now the outstanding show places in every nation in Europe.

Mr. LAGUARDIA. But not a building like that.

Mr. LOZIER. Buildings not nearly so beautiful, ornate, or harmonious as the State, War, and Navy Building.

Mr. BYRNS I may say to the gentleman from New York respecting his views, which differ from mine, that I hope at least for the time being, in view of the present condition of the Treasury, the gentleman will raise no opposition to this particular provision which involves $3,000,000, and which can be saved until some future Congress decides upon the question.

Mr. LAGUARDIA. I promise to close my eyes every time I pass it and then gaze on the beautiful new structure.

Mr. BYRNS. I am sure we are indebted to the gentleman.

Mr. HOWARD. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. HOWARD. Will the gentleman from New York give his promise now to close his eyes?

Mr. LAGUARDIA. To that one building, on the outside. I will keep my eyes open on the inside.

Mr. HOWARD. I thought the gentleman was going to close his eyes with respect to that one particular style of architecture——

Mr. LAGUARDIA. That particular building has no style.

Mr. HOWARD. Which was said to have been suggested to one of the ancients by discovering a beautiful Greek maiden dressed in her hair.

Mr. LAGUARDIA. They are no ancestors of mine, I assure the gentleman. [Laughter and applause.]

Mr. BYRNS. Now, gentlemen, the committee has recommended a reduction of $11,900 from the estimate-carrying appropriations for judgments of the Court of Claims, and I call that to your attention simply in order that those who have the expenditure of this money may know just what the committee had in mind. The gentlemen will remember that my distinguished predecessor as chairman of this committee, one of its most economical chairmen, and one whom I have always been delighted to serve under, and one who has coop-

erated in the preparation of this bill, has heretofore called this matter to the attention of the House. General Dalton, a retired brigadier general, was appointed president of the Fleet Corporation at a salary of $18,000. When he appeared before the subcommittee he was asked whether or not he was drawing his $4,500 retirement pay in addition to the $18,000 he was drawing as salary from the Fleet Corporation, and he assured the committee, as the hearings show, that he was not, and he distinctly left that committee, I think I am fair in saying, under the impression that he was not going to draw it. He thereby left Congress under the same impression.

If he had not done so, there is not a shadow of doubt but what the committee at that time would have reduced his salary to the extent of $4,500, so as to make the total $18,000. He served between two and three years, and at the conclusion of his service he then demanded the $4,500 retirement pay per annum, amounting in all to $11,900. It was not paid to him. He brought suit in the Court of Claims. The facts I have stated, I understand, were presented to the Court of Claims, and the Court of Claims in an opinion rendered some time ago, gave him judgment for $11,900.

There was a dissenting opinion on the part of Judge Green. Now, the committee thought it was not fair to the Treasury and to the taxpayers, especially in view of the representation he had made to the committee, for him to go to the Court of Claims, after his services were concluded, and ask for the payment of his retired pay, and I hope that this Congress and all future Congresses will decline to pay the judgment he has obtained, and for that reason we have eliminated it.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman.

Mr. LAGUARDIA. Are there not several retired officers of the Army who are drawing their regular compensation as well as their retired pay?

This matter came up on the floor several times but was simply brushed aside by saying they were not drawing their retired pay, but here is a specific instance where a retired officer has made a claim for his retired pay in addition to his regular salary. Yet it is my understanding that this salary was granted on the assurance that the retired pay would not be paid, although I can not put my hand on the date of that assurance at this moment. However, is it not true that there are several retired officers of high rank who are drawing their retirement pay and also their regular pay, for instance, a public utilities commissioner and also a commissioner of the District of Columbia? Are they not drawing both amounts?

Mr. BYRNS. I can not tell the gentleman, but I hope that the subcommittees which have charge of these bills will see to it that inquiry is made in every instance where there is a retired Army or Naval officer as to whether or not they are drawing the regular salary which would be paid to a civilian in addition to their retirement pay, and certainly if such a condition is discovered, they should carefully consider both sources of pay.

Mr. LAGUARDIA. Could we not bring that about by a limitation in the various appropriation bills?

Mr. BYRNS. I think that could be done, and if such a thing is warranted I will say to the gentleman it will be done.

Mr. YON. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. YON. That would apply, I suppose, to those who are employed in the public service and not to those in private employment?

Mr. BYRNS. Oh, no. It would apply only to those in the public service.

Now, gentlemen, one other matter and then I am going to conclude. I want to again apologize to the House for taking so much of its time. The Members have been very patient. It develops there is a deficiency in the War Department, under the head of pay and allowances, of $660,000. That deficiency, of course, has already been brought about and there is nothing to do but to make provision for it out of an unexpended balance. It does not require any additional appropriation, but it came out of the Treasury nevertheless. I am calling it to your attention now for the purpose of placing in the RECORD a couple of letters with the view of putting the matter on record so that in the future, if a similar condition arises, the House may be advised of it and possibly refuse to recognize the deficiency unless it appears it was absolutely necessary. That deficiency of $660,000 could have possibly been avoided in one way, and that is by cutting enlistments down to the point of meeting the appropriations which were provided. In fairness to the War Department I want to say that the Budget officer explained that this deficiency was not discovered until some time last February, and that it was possibly too late to take action before June 30 last so as to meet it. However, in the course of his statement to the committee he said it was already apparent, and had been for some little time, that there would be a deficiency in the current appropriation for pay of the Army which might amount to something like $1,400,000. He was asked if the War Department proposed to cut down enlistments so as to prevent that deficiency, and he was reminded that the law relative to deficiencies applied to the Army as well as it did to any other department of the Government, and that it was the duty of the War Department to prevent any such deficiencies if it was within its power to do so.

However, he stated that the Secretary of War held to the idea that Congress had made an appropriation with the view of maintaining a strength of 118,750 men, and feeling that Congress had made an appropriation with that idea in view this deficiency had occurred.

Of course, I am not impeaching the good faith of anyone. I am not for one moment seeking to reflect or to criticize anyone, but I venture to suggest now, as I did in the hearings, that I think the Secretary of War has gone the other way around, with all due deference to him, and that Congress, especially at this time, is more interested in saving $1,000,000 or $2,000,000 to the Treasury than it is in having the enlisted Army up to 118,750 men; and that if by reducing the Army a few thousand men it is possible to save this money, I feel this should be done.

I took the liberty, on my own personal responsibility and, of course, not acting on behalf of the committee, to send word to the Secretary of War through the Budget officer that we felt he ought to take the steps which I have indicated, and stated that if a deficiency came up here at the next session of Congress we were possibly not going to look with much favor upon it; and speaking for myself, I was not going to approve it unless I felt every possible effort had been made to prevent such deficiency.

I received a very polite letter from the Secretary of War, which I appreciate, explaining exactly the position of the War Department; and I feel in justice to him and in justice also to the record and to the position of some of those in opposing it, I ought to put it in the RECORD, together with my reply; and I want to repeat now that while I appreciate the very strong and urgent reasons given by the Secretary of War, I can not agree with him, and unless the appropriation of this year is held within bounds, and unless steps are taken between now and June 30 to prevent a deficiency, as one Member I am going to ask the House to agree with me that we will not recognize the deficiency if it is sent up here and that the War Department will have to get along the best it can without it, and I hope I shall have the support of the House if this is done.

Mr. STAFFORD. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. STAFFORD. Has it not been the history of all prior administrations that the amount appropriated for the enlisted personnel in the War Department appropriation bill has been the amount for the department to keep within?

Mr. BYRNS. Absolutely, yes; and the matter is considered with respect to the dollars appropriated rather than to the number of enlisted men.

Mr. STAFFORD. In my service on the War Department Appropriation Subcommittee years ago, it was always intended that the amount fixed by the subcommittee should be the guiding amount for the department and not the mere basis of the estimated number of enlisted men.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. MORTON D. HULL. What difference in the enlisted personnel is represented by this deficiency?

Mr. BYRNS. I can not say to the gentleman, because they were unable to tell us exactly.

Mr. LAGUARDIA. Are they not carrying about 46 officers over the limit placed by the law?

Mr. BYRNS. I understand so, but it is contended they have the authority under the law to take money out of the rivers and harbors appropriations for that purpose, but this certainly was never the intention of the Congress.

Mr. LAGUARDIA. That was certainly never intended.

Mr. BYRNS. No; that was not the intention.

Mr. MORTON D. HULL. Will the gentleman risk an approximation of the number?

Mr. BYRNS. I could not, because I fear I would miss it too much. I will get the information and give it to the gentleman.

I now want to ask for unanimous consent in this connection to extend my remarks in the RECORD by printing the two letters to which I have referred.

The CHAIRMAN (Mr. MOREHEAD). The gentleman from Tennessee asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

WAR DEPARTMENT,
Washington, D. C., December 28, 1931.

CHAIRMAN COMMITTEE ON APPROPRIATIONS,
House of Representatives.

DEAR MR. CHAIRMAN: The Budget officer for the War Department has informed me that on December 19, 1931, you directed him to advise me that as an individual member of the Appropriations Committee you were convinced that the consensus of opinion in Congress will not be favorable to a deficit in pay of the Army, fiscal year 1932. I deeply appreciate your counsel in this matter, and I am glad to have this opportunity to present to you and to the committee the policy being followed by the War Department in administering the 1932 budget.

As you know, the annual act, fiscal year 1932, carried $328,915,068 for military activities, of which $134,664,164 was for Pay of the Army. It was formulated at a time when the full effect of neither the increased purchasing power of the dollar nor the unemployment situation could be definitely anticipated. Commodity price changes, coupled with the exercise of rigid economy, have reduced expenditures, while the unemployment situation has resulted in an increase of the cost of pay of the Army. The War Department, alive to the pressing need for economy, has insisted that all possible savings be effected.

Before the 1932 budget became effective it was carefully restudied, a search being made for possible economies, especially due to the drop in commodity prices, and as early as August 16, 1931, permanent savings aggregating $1,308,478 were made available to be carried to the surplus fund of the Treasury. The War Department estimates, fiscal year 1933, reflect similar savings to the amount of $5,322,511. Additional retrenchments amounting to $2,467,011 are now contemplated. As a result of the above actions, $9,098,000 will be saved to the Government from the fiscal year 1932 appropriations for military activities.

On the other hand, unemployment has decreased attrition rates for all classes of personnel and thereby increased expenditures for pay and allowances in all components of the Army. These conditions have imposed an abnormal load on the appropriation, Pay of the Army. The annual act provides for this item: "In all, $135,464,164, less $800,000 to be supplied by the Secretary of War for this purpose from funds received during the fiscal year 1932, from the purchase by enlisted men of the Army of their discharges." Present indications are that receipts from the purchase of discharge may not exceed $600,000, leaving a deficit of $200,000 in this one project. Similar shortages appear in other parts of the appropriation.

An accurate estimate for pay of the Army is fraught with difficulty, due to the large amount involved and the conditions affecting it. The department endeavors to keep the appropriation just as low as possible while still making reasonable provision for the personnel, and the fact that the estimates were very conservative was frankly presented at the hearings. An error of 1 per cent in estimating aggregates in cost more than one and one-third million dollars. In the fiscal years 1929 and 1930 the estimates were high, and in attempting to adjust them more closely to the requirements too drastic curtailments were applied in the fiscal years 1931 and 1932. Based on expenditures for last year there appears to be a prospect of a deficiency of approximately $1,400,000, which is but slightly more than 1 per cent, and practically all of which, except for the $200,000 enumerated above, is in projects which are fixed by law. The principal items susceptible to administrative control and available to offset this probable shortage pertain to the pay and allowances of enlisted men. The War Department is already curtailing enlisted activities to the extent compatible with the public interest and fairness to the individual. Enlistments are practically restricted to the reenlistment of desirable soldiers within 90 days of discharges. The average strength for flying cadets has been reduced more than one-fourth. Air mechanics have been limited in number. General instructions have been issued to effect by positive administrative action such economies as are practicable. Through these measures the threatened deficiency will be materially reduced, but the possibility of its entire elimination is remote, and further savings could only be made by depriving enlisted men of allowances to which they are entitled or by disrupting the Army.

In the past similar threatened deficiencies in pay of the Army have been avoided through the employment of funds derived from the purchase of discharge of enlisted men. However, since the fiscal year 1931 Congress has seen fit to include the receipts from this source as part of the appropriation, with the result that the only reserve available to the War Department for meeting a deficiency has been eliminated. I understand that in the Navy Department annual act this contingency is provided for by making the sum of $1,000,000 immediately available. This enables the Navy to estimate its pay needs very closely. A request for a similar provision in the language of the War Department act was forwarded to the Bureau of the Budget this year but was not included in the President's Budget. The situation in reference to pay of the Army, 1932, was fully presented to the Bureau of the Budget this year at the time the War Department presented its 1933 estimates. The Director, Bureau of the Budget, has accepted the War Department's presentation of the case and authorized the submission of a supplementary estimate for pay of the Army, fiscal year 1932 provided, however, the same was financed within our total limiting figure. As explained above, this can be financed several times over with the savings we are making, and it is therefore planned to make a request in a supplementary estimate for the transfer of any funds that may be found necessary.

You will see from the foregoing that the War Department, through the exercise of the most stringent economy, has been able to effect savings to the Government to the extent of over $9,000,000; but due to the abnormal conditions and to pay expenditures which are fixed by law, over neither of which the War Department has any control, a deficiency of only slightly more than 1 per cent in the one item, pay of the Army, is threatened. If this situation develops, as indicated, the War Department will be compelled to ask merely that less than one-sixth of the savings it has effected be transferred to cover the threatened deficiency in the one item in which the abnormal conditions caused an excess of expenditures.

It is a matter of satisfaction to the War Department to furnish you with this frank statement of the situation with respect to this appropriaion, and it is realized that your consideration will be of great assistance in meeting any emergency which may arise.

Sincerely yours,

PATRICK J. HURLEY,
Secretary of War.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON APPROPRIATIONS, SEVENTY-SECOND CONGRESS,
Washington, D. C., January 2, 1932.

Hon. PATRICK J. HURLEY,
The Secretary of War.

MY DEAR MR. SECRETARY: I thank you for your full and frank letter of December 28, in the matter of a deficiency in the current appropriation for pay of the Army.

I am gratified to learn of the savings thus far accomplished and of others that appear probable, particularly those that have accrued or may accrue as the result of administrative action, but despite such economies I am not convinced, with the Treasury so deplorably situated, that you should not so administer recruiting as absolutely to avoid a deficiency in the appropriation pay pay of the Army for 1932.

I shall not attempt to estimate the extent to which you would have to reduce the enlisted strength, but it seems to me that you must resort to this way out. This was done during Mr. Coolidge's régime, and I am sure to a far greater extent than will be necessary now to offset the prospective deficit of $1,400,000.

My position in the matter remains unaltered, and I feel constrained to repeat that I shall not give my approval to any estimate that may be presented to satisfy a deficiency in the appropriation in question.

Very sincerely,

JOS. W. BYRNS, *Chairman.*

Mr. LAGUARDIA. Is the gentleman going to discuss the next item, which is a deficiency of $250,000 in the Militia Bureau?

Mr. BYRNS. I will say to the gentleman that that item is on a different basis. It was clearly understood in the hearings that the amount requested and the amount appropriated would not be sufficient to meet the needs. They have now about 190,000 members of the National Guard. I suppose, due to the depression and due to the fact they get pay for the drills each week, there has been an unexpected increase in the enlistments in the National Guard throughout the States, and this is what has brought about the deficiency of $250,000. I, therefore, believe this is on an





entirely different status from the item to which I have just referred.

Mr. LAGUARDIA. Except this, the gentleman will remember that last year, and every year, we have the usual skirmish here when we arrive at the item of the appropriation for the National Guard and the reserves.

They are rather powerful now and are organized in the congressional districts, so that every year we have this contest for more appropriations. Last year the appropriations were cut down—not materially, but they were cut down a few thousand dollars, I believe—and so they simply ignored the limitations placed by the appropriations and have gone ahead, and now we are asked to appropriate $250,000 more. Let me say that when the National Guard goes out on parade on Decoration Day it is charged up as a drill. I have the last voucher in my office now. It seems to me that there is one place where we can economize without doing any damage at all.

Mr. BYRNS. I think the estimates for 1933 provide for a reduction of the number of drills.

Now, may I say this in conclusion, that I hope you gentlemen will not take the time that I have consumed in the presentation of this bill as an indication of the fact that I am going to impose upon your patience in other bills that I may have the honor to present in the future. I thank you for your attention. [Applause.]

Mr. WASON. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, ladies and gentlemen of the committee, just the day before we recessed over the holidays the gentleman from South Carolina [Mr. STEVENSON] launched a very vigorous and bitter attack against the Federal Farm Board. He held in his hand while he was talking the hearings held before the Committee on Agriculture and Forestry of the United States Senate between November 24 and November 28, 1931.

During his remarks he pointed to several pages giving the names and salaries of men connected with the Grain Corporation, the Elevator Corporation, and various cooperatives throughout the country. He made the statement at that time that the salaries of the farm cooperatives throughout the country were fixed by the Federal Farm Board and the salaries were paid by that board.

Mr. STEVENSON. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. STEVENSON. I did not state that they were paid by the board, but they were fixed by the board and ultimately came out of the other cooperatives or the Government that furnished the money to buy the cotton. I called attention to the fact that Senator CAPPER asked Mr. Jones, "How do you justify the payment of these large salaries?" And he said, "We justify it on the ground that we were seeking service, and we did not care anything about the salaries so that we got the service."

Mr. REED of New York. The gentleman has just confessed to the charges that he made against the Farm Board. He maintains that because the Federal Farm Board loans to cooperatives through the country, farmer owned and controlled, that for that reason they fix and pay the salaries of the officers of those farm cooperatives.

Now, as a matter of fact, in order to clear the record and clear the public mind of that charge I have written to Mr. Stone, and I have his letter which I wish to read into the RECORD. It is as follows:

FEDERAL FARM BOARD,
Washington, January 4, 1932.

Hon. DANIEL A. REED,
House of Representatives.

DEAR MR. REED: In response to your letter of January 2, the Federal Farm Board neither fixes nor pays the salaries of officers or employees of any cooperative association. This is done by the cooperatives themselves, which are owned and controlled by their farmer members. I am inclosing herewith statements on this subject recently issued by the directors of the American Cotton Cooperative Association and a committee of the directors of the Farmers National Grain Corporation.

I am also sending you herewith the statement on loans to New York cooperatives, which you requested to-day.

Very truly yours,

JAMES C. STONE, *Chairman.*

Mr. STAFFORD. Will the gentleman yield?

Mr. REED of New York. Not just now. The gentleman from South Carolina made that statement and I challenged the statement on the floor, and I asked the specific question if he was certain. He insisted on the accuracy of his assertion. I went to the phone and called up an officer of the Federal Farm Board, and he sustained the position I had taken—that the farm cooperatives selected and paid the officials out of their own funds. I came back and corrected the gentleman, who still insisted that the salaries were paid by the Federal Farm Board. Not only that, but the gentleman charged the members of the Federal Farm Board with being incompetent and unqualified for their jobs and made a bitter attack on them, but that was effectively answered by the gentleman from Nebraska [Mr. SIMMONS].

I shall now say a word with reference to one member of that board from New York State, Mr. Wilson. Mr. Wilson for years was connected with Cornell University, being the head of its agricultural department. He has been one of the most active men in a practical way among the farm organizations in the State of New York. No man has the respect and esteem of the farmer to a greater extent than has Mr. Wilson, of the Federal Farm Board. He is not only a highly educated man, a man who has studied farm problems all of his life, but he has been a leader in many worth-while agricultural activities in the State of New York. No man has exerted a finer influence over the farm youth than has Mr. Wilson, and I am proud that he is a member of the Federal Farm Board.

In regard to the salaries paid by these farm cooperatives the gentleman challenged the right of the farmers to select their officials and pay their salaries. I have some figures here that may be of interest. I do not know why the farmers who are handling millions of dollars' worth of produce, trying to market it in an orderly way, trying to narrow up the spread between the $10,000,000,000 they receive on the farm and the $20,000,000,000 or $21,000,000,000 which the consumer pays, should not be permitted to do so in their own way. The consumer pays enough for what he buys, but in between there is a great spread of some $10,000,000,000 which they are endeavoring to take care of and eliminate by orderly marketing. If they can do that, then the farmers will not be in desperate straits at all. An attack, of course, is launched from every part of the country against the farm cooperatives and against Congress for trying to help the farmers to create a marketing system that will save them from this unconscionable spread of $10,000,000,000.

I have here the figures paid by the business concerns to their executives. I take this from the Saturday Evening Post of September 20, 1930:

The largest salary paid a life-insurance company president is $200,000 a year, but there is only one president who gets that much money. The average salary paid presidents by the largest 15 companies is $71,000. The lowest salary for the group is $35,000. * * *

The full executive staff of one great insurance company, with assets in excess of $2,000,000,000, consists of 38 persons. The salary roll of this insurance company, which perhaps is as nearly typical of big business as any one company in this field comes, is made up as follows:

President	$100,000
Vice presidents in charge of—	
Administration	60,000
Agencies	45,000
Actuarial matters	40,000
Legal affairs	40,000
Investments	40,000
Secretarial	38,000
Accounts	35,000
Real estate	33,000
Purchases	30,000
Statistics	27,000
Treasurer	25,000
General solicitor	25,000
Medical director	16,000

Another company in the mutual field, which is only one-fourth the size of the company just mentioned, pays its president half as much. Its four vice presidents receive from $24,000 to $30,000, the treasurer $18,000, the secretary $15,000, and the actuary gets $17,000.

Salaries of railroad executives: $100,000 a year is maximum. Executive vice presidents receive from $50,000 to $60,000 a year.

In the field of communication, which embraces telegraph, telephone, radio, and kindred manufacturing interests, the head of one large company placed the maximum salary to-day at $150,000; and he added "that is not augmented by any bonus or other form of compensation."

SALARIES PAID BY BIG OIL COMPANIES

The La Follette committee, 1923, reports show that the total compensations paid by a leading corporation with headquarters in New York City:

President		$125,000
Three vice presidents	each	100,000
A vice president and treasurer		100,000
A director who devotes his entire time to the company		85,000
Four other directors similarly engaged	each	50,000
General counsel		50,000
Associate counsel		30,000
Manager marine department		30,000
Chairman manufacturing committee		25,000

BANK SALARIES

A bank of $75,000,000 total resources located in a southern city of 250,000 pays $40,000 to its president and $30,000 to its principal vice president.

[From the Literary Digest, June 21, 1930]

Edward A. Filene is quoted as follows:

"I would, for instance, pay Owen Young a million and feel sure I would get more than a million profit as my share of his work. I would pay Henry Ford a million to run Ford Motors."

[From the Boston Post]

When the salaries paid to great singers and movie stars and the big fees drawn down by great lawyers and physicians are borne in mind, the possibility of a million for a business genius does not seem so startling.

The farmers find themselves in competition with some of the keenest executive minds in the country when they try to sell through their cooperatives, and they have come to the conclusion that it pays to hire men who are trained for the job. No matter what salaries they are paying, they are paying them with their own money, and they have a right to pay those salaries. The gentleman who attacked the Farm Board has received benefits in his State to the extent of $6,000,000 in loans from the Federal Farm Board to his cooperatives down there, and so far they have not paid back their loans, though I assume that they will pay them back.

The Federal Farm Board has loaned money to the cooperatives in my county. I do not know what the farmers would have done had it not been for the loan which they received. They are receiving checks now for their crops produced this last year. They have had one loan. One cooperative was loaned $175,000, and $95,000 of it has been paid. This balance of $80,000 will be paid by August 1 of this year (1932). This loan and others made in Chautauqua County saved these cooperatives from great distress. In other words, the farmers would have received nothing in the meantime for their crops, but with the loan from the Federal Farm Board they were able to hold their crops, process them, and now they can go into the market and sell even more cheaply to the consumer and derive a larger profit than they have heretofore derived for their products. In other words, the Federal Farm Board, through its assistance to cooperatives, is narrowing up the spread between what the farmer gets at the farm and what the consumer pays, and I feel that it is unfair for a man who comes from a State that has called on the Federal Farm Board for a loan of $6,000,000 to aid her farmers, money they could not possibly get from their banks, to tide them over, to come here and launch a vicious attack against the hand that is feeding the farmers in his State.

I ask unanimous consent to revise and extend my remarks and to include therein a statement made to the Federal Farm Board by the Farmers' National Grain Corporation at its meeting held in Chicago, bearing out what I have had to say with reference to the payment of the salaries of farm cooperatives.

The CHAIRMAN. The gentleman from New York asks uunanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

The matter referred to is as follows:

FARMERS' NATIONAL GRAIN CORPORATION CONTROLLED BY MEMBER COOPERATIVES

The Federal Farm Board has received a copy of the following report, which was adopted by a committee of the board of directors of the Farmers' National Grain Corporation at a meeting held in Chicago, Ill., December 8, 1931, and submitted to the Senate Committee on Agriculture and Forestry for inclusion as a part of the record of the committee's recent hearing on agricultural legislation:

"Whereas during recent sessions of the Senate Committee on Agriculture and Forestry and since in the public press the matter of salaries paid by Farmers' National Grain Corporation to certain of its officers and employees has been the subject of considerable discussion; and

"Whereas we, the members of the board of directors of Farmers' National Grain Corporation, have taken note of these discussions and desire a clear understanding on the part of the members of your committee, the Congress of the United States, and the public generally, now, therefore, we herewith call to your attention certain pertinent facts.

"First and foremost, we desire to point out that Farmers National Grain Corporation is a national cooperative grain marketing association, wholly and solely owned by State and regional cooperative grain marketing associations composed of grain producers; that this board of directors is composed solely of the accredited representatives of these producer organizations, and that our responsibility as such directors is primarily to our own stockholders and membership, who are producers and organizations of producers of grain. Nor do we recognize any obligation on the part of this corporation to make public its business transactions, including the employment of personnel and the fixing of their compensation. Nevertheless, the conduct of our business has been such that we are willing, in this instance, to forego our fundamental rights as a privately owned business corporation in the interests of a clearer understanding on the part of the public of our aims and purposes and the soundness of the structure of this corporation.

"The burden of a large portion of the criticism of salaries paid by this corporation rests upon the mistaken theory that these funds are dispensed by the Federal Farm Board out of the Public Treasury. The facts are that the Federal Farm Board has had nothing whatever to do either with the payment of salaries to officers and employees of Farmers National Grain Corporation or with determining the amounts to be paid to such officers and employees. These matters are solely within the authority and discretion of this board of directors and in the selection of personnel and the fixing of salaries this board has been guided at all times by the determination to place in charge of Farmers National Grain Corporation men thoroughly qualified by training and experience to conduct grain marketing operations on a vast scale.

"The operations of Farmers National Grain Corporation during the first two years of its existence, from October 29, 1929, to October 31, 1931, seem to this board to offer complete justification of its course. During that time the corporation has purchased and handled more than 390,000,000 bushels of grain, and we regard it as a challenge to all other grain marketing organizations that this vast amount of grain has been handled at a cost of less than 1 cent a bushel, including a total cost of salaries and wages in all departments and branches of not to exceed one-fifth of 1 cent on all bushels bought, handled, and/or sold.

"To make it clear that this 1 cent per bushel includes all general and administrative expenses is merely to prove, in our opinion, that operations of Farmers National Grain Corporation have been conducted with utmost efficiency. It may be well in this connection further to point out that the unit cost above mentioned covers the organization period of this corporation, during which nation-wide grain-merchandising machinery has been established and set in motion, and includes all the costs incidental thereto. Net earnings of the corporation, after the setting aside of reserves necessary to insure the soundness of the corporation's structure, represent a gain to organized grain producers of 2.3 cents per bushel, which amount does not include important benefits that have come to them in narrowed margins and reduced discounts in the purchase of grain at both country and terminal points. That these benefits have been gained is easily proved by the records available in any terminal market.

"No public moneys is or has been used in the payment of any salaries of officers or employees of Farmers National Grain Corporation. From the very beginning of its operations this corporation has been on a profit-making basis, and no part of the revolving fund available for grain marketing has ever been drawn upon for use in payment of salaries of Farmers National Grain Corporation officers or employees.

"It is quite the general thing for those who oppose cooperative grain marketing because it menaces their own profits to magnify certain items in connection with cooperative marketing. The purpose, of course, is to make it appear to grain farmers that waste and extravagance are being practiced. Farmers, however, are quite well aware that costs of buying and selling always have been borne by the grain itself, that they have always footed the bills, and that the profits taken by the private

handlers of grain have built up numerous large fortunes. They turn to cooperative marketing in order that these profits may revert to themselves as a part of the value of their commodity.

"C. B. STEWARD,
"*President Farmers Westcentral Grain Co., Omaha, Nebr.,*
"*Chairman of Committee.*"

FEDERAL FARM BOARD,
Washington, D. C., December 14, 1931.

The Federal Farm Board is advised that the following resolutions of the American Cotton Cooperative Association at a meeting held in New Orleans, December 8, 1931, have been submitted to the Senate Committee on Agriculture and Forestry by Mr. U. B. Blalock, president of the association:

"Whereas at the recent hearing before the Committee on Agriculture and Forestry, United States Senate, a request was made to submit for the record a statement of salaries paid to the directors, executives, and employees of the Cotton Cooperative Associations affiliated with the American Cotton Cooperative Association; and

"Whereas at the same hearing it was stated by representatives of the American Cotton Shippers Association that the management of the American Cotton Cooperative Association was selected and that its policies have been and are directed by the Federal Farm Board; and

"Whereas, in utter disregard of the world-wide depression, it was stated by the representatives of the Cotton Shippers that the Federal Farm Board is responsible for the present low price of cotton; and

"Whereas it has been previously stated by the representatives of the Cotton Shippers that the average cost of handling cotton by its members is less than the cost of the cooperatives, but with no effort on their part to compare the services of the shippers with the services of the cooperatives; and

"Whereas said Cotton Shippers through propaganda and the circulation of unfounded rumors and misstatements directed against the agricultural marketing act, the Federal Farm Board, and the American Cotton Cooperative Association have in effect acted against public interest to serve their individual business interests; and

"Whereas at the hearing the committee was advised the cooperatives would welcome an investigation of the Federal Farm Board, the American Cotton Cooperative Association, and the cotton trade generally: Now, therefore, be it

"*Resolved, by the directors of the American Cotton Cooperative Association in a call meeting assembled,* That the American Cotton Cooperative Association secure from its affiliated associations a statement in detail of salaries paid to directors, executives, and employees, and that such statements be promptly forwarded to the Hon. CHARLES L. MCNARY; and be it further

"*Resolved,* That the statement of the cotton shippers to the effect that the Federal Farm Board selected the management and directs the policies of the American Cotton Cooperative Association is not founded on facts; that the directors of the American Cotton Cooperative Association selected and will continue to select the management of this association and have and will continue to fix salaries and have and will continue to direct its policies; and be it further

"*Resolved,* That we reaffirm our faith in the agricultural marketing act and our faith in its administration by the Federal Farm Board, through which, in our opinion, the cotton producers of the South have derived benefits far in excess of the possible losses which may eventually occur through stabilization operations; and be it further

"*Resolved,* That we not only indorse an investigation of the general cotton situation but earnestly request an investigation of the Federal Farm Board in regard to its relations with the cotton cooperatives; and further request an investigation of the cotton cooperatives, the cotton shippers, and the cotton exchanges. We believe such an investigation will demonstrate that the actual overhead charges made to the members by the cooperatives are less in most instances than the overhead charges of the cotton shippers, and that in all cases, services considered, the cost of the cooperatives is materially less than the average cost of the cotton shippers; and be it further

"*Resolved,* That we believe a general investigation will clarify the atmosphere and that it will, once and for all, stop propaganda, unfounded rumors, and misstatements which have been so against the public interest during the past two years and that it will result in constructive action being taken to materially improve the general cotton situation; be it further

"*Resolved,* That the president of this association be, and he is hereby, authorized and directed to forward a copy of this resolution to the Hon. CHARLES L. MCNARY, chairman."

The cotton cooperative associations affiliated with the American Cotton Cooperative Association and the number of their farmer members are: Alabama, 35,498; California, 765; Georgia, 13,441; Louisiana, 12,079; mid-South (Arkansas, Missouri, Tennessee), 18,976; Mississippi, 21,692; North Carolina, 13,245; Oklahoma, 39,481; South Carolina, 5,519; southwestern irrigated, 1,052; Texas, 40,128. Total membership of all member associations is 201,876.

The letter of Mr. Blalock transmitting the resolutions to Senator MCNARY, chairman of the committee, follows:

AMERICAN COTTON COOPERATIVE ASSOCIATION,
Raleigh, N. C., December 11, 1931.

Senator CHARLES L. MCNARY,
Chairman Committee on Agriculture and Forestry,
United States Senate, Washington, D. C.

DEAR SIR: In response to the request made at the recent hearing before the Committee on Agriculture and Forestry that a statement of salaries paid to the directors, executives, and employees of the Cotton Cooperative Associations affiliated with the American Cotton Cooperative Association be furnished your committee, the board of directors of the American Cotton Cooperative Association at its regular meeting in New Orleans on December 8 unanimously passed a resolution, a copy of which is herewith inclosed for your files, asking the various State associations affiliated with the American Cotton Cooperative Association to forward to Mr. E. F. Creekmore, vice president and general manager, a list of all salaries paid by each association to their directors, executives, and employees, these lists in turn to be forwarded to you by Mr. Creekmore at his earliest convenience. We are very glad to comply with this request and hope the information asked for will be of service to the members of your committee in their deliberations.

You will also note that we not only indorsed an investigation of the general cotton situation but earnestly requested an investigation of the Federal Farm Board in regard to its relations with the cotton cooperatives, and further requested an investigation of the cotton cooperatives, the cotton shippers, and the cotton exchanges. If an investigation is to be held, it seems to us that there could be no more opportune time than now to investigate the general cotton situation in all of its phases; and it would seem to be the fair and equitable thing to investigate not one but all agencies engaged in the distribution of American cotton.

As one of those attending the recent hearing it appeared to me that quite an effort was being made:

First. To create the impression that the cotton cooperatives are extravagant in their ideas concerning salaries and not so careful in looking after general operating costs as they should be; and there seemed to be a disposition to place more or less responsibility for this on the Federal Farm Board.

Second. There seemed to be quite a question in the minds of some as to the relative cost and advantages of handling cotton through the cooperatives as compared with costs and advantages of handling it through the cotton shippers.

In regard to the first proposition I want to say, as a member of the board of directors of the American Cotton Cooperative Association, that we select our own executive officers and reach an agreement with these officers as to the basis of their pay. It is true that these agreements with these executive officers are subject to the approval of the Federal Farm Board, and we think rightly so as long as it is assisting in financing our operations. For the purpose of discrediting the cotton cooperatives, much is being said at present about the salaries paid for expert service, but it is our opinion that when the proper committee investigates the cotton industry as a whole it will find in executive positions in cotton firms many men who are drawing fully as much or more salary and bonus than is paid similar executives by the cooperatives; and, furthermore, that these executives are responsible for the distribution and sale of a very much smaller volume of cotton than are the cooperative men.

The cooperative marketing of cotton is a business proposition pure and simple, and a cooperative organization handling 2,000,000 or 3,000,000 bales of cotton, to be successful, demands and requires just as expert "cotton brains" as it requires to handle the same volume of business for a cotton firm or corporation. A $75,000 salary and bonus for a man responsible for the financing, the handling, and distribution of 3,400,000 bales (Stabilization Corporation, 1,300,000 bales; American Cotton Cooperative Association, 2,100,000 bales) is a fraction over 2 cents per bale. A 1-cent-per-bale or a half-cent-per-bale man can easily be found, but an intelligent American public knows that he could just as easily lose us 5 cents, 10 cents, or more per bale on account of a lack of ability and experience in meeting keen cotton competition.

In regard to comparative costs between the cooperatives and the cotton shippers I want to say that from my several years' experience as a cotton shipper myself, from my 10 years' experience in the cooperative marketing of cotton, and from my lifelong experience as a cotton producer there can be no fair comparison of operating costs without a comparison of services rendered by the cooperatives as compared with those rendered by the cotton shippers.

The cotton shippers buy cotton from the farmers as a business and to make a profit for themselves, and not with the idea of rendering a service to the farmers. Naturally there is the incentive to so class the cotton of the farmers and to buy it and resell to the best advantage of the shipper. The incentive of the cooperative organizations, on the other hand, is to grade and staple the producers' cotton in the interest of the producer and sell it direct to the consumer with as little cost as possible, all profits going to the producer.

But a cooperative cotton association is much more than a marketing agency; it is a farmers' organization for the promotion of the cotton farmers' welfare in many other ways; it is a farmers' organization without annual dues for taking care of many other services rendered the producer. If an annual charge for dues were assessed against our over 200,000 members, as is assessed by some

organizations, it would reduce our operating costs to an exceedingly low cost per bale.

Much complaint has been registered in the past because of the deterioration of American cotton. One of the chief functions of a cooperative association is to distribute to its members thousands and thousands of bushels of high-grade, pure-bred cottonseed annually, and wonderful progress is being made in raising the standard of American cotton through cooperative efforts. The development of the community growing of one variety of cotton is now receiving much attention by the cooperatives, and they are working in closest harmony with other agricultural agencies along this line.

The cooperative organizations are interested in developing better ginning methods and are exerting considerable effort to achieve their goal. Their records show that they are saving their members many thousands of dollars annually in the reworking of gin cuts. In several States they are promoting and assisting in financing cooperative gins for the benefit of their members.

In many States they are effecting the saving of thousands of dollars annually for their members in the distribution of fertilizer and all kinds of fertilizer materials, boll-weevil poisons, improved field seeds, and other farm supplies on a nonprofit basis.

A good many State associations are furnishing group life insurance, fire insurance, and automobile insurance at less cost to their members than it could be obtained otherwise.

The cotton cooperatives fight the battles for all cotton producers, organized and unorganized, in matters of State, national, or world-wide interest. Over a long period of years the cotton cooperatives contested a rate case before the Interstate Commerce Commission and finally succeeded in bringing about a much more equitable adjustment in the cost of cotton transportation. This was in the interest of all cotton producers. The cotton shippers were very conspicuous by their absence in this fight.

The cotton cooperative associations, joining hands with the Cotton Seed Crushers Association, were largely instrumental in preventing many mid-Western States passing laws that would have prohibited the sale of cottonseed products in these States.

The cotton cooperative associations are working hand in hand with the cotton manufacturers' associations and the Cotton-Textile Institute in the promotion and development of new uses for cotton.

They are just now engaged in urging the present session of Congress to adopt a net weight law for American cotton. A net weight law will permit and encourage the use of cotton bagging.

It was the cotton cooperatives and the Stabilization Corporation that cooperated with the southern bankers in the movement to take off the present market 7,000,000 bales of cotton and holding it until July 31 of next year.

But are the costs of handling cotton through the cotton shippers really lower than the costs of handling through the cooperatives? We quote the following from an expert cotton man, a former president of the American Cotton Shippers' Association:

"As we figure it, the old method of handling through the merchants must ultimately and cumulatively place greater costs against the cotton, which must ultimately come from the producer, than those under the cooperative method."

His opinion is based upon the fact that in a large portion of the Cotton Belt cotton passes through the hands of 2, 3, and sometimes 4 merchants and distributors before reaching the consumer, each of whom must have his operating costs and a profit. In each change of hands there is additional cost in a change of insurance policies, a reweighing of the cotton and rehandling, and additional expense of resampling. As compared to these various handlings, the cooperatives receive the cotton from the producer and distribute it to the manufacturer under one insurance policy, usually under one warehousing charge, and under only one draft or bank commission.

There is undoubtedly at the same time a natural advantage in the concentrated sales of all cooperative cotton through a single hand as well as a distinct profit in such sales. Undoubtedly the American Cotton Cooperative Association, with the volume it has at its command, can secure better prices than the average smaller merchants. It is our experience that a large buyer feels it to his advantage to make large single purchases from one organization rather than many small purchases from smaller dealers and is willing to pay more for his cotton, since he feels an assurance that the larger organization can and will give him the quantity purchased out of stock and has a greater security in receiving the exact quality specified.

The problem of "country damage," which, according to the United States Department of Agriculture, costs the American cotton producers many millions of dollars, has been completely eliminated, so far as the cooperatives are concerned, by reason of the fact that the cotton of the cooperatives goes into the warehouses directly from the gins, giving the cooperatives cotton that is much more desirable than that which has been left out in the weather weeks and sometimes months.

In comparison with these various services rendered by the cooperatives to the producers we would like to ask the 800 members of the Cotton Shippers Association just what they have ever done—

(1) To help raise the standard of American cotton?
(2) To bring about the consumption of more cotton?
(3) To increase the price to the producer?
(4) To induce the grower to plant better seed?
(5) What service have you rendered in securing lower freight rates or insurance rates?
(6) What support have you ever given to any legislation pertaining to the producers' welfare? And finally,
(7) What do you propose to do now that will in any way help the producers to raise prices to dispose of surplus crops or reduce acreage for 1932?

Very truly yours,

U. BENTON BLALOCK,
President American Cotton Cooperative Association.

Affiliated State associations:	Number of members
Alabama	35,498
California	765
Georgia	13,441
Louisiana	12,079
Mid-South (Arkansas, Missouri, Tennessee)	18,976
Mississippi	21,692
North Carolina	13,245
Oklahoma	39,481
South Carolina	5,519
Southwestern irrigated	1,052
Texas	40,128
Total	201,876

Mr. BYRNS. Mr. Chairman, I yield 15 minutes to the gentleman from Nebraska [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman, in every nook and corner of this land of ours the uppermost subject of discussion for long weary months has been the desperate economic plight of the rank and file of our citizens. Since the convening of the Congress this unhappy state of affairs has occupied our thoughts, and possible measures of alleviation have predominated in the discussions on this floor.

It seems to me that many of the measures proposed would, if adopted, be of little or but temporary value, since they do not go to the root of our present difficulties. I would not, however, say a single word to discourage any honest attempt to lighten the dark pall which hangs over our country simply because the relief to be secured might be but temporary. I stand ready to assist by my voice and vote every effort which offers even a small or temporary relief of the present distressing situation.

I prefer to be an optimist, rather than a pessimist. I should like to believe the Congress alone could take action that would immediately and completely lift the country from the depths of depression into which it has been forced. I am ready to aid effort in that direction, but I fear, in fact I am certain, that any basic remedial measures which this body might adopt would not be acceptable to the executive branch of our Government.

It seems to me that our present distressing situation is the direct and logical result of an unsound governmental policy, insiduously fostered and imposed upon us throughout the years by those special interests which regard and have made of the Government an instrument to grant them special advantages to enrich themselves, rather the means of affording equal protection and opportunities to the great mass of our citizens. As an inevitable consequence of this system of economic advantage through governmental favor these evil interests have waxed fat while the common citizen, often without clearly seeing or understanding the process by which he is despoiled, has found himself receiving an ever smaller reward for his efforts and industry.

I know that this system which has been imposed upon us over many long years can not be remedied in a day. I know it will never be overthrown until the American people shall confine the control of all branches of the Government to men who are genuinely representative of the rights and interests of the common men and women of this country and are entirely free from the control and influence of those greedy interests whose manipulation of our Government for so many years has brought us to our present unhappy condition.

In recent times the method of control exercised by the special interests, such as the international bankers, Power Trust, and kindred combinations of organized wealth, has begun to be understood by the general public. The American people now realize that one powerful representative of these interests is to all intents and purposes the Government of the United States. They have seen him frequently control the actions of the Congress and, always, those of the Execu-

tive. All Washington has long known, and now the country generally is awakening to the fact that for 10 years Andrew Mellon has had his hand on the back of the presidential chair, tilting it backward, forward, or sidewise at pleasure, swaying a Harding, a Coolidge, and a Hoover to the rhythm of his tilting.

How long will this continue? It can only continue while the masses of the American people shall remain asleep to their own best interests or can be divided by cunning maneuvers. Just now the masses give every indication of uniting in a mighty endeavor to put an end to the orgy of special favors by our Government to the evil predatory interests which have so long fattened thereon, and to restore a government of and for the people. But though the people may sometimes sleep, the special interests never do. The voice of the great mass of the people is beginning to be heard throughout the land in tones so loud that their demand may not be openly ignored. But their demand, if acceded to, would end the reign of special privilege and, since it can not be openly opposed, must be met by subterfuge. Therein lies the great danger to the Republic.

Saturday, January 9, 1932, will be a day of danger to the struggling masses—a day of danger to the Republic—a day of danger to the Democratic Party.

On that day the Democratic National Committee will meet in Washington to choose a place in which to hold the next National Democratic Convention.

On that day the mighty international bankers will send their best bird dogs to Washington to plan and plot to defeat the acknowledged will of the Democrats of the Nation in the selection of a presidential nominee.

On that day the angels of Power Trusts will join with the bird dogs of the international bankers to defeat the desire of the masses of Democratic electors throughout the Nation to secure the nomination of a presidential candidate who has never bowed and will not bow to the decrees of Power Trust and international bankers.

Gov. Franklin D. Roosevelt is to-day the choice of a vast majority of Democrats for the presidential nomination.

Governor Roosevelt is to-day the most dangerous enemy of the evil influences which will meet in Washington January 9 to try to hypnotize the national committee and to lay plans to prevent the nomination of Roosevelt.

Why do these evil influences hate and fear Roosevelt?

They hate any man who is not obedient to their orders. They know that Roosevelt is not obedient. They know that on many occasions he has been brave enough to spit in the face of the Power Trust bulldog. [Applause.]

How can the international bankers and Power Trust defeat Roosevelt in the Democratic National Convention? I earnestly hope they can not defeat him, but I know how they are planning to defeat him at any cost in dollars or otherwise. They plan to bring out in as many States as possible a "favorite son." Usually a State will give its delegation to a "favorite son." By that plan the Democrats in many States where Roosevelt is the favorite among the Democratic electors will be asked to give the State delegation to a "favorite son"—not in the hope of nominating him, but only to give him a "complimentary" vote. Then Power Trust and international bankers' smooth manipulators will try to assemble the votes of those States which have "favorite sons." They will seek to assemble such delegations in support of some Democrat who will be just as satisfactory to Power Trust and the international bankers as Hoover is satisfactory. If they can defeat the nomination of Roosevelt and secure the nomination of some Democrat who will be obedient to their commands, then, as between Hoover and a Power Trust Democratic nominee, those mighty evil interests will have no choice. They will take no part in the presidential campaign, well knowing that their interests will be in safe hands, no matter whether Hoover or a Power Trust Democratic nominee shall be elected.

It does not seem possible that the Democratic electors of the Nation will fall for the scheme of Power Trust and the international bankers. To-day Governor Roosevelt is easily the choice of a large majority of Democrats in practically every State in the Union. Can it be within the power of the mighty combination of the evil interests of the international bankers and Power Trust to stem the popular tide in behalf of Roosevelt? It does not seem possible, and yet I fear the damnable deal may be accomplished. I have watched the way of these mighty interests for many years. I have seen them make puppets out of supposedly strong and supposedly clean men.

January 9, 1932, will indeed be a day of danger to the people of the United States. Power Trust and the international bankers already have their man on the Republican side as good as nominated. On January 9 they will play their best cards in effort to hypnotize the Democratic National Committee and make it their servant in the effort to nominate in the Democratic convention some Democrat who will be just as acceptable to those evil interests as Hoover is acceptable.

How can this dastardly deal be defeated? The friends of Roosevelt can defeat it if they will boldly tell all stool-pigeon "favorite sons" in all the States to stand aside and let delegations from such States represent in the national convention the true sentiment of the people—a sentiment which in 9 out of 10 States is in favor of the nomination of Franklin D. Roosevelt. [Applause.]

Mr. BYRNS. Mr. Chairman, I yield 35 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, during the Seventy-first Congress, in a series of addresses, I advocated a withdrawal of our sovereignty from the Philippine Islands. In those remarks I presented many reasons which not only justify but make this action imperative. At this time I desire to submit some additional observations on this important public problem.

The charge that the Filipinos are not capable of self-government is a phantasm cunningly devised by sinister and selfish interests to affright timid souls and mislead the uninformed as to the aptitude of the Filipino for governmental affairs. These misleading claims are industriously circulated to halt the march of public opinion in favor of granting, without further delay, self-government to the islanders. The native inhabitants are being rapidly molded into a cohesive nation. They are entitled to enjoy a freedom restrained and safeguarded by laws of their own making. Our further exercise of sovereignty over these far-away islands is contrary to the genius and spirit of our institutions and is not founded on either necessity, utility, or expediency.

When a people establish their independence and assume the responsibilities of self-government they undergo rapid and radical changes. There is a prompt recognition of their new relationships, new duties, and new obligations. They realize that they have been transformed from a provincial or tribal life into a self-governing commonwealth. Their whole attitude toward their government, their institutions, their fellow citizens, and mankind in general is changed, and they quickly become nation minded, patriotic, public spirited, and conservative. They realize that they are citizens and integral parts of a self-governing state, which relationship imposes grave responsibilities and calls for a larger contribution by the individual citizen.

The admission of their own government into the family of nations inspires a better citizenship, broadens their vision, stabilizes their conduct, quickens their ambitions, sobers their judgment, and restrains and mellows their vagrant impulses.

Conscious of the fact that the eyes of the world are upon them and that their racial destiny and national life hang tremblingly in the balance, the Filipinos will strive to justify their independence and endeavor to meet and discharge all their national and international obligations. Racial pride, self-interest, and a laudable ambition to make a distinct and worth-while contribution to the society of nations will prompt

them to give to their new-born republic all that is best within them. The responsibilities incident to independence will exert a potential, wholesome, unifying, restraining, and uplifting influence. I am convinced that the Filipino will be an apt pupil and will quickly master the art and science of self-government, guided and inspired by the ripe experience and unparalleled accomplishments of the United States in the evolution of our free institutions, and in the symmetrical development of our national life and culture.

Centuries of oppression under the iron yoke of Spain subdued the spirit and destroyed the initiative of the Filipino race, as the heavy harrow crumbles and crushes the clods of the field; as the tropical tempest levels the forest primeval; as the rude northern blasts ravish the earth; but with the obligations incident to self-government, there will come from the mountains, valleys, jungles, and blood-stained furrows of the Philippines, new initiative, new hopes, new aspirations, new strength, new vision, and new capacity for the creation of a new commonwealth and the development of a new and distinct culture which, we may with reason hope and believe will combine that which is best in both occidental and oriental civilizations.

The inhabitants of the Philippines are not insensible to their obligations to the American people. For three centuries they were the mercilessly exploited pawns of the arrogant Spanish Hapsburgs. They came to us as hostages of a war which we did not provoke and into which we were reluctantly drawn, and then only from the most compelling, unselfish, disinterested humanitarian, and altruistic motives. When they came under our flag we lifted the yoke from their necks, and from their calloused and festering arms and ankles we struck the shackles that had been worn, first by sires and then by their sons, for 10 generations. With a spontaneity, renunciation, self-abnegation, and exalted justice that have always characterized the American people, we promptly granted them a generous, humane, and benevolent autonomy, promising full and complete independence after they had established a stable government. This has long since been acomplished, and now 13,000,000 brown-skinned men and women stand hat in hand, with characteristic patience, courtesy, and gratitude waiting for us to speak the word that will complete their manumission and give them a permanent status as a free and self-respecting nation. Every principle of fairness and all the rules of reason eloquently urge that we keep faith with these feeble folk and grant their plea, which we can not deny without a stultification of our national conscience, and a substantial diminution of our national self-respect.

The threads of the Filipinos' destiny are strangly entangled in the warp and woof of our national life. Our wealth and their poverty, our power and their weakness, our phenomenal accomplishments and their tragic history all accentuate our obligations to them. As the world's outstanding example of a successful, benevolent, and efficient republic, the United States should not be too severe and exacting in fixing the standard by which the capacity of the Filipinos for self-government is to be measured.

The criterion for measuring the competency of a people to govern themselves is not the same in all countries because of local conditions, character of the population, their state of development, their opportunities and educational facilities, their relationship to the past and existing governments, and their general experience and aptitude for a proper discharge of the duties incident to citizenship. The test is not the same in any two nations or in any two republics.

I concede that there are a few comparatively small groups of natives who, while gradually responding to modern influences and the inborn urge for the higher and better life, have nevertheless not progressed very far from a primitive state. In remote corners of the islands a negligible number live in squalor, untutored and untouched by the cultural forces which have so materially contributed to the upbuilding of our western civilization. Obviously, the rank and file of the native inhabitants of the Philippine Archipelago are not as well educated or experienced in the arts of government as the rank and file of the American people, but this does not prove that the Filipinos as a race are not qualified to govern themselves.

It would be extremely unreasonable to demand or expect of the Filipino masses, but recently emerging from three centuries of exploitation and oppression, the same intimate knowledge and efficient application of the useful, mechanical, liberal, and fine arts, the same genius for agriculture, industry, finance, transportation, and big business, the same love of wealth, the same passion for power, the same nation-wide culture, the same comprehension of governmental problems, and the same mastery of statecraft that the citizens of the United States are presumed to possess after 150 years of national life and experience.

Of course, the average man in the United States is better qualified for citizenship than the average man in Mexico, Brazil, Chile, Argentina, and other Latin American Republics. While in all the Central and South American Republics a distressingly large proportion of the population is illiterate, uncultured, and untaught in the science of progressive government, still in this democratic age no one will seriously contend that the people of these Republics, taken as a whole, are not qualified for self-government. They are capable of establishing and administering a government that might not measure up to your or my ideals, but it meets their present needs and is the kind of government they want and require in their present state of development.

In practically all the Latin American Republics the people have become more enlightened and progressive under the benign influence of democratic institutions, and have conclusively demonstrated their ability to establish and maintain stable governments. Many of these so-called backward nations have produced masters of statecraft, unsurpassed in the chancelleries of the world. And, moreover, practically every Latin American revolution, instead of being destructive and iconoclastic, has been constructive and progressive, for the correction of administrative abuses, extension of the right of suffrage, strengthening the governmental structures, and for the establishment of better, more liberal, and more efficient governmental systems.

In the Philippines, as in every other land that has not as yet enjoyed the blessings of self-determination, many of the inhabitants are primitive and inexperienced and have only a limited comprehension of the philosophy of government, but in our own Republic we have millions of ignorant men and women who not infrequently hold the balance of power in elections, and who have no real understanding of our scheme of government and but little appreciation of the dignity, exalted privileges, and value of American citizenship.

A large proportion of the Filipino population, especially among the middle and upper classes, is made up of educated men and women who have already demonstrated a remarkable capacity for governmental activities and who, when independence is achieved, will ably and efficiently administer the affairs of the Philippine republic, chart a safe course for its ship of state, develop a high type of citizenship comparable with ours, promote social justice, the supreme purpose of all just governments, and nurture and stabilize their democratic institutions, which, in the providence of God, are destined to tranquilize, enlighten, and leaven the Orient. The Philippine republic will be a new center from which shall radiate the forces of western civilization, which, I verily believe, the Supreme Ruler of the Universe has decreed shall quicken and rehabilitate the Far East. [Applause.]

Though coming up through great tribulations, these islands, now on the threshold of a great destiny, when liberty-endowed and freedom-blessed, will not only become a puissant nation, but will be an outpost or station from which the spirit of our free American institutions shall be relayed to Asia and her clusters of outlying islands. Then Asia, whose bosom sepulchers the dust of probably three-fourths of all the men, women, and children who have walked this old earth since God spoke humanity into existence, and within whose far-flung borders now live one-half of the world's 2,000,000,000 population; Asia, whose potential wealth and diversified natural resources stagger finite

comprehension; whose illimitable riches have been securely locked for innumerable aeons in the bowels of her mountains, valleys, plains, inhospitable jungles, and impenetrable forests, unawakened, undeveloped, and untransformed by the magic touch of labor or the indomitable genius of man—then Asia, from whose prolific womb sprung all of the world's great religions; Asia, the cradle of the human race, the mother of ancient empires, and the seat of mighty civilizations that flourished in the morning twilight of the world; Asia, the slumbering giant, will awaken from her age-long inertia, experience a new birth and a baptism of Americanism, and dedicate her myriad millions and limitless resources to the cause of freedom, enlightened government, and the happiness and well-being of mankind. Then no longer need we chant with Tennyson in Locksley Hall:

Better fifty years of Europe than a cycle of Cathay.

My colleagues, I repeat that by rearing the Filipino republic we are setting in motion the irresistible forces that will rejuvenate the Orient and neutralize and modernize the effete and static civilizations of the Old World. Then the Far East will exchange its decadent, sensual, and neurotic systems of absolutism for benign, self-respecting, and self-governing commonwealths. Then countless millions of tawny Asiatics will barter their tattered rags of pagan pomp, pageantry, and penury for the less ornate yet more useful habiliments of western civilization and culture. Then the dim and rapidly dying lights of Asia will flicker and fade, and the innumerable hosts who sit in darkness and who are now intellectually, politically, and spiritually lame, halt, and blind will run and leap with joy, rejoicing in the sure possession of a newly found, undiminishing, and fully satisfying life, light, strength, hope, and freedom. Then from the crumbling ruins of empires venerable with antiquity will spring powerful, progressive, and forward-looking republics, reflecting the ideals and patterned after the institutions founded by our constitutional fathers. [Applause.]

In liberating the Philippines we fulfill a solemn and sacred covenant, benefit ourselves and 13,000,000 Filipinos, the flower of the Malayan race, who yearn for independence and a place in the sun, and by the same token we serve mankind and light the fires of freedom on 10,000 oriental altars.

In the renaissance of the Far East, in the tumbling of crowns and wreck of monarchies, in the shifting and changing of governmental institutions, I humbly beseech the God of all the earth that these transitions be not cataclysmic, but by peaceful and orderly processes, so it may not be necessary to spill the blood of patriots to fertilize the tree of liberty, whose leaves are for the healing of nations. [Applause.]

Man's longing for liberty is innate, irrepressible, and deathless. No lash, sword, scaffold, or prison can destroy or suppress it. It sustains him in adversity and comforts him in affliction. It lightens the burdens of oppression, feeds the flames of hope, and inspires a courage and heroism that lead even to martyrdom. You may manacle his hands, shackle his feet, scourge his quivering flesh, imprison his body, reduce him to beggary but you can not control his thoughts, subdue his will, or enslave his soul. Happy is the race that has had no conquerors. Thrice happy are those who have emerged from the shadow and plague of oppression and are now living under enlightened laws, in the enactment and administration of which they had and have a part.

Eagerly and impatiently the Filipinos await the word that will acknowledge their independence and transform them from subjects of a foreign nation and alien race into citizens of an upstanding, forward-looking republic of their own creation. We should no longer hesitate to get out of the Philippines and end our adventure in the Orient. Public policy, political ethics, and common honesty dictate that this be done. [Applause.]

Mr. WASON. Mr. Chairman, I yield five minutes to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Chairman, ladies and gentlemen of the committee, I wish that the members of the Appropriations Committee would give me their attention for a moment, as it is to them my remarks are especially directed. It is with reference to an amendment that I expect to offer to this appropriation bill, under the head of the Navy providing employment, that will not cost the Government an extra penny, but will save hundreds of men from the loss of their positions. It is with reference to the modernization of the three battleships.

The draftsmen are paid out of a special fund, and that fund has been allocated and they can not get any more. They are now working overtime in order to keep up with the work. They will not be able to complete the work in time. I have been advised that it will be impossible by July 1 to expend the money already appropriated, and if a sufficient number of draftsmen are employed to keep the work flowing smoothly a considerable saving in time and money will be effected.

The purpose of my amendment is to allow the Secretary of the Navy, in his discretion, to employ out of this modernization fund as many draftsmen as will be necessary to keep the work going smoothly.

I hope the committee will favor my amendment, and I hope that no objection will be made to it, because it is simply a philanthropic measure and adds nothing to the cost. [Applause.]

Mr. ARNOLD. Mr. Chairman, I yield one hour to the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, ladies and gentlemen of the committee, on Monday, December 14, 1931, one of our distinguished colleagues from the great State of Pennsylvania and one of our most eminent constitutional lawyers of our Republic, the Hon. JAMES M. BECK, delivered a most brilliant address in defense of the foreign policy of President Hoover. He said:

It is all part of one problem, the national debts due us, the debts owed by business corporations and municipal subdivisions of those foreign nations to us, and all of it must be worked out in order that credit may be restored, and if credit is to be restored it must be restored in Europe before it can ever be really restored here, because, whether we like it or not, we are a part of a situation world wide in extent and beyond the power of any one nation to solve.

Succinctly put, Mr. BECK believes that Europe must be stabilized first before America can recover from its great economic depression. I shall endeavor to prove, in the light of European history, that the economic stabilization of Europe under the Versailles treaty is impossible of realization. Therefore we should stabilize America first in order to bring happiness and prosperity to 8,000,000 men unemployed and 12,000,000 partially employed, whose dependents are the tragic victims of penury, hunger, and want in this land of plenty, this great Republic of ours. [Applause.]

In 1815, in the city of Vienna, an infamous treaty was adopted at a conference presided over by Prince Metternich, the adroit Prime Minister of Austria. In that conference were representatives of Russia, Prussia, Austria, and England, who shortly thereafter retired. This group constituted the league of nations of their day. It was called the Holy Alliance. The purpose of this alliance was to make the world safe for monarchy. Liberalism and progressionism, wherever they were found, were to be crushed and annihilated. Reactionaryism, autocracy, and conservatism sat in the saddle. Progress, liberalism, and reform, under the name of democracy, were driven into subterranean channels in order to survive.

Why did monarchy hate liberalism and try so desperately to suppress and destroy it? Because prior to the French Revolution liberalism gave birth to an intellectual, economic, political, and industrial revolution. The intellectual revolution began with Voltaire, who pilloried and excoriated the church as the custodian of hidebound tradition; Montesquieu, who preached the gospel of parliamentary constitutional government for France the same as was found in England; Rousseau, who in his treatise on the Social Contract enunciated the political concept that governments derived their just powers from the consent of the governed—that kings do not rule by the divine right of God, but through the sovereign right of the people. The new school of political economy was founded by Turgot, of France, and

by Adam Smith, whose Wealth of Nations was the bible of this new economic school in England. Its disciples were men like Jeremy Bentham, David Ricardo, John Stuart Mill, and Thomas Robert Malthus. Most of the writings of some of these men were incorporated in an encyclopedia by the great French writer Diderot. This publication was given wide distribution and had a tremendous effect upon the people of France.

About this time a bloodless revolution took place in England. It was called the Industrial Revolution. No speeches were made, no conventions held, no battles fought. It was a silent revolution that altered the life of millions of people. Through the perfection of science, machinery was invented that converted England from an agricultural to an industrial nation. Men began to work with machines instead of their hands. A new institution was founded. It was called the factory. People left their farms to go to the factory. That is why Oliver Goldsmith wrote the famous poem, the Deserted Village. With the factory came the evils and abuses incidental to that system—long hours, low wages, unsanitary and unhealthful conditions; children working in the mills, mines, looms, and factories. These conditions reflected themselves upon the social and economic status of the people of England. Across the channel the French peasants were in misery. The financial condition of France was desperate. Thousands were unemployed. Families were starving. Taxes were imposed upon those least able to bear them just as in our Republic. That was the spark that caused the conflagration that soon thereafter not only engulfed France but encompassed the entire civilized world as well.

Prince Metternich and his associates, while sitting around the conference table in Vienna in 1815, ascribed the French Revolution to the growth of liberalism in western Europe. In order to prevent monarchy from ever again being challenged by democracy they determined not only to check liberalism in science, art, literature, philosophy, and statesmanship but even endeavored to bring back to Bourbon Spain its lost colonies in South and Central America.

The only nation that proudly bore the torch of democracy was the United States, which was then only in its infancy. James Monroe, who was then the President of the United States, realizing the true purport that inspired the Holy Alliance to extend monarchy in North and South America, then promulgated his famous Monroe doctrine. This theory declared in no unmistakable terms to Metternich and to his associates in the Holy Alliance that the realization of their aims and objects in South America would be considered a threat against the sovereignty of the United States, yea, an overt act which would likely lead to war. This courageous act of President Monroe and his Secretary of State, John Quincy Adams, was the only effective barrier erected against the world domination of monarchy through the dictatorship of the Holy Alliance. The entire course of history would have been entirely different had not the struggling young Republic, the United States, through its President, thwarted the efforts of Metternich and his allies in making the Western Hemisphere as monarchical in its complexion as they had succeeded in making the Eastern.

While democratic ideas were very seriously eclipsed in the period following the termination of the Napoleonic wars, they could not be permanently submerged. The dark era of liberalism was the decade immediately following the Battle of Waterloo and the creation of the Holy Alliance. The years from 1830 to 1848 saw the weakening of the reactionary strangle-hold that absolute monarchy had upon the world, and represented the dawn of a new period of liberal thought. This was merely symptomatic of the change of philosophy which came over Europe about that time. The thinkers of western Europe came out of their underground passages again, and once more effectively challenged the onslaughts of monarchy.

For many decades the Holy Alliance continued to suppress all liberal ideas by force and intervention. On other occasions they employed suppression through censorship and espionage. For a generation Metternich dictated these policies.

The tragedy of reaction, as the lessons of history clearly indicate, is that it brings in its wake not merely suppression of liberalism but the creation of extreme and dangerous doctrines of action and thought. The Holy Alliance sounded the death knell of democracy not wisely but too well. When its influence had waned there had grown in the place of the liberalism of Voltaire the socialism of Karl Marx. In place of the freedom of Montesquieu the anarchism of Bakhunin and Proudhon, and instead of the laissez faire doctrine of Bentham and Mill the communistic anarchy and "mutual aid" of Prince Kropotkin.

We can pause more profitably at this juncture and contemplate the bitter lessons of history. If we do so, we learn that the temporary suppression of free thought ultimately leads to something infinitely worse. That it is far better for mankind to freely think and to speak, even if their thoughts prove ultimately wrong, for suppression leads to revolutionary acts and the cultivation of violent doctrines.

From 1815 to 1914 this bitter conflict between monarchy and autocracy on the one hand and liberalism and democracy on the other persisted. For 100 years every monarchical government in Europe vied with each other to enlarge its domain and its economic influences under the guise of nationalism.

Human blood flowed everywhere. Innocent people had to pay the penalty with their lives in order that monarchical Europe might enlarge its economic sphere and its geographical borders. So we find wars between Russia and Turkey, Germany and Austria, Austria and Hungary, Italy and Austria, Germany and Denmark, France and Prussia, England, Turkey, and Russia. War after war engulfed Europe during the last 100 years.

To enlarge the influence of a nation, large standing armies and navies were the rule. Billions of dollars were spent in maintaining formidable armaments. This money, instead of being utilized to promote education and social justice among its people, was employed to foster war and the glories and conquest that come therefrom. Again we find the disciples of democracy appealing to the conscience of the people to outlaw war; that human beings were not created to be made fodder for cannon. As the cries of those who toil in the quarries of labor kept incessantly increasing for peace, and as the armies of liberals and progressives kept multiplying decade after decade and refused to vote appropriations for war and for standing armies, the thrones of monarchies again began to feel insecure.

Kings trembled as they saw the specter of democracy looming on the horizon.

Liberalism could not be crushed. It was still fighting the battle of the middle classes and the common people whose interests it was determined to preserve. [Applause.]

To divert attention from monarchy, to divide and scatter the forces of liberalism, to preserve the glory that comes from waging a successful war, monarchy united and threw the world into the maelstrom of war, hoping that the tides, eddies, currents, and whirlpools of this conflict would so enmesh liberalism and democracy as to destroy it for another hundred years.

Thus we behold, almost a century after the treaty of Vienna, monarchy again trying to destroy democracy. Woodrow Wilson, the greatest philosopher of democracy that this Nation has ever produced since the days of Thomas Jefferson, recognized this fact and, to preserve democracy, carried the Monroe doctrine over to Europe. The conscience of America, public opinion, and its physical and material resources followed him. Our President declared that "the world must be made safe for democracy." [Applause.] When the World War was concluded, monarchy succumbed. Democracy triumphed. The Hohenzollerns of Germany were eliminated. The Hapsburgs of Austria were destroyed. The Romanoffs of Russia collapsed. Just as Napoleon was banished to St. Helena, so the Kaiser was exiled to Doorn. In the ashes of these autocratic governments there rose tri-

umphantly the Republics of Russia, Germany, Austria, Hungary, Poland, and Czechoslovakia. [Applause.]

Just as the Holy Alliance was formed in 1815 to protect the rights of monarchy, so was the League of Nations formed in 1919 to protect the rights of democracy. Just as the treaty of Vienna in 1815 changed the geographical complexion of Europe, so the new treaty of Versailles in 1919 changed the geographical complexions of Europe and the entire world. Just as the treaty of Vienna was infamous and unfit and caused 100 years of conflict, so will this treaty of Versailles go down in history as an iniquitous treaty that will bring havoc and injustice to millions of men and women throughout Europe. [Applause.]

In the Holy Alliance a century ago, Russia, Prussia, and Austria sat in the saddle while France was the slave. So to-day, 100 years later, France sits in the saddle while Germany, Austria, and Hungary are its economic slaves.

France and England have not paid off the debts of the Napoleonic war after 100 years. It is my contention that it will take the combatants of the World War many more centuries to repay the debts incurred from the last war. Therefore the distinguished gentleman from Pennsylvania [Mr. BECK] was right when he said:

> In my judgment, the man is not living in this Chamber who will see the ultimate end of economic crisis which the destructive World War has inflicted upon humanity.

Mr. Chairman, ladies, and gentlemen, Mr. BECK contends that we must first stabilize Europe and place her upon a basis of economic prosperity before our country can ever recover. Mr. Chairman, Europe is to-day an armed camp. Amidst all the depression and panic that exist over there, France is the richest nation of the world. She has subsidized, financed, and armed Belgium, Czechoslovakia, Yugoslavia, Rumania, and Poland with billions of dollars to maintain the largest standing armies ever known in the history of Europe. Seventy to eighty cents of every dollar collected in taxes is being maintained for the great armaments in preparation for the next war. She has formed a military armed ring against Germany, Austria, and Hungary, three sister republics that we are pledged to preserve. Secret diplomacies and alliances are being formed all over Europe. The next war is already in the offing, and when it comes, as it inevitably must, woe betide the white races of Europe!

Since the World War we have been united to continental Europe by a financial umbilical cord. The time has now arrived when the great obstetrician, Uncle Sam, must cut in twain that financial umbilical cord and allow American democracy to live, thrive, and develop free and untrammeled as an independent and useful organism. It must not be affected by the financial cancer of moribund Europe. America must remain American, true to its ideals and traditions as the preserver of democracy. [Applause.] That is why President Hoover and all his advisors are wrong when they are first trying to stabilize Europe, which is impossible of realization. For 20 centuries European governments have waged war against each other. Their soil is saturated with the innocent blood of martyred citizens. The leopard can not change its spots! The Versailles treaty has created so much prejudice, rancor, hatred, bitterness, and sorrow among the nations of Europe that time can not efface it. Europe can not be stabilized. Revenge is in the air. Those whose rights have been trampled upon through the Versailles treaty are looking for the day when might will make right. Let us save America first by stabilizing our own country. [Applause.]

The founder of our Republic, George Washington, in his Farewell Address to the American people, warned us against entangling alliances with European countries. He was right then. Time proves he is right now.

I would be unworthy of the respect of the membership of this House if I were to give vent to thoughts that bore hatred and malice toward the peoples of Europe. One need not be internationally minded to view the conditions of all the nations of the world and their present sorrow and suffering with a degree of profound sympathy. I do not yield to the distinguished gentleman from Pennsylvania in his desire not merely for the stabilization of Europe but for the rehabilitation of all the struggling peoples of the world. My allusions to the history of Europe, particularly to the century or so that has elapsed since the Napoleonic era, show that because of nationalistic, geographic, racial, religious, linguistic, and economic problems permanent peace, which is the genuine object of any degree of stabilization, is impossible in continental Europe.

Mr. BECK. Will the gentleman yield?

Mr. SIROVICH. With deference to the gentleman, I should like to continue the sequence of my thoughts.

Mr. BECK. I was only going to ask a simple question.

Mr. SIROVICH. When the distinguished gentleman from Pennsylvania spoke he refused to yield to Congressman SUMNERS, the chairman of the Judiciary Committee, on the ground that the interruption would interfere with the orderly flow of his address. Upon the same basis I would most respectfully ask my distinguished colleague to desist until I have concluded my remarks, when I shall be pleased to answer any questions that any Member of the House might desire to propound.

Mr. BECK. Certainly.

Mr. SIROVICH. Two forces have been loosened from the East that further threaten not only the equilibrium of the world, but the future of our civilization as well. Some 80 years ago, Commodore Perry gave the island of Japan its first glimpse of the industrial civilization that we have evolved in the west. Since then the progress that the Nipponese have made in adopting the processes of the industrial revolution, and taking advantage of western civilization and culture, veritably beggars description. Japan is to-day the industrial overlord of the Far East. It looks with longing eyes upon two enormous giants who are still sleeping under the spell of a medieval gloom, without stable political governments and with an economic system that savors of the feudal period. The slumbering 800,000,000 human beings in China and India, living in the most unenlightened conditions in countries abounding in natural resources, are anxiously viewed as fertile fields for exploitation by the pioneer industrial chieftains of Japan. If the next 80 years shall see an economic development in the mainland of Asia that would somewhat parallel the progress that Japan has made since the days of Perry, a new and tremendous disruptive element would necessarily be introduced to threaten the stability, not only of Europe but of the entire world as well.

Mr. BECK has very aptly stated that the first great crisis in modern world history came with the fall of the Roman Empire in the year 476 of the Christian era. The hordes of Ghengis Khan, Alaric, and Attila, which stormed and sacked Rome and, by slow infiltrations followed by actual conquests, shattered the flower of ancient civilization, may find their counterpart in the menace of the modern oriental hordes led by Japan which will seek to overwhelm occidental culture. Rome, weakened and exhausted through its imperialistic attitude in conquests, battling in Hispania, Gaul, the modern Balkan states, Greece, Macedonia, Asia Minor, and Carthage, fell an easy prey to the barbaric hosts from Asia in the east, as well as the Teutonic races that came from the north. It took Rome 14 centuries to recover from that blow.

Are we to witness once again the destruction of an elaborately developed civilization weakened, devitalized, and enervated by conquest and vice as a result of the onslaught of brute forces of an inferior people?

At the crossroads between the Occident and the Orient there stands a new world power developed in a novel fashion in the last 14 years and occupying one-sixth of the world's area. A new power that is still in its infancy, and that may yet stand as the bulwark of western civilization against the onrushing forces of the Far East. Soviet Russia, at once creating a political state and an economic organism, makes a new departure from all theories of government that have heretofore prevailed in the world and furnishes additional conflict to the forces that have already prevented the stabilization of Europe. To the problems of monarchy as opposed to democracy, and of autocracy as contrasted with liberal-

ism, have now been added a racial challenge from the Far East and an economic one from Soviet Russia. With the growth and aggravation of all these enormous conflicts, it would seem very clear to the human eye that the stabilization of Europe will become, as years go by, relatively more difficult. What, then, should be the position of the American Government? A sympathetic attitude toward Europe, yes; but an active interest in European affairs, no. [Applause.]

Many media could be suggested for the possible stabilization of Europe. As an American observer looking over the high seas, one can view objectively the inadequacy of an economic system which sets off innumerable tariff walls and trade restriction barriers in a territory not much larger than that covered by the United States.

One remedial solution comes immediately to mind; namely, that an economic federation of Europe be organized, retaining the autonomy of the various countries as natural sovereign powers but breaking down the indescribably petty commercial rivalries which in past times made so much for discord in Europe. Just as we have 48 States in our Union enjoying equal economic relations, but with separate bodies of law, so Europe could be constituted into a vast economic union with no loss of individual dignity to its component parts. It would be a veritable United States of Europe. Such a union would clear away the maze of formidable tariff barriers which choke international trade and prevent European recovery.

As a second suggestion, I would seek to mollify the rigor of the Versailles treaty, by revising that pact in its entirety. I would declare to the nations of the world that the portions of it that were written in the spirit of anger, and at an hour when the roar of cannon on the battlefields of Europe had just ceased, should give way to the sober second thought of mankind. The passions of war have now somewhat subsided, and the statesmen of the world can view international politics from saner heights. A condition precedent to any degree of stabilization in Europe would therefore be an amicable and friendly revision of the Versailles treaty in all its manifold aspects. [Applause.]

Still another suggestion that an American can make to Europeans seeking betterment of their own conditions, would look toward immediate and rigorous reductions in the armaments of the various nationalities. Presumably any effort toward European stabilization would have, as the major premise, an indication of good faith on the part of leaders of European public opinion. Such good faith can best be expressed by the ceasing of the various countries of Europe to act as if they were preparing for another bloody conflict. An individual citizen seeking peaceful relations with his neighbor, does not continually arm himself to the hilt; so nations, on the larger scale, must rid themselves of appearances that are obviously warlike and threaten the well being and safety of other countries. It is unbelievable that the lessons of the last war should be so completely lost on present-day Europe, as to cause them to spend from 70 to 80 per cent of all their taxable income on preparations for another war. An immediate universal agreement to radically slash the military and naval budgets of all countries, would at least, to an American mind, indicate that Europe sincerely desired peace, and was earnest in its intention to achieve stability. A rational and liberal revision of the Versailles treaty, accompanied by radical reductions in European armaments and followed by the creation of economic united states of Europe would unquestionably aid in the stabilization of Europe. [Applause.]

However, Mr. Chairman, ladies, and gentlemen, although these ideals are Utopian in character, every lover of humanity would gladly pray to have them realized. When one views Europe through the telescope of its history, it can be easily understood, however, that they are incapable of practical realization. Let us leave Europe then and turn our eyes toward the American scene where a vast degree of stabilization is most needful at the present time. Stabilization, like charity, should begin at home.

I shall propose a modern economic decalogue for American stabilization. It may serve as a present-day "Ten Commandments."

COMMANDMENT 1

Scrap the Hawley-Smoot tariff bill from top to bottom. Right the wrongs of injustices done therein. Then establish reciprocal relations and understanding with all the nations of the world for the mutual benefit of all concerned. [Applause.]

COMMANDMENT 2

Place agriculture on a parity with industry by passing a bill similar to the McNary-Haugen bill, introducing the principle of debenture or the equalization fee.

This will place agriculture upon a parity with industry and bring justice and happiness to 40,000,000 farmers who are the victims of a high protective tariff that compels them to purchase their goods and materials in the restricted markets of our country and sell the products of nature's soil in the competitive markets of the world. Let us, therefore, stabilize the farming interests of our country by helping them in this the greatest hour of need so that there shall be no repetition of over a thousand banks failing in their midst. [Applause.]

COMMANDMENT 3

Abolish child labor. Children under 16 belong in the schoolhouse, not in the mills, mines, looms, and factories. They should not compete with adult men and women for work that rightfully belongs to them. [Applause.]

COMMANDMENT 4

Establish a 5-day week and a 6-hour day in industry. Machinery has dislocated production. It has displaced men and women in every industry. We should frankly recognize that in our machine age mechanisms are superior to men, and the creation of a shorter working week with fewer working hours per day would better enable man to cooperate with the advance of machinery.

COMMANDMENT 5

Establish unemployment insurance and old-age pensions in every State of the Union so that in times of prosperity we may be able to prepare for days of adversity. Unemployment insurance and old-age pensions are neither new nor radical ideas. The arch conservative, Bismarck, instituted them in Germany way back in 1883. The liberals, Asquith and Lloyd George brought them about in England in 1909, and the socialists, Briand and Clemenceau, introduced them in France in 1910. Twenty-eight other nations of Europe adopted them in one form or another. Why then should America, the most advanced country of the present age, lag behind? [Applause.]

COMMANDMENT 6

Institute employment agencies throughout the United States through the cooperation of the Federal and State Governments so that labor may easily be shifted from one part of the country to another in times of economic depression.

My distinguished colleague and associate from New York, Senator ROBERT WAGNER, introduced the Wagner unemployment bills which, if signed in toto, would have been instrumental in relieving to a very great extent the burden of 8,000,000 people who are unemployed and seeking opportunity to work at anything to support their dependent children and their families. Herbert Hoover, President of the United States vetoed that particular feature of the bill which is the heart and soul of that humane legislation. Mr. Chairman, ladies and gentlemen, if that militant Democrat, that liberal and humanitarian, our beloved Speaker, JOHN N. GARNER, were the President of the United States, as a lover of his fellow man, deeply imbued with feeling and sympathy for the suffering and distressed, he would have signed that bill. [Applause.]

If the distinguished Governor of the State of New York, the Hon. Franklin D. Roosevelt, were President of the United States, he too, as a progressive Democrat interested in the great masses of his fellow men, would have signed that bill. [Applause.]

If the idol of the democracy of New York City, a gentleman whose whole life has been dedicated to the interests of his fellow man, Al Smith, were the President of the United States, he too would have signed that bill. [Applause.]

COMMANDMENT 7

Guarantee bank deposits in every bank of the country through a national bank insurance fund so that no depositor should ever be permitted to lose a single penny through the closure of any bank, whether due to frozen assets, incompetent or corrupt management, or economic depression. [Applause.]

COMMANDMENT 8

Put teeth into the Federal Trade Commission act so that grossly unfair methods of competition should be prevented.

COMMANDMENT 9

Recognize Soviet Russia and so open up to American capital and labor the vast markets and resources of that enormous expansive territory containing 160,000,000 inhabitants who are yearning for the friendship of Americans and who are begging to be permitted to buy from them and to do business with them. Millions of unemployed American men and women could be put to work to-morrow to supply the needs of Soviet Russia if we recognized that country immediately.

COMMANDMENT 10

Modify the Volstead Act to permit the sale of light wines and beer. [Applause.] This would at once deal a deathblow to racketeering and bootlegging in this country. At the same time it would turn billions of dollars into the Treasury of the United States, relieving our citizens of the enormous burdens of taxation. [Applause.]

The effectual realization of these "Ten Commandments" would immediately restore prosperity to the United States. The rehabilitation of our own economic order can not await the stabilization of Europe!

Congressman BECK says stabilize Europe first. I say stabilize America first! The moratorium will not save Europe. It is only a temporary palliative. However, for the momentary good it might accomplish, I voted for it.

The only effective way to cure suffering Europe is to cancel all debts and obligations between the peoples of the world that have been bequeathed to us by the late war, which I would be in favor of doing, provided—mark you, I say provided—we could be guaranteed and assured of complete and universal disarmament that would outlaw and forever abolish war. Universal disarmament would save billions of dollars for all the nations of the world, billions of dollars that could be used for culture, education, social justice, and all humanizing influences that would ennoble man. This, then, would be the greatest gift offered by the democracy of America upon the altar of universal peace, guaranteeing stability and order to all the governments of the world and happiness to all mankind. [Applause.] I yield now to anyone who desires to ask me any questions.

Mr. SEGER. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. SEGER. I assume that it would be highly improper to add another commandment to those mentioned, but would the gentleman accept an addition to his fifth commandment to abolish night work for women?

Mr. SIROVICH. That would naturally come under the principle of the 5-day week and the 6-hour day.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. Oh, certainly. I don't think any speech would be complete unless my friend BLANTON were in it.

Mr. BLANTON. Does the distinguished scientist believe that idleness produces happiness? I am sure my friend wants the people to be happy. My experience is that people can not work five days a week, six hours a day, and be happy. They can not do it. They must be busy at work if they expect to be happy.

Mr. KNUTSON. You are right, Tom.

Mr. SIROVICH. I see my distinguished friend wears the Masonic insignia on the lapel of his coat. Masonry, I am sure, has taught him that 5,000 years ago our fraternity divided the 24-hour day into three parts, 8 hours for labor, 8 hours for sleep, and 8 hours for refreshment.

Mr. BLANTON. And I am in favor of that.

Mr. SIROVICH. But that was 5,000 years ago, before machinery was ever invented to take the place of the labor of man.

Mr. BLANTON. And things have not changed much since. [Laughter.] Idleness is still the devil's workshop. I am still in favor of 8 hours for labor, 8 for sleep, and 8 for amusement.

Mr. SIROVICH. That is because the gentleman lives in Texas. [Laughter.] If the gentleman had lived in any other part of the country, he would think differently.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. JOHNSON of Oklahoma. I was interested in the statement of my distinguished friend that he would favor the cancellation of all war debts to America provided the foreign governments would disarm.

Mr. SIROVICH. I would demand universal and complete disarmament.

Mr. JOHNSON of Oklahoma. Does the gentleman think for one moment that the foreign governments would comply with that proviso?

Mr. SIROVICH. That is a very interesting question, and I am honest enough to confess as a practical idealist that to me it is Utopian. They will never agree to it. A leopard does not change his spots, and since Europe refuses to disarm but continues piling up large armaments and great standing armies to wage war against the innocent people of other nations, I want them to pay back every dollar that rightfully belongs to the American people. [Applause.]

Mr. ERK. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. ERK. Speaking of Russia, has the gentleman ever known an individual or a nation to succeed that was godless?

Mr. SIROVICH. In my humble opinion there has never been a nation in the world that tried to destroy religion but that in the end was itself destroyed. During the French Revolution, under the dictatorship of the triumvirate of Robespiere, Marat, and Mirabeau, they placed the goddess of reason upon the pedestal of the Lord. As the years rolled by the goddess of reason toppled and crumbled and in its place freedom of worship of God according to a person's conscience was rightfully restored to its proper position.

The population of Russia is 160,000,000. Three to four millions are avowed atheists. At the present time they control their Government. That does not necessarily imply that all Russia is atheistic. When I visited Russia a few months ago and discussed religion with many of their leaders, I was told by them that Thomas Paine, Thomas Jefferson, and Benjamin Franklin were atheists during the period of our colonial revolution, but that did not necessarily imply that all of our American citizens were atheists.

The word "God" is not found in the Constitution of the United States or in the Declaration of Independence. In my humble opinion it was kept out of the Constitution because King George III, who presecuted our American forbears, ruled in the name of God and so our colonial forbears refused to have the God of King George III in the Constitution of the United States. They claimed the voice of the people, that is the voice of God.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. SIMMONS. The gentleman does not mean to say that the statement coming from a Russian is a correct statement of the men he named and of American history at that time?

Mr. SIROVICH. I am simply repeating the statement given to me in Russia.

Mr. SIMMONS. Let us not have the gentleman stating it as a correct statement of history.

Mr. SIROVICH. Was not Tom Paine an atheist?

Mr. SIMMONS. I am suggesting that the gentleman has stated a series of situations that does not exist either regarding the Constitution or the Declaration of Independence, nor regarding two of the three men named.

Mr. SIROVICH. Either I do not understand the gentleman's question, or my distinguished friend from Nebraska does not understand me.

Mr. KNUTSON. I have always understood that Tom Paine was an agnostic.

Mr. SIROVICH. He has been considered an agnostic by some and an atheist by others.

As a matter of fact, what is the difference between agnosticism and atheism? An atheist is one who does not believe in any God. An agnostic is one who sits on the fence and says, "There may be a God and there may not be one." Having read most of the writings of Thomas Paine, I am convinced he was not an agnostic. I have taken him as an atheist.

Mr. Chairman, I wish to thank the membership of this House for the cordial and gracious manner in which they have listened to me and for their uniform kindness in receiving my remarks.

All I tried to show in my address was that charity should begin at home. That we must stabilize America first. That the interests and happiness of 120,000,000 Americans is paramount to that of any other peoples of the world. [Applause.]

The CHAIRMAN. The gentleman from New York [Mr. SIROVICH] yields back 11 minutes.

Mr. WOOD. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, ladies, and gentlemen, I am not going to cover the history of the world nor enter into any discussion of it. I want to call the attention of the House to a bill which I introduced this morning on the subject of guaranteeing deposits in national banks and member banks of the Federal reserve system. There is no pride of authorship in my bill, but certainly the subject will require the very careful thought and study and consideration of this House within the next few weeks. There is nothing original in my bill. The idea is taken from the law of the State of Nebraska and from discussions on the subject during the past years. I think Governor Shallenberger at one time had a great deal to do with the Nebraska statute. He carried it through the courts, and its validity was established in the Supreme Court of the United States.

In a few days we will be called upon to consider a bill for the creation or recognition or support of the so-called Federal Credit Corporation. I submit that the first step in the stabilization of our banking system and in restoring the confidence of the American people in our banks is to guarantee the deposits in a bank. [Applause.] Anyone who deposits in a bank has a right to sleep nights and know that his deposits are absolutely secure. My bill in this instance does not call for assurance by the Government. I am very conservative in this instance. A guaranty fund is created in each Federal reserve district by the banks themselves building up a fund equal to 1 per cent of the daily average deposits in that district. It commences with a first installment of one-fourth of 1 per cent of the daily average deposits in the preceding six months. That is followed the next six months by one-quarter of 1 per cent for two years, and then, if the fund is equal to 1 per cent of the daily average of deposits, the contribution is one-twentieth of 1 per cent every six months.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. O'CONNOR. Where do they get this money?

Mr. LAGUARDIA. From the banks themselves.

Mr. O'CONNOR. Where do they get it—from deposits or out of profits?

Mr. LAGUARDIA. They set aside the amount—the same as they set aside their reserves now.

Mr. O'CONNOR. They can not get it out of surplus.

Mr. LAGUARDIA. Out of profits, of course.

Mr. O'CONNOR. Most of them have no reserves now.

Mr. LAGUARDIA. If they have no reserve, the comptroller or receiver walks in. The gentleman knows that.

Mr. O'CONNOR. I am not so sure of that.

Mr. LAGUARDIA. Oh, absolutely. Once a bank can not maintain the reserve required either by the State law or by the Federal reserve system, the bank commissioner walks in and closes the bank.

Mr. O'CONNOR. That is capital and surplus. Call reserve what you will, they have no reserve. I do not know where they will get the money unless it is either out of capital or surplus.

Mr. LAGUARDIA. It is built up in exactly the same way as the reserve surplus is built up now. In the event of a new bank, it pays in 4 per cent of its capital stock the same as a bank is now required to have a capital surplus. Four per cent is taken into that fund, in the case of a new bank, and that is credited to the installments which the bank must pay toward the guaranty fund. The reason I asked time to-day to call your attention to this is that I believe it should be made known that the sense of this House, in taking up this question of bank stabilization, is that we should first secure the depositors before we go into a plan of providing a sort of receptacle to take care of all frozen assets which the big banks now hold, and some of them may turn out to be anything but desirable.

A great deal has been said about the Federal Credit Corporation. I have an instance right here of a bank in my State, in Middleport, N. Y. A national bank a few weeks ago joined the Federal Credit Corporation and paid 10 per cent of its capital stock, $5,000. It paid that to the Federal Credit Corporation. A few days ago it got into difficulties and a run was impending. The surplus was impaired by reason of the depreciated value of its holdings, and it went to the Federal Credit Corporation for assistance. I guess this bank, like most of us, thought that was what the national credit corporation was supposed to do.

Assistance was refused, and then the bank asked for the return of the $5,000 it had paid in, but that was refused. I do not believe for a moment that is typical of the attitude of the Federal Credit Corporation, but if it is then it is not what some of us have been led to believe it is.

Here is another instance I want to give you. Here I have a list of securities, and some of these days before long I am going to read the entire list to the House. It is a list of securities owned by a small country bank. This bank borrowed from a bank in my city—one of the large banks—and you would know the name immediately if I mentioned it. The small country bank borrowed $67,000, and a few days ago it received a call from the bank in my city asking for the money.

The country bank asked why, and was informed that the bank in my city "did not like their list of securities." The country bank said, "Well, we bought the securities from you and upon your recommendation." Every one of these securities was recommended by this bank in my city. They were sold by them to this country bank and the city bank called the loan because they said they "did not like the list of securities." That is typical, gentlemen, of what is going on.

Mr. MONTAGUE. Will the gentleman permit a question?

Mr. LAGUARDIA. Certainly.

Mr. MONTAGUE. What was the character of those securities? Were they foreign securities or not?

Mr. LAGUARDIA. Out of 35 different securities 10 were foreign.

Mr. MONTAGUE. How about the amounts?

Mr. LAGUARDIA. There is one group of $47,500, another of $41,260, and another group of $65,000. The first group of $57,000 are railroad bonds; the industrials are $41,260; public utilities, $65,000; and foreign bonds, $54,000. Let me say to the gentleman from Virginia that not only were the securities recommended and sold by the big city bank, but the assortment was advised by this great bank; and you all know the pressure or the influence that one of these large chain banks in my city has on a country bank of this kind. The minute that they were ready to call in

the loan they did so, and they said they did not like their list of securities, and sold some of them that afternoon before the small bank was able to redeem the securities. The small bank is now closed. The Middleport bank I referred to before, which asked for the return of its $5,000 from the credit corporation, is also closed.

Mr. MONTAGUE. May I ask a further question?

Mr. LAGUARDIA. Yes.

Mr. MONTAGUE. Were any of the securities sold foreign securities?

Mr. LAGUARDIA. I would not think so. [Laughter.]

Mr. O'CONNOR. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. O'CONNOR. Is the gentleman's remedy to meet that situation that the banks be forbidden to have finance company affiliates?

Mr. LAGUARDIA. What does the gentleman mean?

Mr. O'CONNOR. Most of the banks have what they call a finance affiliate, through which they sell their securities.

Mr. LAGUARDIA. Of course I am against that.

Mr. O'CONNOR. That is being talked about a lot, and many of them are disbanding them themselves.

Mr. LAGUARDIA. I would not wait for them to disband themselves. As far as the national banks are concerned and as far as the Federal reserve system banks are concerned it is up to us and I think we should carry out the recommendation contained in the President's message and put a stop to that practice immediately. I would let the banks do a banking business and not a pawnbroker's business, and that is what they are doing now.

Mr. O'CONNOR. That may be a very healthful thing to do and I am somewhat in favor of it, but it needs consideration for this reason: Small banks must buy their securities somewhere. Suppose they happened to buy them from a stockbroker. They have to go through the exchange or some such place to buy their securities and they can run into the same situation. They will put up their securities and then be told by the bank making the loan that it does not like the securities and the bank will call the loan.

Mr. LAGUARDIA. But you are not going to have a bank selling certain securities and pretending to be back of them and then pull from under when the time comes. I think that when a bond is sold it should be a bond and something more than a piece of paper with a gold seal on it.

Mr. BANKHEAD. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. BANKHEAD. We read in the papers a few weeks ago about the organization of this banker's credit pool, to which the gentleman has referred. As I remember, the papers stated that some $500,000,000 was underwritten for the purpose of forming that pool and that the purpose of this organization was to relieve this congested condition of frozen securities, but I have been further advised by a statement recently appearing in the papers that up to date that great pool of $500,000,000 has only used $10,000,000 for the purpose of undertaking to relieve this situation. Can the gentleman give us any information about that?

Mr. LAGUARDIA. I do not know. I have the pathetic and sad instance to which I have referred where a small bank went to them after subscribing its quota, and asked for relief and were denied; and when they could not get relief they asked to get their money back, which would have helped them at that time, and were refused.

Mr. BANKHEAD. What I am curious to know is why it is, with this tremendous fund privately secured through the banks themselves, at their disposal for the relief of this distressed situation, they have failed to use it, and at the same time are asking the Federal Government out of the Federal Treasury to provide a fund of $500,000,000 for the same purpose.

Mr. LAGUARDIA. That is the very reason I have raised the question here this afternoon, and it seems to me before we rush in and create a so-called revolving fund—and I think this Congress has had some experience with revolving funds in other activities—we should not create such a fund and have on our hands in the next few years a lot of depreciated and no-good securities. If this is the purpose of it, let us know what we are doing. I say the first step should be to compel national banks and member banks of the Federal reserve system over which we have absolute control, to create this fund in each Federal reserve district for the guaranteeing of deposits, and I invite consideration of this suggestion by the House so that we may be informed before the Federal Credit Corporation bill comes before us.

Mr. SHALLENBERGER and Mr. PATTERSON rose.

Mr. LAGUARDIA. I yield first to the gentleman from Nebraska [Mr. SHALLENBERGER] from whom I have learned a great deal on this subject.

Mr. SHALLENBERGER. Right on that point I may say that Sir George Paish one of the great financial authorities of the world, who is connected with the Bank of England, recently gave out the three important things that should be done to restore the prosperity of the world, and the first one that he mentioned was the guaranteeing of bank deposits.

Mr. LAGUARDIA. I want to thank the gentleman and I want to here acknowledge that I learned a great deal on the subject from discussions with the distinguished gentleman from Nebraska when he was here several years ago, and I have been trying to follow up the subject ever since.

Mr. SHALLENBERGER. And may I add one more thought inasmuch as the gentleman has referred to the bill involved. It was first attacked in the Federal court of Nebraska, and a member of the Supreme Court of the United States now, who at that time was a member of a lower Federal court, declared the original law unconstitutional, but we appealed the case, along with other States, to the Supreme Court of the United States, and that court sustained its constitutionality. It was again recently attacked, since the depression has come on the country, by the banks in Nebraska in our State supreme court and was again sustained, and then was appealed to the Supreme Court of the United States, where the principle and the law itself was again sustained by the Supreme Court of the United States.

Mr. LAGUARDIA. That is very reassuring.

[Here the gavel fell.]

Mr. WOOD of Indiana. Mr. Chairman, I yield the gentleman three more minutes.

Mr. PATTERSON. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. PATTERSON. Right in this connection, with respect to the guaranteeing of deposits, I would like the gentleman to confirm this information, if he happens to know about it. One of the members of the Committee on Banking and Currency of the House, who is a distinguished student of this question, has told me privately that there have been enough profits earned by the Federal reserve system since it has been in operation to more than pay every dollar of deposits that has been lost by national banks since the system was instituted.

Mr. LAGUARDIA. I would like to have the Federal reserve system use that as a fund to put the guaranty fund immediately into operation.

Mr. PATTERSON. The point I wanted to bring out is that the money is there.

Mr. LAGUARDIA. I would like to have that used to put the system into operation until my plan could be worked out. When I say my plan, I mean the plan contained in the bill, which would require four payments.

Mr. HARE. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. HARE. I wonder if the gentleman is familiar with the bill H. R. 5125?

Mr. LAGUARDIA. I do not know it by number, of course.

Mr. HARE. In view of the fact the gentleman has given some study to this matter, I wonder if it is asking too much for him to make a memorandum of it.

Mr. LAGUARDIA. Is it the gentleman's bill?

Mr. HARE. With modesty, I admit it is.

Mr. LAGUARDIA. I am sure it is a very good one.

Mr. HARE. It brings out this point. It takes $145,000,000 of excess profits arising from the Federal reserve system

now in the Treasury and uses it as a premium for insuring deposits in all member banks of the Federal reserve system to the extent of 50 per cent.

Mr. LAGUARDIA. It would start this fund.

Mr. HARE. Yes.

Mr. LAGUARDIA. It is a start, but we want to absolutely guarantee the deposits 100 per cent.

Mr. PATTERSON. And this will more than do it.

Mr. LAGUARDIA. Yes; and it will drive the incompetent and crooked bankers out of business.

Mr. HARE. Will the gentleman let me make this further observation? The reason it is put at 50 per cent is because statistics show that in all of our bank liquidations and bank failures there have been dividends paid approximating 50 per cent.

Mr. LAGUARDIA. I understand that, of course.

Mr. HARE. Then if we are going to salvage, on the whole, 50 per cent of the money, it is unnecessary to go ahead and guarantee more than the amount that is lost.

Mr. LAGUARDIA. No; the gentleman is in error there. Any system, of course, presupposes that the insurance fund would be subrogated to the position of the depositors.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. McCLINTIC of Oklahoma. The gentleman must realize, of course, that at the present time there are millions of dollars locked up in safety security boxes.

Mr. LAGUARDIA. Yes; and in stockings and sugar bowls and hoarded all over the country.

Mr. McCLINTIC of Oklahoma. The enactment of a guarantee law such as the gentleman has called attention to, in my opinion, is the only way we will ever unlock these safety deposit boxes and put that money in circulation.

Mr. LAGUARDIA. It will put over $2,000,000,000 in circulation.

Mr. McCLINTIC of Oklahoma. I am certainly in accord with the gentleman and I hope he will be able to get the committee having jurisdiction to work out some legislation along this line.

Mr. LAGUARDIA. Every Member of this House has exercised a great deal of restraint in talking about banking conditions. There is not a Member on this floor but what has exercised restraint in discussing this subject. We have cooperated in order not to rock the boat, but I want to say that unless the bankers come in and cooperate with us and bring about first this guarantee of deposits, so far as I am concerned, all restraint is off; and we are going to have some very plain talking. Now is their chance to show that they are ready to put their house in order. [Applause.]

Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. Mr. Chairman, the committee has just listened to an explanation of a very important bill that the distinguished gentleman from New York [Mr. LAGUARDIA] has introduced in which all the Members are intensely interested. I desire to avail myself of this brief opportunity to call to the attention of the House a bill I have introduced which provides for the construction of naval vessels in the form of replacement.

I desire to call the attention of the House to a bill that I have to-day introduced to authorize the construction of certain naval vessels for replacements and additions.

I am aware that unusual and abnormal conditions exist both in our own country and throughout the world, but, in my opinion, the duty of Congress with reference to its national defense is plain—to support a replacement program which, when appropriations therefor are approved by Congress, will give to the Nation within a reasonable number of years a Navy of the full strength which the defense and security of the country requires in accordance with the London treaty.

It is evident that a nation that requires a naval force requires one adequate to function efficiently in the hour of need.

The efficiency of the Navy must not be based upon the fluctuation of the stock and commodity markets. A country does not need a navy of one strength when she is prosperous and a navy of another size when there is an economic depression.

At all times we need a Navy that is strong enough to defend our possessions and to support our policies; to insure the safety of our country and the development of our commerce.

I shall insist at all times that the Navy be administered with rigid economy, but to permit our Navy to get in position where our national safety may be threatened is false economy.

To maintain a navy which is not efficient is the worst form of extravagance. It lulls the people into a false sense of security that may have the most disastrous consequences.

Now, let me call your attention specifically to the bill that I have introduced:

First. The first and foremost point of this bill is that it is a replacement program; with the exception of the two 20,000-ton carriers, every ship called for in the bill is a replacement ship.

Second. There are 120 ships called for in this authorization bill. The total tonnage is about 303,000 standard tons. The estimated cost of this program is about $616,000,000. The bill proposes laying these ships down over a period of 10 years at an annual cost of about $61,600,000.

There are building at the present time 16 ships—7 eight-inch cruisers, 3 submarines, 1 aircraft carrier, and 5 destroyers—of a total standard tonnage of about 95,100 tons. The total estimated cost to complete these vessels is about $91,500,000.

Third. This bill calls for the construction of 3 aircraft carriers, 2 of about 20,000 tons, 1 of about 15,200 tons; 9 six-inch gun cruisers, at least 1 of which is a flying-deck cruiser of about 10,000 tons; 13 destroyers (leaders) of about 1,850 tons; 72 destroyers of about 1,500 tons; 23 submarines.

The total tonnage involved is:

Aircraft carriers	55,200
6-inch gun cruisers	90,000
Destroyer leaders	24,000
Destroyers	108,000
Submarines	25,990
Total	303,190

Fourth. All of the ships are permitted by the London treaty. The times for laying them down as called for in the bill are in accordance with the terms, requirements, and allowances of the London treaty. It is understood that it is not the present policy of the Navy Department to utilize any of the alternatives of the London treaty relative to interchange of tonnage. There is nothing in this bill that is in any way contrary to the letter or the spirit of the London treaty, nothing that is not in accord with the naval holiday.

Fifth. In the authorization program covered by this bill are three aircraft carriers, one of which (15,200 tons) is a replacement for the U. S. S. *Langley;* the other two (20,000 tons each) are the only ships called for by the program that are additions to the Navy. The others, or 118 of the 120 ships, are replacements.

Sixth. In the cruiser program called for, nine 6-inch gun cruisers, particular attention is invited to the fact that there has been stricken from the Navy list since the fiscal year 1929, 117,620 tons of cruisers carrying guns of 8-inch caliber and above. This includes the *Rochester,* which is over age and is to be stricken from the list, and the *Seattle,* which is being converted to a hulk. In addition, there has been stricken from the Navy list during the same period 58,910 tons of cruisers carrying 6-inch guns and below. This list includes the *Olympia,* which Congress has indicated a desire to retain as a naval relic.

The grand total of this cruiser tonnage over age stricken from the list or to be stricken is 176,530 tons, comprising 22 ships.

Seventh. The London treaty allows 150,000 tons of destroyers. There are in this bill 85 destroyers, all of which are replacements. There are 5 destroyers under construc-

tion and 7 authorized by the act of 1916, making a total of 97 destroyers, all of which are replacements for 254 destroyers now carried on the Navy list.

Of these 254 destroyers, 185 are over age at the present time, 53 become over age in 1932, 13 in 1933, and 3 in 1934—all become over age by 1934, well before the expiration of the London treaty.

Of these 254 destroyers, whose standard tonnage is 270,880, 80 are now on the disposal list, 70 are out of commission, 3 are designated as mobile targets, 5 are being used as barracks and for experimental purposes (will be scrapped as soon as they have served their purpose), 5 are assigned to the Coast Guard, 4 are assigned as light mine layers, and 87 are in commission—80, 70, 3, 5, 5, 4, 87 equal 254.

Until replacements are built the London treaty allowance of 150,000 tons is made up as follows:

		Tons
11	destroyers appropriated for	16,500
87	now in commission	99,060
5	assigned to Coast Guard	5,950
4	light mine layers	4,640
19	out of commission at Philadelphia yard	22,610
126	Total	148,760

Fifty-one additional destroyers (57,390 tons) are being retained until cruiser tonnage allowed by the London treaty is built up. These 51 boats, however, must be scrapped in accordance with the London treaty by December 31, 1936: 51—21 out of commission, Philadelphia; 30 out of commission, San Diego—57,390 tons.

Eighth. Attention is invited to the fact that the 85 destroyers in the bill plus 12 authorized in 1916, or 97 destroyers, are all replacements and actually are to replace 254 destroyers all of which are now over age or become over age by 1934. This is a very radical reduction in the number of destroyers in our Navy, but we propose to replace these 254 destroyers with 97 vessels of modern design and construction.

Ninth. The London treaty permits 52,700 standard tons of submarines. There are in this bill 23 submarines, all of which are replacements. We have to-day 84 submarines, 70,050 tons (three under construction—3,800 tons), of which 16 boats (8,030 tons) are over age now, 48 boats (34,950 tons) become over age by 1936: 15 boats, 8,470 tons in 1932; 6 boats, 4,760 tons in 1933; 4 boats, 3,160 tons in 1934; 4 boats, 3,390 tons in 1935; 19 boats, 15,170 tons in 1936.

Of this total of 84 boats (70,050 tons) 64 boats (42,980 tons) become over age by 1936, leaving us 20 boats (11 S class, 9,100 tons, and 9 V class, 17,970 tons), or 27,070 tons of under-age submarines in 1936; 52,700 tons less 27,070 tons, is 25,630 tons which we are short of our treaty allowance, and the bill therefore carries 23 boats of about 1,130 tons standard displacement to take care of this shortage, all of which is replacement tonnage.

It is understood that the department's plan and policy relative to submarines may be summarized as follows:

To be retained—

		Tons
9	fleet submarines, V class, 3 of which are building	17,970
40	submarines, C class	32,420
4	submarines, R class	2,120
53	Total	52,510

(Of the above 28 S class and the 4 R class become over age by 1936.)

Thirty additional submarines are to be retained in an afloat condition:

		Tons
16	R class	8,480
5	S class	3,950
9	O class	4,320
30	Total	16,750

but must be scrapped prior to December 31, 1936. There are 14 submarines, 5,900 tons, on the disposal list to be scrapped when the scrap-metal market justifies, 1 experimental submarine (not included in the above), *S–4*, over age in 1932, to be scrapped as soon as experiments are completed.

Tenth. Attention is again invited to the fact that the 23 submarines authorized in the bill are replacement tonnage for boats that become over age by 1936. These 23, with the 20 boats under age in 1936, or 43 boats, replace 98 boats now in the Navy, 14 of which are on the disposal list; eliminating these 14, if you choose, and deducting the 20 under age boats, we are replacing 64 submarines now in the Navy by 23 new boats.

Eleventh. The estimated annual cost by fiscal years of this 10-year authorization program (120 ships) is as follows:

1933	$18,001,000
1934	54,671,000
1935	89,844,000
1936	88,470,000
1937	90,110,000
1938	69,997,000
1939	49,092,000
1940	36,208,000
1941	42,397,000
1942	45,473,000
Carry over to following years	31,987,000
Grand total	616,250,000

Twelfth. Since the Washington conference, February 6, 1922, the following ships have been laid down and completed, or have been laid down or completed—certain aircraft carriers—or are building, or have been appropriated for:

United States, 41 ships, total tonnage	253,640
British Empire, 130 ships, total tonnage (about)	469,363
Japan, 166 ships, total tonnage (about)	464,267
France, 180 ships, total tonnage (about)	472,321
Italy, 133 ships, total tonnage (about)	266,175

Thirteenth. This replacement navy not only will be far more efficient and effective but also less expensive to operate and maintain. This applies both to personnel and to material. It applies both to combatant ships and to auxiliaries.

It reduces the number of ships and the over-all tonnage displacement, at the same time tremendously increasing the fighting strength of our Navy.

It is generally understood but not thoroughly appreciated how far we have dropped behind other countries in naval strength since the World War, and particularly since the Washington treaty.

In ratifying the London treaty it was the general understanding that it was the policy of the country to build up to the naval strength permitted by the treaty. This was not a political understanding but a public understanding. This problem is not a political question but a national problem—namely, an adequate national defense, a first-class Navy for a first-class Nation.

Mr. GIBSON. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. GIBSON. Does the gentleman's bill bring us to the treaty obligations of the London pact?

Mr. VINSON of Georgia. It does.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. McCLINTIC of Oklahoma. While discussing the supplemental cruisers, having in mind that no cruiser now constructed in the service carries a bombing plane, would the gentleman mind developing what is in his mind about that new type of cruiser?

Mr. VINSON of Georgia. Of the nine cruisers to be built, we are required to build one that will probably be experimental for that work, and if it works out satisfactorily in having a flying deck, the remaining eight will probably all be flying-deck cruisers.

Mr. McCLINTIC of Oklahoma. And the gentleman thinks that if we build cruisers with flying decks it will be possible for each ship to carry its own bombing plane and it will not be necessary to have airplane carriers?

Mr. VINSON of Georgia. You will need the airplane carrier.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. LAGUARDIA. Is the gentleman's bill based upon the assumption that there will be no accomplishment at the Geneva Conference?

Mr. VINSON of Georgia. My bill is not based upon any future conference at all, because that is not a question that I can deal with or that the House can deal with. That is a question for the Senate and the other end of the Avenue. Of course I trust the time is near at hand when there will be an international agreement to outlaw war, but let me say to this committee that until there is some substitute for war, the first duty of government is self-preservation. [Applause.]

Mr. GIBSON. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. GIBSON. Mr. Chairman, I merely rise to commend the strong American stand of the chairman of the Naval Affairs Committee. I sincerely hope that the program will be carried out. [Applause.]

Mr. VINSON of Georgia. I thank the gentleman.

Mr. BYRNS. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. MCCLINTIC].

Mr. McCLINTIC of Oklahoma. Mr. Chairman, it is a pleasure and honor to follow the chairman of the committee of which I am a member. I rise to discuss to-day a question before this House that I think is of vital importance.

For the past two weeks I have had one of the busiest experiences of my life in taking care of a party assignment which relates to the assigning of patronage to the 171 Democratic Members of the House entitled to the same. During this period my office has been swamped with mail relating to nearly every subject that will come before Congress. However, the one question that seems to occupy the attention of more of our people than any other is that which relates to the Federal Farm Board and its marketing activities.

Soon after I returned to Washington the Oklahoma delegation met in Senator THOMAS's office for the purpose of deciding upon some plan which if adopted into a law would have for its purpose the protection of agriculture and those who follow the same for a livelihood. Therefore, we adopted the following resolution, and a copy of the same was given to the press:

> We favor transferring the administration of the marketing act to the Department of Agriculture and revising said act in the interest of the farmers and their cooperative institutions, and safeguarding the Public Treasury, the farmers, and their cooperatives against a recurrence of mistakes, extravagant expenditures, and the payment of enormous salaries made and approved by the Federal Farm Board.

In the Senate hearings it was developed that the present Farm Board had authorized the payment of salaries up to $75,000 per year which is based on a salary of $25,000 and a commission of 5 cents on each bale of cotton up to 1,000,000 bales and this amount was paid to E. F. Creekmore, and in a letter sent to some of my friends I called attention to the fact that basing this on 26 working days in a month a person drawing this salary would receive more than $240 per day. It so happens that the person who received this enormous salary was assigned to the duty of carrying on the speculation for the Farm Board on the different exchanges and places where futures are bought and sold.

In the hearings it developed that millions of bushels of wheat futures were bought for the purpose of putting up the price and then within a few days thereafter millions of bushels were sold, which had the effect of beating the price down, and in my letter to my friends I made the statement that any activity of the Government that speculates in futures on both sides of the market provides the necessary instrumentalities for those on the inside to make huge profits if they so desired. It was further developed in the hearings that seats on the various gambling or stock-buying exchanges were bought or owned or controlled by the Farm Board; and when it is taken into consideration that seats on the New York Exchange cost more than $100,000, it presented such a peculiar state of facts to the Oklahoma delegation that we felt that the Farm Board had completely fallen down.

I can remember when I was a boy such organizations as the Farmers' Union, the Farmers' Alliance, the Grange, and other organizations in the interest of agriculture, all deplored the fact that the products of the farm were used as an excuse for speculation on the various exchanges of the country, and I dare say that if those who organized such activities and who have now passed on to the beyond could be made to realize that a great Federal activity operating for agriculture had set aside a salary of $75,000 to pay a person to look after the speculation in futures for agriculture that every one of them would turn over in their graves, as such a policy was as far removed from the thoughts of those who organized these institutions as heaven is from earth.

Soon after the press carried this resolution the members of the Oklahoma delegation received from a farmer, who has always borne a distinguished reputation, a high-class line of propaganda which was intended to severely startle and frighten those who were responsible for this action, and for the reason that the Hon. J. G. H. Windle, the author of this propaganda, was from the district I have the honor to represent, I sent him the following letter:

Mr. J. G. H. WINDLE,
Granite, Okla.

MY DEAR SIR AND FRIEND: I am pleased to acknowledge the receipt of your letter which relates to the attitude of the Oklahoma delegation with respect to their views on the marketing act, and I have carefully noted what you have had to say in this connection.

The last time I talked to you concerning this subject I stated, if my memory serves me correctly, that I was not in favor of abolishing the act but of amending the same. I will stand on that statement.

Eight members of the Oklahoma delegation had a meeting after hearings had been held by the Senate, in which very damaging testimony was given relative to the administration of this act, and the following is the exact language adopted:

"We favor transferring the administration of the marketing act to the Department of Agriculture and revising said act in the interest of the farmers and their cooperative institutions, and safeguarding the public treasury, the farmers and their cooperatives against a recurrence of mistakes, extravagant expenditures, and the payment of enormous salaries made and approved by the Federal Farm Board."

In the Senate hearing it was developed that salaries up to $75,000 per year were being paid by those in charge of administering of this act. Taking into consideration 26 working days a month, this is more than $240 per day, and I say without fear of contradiction that there is no one citizen in the United States entitled to this much consideration for making such a record as has been made with respect to the marketing of farm products. In addition, it was proven, and I shall be glad to send you the dates of such transactions, that when a statement was given out showing that wheat was being purchased to keep the market up, in less than seven days thereafterwards millions of bushels were dumped on the market for the purpose of beating it down. I furthermore wish to say that any activity of the Government that speculates in futures on both sides of the market provides the necessary instrumentalities for those on the inside to make enormous sums of money for their own benefit, if it is so desired. If I was a farmer, unless I had a selfish interest to serve, I could not conscientiously support any such record, being fully convinced that such record is not in the interest of agriculture. I further desire to say that the action taken by the members of the Oklahoma delegation is in favor of the retention of this marketing act with certain limitations, and to place the jurisdiction under the Department of Agriculture in order to prevent the payment of such enormous salaries as have been paid in the past.

Therefore, you may rest assured that the cooperatives, in my opinion, instead of being hurt if the law is amended in the way that our delegation favors will be greatly benefited, as we have specifically used the word cooperatives in our declaration, having in mind that this organization is entitled to every consideration possible.

I sincerely hope that this statement with respect to my attitude will give you the information you desire, as it is my intention always to favor such legislation as will be beneficial to agriculture.

With best wishes, I am, very sincerely,

J. V. MCCLINTIC, M. C.

Likewise, the substance of this letter was sent to four or five others in the seventh congressional district of Oklahoma, who wrote me letters which, to my mind, conveyed the idea that they might have some connection with the organization in Oklahoma that is opposed to the stand that the Oklahoma delegation has taken.

As a climax to this controversy, a few days ago I received a communication from a distinguished gentleman with



whom I have been personally acquainted for the past 18 or 20 years, Mr. George Bishop, of Oklahoma City. He is well and favorably known to the farmers of western Oklahoma and one who has always conscientiously performed a service in the interest of agriculture, having the thought in mind that the farmers must receive proper consideration if there is to be prosperity throughout the Nation. He happens to be or was connected with the Oklahoma Cotton Growers Association and if there is any one person who knows the facts he certainly should know, being on the inside.

In his letter he calls attention to the communication sent to me by Mr. Windle, stating that copies of the same went to each member of the Oklahoma delegation and to other southern Congressmen. He states that it was full of stereotyped and high-powered appeal and that he thought possibly I might become stampeded to the extent I would not let my shirt tail touch me until Congress had fixed a way for voting a few million dollars more for farm relief.

Mr. REED of New York. Will the gentleman yield?

Mr. McCLINTIC of Oklahoma. In a moment I will yield.

In this letter he calls attention to the fact that Mr. Windle is one of the flock of high-powered and well-paid propagandists employed by the American Cotton Cooperative Association in New Orleans, which is the Farm Board's big cotton baby, better known as the A. C. C. A; also that Mr. Windle is receiving a salary of $350 per month, with traveling expenses, stenographic help, multigraphing, stationery, postage, et cetera, and that all of this comes out of the members of the cotton growers who obtain 5 cents for their cotton. He gives some other most interesting information, and that is, that this so-called prize baby of the Farm Board has set up a lobbying activity here in the city of Washington under the control of one C. O. Moser, who is paid a salary of $15,000 per year, plus traveling expenses and other incidentals, which run up into the thousands. He further states that this man Moser is supposed to paralyze any Congressman who may seem not to sympathize with the Farm Board program. Mr. Bishop's letter is as follows:

OKLAHOMA COTTON GROWERS ASSOCIATION,
Oklahoma City, Okla., December 25, 1931.

Hon. J. V. McCLINTIC,
House Office Bldg., Washington, D. C.

DEAR JIM: I have been trying for weeks to find time to "drop you a few lines to let you know," but could not get to it till this Christmas Day.

Before it was mailed I had the privilege of reading Judge Windle's letter to you of some weeks ago.

Copies of that letter went to each member of the Oklahoma delegation in Washington, also to several southern Congressmen, and has since gone out over the State.

I meant to follow it with a little inside information and history that you are entitled to, and every Member of Congress needs to know.

Judge Windle's letter to you was a very strong piece of propaganda. It was full of stereotyped and high-powered appeal.

I did not know but what you might become stampeded when you read it and feel like not letting your shirt tail touch you until you had fixed a way for voting a few hundred millions more for "farm relief."

But, if I may judge from the Washington news dispatches, it did not make you feel that way.

I say, bully for you. It begins to show that you, along with a lot of others who are sincere in their sympathies and wish to do anything that will help farmers in any way that is economically workable, but who are now coming back to earth about the big idea of legislating and appropriating prosperity into the pockets of us cotton pickers through the medium of farm boards and supersalaried experts.

You and all the Oklahoma delegation need to know that Judge Windle is one of a flock of high-powered and well-paid propagandists, employed by the American Cotton Cooperative Association at New Orleans. That organization is the Farm Board's big cotton baby.

The A. C. C. A., as we call it, is the super set-up the Farm Board has for selling all "co-op" cotton.

The A. C. C. A. assumes and presumes to speak for all cotton pickers and cooperatives.

This is done through a public-relations department, and Judge Windle is the Oklahoma man for preparing and spreading sheets of the kind which you received. He also organizes farm communities into cooperative councils with the understanding they are to cover up Congress with the proper plea at the psychological moment. There is nothing wrong about it, and I would be in sympathy with it if I did not know all about how it comes to be.

I know that all A. C. C. A. expenses of all kinds and for whatever purpose, whether it be to sell cooperative cotton or to protect and perpetuate its present pay roll, have to come out of our member cotton growers' 5-cent cotton.

I know also the money is not being consciously donated but is quietly confiscated.

The head of this public-relations department of the A. C. C. A. gets a salary of $15,000 a year plus traveling expenses running into the thousands. He is in Washington now with a secretary and a suite of rooms, C. O. Moser. Call him and he will come over with a line of palaver that is supposed to paralyze any Congressman who may seem to not sympathize with his program.

Windle draws a salary of $350 per month with traveling expenses, stenographic help, multigraphing, stationery, postage, and everything supplied by the Oklahoma association office.

But please, now, do not get me wrong about my reference to Judge Windle. I know him to be a fine, clean man. No better man could have been found for such service in Oklahoma. Windle is as loyal and sincere a believer in cooperative marketing as I am.

I personally know that Windle wishes more than anything else to save the Oklahoma Cotton Growers' Association in Oklahoma. He wants to get it back on its feet for services to Oklahoma cotton growers as it was before we got in bad and had to sign on the dotted line with the Farm Board.

But I also know Windle is hypnotized by this Moser man and seems to fear that we can not have cooperative marketing unless we have the Farm Board and its expensive set-up preserved and paid for regardless of what we cotton growers may have left after all bills are paid.

I also wish you to know that in writing you I have no personal grievance nor prejudice of any kind or color.

I can write here only a little of a lot which every Congressman needs to know.

I speak from the viewpoint of a cotton-grower cooperator who has been a privileged and close-up observer for all the time the cotton cooperatives have been operating.

I have been "among those present" from the very first move that was made to organize in Oklahoma.

All along and up to the present day, I have watched every move. I have participated in most of them, approved many of them, and personally opposed some of them.

I came to know of all the unnecessary and unreasonable salaries with which the old American Cotton Growers Exchange was saddled when it was set up way back in 1921.

I helped to jar a few of them loose or make them take less, but most of them hung on until the Farm Board came along to salvage what was left of the old exchange along with the wrecks it had made of most of the State associations.

I know how Oklahoma lost every penny of her reserve fund with a lot more on top of it, in 1929, and who was most responsible and why.

Also who furnished the inspiration and the information that hypnotized the Oklahoma management into the mismanagement that brought virtual bankruptcy.

How the Farm Board beat the receivers to the door of the Oklahoma association by only a few days; and how it all came about because of supersalaried experts employed to perform miracles in forecasting prices.

All made honest efforts, but horrible failure followed. The key man for this disastrous experiment was borrowed from the United States Department of Agriculture at Washington.

I believe the Oklahoma Cotton Growers Association would have been by this time marketing 500,000 bales of cotton and had $1,000,000 in her reserve fund instead of being in debt near that amount; if she could have escaped the influence of the gang led by this man Moser, who hypnotized our management *into speculating with* cotton and away from the *cooperative marketing of cotton.*

Oklahoma did not go bust because of her inability to class and sell cotton at a profit for our members.

Oklahoma got in bad because a majority—only a majority, not all—of the management listened to the pleas and promises of supersalaried experts who sold her on the big idea of making a barrel of money by not marketing cotton, when she should have and could have marketed at a profit.

In setting up the American Cotton Cooperative Association, the Farm Board seems to have fallen for the same line of bunk. So instead of purging the pay roll of such superuseless services, decided to keep them on the pay roll at larger salaries than ever before, as the American Cotton Cooperative Association pay roll will show to-day, to the tune of $6,000 and $15,000, plus clerks and everything.

It seems one would be almost justified in saying the Farm Board figured the only way to save cooperative marketing was to pay more and more for less and less, while the price of cotton went lower and lower.

Pardon me. I do not mean to say a harsh word against the Farm Board nor any person in it. Bless their souls, they did the best they knew how—yes, the best they knew how—under the circumstances. There were many circumstances over which they had no control. So many conditions came to be that no one could foresee or forestall.

But in setting up the American Cotton Cooperative Association they fell for the theoretical soundness of a big set-up and listened to and heard and heeded only the supersalaried few, while those who had done the work all these years and knew the details were

kept in the background, weeping, as it were, and wishing they could help to stay on safe ground for the future.

Cooperative marketing of cotton deserves to live on and render all the service cooperative marketing can render to the cotton grower.

If given good business management, there is a good business profit to the cotton grower in the cooperative marketing of cotton.

Cooperative marketing is not and can never be made the cure-all for what ails agriculture.

It is the silliest sort of economic nonsense to think so or say so and worse to try to make cotton pickers and Congressmen believe such stuff.

The economic inequality between agriculture and industry lies a lot deeper than anything cooperative marketing can cure or legislation can correct, unless legislation is willing to remove the protection from industry and put her to marketing against world competition, as farmers are compelled to market all farm products of which a surplus is produced, against world competition.

But 75 per cent of our people are interested in the protection of industry and organized labor, while the 25 per cent farmer minority gets the political play of having the Farm Board and a few hundred millions spent on its "cause" in exchange for higher and still higher tariffs for industry.

The Farm Board was just made the goat in that sort of horse-play. The agricultural marketing act, other than being a medium through which some cheaper money might be had for operating cooperatives, can do nothing toward giving agriculture economic equality with industry.

But it can be made to sound mighty good, and is fine for the supersalaried few who can cash in on it.

But getting back to the case of Oklahoma. It has occurred to me and approved by a few other friends of cooperative marketing in general and Oklahoma cotton growers in particular that, if Congress could manage to take some of the $1,900,000 set up as a budget for the operating expenses of the Farm Board—see Farm Board Report No. 2, page 80—and use the money to pay off the debts of the State co-ops. and put them back on their feet again, where they could operate in the light of all their experiences both bad and good, I believe it would be the best thing that ever happened to cooperative marketing.

Some little supervision might be provided for the financing. But put them back on their own and let them grow in knowledge and experience before throwing them into the big set-up—let them grow into it.

The worst thing that ever happened to the cooperative marketing of cotton was to begin from the first to try to make it "leap to heights that were made to climb."

The leaping into the big set-up simply makes cooperative marketing the victim of supersalaried positions where it is impossible for the co-ops. to get or anyone to give value received for the money it costs.

If Oklahoma could get back to home rule once more, I believe it would do more to restore confidence and put new life in the memberships than anything that could be done.

But for the pitfalls into which Oklahoma was persuaded, I believe by this year she would have worked out a safe program for cooperative marketing.

Oklahoma was going strong when she got caught in the meshes of cooperative speculation. The future looks dark if we are left under the A. C. C. A. As evidence for that statement, please note the deliveries for the last four years, two of them under Oklahoma management, the second two under A. C. C. A.:

	Bales
Oklahoma management:	
1928	363,000
1929	327,000
A. C. C. A. management:	
1930	214,000
1931	[1] 116,000

You know figures do not lie, and I have always depended upon the records for information from which to draw conclusions and not upon "dope sheets" like the one I am inclosing, coming from my friend Moser and his bunch of high-powered propagandists.

Please read that "dope sheet," including the margin notes, where I try to interpret, etc.

I talked with Henry Denton about Oklahoma and along the line I have indicated above before he went to the Washington conference.

He said he talked to Senator THOMAS and found THOMAS with thoughts running in sympathy with such a plan. Won't you please get with Senator THOMAS for further conference if this plan appeals to you as workable.

I have none of the stenographic or multigraphing facilities of my friend Windle, or I would send copies to the Oklahoma delegation. But have used this Christmas Day to pound it out, hoping it will help you to see things a little more as they really are. I am prepared to defend any statement I have made and dare anyone to challenge the truth of them.

With kindest personal regards, I am,

Faithfully and sincerely yours,

GEO. BISHOP.

If the Farm Board has established a big cotton baby, then there would be insane jealousy if there was not established a wheat baby, a grape growers' baby, and babies to represent every agricultural industry in the Nation. Therefore, one can visualize the enormous sums of money that are being wasted in paying these high-salaried propagandists in every State in the Union under the present set-up.

Inasmuch as the Farm Board can not plead ignorant to such activities, the only conclusion that can be drawn is that it will only be a matter of time until all of the $500,000,000 which was set apart for the purpose of aiding agriculture will be depleted to the extent that an extraordinary effort will be made to get Congress to vote another $500,000,000 in order that these enormous salaries and high-paid propagandists may continue to function. If I am correctly informed, approximately $400,000,000 of this money has already been exhausted, and the chances are that when the final chapter has been written it will be the greatest record of inefficiency that has ever been applied to any organization authorized by Congress.

The information given in Mr. Bishop's letter was published in the Daily Oklahoman, with the thought that those who till the soil, not knowing of these enormous expenditures, were entitled to have some inside information. Therefore the Oklahoma Cotton Growers' Association, under the management of Mr. A. E. Kobs, immediately sent out the following letter to the cooperatives for the purpose of bombarding the Members of Congress, with the hope that he and the others on the pay roll who either directly or indirectly obtain their funds from the Federal Farm Board might be retained on the same:

To the local receiver addressed:

The fight is on. Our enemies, the cotton shippers, have laid down the gauntlet in Congress. Statements of all kinds have been made by them and their friends, all of which if they are not answered will be taken for the truth.

It is the purpose of your association to put up as good a defense as possible against these accusations. We are sending you under separate cover a request from members or farmers who want to have Mr. C. O. Moser, president of the National Agricultural Cooperative Council, who is in Washington looking after the interests of all cooperative marketing permits. We want you to make a drive to get the 100 or more that we are sending you signed and mailed back here Monday to this office. We want you to put them in an envelope or roll them up and send them collectively, not individually, and we will prepare them to be sent to Washington to be used next week when Congress meets.

This is very important, and we want you to be sure and have all signed that we are sending you, if possible, and mailed back here Monday. This fight must be made by the farmers who feel that the agricultural marketing act has been of benefit to the farmers generally, and your assistance will make it easier for those who are fighting for you in Washington to present your cause in your interest. Any farmer or business man can sign this permit.

Yours very truly,

A. E. KOBS,
General Manager Oklahoma Cotton Growers Association.

Attached to this letter was the following blank:

Date----------

To my Senators and Representatives in Congress:

This is to advise you that I resent the activities of the cotton, grain, and produce trades, the future exchanges which they control, and other unfriendly business interests in their attempts to repeal, or by amendments, destroy the effectiveness of the agricultural marketing act, and I ask that you, as my representatives in Congress, defend this important and far-reaching farm legislation against their attacks.

I further hereby name C. O. Moser to stand in my shoes to approve or disapprove in my behalf any proposed amendments to this act, and to work with you in carrying out my expressed wishes.

Signed ----------

Address ---------- ----------

Town County

It will be interesting to those who read an account of this controversy to know that there are many farmers who have a sufficient amount of sense to know that this kind of high-handed finance is only beneficial to a few on the pay roll, and that they are not willing to go any further except to support a policy which will be beneficial to the cooperatives. Inasmuch as Mr. A. E. Kobs, manager of the cooperatives, has asked his supporters to sign a statement approving the policy of retaining Mr. C. O. Moser here in Washington, which is the Farm Board policy of paying enormous salaries and speculating in farm products, I will be pleased to have your views on this subject.

[1] May get 125,000.

Please put an "X" in front of the statement that indicates your views.

[ ] I am in favor of retaining the Farm Board and its present policies, including speculation and the payment of enormous salaries.

[ ] I am against the present policy of the Federal Farm Board and believe that the act should be amended so as to prevent speculation in futures and the payment of high salaries.

Now, as to Mr. Kobs. He is interested in retaining control of an activity that can expend as much money as will be necessary to pay the present high salaries, including his own. Of course, those who are on the pay roll, like Mr. Windle, are being confronted with the situation that they must stand pat in supporting him or they are liable to lose the amount of salaries they are receiving per month.

The Federal Farm Board is bound to know of Mr. Moser's activities. They have a right to know who in the employ of these different kinds of affiliated organizations are receiving salaries and the amount paid each. I now call upon the Federal Farm Board to furnish to Congress the names of these so-called "babies" that are set up to act under their direction and the amount of salaries and expenses that have been allowed to each one of them during the year 1931. Otherwise those who are interested in agriculture will know that there has been more subterfuge, trickery, deceit, and dealing under the table in connection with this organization than any other set-up that has been authorized by the Government.

I wish to say to my friends who are farmers that I am deeply interested in agriculture. I supported the legislation creating the Farm Board, with the thought that something ought to be done to alleviate the suffering of those who till the soil. There was nothing in this measure that permitted speculation. There was nothing in this measure that permitted the kind of set-ups that have brought about the payment of such enormous salaries, and as I view it the only way we can solve this problem in the interest of agriculture is to revamp the legislation, place the jurisdiction back in the Department of Agriculture where it belongs where those who perform service will be regulated in such a way as to cause all of their activities to be the public property of the people of the United States.

As a further exhibit in this controversy I wish to add Mr. Bishop's comment on the circular sent out by the American Cooperative Association signed by C. O. Moser. The language in italics is the explanatory notes of Mr. Bishop.

THE AMERICAN COTTON COOPERATIVE ASSOCIATION

When the agricultural marketing act was passed by Congress, in the cotton South there were 15 independent cotton cooperatives.

As contemplated by the marketing act, a central organization, the American Cotton Cooperative Association, was set up, with headquarters at New Orleans.

This organization is capitalized at $30,000,000 and is possibly the most powerful cotton concern in the world. Its facilities are ample to handle every bale of cotton produced in the South this year, or any other year, and to finance the operations without inconveniences. The stock in the central organization is held by the State cooperatives, *but not one penny paid by the States.* The State cooperatives are owned and controlled by the farmer members. Hence the American Cotton Cooperative Association is owned and controlled by the members of the Southern cotton cooperatives.

By thus centralizing activities—*a perfectly sound theory, but our experience with it proves that Oklahoma is deprived of the full proceeds of the better sale value of her cotton.* The State cooperatives are taken out of competition with each other, much expensive duplication eliminated, and the use of the most scientific and efficient methods of handling cotton from the producer to the spinner made possible and practical.

THE ROYAL MANDATE

The cooperatives under the new set-up have operated one season and have increased their annual business more than 100 per cent. *Oklahoma under her own management,* 1929, 327,000 bales; *Oklahoma under American Cotton Cooperative Association management,* 1930, 214,000 bales; *Oklahoma under American Cotton Cooperative Association management,* 1931, 120,000 bales. The cotton shippers' association has decided that the plan is about to work, and for that *very* reason the cooperative movement *must* be stopped. So a decree has been issued, spread upon the records, and promulgated commanding that the Farm Board be executed, the *marketing act repealed,* and the cooperatives outlawed. Nowhere at any time have I seen *anything against cooperative marketing.*

BIG BUSINESS

We are in an age of big business, and big business is with us to stay. Farmers or other groups that persist in individual action and fail or refuse to organize big marketing machinery of their own may expect to be organized out of business by other organized big business.

FEDERAL GOVERNMENT COMES TO OUR RESCUE

The Federal Government, through the marketing act, has helped us to set up our own big marketing business—business so big, so well financed, and so efficiently operated as to enable us, in the marketing of cotton, to successfully meet the competition of the other big cotton-marketing agencies. *Yeah; but cotton merchants bought cotton all over Oklahoma this fall, paying from $1.50 to $2.50 and $3 per bale more than the American Cotton Cooperative Association could pay or would pay our members. Plenty of evidence to prove it.*

Take out your shirt tail—no hankerchief can hold the tears you will shed as you read on. Boo-hoo! Fifteen-cent cotton before the Farm Board—5-cent cotton now! Hurry with a few hundred million more.

THE RESPONSIBILITY IS UPON FARMERS THEMSELVES

Will cotton farmers patronize their own big business and hasten the return of prosperity to the farms and peace, happiness, and contentment to the homes, or will they continue to patronize the marketing system that has wrecked them and made slaves of thousands of their wives and children? Seriously consider your action. *Us cotton pickers would sure have a hell of a time if this supersalaried son of a gun didn't get his 15,000 bucks.*

IMPORTANT

Be sure to let your Senators and your Congressmen know, in unmistakable terms, that you protest the repeal of the marketing act, or the passing of any legislation that would impair the services of the cooperatives. (J. G. H. Windle, Oklahoma Association.)

In a recent statement by Mr. William F. Schilling, member of the Farm Board, while at Madison, Wis., he stated that according to the newspaper accounts the Government was in 89 businesses before the creation of the Farm Board, but that nothing was heard until one more was added to help the farmer.

"Whenever the Farm Board is mentioned it is in connection with losses in wheat and cotton and nothing is ever heard of the other services of the board," Mr. Schilling said. He declared that aid was extended to the Land o'Lakes Creamery and that nearly 9,000,000 pounds of butter was put into other than the regular channels. He said that nothing had been said about 210 carloads of turkeys sold through the Farm Board's efforts at prices of 6 cents higher than the producers normally received. *Turkey pools all over Oklahoma—never heard of Farm Board.*

Mr. Schilling further stated that the Farm Board has spent $14,000,000 to help the dairy and poultry business and that out of more than 900 organizations, only one has failed to meet its obligations.

"Banks, the airplane fellows and the railroads have had a granddaddy at Washington and now you have got one too," Mr. Schilling commented.

"As far as the charge of Government in business goes, Government has been in the newspapers as well as other business," he said. He declared that the Government has lost $40,000,000 on its second class mailing service. *Sure there is no such thing as Government in business, the Government only takes the place of business.*

C. O. MOSER.
Vice President, In Charge Membership and Public Relations.

This supersalaried servant of the alleged farmer-owned and farmer-controlled cooperatives sends 16-cent air mail special delivery, full page Christmas greetings to each of his satellites and fellow parasites—All paid out of our 5-cent cotton.

One of our prominent and influential farmers, by the name of H. T. Summers, wrote a very interesting letter in this connection. He said he was not in favor of the enormous salaries that have been paid; that he was not in favor of the policy that had been put into effect and which has been justly criticized, in my opinion. Instead of sending this back to the president of the cooperative association he sent it to me and I will put it in the RECORD so you may know exactly what is being done in order to influence Members of Congress.

Mr. STEVENSON. Will the gentleman yield?

Mr. McCLINTIC of Oklahoma. I yield.

Mr. STEVENSON. Is that the C. A. Moser who appears in the list of officials, on page 296 of the Senate hearings, as drawing $15,000 a year?

Mr. McCLINTIC of Oklahoma. That is the same gentleman.

Mr. STEVENSON. And the board says they are responsible for him.

Mr. McCLINTIC of Oklahoma. I am very glad to have that, because I did not know that the Federal Farm Board had acknowledged him as one of their choice selections, but inasmuch as the gentleman from South Carolina has made that statement I know it must be correct.

Mr. STEVENSON. They said they were consulted about the salaries and furnished the money.

Mr. McCLINTIC of Oklahoma. While I am off my subject I will be glad to yield to the gentleman from New York.

Mr. REED of New York. I want to know whether I understood the gentleman correctly. Did the gentleman say the Federal Farm Board owns a seat on the stock exchange or the grain exchange in Chicago?

Mr. McCLINTIC of Oklahoma. I am advised that such testimony was given before the Senate committee, and I made the statement that they either owned or controlled their own seats in the different exchanges.

Mr. REED of New York. I know the gentleman wants to be accurate, because we all want correct information. I just called Mr. Stone over the telephone and he says the Farm Board owns no seat on any stock exchange anywhere.

Mr. JOHNSON of Oklahoma. Will the gentleman allow me to answer that?

Mr. McCLINTIC of Oklahoma. Certainly.

Mr. JOHNSON of Oklahoma. While the Federal Farm Board may not actually own it themselves, there is a gentleman by the name of Creekmore, E. F. Creekmore, I believe, who is the head of the American Cotton Cooperative Association, and who pulls down the enormous salary of $50,000——

Mr. McCLINTIC of Oklahoma. Seventy-five thousand dollars.

Mr. JOHNSON of Oklahoma. Seventy-five thousand. He has a seat not only on the New York Stock Exchange but on the New Orleans Stock Exchange, and the Federal Farm Board, or its stabilization corporation, paid out a half million dollars last year for commissions.

Mr. REED of New York. Will the gentleman yield again? I know we all want accurate information.

Mr. McCLINTIC of Oklahoma. I yield to the gentleman.

Mr. REED of New York. The organization to which the gentleman refers is a farmer-owned and farmer-controlled organization. They fix that salary, and not the Federal Farm Board.

Mr. McCLINTIC of Oklahoma. I am very glad to have any gentleman ask me questions or interrupt me in order to get the actual facts in connection with any question that might be raised. As to the Farm Board owning seats on the various exchanges, they can technically deny this; but the fact remains these seats are in the name of their agent, Mr. Creekmore, and he did not get them free of charge.

Mr. LOZIER. Will the gentleman yield?

Mr. McCLINTIC of Oklahoma. I will be glad to yield.

Mr. LOZIER. Does the gentleman think the so-called wheat-stabilization plan was wise in view of the fact that it was not inaugurated until November 17 or 19, 1929, after 80 per cent of all the wheat grown in America had left the farms, and then it was abandoned before the 1930 wheat crop was ready for the market? Does the gentleman think that a stabilization program based upon operation between the time the wheat leaves the farm one year and before the marketing of another crop was ever intended to be effective or that it was ever contemplated it would be effective?

Mr. McCLINTIC of Oklahoma. I am glad the gentleman raises that question. I want to say I voted for the Federal Farm Board act. There was not a single line in the law that would cause any Member of Congress to have the least conception that they ever intended to speculate on any of the big boards of this country. When they adopted a policy of that kind I sent several telegrams to the Federal Farm Board—and I have them here—for the purpose of finding out if they were actually dealing in futures. Most of the replies to my telegrams were evasive; they apparently did not want the public to know; and so in my letter to Mr. Windle, who has always borne a very excellent reputation, I said that any activity of the Government which bought and sold futures provided an instrumentality which allowed those on the inside to make huge sums of money, and I defy anybody to contradict that statement.

It seems to me that the Federal Farm Board—and what I have to say about them is not personal—should keep faith with the United States Congress. They know how many of these so-called cooperative associations they have in the country; they are directly or indirectly furnishing them with the money that is being paid to these propagandists, and if they want to deal on what we call the level they will furnish to Congress the names of these so-called lobbyists and the amounts of money they are receiving. If they do not do that, then we can point our finger at them and say they are not on the level, because they are indirectly using the public's money, which does not belong to them, for this purpose.

Mr. Chairman, the Oklahoma delegation—and I am sure I voice their sentiments—does not desire to persecute anyone connected with any of the farm organizations. We regret exceedingly that those charged with this responsibility have allowed themselves to be put in a position where they can not safely defend their acts. We regret exceedingly they have not carried out the intent of Congress, because it was not known by any Member of Congress that they intended to organize the kind of instrumentalities that they call now the wheat baby, the cotton baby, and so forth, giving them authority to appoint individuals, many of whom do not perform any kind of service other than to spread propaganda at enormous salaries.

Down in southwestern Oklahoma, where I live, some of the most pitiable conditions exist that I have ever witnessed. Our people down there are getting 5 cents a pound for their cotton and paying these propagandists $350 a month and expenses to work on the outside. What other duties do they perform than to aid in sending out this information, and what other duty does this man perform who is here in Washington as a lobbyist, Mr. C. O. Moser, than to try to take care of congressional situations and to take care of legislation? It does seem to me that the Farm Board would have to acknowledge its inefficiency if such an agent is maintained.

I thought it was my duty to bring these facts to the attention of the House, because in a little while you are to be flooded with the kind of propaganda that is now being circulated with the hope they can maintain the present setups, thereby insuring to themselves enormous salaries and enormous expense accounts and various other kinds of privileges that they are not entitled to according to my point of view.

I am pleased to have this opportunity to reply to the gentleman who lives in the district I have the honor to represent, because I am sure that before he proceeds much further he will find out that the honest-to-God farmer who tills the soil will not countenance and will not approve any such expenditures as he is now the beneficiary of.

MORATORIUM

"Deceived," "duped," "cold-decked," "whim-whammed," "two-timed," "city-slicked," "hornswoggled," are some of the terms that applicably fit that which has happened to the citizens of the United States by the so-called Hoover moratorium policy. This policy excuses the people of Germany and a number of other nations from paying their just debts for a period of one year at a cost of $252,000,000 to the United States without containing any provision which will be beneficial to our citizens. On June 23, 1931, I received a telegram from the President of the United States stating in substance that he proposed to aid certain countries of Europe to the extent of this amount of money in the way of a moratorium and asking that I agree to support such a policy. In reply I sent the following telegram:

Hon. HERBERT HOOVER,
Washington, D. C.:

Replying to your telegram asking for my opinion relative to your proposition in behalf of the American Government to postpone payment of all intergovernment debts for one year, which action, if taken, will specially benefit the people of Europe, will

state I am more interested in the pitiful condition of the farmers and laboring classes in the United States who are not able to meet their obligations with the Government. If the citizens of Europe are to have such benefits through the activity of our Government, I respectfully want to call your attention to the thousands of mortgagors that can not pay their obligations to the Federal farm banks, the distressed lessees of Indian land, the borrower of Government funds who on account of low prices of farm products can not meet their payments, and others in distressed circumstances because of existing condition. I will gladly support your plan to help the people of Europe provided some consideration can be given to the worthy citizens of the United States who are unable to meet their obligations to our own Government.

J. V. McCLINTIC.

I am sure that if the Members of Congress who were swept off their feet by the President's appeal without taking time to look into the facts had known who the prime movers were behind this proposal they under no circumstances would have cast their vote in favor of such a foreign policy. Let us see who got the money. According to the testimony given to the Senate committee, approximately $10,000,000,000 have been loaned to the various countries of the world by the so-called international bankers. The loans were refinanced by floating bonds in the United States by certain large institutions in New York and elsewhere. One firm, the National City Bank, made a profit of $29,000,000 on the sale of $5,625,000,000 of such bonds. Another banking firm made more than $24,000,000, and it is estimated that over $200,000,000 was the amount of profit made by the international bankers in the United States who unloaded these financial obligations on the people of this country in their refinancing or bond-selling plan. Since that date many of the countries that secured these loans have defaulted on the payment of the interest, thereby reducing the value of the bonds held by the people, meaning an enormous loss in the end.

Mr. Mellon, the present Secretary of the Treasury, is rated as one of the richest men in the world. His bank is one of the greatest financial institutions and one that has made some of these huge loans to foreign nations. He and the other financiers realized that unless some method was adopted to enable these countries to postpone the payment of certain amounts to the United States that there would be nothing left to pay the international bankers the interest that was due them and their investors.

So quietly they began to work out this plan, and like the bursting of a bombshell it fell on the Members of Congress in the form of the President's telegram, who were stampeded into going on record for the same without having the least conception of what it meant. Let us see what is wrong with the world, or with the nations affected by this so-called moratorium. According to the figures compiled by the World Peace Foundation in the League of Nations Armament Yearbook, the following table shows the nations affected by this moratorium and the amount they expended the last fiscal year for armaments, it being $1,986,799,625. Think of it—all of this for war purposes.

WHAT NATIONS SPEND ON ARMS

[Expenditures for the last fiscal year, figured at rounded par or in a few cases at the average of exchange, as compiled by the World Peace Foundation from the forthcoming League of Nations Armaments Yearbook]

Austria	$14,507,320
Belgium	33,303,200
Czechoslovakia	51,189,000
Estonia	5,520,000
Finland	16,457,500
France	466,960,000
Germany	171,923,040
British Empire	726,731,065
Greece	21,340,800
Hungary	20,200,000
Italy	248,946,500
Latvia	7,560,000
Lithuania	5,580,000
Poland	92,072,000
Rumania	53,647,200
Yugoslavia	50,458,000
Total	1,986,799,625

It is further of interest to know that the amount expended by the British Empire, France, and Italy for war purposes aggregated the sum of $1,424,627,565. The sum that these nations would pay on their indebtedness to the United States amounts to $224,227,125. This shows that they are expending approximately seven times this amount in getting ready for war. It seems to me that the more money we give the foreign nations, or excuse them from paying, the more they expend in getting ready to fight some other nation, and that the very object sought by the President's moratorium is defeated, and all of this amount in the end will be an economic loss.

What the world needs at the present time is a reduction of armaments so that the money that is being expended by these nations can be applied on their debts. The United States has always paid dollar for dollar for every obligation incurred with the other nations of the world, and if we are to excuse nations of the world from paying that which is due the United States, it would mean on the basis of the canceling of $11,000,000,000 that is due the United States that the part that the citizenship of the State of Oklahoma would pay would amount to approximately $213,725,424. Therefore you may rest assured that as long as the nations of the world are spending eight times more than their indebtedness annually for the upkeep of their fighting machinery I will never vote to cancel a single dollar of their indebtedness or to extend to them consideration that is not given our own people, especially when it is known that our outstanding bonds that were sold to raise this money are a first mortgage on every home in the Nation.

THE GOLD STANDARD

Fourteen nations of the world have gone off the gold standard. This means that their currency in the future will be based upon some other metal than gold, principally silver. Prior to the time this action was taken the United States and France either owned or controlled about three-fourths of the gold in the world. England, realizing that she could not meet her obligations in gold went on a silver basis, thereby depreciating the pound sterling from approximately $4.70 to $3.50. At the present time England and the 13 countries on a silver basis enjoy a very distinct advantage in trading with each other that in a sense penalize the countries on a gold standard. As a comparison the silver dollar in China has the same proportion of silver in it as an American dollar. Yet because of the fluctuations on the price of raw silver the value of a Chinese dollar by weight is only 23 cents in comparison with the gold dollar. Therefore, while an American silver dollar will buy the same as a gold dollar in the United States, the Chinese if they trade with us, have to put up nearly five times the value of a silver dollar in order to purchase this amount from the United States. Consequently, the exports to China in the period of a year have fallen off approximately 50 per cent, and this is true with a great many other countries who formerly depended upon the United States as a source of supply for the various commodities of life. Silver is largely a by-product of copper, lead, and other metals. When the price of these metals are low the price of silver is affected in the same manner. At the present time the ratio of silver to gold in the United States is approximately 40 to 1. The average for a number of years has been around 14 to 1.

Thus it can be seen that if the other countries of the world continue to abandon the gold standard the United States will be forced to change its monetary system or the penalization will be so heavy that our people can not survive.

FEDERAL LAND BANKS

In my telegram to the President I called attention to the very large number of borrowers on their farms that were not only unable to meet their payments but could not pay the interest this year, stating that some kind of relief should be provided so that those who were meritorious would not lose their homes. Prior to returning to Washington I met with the president of the Wichita Federal Land Bank, Mr. John Fields, and the secretaries of the local organizations, at Oklahoma City, for the purpose of discussing certain plans with respect to the Federal land-bank activities. In my short speech I stressed the importance of preserving the Federal land-bank system; also the importance of provid-

ing the kind of aid that would take care of the meritorious borrowers, having in mind that they could not meet their payments and that some provision should be put into effect so that they could be carried over until another year. I voiced the opinion that Congress should authorize the appropriation of a sufficient amount of money to enable the land-bank system to do this; and while I was later advised that Mr. Fields made light of what I said, this did not deter me from performing my duty, and on my return to Washington I conferred with Congressman STEAGALL, the chairman of the Banking Committee, and recommended that a bill of this kind be brought out at the earliest date possible.

Later Mr. Steagall had a conference with the President. Such legislation was introduced and has been passed by the House. In my opinion, the same will become a law, thereby enabling many of the deserving to be carried over without losing their homes. It is pretty tough for those who depend on the soil for a livelihood to have to sell their wheat, cotton and other products of the farm at a price below the cost of production, and unless this Government is willing to provide some kind of relief it means that there will be more suffering in the future than our people have ever been called on to bear.

THE TARIFF

The tariff has been a political football as long as I can remember. During the last session of Congress the Republicans put in a power tariff bill that raised the rate so high as to practically give all American manufacturers a monopoly on that which they produced and at the same time making it impossible for many of the countries of the world to carry on commercial activities with the United States. This policy had the effect of building a wall around the United States, and having placed on that wall these words, "Thou shalt not enter." Immediately when the channels of commerce became clogged up and the other nations of the world could not sell us any of their products, then they had no trade balances to buy that which we produced, and a period of stagnation was brought about which has affected every living soul in the United States. The tariff barons unconsciously cut their own throats. They figured with these enormous protective duties it would give them the kind of monopoly that would enable them to take a toll from the citizens of the United States sufficiently high as to bring on a period of prosperity such as they had never enjoyed before.

They did not take into consideration that the people must have some outlet or market for their products and unless the same could be furnished they would not have the means to buy that which was produced in the United States. The foreign nations of the world, not being very friendly to the United States because of their international policies, immediately began to put on reprisals or retaliatory tariff schedules which had a marked effect on our exports and imports, causing the same to fall off more than $2,000,000,000 during the first year. In other words, the effect of their action was a silent boycott on the people of the United States, which has stagnated the prices to the extent that wheat and cotton and other products have been forced to sell at a price far below the cost of production. Therefore, when the manufacturers realized that they were about to destroy themselves they began hunting an outlet that would produce a profit on their capital by establishing the policy of building factories in other countries.

It was my privilege to visit Canada a week before Congress convened. American manufacturers have established over 1,200 factories in this Dominion, at a cost of over $1,250,000,000, for the purpose of giving Canadians employment which rightfully belongs to our citizens, and would have been given to them had not this terrible tariff policy been put into effect. As an interesting side light in Canada, during the past two years there has not been a single bank failure, while in the United States over 10,000 have gone to the wall.

In Montreal I rode in a sight-seeing car for nearly half a day and did not see a single vacant building. When it is taken into consideration that there is only an imaginary line between Canada and the United States, and on one hand they apparently have prosperity and happiness and on the other hand we have desolation, ruin, and millions of people out of employment, this responsibility must be placed on those in charge of the affairs of our Government, as the policies they have put into effect have brought about the worst situation that I have witnessed in all of my experience.

Since Congress has convened England and other nations have put on further retaliatory tariff schedules—some of them as high as 50 per cent—thereby further adding insult to injury, all of which we justly merit because we threw the first stone. The Democrats are now in control of the House of Representatives. My party is confronted with the wreck left by the Republicans. In view of this tariff war and the fact that the present Tariff Commission has jurisdiction only within the United States and the tariff being an international one, I have proposed, in the form of a bill, that Congress authorize and instruct the President of the United States to invite the different nations of the world to participate in an international conference for the purpose of making a study of the tariff question, taking into consideration the population and the amount of products produced by each country, and then work out schedules the same as railroad rates applicable to all of the nations in a fair and equitable manner.

This procedure would have the effect of establishing a more free relationship with the other countries of the world and probably bring about the kind of readjustment, so that the nations interested could proceed in the future in the production of commodities, realizing what they would get for the same in the way of a market.

The Bible teaches us that man can not live alone. The same rule that applies to men must apply to cities or nations, and if the people of the United States are to be prosperous, then the markets of the world must remain unclogged to the extent that it would be profitable to produce a surplus of certain kinds of commodities.

As an afterthought, the Washington Star to-day carries a story that Mr. COLLIER, the chairman of the Ways and Means Committee, had introduced a bill for an international conference to eliminate high-duty walls and authorize the President to negotiate with foreign governments more reciprocal tariffs. Prior to the convening of Congress I prepared and introduced a bill relating to the subject. Later I had a conference with Mr. COLLIER and urged him to accept my idea as the proper policy for the Democrats to adopt on this subject. My bill is as follows:

H. R. 370

A bill authorizing the President of the United States to appoint representatives with the authority to participate in an international conference for the purpose of making agreements with respect to tariff rates

Be it enacted, etc., That the President of the United States is hereby authorized to invite representatives of the nations of the world to participate in an international conference for the purpose of having a free and full discussion of the tariff and its effect upon the products of the various nations in attendance.

SEC. 2. That the President of the United States shall, when necessary, appoint representatives to participate in such international conference to make a scientific study of all questions in connection with the tariff, it being understood that no agreement made with the other nations of the world shall be binding or have the force of law until the same shall be acted upon by the United States Congress.

COMMISSIONS

The policy of appointing commissions to handle nearly every subject under the sun has been put into effect by President Hoover until we now have approximately 40 of such parading around the United States enjoying fine salaries and living in extreme luxury. As I view it, these enormous salaries being paid to the favorite in most cases is purely political pork. I do not believe that a single one of them has performed a service that could not have been taken care of by the various bureaus of the Government or committees appointed by Congress.

The Washington Star, under date of December 29, contains a very interesting article relative to the kind of furniture and the amount paid for the same to take care of some of these commissions. It reveals that the so-called Wick-

ersham Commission purchased a conference table and chairs that cost approximately $10,000, and when you measure this expenditure with the fact that we have approximately 39 other commissions, it means that if each commission was furnished with such a table to rest their elbows on, the taxpayers have been stung to the tune of approximately $400,000 for this item alone. This same article calls attention to the new quarters that were furnished for Secretary Lamont, head of the Department of Commerce, stating that the first boxes to be uncrated were those containing two mahogany waste-paper baskets which were invoiced to the Government at $31.20. I have never in all my experience had anything but a metal or wicker wastebasket that usually sells for about 50 cents, and found that the same was entirely sufficient to hold envelopes and waste paper.

In addition the statement was made that the conference table will only cost $996, which includes 20 chairs. The two rugs only cost $2,866.24, being two-tone blue chenille. It is such enormous expenditures as this that completely disgust the taxpayers, and they have a right to be incensed.

According to a newspaper report published in the Washington Post during the month of December, President Hoover apparently has run out of material to appoint as members of commissions, for it contains the information that one Prof. P. H. Hensel, of the University of Western Ontario, has been appointed by President Hoover to act as a member of a special commission to investigate the proposed consolidation of all United States steamship lines. Many have claimed that the President of the United States, because of his long residence in England, has a special affinity for Englishmen, and this may be the reason that he has reached out of the United States to select some one to serve on a commission to adjudicate questions that to me seem to be wholly our own problems. These commissions, in my opinion, ought to all be abolished. There is no excuse, as I view it, for their appointment, and I hope to see the time to come when my party can take over the reigns of the Government to the extent that we can separate a lot of these politicians from the pay roll, thereby reducing the enormous expenditures that are now being paid for the upkeep of this Government.

SALARIES

I have received a number of communications calling attention to the enormous salaries paid by the Government, some suggesting that they be reduced and others suggesting that they be let alone. I have replied to each one of these letters that I would not vote to reduce any employee's salary unless I reduced my own the same ratio. I am thoroughly convinced that this Government could be maintained efficiently with 75 per cent of the employees now on the pay roll. I have endeavored, by the introduction of a bill, to stop some of the enormous waste, having in mind that every bureau has its own purchasing agency and that this brings about duplication, deterioration, and waste. My bill would cause the establishment of a board of affairs, which would be charged with the responsibility of making purchases, coordinating, and consolidating all such activities and taking inventories. I dare say some bureaus of the Government have not taken an inventory in 50 years. This is very necessary in order that we may know the amount of supplies on hand and cut out useless purchases, besides reduce the enormous number of employees that are charged with this responsibility. There is a tendency on the part of many borrowers at the end of each fiscal year to utilize all of their balance in any fund by purchasing enough supplies to balance the books. The reason for this is that the bureaus realize that if they had on hand a surplus, the appropriation committee would feel like cutting down their allowance.

There is a rumor floating around the Capitol that on one occasion the Navy, having an unexpended balance of $500,000 and not knowing what to do with it, suggested or did purchase this amount of lifeboats. Numerous other instances are on record where purchases have been made in order to balance budgets, and as long as these separate buying agencies are maintained duplication, waste, and inefficiency will continue. Therefore, I am hoping that the committee in charge of this legislation will report favorably on my bill, which would place all of the buying for the Government in the hands of one bureau.

LEGISLATION

At this session I have introduced a number of bills. H. R. 221 has for its purpose the regulating of motor trucks and busses, having in mind that States do not have the right to control interstate busses or trucks; and there being no legislation relating to this subject, some kind of regulatory power should be provided by law.

H. R. 360 is a bill to amend the Federal Trade Commission act. I have already called attention to the fact that many million dollars of bonds and securities have been sold to the citizens of this country by the international bankers, and many losses would occur because the various nations had defaulted. I have been introducing such a bill for the past 10 years, which, if enacted into a law, would cause every person desiring to offer for sale any kind of a bond or security to be sold in any State other than the one where the company was located would have to file certain reports relative to the character of the investment, and if this measure had been in effect, then those who have made investments and lost their money would have had some kind of a way to know something about the security before purchasing the same.

H. R. 363 is a bill I have offered for the purpose of reimbursing the State of Oklahoma for money paid for the education of restricted Indian children in the public schools. Our schools are having a hard time at present because so many are unable to pay taxes, thereby making it impossible for many of our teachers to receive pay without discounting their warrants. Every time we educate an Indian ward of the Government without receiving pay for the same it takes away just that much more from the funds that should be applicable for the children of those who pay taxes.

H. R. 367 is the bill I have introduced to create an unemployment fund for the State of Oklahoma. It will be remembered that when our land was proved up under the homestead laws a portion of the filing fee was set apart in the reclamation fund. This legislation would cause the Government to return to the governor of each State such amounts of money to give employment to those desiring same on public works.

H. R. 368 is a bill providing that hospitalization of World War veterans may be made in private hospitals. I find that many of our deserving ex-service men have the kind of family ties that make it impossible for them to take advantage of hospitals that are far removed from their homes, and if this measure would be enacted into a law, it would enable our private hospitals to be utilized for such purpose, thereby bringing about the utilization of the same in a way that will be beneficial to those who are in need of this kind of aid.

These are only a few of the bills I have introduced with the hope that this Congress will consider the same and have a sufficient amount of merit to bring about their passage, realizing that if there ever was a time when the people needed help it is now.

PERSONAL RECORD

If I may be permitted, I wish to call your attention to the fine treatment which has been accorded to me as your public servant. I also wish to say that the splendid citizenship of the seventh congressional district of Oklahoma is entitled to all the credit, for had they not stood by me during the time that I have served them in a public capacity, I could not have received my present standing in the House of Representatives. At the beginning of this session Congressman HENRY T. RAINEY, of Illinois, our splendid majority leader, a man who has served in Congress for 28 years, requested me to temporarily accept the position of secretary of the Democratic caucus, and when the final election was held, I was elected unanimously.

Later when our distinguished Speaker, the Hon. JOHN N. GARNER, who has served continuously in the House of Representatives for a period of 30 years, all of which time he has been ably assisted in his office by his splendid good wife,

requested me to serve as the chairman of the patronage committee for the purpose of taking care of the 171 Members entitled to this consideration. Of course I accepted, and while the duties have been rather arduous, I am gratified that the committee has been able to apportion all of the places assigned as patronage without a single complaint.

My rank on the Naval Affairs Committee is next to the chairman. This is a major committee, and one serving on the same can not be assigned to any other committee. If my information is correct, no Member of Congress west of the Mississippi River has ever served as chairman of this committee, and should I have one more promotion, it will be the first time that a major committee chairmanship has ever gone to any Member of my party in Oklahoma in the House of Representatives.

I have been assigned chairman of the speakers' committee for the Democratic National Congressional Committee, an honor I very much appreciate. Thus I can say that no person has ever received any more cordial consideration than that which has been given to me by my colleagues in the House of Representatives. It is shown conclusively that the districts that reward their public servants when they are faithful make it possible for them to receive the highest positions that are within the party's power to give, and I wish to express my appreciation to all of those who have cooperated with me in the past.

Mr. WASON. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman and members of the committee, I do not rise to defend the Farm Board. I have frequently criticized it myself. I am not in accord with a good many of its policies, and on the first day of the session I introduced a resolution to provide for an investigation of the board by the House Committee on Agriculture. I think that all the charges which have been made against the board, either on this floor or elsewhere, should be thoroughly gone into. It seems to me, however, that both to-day and on previous occasions a great many loose and inaccurate statements have been made, particularly on the subject of salaries. This comes about, it seems to me, from the fact that Members have confused the stabilization corporations with cooperative associations handling wheat and cotton.

The stabilization corporations, both wheat and cotton, of course, are mere instrumentalities of the board. They are not expected to make a profit. They have both sustained losses, and these losses must be made up out of the Federal Treasury, and whatever salaries have been paid by these corporations to their officers come out of the Federal Treasury. So it is a matter of concern to Congress, I assume, what these salaries are; and, if they are excessive, then I think we have the right to call the Farm Board to account for them; but I conceive it is no particular business of this Congress as to the salary which is paid the manager of the American Cotton Cooperative Association, which is a farmer-owned cooperative owned by 11 Capper-Volstead cooperative associations doing business in 13 States.

As I understand it, the general manager of that corporation receives a salary of $25,000 per year and a commission of 5 cents per bale on all cotton which is handled up to a maximum of $75,000 per year. He can receive no more than $75,000 per year.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. HOPE. Yes.

Mr. McCLINTIC of Oklahoma. I am very pleased to have the gentleman put that statement in the RECORD. My information was based upon the report of the Senate hearings, and I find that the $75,000 includes a salary of $25,000 and 5 cents a bale on cotton up to 1,000,000 bales, which is the maximum—which makes $75,000—because they have handled more than 1,000,000 bales. So in the ultimate, he gets the $75,000 regardless of whether he is paid the salary in a lump sum or as a commission.

Mr. HOPE. There is not any question about that.

Mr. STEVENSON. If the gentleman thinks the House ought to have accurate information, here is what Mr. Stone said about that: "That would be a maximum of $75,000," referring to Mr. Creekmore, at page 74, of the hearings:

> Did he receive then, during the time he has been manager of this organization, a salary of $75,000?
> Mr. STONE. Yes.
> The CHAIRMAN. Is he still working on that basis?
> Mr. STONE. Yes.

Mr. HOPE. There is no question about that. He is receiving $75,000 a year not from the Farm Board or as an employee of it, but as manager of the Cotton Cooperative Organization, which has no connection with the board except it has borrowed money from it, just as the cooperatives down in the gentleman's State of South Carolina have borrowed money from it. It is only proper to say in this connection that Mr. Creekmore testified in the recent hearing before the Senate Committee on Agriculture that approximately one-third of his salary was paid by the Stabilization Corporation; so to that extent it is a proper matter for inquiry by Congress.

Mr. STEVENSON. Will the gentleman permit; I want to correct that statement:

> Mr. STONE. In this way, Senator CAPPER: In the beginning when the Stabilization Corporation was organized the board was very anxious to get the very best grain man we could to operate it. We found it was a very difficult thing to do. There were several men we had in mind, but they turned it down. And we came to the conclusion that for a man who had the capacity and the ability to handle an operation involving possibly hundreds of millions of dollars it was not so much a question of salary as a question of ability and honesty and integrity. And with a business of that magnitude a salary of that kind if not out of line in industrial operations.

Mr. HOPE. The statement which the gentleman is reading, as he will note, refers to the Stabilization Corporation and not to any cooperative association. There is no dispute about what the salaries are. The only point I am making is that the salaries of officers of cooperative associations are paid by those organizations and not by the Farm Board. We may have our opinion about these salaries. To me they seem high, and yet it seems to me that they are properly a matter to be settled by the members of the cooperative associations rather than by Congress.

The only thing in which the Members of Congress are interested in the salaries paid to officers employed by the Stabilization Corporation. I can not conceive that it is of any importance to us what salaries are received by the officers of the cotton cooperatives or the wheat cooperatives or the grape cooperatives or the sugar-beet cooperatives, or whatever it may be, as long as these organizations are solvent and owned and controlled by producers.

Now, something was said a while ago about the Farm Board operating on boards of trade. The Farm Board does not own a seat on any board of trade. The Farm Board, as an organization, does not buy or sell any commodity. It has no authority to do so. If the gentleman from Oklahoma will refer to the hearings that were had in the Senate, he will find that the Farmers National Grain Corporation, which is composed of 27 cooperative members, does have a seat on several boards of trade. As an organization which, during the last year, handled over 189,000,000 bushels of grain, it finds it necessary to make use of all the facilities used by the grain trade. Neither the wheat nor cotton stabilization corporations have seats on boards of trade or other exchanges. The Cotton Cooperative Association does not have a seat on the cotton exchange, either at New York or New Orleans, but I understand that Mr. Creekmore, its manager, does own such seats, and by reason of that fact he has been enabled to save the Cotton Cooperative Association $450,000 during the past year, or several times his salary of $75,000 a year.

Something has been said about the propaganda being put out by the Farm Board. The Farm Board does not have any agency or any lobbyist appearing before Congress on its behalf.

Mr. Moser, whom the gentleman from Oklahoma mentioned a moment ago, is an officer and representative of the American Cotton Cooperative Association. I can re-

member when he appeared before the Committee on Agriculture before the agricultural marketing act was ever passed. He has been before that committee many times when legislation affecting cooperatives has been considered, and I submit that there is nothing wrong or improper about these cooperative organizations being represented before Congress when legislation in which they are interested is being considered.

Mr. McCLINTIC of Oklahoma. Does the gentleman approve of the granting of salaries of $300 or $400 per month to farmers who are scattered around indiscriminately in different sections of the State?

Mr. HOPE. I presume the gentleman is speaking of some of the employees of the American Cotton Cooperative Association?

Mr. McCLINTIC of Oklahoma. I am speaking of men who live on farms and who draw $350 a month and expenses for sending out certain papers called propaganda. I speak from a personal standpoint, and I have a record here coming from a gentleman who actually is connected with the cooperative association of Oklahoma, which shows this to be a fact.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. CHINDBLOM. I yield two minutes more to the gentleman.

Mr. HOPE. The gentleman does not contend that these gentlemen are employees and on the pay roll of the Federal Farm Board?

Mr. McCLINTIC of Oklahoma. Oh, no. According to the information I have here which I shall print in the RECORD, and which comes from a person working for the Oklahoma Cotton Growers' Association, better known as the Cooperative, this organization was practically defunct until it was rehabilitated by the Federal Farm Board, and in my statement I said these organizations received their money either directly or indirectly from the Farm Board and the Farm Board knew about it.

Mr. HOPE. In that case their relation with the Farm Board is simply that of debtor and creditor. They owe money to the Farm Board.

Mr. McCLINTIC of Oklahoma. The point I am trying to bring out is the padding of the pay rolls with individuals who do not perform any other service than to spread this kind of propaganda.

Mr. HOPE. I do not care to express my approval of anything which the gentleman has suggested if in fact it is something over which the Farm Board has control. But I say if these are employees of the American Cotton Cooperative Association then it is up to the members and officers of that association to deal with that situation and not with Congress.

Mr. McCLINTIC of Oklahoma. I am a friend of the cooperatives, I want to help them in every way that I can, but I do not like to see their money dissipated into channels that are tearing down the structure that Congress built.

Mr. HOPE. I am in entire accord with the gentleman on that. I have just one more thing to say and that is in connection with the question asked by the gentleman from Missouri [Mr. LOZIER] in which he called attention to the fact that the wheat stabilization operations were not begun until a large part of the 1930 crop of wheat was out of the farmers' hands. That is true, but let me also point out that every farmer who sold his wheat before those stabilization operations began, received a higher price for it than the farmers who sold after the price was stabilized. The price was stabilized by the Farm Board upon the request and suggestion of the wheat cooperatives, of the wheat growers, and Members of Congress in some cases from the wheat States, because they saw that the price of wheat was going down to a point where it would be ruinous to the farmer. The level at which the price was stabilized, however, while from 25 to 35 cents above the world price during that period was lower than the price prevailing before the sharp decline in November which was the immediate cause of the stabilization operation.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. BYRNS. Mr. Chairman, I yield 15 minutes to the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS. Mr. Chairman, ladies, and gentlemen, Judge William Cannon Houston, for 14 years a Representative of the fifth district of Tennessee in the House of Representatives of the United States Congress, passed away at his beautiful country home near Woodbury, Tenn., on Sunday night, August 30, 1931, at the age of 79 years.

A large concourse of admiring friends, including many prominent officials, from different sections of Tennessee, attended the funeral rites.

Judge Houston was a widely known jurist and statesman, and for a long time was a leading figure in the political, civic, and social life of middle Tennessee.

Judge William C. Houston was born near Deason, in Bedford County, Tenn., March 17, 1852, the son of William Houston and Elizabeth Morgan Houston. His father died when he was 1 year old, and five years later his mother married Benjamin Fugitt, of Woodbury, Cannon County, Tenn., and he spent his boyhood at Woodbury. He was principally educated under Col. George McKnight at the Woodbury Academy.

His father left him a fine farm in Bedford County, and when about 18 years of age he returned to this farm, where he lived three or four years. He made an exchange of that place for the property where he has since resided, which is a beautiful bluegrass plantation known as Beaver Dam, located half a mile east of Woodbury.

In 1876 he was elected to the general assembly, representing Cannon and Coffee Counties in the lower house. He was admitted to the bar in 1878. He was again elected to the House of Representatives of the General Assembly of Tennessee in 1880, and reelected in 1882. He figured conspicuously in the settlement of the State debt question, being a "low taxer." He was Democratic elector on the Cleveland ticket in 1892.

Judge Houston was actively engaged in the practice of law at Woodbury from the time he was admitted to the bar until his election as judge of the eighth judicial circuit, succeeding Judge Robert Cantrell, in 1894. He was reelected in 1902. He was associated in the law practice for a number of years with Maj. James H. Jones, and later with Hon. Walter Hancock.

He served 12 years as circuit judge, in which capacity he made a splendid record.

Judge Houston was elected to Congress as a Representative of the fifth district of Tennessee in 1906, succeeding Maj. James D. Richardson, who had represented this district in Congress for 20 years. Judge Houston served with distinction in Congress for 14 years. He was a true Democrat in politics as well as in the broadest sense of the term.

Judge Houston was a delegate to the Democratic National Convention at San Francisco in 1920. He was a strong supporter of John W. Davis, with whom he had served on the Judiciary Committee in the House of Representatives. The Tennessee delegation supported John W. Davis in that convention.

Judge Houston retired to private life in 1919 and spent the remainder of his days on his farm, which he loved so well.

I am sure that you Members of the House who had the pleasure and privilege of serving with him will agree that perhaps no man in public life more fully typified the old-time southern gentleman than did Judge Houston. [Applause.] He looked and acted the part perfectly. Six feet tall and straight as an arrow, he was a man of commanding appearance.

Judge Houston was a true sportsman; he was an ardent fisherman and hunter. He had brought down no less than half a hundred deer during his life. He was a lover of good horses and rode his saddle horses to the last with the ease and grace of a young man.

Judge Houston was devoted to his friends, who were legion. His home was an open house where he frequently enter-

tained his friends. It was beside the Memphis-to-Bristol Highway, the main highway from Washington to the Southwest, and his old congressional colleagues frequently stopped to visit him, en route to and from Washington.

He was first married to Miss Lura Kittrell, daughter of Maj. Marion Kittrell, in 1878. Six children were born, of whom three survive. They are Frank K. Houston, vice president of the Chemical National Bank of New York; William C. Houston, jr., vice president of the Federal Land Bank of Louisville; and Simp F. Houston, of Murfreesboro, Tenn. His first wife died in 1894.

He married Miss Elizabeth Minor McLemore, daughter of Judge William S. McLemore, in 1899. Of this marriage four children survive. They are Sidney Houston, of Houston, Tex.; Albert Houston, of New York City; George Houston, of Woodbury; and Miss Betty Houston, of Woodbury.

All of the children were with their father during his last illness. His devoted wife survives him.

Judge Houston was a brother-in-law of Judge John E. Richardson, of Murfreesboro, who succeeded him and who still serves as circuit judge of that district.

Judge Houston was an active member of the Christian Church at Woodbury, where the funeral services were conducted.

On leave granted, I insert editorials on Judge Houston which appeared in the Nashville Banner and the Nashville Tennesseean following his death:

[Editorial in Nashville Banner, August 31, 1931]

JUDGE W. C. HOUSTON

Judge William C. Houston is dead, full of years and honors, and the fact that he has passed from life has brought the finest tribute anyone might wish, a quick, spontaneous acknowledgment from all who knew him that he lived well. Judge Houston lived well in every sense of the word, for he played a constructive part in the civic, political, and social activities of his times and as he did so enjoyed his contacts and relationships with his fellows.

Judge Houston was nearing 80 when he died, and his life had been useful in proportion to its extent. In his early days he was a successful farmer and never relinquished his holdings of land or his interest in its cultivation and improvement. Many years ago he was admitted to the bar and practiced law in such manner that he attained success in his profession and gained the respect of his fellow practitioners and the general public. In the early eighties he began to take an active concern for political matters, and after valuable service to Tennessee as a member of the State legislature he went to the House of Representatives in Congress to serve for 14 years. He retired voluntarily with a record of fine service to his constituents and the Nation.

In spite of his keen appreciation of his obligations to serve the public as circumstances warranted and occasion demanded, it was on his splendid home place that Judge Houston found his greatest pleasure. He was an ardent sportsman in the best sense of that word and devoted to hunting. His family life was ideal and the best indication of the manner in which he discharged the duties and responsibilities of a father is found in his children and the success and usefulness that mark their careers. As a lawyer, a judge, a State legislator, a Member of Congress, and above all as a man in his discharge of the duties and tasks of citizenship, Judge Houston ranked deservedly high. It was possible to say of him, too, the most revealing thing of all, that those who knew him best admired him most, respected him most deeply, and were fondest of him.

[Editorial in Nashville Tennesseean, September 1, 1931]

JUDGE HOUSTON

Judge William Cannon Houston, whose death occurred Sunday night at his home, Beaver Dam, in Cannon County, represented the highest type of the southern gentleman.

Successful operator of his plantation, he was a lover of fine horses, an honored political leader and officeholder, a generous host, a wise jurist and lawyer, an ardent hunter and fisherman, an active churchman, and a beloved father and husband.

His public service had included 14 years as Congressman from the fifth district of Tennessee, 3 terms in the State legislature as representative from Cannon and Coffee Counties, service as Democratic elector on the Cleveland ticket in 1892, and 12 years as circuit judge.

So highly was he respected and so valuable was his service considered by his fellow citizens he was successful every time he sought election during his long political career, his retirement from Congress in 1920 being voluntary at a time when he was approaching the allotted 3 score and 10.

Since his retirement he had lived at Beaver Dam quietly, yet active in those pursuits he enjoyed despite his 79 years. His passing will be widely mourned, not only by those of the older generation who have been his friends, but by those of the younger generation as well, who found in him an example of conduct and a wise counselor.

Mr. BYRNS. Mr. Chairman, I yield five minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, the gentleman from New York was a little exercised to-day about some things I said about the Farm Board some days ago, and especially about his constituent, who I have no doubt is an estimable gentleman. I do not think he is much of a member of the board, but the gentleman undertakes to establish an alibi for that board, and for all of the salaries that have been criticized, and that I criticized the other day. If the gentleman had waited and read to-morrow what I have to say now it would not have been necessary for him to say what he did say, but I call attention to the record made in the hearings, to the statements of the men themselves in the hearings before the Senate committee.

First, as to the personal employees of the board direct, their general counsel, for instance. This appears at page 21 of the Senate hearings:

What was the salary of your general counsel fixed at originally? Was it as high as $20,000 a year?

Mr. STONE. No; it was not as high as $20,000. It was originally, I think, $10,000.

The CHAIRMAN. It was originally fixed at $10,000, and now it has reached $20,000?

Mr. STONE. Yes.

I do not question that some lawyer is worth $20,000 a year, but, nevertheless, that is a considerable salary, to have jumped from $10,000 to $20,000 in as short a time as that board has lived. Mr. Stone can not make any alibi of that, because he is one of the personal appointees of the board. He says that they were not appointed by this board. Let us look at that a moment.

The CHAIRMAN. Inasmuch as the Farm Board supplies the funds and is responsible for the management of that corporation as you have described, you have fixed the salaries of those associated with Mr. Milnor, have you not?

Mr. STONE. We have been consulted about salaries.

Of course, they were consulted. The board was furnishing the money, and if the men had fixed a salary that was at variance with the ideas of the board, the board would have stopped the money, and that is all. It was a simple proposition, and they can not make an alibi out of that.

Now we will go over to page 26. I put that in once before, but I will put it in here.

Senator CAPPER. I want to hear something about that salary of $50,000 a year. How does the Federal Farm Board justify such a salary?

My friend from New York says they have absolutely nothing to do with it; they are managed by a set of underlings, but they could not run 24 hours without the money of the board, and they know that.

Mr. Stone says:

In this way, Senator CAPPER: In the beginning, when the Stabilization Corporation was organized, the board was very anxious to get the very best grain man we could to operate it. We found it was a very difficult thing to do. There were several men we had in mind, but they turned it down. And we came to the conclusion that for a man who had the capacity and the ability to handle an operation involving possibly hundreds of millions of dollars, it was not as much a question of salary as a question of ability and honesty and integrity. And with a business of that magnitude a salary of that kind is not out of line in industrial operations.

Now, the gentleman from New York says they have nothing to do with it. They frankly admit, as Mr. Stone was bound to admit, that they were the ones who dictated the appointment and who agreed to the salary and who justified it before the Senate committee. That is a kind of alibi that I do not think alibis.

Now, we will turn over to page 74 of this record. The record is full of it, but I am just reciting two or three places.

The CHAIRMAN. Now, Mr. Chairman, returning to cotton and other major products, did you organize a stabilization corporation to handle cotton?

Mr. STONE. Yes, sir; we did.

The CHAIRMAN. When was it organized?

Mr. STONE. You mean under what law?

The CHAIRMAN. Oh, I know what law. I don't care what law, but when was it organized under the provisions of this act?

Mr. STONE. Mr. Williams is more familiar with that, Mr. Chairman, than I am.

Mr. CARL WILLIAMS. That was June 5.
The CHAIRMAN. Who is the manager of the Cotton Stabilization Board?
Mr. STONE. Mr. E. P. Creekmore.
The CHAIRMAN. What salary does he receive?
Mr. STONE. He receives $25,000 a year and 5 cents a bale up to a million bales receipts.
The CHAIRMAN. What quantity of cotton did the stabilization board handle?
Mr. STONE. They handled about 1,320,000 bales.
The CHAIRMAN. Have you made that calculation?
Mr. STONE. That would be a maximum of $75,000.
The CHAIRMAN. Did he receive, then, during the time he has been manager of this corporation, a salary of $75,000?
Mr. STONE. Yes.
The CHAIRMAN. Is he still working on that basis?
Mr. STONE. Yes.

Now, that is Mr. Stone. He justifies the salary of both of them.

Now, let us look a little further and see whether these cooperatives were controlled, the cooperatives which are now being held up as a kind of shield between the Farm Board and the people. Let us see what he says about what those cooperatives could do and how they dealt with them.

When you fixed this 90 per cent, being the amount, as I understand it, that you loaned on cotton—that is, you would not loan to exceed 90 per cent—how did you reach that figure?
Mr. WILLIAMS. First we required the cooperatives to borrow all that they consistently could, either from Federal intermediate or from commercial banks, on cotton. Those loans approximate 65 per cent of the market value at the time the loan was made. We agreed to supplement those loans by such amounts as were necessary to bring the advance to the farmer up to 90 per cent of the market value of his bale of cotton on the day and at the place of delivery.
Senator NORRIS. Your mortgage, then, is a second mortgage?
Mr. WILLIAMS. Our mortgage is a second mortgage.
Senator NORRIS. In every instance?
Mr. WILLIAMS. Practically so. There are outstanding first liens against almost all of that cotton.
Senator NORRIS. The loans that you made were made from time to time?
Mr. WILLIAMS. Yes.

Now, that shows you that the cooperatives were required by the board to do certain things and then they loaned them on a second mortgage, and according to the statement here the loss was $70,000,000 to the Farm Board.

Now, suppose the cooperatives paid these salaries without the consent of the Farm Board. If they did that the Farm Board would refuse to make the loans to them and the inevitable conclusion must be that the Farm Board was consulted about these salaries and consented that they be paid. There is no escape from that whatever and it is absolutely ridiculous to believe that the board did not approve of these salaries. It would be hard to believe that a board like this would do otherwise, a board which was clothed with the most remarkable powers ever vested in a board since I have been in Congress. That board had the right to draw on the Treasury of the United States to a greater extent than any board ever created since I have been here.

Mr. LANKFORD of Georgia. Will the gentleman yield?
Mr. STEVENSON. I yield.
Mr. LANKFORD of Georgia. It is reasonable to suppose that they approved of these salaries or they would have refused to make loans to them.
Mr. STEVENSON. They must have approved of the payment to Creekmore because the Stabilization Corporation, their creature, paid half of his salary. If the Farm Board had said to the Stabilization Corporation that it could not pay Creekmore $75,000 that corporation would not have paid him that amount.

Therefore, I stand by the statements I made the other day that the very facts which came out in this Senate hearing demonstrated the want of capacity on the part of that board to handle any such great proposition, and it is no wonder the board came to grief and is now facing bankruptcy. [Applause.]

Mr. BYRNS. Mr. Chairman, I yield two minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Chairman, I ask unanimous consent to extend in the RECORD a part of a bill which I introduced to-day dealing with mortgage foreclosures.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to extend his remarks as indicated. Is there objection?

Mr. CHINDBLOM. Mr. Chairman, I could not hear the gentleman's request.

Mr. LANKFORD of Georgia. I asked unanimous consent to include in my remarks a few sections of a bill which I introduced to-day and which I desire to discuss at this time.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Chairman, I will not take any considerable time of the committee at present. I shall put in the RECORD a part of the bill which I introduced to-day for the purpose of stopping, if possible, the orgy of foreclosures that is taking place throughout the country.

First, I wish to make some general observations, then I wish to discuss very briefly the provisions of my bill I just mentioned.

Mr. Chairman, so far, the organization of the House, perfected by the Democrats, is the only high spot in the record of the present Congress.

Before Christmas the House passed two measures recommended by the President, each of which brings about greater centralization of financial and political power and further extension of heartless, cruel bureaucratic government at the expense and to the destruction of the common people.

The foreign debts moratorium, to my mind, is only an additional step toward total cancellation of all foreign debts and therefore not only unjustified but politically criminal in the extreme. The voting of $100,000,000 to the Federal land banks, unless amended in the Senate so as to stop the present wild stampede of loan foreclosures, only gives a stronger strangle hold by this cruel system on the throats of the helpless farmers of the Nation.

I am sorely disappointed with the record of this Congress to date and must say that nothing has been recommended by the President for our future consideration except methods and means for our people to dig larger, more dangerous holes to fill smaller ones and make larger and more oppressive debts to pay smaller and less burdensome debts.

We can not solve the serious financial problems of the laboring men, farmers, railroads, or anyone else by such makeshift methods.

Loans at best only constitute temporary relief to those able to borrow. The greatest suffering is among those who are unable to borrow and who are begging and praying for the relief which will only come from profitable employment and a fair price for their products.

The farmer needs a better price for his products, the laborer a job and better pay; the railroads need more business, and so on, and so on. None of these need to borrow more money except as a temporary expedient, forced by an extreme emergency.

The emergency seed, feed, and fertilizer farm loans heretofore granted should be provided before the end of the present month of January as temporary relief. It is only temporary. In no sense can it be construed as permanent relief. Last year this relief was wrung from the unwilling hands of the present administration. This year there will be no fight, as this relief is being heralded as part of the relief program of the President.

I am glad this semblance of temporary farm help is to be granted at once. None of the other boasted relief plans offer any help to those who are in dire need of assistance, and at best are only temporary flimsy palliatives for those most able to help themselves.

The American people will surely have every cause for condemning the record made during these months, and no one will have a just reason to urge in its behalf, if this Congress drags through to adjournment next summer without improving the record already begun and without doing more—yes, much more—than has been suggested by the President.

Mr. Chairman, most of the relief suggestions offered so far only tend to lessen the agony of the disease without any bona fide effort to cure the awful cancer that is gnawing at the very vitals of our Nation and, like a dose of morphine, only relieves the suffering of the patient for a few brief

minutes, later leaving him in as bad or worse condition than ever.

Even the temporary remedies are designed for those who least need help and not for the people of our Nation where there is real suffering. Relief is being suggested on every hand for the very wealthy and the really large bankers, but none for the man whose home is being sold under foreclosure. Some one will say that some of the measures favored by the administration are for these unfortunate people. I do not think so, and am therefore to-day introducing a bill containing provisions which, if made into law, will stop the orgy of loan foreclosures that is a disgrace to our country. If there are sufficient friends of the farmers here to pass my bill, this awful warfare on the farmers of the Nation will stop, and that at once.

Here are sections 8 to 13 of my bill which deals with this particular matter. I read as follows:

SEC. 8. In furtherance of the purposes of this act, to stop the foreclosure of loans on farm lands, return to original owners farm lands already taken over under foreclosure proceedings and reclaim farm lands generally, it is provided that the Secretary of the Interior be, and he is hereby, authorized to (a) purchase past-due interest coupons, or notes from any and all persons, firms, or corporations holding same against farm lands; (b) either purchase outright or insure the payment of any and all such interest coupons or notes as shall become due on or before November 1, 1933; and (c) enter into such negotiations, perfect such transactions, and make such expenditures as may be necessary to reclaim and return to original owners any and all farm lands now held, owned, or possessed by any person, firm, or corporation as the result of a foreclosure proceeding, suit at law, equity, or exercise of a power of attorney, wherever the original owners of such farm lands, taken over during the years 1929, 1930, and 1931, wish to repossess or recapture same and such arrangement can be reasonably perfected.

SEC. 9. In all cases where farm lands are recaptured, repossessed, or resold to original owners, the terms and rate of interest must be as lenient and reasonable, or more so, than the original foreclosed loans, and the Secretary shall pay or purchase all interest coupons or notes due or to become due on or before November 1, 1933, by such repurchase as the result of the new transaction.

SEC. 10. All money expended under this section shall be evidenced by a series of notes of equal amount falling due each year for 10 years, beginning November 1, 1934, drawing interest from date at 4 per cent, signed or executed by the original borrower, his heirs, executor, administrator, or assigns, and constitute or be secured by a lien second only to the balance or amount due on the original loan.

SEC. 11. In connection with the transactions herein provided for, arrangement shall be made for the preservation of the security, the payment of taxes, and any payment or curtailment the borrower may be able to make before November 1, 1934, whether on money advanced hereunder or in anticipation of interest or installments to become due after November 1, 1933.

SEC. 12. The Secretary shall make such payment of taxes now due, or to become due, and take such transfer of tax liens as may be necessary to carry into effect the purposes of this act, and shall extend the same privileges of payment as to money expended for this purpose as is herein provided for money spent in connection with interest.

SEC. 13. No money shall be expended under this act for the purchase of any interest coupon or note or for the repurchase of any land, or in any way whatsoever, where, taking into consideration the prevailing market prices of farm land at the time of such loan transaction, the original loan connected therewith, when negotiated, was not amply secured.

Mr. Chairman, if these provisions are enacted into law, real relief will come not only to the farmers of the Nation but to everyone who holds loan papers to the lands of the farmers. The Federal land banks, the joint-stock land banks, the intermediate credit banks, the life-insurance companies, the long-term loan companies will all come in for their part of the benefits. Even the counties and State governments will be helped.

The Government will be safe, if this depression is only temporary and if land values are to return to the level occupied when these loans were made. Certainly this will be real relief and will not only help the farmers but, as is always the case, will inure to the benefit of the whole country.

Mr. Chairman, it is my purpose to fight not only for the adoption of my bill but I shall use every available parliamentary tactic to get these provisions engrafted as an amendment on some of the other so-called relief measures that will be coming up from time to time. [Applause.]

Mr. BYRNS. Mr. Chairman, I yield to the gentleman from Kansas [Mr. AYRES].

Mr. AYRES. Mr. Chairman, I desire to extend my remarks in the RECORD by incorporating an interview given by Hon. John Ostlind, a former member of the Kansas Legislature, stating his views regarding the tariff and as to whether it benefits agriculture. It is a short statement.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

The matter referred to follows:

WHAT STARTED THE DEPRESSION?

A United States Senator says that the high tariff of this country is to blame. Well, sir, if you read the figures as he gives them from records kept, maybe you will agree with him. The following is taken from his article. He says that on May 28, 1929, the House passed the last tariff act proposing over 800 increases of duty on the already existing high tariff wall. Within 30 days, according to the Census Bureau, new orders for factory goods dropped 16 per cent; unfilled orders for transportation equipment, including automobiles, declines 23 per cent in 60 days; unfilled orders for steel dropped 640,000 tons in 30 days; cotton consumption by textile mills fell 17 per cent in one month; factory pay rolls dropped from 111 in May to 106 in July; automobile productions dropped 38 per cent from April to October.

On September 4 the Senate Finance Committee reported the tariff bill to the Senate. The following day the stock market started its swift decline, developing into a panic. The following June the tariff bill was sent to the White House, and at the same time also the official protest of 36 foreign countries, who the year before had purchased $4,000,000,000 worth of farm and factory products in the United States, produced by American farmers and American laborers.

In the year following the House vote on the tariff bill 1,100,000 factory workers alone lost their jobs. The President signed the bill on June 17 and by November 1,600,000 more workers had lost their jobs, and industrial share values had lost forty-four billions since September 5, 1929, or the day after the Finance Committee had reported the bill.

Twenty-three countries have raised retaliatory tariff walls against our products. One hundred and seventy manufacturing plants have been built in foreign countries by American capital, to hire foreign labor and buy foreign raw material, because retaliatory tariffs would not permit us to send them from here. The depression started four months earlier in the United States than in any other country.—John Ostlind, McPherson, Kans.

Mr. BYRNS. Mr. Chairman, that concludes the requests on this side. I understand the gentleman from Indiana wishes to make some remarks to-morrow.

Mr. WOOD. Yes.

Mr. BYRNS. I am hopeful that after those remarks have been concluded we will be able to read the bill under the 5-minute rule.

Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MOREHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes, and had come to no resolution thereon.

MESSAGES FROM THE PRESIDENT OF THE UNITED STATES

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS (S. DOC. NO. 33)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the inclosed report from the Secretary of State to the end that legislation may be enacted authorizing an annual appropriation in the sum of $5,750, or so much thereof as may be necessary, for the purpose of defraying the expenses of participation by the Government of the United States in

the meetings of the International Technical Committee of Aerial Legal Experts and/or of the commission established by that committee.

HERBERT HOOVER.

THE WHITE HOUSE, *January 4, 1932.*

REPORT OF SECRETARY OF STATE (S. DOC. NO. 34)

Also, the following message from the President, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State recommending the enactment of legislation for the purposes described therein.

The recommendations of the Secretary of State have my approval, and I request the enactment of legislation for the purposes indicated in order that this Government may carry out the projects and meet the obligations outlined in the report.

HERBERT HOOVER.

THE WHITE HOUSE, *December 24, 1931.*

STRENGTHENING OF THE FEDERAL LAND BANK SYSTEM AND RELATED SUBJECTS

Also, the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed:

To the Senate and House of Representatives:

At the convening of the Congress on December 7 I laid proposals before it designed to check the further degeneration in prices and values, to fortify us against continued shocks from world instability, and to unshackle the forces of recovery. The need is manifestly even more evident than at the date of my message a month ago. I should be derelict in my duty if I did not at this time emphasize the paramount importance to the Nation of constructive action upon these questions at the earliest possible moment. These recommendations have been largely developed in consultation with leading men of both parties, of agriculture, of labor, of banking, and of industry. They furnish the bases for full collaboration to effect these purposes. They have no partisan character. We can and must replace the unjustifiable fear in the country by confidence.

The principal subjects requiring immediate action are:

1. The strengthening of the Federal land bank system to aid the farmer and to maintain at the highest level the credit of these institutions which furnish agriculture with much-needed capital. This measure has passed the House of Representatives and is now before the Senate.

2. The creation of a reconstruction finance corporation to furnish during the period of the depression credits otherwise unobtainable under existing circumstances in order to give confidence to agriculture, industry, and labor against further paralyzing influences. By such prompt assurance we can reopen many credit channels and reestablish the normal working of our commercial organization and thus contribute greatly to reestablish the resumption of employment and stability in prices and values.

3. The creation of a system of home-loan discount banks in order to revive employment by new construction and to mitigate the difficulties of many of our citizens in securing renewals of mortgages on their homes and farms. It has the further purpose of permanent encouragement of home ownership. To accomplish these purposes we must so liberate the resources of the country banks, the savings banks, and the building and loan associations as to restore these institutions to normal functioning. Under the proposal before the Congress the most of the capital of these discount banks would be subscribed by the institutions participating in their use and such residue as might be necessary for the Federal Government to supply temporarily would be repaid in time by such institutions as in the case of the farm-loan banks when they were first organized.

4. The discount facilities of our Federal reserve banks are restricted by law more than that of the central banks in other countries. This restriction in times such as these limits the liquidity of the banks and tends to increase the forces of deflation, cripples the smaller businesses, stifles new enterprise, and thus limits employment. I recommend an enlargement of these discount priviliges to take care of emergencies. To meet the needs of our situation it will not be necessary to go even as far as the current practice of foreign institutions of similar character. Such a measure has the support of most of the governors of the Federal reserve banks.

5. The development of a plan to assure early distribution to depositors in closed banks is necessary to relieve distress among millions of small depositors and small businesses, and to release vast sums of money now frozen.

6. Revision of the laws relating to transportation in the direction recommended by the Interstate Commerce Commission would strengthen our principal transportation systems and restore confidence in the bonds of our railways. These bonds are held largely by our insurance companies, our savings banks, and benevolent trusts, and are therefore the property of nearly every family in the United States. The railways are the largest employers of labor and purchasers of goods.

7. Revision of banking laws in order to better safeguard depositors.

8. The country must have confidence that the credit and stability of the Federal Government will be maintained by drastic economy in expenditure; by adequate increase of taxes; and by restriction of issues of Federal securities. The recent depreciation in prices of Government securities is a serious warning which reflects the fear of further large and unnecessary issues of such securities. Promptness in adopting an adequate budget relief to taxpayers by resolute economy and restriction in security issues is essential to remove this uncertainty.

Combating a depression is indeed like a great war in that it is not a battle upon a single front but upon many fronts. These measures are all a necessary addition to the efficient and courageous efforts of our citizens throughout the Nation. Our people through voluntary measures and through State and local action are providing for distress. Through the organized action of employers they are securing distribution of employment and thus mitigating the hardships of the depression. Through the mobilization of national credit associations they are aiding the country greatly. Our duty is so to supplement these steps as to make their efforts more fruitful.

The United States has the resources and resiliance to make a large measure of recovery independent of the rest of the world. Our internal economy is our primary concern and we must fortify our economic structure in order to meet any situation that may arise and by so doing lay the foundations for recovery.

This does not mean that we are insensible to the welfare of other nations or that our own self-interest is not involved in economic rehabilitation abroad which would restore the markets for our agricultural and other commodities. But it is our duty to devote ourselves to the problems of our own internal economy not only as the first necessity to domestic welfare but as our best contribution to the stability of the world as a whole.

Action in these matters by the Congress will go far to reestablish confidence, to restore the functioning of our economic system, and to rebuilding of prices and values and to quickening employment. Our justified hope and confidence for the future rests upon unity of our people and of the Government in prompt and courageous action.

HERBERT HOOVER.

THE WHITE HOUSE, *January 4, 1932.*

RECONSTRUCTION FINANCE CORPORATION

Mr. STRONG of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks by printing the statement of Gov. Eugene Meyer, of the Federal Reserve Board, before the Banking and Currency Committee with regard to the bill

H. R. 5060, being the Reconstruction Finance Corporation bill.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The statement is as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C., Friday, December 18, 1931.

The committee met at 10.30 o'clock a. m., in the committee room, Capitol, Hon. HENRY B. STEAGALL (chairman) presiding.

The CHAIRMAN. The committee will this morning consider H. R. 5060, which is as follows:

"H. R. 5060, Seventy-second Congress, first session

"A bill to provide emergency financing facilities for banks and other financial institutions, and for other purposes

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That there be, and is hereby, created a body corporate with the name 'Reconstruction finance corporation' (herein called the corporation). This act may be cited as the reconstruction finance corporation act.

"SEC. 2. The corporation shall have capital stock of $500,000,000, all subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors of the corporation, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000,000, for the purpose of making payments upon such subscription when and as called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

"SEC. 3. The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, the governor of the Federal Reserve Board, and the farm loan commissioner, who shall be members ex officio, and two other persons appointed by the President of the United States by and with the advice and consent of the Senate. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the two directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the two directors so appointed by the President of the United States shall be five years from the date of the enactment hereof, and thereafter the term of each director so appointed shall be five years from the date of the expiration of the term for which his predecessor was appointed. Whenever a vacancy shall occur among the directors so appointed the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The two directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of $12,000 per annum each: *Provided*, That any director receiving from the United States any salary or compensation for other services shall not receive as salary from the corporation any amount, which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the corporation exceed $12,000 per annum.

"SEC. 4. The corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts, to purchase or lease and hold or dispose of such real estate as may be necessary or convenient for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, by-laws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, including the selection of its chairman and vice chairman, together with provision for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this act. The board of directors of the corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this act. The corporation shall have such incidental powers as its board of directors shall deem necessary or expedient in carrying out the provisions of this act.

"SEC. 5. The corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, banker, savings bank, trust company, clearing house, or other association of banking institutions, building and loan association, insurance company, or other financial institution in the United States (herein referred to as financial institutions). All such loans shall be fully and adequately secured in such manner as the corporation shall require. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes of such financial institutions, or by way of discount or rediscount of obligations tendered by them for the purpose, or otherwise, in such form and in such amount and at such interest or discount rates as the corporation may approve. Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally. The corporation may make loans under this section at any time prior to the expiration of one year from the date of the enactment hereof; and the President may from time to time postpone such date of expiration for such additional period or periods as he may deem necessary, not to exceed two years from the date of the enactment hereof. Within the foregoing limitations of this section, the corporation may also make loans to or aid in the temporary financing of steam railroads engaged in interstate commerce, when in the opinion of the board of directors of the corporation such railroads are unable to obtain funds upon reasonable terms through banking channels or from the general public, and the corporation will be adequately secured.

"SEC. 6. Section 5202 of the Revised Statutes of the United States, as amended (U. S. C., title 12, ch. 2, sec. 82), is hereby amended by striking out the words "War Finance Corporation act" and inserting in lieu thereof the words "Reconstruction Finance Corporation act."

"SEC. 7. All moneys of the corporation not otherwise employed may be deposited with the Treasurer of the United States, subject to check by authority of the corporation, or in any Federal reserve bank, or may, by authorization of the board of directors of the corporation, be used in the purchase or redemption of any notes, debentures, bonds, or other obligations issued by the corporation. The Federal reserve banks are authorized and directed to act as depositaries, custodians, and/or fiscal agents for the reconstruction finance corporation in the general performance of its powers conferred by this act.

"SEC. 8. In order to enable the corporation to carry out the provisions of this act, the Treasury Department, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation in confidence such reports, records, or other information as they may have available relating to the condition of financial institutions and/or railroads with respect to which the corporation has had or contemplates having transactions under this act, or relating to individuals, associations, partnerships, or corporations whose obligations are offered to or held by the corporation as security for loans to financial institutions or railroads under this act, and to make through their examiners or other employees for the confidential use of the corporation examinations of such financial institutions or railroads. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examinations as the corporation may require for the purposes of this act and/or that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.

"SEC. 9. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations; such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not

otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Federal reserve banks shall have the same powers (1) to discount notes, drafts, and bills of exchange secured by obligations issued by the corporation under this act, (2) to make advances to member banks on their notes secured by such obligations, (3) to use all paper so acquired, and (4) to purchase and sell such obligations, as they have with respect to bonds and/or notes of the United States: *Provided*, That the rate at which any such discount or advances shall be made by any Federal reserve bank shall be 1 per cent per annum above its discount rate on 90-day commercial paper then in effect.

"SEC. 10. Any and all notes, debentures, bonds, or other such obligations issued by the corporation shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"SEC. 11. In order that the corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the corporation, to be held in the Treasury subject to delivery, upon order of the corporation. The engraved plates, dies, bed pieces, etc., executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other obligations.

"SEC. 12. When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as depositary of public money and financial agent of the Government, as may be required of it. Notes, debentures, bonds, or other such obligations of the corporation shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

"SEC. 13. Upon the expiration of the period of one year within which the corporation may make loans, or of any extension thereof by the President under the authority of this act, the board of directors of the corporation shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise, for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidation. Upon such deposit being made, such amount of the capital stock of the corporation as may be specified by the corporation with the approval of the Secretary of the Treasury but not exceeding in par value the amount so paid in shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and provision being made for payment of all legal obligations of any kind and character shall be paid to the Treasurer of the United States as miscellaneous receipts. Thereupon the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

"SEC. 14. If at the expiration of the 10 years for which the corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

"SEC. 15. The corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

"SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, under this act, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purported to have been issued by the corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

"(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it, or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

"(d) No individual, association, partnership, or corporation shall use the words 'Reconstruction Finance Corporation,' or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $1,000, or imprisonment not exceeding one year, or both.

"(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), in so far as applicable, are extended to apply to contracts or agreements with the corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

"SEC. 17. The right to alter, amend, or repeal this act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered."

Mr. STRONG. With the kindness of the committee, House bill 5060 is to be taken up this morning. I have laid before the chairman and each member a statement that was issued when the bill was introduced, giving the general provisions of the bill. I thought perhaps you might want to read or take this with you when you gave further consideration to the bill. Therefore, with the consent of the chairman, I have invited Governor Meyer of the Federal Reserve Board to be here this morning to present an argument in favor of the bill and to discuss it generally.

The CHAIRMAN. I am sure every member will be glad to have that material before him.

Mr. STRONG. I call attention of the committee to the fact that by the understanding we had yesterday in our committee meeting, Mr. Meyer is to present his views on the bill without interruption until he has completed his statement.

STATEMENT OF HON. EUGENE MEYER, GOVERNOR FEDERAL RESERVE BOARD

The CHAIRMAN. We will hear Mr. Eugene Meyer, Governor of the Federal Reserve Board. Mr. Meyer, we have called you this morning for the purpose of giving you the time until the hour of meeting to make such statement to the committee as you may see fit, in your own way. We thought we would be able to let you do that without interruption. Your statement will have to do with H. R. 5060, which we know as the Strong bill, to provide emergency financial facilities, etc.

Mr. GOODWIN. Mr. Meyer, we have in our State of Minnesota a rural-credit bureau, organized and operated by the State and

under authority of the State. Would this bill cover an institution of that character?

Mr. MEYER. I do not know. Is it a financial institution?

Mr. GOODWIN. It is, entirely.

Mr. MEYER. I could not say whether it is a financial institution within the meaning of that term as used in the bill. I am not a legal authority, and I would not want to express a definite opinion, offhand, or until I have had an opportunity to study the question in the light of all the facts.

The CHAIRMAN. Now, Mr. Meyer, unless some gentleman has something else we are going to permit you to proceed without interruption.

Mr. MEYER. I am glad of the opportunity to appear before the committee in connection with your consideration of this bill. In approaching a measure of this importance it is necessary to have some fundamental and philosophical background, in my opinion, and I will refer to a meeting which I attended here in this committee room some ten years ago, when we had a critical situation which involved particularly the country banks and the agricultural interests. I then advocated some temporary emergency work by the Government to meet an extraordinary and emergency situation. I said then, and I feel now, that it is a sound principle of government in exceptional conditions involving the national interest to depart from the ordinary rules of governmental activity and provide exceptional and temporary institutions and measures for dealing with temporary and unusual conditions.

I feel, Mr. Chairman and gentlemen, that the present situation is one of those exceptional occasions where unusual action is required and justified and that I would be failing in my duty as governor of the Federal Reserve Board if I did not recommend and support a measure of this character. Even if I were a private citizen I would also feel it my duty, as I once did. I will not say that the bill before you is perfect in every respect, and, of course, in your deliberations you will consider it in detail. I have a few minor amendments to suggest later on myself. But on the broad principle of the Government entering into this situation on a temporary basis, as contemplated by the bill, and with powers that are unusual but, I think, justified by the unusual character of the situation, affecting, as it does, the mass of the people of this country, I believe the bill is sound.

If I may, I will review briefly the experience of the War Finance Corporation—not so much in connection with its war activities but in connection with what we may call, I hope, with no offense to our friends of the South—its reconstruction work—for the benefit of the light it throws on the possibilities of this kind of an institution under present conditions. As you will remember, the War Finance Corporation was organized during the war and had as its primary purpose the support of financial institutions and of industries that were necessary or contributory to the prosecution of the war. I think it was extremely valuable throughout the war period, during which period Governor Harding, of the Federal Reserve Board, was managing director.

In the war period the amount of money loaned industries and financial institutions was not very large, but the support given to them by the existence of the corporation, with large resources and readiness and ability to lend as and when necessary, was very important. It was a confidence-inspiring institution, and the statistics of its loans do not and could not adequately reflect its effective value. There were occasions when industries needed financing, and the support of the War Finance Corporation back of the industries and their bankers enabled them to finance their requirements through the investment market. I remember that one of the activities at that time was to finance the railroads, which were then under Government control. In many cases the railroads and their bankers thought that issues maturing or other requirements could not be taken care of in the investment market, but when the corporation agreed to take care of the situation in case the investment market and the bankers did not there was no difficulty and no call made for the funds of the corporation. Such cases, of course, are not reflected in the loan statistics, because no money was actually advanced, but the corporation's action was more effective than it would have been if the money had been loaned.

I mention the effectiveness of the work in support of such situations, entirely apart from those cases where funds were actually used, because I should anticipate that, with proper administration, the main value of an institution organized substantially along these lines would lie in the availability of its funds if and when they should be needed. There would be lending, of course, but the main value of an institution of this kind is the availability of funds if needed.

We have a situation, gentlemen, where it is a fact, as is commonly stated, that fear is a dominant factor. We had a similar situation in 1921, when the agricultural relief act expanded the loan powers of the War Finance Corporation for a period of a year, which was extended finally until December 31, 1924. It is important to analyze what that fear is. It is now, as it was then—I am sure I am right as to 1921 and 1922 and I believe it is true at this time—it is not, in the case of banks, a fear of a borrower of good standing and character, or of his security, so much as it is a fear of a weak neighbor or of a general situation. It is not the weak fearing the strong; it is the strong fearing the weak. We will take a concrete example in the agricultural relief work in 1921, because specific cases are always almost convincing. There was a small town in the Middle West with three good, strong banks and one bank that was small and weak. As long as that small, weak bank was in danger, the three strong banks would not renew loans if they could help it; they would extend no new credit, or very little; and they pursued, perhaps rightly under the circumstances, a contraction policy in their operation. You hear, and you hear truthfully as a matter of fact, of strong banks afraid to function actively and normally. It is the fear of some neighbor, or the situation in some neighboring town, or something else, or maybe the fear generated by events such as the Bank of England going off the gold basis and the conditions in Europe and South America, but that fear has become a dominating factor in the financing of the regular business of the country.

In 1921 the War Finance Corporation removed, in that small town in the Middle West, the fear on the part of the three strong banks of that small, weak bank. The amount of money required in that particular case was not important; the most important thing was that a small amount of money directed to the weak spot released, through the removal of fear from the strong banks serving the agricultural interests of the community, a very large amount of money which otherwise would not have been available and which, of course, does not appear on the books of the War Finance Corporation.

Now, with the strength and resources of this great Nation, I believe that there is the possibility of important remedial work of the greatest benefit to agricultural, commercial, and industrial interests through a measure with broad powers along the lines of this bill. There is a great deal of talk about frozen assets. Some of these assets that are called frozen are among the best in the country. Our most fundamental businesses have been financed by notes, mortgages, and other forms of indebtedness which, at the moment are called frozen. Perhaps they are in a sense. It was my experience, however, in the work of the War Finance Corporation that many so-called "frozen assets" thaw out with considerable speed if they are properly handled.

I took the occasion this morning to look up in one of the old reports of the War Finance Corporation the amount loaned to banks under the 1921 amendment. Altogether the corporation made loans for agricultural purposes to 4,317 banks—mostly country banks—and the largest amount outstanding to banks at one time was about $134,000,000, in April or May, 1922. The active lending had begun in the latter part of October, 1921. The aggregate amount loaned to banks was $172,000,000, but the peak of such loans outstanding at any one time was, as I have said, $134,000,000. In May, 1923, in spite of the fact that a great many new loans were made during the year, the amount outstanding had been reduced to $60,000,000, and a year later, in spite of more new loans, to $37,000,000. In addition to the loans to country banks, one of the biggest problems that confronted the corporation was the livestock situation.

There it was a problem of developing machinery through which loans on livestock, cattle and sheep particularly, could be made on an adequate scale. While some banks were willing to carry livestock loans, it was necessary, in order to reach the situation effectively, to bring about the formation of a number of new livestock-loan companies with adequate capital. A company was organized in Texas with a capital of $1,000,000; another in Cheyenne, Wyo., with a capital of $1,000,000; another in Colorado with $500,000 capital; another in Utah with $250,000 capital; another in Montana with $250,000; and so on. The aggregate amount of livestock loans—cattle and sheep—was somewhere between $85,000,000 and $90,000,000.

The largest amount of such loans outstanding at one time was sixty million, in May, 1922. In spite of the fact that many additional loans were made in the following year, the repayments brought the aggregate down to 40,000,000 in May, 1923, and a year later down to 26,000,000. I am giving you these figures to show so-called frozen assets thaw out where the character of the credit is suitable to the situation. There was nothing more frozen in the country than a cow loan in the breeding area of the United States in 1921. Sheep and cattle were unmarketable in quantity. Prices were demoralized. When corn gets down, as it did in 1921, in western Iowa and Nebraska, to 16 or 18 cents on the farm, why, of course, the note of the farmer in the Corn Belt may be "frozen." The War Finance Corporation made loans to 529 banks in Iowa and put them in a position not only to carry their farmer borrowers until their products could be marketed in an orderly way but also to make new loans. The country banks, I may say, were not eager borrowers. They were very reluctant borrowers in the beginning, but when they saw it was a different kind of credit they became more active. More cattle and hogs were bought to feed, and, of course, the feeding operation provided a market for the corn. Now corn is one of our great crops, in fact one of our greatest crops.

There has been an average of some 2,600,000,000 bushels of corn for the last seven or eight years, although the production dropped to 2,000,000,000 bushels one year when there was a crop failure. Feeding operations in the Corn Belt are not going on now as they did formerly. The real reason is that the country banks are reluctant to borrow. Some agricultural credit corporations have been organized to discount feeder paper with the intermediate credit banks, and are, I imagine, doing good work in stimulating feeding operations, but the banks apparently have not been making feeder loans in the usual volume because they fear the situation at home and abroad and feel it necessary, on that account, to strengthen their position.

I believe a bill of this kind would be vital in restoring confidence in many areas where confidence is now lacking and that it would be of tremendous value from an economic standpoint. I would not want to predict what might happen to price levels if this bill is passed and properly administered. I did not make





any prediction in 1921, but, according to the Bureau of Labor statistics, at the time of the passage of the amendment to the War Finance Corporation act in 1921, the average of agricultural prices was 85 compared with 100 in 1926. In January, 1925, which was three and a half years later, the price level on the same average basis was 112, not a sensational advance, but still a very material one. So far as forced liquidation affects price levels, and so far as knowledge on the part of people and markets that there is forced liquidation affects price levels, credit under this act would, in my opinion, be helpful and possibly might be important in connection with price levels. The situation, of course, is quite different from 1921 in some respects.

I would not like to have you think that I am taking a pattern of that period and saying that present conditions are a replica of those of 1921, that treatment should be applied in the same way, and that if it is so applied the same results will necessarily follow. At that time, just after the war, there was a most acute collapse in the prices of all kinds of commodities. Cotton, you will remember, dropped from around 40 cents to about 8 cents on the farm in a year. The prices of mineral products and manufactured goods had more or less similarly declined. While the price decline in the last two years has not been as great as that in 1920-21, it started from a lower level and dropped to a lower level, and is a major factor in the situation. In a period of declining prices people become reluctant to carry stocks. The carrying of stocks is a normal operation, and when it is hampered by lack of confidence or lack of credit or derangements such as now exist in the European markets an abnormal situation is created. The principal effect on agricultural and other producers of a reduction of stocks due to lack of confidence or inability of the financial machinery, particularly abroad, to function in a normal way, is to force on the producers and the banks that finance them the burden of carrying a larger part of the total supply than ordinarily would be the case. Of the visible supplies of wheat and cotton at the present time it is probable that a larger proportion is being carried by the producers than has been the case at any time in the last 10 years.

In 1921 currency fluctuations and unsettled conditions abroad were important factors in the situation, and that is also true at the present time. Under normal conditions England and Germany buy large amounts of our products for further distribution either in raw-material form or in partly manufactured form, and both are accustomed, as manufacturers and jobbers, to give under normal conditions long-time credit to the buyers of their products. Manchester, for instance, in connection with cotton goods, normally is accumtomed to extending credit to South America and China, and Germany to the countries of central Europe and elsewhere. Present conditions in Europe, however, effectively limit that, because, with the fluctuating pound, and the difficult situation in Germany, although its currency is not fluctuating greatly, the granting of credit is necessarily hampered. A burden of an exceptional and unusual character, therefore, is thrown on the producing country, with the result that the whole distribution of our production is changed, altered, and hampered, and that calls for the most serious consideration.

When the War Finance Corporation made loans to livestock-loan companies, cooperative-marketing associations, and country banks, beginning in 1921, it not only loaned a total of some $300,000,000 but it set in motion other funds which revolved and liquidated many times that amount of indebtedness. At that time member banks were borrowing heavily from the Federal reserve banks. When the War Finance Corporation took over from country banks, and indirectly perhaps from the Federal reserve banks, notes of farmers which they then thought were frozen, and it was known that quick repayment was not demanded or expected, the pressure on the commodity markets was relieved to such an extent that the price level responded and permitted a liquidation and thawing out of frozen assets on a scale that nobody could have promised, but which was the most effective thing, I believe, at the time in easing the whole credit situation throughout the country.

In the past easy money has always acted as a business reviver; that is, easy money for any considerable period. The reason for that has been that before the war, with our steady growth of population, we had a more or less normal building development, and if it were interrupted for a year or two, there would be a demand for new construction which easy money made it possible to meet quickly and effectively. The construction activity, of course, is one of the most important and fundamental in our whole business situation. Even where there was overbuilding it existed only for a limited period, and the overbuilding did not, after a period of temporary suspension, interfere with the resumption of building activity after a couple of years. One of the notable features in the 1922 comeback and the comeback of subsequent years was that we had had a period of eight years of subnormal construction in this country.

I happen to have a chart here which will appeal to the eye very quickly. As you will recall, 1913 and 1914 were inactive years in business and, of course, during the war construction was almost forbidden, except for the most essential purposes. A deficiency in housing and office space and all kinds of construction developed, compared with the normal requirements based on the growth of the country. This chart, as you will see, is based on the per capita value of building permits in 50 cities on the 1913 cost basis and shows the great deficiency in building, which, with the return of normal money-market conditions in 1921 and 1922, and the ability to get money on mortgages again, permitted a revival in construction that really was the basis of what proved to be a period of prolonged upward swing. In other words, the construction activity had in 1921 a very solid basis, a very solid foundation, meeting the legitimate requirements of the people of the country. In the spring of 1922 building started on an extensive scale; mortgage money was available freely; and, on account of rental increases and the rise in the cost of building, values of old buildings were raised to a new level, creating a good deal of speculative activity in all kinds of real estate—homes, apartments, office buildings. And, of course, the expansion in building activity brought about a tremendous expansion in production in order to take care of it.

Nothing increases the movement of goods and the employment of labor more than the construction activity. It affects the mine and the forest; it employs great quantities of labor; it adds to the gross revenue of railroads. It seems to have had a most general stimulating effect, and I think it was in providing of space to meet the deficiency of construction that the so-called real-estate boom had its origin, a perfectly legitimate foundation, but unfortunately carried on too far, too long, and in the end, during the later stages of the activity, on a very unsound and dangerous basis, with dangerous valuations and a good deal of very weak and unsound financing.

Now, I think it is a question whether or not, even taking the facts and figures as they are, there has been such an enormous overexpansion of space in this country, taking it as a whole on the normal basis of growth. I would not like to pass on that, but I feel personally that the situation is more characterized by weakness in financing than by actual overprovision of space, although, of course, it can not be denied that there has been a great deal of overbuilding in certain areas. However, it must be remembered that space for housing or offices or any purpose is not liquid and movable. You may have overbuilding in the suburbs of Chicago, you may have overbuilding in certain areas of New York, and you may have it in the Twin Cities, down in the South or in the West, and then there may be still a demand for space in other areas. Even now in the suburbs of the larger cities generally throughout the country there is some building going on, and that is due to the fact that people more and more are moving from the town to the suburbs with the good roads and with the automobile and bus transportation.

I believe that the prompt liquidation of the unsound financing in the real estate field is most important, because as long as mortgages are being foreclosed on properties which have been unsoundly financed, as long as soundly owned or operated properties are suffering from the competition of bankrupt properties, it is detrimental and confidence destroying. That is going on, but it is somewhat slow and in some States the laws make it necessarily slow, but the real estate situation is one of the big situations in the country. The building and loan associations, which serve a very useful purpose where they are well managed, are suffering from the depression and demoralization in values, which, I will not say in every case but I believe in many cases, has gone to an extreme.

This building activity, as I suggested, is one of the most fundamental factors in the situation and the very extensive decline has affected the employment of labor, commodity prices, consuming power, and the volume of goods transported on the railroads, so that it is, as far as this country is concerned, I believe, the most important single economic factor of an unfavorable character.

Of course, foreign conditions are a major factor. Without going into them at this time, because they are large and complicated, with many ramifications, and without undertaking to analyze them for you gentlemen, because I am sure you will all have your own views and thoughts on the subject, I think we have to recognize that the political and financial situation in Europe is a fundamentally important factor, entirely apart from the question of the investments or bank loans that this country has made there and the relationship of debts or reparations. We have in Europe a disturbed financial situation, a disturbed political situation, and particularly, from the point of view of the consideration of this bill, we have disturbed exchanges which materially interfere with the marketing of our agricultural, mineral, and commercial products.

I believe that in many situations experience will prove that under careful and sound administration results will come more from a moderate amount of lending and the strong support that a corporation organized along these lines can give than from the actual loans made, although they should be made in sufficient quantity, and they may be necessary in a very considerable quantity. The ability to support the weaker situations will, I believe, do more than anything else to encourage and enable the stronger institutions to function in a normal manner.

If I may at this point, I should like to go over some of the details of the bill as written. The capitalization of the proposed corporation and the authorization to borrow is the same as it was in the War Finance Corporation under the 1921 amendment—five hundred million capital and authority to borrow a billion and a half.

The board of directors will consist of three ex officio members and two others to be nominated by the President by and with the advice and consent of the Senate. It seems to me that perhaps there ought to be four to be nominated by the President and confirmed by the Senate, and possibly it might be well to consider the advisability, in view of the fact that the Secretary of the Treasury is already an ex officio member of so many boards, of inserting some general provision which would permit the Under Secretary to serve in lieu of the Secretary. I mean he might be an alternate,

or in some other way substituted for the Secretary. I think it would be better to include the Under Secretary, because Mr. Mills is not an ex officio member of several boards like Mr. Mellon.

Now, then, leaving a great deal of authority and judgment to the directors the bill authorizes the corporation "to make loans, upon such terms and conditions as it may determine, to any bank, banker, savings bank, trust company, clearing house, or other association of banking institutions, building and loan association, insurance company, or other financial institution in the United States." You will note that clearing houses or other associations of banking institutions are included. In connection with the National Credit Corporation, as you know, local associations of banks have been formed, and such associations might serve as a type. Somewhat similar associations, you may recall, were provided for by the Aldrich-Vreeland bill. Whether or not they will be used under this bill I do not know.

Mr. LUCE. May I ask if Mr. Meyer would like to have questions asked of him as we go along?

Mr. MEYER. I think that before you came in it was agreed that I might go along without questions, although I enjoy being questioned by you, Mr. LUCE.

The CHAIRMAN. The chairman made that announcement, Mr. LUCE, before you came in.

Mr. MEYER. All loans must be fully and adequately secured in such manner as the corporation shall require, and they will be made at such interest or discount rates as the corporation may approve. It is hard to anticipate what particular situations such a corporation, if authorized by you gentlemen, would have to meet, and I rather think these provisions with reference to security and interest or discount rates, and the reliance on sound administration rather than on restrictions in the law, are, as a matter of policy, justified by the exceptional conditions with which we are confronted. I think the whole bill is written with the view of attacking the problem in a big way, with very broad powers and large resources. In that respect I can heartily support the bill. You as a committee may undertake to work out some amendments that could not be earlier anticipated and that might be helpful in some respect. The bill as written places an extraordinary amount of authority and responsibility on the board of directors, and rightly so I think, because the main reliance, it seems to me, must be upon administration, which is synchronous with the accomplishment of the greatest result for the benefit of the people, and the saving of the Government from ultimate loss.

Now, then, the period during which the corporation will be authorized to lend is one year, with authority in the President to extend the period for any part of an additional year, making a maximum of two years. I think that is wise. It is hoped that one year will be enough, but some leeway is desirable in case of need. The loans of the corporation may be made for periods not exceeding three years, with authority to grant additional time up to a total of five years from the dates on which the loans are originally made. I think that loans on so-called slow or frozen assets, or any other kind of assets, for periods up to three years will be ample, but if not the authority to extend ought to cover the requirements.

The railroads are specifically mentioned, and I think that has to be considered from this point of view: To-day the buying power of the railroads is hampered by their financial condition, and the railroads, perhaps next to the construction industries, represent the most important single buying power in the country. If they could be put on a better basis financially, and their buying power restored, it would probably be very helpful in restoring business. But entirely apart from that, we recognize the fact that the railroads to-day are owned by the people of the country to an extraordinary degree. Railroad bonds, which are held by trustee institutions all over the country rather than by individuals, or certainly to a greater extent than by individuals, are a matter of important interest to the holders of life-insurance policies, depositors in savings banks and, in fact, depositors in all banks, and many others.

That is a matter, gentlemen, for you to consider; and it would seem that the interest of the people of the country as a whole in the soundness of railroad bonds is very considerable.

The capital of the corporation will be $500,000,000, provided by the Treasury as and when needed. The corporation is authorized to issue its notes, debentures, bonds, or other such obligations having maturities not in excess of five years, and also to sell short-term obligations on a discount basis. These securities will be exempt from all kinds of taxation, as is the case with respect to farm-loan bonds and debentures of intermediate credit banks.

The Treasury is made liable for the obligations of the corporation if they can not be met when due out of the corporation's funds. That provision is, of course, very important from the point of view of marketability of the corporation's obligations in the first place; and, in the second place, it will add to the assurance that the corporation will be able to command the funds which it is authorized to borrow.

Under the bill as drawn the Federal reserve banks would have the same powers to discount notes, drafts, and bills of exchange secured by the obligations of the corporation; to make advances to member banks on their notes secured by such obligations; to use all such paper so acquired; and to purchase and sell such obligations as they have with respect to bonds and notes of the United States. That provision, of course, recognizes the fact that under the bill the corporation's obligations are ultimately Government obligations, and makes them eligible, so far as the Federal reserve system is concerned, in the same way and to the same extent that Government bonds are eligible. The matter is one that will, no doubt, be discussed a great deal and should be carefully considered.

It is only fair to say in this connection that this whole question of eligibility has been under discussion in recent months, and many who are sincerely interested in the welfare and protection of the Federal reserve system feel that it would be undesirable to make these securities eligible; but it is to be noted that the bill provides that the rate on discounts for, or loans to, member banks secured by the corporation's obligations shall be 1 per cent above the discount rate for 90-day commercial paper. In other words, a penalty rate is prescribed which would, I believe, tend very strongly, if not quite effectively, to restrict the amount of paper secured by the corporation's obligations that will be presented to the Federal reserve banks. However, the question is one that I would not want to undertake at this time, in this first discussion of the measure, to explore with you gentlemen in all of its ramifications. I merely wish to direct attention to the matter for your consideration and for further discussion with me later on if you desire.

There is a provision in the bill which amends section 5202 of the Revised Statutes and excepts borrowings of national banks from the corporation from the limitations imposed by that section upon the liabilities that may be incurred by national banks. Then the Federal reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the corporation, and pertinent reports and records of various agencies of the Government are to be made available to the corporation in confidence, under such conditions as they may prescribe. The agencies referred to also are authorized, through their examiners, to make examinations, for the confidential use of the corporation, of institutions with which the corporation has, or contemplates having, transactions under the bill.

The moneys of the corporation not otherwise employed may be deposited with the Treasury or may be used in the purchase or redemption of the corporation's obligations; and the corporation is required to act as depositary of public moneys, except receipts from customs, and may be employed as a financial agent of the Government. This is done to remove any doubt as to the constitutionality of the act. The obligations of the corporation will be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which is under the authority or control of the Government or its officers.

Broad penalty provisions are included in the bill, and the procedure by which liquidation will be accomplished after the corporation's lending activities are terminated is prescribed.

Now, as I have stated heretofore, the resources are very large and the authority is very broad. This bill, if passed, will have an important effect, I think, by virtue of its large resources and breadth of powers, even before any loans are made. I think at this particular time the knowledge of the existence of such a corporation, with flexible powers and large sums at its disposal, would do more to reassure people who are in fear as to what might happen than any other one thing. A great many steps, many of them very useful and constructive, have been taken in the last two years and previously, but the conditions at the present time are, in my opinion, such as to justify the Congress in creating, for a temporary period and for an exceptional purpose, an institution of this strength and power.

There must be flexibility in the institution because conditions fluctuate greatly, and while we may, and very properly should, at the proper time carefully examine the mistakes that have been made in banking and business and in our foreign investments during the past five years, and seek to prevent a recurrence of them, I think the essential thing in considering this bill is to recognize that we have a condition confronting us and determine what we can do about it now in the interest of the people of the country as a whole. I hope that that will be the attitude of the committee and of the Congress. I think it is the right attitude in approaching the consideration of such a measure. There are other bills that also attempt to deal with the situation in a large way, but I have not had opportunity to read all of them. There may be good suggestions in some of them. There may be better provisions in some of them, but I believe this bill is entitled to the most serious consideration and to the support of Congress on the very broad basis that it proposes to create a temporary and an exceptional governmental organization to meet, so far as it is possible to do so here at home, what certainly we hope will be a temporary and emergency financial and economic situation.

I think, gentlemen, that I have given you an outline of my thoughts which prompt me to support this measure. I believe the ability of the banks of the country, member and nonmember, to serve the agricultural, industrial, and commercial interests will be greatly strengthened and enhanced by a measure of this character. While the bill authorizes the corporation to make loans to financial institutions and the railroads, the real aim, and I believe the real result, will be the benefits that will be made available, through these agencies, to the people in all parts of the country. The situation is not, as it was in 1921, concentrated peculiarly in the agricultural districts. It is a general situation. It exists in the town as well as the country, and only a measure drawn on a very broad basis will meet the situation effectively on an adequate scale. There may be certain details wherein this bill can be improved; there may be things to be changed, left out or added, but a general proposition of this kind I feel I can properly support and commend to your very favorable consideration.

Mr. GOLDSBOROUGH. Are you now ready to answer questions?

Mr. MEYER. Yes, sir.

Mr. GOLDSBOROUGH. Governor Meyer, I am very much in sympathy with the general purposes of this bill. In my concept of the situation it is necessary to do something which will produce an inflation—that is, to raise in general the price level—and my conception of it is that only in that way can the frozen assets of the country become liquid. Have you anything you can say as to the effect of this bill on creating an inflation in the price level—in other words, a raising of the price level?

Mr. MEYER. I believe the work of the War Finance Corporation had a very material effect on the price level. We are getting now into a very controversial field, Mr. Congressman, and the subject of the price level is one that I could talk about, not for the remaining half hour that is available, but for several days and nights without interruption. You are interested in the subject and you are, no doubt, familiar with what they call the monetary theory. The monetary theory is supported by many well-known writers and economists. The way to attack the situation at this time, it seems to me, is to direct through this agency a flow of credit to the weak spots and to affect the price level by a general strengthening of these spots and of the entire structure.

There is quality to credit as well as quantity, and the quality of this credit is designed, as I read the bill, to be particularly valuable because of the direction that will be given to it. It is quality in addition to quantity.

There is an exaggerated notion about the ability of the Federal reserve banks to control the volume of credit in use in various businesses. There are times when they can do a great deal, and, of course, the facilities of the Federal reserve banks are freely available for borrowings by member banks, within the limits prescribed in the law, at what must be considered very reasonable rates, 3½ per cent for the most part. They buy bills at 3 per cent. They hold as many Government securities as they have ever held in their history, and they have held them for a longer time than they ever held them in their history.

While foreign countries have substantial deposits in this country, the amounts are not nearly as large as they were. Even before the gold exports, following the suspension of the gold standard by England in September, liquidated some of them, the balances had been withdrawn to some extent; in fact, they were reduced by several hundred million during the spring and early summer. You are, of course, familiar with the fact that as a consequence of bank failures and the fear that developed in some parts of the country, there has been a good deal of currency withdrawn from circulation.

Mr. GOLDSBOROUGH. Do you feel you are in position to express an opinion as to whether the effect of this bill will be to raise the price level? Do you believe that will be the effect of this resolution?

Mr. MEYER. Mr. Congressman, I have not made any predictions since I assumed my present position. I would prefer not to predict. I would be hopeful, however, that a better state of affairs in the financial structure would result from the operations of the corporation, and that, of course, should be helpful in connection with the price level. Of course, the present prices of many of our commodities and of other kinds of properties are ridiculous.

Mr. GOLDSBOROUGH. Now, may I ask this one further question: Do you not believe that unless the effect of this proposed legislation will be to raise the price level that it will be largely ineffective and almost entirely ineffective?

Mr. MEYER. The question whether this would raise the price level or do the things generally——

Mr. GOLDSBOROUGH. That is the same thing.

Mr. MEYER. Yes; I would expect the price level of commodities, properties, and goods generally to advance under a better ordered condition.

The CHAIRMAN. Have you finished your general statement?

Mr. BEEDY. The question was whether this would not be altogether and wholly ineffective if it did not result in raising the price level.

Mr. MEYER. This does not pretend to be the only factor in the world. Price levels are affected by many conditions, over some of which we have no control.

Mr. GOLDSBOROUGH. We are going to be confronted on the floor of the House with that specific inquiry, and unless we can answer it with some degree of clarity——

Mr. MEYER. I would say it should contribute strongly in that direction, but we have a general situation, with a great many ramifications, and I will not say that it will alone increase price levels. Price levels would be affected by many other considerations, Mr. Congressman.

Mr. GOLDSBOROUGH. Of course.

Mr. MEYER. I will not say that, if this bill is passed, the price level is going to advance because other things may be done by other people, at home or abroad, which may very materially offset the effect of anything that is done under the bill.

Mr. GOLDSBOROUGH. My question was not based on the theory this bill was propounded as a cure-all at all.

Mr. MEYER. Yes. I do not want to get into the position of pretending it is or that I think it is.

Mr. GOLDSBOROUGH. Nobody would so consider it. What I am anxious to know is whether or not, in your judgment, unless this bill crystallizes in legislation which contributes toward the raising of the price level, would it not be entirely ineffective?

Mr. MEYER. You put it a little differently than I like to. I say if this bill is passed and is successfully and intelligently administered it should result in an improvement in conditions on such a scale that the price level should reflect that improvement.

Mr. GOLDSBOROUGH. That is all.

Mr. MEYER. I will go as far as that with you.

The CHAIRMAN. Have you finished your general statement?

Mr. MEYER. Yes; Mr. Chairman.

The CHAIRMAN. The purpose of the meeting this morning was to permit you to make a general statement. You have consumed the time of the morning. Under the plan agreed to by the committee yesterday, we have now finished with the morning work. We will, of course, expect to have you before us again in order that we may discuss this matter with you further.

Mr. LUCE. May I inquire if I can ask him some questions?

The CHAIRMAN. I will say this; he is coming back, and, under the procedure we agreed on, we were going to let him make his statement uninterruptedly. The House meets in a few minutes. They are going to discuss plans for the remaining days of the preholiday sessions, and I think the members would like to be there. In the mean time, the photographers want to take a picture of the new committee.

(Thereupon at 11.50 a. m. the committee adjourned.)

FEDERAL ADMINISTRATION OF THE GOVERNMENT

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing the speech of the Secretary of War recently delivered at the New York Chamber of Commerce.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address of Hon. Patrick J. Hurley, Secretary of War, delivered at the one hundred and sixty-third annual banquet of the Chamber of Commerce of the State of New York:

Mr. President, Sir Henry, members of the chamber of commerce, I am delighted to be here on this occasion, and while I still have your good will, while I still have courtesy upon my lips and gratitude in my heart I would like to thank this organization and your president for your splendid hospitality.

This afternoon coming down on the train I read my speech to my better nine-tenths. When I finished she said, "It is really too bad that you could not have gone to night school one more night to learn to read." [Laughter.]

Because of my general incapacity along that line, I will take advantage of this opportunity, as my friend Senator COPELAND does frequently, to extend my remarks in the record [handing speech to the stenographer]. [Laughter.]

That document, your grace [turning to Bishop Manning, bishop of the Episcopal Cathedral of St. John the Divine], contains the gospel according to—St. Patrick. [Laughter and applause.]

I was moved by the splendid tribute paid by Sir Henry to the celestial forms in the gallery. I believe that a man's success in life depends upon his capacity to take advice. In fact, the good book saith, "Ye shall know the truth and the truth shall make ye whole."

Now, along that line, I had a mother and three sisters. I now have a wife, three daughters, and a mother-in-law. [Applause.] If I don't know the truth, I alone am to blame.

I hardly know how to begin this address. I was asked to inform this gathering what the Federal administration of the Government has done during the past two years and is doing now to assist labor, commerce, and industry during this period when the whole world is involved in a depression.

Due to many causes, some of them of our own making, most of them of foreign origin, we have been passing through a period of financial unrest which challenges the stability of our whole economic structure and the strength of our political institutions. These times call for individual responsibility, public leadership, and the cooperation of all the American people. No one party, no single faction, no one patriotic organization has the power in its own hands to put our economic house in order. The depression is gradually giving way. It can be entirely overcome only by the united action and the unfaltering courage of all the people under wise leadership. Many who were shouting for leadership in high places seem to forget that a little leadership in their own organizations might have greatly contributed to the welfare of their own establishment and the general situation. [Applause.] Those who shouted most loudly for leadership usually showed the least of that quality themselves, and even worse than their lack of leadership was their failure to cooperate.

America has passed through 15 depressions in the past century. Some of them have been extremely severe. In all of them there has been intense human suffering, widespread bankruptcy, and total dislocation of industry, from which it took years to recover. During all our past history it has never been considered the duty of the Chief Executive of our Government to undertake the direction of the Nation's commerce, banking, and industry; to provide funds for the care of the unemployed; to lead in the mitigation of the effect of the depression or to mobilize the economic forces of the Nation for its recovery. All of these things have been done and are now being done by the Chief Magistrate of this Nation. [Applause.]

We should bear in mind that this depression has arisen only in small degree from domestic causes. It has resulted in large measure from influences which have swept over us from abroad. It is a direct inheritance from the Great War. If there had been no World War, there would have been no world-wide depression.

Since the first signs of the depression the President of the United States has courageously and intelligently faced each emergency and has taken logical steps to mitigate its effects. The President has met each emergency by emergency action in strengthening the fabric of our economic system at points of weakness, in building up and maintaining the confidence, hope, and courage of the people.

The first result of the depression was unemployment. Provision had immediately to be made for the unemployed. The first action of the President was to assemble the national leaders of industry and labor. By agreement with both of them he prevented industrial strife and warfare, which have been the universal accompaniment of all our previous depressions. We have been practically free from acrimonious controversies between the employer and employed during the past two years. Employers have been induced to divide the work they have available among all their employees. In all previous depressions the employees have been discharged and turned out of the community without resource and without hope. In this depression, where they are turned out, each community has been mobilized to feed and clothe them while they are unemployed. As a result no one went hungry or cold during the past winter. Of course, there are objectors. There are those who would have done it otherwise. But there is now in progress everywhere in the Nation, under the direction of the President's committee (here in the city of New York you know all about it), a drive for funds that is proving successful and will unquestionably insure against hunger and cold in the coming winter.

Having accomplished the agreement between the employer and employed, the President at once touched the one point at which employment could be expanded. That was by anticipating the future in public and private construction. It would not have helped the situation to accelerate the production of consumable goods. We already had an overproduction. Through the acceleration of Federal construction—the improvement of rivers and harbors, construction of public buildings and public roads—more than 750,000 people have been directly and indirectly employed. The President called upon the municipalities, State, and private enterprises, to join in this program. The result is that during the so-called period of depression the greatest public improvement program in our history is in progress.

The President immediately stopped immigration by Executive order, thereby excluding at least 300,000 people who would have increased our unemployed to that extent.

Working with the leaders of both parties, mobilizing executives and public-spirited citizens in all walks of life, marshaling the forces of public opinion, he has unified the country in its determined effort to prevent, and where that is impossible to mitigate, the ravages of deflation. At the very time when the fiscal system of a great Nation was being destroyed by a system of doles there was a persistent demand that the dole system be adopted to provide for the unemployed in the United States. The President of the United States with great courage and brilliant leadership attacked that idea with such vigor that he completely defeated it. The dole system, in my opinion, would have been adopted if it had not been for the efforts of the President of the United States. [Applause.] Instead of the dole system he called upon every community to cooperate through individual enterprise to care for its own unemployed. Through these efforts he has saved many of the most precious assets of the American people. The sense of individual and community responsibility has been awakened and made effective. A majority of the wage levels have been maintained. The cost of living has diminished. It is true that many people are unemployed; that many more do not have a full week's work. But the President has never ceased to strive to maintain both the standard of wages and the standard of living.

AGRICULTURE

Agriculture was next to labor in suffering the first effects of the depression. Agriculture is dependent, to some extent, on foreign markets. This depression has been far more acute abroad than at home. Our export trade in farm products fell immediately. The result was that the surplus was left in the United States. In addition to that blow to exports there came a great drought that almost completely destroyed the livelihood of the farmers in 21 States of this Nation. The President immediately suggested a form of loans to the drought-stricken farmers that enabled them to again plant crops, with the result that they have recovered. A great portion of these loans have been and are now being repaid. The effect on the American farmer would have been complete disaster but for the emergency actions by the Federal Government. You hear opposition to the Farm Board's policy in steadying the price of agricultural products. Yet this has saved the farmer billions of dollars and prevented the failure of thousands of banks dependent on agriculture for their stability. The recent rise in the price of wheat is due in large measure to the success of the President's efforts in reestablishing confidence in some of the Governments of Europe, and also to the fact that the Farm Board has been able, through its cooperative agencies, to withhold a large portion of the surplus from the world's market until consumption increases.

At the President's suggestion, banks in the South were mobilized to join the Farm Board in a plan for the more orderly handling of the cotton surplus. This action has already resulted in great benefits to the cotton growers.

FINANCES OF THE GOVERNMENT

The President is now confronted by a serious fiscal situation of the Government itself. There has been a decrease of approximately 40 per cent in tax receipts. The tax system of the Federal Government is largely based on profits. That is a serious weakness in the stability of the finances of the Government in periods of stress and depression. Notwithstanding this great decrease in income, the Government has greatly expanded Federal expenditures on public works as an aid to employment.

The present deficit in the Treasury was not created by the expansion in public works alone. Measures vetoed by the President and passed over his veto by Congress contributed their share. There will be more attempted raids on the Treasury. The President is opposing these raids with clear-minded determination. The only way to meet the present deficit is to reduce appropriations and expenditures of the Government and to evolve a more equitable and reliable basis of taxation. As your president, Mr. Smull, has told you, most anyone can suggest a plan for taking money out of the Treasury but no one has suggested a plan for putting more money in the Treasury except by taxes. Now, you gentlemen talking about raids on the United States Treasury and increasing of taxes—you will forgive me if I say to you that while the President had his back to the wall, fighting that thing, you did not make a very vociferous noise in his favor. [Applause.]

From all parts of the country we hear of impending raids on the Federal Treasury. Fantastic dreamers urge expenditures on the Government bureaus, increase of Government employees, expansion of Federal aid, all of which are designed to increase Government expenditures. Proposals of this character involving billions will be presented to the coming Congress. The duty to defeat them will devolve upon the President. The condition of the Treasury is rather serious. The President is curtailing appropriations. Mr. Smull has just now told you that these curtailments are infinitesimal so far as the general amount of the appropriations are concerned. And that is largely true. But there are only two ways to balance that Federal Budget. One is by a curtailment of Federal appropriations and the other is by the increase of taxation. I realize that it is a very pleasant thing both to a public official and his constituents to be able to spend Federal money and thereby obtain public favor. But there is something higher and nobler that can come to a public official, and that is his sense of duty honorably performed and efficiently and intelligently carried into effect regardless of the effect it has upon his own political future. [Applause.] The highest satisfaction that can come to a conscientious public official is the sense of having intelligently, courageously, and faithfully performed a public duty.

In my own opinion our system of taxation on incomes is unsound, because in periods of depression, when the Government most needs funds, its revenue is decreased. In periods of affluence it collects more money than is necessary. There must be a reformation of our system of taxation. There will have to be more taxes, gentlemen, before that Federal Budget is balanced.

The business conditions of every nation of the world has followed the credit of the nation itself, and the President does not propose to have the credit of this Republic impaired.

I was told this afternoon that if the President of the United States proposes revision or increase of taxes during the next session it will mean his defeat for reelection. I want to say to you now, my friends, that my answer to that is that the President is far more concerned in the welfare of this Republic and its 123,000,000 inhabitants than he is in his own political future. [Prolonged applause.]

We should all understand that the Government can not by itself overcome the depression. It may lead and assist but the depression can be overcome only by the efforts and courage of all the people. The people will have to have courage. They will have to fight back to normal. The success of the United States represents the sum total of the achievements of individuals that compose its citizenship. [Applause.]

We are sometimes prone to forget that government is not an end in itself; but a means to a richer and more secure life for individuals. The government is merely that system of ordered social arrangement which releases the energy and the genius of the people for living, building, working, and growing; for invention and discovery, for the development of the mind and the enlargement of the spirit. Our Government was established to serve free men and to protect them in their individual rights, to promote education, to overcome intolerance and crime, to eliminate as far as is humanly possible material poverty, to maintain equality of opportunity, and to provide for a just distribution of the Nation's wealth. They began on this coast, struggling colonies. They builded a government. They followed out the great river valleys cutting their way through the forest, across the deserts, over the Rockies, down the slopes to the Pacific. Under that system of individual enterprise and individual courage they carved out and conquered a new continent.

There are those who say that our economic system is obsolete, that it should be discarded. It has served in the last 150 years to build the mightiest economic community on earth. It is as vital to-day as it was when our forefathers started across this continent. It is true that it is not perfect. There is nothing human that is perfect. But on that system for 150 years the Nation has grown and prospered. The problem has been to preserve it, not by theorizing, not by panaceas, but by meeting emergencies as emergencies.

There are weaknesses in our economic system. The system has been improved from time to time by the sober thought and will

of the American people. The system is worth saving. The President has sought to prevent its destruction in time of stress.

One of the weaknesses of the system is the overconcentration of wealth in the hands of a few individuals. The preponderance of the Nation's wealth is, of course, still in the hands of the people whose income is $4,000 per annum or less. Notwithstanding all this, we have concentrations of wealth and continuances of great estates that to some extent weaken our economic structure.

We have yet to devise a plan that will provide for a more equitable distribution of the Nation's wealth; but in dealing with it we should be careful not to destroy the initiative of the American people, not to dampen the hopes and aspirations of the individual. We should bear in mind that the success of the United States is the sum total of the achievements of its individual citizens. Changes may be necessary, but is the time to make them during a period of stress where you are likely to destroy the foundation of the whole system? The changes should be made only after the sober thought and the well-considered expression of the will of the American people. In making changes we should remember that we are great because of the individual achievements of our citizens, and no change in our economic system should be made that will destroy the hope or the aspirations of the individual.

Some opponents of the administration have said that the measures proposed by the White House are all emergency measures. That is true. The depression itself is an emergency. The President has sought to meet it as an emergency, rather than by sacrificing in times of stress the fundamental principles of the American system of economics and the American Government.

We are about to have another Congress. Chimerical as it may seem, there will be proposals presented to draw billions of dollars from an already depleted Treasury. The President will stand with all the force of his personality and office against these raids [applause], and in his position he will not have partisan support alone; intelligent Democrats and Republicans from all over this Nation will support him in the defense of stability of the Nation. Appropriations will have to be reduced.

Then we hear the argument, "Are you going to stop all this Federal construction at a period when employment is so needed?" The appropriations for 1931–32 for that construction program have already been made. The fight now is to curtail appropriations for 1933. Our hope of revival may be chimerical or real, but at any rate we should wait to see what business does in 1932 before we organize a spending spree of Federal funds for 1933. [Applause.]

Now, like Sir Henry said about this prophesy business, I have never known of any of these modern prophets who guessed what was really going to happen. The only thing certain about a modern prophecy is that it is not correct. On the depression a friend of mine from down the Kiamiche country in Oklahoma expressed about the condition of the minds of all of us. We were having a helpful general talk and he said, "Pat, we haven't overcome this depression as quickly as I thought we would, but I didn't think we would." [Laughter.]

You know, there are so many people who actually believe what they are saying. I think it was Josh Billings—or was it Bill Nye or Will Rogers—who said, "It isn't what people don't know that makes them ignorant; it is what they do know that ain't true."

I should not have started out on that line just now, because we have in this room a great executive, a great counselor, an outstanding character of this Nation, a man who, in addition to his business capacity and his leadership and wisdom, has made history on the battlefields of France as a combat officer. This is just to show you what men think they know. The other night I went to a picture show and I saw General Harbord [applause], that unparalleled leader, that splendid soldier, who led the Marines and the Second Division to victory after victory in France. I saw with him on the screen my old friend Floyd Gibbons, and they took the First and Second Divisions up to a spot on the Soissons-Chateau Thierry Road, and Floyd said, "I want to show this audience the turning of the tide in the World War." In other words, in a polite way Floyd was saying, "I want to tell you now who won the war." He went out to General Harbord's place out here on Long Island somewhere and the General very modestly said, "Well, Floyd, you were with the First and I was with the Second, but you know there was some of the other boys present when this thing was done, but I will show you how the First and Second Divisions crossed the Soissons-Chateau Thierry Road." He took his cane and marked in the sand and Floyd then threw on the screen a picture of the Crown Prince's army as it came forward to the attack, and he took General Harbord's Division and General Summerall's Division and he showed that mighty thrust with the American force and the spreading out and the crossing of the road, the tieing in on the hill above Soissons, and the gaining of a brilliant victory. He showed a graphic picture of the driving of the spearhead into the base of the Soissons-Rheims salient. Floyd said, "There, my good friends, is the turning point of the war. There is where the Allies won;" and three of us from the Third Division got up and walked out of the house. [Laughter.] Floyd thought he was telling the truth. He just didn't know who really won the war. [Laughter.] Who does?

I have been speaking about domestic conditions, and you know, again, I remind myself of a story of the war. I have been jumping from place to place trying to paint the picture for you. I am reminded of the captain who had a colored company, and he sent Sam out on listening post and gave him his instructions. He said, "Sam, if the Germans come you fire a shot or shots to give us the alarm and come back to this trench as fast as you can. Don't run in a straight line, run zigzag. They can hit you more easily running in a straight line than if you run zigzag." Sure enough, the Germans came. Sam shot and ran. He rolled over in the trench, and groaned, and the captain said, "What is the matter, Sam? Did they hit you?" Sam said, "Lord's sake, Captain, they just shot me all to pieces." The captain said, "Well, did you run zigzag as I told you to?" Sam said, "Yes, sir, Captain, I most certainly did, but I must have zigged when I should have zagged, zagged when I should have zigged." [Laughter.]

INTERNATIONAL AFFAIRS

We come now, my friends, to international affairs. I have said that the whole world is involved in this economic debacle. Its origin lies in the World War—political instability, tremendous debts, wasteful expenditures on armaments, and a thousand other causes outside of the control of the United States Government. Whatever the causes may have been, they have been sufficient to bring many countries to political revolution and nearly all of them to economic instability. It has brought some of the greatest nations of the world to the very threshold of social and economic destruction.

To help in the international situation, the President brought about an international debt moratorium. He directed a plan that saved the economic structure of more than one nation in Europe. He intervened in European matters, not only in the interests of the world and humanity at large, but for the benefit of some of those at home who objected to his action. May I point out that his intervention was also for the selfish interest of the United States. No great nation of the world can collapse without bringing its repercussions of more unemployment, more hardship on the farmers, and more bankruptcy of business in the United States. Someone has said that we are becoming entangled in Europe. It is true that the President of the United States suggested a debt moratorium to save the economic structure of certain of the nations in Europe. [Applause.]

It is true that he provided a plan of credit that has sustained others, but this administration has made not one political commitment to Europe and will make none. [Applause.]

We are entangled in the economic welfare of Europe to the extent that the prices of wheat and cotton and the employment of our citizens at home and the stability of our banks depend to some measure on the reestablishment of confidence and the economic stability of Europe.

May I call attention to another accomplishment of these last few years that has been little noticed in these times of difficulty and personal distress. That is the steady rise of the United States in the esteem and respect and good will of the entire world. No man could read the press of the foreign countries or even the journals of our own Nation a few years ago without recognizing the almost universal criticism of the United States. Immediately upon his entry into office the President directed our policies toward Latin America, so as to allay their alarms and fears and restore the confidence of those people in the good intentions and the friendliness of the United States. In this he has succeeded.

He brought about the London naval treaty, designed to stop competition in arms and allay the suspicion of nations.

He settled the debt question with France and removed the friction between us and one of our greatest neighbors.

He intervened to save Germany from catastrophe.

In all of this he has not made to any nation a single political commitment. He has reestablished the prestige of the United States abroad. The leaders of the South American Republics, the President of Mexico, the Prime Ministers of Great Britain and of France, and at present the representative of the Italian Government, have all made their way to the White House to seek the views and counsel of the President. These visits have not been made for the purpose of military honors or political agreements. They have been made for the purpose of seeking an understanding for common action in the maintenance of peace and the reestablishment of the economic stability of the world.

I mention these international matters to indicate to you that all the world over the leadership of the United States is recognized as the most powerful for the promotion of peace and good will and in pointing the way to economic stability and happiness. All of this must be a background to the future welfare and prosperity of our workmen, our farmers, our captains of industry, and leaders of commerce.

BANKING

The business of the world is dependent for its livelihood on a reasonable flow of credit. As a reflection of the shocks received from Europe, of panics, monetary dislocations and unreasoning withdrawals from American banks, a most serious fiscal situation was created. Every banker, to protect his own institution, necessarily began to curtail loans, to require payments, and this caused further stagnation of every form of business.

The President again led the way by mobilization of banks in the United States in a common credit pool of $500,000,000. Someone has said that while President Hoover is attending to the finances of Europe he might direct his attention at home. In reply may I say that the President of the United States went personally to the bankers of this Nation and succeeded in creating the pool of $500,000,000 to release the slow assets, to release the flow of credit, to restore confidence, to stop runs upon the banks and to give a market for the legitimate securities of banks who are in distress.

This pool is not a Government institution. It was formed by the joint action of the banks. Its purpose is to protect sound institutions from runs and to reopen many banks which have been closed because of inability to borrow on their legitimate assets. The success of this enterprise has tended to return confidence to the banks and to encourage the legitimate flow of credit. There has not been in the history of this Republic a more successful operation than the President's pooling of credits.

Let us again consider this talk about political entanglement with Europe. If the opponents of the administration would criticize intelligently, they would say that we became entangled with Europe about 15 years ago; that the purpose of the present President of the United States has been to disentangle us. His first step in that direction was the settling of the French debt to remove a controversy between us and one of our greatest neighbors and friends. That debt successfully settled, we have moved on in harmony with the nations of Europe to try to disentangle us from the entanglements into which we were thrown by a great catastrophe. You say, what has all this got to do with the depression in the United States? I have answered that already. The fact is that if we are going to prosper, if we are going to have a market for our surpluses, if we are going to have trade with the world to support our great industrial development, we must live on terms of peace and amity with all mankind. There is no intention on the part of anyone in the administration to procure any political entanglements any place. The President has had all this in mind when he suggested aid to nations of Europe; when he provided a smoother flow of credit; when he established a basis of confidence.

All of these things mean that to-day the Federal Government of the United States has at its head a man who is familiar with the intricacies of national and international economics. He has the patience of Job, the determination of Napoleon, and proceeds fearlessly and quietly to carry on in such a way as to protect our fundamental institutions; to keep all those theorists with all their panaceas from impairing the foundations of our institutions—to bring about peace, goodwill, economic stability among the nations of the earth and restore to our own citizens that happiness and well-being to which they are entitled. [Prolonged applause.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. SCHNEIDER, at the request of Mr. FREAR, indefinitely, on account of death in family.

Mr. MALONEY, indefinitely, on account of important official business.

Mr. FERNANDEZ, from December 19, 1931, indefinitely, on account of important official business.

Mr. CELLER, indefinitely, on account of illness.

Mr. LANHAM, for three days, on account of sickness in family.

JOSÉ RIZAL, FILIPINO PATRIOT

Mr. OSIAS. Mr. Speaker, I ask unanimous consent for the extension of my remarks by inserting in the RECORD two addresses delivered to commemorate the anniversary of the death of José Razal, the greatest Filipino patriot and martyr.

The SPEAKER. Is there objection to the request of the gentleman from the Philippines?

There was no objection.

Mr. OSIAS. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following addresses commemorative of the thirty-fifth anniversary of the death of the greatest Filipino patriot, José Rizal:

REGAINING OUR EDEN LOST

[An address by Hon. CAMILO OSIAS delivered at the exercises in commemoration of the thirty-fifth anniversary of the death of José Rizal, the Filipino reformer and martyr, held in Philadelphia, Pa., December 30, 1931]

There is genuine timeliness at this particular stage of American-Filipino relationship that I, as a representative of the Filipinos' emancipatory struggles in the United States, should speak in this city of brotherly love, renowned as the cradle of American independence, the birthplace of this great Republic.

To the Filipino people December 30 is more than a national holiday. It has become an annual holy day. It is commemorative of the tragic event that took place at the Bagumbayan field in Manila 35 years ago, when on a beautiful morn, calm and bright, "the bridal of the earth and sky," the cruel hand of tyranny snatched from our midst the greatest Filipino patriot, José Rizal, one of the world's martyrs to the sacred cause of liberty.

One of the best loved figures of modern American politics, Henry Allen Cooper, of Wisconsin, in 1902 rising in defense of the Filipinos when the denunciations in Congress against my people were extraordinarily virulent and vitriolic, paid a tribute to the martyred Filipino. He said:

"It has been said that if American institutions had done nothing else than furnish to the world the character of George Washington, that alone would entitle them to the respect of mankind. So, sir, I say to all those that denounce the Filipinos indiscriminately * * * that this despised race proved itself entitled to their respect and the respect of mankind when it furnished to the world the character of José Rizal."

Who was Rizal to whom we pay homage? He was one of a family of 11 children born in Calamba, Laguna, on June 19, 1861. He learned to read when but a babe, taught by a talented mother, Doña Teodora. Underdeveloped in infancy, he became a robust boy through the influence of his Uncle Manuel, who instilled in him a love of play and exercise and of the great outdoors. Under a private tutor he acquired much youthful knowledge and a passion for education. In the Manila schools and colleges to which he was sent he distinguished himself by his conduct, for his industry, and in his studies. In the Old World, where he pursued his advanced studies, he had a brilliant record as a student of medicine, of philosophy, and of languages.

Rizal became a novelist and a poet. He became a doctor and an oculist. Former Governor General Harrison has paid him honor "as a patriot, author, and scientist." He was a sculptor and an artist. Tavera, the scholar, has written of Rizal's sterling character and presented him as a thinker and a philosopher. He was an educator and a reformer. He was a hero and a martyr. Russell wrote admiringly, saying:

"It is certain that from whatever point of view we come to examine this life, or by whatever tests we care to apply to it, here was one of the most extraordinary persons in human annals. Of other men that the world has reason to honor, it is to be said that they excelled their compeers in one respect, or in two or in three. Of this man the versatility was so great and the genius so many-sided and real that they seemed so incomprehensible and one would be puzzled to cite from any other country, in any time, an equal prodigy." (The Outlook for the Philippines, p. 109.)

One of Rizal's contemporaries, Apolinario Mabini, often referred to as the brain of the Philippine revolution of 1896, left this injunction to each of his countrymen:

"Love thy country next to thy God and thy honor more than thyself, for it is the only paradise that God hath given thee in this life."

To Rizal love of country was a dominating quality of his nature. It was a life passion. He felt, thought, labored, lived, and died for his country. To make the Philippines free that it may become a veritable paradise to his people was the overmastering purpose of his life.

His fervent love of the fatherland led him to undertake prodigious enterprises.

His all-absorbing love of country made him achieve heroic deeds.

His all-consuming passion for the Philippines prompted him to give the last measure of sacrifice.

In his immortal poem, My Last Farewell, Rizal began with these patriotic lines:

"Adios, Patria adorada, region del sol querida,
Perla del mar de Oriente, nuestro perdido Eden!"

"Farewell, dear fatherland, clime of the sun caress'd,
Pearl of the Orient seas, our Eden lost!"

The Philippines, the land adored, was his constant theme. As a boy he came to love with adoration her plains and valleys, her hills and mountains, her lakes and her streams. With a poetic heart and the soul of an artist, he depicted in his writings the wondrous beauties of the pearl of the Orient seas.

The thought of the subjugation of the Philippines made him melancholy. That our rightful paradise should have become "our Eden lost" caused him indescribable gloom and grief, sorrow keen, and mental anguish.

What didn't Rizal do that our Eden lost may be regained? What wasn't he willing to give that our Philippines may be independent? He did everything and gave his all. Yet in transport of patriotism he still exclaimed:

"Gladly now I go to give thee this life's best,
And were it brighter, fresher, or more blest,
Still would I give it thee, nor count the cost."

José Rizal lived in a different epoch. But many of the conditions and problems of the present are analogous to those of his time.

The Eden of his day was lost to Spain. The Eden of our time remains unredeemed, though the sovereignty is different.

The Eden of Rizal suffered from the cancer of foreign rule dominated by bigotry and fanaticism. The Eden of ours suffers from uncertainty and anomaly, made worse by apathy and cynicism.

The people of Rizal's Eden groaned under the double lash of militarism and ecclesiasticism. The people of our Eden are groping in the dark under a dual governmental responsibility, not knowing what the morrow may bring.

The government of Rizal's Eden had to contend with monachal power. The government of our Eden has to contend with the power of the dollar.

The obstacle to the aspirations of the people in Rizal's Eden was the covetousness of a monarchical empire. The obstacle to the aspirations of the people in our Eden is the greed of the empire of business.

Then, as now, we suffer from a lack of orientation because of our dependent status. Under Spain royal authority was imposed by God and resistance to it was unpardonable impiety. Under the present régime the rule imposed was dictation by providence and to agitate for the withdrawal of authority, despite a formal promise, is interpreted as ingratitude in certain quarters.

Then and now confusion reigns. The old colonial dogma, divide et impera, has not made its exit. The people of the past era lived in continual danger from the forces of reaction frustrating every endeavor toward reform. The people of our era are beset with impending danger from those designing territorial dismemberment and the other danger from those who are ever thwarting our people's birthright to freedom.

Must the lot of dependencies continue to be sad and bitter? The uncertainty of the Philippine situation is paralyzing in its tendency. Both Americans and Filipinos who are familiar with present conditions are agreed that inaction will only prolong the benumbing effects of uncertainty and that its removal is absolutely necessary.

We have for years petitioned America to redeem her pledge "to withdraw her sovereignty over the Philippine Islands and grant their independence."

Under one pretext or another we have been hearing the elusive answer, "Not at this time."

An entire people now renew their plea. They would like a categorical answer. Thirteen million people across the sea anxiously await definite action. The imperative need of an immediate remedy is a test of the validity and sincerity of the promise which we believe America made in honor and which she will not directly or indirectly repudiate in dishonor.

We appeal most earnestly to the people of this city, and of the whole country, to reflect upon the conditions of the American colonies and the spirit of their patriots of 1776 the better to understand the doubt and the uncertainty engendered by a government without the consent of the governed.

Tragic though our past has been, and dangerous though our future may be, I want to continue to view the present with optimism. Our immortal idol, Rizal, has blazed the trail that leads to our redemption. We must profit by his example. Dependent peoples must not be dismayed. They must not permit themselves to be plunged into the abyss of despair and desperation.

Rizal met terrible odds. He was undaunted. He faced difficulties, risked the "inescapable," dared the "impossible" like a man. We must do likewise.

Let us find hope in America's historic struggle for freedom. Let us find inspiration in the American Declaration of Independence, the "chart and compass" of human liberty.

Secure in the thought that our cause is just, obedient to the urge of our better nature, and prizing our Eden more than life itself, let us—

"Pray for all those that hapless died,
For all who have suffered the unmeasur'd pain;
For our mothers that bitterly their woes have cried,
For widows and orphans, for captives by torture tried;
And then for thyself that redemption thou may'st gain."

Rizal's precious legacy is his great yearning for liberty. His glorious contribution is his spirit of sacrifice. Since his death we, as a people, have set the ideal of liberty upon a high pedestal. We have enshrined it on high. We have made it our goddess on earth. We have placed a halo on her head. We must earnestly worship at her feet.

Our hero, our patriot, our martyr gave his all to the mission of regaining our Eden lost. To that unfinished task we must consecrate ourselves wholeheartedly with resolute courage, with unflinching determination, and unswerving faith. If we do victory must and shall be ours!

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RIZAL DAY ADDRESS

(By Mrs. Camilo Osias at the anniversary program held in Washington D. C., December 30, 1931)

One of the greatest triumphs of humanity is the exaltation of womanhood by Christianity. One of the sources of strength of the largest branch of Christianity is the institution of Maryology. One of the strongest pillars of Philippine society is the prominent rôle played by woman in the life of the nation and of the family.

While the spirit of the greatest world's festival is still fresh let us not overlook the glory that came to Jesus because of the influence of women upon his life, especially the love and devotion and suffering of the Blessed Virgin Mary. The Bible is rich in instances of Christ's miraculous deeds, humanitarian service, and beautiful sacrifice prompted by his thought of woman's worth. As we celebrate the greatest Filipino holiday, let us not forget that Rizal became great in a very true sense because of the guidance, the inspiration, and the influence of womankind, especially his mother, Doña Teodora Alonso.

If José Rizal learned his letters while still an infant, it was because of his mother's teaching. If he had a good start in his early education, it was because of the help given by his sisters and the constant thought of Doña Teodora for the well-being of her son beloved. If he possessed good physique, it was due in great part to the solicitous care of the woman to whom he owed his very life. If he loved the out of doors and all that is beautiful in man and nature, it was due in a great measure to woman's influence. For the greatness that was Rizal's and for the goodness of his character much credit is due to woman's influence.

In my modest participation at this Rizal day celebration far from the land of our birth I shall not long dwell on Rizal's biography, for volumes have been written on it and are accessible to anyone who is interested. I shall not speak of his work and service, for I realize that others could have been chosen better to deal with these. What I do want to emphasize is woman's contribution to his whole life full of inspiration and teaching, rich in patriotism and sacrifice.

Let us catch a glimpse of the mother of the great Filipino patriot and martyr. She was the daughter of Domingo Morales and Joaquina Quintos. When less than a week old she was baptized in a Catholic church and christened Teodora.

Teodora was reared in the Morales home, well ordered and hospitable. While young she was taught to read and write by her mother. She completed her education at the Colegio de Santa Rosa in Manila.

Teodora Alonso Morales was married to Francisco Rizal Mercado. Out of that wedlock 11 children were born—9 girls and 2 boys. José Rizal was the seventh child.

From a character sketch of Doña Teodora I quote the following excerpts: "Her good home and her excellent school training made her one of the best-educated women of those days. She was not only well trained, but she was a very kind and industrious woman. It is no wonder, therefore, that she became a woman greatly admired, a very good wife, and a model mother.

"After her marriage she lived at Calamba, Laguna, where the Rizal family had a large farm. She helped her husband to manage the affairs of the household and of the farm. As is the custom in our country, Mrs. Rizal handled all the money of the family, watching over the expenses and practicing wise economies.

"Mrs. Rizal was always noted for her kindness. She was kind not only to her relatives and friends but also to many who had no claims upon her. To rich and poor alike she was ever the same. The hard-working laborers on the farm loved her devotedly, for when any of them were sick or in need Mrs. Rizal was ready to give them help and cheer. On Christmas especially she remembered her helpers and neighbors and gave them presents.

"The Rizal home was noted for its hospitality. To strangers and friends alike the house was open. The lowly workers found as ready a welcome there as the highest official. Hospitality was one of the most notable virtues of Mrs. Rizal." (Philippine Readers, Book 5, p. 208.)

José Rizal's mother suffered as few women in the world have suffered. During the troublous Spanish rule of the Philippines, Mrs. Rizal was accused by a lieutenant of the cruel guardia civil. By the aid of false witnesses, she was convicted and sent to jail. She was compelled to walk all the way from Calamba to Santa Cruz, the capital of Laguna, where the provincial jail was located.

The same official later brought other charges against her. The good woman suffered with fortitude. The family fortune was used to get lawyers in her defense. José Rizal, himself, writing of the incident, said: "My mother was finally acquitted and found justified in the eyes of the judges, of those who accused her, and even her enemies; but how long after that incident? After two years and a half!"

In the hope of escaping further indignities the Rizals moved from Calamba to Manila. But the wrath of the unjust officials pursued the family. It was not long before she was again the victim of cruelty and injustice. Suffering seemed to be the lot of that noble woman. She suffered mental anguish when her son José was maltreated as a student. She was in tears when he had to depart for Europe for a better education and for a better opportunity. Her sorrow was keen when José Rizal, now become a man, was exiled by the government to Dapitan, Mindanao. The climax of her suffering came when on December 30, 1896, Rizal was executed in Manila at the famous Bagumbayan field.

The mere recital of these few incidents are sufficient to inspire us, the living, to suffer and sacrifice for our country and her liberty, even as Rizal and his mother suffered and sacrificed. Her example is an eternal sermon. It must have been a powerful inspiration and a constant urge for José Rizal to live, suffer, and die for country, for duty, and for a great ideal. It should convince all that the women of the Philippines are ever ready to bear their full share of burden and responsibility.

The yearly commemoration of Rizal's death should constantly remind us of our duty to our people and country. Now as in the days of old Filipinos must labor and fight for the liberation of our country. We must let our American friends know that the women as well as the men of the islands are anxious to see the Philippines free.

The United States can not teach the Philippines lessons of dependency. Our country has been dependent for a longer period. What the United States can teach us is independence, for she has long been independent. And as America loves freedom for herself she should no longer withold the independence of the Philippines.

The women and mothers of the Philippines know that independence may mean suffering. We do not mind. Suffering is nothing it if brings happiness. And we shall be happier when our country is independent like the United States.

As a mother of children myself, I desire for my children the blessings of freedom while I live. I know that my Filipino sisters feel as I do. I wish I could touch the hearts of American women and mothers so that they may exert their influence on their officials, on their Congressmen, on their Government to grant us the independence we have been promised.

We, the Filipino women, have been glad to suffer and sacrifice in the past. We shall be more glad to suffer and sacrifice in the future when our mother Philippines shall be free at last.

Inspired by the thought of his mother and the love of his motherland, Rizal penned these touching lines:

"Sweet are the hours in one's native land,
Where all is dear and the sunbeams bless;
Life-giving breezes sweep the strand,
And death is softened by love's caress.

"Warm kisses play on mother's lips,
When on her tender breast we wake,
While round her neck the soft arm slips
And fond eyes in her love partake.

"It is sweet for one's own land to die,
Where all is dear the sunbeams bless;
Dead is the breeze that sweeps the strand,
Without a home, a mother, or love's caress."

José Rizal set the example to his countrymen. They should gladly follow in his footsteps. Rizal's mother showed the way to her countrywomen. Like her we shall live, suffer, and sacrifice. It is thus that we can best honor the memory of Rizal and his mother.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I ask the gentleman from Illinois a question? When we adjourned for the Christmas vacation it was understood that one of the first major pieces of legislation would be the Reconstruction Finance Corporation bill. Can the gentleman give me any information as to when he expects that bill to come before the House?

Mr. RAINEY. Hearings will commence to-morrow. I yield to the gentleman from Alabama [Mr. STEAGALL] to further answer the gentleman.

Mr. STEAGALL. I will say to the gentleman that we began hearings on that measure before the holiday recess, and we are resuming the hearings to-morrow morning. We have no thought, of course, except to expedite consideration of the bill just as much as we can and at the same time give it the consideration which its importance demands.

Mr. SNELL. Of course, the situation in the country is so critical that it is of vital importance that it be considered as soon as possible. I appreciate the fact that the gentleman's committee should give it careful consideration, because we do not want any undigested legislation passed, but I believe it is very important and in the interest of the entire country that we should rush the measure as fast as possible and I would hope we could get it out this week.

Mr. STEAGALL. I am in hearty accord with all the gentleman has to say, and our actions both heretofore and in the future will bear out my statement; and I will say to the gentleman in this connection that if there could be any complaint against the Banking and Currency Committee of the House as to the speed with which it has gone about its work during this session, it would have to be a complaint that we have gone too fast. Before the Christmas adjournment the committees were organized on Tuesday, we met on Wednesday and commenced hearings on the bill for relief of the Federal land banks, and on Thursday we reported that bill, and Friday we wrote the report while the moratorium resolution was under consideration, and Saturday we passed the measure.

Mr. SNELL. I am not complaining of the work done so far.

Mr. STEAGALL. I do not think that can be beat for hard work and quick action.

Mr. SNELL. I simply want to impress upon the gentleman the importance of getting out the bill as quickly as possible. I think the gentleman appreciates this as much as I do and is as much interested in it.

Mr. STEAGALL. Yes; and I assure the gentleman the committee is moving just as rapidly as it can to give the bill the consideration which its importance demands.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 194. An act for the relief of Jeff Davis Caperton and Lucy Virginia Caperton; to the Committee on Claims.

S. 241. An act for the relief of Donald K. Warner; to the Committee on Claims.

S. 243. An act for the relief of S. F. Stacher; to the Committee on Claims.

S. 258. An act authorizing adjustment of the claim of H. E. Hurley; to the Committee on Claims.

S. 468. An act for the relief of the estate of Benjamin Braznell; to the Committee on Claims.

S. 551. An act for the relief of Blanch Broomfield; to the Committee on Claims.

S. 1214. An act to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy; to the Committee on Claims.

S. 1306. An act to provide for the incorporation of the District of Columbia Commission, George Washington Bicentennial; to the Committee on the District of Columbia.

S. 1357. An act for the relief of Nancy H. Rouse, Clara H. Simmons, W. H. Hays, Hallie H. Hamilton, and Bradford P. Hayes; to the Committee on Claims.

S. 2077. An act to relieve the Commissioners of the District of Columbia of certain ministerial duties; to the Committee on the District of Columbia.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 32 minutes p. m.) the House adjourned until to-morrow, Tuesday, January 5, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

325. A letter from the Secretary of War, transmitting draft of a bill to amend section 1223 of the Revised Statutes of the United States, and the act entitled "An act to define the terms child, and children as used in the acts of May 18, 1920, and June 10, 1922, approved February 21, 1929"; to the Committee on Military Affairs.

326. A letter from the Secretary of War, transmitting draft of a bill "To authorize payment for printing and binding reports on examination and surveys of rivers and harbors from the appropriation maintenance and improvement of existing river and harbors works"; to the Committee on Rivers and Harbors.

327. A letter from the Secretary of the Navy, transmitting draft of a bill "For the conservation, care, custody, protection, and operation of the naval petroleum and oil shale reserves, and for other purposes"; to the Committee on Naval Affairs.

328. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the Treasury Department for the fiscal year 1932 in the amount of $164,780 (H. Doc. No. 197); to the Committee on Appropriations and ordered to be printed.

329. A letter from the Comptroller General, transmitting report and recommendation concerning the claim of Joseph E. Bourrie Co.; to the Committee on Claims.

330. A letter from the Comptroller General, transmitting report and recommendation concerning the claim of Lewis O. Wick; to the Committee on Claims.

331. A letter from the Comptroller General, transmitting recommendation for the enactment of legislation excepting Federal civilian employees continuously employed from the taking of a renewal oath on a change of status; to the Committee on the Civil Service.

332. A letter from the Comptroller General, transmitting report showing the officers of the Government who on June 30, 1931, were delinquent in rendering their accounts or were in debt to the Government; to the Committee on Expenditures in the Executive Departments.

333. A letter from the Acting Secretary of Commerce, transmitting report that there is in this department an accumulation of documents and files which are not needed or useful in the transaction of the current business and appear to have no historical value; to the Committee on Disposition of Useless Executive Papers.

334. A letter from the Secretary of the Navy, transmitting draft of a bill "to amend an act entitled 'An act to author-

ize payment of six months' death gratuity to dependent relatives of officers, enlisted men, or nurses whose death results from wounds or disease not resulting from their own misconduct,' approved May 22, 1928"; to the Committee on Naval Affairs.

335. A letter from the Secretary of the Navy, transmitting draft of a bill "To authorize the Secretary of the Navy to fix the allowance for enlisted men of the Navy"; to the Committee on Naval Affairs.

336. A letter from the president of the Columbia Institution for the Deaf, transmitting statement of all expenditures of appropriations made by Congress by this institution for the fiscal year 1930–31, together with rates of pay of superintendent and teachers; to the Committee on Expenditures in the Executive Departments.

337. A letter from the Secretary of the Interior, transmitting report that there is in this department an accumulation of documents and files which are not needed or useful in the transaction of the current business and have no value or historical interest; to the Committee on Disposition of Useless Executive Papers.

338. A communication from the President of the United States, transmitting supplemental estimate of appropriation pertaining to the legislative establishment, House of Representatives, for the fiscal year 1932, in the sum of $3,000 (H. Doc. No. 198); to the Committee on Appropriations and ordered to be printed.

339. A communication from the President of the United States, transmitting supplemental estimate of appropriation pertaining to the legislative establishment, United States Senate, for the fiscal year 1932, in the sum of $12,000 (H. Doc. No. 199); to the Committee on Appropriations and ordered to be printed.

340. A communication from the President of the United States, transmitting supplemental estimate of appropriation pertaining to the legislative establishment, House of Representatives, for the fiscal year 1932, in the sum of $110,000 (H. Doc. No. 200); to the Committee on Appropriations and ordered to be printed.

341. A letter from the Secretary of War, transmitting report on preliminary examination and survey of inland waterway from Delaware River to the Chesapeake Bay, Del. and Md., the Delaware City Branch, with a view to securing a depth of 12 feet, authorized by the river and harbor act approved July 3, 1930 (H. Doc. No. 201); to the Committee on Rivers and Harbors and ordered to be printed.

342. A letter from the Secretary of War, transmitting report dated December 31, 1931, from the Chief of Engineers, United States Army, on preliminary examination and survey of Wrangell Harbor, Alaska, authorized by the river and harbor act approved July 3, 1930 (H. Doc. No. 202); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

343. A letter from the chairman of the Mount Rushmore National Memorial Commission, transmitting the third annual report of the Mount Rushmore National Memorial Commission (H. Doc. No. 203); to the Committee on the Library and ordered to be printed.

344. A letter from the Secretary of the Navy, transmitting dispatch from the Governor of Guam recommending maintenance of the agricultural experiment station in Guam; to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BYRNS: Committee on Appropriations. H. R. 6660. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes; without amendment (Rept. No. 15). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON of New Jersey: Committee on the District of Columbia. H. R. 5341. A bill to provide for the incorporation of the District of Columbia Commission, George Washington Bicentennial; with amendment (Rept. No. 16). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 554) for the relief of Henry C. Perrine; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

A bill (H. R. 3950) to place Jesse C. Harmon on the retired list of the Marine Corps; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

A bill (H. R. 3955) authorizing the Secretary of War to convey to the city of Eagle Pass, Tex., certain land in Maverick County, Tex., comprising the abandoned military reservation of Camp Eagle Pass; Committee on the Public Lands discharged, and referred to the Committee on Military Affairs.

A bill (H. R. 4017) granting a pension to Margaret E. Lackey; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 4320) granting an increase of pension to Lydia Springster; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 4321) granting an increase of pension to Catherine E. De Wolfe; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 5566) granting a pension to Jess L. Chapman; Committee on Pensions discharged, and referred to Committee on Invalid Pensions.

A bill (H. R. 5753) for the relief of Michael S. Spillane; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNS: A bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. VINSON of Georgia: A bill (H. R. 6661) to authorize the construction of certain naval vessels for replacements and additions, and for other purposes; to the Committee on Naval Affairs.

By Mr. COLLIER: A bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes; to the Committee on Ways and Means.

By Mr. HOWARD (by request): A bill (H. R. 6663) to reserve certain land on the public domain in Utah for addition to the Skull Valley Indian Reservation; to the Committee on Indian Affairs.

By Mr. SWANK: A bill (H. R. 6664) to extend the time of payment of loans made by Federal land banks for withholding foreclosures, providing for redemption of mortgages, and for other purposes; to the Committee on Banking and Currency.

By Mr. WILLIAMSON: A bill (H. R. 6665) to establish a public works administration and transfer to and consolidate and coordinate therein all the public-works activities of the Government; to the Committee on Expenditures in the Executive Departments.

By Mr. GARBER: A bill (H. R. 6666) to reduce salaries, pay, and wages received from the United States during the calendar year 1932; to the Committee on Expenditures in the Executive Departments.

By Mr. RAMSPECK: A bill (H. R. 6667) to establish a national military park to commemorate the battles fought around Atlanta, in the State of Georgia; to the Committee on Military Affairs.

By Mr. KNUTSON: A bill (H. R. 6668) to authorize the erection of a 200-bed addition to the United States Veterans' Administration hospital at St. Cloud, Minn.; to the Committee on World War Veterans' Legislation.

By Mr. CROSSER: A bill (H. R. 6669) to relieve unemployment by providing for the building of check dams and other structures to prevent soil erosion, gullying, floods, and drought by retarding the run-off on watersheds and causing the waters to soak into the ground in order to replenish springs and wells and to restore subsoil moisture; to the Committee on Agriculture.

By Mr. COCHRAN of Missouri: A bill (H. R. 6670) to accelerate public construction in periods of business depression through the creation of an administration of public works and to provide for a more effective coordination and correlation of the public-works functions of the Government, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. SWANK: A bill (H. R. 6671) for the purchase of a site and the erection of a public building thereon in the city of Sulphur, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6672) for the purchase of a site and the erection of a public building thereon in the city of Purcell, Okla.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6673) for the purchase of a site and the erection of a public building thereon in the city of Pauls Valley, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. McGUGIN: A bill (H. R. 6674) providing for an emergency decrease for a period of two years in the salaries paid for certain offices and places of employment with the Government of the United States of America; to the Committee on Expenditures in the Executive Departments.

By Mr. LOZIER: A bill (H. R. 6675) to amend section 91 of the Judicial Code, as amended, so as to create a new division in the western judicial district of Missouri; to the Committee on the Judiciary.

By Mr. VINSON of Georgia: A bill (H. R. 6676) for the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves, and for other purposes; to the Committee on Naval Affairs.

By Mr. VESTAL: A bill (H. R. 6677) to prevent fraud, deception, or improper practice in connection with business before the United States Patent Office, and for other purposes; to the Committee on Patents.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 6678) amending section 1 of the act of March 3, 1893 (27 Stat. L. p. 751), providing for the method of selling real estate under an order or decree of any United States court; to the Committee on the Judiciary.

By Mr. CHAVEZ: A bill (H. R. 6679) granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes; to the Committee on the Public Lands.

By Mr. CARTWRIGHT: A bill (H. R. 6680) to provide for the restoration of forfeited rights under the World War veterans' act, 1924, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. CHAVEZ: A bill (H. R. 6681) providing for the issuance of patents, upon certain conditions, to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; to the Committee on the Public Lands.

By Mr. RANKIN: A bill (H. R. 6682) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. CHAVEZ: A bill (H. R. 6683) to provide for the erection and operation of public bathhouses at Hot Springs, N. Mex.; to the Committee on the Public Lands.

By Mr. LEAVITT: A bill (H. R. 6684) to amend the act of June 25, 1910, entitled "An act to provide for determining the heirs of deceased Indians, for the disposal and sale of allotments of deceased Indians, for the lease of allotments, and for other purposes," so as to authorize the Secretary of the Interior to modify the terms of certain contracts when in his judgment it is in the interest of the Indians so to do; to the Committee on Indian Affairs.

By Mr. QUIN (by request of the War Department): A bill (H. R. 6685) to regulate the conduct and administration of military arsenals, Air Corps depots, and other War Department activities and property, and for other purposes; to the Committee on Military Affairs.

By Mr. ALMON: A bill (H. R. 6686) to authorize the leasing of the Muscle Shoals properties upon certain terms and conditions, to provide for national defense, manufacture of fertilizer, fertilizer ingredients, other chemicals, and for other purposes; to the Committee on Military Affairs.

By Mr. CHAVEZ: A bill (H. R. 6687) to provide for payments to certain property owners in New Mexico for losses caused by the floods in the Rio Grande Valley during 1929; to the Committee on Irrigation and Reclamation.

By Mr. WOOD of Indiana: A bill (H. R. 6688) to fix the rates of postage on certain periodicals exceeding 8 ounces in weight; to the Committee on the Post Office and Post Roads.

By Mr. EATON of Colorado: A bill (H. R. 6689) to authorize appropriations for the construction and installation of a water-supply system at Fitzsimons General Hospital, Denver, Colo.; to the Committee on Military Affairs.

By Mr. LaGUARDIA: A bill (H. R. 6690) providing for the promotion of the public health and the relief of coal miners; to the Committee on Interstate and Foreign Commerce.

By Mr. FULMER: A bill (H. R. 6691) to divert lands unsuited for profitable agriculture to productive forestry uses; to the Committee on Agriculture.

By Mr. SUMMERS of Washington: A bill (H. R. 6692) for the relief of farmers in drought and/or storm stricken areas of the State of Washington; to the Committee on Agriculture.

By Mr. SWANK: A bill (H. R. 6693) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, the elimination and refunding of interest on said certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. SUMMERS of Washington: A bill (H. R. 6694) to provide for the establishment of the Yakima Indian Forest; to the Committee on Indian Affairs.

By Mrs. NORTON of New Jersey: A bill (H. R. 6695) providing for the licensing, bonding, and regulation of private employment agencies; to the Committee on the District of Columbia.

Also, a bill (H. R. 6696) to extend the powers of the Commissioners of the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H. R. 6697) to amend an act approved May 1, 1906, entitled "An act to create a board for the condemnation of unsanitary buildings in the District of Columbia, and for other purposes"; to the Committee on the District of Columbia.

Also, a bill (H. R. 6698) to amend section 115a of an act entitled "An act to establish a Code of Law for the District of Columbia," as amended; to the Committee on the District of Columbia.

By Mr. HAWLEY: A bill (H. R. 6699) for sale of certain lands; to the Committee on the Public Lands.

By Mr. LaGUARDIA: A bill (H. R. 6700) to amend the act of June 19, 1912, by providing for a 5-day week on all Government works and on all supplies and materials purchased by the United States Government; to the Committee on Labor.

By Mr. RANKIN: A bill (H. R. 6701) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. BACON: A bill (H. R. 6702) authorizing refund of 50 per cent of the duties collected upon certain carillons and parts thereof; to the Committee on Ways and Means.

By Mr. LaGUARDIA: A bill (H. R. 6703) to provide for the care of unemployed American seamen; to the Committee on the Merchant Marine, Radio, and Fisheries.

By Mr. KELLER: A bill (H. R. 6704) providing for an emergency circulation fund, and for other purposes; to the Committee on Banking and Currency.

By Mr. LaGUARDIA: A bill (H. R. 6705) to guarantee bank deposits in national banks and member banks of the Federal reserve system; to the Committee on Banking and Currency.

By Mr. MONTAGUE: A bill (H. R. 6706) to provide for the acquisition by the United States of the Studley estate where Patrick Henry was born; to the Committee on the Public Lands.

By Mr. HORR: A bill (H. R. 6707) for the relief of American industry, production, and growth from the premium accruing to certain foreign countries because of depreciation of their currency from legal parity and/or because of said foreign countries changing their monetary standard; to the Committee on Ways and Means.

By Mr. WILLIAMS of Texas: A bill (H. R. 6708) to amend an act entitled "An act to provide for the adjudication and payment of claims arising from Indian depredations," approved March 3, 1891; to the Committee on Indian Affairs.

By Mr. LaGUARDIA: A bill (H. R. 6709) to amend the act of August 24, 1912, and to close the post offices on Saturday; to the Committee on the Post Office and Post Roads.

By Mr. DAVIS: A bill (H. R. 6710) to repeal certain laws providing that certain aliens who have filed declarations of intention to become citizens of the United States shall be considered citizens for the purposes of service and protection on American vessels; to the Committee on Immigration and Naturalization.

By Mr. DAVILA: A bill (H. R. 6711) granting the Legislature of Porto Rico the power to enforce the prohibition of intoxicating liquors; to the Committee on the Judiciary.

By Mr. EVANS of Montana: A bill (H. R. 6712) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. WICKERSHAM: A bill (H. R. 6713) for estimates necessary for the proper maintenance of the Government wharf at Juneau, Alaska; to the Committee on the Territories.

By Mr. CHAVEZ: A bill (H. R. 6714) to authorize the Secretary of the Interior to issue patents for lands held under color of title; to the Committee on the Public Lands.

By Mr. LaGUARDIA. A bill (H. R. 6715) to provide for a 5-day week for all departments of the United States Government, Federal reserve banks, and to encourage a 5-day week in all industries and business in the United States; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H. R. 6716) to provide relief for unemployed itinerant workers having no permanent residence; to the Committee on Labor.

By Mr. SMITH of Idaho: A bill (H. R. 6717) for the appointment of an additional circuit judge for the ninth judicial circuit; to the Committee on the Judiciary.

By Mr. FULMER: A bill (H. R. 6718) to transfer the administration of the affairs of Federal intermediate credit banks to the Department of Agriculture and the establishing of a revolving fund to be administered by the Secretary of Agriculture for agricultural-credit purposes; to the Committee on Banking and Currency.

By Mr. LEA: A bill (H. R. 6719) to authorize the Secretary of War to donate two bronze cannon to Fort Humboldt Post, No. 212, American Legion, Eureka, Calif.; to the Committee on Military Affairs.

By Mr. KELLER: A bill (H. R. 6720) to provide that for certain purposes under the Federal reserve act all United States bonds shall bear the circulation privilege; to the Committee on Banking and Currency.

By Mr. YON: A bill (H. R. 6721) to authorize the Secretary of the Navy to proceed with certain public works at the United States naval air station, Pensacola, Fla.; to the Committee on Naval Affairs.

By Mr. BOWMAN: A bill (H. R. 6722) to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes; to the Committee on the District of Columbia.

By Mr. COCHRAN of Missouri: A bill (H. R. 6723) amending the Webb-Kenyon Act, divesting liquors and beverages of certain alcoholic contents of their interstate character in certain cases; to the Committee on the Judiciary.

Also, a bill (H. R. 6724) to provide for a 5-day week for certain Government employees; to the Committee on the Civil Service.

By Mr. ADKINS: A bill (H. R. 6725) to incorporate the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic; to the Committee on the Judiciary.

By Mr. WICKERSHAM: A bill (H. R. 6726) to grant additional legislative power to the Legislative Assembly of the Territory of Alaska to conserve, protect, and manage the salmon and other fisheries in said Territory, the game, fur-bearing, and other wild animals, and game and other wild birds therein, and for other purposes; to the Committee on the Territories.

By Mr. McSWAIN: A bill (H. R. 6727) to authorize the leasing of the Muscle Shoals property upon certain terms and conditions to provide for the national defense and for the regulation of interstate commerce and for other purposes; to the Committee on Military Affairs.

By Mr. WICKERSHAM: A bill (H. R. 6728) fixing the salaries of United States commissioners in Alaska; to the Committee on the Judiciary.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 6729) providing for the improvement and extension of the game-breeding and refuge areas in the Wichita National Forest and Game Preserve in the State of Oklahoma, and authorizing appropriations therefor; to the Committee on Agriculture.

By Mr. DAVIS: A bill (H. R. 6730) to extend the time within which suits may be brought on yearly renewable term insurance; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 6731) to amend section 19 of the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. WICKERSHAM: A bill (H. R. 6732) to extend the facilities of the Public Health Service to seamen on Government vessels not in the Military or Naval Establishments; to the Committee on the Merchant Marine, Radio, and Fisheries.

Also, a bill (H. R. 6733) for estimates necessary for the proper maintenance of the flood-control works at Lowell Creek, Seward, Alaska; to the Committee on Flood Control.

By Mr. VINSON of Georgia: A bill (H. R. 6734) to amend an act entitled "An act to authorize payment of six months' death gratuity to dependent relatives of officers, enlisted men, or nurses whose death results from wounds or disease not resulting from their own misconduct," approved May 22, 1928; to the Committee on Naval Affairs.

Also, a bill (H. R. 6735) to authorize the Secretary of the Navy to fix the clothing allowance for enlisted men of the Navy; to the Committee on Naval Affairs.

By Mr. SWANK: A bill (H. R. 6736) for the purchase of a site and the erection of a public building thereon in the city of Cushing, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. HOGG of Indiana: A bill (H. R. 6737) to provide dependency allowances for widows, children, and parents of

certain deceased World War veterans; to the Committee on World War Veterans' Legislation.

By Mr. TAYLOR of Tennessee: A bill (H. R. 6738) granting a pension to widows and dependent children of World War veterans; to the Committee on Pensions.

By Mr. COLLIER: A bill (H. R. 6739) to amend the authorization contained in the act of Congress approved March 4, 1929, for the acquisition of site and construction of building in Jackson, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. LANKFORD of Georgia: A bill (H. R. 6740) to authorize the creation of organized rural communities to demonstrate methods of reclamation and benefits of planned rural development, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. ARENTZ: A bill (H. R. 6741) to authorize the coinage of silver 50-cent, 25-cent, and 10-cent pieces in commemoration of the two hundredth anniversary of the birth of George Washington; to the Committee on Coinage, Weights, and Measures.

By Mr. HOGG of Indiana: A bill (H. R. 6742) to amend section 25 (e) (3) of the revenue act of 1928 (U. S. C., Sup. V, appendix, title 26, section 25 (e) (3)), by providing for portion of credit of deceased spouse; to the Committee on Ways and Means.

By Mr. HAWLEY: A bill (H. R. 6743) to authorize the purchase by the city of Myrtle Point, Oreg., of certain lands formerly embraced in the grant to the Oregon & California Railroad Co. and revested in the United States by the act approved June 9, 1916; to the Committee on the Public Lands.

By Mrs. KAHN: A bill (H. R. 6744) to provide for the Government purchase of American goods; to the Committee on Expenditures in the Executive Departments.

By Mr. SWANK: A bill (H. R. 6745) to protect labor, granting assistance to old and disabled persons, for the payment of old-age pensions, and for other purposes; to the Committee on the Judiciary.

By Mr. LAGUARDIA: A bill (H. R. 6746) for the protection of the public health by providing clothing for unemployed and destitute citizens; to the Committee on Labor.

By Mr. LEWIS: A bill (H. R. 6747) to repeal and reenact with amendments section 315 of Title III in the tariff act of September 21, 1922, known as the flexible provisions; to the Committee on Ways and Means.

By Mr. McGUGIN: A bill (H. R. 6748) providing for an emergency decrease for a period of two years in the salaries paid for certain offices and places of employment with the Government of the United States of America; to the Committee on Expenditures in the Executive Departments.

By Mr. McSWAIN: A bill (H. R. 6989) creating the Federal farm-loan trust; to the Committee on Banking and Currency.

By Mr. FISH: Joint resolution (H. J. Res. 166) to establish a commission to be known as a commission on a national museum of engineering and industry; to the Committee on the Library.

By Mr. TAYLOR of Tennessee: Joint resolution (H. J. Res. 167) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals in the State of Alabama, to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes; to the Committee on Military Affairs.

By Mr. CABLE: Joint resolution (H. J. Res. 168) proposing an amendment to the Constitution of the United States by giving the President authority to veto distinct items of appropriation of money in any act passed by Congress; to the Committee on the Judiciary.

By Mr. FISH: Joint resolution (H. J. Res. 169) against any foreign interference in our internal affairs through the creation of centers to inculcate foreign ideals and allegiance in the United States; to the Committee on Foreign Affairs.

By Mr. McSWAIN: Joint resolution (H. J. Res. 170) authorizing the President to appoint a nonpartisan board of 25 members to study and report conclusions upon ways, means, and methods to rehabilitate business conditions; to the Committee on Interstate and Foreign Commerce.

By Mr. GOSS: Joint resolution (H. J. Res. 171) proposing an amendment to Article V of the United States Constitution; to the Committee on the Judiciary.

By Mr. FULMER: Joint resolution (H. J. Res. 172) authorizing the distribution of Government-owned cotton by the governors of the various States through the Red Cross and other organizations for the relief of people in distress; to the Committee on Agriculture.

By Mr. SUMNERS of Texas: Concurrent resolution (H. Con. Res. 8) to provide for an inquiry with regard to procedure in impeachment cases; to the Committee on Rules.

By Mr. SOMERS of New York: Concurrent resolution (H. Con. Res. 9) providing for the distribution of hours of employment during the present business depression; to the Committee on Labor.

By Mr. SUMNERS of Texas: Resolution (H. Res. 85) to abolish the custom of appropriating money from the contingent fund of the House in connection with funerals of deceased Members of Congress; to the Committee on Accounts.

By Mr. FISH: Resolution (H. Res. 86) authorizing an investigation of the activities of Fascists and anti-Fascists in the United States; to the Committee on Rules.

By Mr. COLLIER: Resolution (H. Res. 87) providing for the consideration of H. R. 6662, a bill to amend the tariff act of 1930, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 6749) for the relief of Howard Donovan; to the Committee on Claims.

By Mr. ARNOLD: A bill (H. R. 6750) granting an increase of pension to William E. Lytle; to the Committee on Pensions.

Also, a bill (H. R. 6751) granting an increase of pension to Mary Greentree; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6752) granting an increase of pension to Florence I. Earnhart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6753) granting an increase of pension to Kate Wallace; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6754) granting a pension to Albert J. Simmons, to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 6755) granting an increase of pension to Susan I. Queen; to the Committee on Invalid Pensions.

By Mr. BACHARACH: A bill (H. R. 6756) granting a pension to Della Dabbs; to the Committee on Pensions.

By Mr. BACON: A bill (H. R. 6757) for the relief of William T. Murphy; to the Committee on Military Affairs.

Also, a bill (H. R. 6758) for the relief of Matthew Grady; to the Committee on Military Affairs.

Also, a bill (H. R. 6759) for the relief of Jacob Durrenberger; to the Committee on Claims.

By Mr. BEERS: A bill (H. R. 6760) granting an increase of pension to Mary E. Eberly; to the Committee on Invalid Pensions.

By Mr. BLAND: A bill (H. R. 6761) granting a pension to Addie L. Shugars, widow of Samuel McC. Clingan; to the Committee on Invalid Pensions.

By Mr. BOWMAN: A bill (H. R. 6762) granting an increase of pension to Andrew Shillenburg; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6763) granting an increase of pension to Permelia C. Jefferys; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6764) granting an increase of pension to Sarah A. Feather; to the Committee on Invalid Pensions.

By Mr. BRITTEN: A bill (H. R. 6765) for the relief of Charles W. Eaton; to the Committee on Naval Affairs.

By Mr. BRUNNER: A bill (H. R. 6766) authorizing the President of the United States to appoint Arthur A. Klein to the position and rank of second lieutenant in the United States Army and immediately retire him with the rank and

pay held by him at the time of his discharge; to the Committee on Military Affairs.

By Mr. BURDICK: A bill (H. R. 6767) to reimburse Dr. Philip Suriani; to the Committee on War Claims.

By Mr. CARTER of Wyoming: A bill (H. R. 6768) for the relief of William Powell; to the Committee on Claims.

By Mr. CANFIELD: A bill (H. R. 6769) granting a pension to Henry Knight; to the Committee on Pensions.

Also, a bill (H. R. 6770) granting a pension to Ida M. Varble; to the Committee on Invalid Pensions.

By Mr. CHASE: A bill (H. R. 6771) granting an increase in pension to Sarah E. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6772) granting an increase in pension to Mary Reed; to the Committee on Invalid Pensions.

By Mr. CHAVEZ: A bill (H. R. 6773) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N. Mex.; to the Committee on the Public Lands.

Also, a bill (H. R. 6774) to authorize amendment of the act of February 25, 1927, for the payment of damages caused by reason of the overflow of the Rio Grande on August 17, 1921; to the Committee on Claims.

Also, a bill (H. R. 6775) for the relief of Arthur B. Hastie; to the Committee on Military Affairs.

Also, a bill (H. R. 6776) for the relief of John W. Harvey; to the Committee on Military Affairs.

Also, a bill (H. R. 6777) granting a pension to Andrew M. Hall; to the Committee on Pensions.

Also, a bill (H. R. 6778) granting a pension to Charles Cerny; to the Committee on Pensions.

Also, a bill (H. R. 6779 granting a pension to Elmer Gilbert; to the Committee on Pensions.

Also, a bill (H. R. 6780) granting a pension to William D. Kershner; to the Committee on Pensions.

Also, a bill (H. R. 6781) for the relief of Albert Gonzales; to the Committee on Claims.

Also, a bill (H. R. 6782) for the relief of Sigmund Lindauer; to the Committee on Claims.

Also, a bill (H. R. 6783) for the relief of Thomas F. Cooney; to the Committee on Claims.

Also, a bill (H. R. 6784) for the relief of S. F. Stacher; to the Committee on Claims.

Also, a bill (H. R. 6785) for the relief of Jose Ramon Cordova; to the Committee on Claims.

Also, a bill (H. R. 6786) for the relief of Martin E. Riley; to the Committee on Claims.

By Mr. COCHRAN of Missouri: A bill (H. R. 6787) granting an increase of pension to Margaret Holden; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6788) for the relief of Howard S. Ford; to the Committee on Military Affairs.

Also, a bill (H. R. 6789) for the relief of Lester E. Upmeyer; to the Committee on Military Affairs.

By Mr. CRAIL: A bill (H. R. 6790) granting a pension to Charles Pettis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6791) for the relief of John A. Watson; to the Committee on Military Affairs.

Also, a bill (H. R. 6792) granting a pension to Meyer George Robinson; to the Committee on Pensions.

Also, a bill (H. R. 6793) for the relief of Joseph McRay; to the Committee on Military Affairs.

Also, a bill (H. R. 6794) granting a pension to Percy F. Mott; to the Committee on Pensions.

By Mr. CROWTHER: A bill (H. R. 6795) granting a pension to Anna T. Walsh; to the Committee on Pensions.

Also, a bill (H. R. 6796) granting a pension to Marcus M. Case; to the Committee on Invalid Pensions.

By Mr. CROSSER: A bill (H. R. 6797) for the relief of Samuel Weinstein; to the Committee on Claims.

Also, a bill (H. R. 6798) to authorize the President to reinstate Guy H. B. Smith, formerly captain, Fourth United States Infantry, in the Army; to the Committee on Military Affairs.

Also, a bill (H. R. 6799) granting a pension to Pearl A. Phearson; to the Committee on Pensions.

By Mr. CURRY: A bill (H. R. 6800) granting an increase of pension to Benjamin C. Longist; to the Committee on Pensions.

By Mr. DAVIS: A bill (H. R. 6801) to compensate Grace Venable; to the Committee on Foreign Affairs.

By Mr. DICKINSON: A bill (H. R. 6802) granting a pension to John W. Dilts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6803) authorizing and directing the Secretary of the Interior to enroll on the tribal rolls of the Choctaw and Chickasaw Nations all Choctaw and Chickasaw claimants whose names appear in the citizenship cases hereinafter mentioned and who were duly and legally enrolled by the Federal court, and the heirs now living of all such claimants, born prior to the closing of said tribal rolls by an act of Congress; to the Committee on Indian Affairs.

Also, a bill (H. R. 6804) granting an increase of pension to Lizzie Long; to the Committee on Invalid Pensions.

By Mr. DOWELL: A bill (H. R. 6805) granting an increase of pension to Jessie D. Wheat; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6806) granting an increase of pension to Sarah E. Westlake; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6807) granting an increase of pension to Amy Barns; to the Committee on Invalid Pensions.

By Mr. EATON of Colorado: A bill (H. R. 6808) granting a pension to William R. Barrett; to the Committee on Pensions.

Also, a bill (H. R. 6809) for the relief of Sheldon R. Purdy; to the Committee on Claims.

By Mr. FINLEY: A bill (H. R. 6810) for the relief of Clayton Fuson; to the Committee on Military Affairs.

Also, a bill (H. R. 6811) for the relief of Howard Henderson Richardson; to the Committee on Military Affairs.

Also, A bill (H. R. 6812) granting a pension to Marion Smith; to the Committee on Pensions.

Also, a bill (H. R. 6813) for the relief of William Solomon; to the Committee on Military Affairs.

Also, a bill (H. R. 6814) for the relief of Rosco C. Baird; to the Committee on Military Affairs.

Also, a bill (H. R. 6815) granting a pension to Angeline Jones; to the Committee on Pensions.

Also, a bill (H. R. 6816) granting an increase of pension to William H. Wooton; to the Committee on Pensions.

By Mr. FISH: A bill (H. R. 6817) granting an increase of pension to Margaret E. Benjamin; to the Committee on Invalid Pensions.

By Mr. FULMER: A bill (H. R. 6818) for the relief of David W. Shuler; to the Committee on Military Affairs.

Also, a bill (H. R. 6819) granting a pension to Walter T. Rekling; to the Committee on Pensions.

By Mr. GARBER: A bill (H. R. 6820) granting a pension to James B. Wilson; to the Committee on Pensions.

By Mr. GILLEN: A bill (H. R. 6821) for the relief of Nicholas Sevaljevick (now known as Nicholas Hornacky); to the Committee on Military Affairs.

Also, a bill (H. R. 6822) granting an increase of pension to Mary Clifton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6823) granting an increase of pension to Lizzie Gasaway (with accompanying papers); to the Committee on Invalid Pensions.

Also, a bill (H. R. 6824) granting an increase of pension to Mary J. Martin (with accompanying papers); to the Committee on Invalid Pensions.

By Mr. GILCHRIST: A bill (H. R. 6825) for the relief of Harry E. Blomgren; to the Committee on Claims.

By Mr. GRISWOLD: A bill (H. R. 6826) granting a pension to Sarah E. Henry; to the Committee on Pensions.

By Mr. FIESINGER: A bill (H. R. 6827) granting a pension to Joseph Dickens; to the Committee on Pensions.

By Mr. HAINES: A bill (H. R. 6828) for the relief of Caroline H. Adams; to the Committee on Military Affairs.

By Mr. HOLADAY: A bill (H. R. 6829) granting a pension to Celia E. Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6830) granting a pension to Alice Payton; to the Committee on Invalid Pensions.

By Mr. HARE: A bill (H. R. 6831) granting an increase of pension to Ida L. Von. Harten; to the Committee on Pensions.

By Mr. HART: A bill (H. R. 6832) granting an increase of pension to Sarah F. Carpenter; to the Committee on Invalid Pensions.

By Mr. HARLAN: A bill (H. R. 6833) granting an increase of pension to Marion M. Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6834) for the relief of Walter C. Arnold; to the Committee on Naval Affairs.

Also, a bill (6835) to authorize the presentation to E. T. Banks of a distinguished-service cross; to the Committee on Military Affairs.

Also, a bill (H. R. 6836) granting a pension to Joseph Johnson; to the Committee on Pensions.

Also, a bill (H. R. 6837) for the relief of Walter Conley Arnold; to the Committee on Naval Affairs.

Also, a bill (H. R. 6838) granting a pension to Marion T. Winters; to the Committee on Pensions.

By Mr. HESS: A bill (H. R. 6839) granting a pension to Irene Wilkins; to the Committee on Pensions.

By Mr. HILL of Washington: A bill (H. R. 6840) for the relief of Harvey K. Meyer, and for other purposes; to the Committee on Indian Affairs.

By Mr. HOGG of Indiana: A bill (H. R. 6841) granting an increase of pension to Hester Zegenfus; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6842) granting an increase of pension to Mary A. Stewart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6843) granting a pension to Drusilla Merchant; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6844) granting an increase of pension to Margaret J. Weldon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6845) granting an increase of pension to Alice McLeod; to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 6846) for the relief of T. W. Kirkman; to the Committee on Claims.

Also, a bill (H. R. 6847) for the relief of Oda Herbert Plowman; to the Committee on Naval Affairs.

By Mr. HOOPER: A bill (H. R. 6848) granting a pension to Ella V. Zeluff; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6849) granting an increase of pension to Antha A. King; to the Committee on Invalid Pensions.

By Mr. HORR: A bill (H. R. 6850) granting an increase of pension to John S. Monahan; to the Committee on Pensions.

Also, a bill (H. R. 6851) to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents; to the Committee on Claims.

By Mr. HOWARD (by request): A bill (H. R. 6852) to enroll on the citizenship rolls certain persons of the Choctaw and Chickasaw Nations or Tribes; to the Committee on Indian Affairs.

Also, a bill (H. R. 6853) granting a pension to Jennie Parker Lewis; to the Committee on Invalid Pensions.

By Mr. HUDDLESTON: A bill (H. R. 6854) for the relief of the heirs of O. M. Dodgen, alias C. M. Dodgen; to the Committee on Claims.

By Mr. JOHNSON of Texas: A bill (H. R. 6855) for the relief of Sam Echols; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 6856) granting an increase of pension to Priscilla Hurt; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 6857) granting an increase of pension to Dorinda Phillips; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6858) granting an increase of pension to Rachel Smith, to the Committee on Invalid Pensions.

By Mr. JAMES: A bill (H. R. 6859) granting a pension to Mary E. Moen; to the Committee on Pensions.

Also, a bill (H. R. 6860) for the relief of Florence Northcott Hannas; to the Committee on Naval Affairs.

By Mrs. KAHN: A bill (H. R. 6861) for the relief of the Jewish committee for personal service; to the Committee on World War Veterans' Legislation.

By Mr. KELLY of Illinois: A bill (H. R. 6862) for the relief of John E. Erwin; to the Committee on Military Affairs.

By Mr. KELLY of Pennsylvania: A bill (H. R. 6863) to correct the naval record of William G. Dingley; to the Committee on Naval Affairs.

Also, a bill (H. R. 6864) for the relief of Forrest D. Stout; to the Committee on Claims.

By Mr. KENDALL: A bill (H. R. 6865) granting an increase of pension to Mary C. Pearson; to the Committee on Invalid Pensions.

By Mr. KETCHAM: A bill (H. R. 6866) granting a pension to George N. Longfellow; to the Committee on Pensions.

By Mr. KNIFFIN: A bill (H. R. 6867) granting a pension to Charles E. Morris; to the Committee on Pensions.

Also, a bill (H. R. 6868) granting an increase of pension to Catherine J. Cupp; to the Committee on Invalid Pensions.

By Mr. LAMNECK: A bill (H. R. 6869) for the relief of George W. Allison; to the Committee on Claims.

Also, a bill (H. R. 6870) granting a pension to Alice Coe; to the Committee on Pensions.

Also, a bill (H. R. 6871) granting a pension to Hattie G. Kennedy; to the Committee on Pensions.

Also, a bill (H. R. 6872) for the relief of Elbert L. Grove; to the Committee on Naval Affairs.

Also, a bill (H. R. 6873) for the relief of James W. Currie; to the Committee on Military Affairs.

By Mr. LAMBERTSON: A bill (H. R. 6874) granting an increase of pension to Alice L. Havis; to the Committee on Invalid Pensions.

By Mr. LARRABEE: A bill (H. R. 6875) granting an increase of pension to Nora A. Kitchen; to the Committee on Invalid Pensions.

By Mr. LICHTENWALNER: A bill (H. R. 6876) granting a pension to Daniel Z. Thomas; to the Committee on Pensions.

By Mr. LEWIS: A bill (H. R. 6877) granting Clarence M. Dow the privilege of filing application for benefits under the emergency officers' retirement act; to the Committee on Military Affairs.

By Mr. LICHTENWALNER: A bill (H. R. 6878) granting an increase of pension to Cyrus G. Fox; to the Committee on Pensions.

Also, a bill (H. R. 6879) for the relief of Herman C. Mentzel; to the Committee on Claims.

By Mr. LOZIER: A bill (H. R. 6880) granting an increase of pension to Caroline Calfee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6881) granting an increase of pension to Telitha A. Campbell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6882) granting a pension to Bettie Lee Lomax; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 6883) granting an increase of pension to Mollie B. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6884) granting an increase of pension to Lena Many; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 6885) granting an increase of pension to Addie Bryan; to the Committee on Invalid Pensions.

By Mr. WEST: A bill (H. R. 6886) granting a pension to John A. James; to the Committee on Pensions.

By Mr. McGUGIN: A bill (H. R. 6887) for the relief of Frederick Roland Hickey; to the Committee on World War Veterans' Legislation.

By Mr. McMILLAN: A bill (H. R. 6888) for the relief of Patrick J. Solon, lieutenant, United States Navy, retired; to the Committee on Naval Affairs.

By Mr. McSWAIN: A bill (H. R. 6889) granting a pension to Leroy Bolton; to the Committee on Pensions.

By Mr. MILLIGAN: A bill (H. R. 6890) for the relief of the Northwest Missouri Fair Association, of Bethany, Harrison County, Mo.; to the Committee on Claims.

Also, a bill (H. R. 6891) granting a pension to Levina E. Starks; to the Committee on Invalid Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 6892) for the relief of Cretia Downing; to the Committee on Claims.

By Mr. MOUSER: A bill (H. R. 6893) granting an increase of pension to Edith Stickels; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6894) granting an increase of pension to Marcella J. Hutchins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6895) granting a pension to Lorella Roller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6896) granting an increase of pension to Henry Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6897) granting a pension to Laura Slotterbeck; to the Committee on Invalid Pensions.

By Mr. NELSON of Maine: A bill (H. R. 6898) granting an increase of pension to Melissa A. Haskell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6899) granting a pension to Mary L. Bryant; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6900) granting a pension to Arthur S. Poulin; to the Committee on Pensions.

Also, a bill (H. R. 6901) granting an increase of pension to Elizabeth O'Keefe; to the Committee on Invalid Pensions.

By Mr. NORTON of Nebraska: A bill (H. R. 6902) granting an increase of pension to Abigail J. Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6903) granting an increase of pension to Laura A. Smith; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 6904) granting an increase of pension to Kate M. Farrell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6905) granting a pension to Elizabeth E. De Silva; to the Committee on Invalid Pensions.

By Mr. PARKER of Georgia: A bill (H. R. 6906) for the relief of Frasier Matthews Porcher; to the Committee on Claims.

By Mr. PARSONS: A bill (H. R. 6907) granting an increase of pension to Hannah R. Byrne; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6908) granting an increase of pension to Maria O. Fowler; to the Committee on Invalid Pensions.

By Mr. PATTERSON: A bill (H. R. 6909) granting an increase of pension to Arthur Thornton; to the Committee on Pensions.

By Mr. PERKINS: A bill (H. R. 6910) granting a pension to Agatha O'Brien; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 6911) granting a pension to James A. McMasters; to the Committee on Pensions.

By Mr. RAMSEYER: A bill (H. R. 6912) granting an increase of pension to Jane Battin; to the Committee on Invalid Pensions.

By Mr. SCHAFER: A bill (H. R. 6913) granting a pension to Eddie Thomas; to the Committee on Pensions.

Also, a bill (H. R. 6914) granting a pension to John Mienckowski; to the Committee on Pensions.

Also, a bill (H. R. 6915) granting a pension to Blaine Alexander; to the Committee on Pensions.

Also, a bill (H. R. 6916) granting a pension to Hakon B. Duee; to the Committee on Pensions.

Also, a bill (H. R. 6917) for the relief of Kaid Ahmad; to the Committee on Military Affairs.

Also, a bill (H. R. 6918) granting an increase of pension to Mary A. Noltz; to the Committee on Invalid Pensions.

By Mr. SEIBERLING: A bill (H. R. 6919) granting a pension to Sarah Penberthy; to the Committee on Pensions.

By Mr. SHANNON: A bill (H. R. 6920) granting a pension to Edward A. Price; to the Committee on Pensions.

Also, a bill (H. R. 6921) granting an increase of pension to Waldo A. Chapman; to the Committee on Pensions.

Also, a bill (H. R. 6922) granting a pension to Mary A. Shull; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 6923) granting an increase of pension to Margaret V. Besa; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6924) granting an increase of pension to Sarah Ann McNiece; to the Committee on Invalid Pensions.

By Mr. SPARKS: A bill (H. R. 6925) granting a pension to Emma Colt; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 6926) granting a pension to Phoebe D. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6927) granting an increase of pension to Mary E. Peters; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6928) granting a pension to Adda Leslie; to the Committee on Invalid Pensions.

By Mr. SUMMERS of Washington: A bill (H. R. 6929) granting an increase of pension to Emma J. Morse; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6930) extending the provisions of the pension laws relating to Indian war veterans to Capt. H. M. Hodgis's company, and for other purposes; to the Committee on Pensions.

Also, a bill (H. R. 6931) granting a pension to Elizabeth Ann Parsons; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6932) granting an increase of pension to Mary E. Hathaway; to the Committee on Invalid Pensions.

By Mr. SWANK: A bill (H. R. 6933) for the relief of Zoe A. Tilghman; to the Committee on Claims.

Also, a bill (H. R. 6934) for the relief of Cæsar F. Simmons; to the Committee on Claims.

By Mr. SWING: A bill (H. R. 6935) to reinstate Robert D. Ross as midshipman in the United States Naval Academy; to the Committee on Naval Affairs.

By Mr. TARVER: A bill (H. R. 6936) granting a pension to James H. Wright, jr.; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 6937) granting a pension to Andrew J. Cross; to the Committee on Pensions.

Also, a bill (H. R. 6938) granting a pension to John A. Helms; to the Committee on Pensions.

Also, a bill (H. R. 6939) granting an increase of pension to Sterling G. Hunter; to the Committee on Pensions.

Also, a bill (H. R. 6940) granting a pension to Conrad A. Bell; to the Committee on Pensions.

Also, a bill (H. R. 6941) granting a pension to Ross Huston Horner; to the Committee on Pensions.

Also, a bill (H. R. 6942) granting an increase of pension to Elizabeth Guy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6943) granting a pension to Asa J. Lutes; to the Committee on Pensions.

Also, a bill (H. R. 6944) granting an increase of pension to James M. Smith; to the Committee on Pensions.

Also, a bill (H. R. 6945) granting an increase of pension to Mary Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6946) granting a pension to Reatha Reneau; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6947) granting a pension to Allie M. Walker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6948) granting a pension to Ott Campbell; to the Committee on Pensions.

Also, a bill (H. R. 6949) for the relief of Minnie Adsmond; to the Committee on Claims.

Also, a bill (H. R. 6950) granting an increase of pension to William C. Hagelgans; to the Committee on Pensions.

Also, a bill (H. R. 6951) granting a pension to W. W. Warren; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6952) for relief of Albert Harron; to the Committee on Claims.

Also, a bill (H. R. 6953) granting a pension to Hiram M. Graves; to the Committee on Pensions.

Also, a bill (H. R. 6954) granting a pension to Zubie Owens; to the Commitee on Invalid Pensions.

Also, a bill (H. R. 6955) for the relief of M. E. Parmelee; to the Committee on Military Affairs.

Also, a bill (H. R. 6956) for the relief of Clark Scott; to the Committee on Claims.

Also, a bill (H. R. 6957) granting a pension to Hannah E. Koontz; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6958) granting a pension to John J. Rosier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6959) granting a pension to James A. Riggs; to the Committee on Pensions.

Also, a bill (H. R. 6960) granting a pension to Ben Harrison Martin; to the Committee on Pensions.

Also, a bill (H. R. 6961) granting a pension to Charles Farris; to the Committee on Pensions.

Also, a bill (H. R. 6962) granting a pension to Nancy Lewallen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6963) for the relief of Thomas Green; to the Committee on Claims.

Also, a bill (H. R. 6964) for the relief of Samuel H. Walker; to the Committee on Claims.

By Mr. THOMASON: A bill (H. R. 6965) granting a pension to Hattie House; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6966) granting a pension to Nicholas O'Connell; to the Committee on Pensions.

Also, a bill (H. R. 6967) granting a pension to Robert S. Marshall; to the Committee on Pensions.

By Mr. UNDERWOOD: A bill (H. R. 6968) granting an increase of pension to Margaret R. F. Newell; to the Committee on Invalid Pensions.

By Mr. VINSON of Georgia: A bill (H. R. 6969) granting a pension to Osep N. Ruben; to the Committee on Pensions.

By Mr. VINSON of Kentucky: A bill (H. R. 6970) granting a pension to Lewis Stamper; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6971) granting a pension to Dicey Terry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6972) granting a pension to Mima White; to the Committee on Invalid Pensions.

By Mr. WATSON: A bill (H. R. 6973) for the relief of Anna L. Auchenbach; to the Committee on Claims.

By Mr. WEAVER: A bill (H. R. 6974) granting a pension to John V. Smith; to the Committee on Pensions.

Also, a bill (H. R. 6975) for the relief of Rufus Hunter Blackwell, jr.; to the Committee on Claims.

By Mr. WELSH of Pennsylvania: A bill (H. R. 6976) for the relief of Edna Broome; to the Committee on Claims.

By Mr. WEST: A bill (H. R. 6977) granting a pension to Lena Leota Evans; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6978) granting a pension to Susan R. Baughman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6979) granting a pension to Florence J. Knapp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6980) granting an increase of pension to Ida M. Stough; to the Committee on Invalid Pensions.

By Mr. WHITE: A bill (H. R. 6981) granting a pension to Isabel Warner, to the Committee on Invalid Pensions.

By Mr. WICKERSHAM: A bill (H. R. 6982) for the relief of C. H. Hoogendorn; to the Committee on Claims.

Also, a bill (H. R. 6983) for the relief of Erik Nylen; to the Committee on Claims.

By Mr. WOOD of Indiana: A bill (H. R. 6984) granting a pension to Charles Thornton Newhall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6985) granting a pension to Mary Miller Rans; to the Committee on Invalid Pensions.

By Mr. WOODRUFF: A bill (H. R. 6986) granting an increase of pension to Margaret Bartlett; to the Committee on Invalid Pensions.

By Mr. WOLFENDEN: A bill (H. R. 6987) granting a pension to James R. M. Ash; to the Committee on Pensions.

By Mr. WOLVERTON: A bill (H. R. 6988) granting a pension to Rose Harkin; to the Committee on Pensions.

By Mr. KETCHAM: A joint resolution (H. J. Res. 165) providing that the last will and testament of Nathan Rounds be declined by the Government of the United States and the estate be discharged from obligation; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

198. By Mr. WEAVER: Petition of the soldiers of the World War of Haywood County, N. C., for paying off the adjusted-service certificates in full; to the Committee on World War Veterans' Legislation.

199. By Mr. WATSON: Resolution passed by the Pennsylvania Committee for Total Disarmament, urging immediate passage of the proposed constitutional amendment, Senate Joint Resolution No. 3; to the Committee on Foreign Affairs.

200. By Mr. KVALE: Petition of the Crate-Havelock Farmers Union, Local No. 144, Chippewa County, Minn., protesting against the repeal of the agricultural marketing act; to the Committee on Agriculture.

201. Also, petition of the Woman's Christian Temperance Union of Evansville, Minn., opposing a referendum on the eighteenth amendment; to the Committee on the Judiciary.

202. Also, petition of Release Lodge, No. 579, of the Brotherhood of Locomotive Firemen and Enginemen, Montevideo, Minn., urging enactment of Senate bill 1197; to the Committee on Agriculture.

203. Also, petition of Renville County (Minn.) farm bureau, urging enactment of Senate bill 1197; to the Committee on Agriculture.

204. Also, petition of Osakis (Minn.) National Farm Loan Association, urging a moratorium on farm loans for three years; to the Committee on Agriculture.

205. Also, petition of Hector (Minn.) unit of the Farmers Union, urging passage of Senate bill 1197; to the Committee on Agriculture.

206. Also, petition of Chippewa County (Minn.) division of the Farmers Educational Cooperative Union of America, urging retention of the Federal farm act; to the Committee on Agriculture.

207. Also, petition of Release Lodge, No. 579, Brotherhood of Locomotive Firemen and Enginemen, Montevideo, Minn., urging payment of balance of the soldiers' bonus; to the Committee on Ways and Means.

208. By Mr. HALL of Mississippi: Petition by I. S. Dixon and other citizens of Mississippi, requesting that Congress enact legislation immediately calling for the payment in cash of the balance of the adjusted-compensation certificates of the World War veterans; to the Committee on World War Veterans' Legislation.

209. By Mr. NELSON of Maine: Council order and resolutions of the governor and council of the State of Maine, submitting the joint resolution of the executive committees of the Maine State Grange, Kennebec Valley Protective Association, and Maine Lumbermen and Landowners Association, urging legislation to protect the pulpwood industry from foreign competition, and for other purposes; to the Committee on Ways and Means.

210. By Mr. SNOW: Petition of W. L. Stadig and many other citizens of Wallagras, Me., favoring a duty on pulp and fire wood; to the Committee on Ways and Means.

211. By Mr. SMITH of Idaho: Memorial by William D. Martin Post, No. 15, Sandpoint, Idaho, favoring immediate payment in full of adjusted compensation to World War veterans; to the Committee on World War Veterans' Legislation.

212. By Mr. CULLEN: Petition of Brotherhood of Maintenance of Way Employees, urging the enactment of legislation for the disposition of the Muscle Shoals properties in accordance with the said intent and purpose of the original legislation with reference thereto, as proposed by Senator NORRIS, and that, in the disposition of said properties they be devoted primarily to the manufacture of fertilizer in completed form to be sold to the farmers of the Nation and thereby result in some relief to distressed agriculture; to the Committee on Military Affairs.

213. Also, petition of the metropolitan section of the American Society of Civil Engineers, approving such revisions of the wording in the Interior Department appropriation bill for the fiscal year 1933 as will effect a more equi-



table allocation of funds to the several States and which will provide for the complete utilization of the funds made available by Congress for mapping purposes; to the Committee on Appropriations.

214. Also, petition of members of the New York Produce Exchange, recommending to the Congress of the United States that the eighteenth amendment should be promptly and unconditionally repealed, and that Congress shall submit to conventions of the peoples of the various States an amendment to the Federal Constitution repealing said eighteenth amendment; to the Committee on the Judiciary.

215. Also, petition of the New York Academy of Medicine, voicing its disapproval of those portions of the Volstead Act which invade the right of the State of New York to regulate the practice of medicine within its own borders, and which deprive the physician of his right to the free exercise of his judgment in the practice of his profession; to the Committee on the Judiciary.

216. By Mr. GARBER: Petition of Howard W. Hinman, major, Infantry Reserve, Oklahoma City, Okla., protesting against contemplated reductions in military appropriations for the coming fiscal year; to the Committee on Appropriations.

217. Also, petition of delegates at the Western Governors' Conference in Portland, Oreg., petitioning Congress to levy a tariff on copper; to the Committee on Ways and Means.

218. Also, petition of the board of directors of the Oklahoma Cotton Growers Association, urging opposition to any effort to place the administration of the agricultural marketing act under the supervision and control of the Secretary of Agriculture; to the Committee on Agriculture.

219. Also, petition of the Printing Industry of Oklahoma City (Inc.), protesting against suggested postal rate increase on first-class mail; to the Committee on the Post Office and Post Roads.

220. Also, petition of the Ponca City (Okla.) Automobile Dealers' Association, protesting against imposition of a 5 per cent tax on the sale of automobiles and accessories; to the Committee on Ways and Means.

221. By Mr. JOHNSON of Texas: Petition of Kay Halsell, of Bryan, Tex., opposing a sales tax on automobiles; to the Committee on Ways and Means.

222. By Mr. THOMASON: Petition of Sheep and Goat Raisers' Association of Texas, for the designation by the United States Government of substation No. 14 at Sonora, Tex., as a southwestern Federal experiment station; to the Committee on Agriculture.

223. By Mr. TARVER: Petition of De Witt C. Wynn and a number of other ex-service men of Polk County, Ga., asking for the payment in full of adjusted-service certificates; to the Committee on Ways and Means.

224. By Mr. RUDD: Petition of Western Governors' Conference, through its secretary, George C. Sutherland, Salt Lake City, Utah, favoring a tariff on copper; to the Committee on Ways and Means.

225. Also, petition of Simons-Stewart Co. (Inc.), New York City, opposing further tax on automobiles and accessories; to the Committee on Ways and Means.

226. By Mrs. KAHN: Petition of California Farmers' Convention, urging an adequate tariff as the foundation of farm relief; to the Committee on Ways and Means.

227. Also, petition of California Farmers' Convention, urging the continuation of the activities of the Federal Farm Board; to the Committee on Agriculture.

228. By Mr. HORR: Petition of Snohomish County Pomona Grange, No. 12, of Arlington, Wash., against the proposed sales tax, and in favor of an income tax based on earning power; to the Committee on Ways and Means.

229. By Mr. O'CONNOR: Resolutions of the board of managers of the New York Produce Exchange, and ratified by the members of the exchange by vote of 617 to 14, calling for repeal of the eighteenth amendment; to the Committee on the Judiciary.

230. Petition of delegates at the Western Governors' Conference in Portland, Oreg., urging Congress to levy a tariff on copper; to the Committee on Ways and Means.

231. Also, petition of Henry Strauss, Manila, P. I., urging a subsidy to help American industries and a discriminating tariff on Japanese manufactures; to the Committee on Ways and Means.

232. Also, petition of Wisconsin Conference, Methodist Episcopal Church, Ripon, Wis., urging the passage of House Joint Resolution 320, proposed constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

233. Also, petition of Tri-Cities Central Labor Council, Muscle Shoals and vicinity, Sheffield, Ala., urging that final legislation be enacted for the disposition of Muscle Shoals properties; to the Committee on Military Affairs.

234. Also, petition of citizens of North Dakota, urging legislation to grant to members of the National Farm Loan Associations a 3-year moratorium on mortgage indebtedness; to the Committee on Banking and Currency.

SENATE

TUESDAY, JANUARY 5, 1932

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

O Thou before whose all-searching sight darkness dissolveth like a dream; breathe on us now with lucid morning's fragrant breath the spirit of Thy calm as we embark upon uncharted seas, empurpled and begloomed by clouds of doubt arising from the mists of our own thought. Be Thou our chart and compass in this great emprise on which the destinies of nations now await, that by Thy presence we may know that Thou in whom we live and move wilt bring us to the haven of our hopes, molding to consummation where we fail, crowning with benediction every faithful deed. Lift from our hearts the heavy burden, the bewildering care that weighs us down, that we may feel the pulsing tenderness of God in each faint heart clasp of our human world. We would not ask for more, we dare not ask for less; yet what we ask is only in the Savior's name and for His own dear sake. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Sheppard
Austin	Cutting	Johnson	Shipstead
Bailey	Dale	Jones	Shortridge
Barbour	Davis	Kean	Smith
Barkley	Dickinson	Kendrick	Steiwer
Bingham	Dill	Keyes	Swanson
Black	Fess	King	Thomas, Idaho
Blaine	Fletcher	La Follette	Thomas, Okla.
Borah	Frazier	Logan	Townsend
Bratton	George	McGill	Trammell
Brookhart	Glass	McKellar	Vandenberg
Broussard	Glenn	McNary	Wagner
Bulkley	Gore	Metcalf	Walcott
Bulow	Hale	Morrison	Walsh, Mass.
Brynes	Harris	Moses	Walsh, Mont.
Capper	Harrison	Neely	Waterman
Caraway	Hastings	Norbeck	Watson
Connally	Hatfield	Norris	Wheeler
Coolidge	Hayden	Nye	White
Copeland	Hebert	Robinson, Ark.	
Costigan	Howell	Robinson, Ind.	

Mr. KENDRICK. My colleague the junior Senator from Wyoming [Mr. CAREY] is necessarily absent on official business. I ask that this announcement may stand for all roll calls during the day.

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is necessarily absent on official business.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, favoring the passage of legislation to prohibit the manufacture and sale of oleomargarine, which was referred to the Committee on Agriculture and Forestry. (See joint resolution printed in full when presented by Mr. BLAINE on January 4, 1932, p. 1160, CONGRESSIONAL RECORD.)

He also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Agriculture and Forestry:

STATE OF WISCONSIN.

Joint resolution relating to a national plan for land utilization and agricultural development

Whereas it is generally recognized that the present depressed state of agriculture is partially due to the uncontrolled rapid expansion of agriculture which has characterized the development of this country during the past century; and

Whereas the use of marginal and submarginal lands is one of the factors in the overproduction of practically all agricultural products, which can be remedied only through the abandonment of attempts to farm these lands and their devotion to such uses as forestry, grazing, and recreation, to which they are naturally better adapted; and

Whereas it is evident that agricultural recovery depends to a very great extent upon more intelligent planning with regard to the uses of lands, and there is urgent need that immediate steps be taken to this end: Now therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully petitions the Congress of the United States to take immediate steps for the development of a long-time policy of land utilization and balanced agricultural production. To this end the United States Department of Agriculture, in cooperation with the several States, should be enabled to make comprehensive economic surveys of marginal and submarginal lands now devoted to agriculture to determine the uses to which they could be put to best advantage, and appropriations should be made for the development of forestry and recreational opportunities on such of these lands as are more suited to these purposes than to agriculture; be it further

Resolved, That the Congress at once take steps to withdraw all public lands from homestead entry unless detailed soil and economic surveys give conclusive evidence that such homestead entry promotes the welfare of the agriculture of the Nation, not just the State in which the homestead land is located; be it further

Resolved, That the Congress appropriate no more funds for irrigation or land reclamation projects unless it can be clearly shown that the results to be obtained from such appropriations are in accord with a sound long-time policy of land utilization and a balanced agriculture for the Nation as a whole, not just the area in which such appropriations are asked to be spent; be it further

Resolved, That properly attested copies of this resolution be sent to the President of the United States, to each of the two Houses of Congress of the United States, the Secretary of Agriculture, and also to the agricultural department of each of the several States.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate a communication from the Secretary of the Navy embodying a resolution adopted by the Second Guam Congress favoring the continuance of the annual appropriation for the maintenance of the agricultural experiment station in Guam, etc., which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a resolution adopted by a mass meeting of citizens at Benson, Minn., favoring the prompt passage of legislation known as the farmers' farm relief bill, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, relating to the conclusion of a treaty with Canada for the Great Lakes-St. Lawrence waterway, which was referred to the Committee on Foreign Relations. (See joint resolution printed in full when presented by Mr. BLAINE on January 4, 1932, p. 1160, CONGRESSIONAL RECORD.)

He also laid before the Senate a petition of the faculty and student body of Taylor University at Upland, Ind., praying for the success of the movement for world peace and also of the disarmament conference to be held at Geneva, Switzerland, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Military Order of the World War, urging that, "In granting any further extension of the moratorium upon financial obligations arising out of the war it be stipulated that any funds or debts thus released should not directly or indirectly be loaned to or otherwise be permitted to accrue to the benefit of the Russian Soviet Government," which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the executive committee, Department of the District of Columbia, American Legion, favoring the passage of legislation making Armistice Day, November 11, a national holiday, which was referred to the Committee on the District of Columbia.

He also laid before the Senate a telegram signed by Fred D. Connolley, executive director of the Columbus (Ohio) Chamber of Commerce, on behalf of a large number of organizations assembled at that place, requesting during the duration of the present economic situation that a moratorium be placed "on partisan politics and that Congress cooperate with the administration in every sound, constructive action that will tend to alleviate the situation, bring a return of confidence, and get the wheels of commerce and industry in motion again in the interest of all the people," which was referred to the Committee on Education and Labor.

He also laid before the Senate resolutions adopted by the Florida State Chamber of Commerce at Daytona Beach, Fla., favoring the passage of legislation placing transportation for profit on the highways under proper restriction, with due regard for the safety of the public, the preservation of the highways, and the integrity of the laws which have been enacted by the several States, which were referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted by the Oakland (Calif.) Chamber of Commerce, favoring the naming of the new dirigible *ZRS–5* the *Palo Alto*, which was referred to the Committee on Naval Affairs.

He also laid before the Senate a letter from B. F. Hall, of Wilmington, N. C., in relation to an article published in the Wall Street Journal of the 30th ultimo under the title of "Debts or Peace," which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a memorial from the Flint Motor Co. (Inc.), of Dodge City, Kans., signed by Harold Murphy, president, remonstrating against the imposition of a 5 per cent tax on motor cars, which was referred to the Committee on Finance.

He also laid before the Senate a communication from David Dickie, secretary of the Farmers' Taxpayers Association, of North Farmington, Oakland County, Mich., inclosing matter favoring a changed attitude and revision in the tax situation so as to avoid the imminent danger of the confiscation of farms and homes by undue taxation, which, with the accompanying papers, was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Wisconsin Conference of the Methodist Episcopal Church, indorsing a proposed amendment to the Constitution to prohibit sectarian appropriations, which was referred to the Committee on the Judiciary.

He also laid before the Senate a communication from Alfred M. Wolf, of New York City, inclosing an article relative to the alleviation of unemployment in connection with the economic situation and suggesting a modification of the Volstead Act so as to permit the manufacture and sale of light wines and beer of 3 per cent alcoholic content, etc.,

which, with the accompanying paper, was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the municipal council of La Paz, Province of Leyte, P. I., favoring the granting of Philippine independence as soon as possible and not beyond a period of 10 years, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate resolutions adopted by the municipal council of Basey, Province of Samar, P. I., favoring the granting of immediate, complete, and absolute independence to the Philippine Islands, which were referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a communication from Vincente Sotto, president of the Philippine Civic Union, transmitting a document by its organization committee, composed of Isauro Gabaldon and others, at Manila, P. I., in relation to the subjects of Economic Protectionism, Anti-imperialist Boycott, General Strike, and Civil Disobedience Till the Restoration of the Philippine Republic, etc., which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate resolutions adopted by the Solidaridad Filipina, Manila, P. I., favoring the passage of the so-called Timberlake bill, limiting the free entry into the United States of certain Filipino products; urging limitation of Filipino immigration thereto; the continuation of the United States Government in the Philippines for the present; and certain amendments to the Jones law, which were referred to the Committee on Territories and Insular Affairs.

Mr. BINGHAM presented resolutions adopted by the board of managers of the New York Produce Exchange, favoring the prompt and unconditional repeal of the eighteenth amendment to the Constitution, which were referred to the Committee on the Judiciary.

Mr. BLAINE presented a resolution adopted by the Wisconsin Polish Legion of American Veterans, favoring the immediate payment in cash of adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

Mr. SHIPSTEAD presented a petition of members of the Newfolden National Farm Loan Association, Newfolden, Minn., praying for the passage of legislation granting members of the National Farm Loan Association a 3-year moratorium on mortgage indebtedness, said moratorium to apply only to bona fide farmers who have lived on and operated farms for one year or more, etc., which was referred to the Committee on Agriculture and Forestry.

He also presented the petition of members of the United States Federal jury in session at Duluth, Minn., praying for the confirmation of Gunnar H. Nordbye as United States district judge, district of Minnesota, which was referred to the Committee on the Judiciary.

Mr. BARBOUR presented a telegram in the nature of a memorial from the Alpha Men's Class, of Collingswood, N. J., remonstrating against the holding of a referendum for the repeal of the eighteenth amendment to the Constitution, which was referred to the Committee on the Judiciary.

He also presented a telegram in the nature of a memorial from the National Federation of Postal Clerks and the National Association of Letter Carriers at Passaic, N. J., remonstrating against the passage of legislation decreasing salaries, which was referred to the Committee on Civil Service.

He also presented resolutions adopted by the mayor and members of the council of the Borough of Carteret, N. J., opposing the imposition of a tariff duty on copper, which were referred to the Committee on Finance.

RECONSTRUCTION FINANCE CORPORATION

Mr. ROBINSON of Arkansas. Mr. President, I ask permission to have printed in the RECORD a statement by the representatives of various southern building and loan associations, including the names of the signers, touching Senate bill No. 1, creating a Reconstruction Finance Corporation. I ask that the statement be referred to the Committee on Banking and Currency.

There being no objection, the statement was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

DECEMBER 29, 1931.

Re: Senate bill No. 1—Reconstruction Finance Corporation.

Hon. JOE T. ROBINSON,
Washington, D. C.

DEAR SENATOR: As suggested by you, we have carefully studied the above bill, and we take pleasure in advising you that in our opinion, if the above bill is enacted as drawn, it can be of great assistance to building and loan associations in repaying their loans to banks, and will enable them to take care of their abnormal withdrawal requests, assist many of their savers who are now in pressing need of funds, and avoid many foreclosures which would otherwise have to be made.

We are of the opinion that a rediscount privilege with the Federal reserve banks should remain in the bill as written.

With sincerest appreciation for the courtesy extended to our representatives, Messrs. Brown, Leigh, and Thompson, in the discussion of pending legislation, we remain

Very truly yours,

Little Rock Building and Loan League; Argenta Building and Loan Association, by John Hemshrup, secretary; Capital Building and Loan Association, by Lois Rainwater, president; Equitable Building and Loan Association, by E. T. Reavet, secretary; National Savings and Loan Association, by J. M. Sadler, vice president and secretary; Prudential Building and Loan Association, by J. N. Moxley; State Building and Loan Association, by D. Bessinger, secretary; Tri-State Savings and Loan Association, by O. L. Redortt, president; Commercial Building and Loan Association, by H. N. Sterling, secretary; American Building and Loan Association, by W. L. Delony, secretary; Commonwealth Building and Loan Association, by P. G. Leigh, vice president; Guaranty Building and Loan Association, by Guy E. Thompson, president; Peoples Building and Loan Association; Pulaski Building and Loan Association, by D. N. Gulley, secretary; Travelers Building and Loan Association, by Lois Rainwater, president; Union Savings, Building, and Loan Association, by Fred L. Purcell, president.

COMPULSORY MILITARY TRAINING

Mr. BARBOUR. Mr. President, I send to the desk certain resolutions adopted by the Intercollegiate Disarmament Council relative to reducing military expenditures and abolishing compulsory military training in schools and colleges, which I ask may be printed in the RECORD.

There being no objection, the resolutions were referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

The Intercollegiate Disarmament Council has sponsored a student poll in the colleges of the United States on the disarmament question. Twenty-four thousand three hundred and forty-five students in 70 colleges voted. Based upon this expression of opinion, the following resolutions were adopted at a national student mass meeting in New York City on December 30:

"Whereas 24,345 students in 70 colleges in all parts of the country have expressed their opinion in a national poll on disarmament sponsored by the Intercollegiate Disarmament Council; and

"Whereas 92 per cent of these students favor reducing armaments by 25 per cent or more; and

"Whereas 64 per cent of these students favor the United States setting an example in reducing armaments independently: Be it

"*Resolved*, That we respectfully request Congress to pass a resolution urging the American delegates to the World Disarmament Conference to work for an international agreement reducing military expenditures of all governments by at least 25 per cent.

"Whereas 81 per cent of these 24,345 students oppose compulsory military training in colleges: Be it

"*Resolved*, That we respectfully urge Congress to abolish compulsory military training in the schools and colleges."

HENRY SCHMIDT, JR.,
EDWARD G. WILMS.

PROPOSED MEMORIAL TO COMTE AND ADMIRAL DE GRASSE

Mr. COPELAND. Mr. President, I have here a resolution in the nature of a petition from the Sons of the Revolution in the State of New York relating to a proposed memorial to the Comte de Grasse in the District of Columbia, which I ask may be referred to the Committee on the Library and printed in the RECORD.

There being no objection, the resolution was referred to the Committee on the Library and ordered to be printed in the RECORD, as follows:

Whereas the recent Yorktown Sesquicentennial Celebration has just begun to call fitting public attention to the debt of the United States toward the Comte and Admiral de Grasse, to whom

Gen. George Washington wrote the day after the capitulation at Yorktown: "The surrender of York, which has brought so much glory and advantages to the allies, and the honor of which belongs to your excellency"; and

Whereas the illustrious leader of the American Revolution renewedly wrote to the Comte and Admiral de Grasse: "Your timely intervention has given to America independence and liberty"; and

Whereas in 150 years since the splendid victory at Yorktown the United States have nowhere erected to De Grasse monument or memorial of gratitude and have merely recorded his name upon the Yorktown Monument; and

Whereas it is being proposed, and with the approval of leading patriotic societies, that in Washington, D. C., an avenue shall be named after the Comte and Admiral de Grasse; and it is further proposed that there be erected, if possible, upon that avenue a fitting memorial to the Comte and Admiral de Grasse, of whom the late Ambassador Myron T. Herrick declared that, "On the skill, courage, and devotion of that officer depended the fate of our War of Independence"; and

Whereas there was introduced during the second session of the Seventy-first Congress, on May 24, 1930, by the Hon. Roy G. Fitzgerald, of Ohio, in the House of Representatives, a resolution known as House Joint Resolution 347, authorizing an appropriation of $50,000 for the erection in the city of Washington, D. C., of such a memorial to the Comte de Grasse and also for a suitable public plot, place, square, circle, boulevard, or street to receive the name "De Grasse": Therefore be it

Resolved by the Sons of the Revolution in the State of New York at its annual meeting, 1931, That the society hereby expresses its approval of the efforts that are making to testify of the national gratitude of the United States for the brilliant services to this country of the Comte and Admiral de Grasse and calls upon the Congress of the United States to erect in the city of Washington, D. C., this proposed De Grasse memorial.

GOVERNMENT BOND ISSUES

Mr. JONES. Mr. President, I have a telegram from a very prominent gentleman of my State, urging an increase in capitalization of the proposed Reconstruction Finance Corporation to $1,000,000,000. I ask that the telegram may be referred to the Committee on Banking and Currency and printed in the RECORD.

There being no objection, the telegram was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

[Telegram]

YAKIMA, WASH., *December 31, 1931.*

Senator W. L. JONES,
Washington, D. C.:

Generally speaking, I believe that the market should establish values, but values of Government bond issues have dropped to such low levels that measures to support them have become urgent. To accomplish this, I think Congress should increase capitalization of proposed reconstruction corporation to $1,000,000,000. This increase of $500,000,000 should be devoted to purchase at par of any Government bonds that may be offered so as to maintain their parity. Effect of this would be to immediately raise depreciated Government issues to par and others perhaps above par and to strengthen the market for all other bonds, including utilities, railroads, and other high-grade issues. The last Government issue has slumped 17 per cent. The Government owes it to purchasers of its bonds to prevent such a catastrophe. Such action would facilitate future sales and would strengthen entire financial structure. The corporation would not be called on to buy many bonds, because maintenance at par would remove reason for selling, nor would Government increase its obligations. The reconstruction corporation would be in same position as national credit corporation, the mere creation of which has had stabilizing effect so as to make demands on it almost negligible.

O. A. FECHTER.

REPORT OF THE CLAIMS COMMITTEE

Mr. HOWELL, from the Committee on Claims, to which was referred the bill (S. 236) for the relief of Hunter P. Mulford, reported it without amendment and submitted a report (No. 28) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NYE:

A bill (S. 2629) to construct a public building for a post office at the city of Crosby, N. Dak.; to the Committee on Public Buildings and Grounds.

By Mr. HATFIELD:

A bill (S. 2631) granting a pension to Marcellus W. Mace;

A bill (S. 2632) granting a pension to Mary M. Reynolds (with accompanying papers); and

A bill (S. 2633) granting a pension to Elijah Stephens (with accompanying papers); to the Committee on Pensions.

A bill (S. 2634) for the relief of Sarah Lloyd (with an accompanying paper); to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 2635) to amend the act of June 25, 1910, entitled "An act to provide for determining the heirs of deceased Indians, for the disposal and sale of allotments of deceased Indians, for the lease of allotments, and for other purposes," so as to authorize the Secretary of the Interior to modify the terms of certain contracts when, in his judgment, it is in the interest of the Indians so to do; to the Committee on Indian Affairs.

By Mr. HEBERT:

A bill (S. 2636) for the relief of the Wakefield Trust Co., of Wakefield, R. I.; to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 2637) for the relief of Anna Carroll; to the Committee on Claims.

A bill (S. 2638) granting a pension to Clarence B. Hellings; to the Committee on Pensions.

By Mr. WALSH of Montana:

A bill (S. 2639) granting the consent of Congress to the State of Montana, the counties of Roosevelt, Richland, and McCone, or any of them, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Poplar, Mont.; to the Committee on Commerce.

By Mr. BLACK:

A bill (S. 2640) to adjust the pay of certain persons with prior service in the National Guard or Organized Militia who entered the service between April 6, 1917, and July 8, 1918, inclusive, other than through the draft; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 2642) to establish a commission to be known as a commission on a national museum of engineering and industry; to the Committee on Education and Labor.

A bill (S. 2643) to extend for one year immigration and naturalization privileges to alien veterans who served in the forces of the United States during the World War; to the Committee on Immigration.

A bill (S. 2644) to permit an increase in the length of leaves of absence with pay for members of the Metropolitan police, the United States park police, and the fire department of the District of Columbia; to the Committee on the District of Columbia.

A bill (S. 2645) granting a pension to Alice Bennett; and

A bill (S. 2646) granting a pension to Samuel Herkowitz; to the Committee on Pensions.

A bill (S. 2647) for the relief of the Chemical Bank & Trust Co., successors to United States Mortgage & Trust Co., of New York City, N. Y.;

A bill (S. 2648) for the relief of the Marine Trust Co., successors to Buffalo Trust Co., of Buffalo, N. Y.;

A bill (S. 2649) for the relief of the Marine Trust Co., of Buffalo, N. Y.;

A bill (S. 2650) for the relief of the Bank of New York & Trust Co., successors to New York Life Insurance & Trust Co., of New York City, N. Y.;

A bill (S. 2651) for the relief of the Marine Trust Co., of Buffalo, N. Y.;

A bill (S. 2652) for the relief of the Glen Falls Trust Co., of Glen Falls, N. Y.; and

A bill (S. 2653) for the relief of the Bank of New York & Trust Co., successors to New York Life Insurance & Trust Co., of New York City, N. Y.; to the Committee on Claims.

By Mr. BRATTON:

A bill (S. 2654) to allow credit in connection with homestead entries to widows of persons who served in certain Indian wars; to the Committee on Public Lands and Surveys.

By Mr. KING:

A bill (S. 2656) to exempt from the quota husbands of American citizens; to the Committee on Immigration.

By Mr. JONES (by request):

A bill (S. 2657) to secure to unemployed American citizens the right to work advantageously for themselves in the pro-

duction and mutual exchange of food, shelter, clothing, and commodities; to the Committee on Finance.

By Mr. NEELY:

A bill (S. 2658) granting a pension to John E. Cutlip;

A bill (S. 2659) granting an increase of pension to Robert Blake; and

A bill (S. 2660) granting an increase of pension to John H. Jackson; to the Committee on Pensions.

By Mr. HALE:

A bill (S. 2661) granting an increase of pension to Della W. Lampson;

A bill (S. 2662) granting an increase of pension to Joseph A. Libby (with accompanying papers); and

A bill (S. 2663) granting an increase of pension to Julia L. Morrison (with accompanying papers); to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 2664) to authorize the issuance of certificates of citizenship to native-born citizens; to the Committee on Immigration.

A bill (S. 2665) to amend section 505 of title 28 of the Code of Laws of the United States of America, volume 44, part 1, United States Statutes at Large, relating to payment of salaries of certain officials; to the Committee on the Judiciary.

A bill (S. 2666) for the relief of Senelma Wirkkula, also known as Selma Wirkkula;

A bill (S. 2667) for the relief of certain claimants who suffered loss by fire in the State of Minnesota during October, 1918; and

A bill (S. 2668) for the relief of the Waterous Co.; to the Committee on Claims.

A bill (S. 2669) to extend the benefits of the emergency officers' retirement act to certain emergency officers of the war with Spain, the Philippine insurrection, and the Chinese Boxer rebellion; to the Committee on Military Affairs.

By Mr. STEIWER:

A bill (S. 2670) to provide for the improvement of the Columbia and Snake Rivers; to the Committee on Commerce.

A bill (S. 2671) providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon; to the Committee on Indian Affairs.

A bill (S. 2672) granting a pension to John R. Liles (with accompanying papers); and

A bill (S. 2673) granting an increase of pension to Anna Lee Duncan (with accompanying papers); to the Committee on Pensions.

By Mr. WALSH of Massachusetts:

A bill (S. 2674) for the relief of John Thomas Simpkin; to the Committee on Naval Affairs.

By Mr. WATSON:

A bill (S. 2677) granting a pension to Harry Oaks (with accompanying papers); to the Committee on Pensions.

By Mr. KING:

A joint resolution (S. J. Res. 74) authorizing reinstatement of oil-prospecting permits; to the Committee on Public Lands and Surveys.

FEDERAL TRADE COMMISSION AND ANTITRUST LAWS

By Mr. NYE:

A bill (S. 2626) to amend the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914;

A bill (S. 2627) to establish a Federal trade court, and for other purposes; and

A bill (S. 2628) to amend the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914.

Mr. NYE. Mr. President, I have just introduced three bills, all having relation to the Federal Trade Commission and the antitrust laws. I feel it important that a word of introduction accompany them, to the end that there may be better understanding of their purpose.

I have no hesitancy in advising the Senate of the incentive behind these bills. One could not have observed the decreasing numbers of independent industries and establishments and the increasing strength of chains of late years without catching something of a vision of the future as relates to the independent merchant and manufacturer. That vision pictures an end of the building of splendid communities of American citizens whose independent business institutions have contributed so largely to the welfare and progress of the communities. That picture prompts this legislation of which I speak. I urge that its being written into the law of the land will go far in strengthening independent industry and business men and in preventing the continued and positive inroads of monopoly. Such belief is strengthened by the testimony I have heard in part, and which will be available to the Judiciary Committee, which I expect will conduct hearings upon the program embodied in the bills—the testimony of leaders in independent trade associations and of leading business men who are fighting against the prospect of being ultimately devoured by the chains and monopoly.

The independent grocery man, dry-goods merchant, druggist, clothier, and hardware man, the owner of the small factory, the farmer interested in the continued life of his creamery or other cooperative venture, the independent operator in the oil fields, they and their kind have been the ones in mind in the drafting of this legislative program. It is they whom these bills will protect and profit. The bills do not propose giving them or any individual or group an advantage. They propose alone to afford a field for fair play in the business world. They are intended to free the channels of commerce from destructive "cut-throat" competitors, and thus permit the continued existence of thousands of honest and efficient business establishments constantly threatened by giant and would-be giant monopolies.

The antitrust laws were given to prevent the continued growth of monopoly. If they have failed to accomplish this worthy end, it need not necessarily follow that the laws should be abandoned. Instead, it might, and to my mind in this case it does, prompt a strengthening of antitrust laws.

This legislative program is based primarily on what is known as the trade practice conference. The object of these so-called trade practice conferences was to wipe out the unfair practices found to be restraining trade and injuring honest business. Under this program which I am proposing the legality of the rules resulting from the trade practice conferences would be made definite and certain, and enjoy standing. Under the present law such rules are uncertain; and, while they may enjoy standing to-day, there is no insurance of security or stability to-morrow. Likewise, there is uncertainty relative to the enforceability of such rules.

Under the present law rules are accepted and promulgated by the Federal Trade Commission to-day, and perhaps to-morrow many of them are scrapped, and some of these again confirmed by the commission the next day. The uncertainty thus occasioned has all but destroyed the usefulness of the conferences. The proposed legislation absolutely prevents this by providing a means whereby any rule has an opportunity to be judicially determined, which is not possible at present. This wipes out uncertainties; and to provide a fair competitive field is greatly to the independent dealer's advantage.

The proposed bills also declare certain practices to be illegal. For example, the selling of goods below cost, except under exceptional situations, is made illegal. Again, instead of depending on section 2 of the Clayton Act to wipe out price discrimination, price discrimination is made an unfair method of competition under the proposed section 5½. This is for the purpose of eliminating those provisions, impossible of proof, required by section 2 of the Clayton Act.

These bills also provide for making all trade practice conference rules enforceable after they have been adopted by a majority of the industry and approved by the commission or the courts. The bills also limit the time within which the commission must act and provide for the creation of the Federal Trade Commission court, which is to have jurisdiction arising through the Sherman Antitrust and other acts dealing with restraints of trade, monopoly, and unfair competition.

Under present conditions the small independent business man has no practical relief from oppression suffered by

reason of unfair competition. True it is, he may apply for relief to the courts or to the Federal Trade Commission, but by the time the long-drawn-out and expensive process is concluded he is perhaps out of business. Under the bills proposed he has the advantage of prompt relief and the securing of a fair competitive field, wherein neither large nor small has any unfair advantage. This is a great advantage to the small dealer. For example, if his all-powerful competitors use secret rebates, or sell goods below cost, or employ other methods which necessitate unlimited capital, he would be at a disadvantage while waiting for separate proceedings to be prosecuted against each offender. Thus, the bills proposed provide for speedy and definite action in eliminating these and other unfair methods of competition. The opportunity is provided for the efficient and serviceable small dealer or manufacturer to live and succeed. Again, if and when the small concern has occasion to seek redress for treble damages provided for under the Sherman Act, instead of requiring years of time and prohibitive expense to prosecute the case, relief is afforded under the proposed bills within a matter of months.

If we can define unfair trade practices, if we can expedite the prosecution of trade practices which seem to relate to the jungle, and if we can clarify and make more understandable the antitrust laws, as these three bills of which I speak will do, I am sure we will contribute greatly to the welfare of thousands upon thousands of local and independent units of business; and by so contributing we will restore and maintain a force that has contributed mightily to American success—that force known as independent initiative.

Mr. President, I ask that the three bills which I have introduced may be printed in full in the RECORD.

There being no objection, the bills were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

S. 2626

A bill to amend the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914

Be it enacted, etc., That the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, is amended by adding after section 5 the following, to be known as section 5½ of said act:

"SEC. 5½. On its own motion, or whenever requested so to do by parties in interest in any trade or industry engaged in commerce, the commission is empowered and directed to invite the members of such trade or industry or any complete group or geographical division thereof to assemble at a time and place designated by the commission for the consideration, adoption, and submission to the commission of agreements initiated and voluntarily entered into by the members of such trade or industry. The assembling of the members of a trade or industry by the commission for the purposes of this section hereinafter enumerated shall be known as the trade-practice conference of such trade or industry.

"Agreements authorized under this section shall be limited to such as provide for rules of business conduct covering any or all of the following subjects: (a) Abandonment of any unfair method of competition which at the time is alleged to be used; (b) prevention of any such method which in the future is likely to be used; (c) abandonment of any business practice which in the judgment of the industry would cause or have a tendency to cause the use of any unfair method of competition; (d) establishment of any business practice which will tend to keep the channels of commerce free from the use of unfair method of competition, unreasonable restraints of trade, or monopoly in the particular trade or industry or which would have a tendency to remove incentive from members to enter into unreasonable mergers therein; and (e) establishment or discontinuance of any business conduct or practice which would, in the judgment of the commission, tend to promote the public interest and the use of fair methods of competition. The duration of such agreements shall be determined by a majority vote of those in attendance at the trade practice conference: *Provided*, That no such agreements shall run less than one year.

"Following the holding of a trade practice conference the commission shall consider the agreements there submitted to it and within a reasonable time thereafter shall determine whether or not such agreements, or any of them if uniformly observed, will unreasonably restrain trade or tend to create a monopoly. If the commission shall find that such agreement or agreements if uniformly observed will not unreasonably restrain trade or tend to create a monopoly, it shall affirmatively approve such agreement or agreements and shall so advise the members of the trade or industry participating in the trade practice conference at which such agreement or agreements were adopted. In all proceedings, public or private, whether before the Federal Trade Commission or in any jurisdiction other than the Federal Trade Commission, the affirmative approval of a trade practice conference agreement by the commission shall be conclusive evidence of the legality of individual or concerted action conforming to its terms, taken by any member or members of the trade or industry represented at the conference.

"If, and to the extent that, the commission shall find that such agreement or agreements if uniformly observed, unreasonably restrain trade or tend to create a monopoly, it shall so advise the members of the trade or industry participating in the trade-practice conference at which such agreement or agreements were adopted. Thereafter, and within 30 days after the receipt of such written notice, the members of such trade or industry or any of them or their duly authorized representatives shall have the right to file with the commission an undertaking in writing, in the form which the commission shall prescribe and signed by the members of such trade or industry or any of them or by their representatives duly authorized therefor, in evidence of the intention on the part of the signatories thereto to enter into, perform, and carry out such agreement or agreements. Upon receipt of such written undertaking the commission shall thereupon cause to be issued against such signatories a complaint, the allegations of which shall be limited to the violation of law found by the commission to exist by reason of the entering into and/or the carrying out of said agreement, agreements, or parts thereof, and shall take such other and further proceedings in connection therewith in the manner and form prescribed in section 5 of this act.

"Proceedings for the review of the commission's order shall be had in accordance with and under the circumstances and conditions provided in section 5 of this act.

"All provisions of existing law inconsistent with or repugnant to the provisions of this section or which prevent the provisions of this section from becoming fully effective are hereby suspended and repealed to the extent that such provisions of existing law are inconsistent with or repugnant to or limit the effectiveness of the provisions of this section."

S. 2627

A bill to establish a Federal trade court, and for other purposes

Be it enacted, etc., That there is hereby established a court to be known as the Federal trade court (hereinafter referred to as the court) which shall be composed of 1 chief justice and 11 associate justices, who shall be appointed by the President, by and with the advice and consent of the Senate, and shall hold their offices during good behavior. The chief justice shall be so designated in the order of appointment and in the commission issued to him by the President; and the associate justices shall have precedence and shall succeed to the place and powers of the chief justice, whenever he may be absent or incapable of acting, in the order of the date of their designation. Each judge shall reside within his circuit, and when appointed shall be a resident of the circuit for which he is appointed. In the case of a vacancy or of the temporary inability or disqualification, for any reason, of one of the judges of said court, the Chief Justice of the Supreme Court may, upon the request of the chief justice of said court, designate any qualified United States circuit or district judge to act in his place; and such circuit or district judge shall be duly qualified so to act.

SEC. 2. There shall be established in each of the 10 judicial circuits of the United States a branch of the court, each such branch court to be presided over by the chief justice or one of the associate justices of the court, except that two justices shall be appointed to each of the branch courts in the second and the third circuits, respectively; and, for the purposes of this act, the District of Columbia shall be included within the limits of the fourth judicial circuit. Each judge, including the chief justice, shall receive a salary of $12,500 per annum, payable monthly from the Treasury. Each of the 10 branches of the court established by this act shall have a clerk of the court, who shall receive a salary of $5,000 per annum, payable in like manner, and in addition to such clerks each judge shall have a personal clerk who shall receive a salary of $2,500 per annum. Each branch court shall be a court of record and shall have an official seal which shall be judicially noticed.

SEC. 3. The jurisdiction of the court and the judges thereof shall extend to all suits, actions, or proceedings, civil or criminal, at law or in equity arising under or authorized by the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890, the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended, and the act entitled "An act to create a Federal Trade Commission, to define its power and duties, and for other purposes," approved September 26, 1914. Such jurisdiction shall be exclusive and shall extend to and include all jurisdiction, both original and appellate, under said acts now possessed by the district courts and the circuit courts of the United States and the judges thereof. Each branch court shall have jurisdiction to hear and consider all such cases when suit or other proceeding is brought against a defendant who resides in, is found in, or transacts business within such judicial circuit, and shall render judgment thereon. Such judgment shall be final, except that it shall be subject to review by the appellate division of the Federal trade court in the manner hereinafter specified, subject to the provisions of chapter 544, section 2, act of February 11, 1903, as amended by chapter 231, section 291, act of March 3, 1911, providing for appeal of suits in equity from the district court to the Supreme Court.

The court is further empowered to enforce, set aside, or modify orders of the Federal Trade Commission on the initiative of either party in the manner and to the extent heretofore authorized to be done by the circuit courts of appeal. Applications for the enforcement of its orders initiated by the Federal Trade Commission shall be filed in the branch court having jurisdiction over the other party to the proceedings as herein provided; applications to set aside orders of the commission shall be filed in the branch court for the fourth circuit.

SEC. 4. Whenever any judge by reason of any disability or necessary absence from his circuit or the accumulation or urgency of business is unable to perform speedily the work of the branch court to which he is attached, the chief justice may, if in his judgment the public interest requires, designate and assign a judge of any other branch court to act in the place or in aid of such judge for such time as the business of the said branch court may require. All designations and assignments made hereunder shall be filed in the office of the clerk and entered on the record of both the branch court from and to which a judge is designated and assigned.

SEC. 5. Each branch court shall hold regular sessions in its respective circuit, at least one such session being held in each State comprising the judicial circuit in which such branch court is located. As nearly as may be the session of each branch court shall be held in cities in which regular sessions of the circuit courts of appeal are held. Other sessions may be held at other places within the respective circuits as determined by the chief justice to be in accordance with the public interest and convenience.

SEC. 6. As to all matters coming within its jurisdiction the Federal trade court shall have appellate jurisdiction to review by appeal or writ of error final decisions, interlocutory orders, and decrees of branch courts to the same extent as heretofore possessed by the circuit courts of appeal with respect to decisions, orders, and decrees of the district courts. For the purpose of exercising its appellate jurisdiction, the several branch courts shall be divided into three groups, comprising four judges in each group, to be known, respectively, as the appellate divisions of the court. Appeals from decisions, orders, or decrees of a branch court shall be filed within 30 days with the judge of such branch court, who shall thereupon enter such appeals on the records of the branch court. Thereafter, at stated terms to be fixed by the chief justice, all appeals originating in branch courts included within each of the three appellate divisions shall be heard and determined by three of the four judges within each such appellate division, provided that in no case shall a judge who exercised original jurisdiction over a matter at issue hear or determine such matter on appeal. Sessions of each of the appellate divisions of the court as herein provided shall be held in each city in which sessions of a branch court are held, to hear and determine appeals from decisions, orders, or decrees of each such branch court. Review of judgments or decisions of the appellate divisions of the court by the Supreme Court may be had by writ of certiorari in the manner and to the extent authorized in section 240 of the Judicial Code, as amended, for the review of matters before a circuit court of appeals.

SEC. 7. In all cases within its jurisdiction the court, and each of the judges assigned thereto, shall, respectively, have and may exercise any and all of the powers of a district court and, on matters on appeal, of a circuit court of the United States and of the judges of said courts, respectively, so far as the same may be appropriate to the effective exercise of the jurisdiction hereby conferred.

SEC. 8. The provisions of this act shall not affect suits commenced in the district courts, either originally or by removal, prior to its passage; and all such suits shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if this act had not been passed.

S. 2628

A bill to amend the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914

Be it enacted, etc., That the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, is amended by adding immediately after the final paragraph of section 5 thereof the following new paragraph:

"It shall be an unfair method of competition under this section for any person in the course of commerce (a) to sell or offer to sell, as a trade incentive or for the purpose of injuring a competitor, any article or commodity at or below his cost price, such cost price to be determined in accordance with the best accounting practice in the trade or business or in accordance with any basis or method prescribed by the commission; (b) to discriminate in price between different purchasers of commodities, not including discrimination in price on account of differences in the grade, quality, or quantity of the commodity sold, or that makes only due allowance for difference in the cost of selling or transportation, or discrimination in price in the same or different communities made in good faith to meet competition; and (c) to violate any rule adopted at a trade practice conference by the industry of which he is a member: *Provided*, That such rule was subsequently approved or accepted by the Federal Trade Commission or by a court of record: *Provided further*, That any person who within one year from the date any trade practice becomes effective as to him finds that any such rule has or will work an undue hardship in the conduct of his business may file with the commission a petition in writing duly executed under oath to revoke such rule. If the commission then has reason to believe that such rule may be unduly oppressive, it shall investigate the matter, and if, in the opinion of the commission, said rule is unduly oppressive, the commission shall revoke the same and notify the members of the industry of its action or notify the person or persons authorized by the conference to represent them of its action. Thereafter the commission shall issue its complaint against any who continue or revive such rule.

"A trade incentive, as used in this section, shall not be construed to apply to a final closing out of a business or to other transactions made in good faith which, in the judgment of the commission, were justified by extraordinary temporary circumstances.

"This amendment shall be construed as an interpretation but not as in limitation of the powers of the Federal Trade Commission to prevent the use of unfair methods of competition in commerce."

PROPOSED FINANCIAL LEGISLATION

Mr. BORAH. Mr. President, I introduce a bill which was prepared by Mr. Lafferty, formerly a Member of the House of Representatives. I introduce it by request.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2630) to provide for "ounce" coins and "ounce" Treasury notes, to revive world trade and commerce, and to make possible the payment of debts, foreign and domestic, was read twice by its title and referred to the Committee on Finance.

VALUATION OF PROPERTY ACQUIRED BY THE GOVERNMENT

Mr. BLAINE. Mr. President, in line with the President's suggestions respecting the promotion of economy in the administration of government, I introduce a bill to place the valuation of property acquired by the Government under the building program under the jurisdiction of the valuation bureau of the Interstate Commerce Commission. I ask that the bill may be referred to the Committee on Expenditures in the Executive Departments.

The bill (S. 2641) to amend the act of May 25, 1926, entitled "An act to provide for the construction of certain public buildings, and for other purposes," was read twice by its title and referred to the Committee on Expenditures in the Executive Departments.

CHANGE OF PROCEDURE IN CRIMINAL PROSECUTIONS

Mr. BRATTON. I introduce a bill in connection with which I desire to make a brief statement.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from New Mexico is recognized.

Mr. BRATTON. Mr. President, it will be recalled that the fifth amendment to the Constitution provides that—

No person shall be held to answer for a capital or otherwise infamous crime unless on a presentment or indictment of a grand jury.

Under the present system in the United States there is no way by which a person who has violated a Federal statute involving a felony may be prosecuted except upon an indictment returned by a grand jury. That occasions delay in the administration of the Federal criminal law and expense in its enforcement. In many of the sparsely populated regions of the country Federal grand juries meet infrequently, sometimes three and sometimes even six months apart. If in the meantime a person violates a Federal statute the violation of which is a felony, there is no way by which the offender may be brought to the bar of justice until a grand jury convenes, whether that be three or six months thereafter. Oftentimes the offender admits his guilt instantly upon arrest and desires to enter a plea of guilty and begin serving his sentence, but under the existing system he can not do so because of the constitutional provision to which I have adverted, to the effect that no one shall be prosecuted except upon an indictment of a grand jury.

It will be recalled, too, that under two other provisions of the Constitution it is guaranteed that no person shall be convicted except by an impartial jury; but in April, 1930, the Supreme Court of the United States, in the case of Patton et al. against United States, reported in Two hundred and eighty-first United States Reports at page 276, held that

that was a personal right in the nature of protection which the accused might waive; that upon such waiver and consent thereto he might be tried before a jury of less than 12 men or before a Federal judge without a jury. The decision is based upon the theory that the constitutional provision affords a personal right which the accused may waive.

I entertain no doubt, Mr. President, that the Supreme Court, following the argument in that case and the reasoning there advanced, will hold that the right to be prosecuted only by an indictment is a personal right which an accused person may waive; but an act of Congress is necessary to authorize prosecutions upon information, because under the common law existing at the time we separated from the mother country only misdemeanors could be prosecuted upon information.

So, Mr. President, I have prepared a bill which provides that in a felony case an accused person may waive the right to an indictment and consent to the presentation of an information, and that when such waiver is entered he may be prosecuted and sentence imposed to the same effect as if he were prosecuted upon an indictment.

I think the measure is constitutional; that it will save great expense in the enforcement of the criminal laws and will speed enforcement of those laws. I hope very much that the bill may receive early consideration by the Judiciary Committee and that it may be enacted into law.

I should like to say a word further. A moment ago I referred to the infrequency with which Federal grand juries meet in the rural sections of the country. In the cities almost continuous sessions of Federal grand juries are required, and of course that is very expensive. In each case the United States attorney must conduct his investigation in order to present the matter to the grand jury. I see no sound reason why, predicated upon that investigation, the district attorney should not be empowered to prepare and present an information, if the accused waives his right to an indictment, so that the prosecution may go forward either by a plea of guilty or a trial. That will contribute to speed and economy in criminal procedure.

The bill (S. 2655) providing for waiver of prosecution by indictment in certain criminal proceedings, was read twice by its title and referred to the Committee on the Judiciary.

Mr. WALSH of Massachusetts. Mr. President, I introduce a bill providing for an emergency circulation fund, and for other purposes. In brief, it provides for a temporary issue of currency to supply the vacuum produced by hoarding and from frozen assets. Under the bill the Secretary of the Treasury is directed to have printed United States Treasury notes to be called "emergency circulation fund." Any bank, corporation, or citizen shall have the right to deposit United States bonds in amounts of $1,000, or multiples thereof, and to receive from such fund 90 per cent of the bonds' face value in United States Treasury notes. These bonds may be redeemed within 12 months by repaying the amount borrowed with 5 per cent interest; failure to redeem within 12 months shall operate as a forfeiture of such bonds to the United States. The actual amount of the notes held in the emergency circulation fund should never be less than $100,000,000 in excess of any outstanding advances.

In connection with this measure I call attention to the message of the President on January 4, as follows:

> The discount facilities of our Federal reserve banks are restricted by law more than that of the central banks in other countries. This restriction in times such as these limits the liquidity of the banks and tends to increase the forces of deflation, cripples the smaller businesses, stifles new enterprise, and thus limits employment. I recommend an enlargement of these discount privileges to take care of emergencies. To meet the needs of our situation it will not be necessary to go even as far as the current practice of foreign institutions of similar character. Such a measure has the support of most of the governors of the Federal reserve banks.

This measure already has been presented to the House of Representatives by Representative KENT E. KELLER, of Illinois, and I ask that a letter which I have just received from him and a copy of the bill may be inserted in the RECORD. The bill has also been given very careful study by former Senator Robert L. Owen, of Oklahoma, a well-known authority on banking and the Federal reserve banking system. I ask that a letter which I have received from him may also be inserted in the RECORD.

The VICE PRESIDENT. Without objection, the bill introduced by the Senator from Massachusetts and the letters submitted by him will be printed in the RECORD.

The bill (S. 2675) providing for an emergency circulation fund, and for other purposes, was read twice by its title and referred to the Committee on Finance, and, together with the letters referred to, ordered to be printed in the RECORD, as follows:

S. 2675

A bill providing for an emergency circulation fund and for other purposes

Be it enacted, etc., That the Secretary of the Treasury is hereby directed to have printed and to keep on hand United States Treasury notes under a special account to be called the "emergency circulation fund." Such notes shall be in the same denominations as the Treasury notes issued to the Federal Reserve agents. Any bank, corporation, or citizen of the United States shall have the right to deposit United States bonds in the amount of $1,000 or multiples thereof, under rules and regulations to be prescribed by the Secretary of the Treasury, and to receive from such fund 90 per cent of the face value of such bonds in United States Treasury notes, and shall have the right at any time within 12 months to redeem such bonds by repaying in United States currency the amount so received by him on account of such bonds, with interest at the rate of 5 per cent per annum on such amount. Failure to redeem such bonds within the limit of 12 months shall operate as a forfeiture of such bonds to the United States. Any moneys received from such sale may be exchanged with other moneys in the Treasury so that this fund shall consist alone of such Treasury notes. The principal of all sums so advanced when repaid shall be returned to the "emergency circulation fund," and all interest and profits upon such advances shall be passed to the credit of the Treasury under miscellaneous receipts. The actual amount of notes held in the "emergency circulation fund" shall never be less than $100,000,000 in excess of any outstanding advances. Said fund shall neither be increased nor diminished except in the manner provided.

HOUSE OF REPRESENTATIVES,
Washington, D. C., January 5, 1932.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

MY DEAR SENATOR WALSH: I am inclosing herewith a copy of House bill No. 6704, providing for an emergency circulation fund, and for other purposes. My reasons for introducing the bill at this time are simply these:

For two years we have been in the most serious depression of all history. The conditions, instead of improving as we had hoped they might, in my judgment, are even growing worse. Bank failures, which during the last two years have been greater in number than any other time in our history, are continuing. Moreover, the total losses resulting from these failures is far exceeding the amounts of like periods of the past.

Following the panic of October, 1929, when the bank failures began, people started withdrawing the money from the banks for fear of being caught in such failures. This has, of course, in itself contributed to additional failures. The fear has now become so great that amounts beyond belief have been withdrawn from circulation.

Legally, we have $4,800,000,000 in circulation, but in fact there is every evidence that not one-half of that amount is in actual circulation at the present moment, although the banks of the country have abundant resources to protect their depositors, it nevertheless is the part of wisdom to look squarely at the facts in the case. If the withdrawals continue, as they appear to be doing, banks will necessarily continue to fail.

What we need, therefore, is a sufficient expansion of the currency to meet all the conditions of business even while this hoarding of money continues. It is true that the Federal reserve has increased the amount of money in circulation by $1,200,000,000 during the past two years, but vastly more than this is now in hiding. Those who possess money have it practically hoarded, because they are guarding expenditures as never before. If we, therefore, are to prevent further bank failures, and also to give business a chance to revive, we must provide sufficient currency as a basis for the very large increase of credit which is necessary if business is to revive. There is no reason why we should not meet a currency emergency the same as any other emergency by making the necessary provision for it.

May I not call your attention to the fact that there is no danger of inflation under the terms of the bill, because it compels the accounting and cancellation of the currency within the year.

Permit me also to suggest that there is a very great misunderstanding of the meaning of inflation. It is a term generally used instead of expansion, although the two are totally different. We need and must have expansion before we can revive the business of the country.

There are 7,000,000 unemployed men in America who want jobs and must have them. Business can not operate, men can not be paid, without the necessary currency in hand for that purpose. The first step toward the solution of unemployment is to provide a sufficient amount of money to meet all these requirements. There are other steps to be taken, true enough, but this is the first one.

I am very much pleased that you see fit to introduce the same law and hope that quick action may be had in the matter.

Cordially yours,

KENT E. KELLER, M. C.

WASHINGTON, D. C., *January 4, 1932.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

MY DEAR Senator WALSH: Permit me to express my cordial appreciation of your friendly reference to my part in helping pass the Federal reserve act. I remember with lively pleasure the cooperation of my colleagues in the Senate at that time, and of Hon. CARTER GLASS and his associates on the Committee on Banking and Currency in the House. They are entitled to the gratitude and admiration of the country.

In reply to your question as to what can be done to relieve the present depression, I gladly submit to you my views on this matter.

The country is suffering from a paralysis of credit and a hoarding of credit and currency. The cause of this condition may be easily traced to an orgy of speculation on stock exchanges. Stock values were inflated beyond reason through high-powered salesmanship and an unparalleled publicity. In the last two months of 1929 there was suddenly and violently withdrawn over $4,500,000,000 of call loans, and the forced liquidation of very many billions of dollars worth of securities in an avalanche of selling.

The brokers' loans reached $8,600,000,000 in October, 1929. Over eight billions of these credits have now been liquidated by forced selling. The American people have lost in market prices from October, 1929, to the present time over $60,000,000,000 in the stocks listed on the New York Stock Exchange alone, and similar losses on the Consolidated Stock Exchange, the Curb Exchange of New York City, and the exchanges of Boston, Philadelphia, Chicago, and many other cities of the United States. Commodity values and inventories have shrunk from 98 to 68 on the wholesale markets. Money will now buy 45 per cent more on the wholesale markets than in July, 1929. It will buy more than six times as much United States Steel stock; more than six times as much of almost any of the standard stocks, and in some cases ten, fifteen, and twenty times as much. United States citizens who had relied on the stability of security issues and who had deposited such stocks as collateral have found themselves ruined through no fault of their own. The shrinkage in value of all forms of property imposed a gross loss on the people of the United States of not less than $150,000,000,000; probably $50,000,000,000 was inflation of value in 1929, but the psychological effect was substantially the same as if these values had been sound. It resulted in a spasm of economy sweeping the country. People of all classes cut down their consumption, which immediately resulted in cutting down production and the employment of those who produced. The unemployment of seven or eight million people, or workers, has established a vicious circle where consumption is still further decreased, and with it production.

The shrinkage of property values disturbed the banks by weakening the value of their collateral and the financial status of their borrowers. Enforced liquidation ensued to the extent of over $5,000,000,000, causing a loss of deposits of like amount. It resulted in thousands of bank failures, 2,000 banks having failed in 1931. The 17,000,000 people who held stock, realizing their great losses, began to hoard money. The Federal reserve banks since June 30, 1929, have issued over $1,200,000,000 of additional Federal reserve notes, which were issued to the banks and passed through the banks to depositors who have hoarded such money.

The people who refuse to spend the money except for the most urgent necessities are, to all intents and purposes, hoarding currency. And those who refuse to use their deposits in a normal manner are hoarding credit and contracting normal credit. The banks themselves are keenly sensitive to this condition and have been steadily contracting credit and hoarding currency. The public loss of confidence reflects itself in the operation of the banks.

The solution of this difficulty is to supply the country with an emergency currency which will supply the vacuum produced in our circulating medium by hoarding. Actual currency put in circulation has sixteen times the value as a bank credit. All of the banks in the United States combined have three billions of cash against fifty billions of deposits. They have less than one billion of actual cash in their vaults; about two billions of cash in their reserves which they do not employ in their normal business. They have forty billions of relatively quick assets, and seventy billions of total assets, so that they are strong; but when the people hoard currency they gravely jeopardize the stability of the whole credit structure. The only remedy which is adequate for this condition is to supply currency in whatever volume is necessary to overcome the hoarding of money.

You will remember when the World War broke out August 1, 1914, the United States Treasury sent to New York City about $300,000,000 of currency association money. It prevented a violent panic, and all that currency was retired without any permanent expansion of our currency.

Three times on notable occasions of money panics in London the panic was abated within 48 hours by a ministerial permit authorizing the Bank of England to issue 5-pound notes against other securities than gold. The minute the people knew that they could get money upon adequate security the panic ended and commerce was restored to normal conditions.

A present adequate remedy would be to authorize the United States Treasury to issue United States Treasury notes in the same denominations as the Treasury notes furnished to the reserve banks, and issue such notes up to 90 per cent of the face value of United States bonds, subject to an interest rate of 5 per cent, and with a requirement that such bonds should be redeemed in currency within 12 months and a penalty of forfeiture in default of such redemption. Such a temporary issue of currency would immediately relieve the country from the evils of hoarding. It would only be necessary to issue a small amount of such currency, in my opinion, because the moment the banks or the people saw that they could get money on reasonable terms against adequate security for a reasonable time their fright would vanish and money would come out of hiding and flow back into normal channels. Commodity values would immediately begin to rise, the stock market would react, and a restoration to normal would steadily take place. In my judgment, the spirit of the depression would vanish within 30 days, and in another year our business activities would go to normal, our national revenues would be restored because of restoring prosperity.

The American people in 1928 produced ninety billions of values, of which nearly twenty-five billions was a net gain above the expenses of living.

We produced as much in 1929, but under the paralysis of credit which has taken place our production this year will probably not exceed fifty billion, which is subject to a further charge of taking care of probably 20,000,000 people whose adult members are unemployed.

The plan I suggest is obviously based on common sense. It is not in the least involved, can be put into action in a few days, and will not only take the United States out of the depression but would revive, by a sound example, the credit conditions in all other nations by showing them a way out.

IMPROVEMENT OF CAPE COD CANAL

Mr. WALSH of Massachusetts. Mr. President, I introduce a bill, to be referred to the Committee on Commerce, providing for deepening, widening, and improving the Cape Cod Canal in Massachusetts.

In brief, the bill provides for the appropriation of the sum of $23,250,000, to be expended under the direction of the Secretary of War and under the supervision of the Chief of Engineers.

In connection with this bill I call attention to the report from the Chief of Engineers on preliminary examination and survey of Cape Cod Canal, Mass., and of Buzzards Bay, Mass., at its upper end, with a view to providing additional anchorage area and improving the approaches to the Cape Cod Canal in so far as it may be the duty of the United States to improve them, which was transmitted by the Secretary of War to the Speaker of the House of Representatives in a letter dated March 3, 1931.

The Chief of Engineers states that the present condition of the canal is not satisfactory for navigation, and that a comprehensive plan of improvement was recommended by the district engineer and by the Board of Engineers for Rivers and Harbors. The Chief of Engineers concurred in these recommendations, concluding his report—House Document No. 795, page 4—as follows:

> I therefore report that modification of the existing project for the Cape Cod Canal, Mass., is deemed advisable to provide a lock canal with one lock 110 feet wide and 1,000 feet in usable length, having 40 feet over the sills, and a depth in the canal and approaches of 30 feet, with a width of 250 feet in the land cut, a width through Buzzards Bay of 400 feet to Wings Neck, in a new straight alignment and of 700 feet beyond Wings Neck, together with a highway bridge of adequate vertical clearance and suitable railroad crossing and a 15-foot channel into Onset Bay, all at an estimated cost of $23,250,000, with $250,000 annually for maintenance. The location and design of lock and other features of the work should be left to the judgment of the Chief of Engineers.

Ever since the Government purchased the Cape Cod Canal in 1927 I have urged appropriations to improve the canal in order to make it safer and more useful for commercial purposes.

During the Seventy-first Congress I introduced a bill—S. 5044—which would have appropriated $20,000,000 for this project, but which failed of action because the report from the Chief of Engineers was not received by the Congress until March 3, one day before adjournment.

While the measure was being considered by the Senate Committee on Commerce I wrote the Secretary of War. I ask that my letter, together with his reply, may be inserted in the RECORD:

The VICE PRESIDENT. Without objection, the letters referred to by the Senator from Massachusetts will be printed in the RECORD.

The letters are as follows:

JANUARY 8, 1931.

Hon. PATRICK J. HURLEY,
Secretary of War, Washington, D. C.

MY DEAR SECRETARY HURLEY: With reference to proposals for improving the Cape Cod Canal by increasing the width and depth of the channel, I believe that your department shares the view entertained by business and shipping interests in New England and New York, that such an undertaking is in the interests of national defense as well as in the interests of the promotion of coastwise commerce and ought to be undertaken as speedily as plans can be formulated and the funds made available.

I recognize, as you must also, that if this project is to be undertaken at all there is every reason for expediting the matter and making a start on this work at the earliest possible date as a further contribution to alleviating the unemployment crisis and the existing business depression.

In your report to the Senate Commerce Committee, under date of December 16 last, touching on the survey of the canal and the formulation of a plan for its improvement as authorized in the rivers and harbors act of last session and undertaken by your department you state that the survey has been made by the district engineer and is now under consideration by the division engineer.

I write to inquire whether there is not some way of speeding up the progress of this report through your department and, in view of the emergency, some way of cutting the "red tape," so that Congress may have the results of the department's survey before the close of the present session and in time to appropriate money for this project. Otherwise we face the possibility of a delay of another 12 months at least.

Sincerely yours,

DAVID I. WALSH,
United States Senate.

WAR DEPARTMENT,
Washington, January 21, 1931.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SENATOR WALSH: I am in receipt of your letter of January 8 relating to deepening and widening of the channel in Cape Cod Canal and to early submission of the pending survey report thereon.

The Chief of Engineers informs me it is now expected that the survey report will be ready for review by the Board of Engineers for Rivers and Harbors, as required by law, in the very near future. Transmission of the report to Congress will, I can assure you, be expedited in every way practicable.

Sincerely yours,

PATRICK J. HURLEY,
Secretary of War.

The bill (S. 2676) to provide for deepening, widening, and improving the Cape Cod Canal, Mass., was read twice by its title and referred to the Committee on Commerce.

CHANGES OF REFERENCE

On motion of Mr. NYE, the Committee on Public Lands and Surveys was discharged from the further consideration of the bill (S. 683) to amend section 13, chapter 431, of an act approved June 25, 1910 (36 Stat. L. 855), so as to authorize the Secretary of the Interior to issue trust and final patents on lands withdrawn or classified as power or reservoir sites, with a reservation of the right of the United States or its permittees to enter upon and use any part of such land for reservoir or power-site purposes, and it was referred to the Committee on Indian Affairs.

On motion of Mr. FESS, the Committee on the Library was discharged from the further consideration of the bill (S. 1086) to provide for the construction of a suitable approach to the Arlington Memorial Bridge connecting Lee Boulevard (Route 711 of Virginia) with the Memorial Bridge, and it was referred to the Committee on Public Buildings and Grounds.

STABILIZATION BOARD'S CONSTRUCTION PROJECTS

Mr. WALSH of Montana submitted a resolution (S. Res. 127), which was ordered to lie on the table, as follows:

Resolved, That the Federal Employment Stabilization Board be and it hereby is requested to transmit to the Senate a list of construction projects as contemplated in the act approved February 10, 1931, which in the judgment of said board might wisely be undertaken within the next ensuing period of six years, with information as to each such project as to the extent to which studies of the same have been prosecuted to determine their feasibility and cost and the result of such studies, indicating with respect to each project the time necessary to prepare necessary plans and specifications.

CONSTRUCTION PROJECTS PROPOSED BY THE DEPARTMENTS

Mr. WALSH of Montana submitted a resolution (S. Res. 128), which was ordered to lie on the table, as follows:

Resolved, That the Postmaster General, the Secretary of the Treasury, the Secretary of War, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of the Interior be, and they are hereby, requested to transmit to the Senate a list of construction projects which should, in their judgment, be entered upon within the next six years under the supervision of their departments, respectively, with information as to each, of the extent to which studies have been prosecuted into the feasibility and desirability of such projects and in respect to reports concerning the same, with an estimate, so far as the same has been made, of the cost of each project listed, indicating with respect to each the time necessary to prepare or complete necessary plans and specifications.

A PROSPERITY LOAN—ADDRESS BY SENATOR LA FOLLETTE

Mr. NORRIS. Mr. President, the senior Senator from Wisconsin [Mr. LA FOLLETTE] delivered an address over a national radio hook-up on the question of a prosperity loan. I ask unanimous consent to have the address printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

Fellow citizens, we are confronted by one of the most serious crises in our history. We can not talk ourselves out of the depression. Exhortation, the juggling of statistical data, and ballyhoo have been tried and have dismally failed. We must face the facts.

Entering the third winter of depression we find industrial production has declined 43 per cent. Freight-car loadings have fallen 37 per cent. Residential building is down 80 per cent. In the last quarter of 1931 total building contracts were 51 per cent lower than the average of 1923 to 1925.

Five hundred and fifty of the largest industrial corporations had a net income in 1929 of $3,500,000,000. At the close of 1931 it is estimated their net income will have fallen to $1,100,000,000—a loss of $2,400,000,000.

In the year 1929 there was defaulted approximately $200,000,000 worth of bonds. It is estimated that by the close of this year $2,000,000,000 worth of bonds will be in default.

The paper loss on all issues of listed bonds since 1928 amounts to approximately $3,000,000,000.

Two thousand four hundred and eighty-eight banks failed between 1928 and 1930. Up to November 30, last, 1,932 banks had failed, making a total of 4,420 banks which have closed their doors since 1928.

According to the estimates of the industrial conference board, 7,300,000 men and women are walking the streets looking for work and unable to find it. At least 5,000,000 more are working on part time and for reduced wages. This means that with their dependents at least 50,000,000 of our population who rely upon wages have had their purchasing power drastically reduced or completely wiped out. They are no longer able to purchase the products of the farm and factory.

Dr. Leo Walmon, a noted economist, estimates the wage and salary loss during the depression to be approximately $18,000,000,000.

Agriculture, depressed since 1920, is in a desperate situation. Six million farmers are forced to sell their crops in a glutted market at ruinous prices. Thirty millions of our people dependent upon agriculture are without purchasing power and unable to buy the products of the factory which they normally would consume.

It is evident that any proposal to remedy conditions which fails to provide purchasing power for the masses of consumers is a palliative and is doomed to fail.

Convinced that the Federal Government is the only agency able to successfully undertake a program large enough to re-create purchasing power, I have introduced a bill in the Senate providing for a $5,500,000,000 prosperity bond issue, to be used by the Federal, State, and municipal governments in tremendously expanding their respective public-works programs. The best estimates obtainable indicate that the expenditure of this sum for construction will provide work directly and indirectly for at least 4,500,000 persons.

A well-balanced program of this magnitude will stimulate production all along the line from raw materials to finished products. Most important of all, it will stimulate a rise in commodity and security values which is absolutely essential if we are to induce recovery.

The pressure under commodity prices will come from two directions: First, from the immediate demand for finished and semi-finished products; second, from the distribution of wages and salaries which will immediately be reflected in demand for consumer goods. The flotation of the large bond issue will be an important factor in offsetting the disastrous deflation now in progress. Forcing commodity prices upward will immediately change the entire psychology of the consumer. Merchants will be encouraged to stock their stores instead of carrying the lowest inventories in modern times. Consumers will purchase millions of dollars' worth of goods which they have not bought because of declining prices.

Basic industries hard hit by the depression will be stimulated immediately by this construction program. Iron, steel, lumber, cement, brick, tile, glass, and all other building supply industries will immediately feel its repercussions. Resumption of production on an increased scale by these industries will in turn require products from mines, quarries, and forests. Large shipments of

both finished and raw materials which a program of this size will necessitate will be quickly reflected in increased traffic for the railroads.

The workers employed directly and indirectly as a result of the public works program will be once more enabled to buy shoes, clothing, food, and other necessaries of life which they have been able to buy during the depression only in limited amounts or not at all. Restored purchasing power, rising commodity and security prices will enable consumers once more to purchase automobiles, radios, furniture, and other products. It will enable millions to resume payments on their outstanding obligations.

Farmers will benefit both through the restoration of demand for food and other products, through the rise in agricultural commodity prices, and, like all other debtors, they will benefit from a decrease in the purchasing power of the dollar, resulting from rising commodity prices, thus enabling them to pay off their obligations in dollars more nearly approximating the value of the dollar at the time their debts were incurred.

A five and one-half billion bond issue or so much thereof as may be necessary will restore to circulation and put to work a large part of the funds now lying idle because of the reluctance of those who have savings and capital to invest in corporate securities under prevailing conditions.

In loaning money to the Federal Government large and small investors are not required to take the hazards to which private enterprise is subject in a disorganized security market. They can be certain that the bonds which they buy will be redeemed at par.

The circulation of such huge sums of money through the channels of production and consumption will multiply several times the effect of the expenditures provided for in the bill.

In order to assure the maximum economic effectiveness and soundness of the program, the bill provides that the money shall be available for a diversified program of public works. In inaugurating this program the director of public works created under the bill shall take into consideration:

1. The facility with which projects may be gotten under way at the earliest possible date;
2. The amount of labor that will be employed, directly or indirectly;
3. The number and diversity of the industries which will be affected, directly or indirectly, by the projects;
4. The value of the projects to the economic and social welfare of the country; and
5. Economical administration of the work.

The bill divides the emergency fund into four parts.

Approximately a tenth, or not over $650,000,000, is to be used to expand construction by Federal agencies, including river, harbor, and flood-control works, Federal public buildings, forest roads and trails, and irrigation and reclamation works.

One billion dollars is set aside for additional grants to aid State public-works construction. The bill provides that the existing Federal-aid highway program shall be largely expanded. In addition, it extends during the present emergency the principle of Federal aid in three important directions—the construction of all highway bridges, the elimination of railroad grade crossings, and the elimination of important highway grade crossings.

The greatest part of the emergency fund—up to $3,750,000,000—is made available for loans to State and local authorities. They have in the past carried on 90 per cent of public construction in the United States, and their public works contain the greatest promise of expansion, because so many of their projects are in the "blue-print" stage. The burden which these authorities are already carrying not only makes it difficult for them to enlarge their existing programs, but threatens to curtail the programs now under way. Credit conditions are so adverse that they can not float large bond issues.

The bill provides for loans to States and municipalities, both to match the Federal-aid grants and to carry on other types of construction. The purposes for which the money thus made available may be used include (1) construction of Federal-aid highways; (2) construction of other State, county, and municipal highways, streets, and pavements; (3) construction of bridges; (4) water supply and sewerage works; (5) building of flying fields; (6) establishment of parks and playgrounds; (7) construction of schools and other public buildings; (8) elimination of grade crossings; and (9) building of fire-prevention lanes and other forestry construction work.

The bill provides that loans to States and municipalities may be made for periods of not over 10 years and at a rate of interest slightly higher than paid out by the Federal Government but not higher than 5 per cent.

A most important feature of this measure is the control device which it contains. Under the terms of the bill the sale of bonds is to be stopped and no further emergency construction is to be undertaken as soon as industrial production as measured by the Federal Reserve Board index reaches a more normal point.

The $5,500,000,000 issue of prosperity bonds to create the emergency construction fund are to be issued in denominations of $50 and upward. The bill contemplates that the 10-year bonds shall be sold by popular subscription, much as the Liberty loan issues were floated during the war. Their retirement is provided for through the establishment of a special fund into which are to be paid the proceeds from an additional surtax, set tentatively in the bill at 2 per cent of the net income of all persons receiving an annual income of $5,000 and over, except that persons with incomes of from $5,000 to $10,000—who are not now subject to surtaxes—are permitted to deduct $2,500 from their taxable income if married and $1,000 if unmarried.

The measures proposed by the administration are merely devices to hospitalize the economic casualties of the depression. They are rescue agencies designed to absorb frozen assets. Their weakness lies in the fact that basic conditions are the cause of frozen assets. They may postpone failures, but they do not attack the economic situation which is threatening the solvency of industrial, financial, transportation, and mercantile enterprises. Declining security and commodity prices are among the primary causes of business paralysis.

To those who are apprehensive that a bond issue of this magnitude could not readily be floated by the Federal Government, my answer is that if we could sell $25,000,000,000 worth of bonds during the war for purposes of destruction, it seems utterly absurd to contend that we could not float a short-term issue of Government bonds for constructive purposes. With $28,000,000,000 in our savings banks, $500,000,000 in postal savings, and more than a billion dollars hoarded, we are in a position readily to sell five and one-half billion dollars worth of bonds guaranteed by the Government of the United States.

The program which I have outlined will stimulate recovery of business, prevent the reduction of living standards of our people to world levels, and avert the catastrophic consequences of a prolonged continuance of the depression.

I appeal to those in this audience who do not acquiesce in a defeatist, do-nothing policy to rally to the support of this sound program for public works to stem the tide and to avert the disastrous results of uncontrolled deflation.

SHORT ADDRESS BY THEODORE F. SHUEY

Mr. ASHURST. Mr. President, on the evening of January 2 in this city a dinner was tendered by the District of Columbia Shorthand Reporters' Association to Mr. Theodore F. Shuey and Mr. Reuel Small. Mr. Shuey is now and for the past 63 years has been an official reporter of debates of the United States Senate. Mr. Small for the past 34 years has been an official reporter of debates of the House of Representatives. I ask unanimous consent to have printed in the RECORD a short address delivered by Mr. Shuey on that occasion.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

Ladies and gentlemen, this is surely a gala evening and will always be remembered. I feel that we are greatly honored by our illustrious guests, one of whom has already made a distinguished career in the Senate and the other is on the threshold of making an equally distinguished career, I am sure.

I shall not detain you long. Through force of habit, probably, I am partial to written speeches [laughter] and also, lest I may go far afield in the thought I wish to convey, I have reduced it to writing.

This happy occasion emphasizes my belief that every phase of life has its compensations, however far that life may extend beyond the psalmist's three score and ten. This is especially true when one looks back and remembers rather than forward and prophesies.

Except in length of service, my brother Small and I do not differ from our colleagues here to-night. Hard labor is the keynote of our profession, and there is no niche in it for a drone and no place known as a sinecure.

We deal in words, a most delicate subject, and the words caught on the wing are coldly recorded in type. Hence the responsibility of our task and its appreciation when well performed is our richest compensation.

Hard toil means honest toil. Skill and endurance may be termed the corner stone of our calling. We sink our personality, and this exercise of skill and power of endurance we seldom proclaim.

To picture the rapidity of our work, we may contrast it with the refrain in Hood's Song of the Shirt, the "stitch, stitch, stitch" of the seamstress, with the "write, write, write" of the shorthand reporter. Though the hand be tired and the brain weary, it is still write, write, write, and at a pace set by another.

In this exacting career there are dark hours, as there are dark hours in every pursuit. Friends may drop away, business be dull, things at the office go awry, but we must be hopeful and see the silver lining to the cloud.

There were pessimists even in the jolly days of Charles II; the Merry Monarch, at the very zenith of the reaction against the grim Puritanism of the Commonwealth. These lines appear in a forgotten play written in that period, more than 250 years ago:

> "This is a very good world to live in,
> To work, to spend, and to give in;
> But to borrow or beg or hold a man's own
> It's the very worst world that ever was known."

[Laughter.]

The longer we live the more strongly are we impressed with the fact that all the stages in life are like the run of cards as they

are dealt out in a serious game. A poor run will be followed by a good one in time, but the patience of the most optimistic is often sorely tried; however, optimism helps wonderfully.

"Twixt optimist and pessimist the difference is droll,
The optimist sees the doughnut, the pessimist the hole."

[Laughter.]

Disheartening may be the run of the cards at times in life's span, but let us bear in mind the words of Eugene Ware in his little poem Whist:

"I do not like the way the cards are shuffled,
But yet I'm in the game and bound to stay;
And through the long, long night will I, unruffled,
Play what I get until the break of day."

[Applause.]

COMMENTS ON ADDRESS OF ROBERT H. LUCAS

Mr. LOGAN. Mr. President, I send to the desk a news item and an editorial based thereon which appeared in the Lexington (Ky.) Herald of January 3, 1932. The news item is entitled "Lucas Blames Democrats for Anti-Hoover Books." The editorial is entitled "Robert H. Lucas, Director of Republican Campaign Committee, Projects Two Books as Issue." I ask unanimous consent that the news item and the editorial may be printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the Lexington (Ky.) Herald, January 3, 1932]

LUCAS BLAMES DEMOCRATS FOR ANTI-HOOVER BOOKS

By a staff correspondent in the New York Post

WASHINGTON, December 18.—Robert H. Lucas, executive director of the Republican National Committee, to-day told the Evening Post that he did not refer to the anonymous Mirrors of 1932 when he stated that certain recent books criticizing President Hoover "bore the earmarks" of inspiration from the Democratic organization.

He said the books he had reference to in his speech, which was prepared for but not delivered at the closing session of the Republican National Committee on Wednesday, were The Strange Career of Mr. Hoover—Under Two Flags, written by John Hamill and published by William Faro, and The Great Mistake—Can Herbert Hoover Explain His Past? by John Knox.

The "earmark" of Democratic inspiration in Under Two Flags, he continued, appeared in court proceedings in New York, which resulted in the barring of further sale of the book by Supreme Court Justice Cotillo. It was stated during this hearing, Mr. Lucas said, that the book was first suggested when Hamill met James J. O'Brien, former policeman, at Democratic national headquarters.

The Great Mistake was urged upon the reading public by an advertisement quoting an editorial in the Lexington (Ky.) Herald, Mr. Lucas continued. He pointed out that Jouett Shouse, chairman of the Democratic National Committee, for many years was connected with this newspaper and said that the owner was "one of Mr. Shouse's closest friends."

BANNED BY COTILLO

The action of Justice Cotillo in banning further sale of Under Two Flags was taken on December 16, 1931, and grew out of a suit brought by O'Brien against Hamill and the publisher, Faro.

It was stated that O'Brien and Hamill met at the headquarters of the Democratic National Committee during the 1928 presidential campaign, when Alfred E. Smith was the candidate of the Democratic Party against Mr. Hoover. O'Brien asserted that he conceived the idea of a "life" of Mr. Hoover based on official documents and other materials and arranged for Hamill to go to Europe to get copies of certain documents. He said that after part of the material had been put in manuscript form Hamill left his employ, pirated the material, and got Faro to publish the book.

Hamill denied that the material he used was unique and contended that it was "a matter of public record." Faro, formerly known as Samuel Roth, had been before the courts several times previously in connection with the publication of allegedly objectionable books.

JUSTICE ASSAILS MOTIVE

In granting the petition to bar further sales of the book, Justice Cotillo declared he had "no sympathy with the purpose of a publication which is designed with no other aim than to discredit the work of a public official and to impair his present usefulness in these trying times in the important task in which he is engaged."

"I have no quarrel with the collector of documentary material who desires to preserve data for the future weighing of personalities," the justice continued. "History is no respector of persons. If the data are based upon fiction, history will render its own verdict. And if the person assailed is living, the libel laws will furnish him redress. But to employ such materials in publicity attacking a person's past life at a time when he is engaged in high public duties, and when he is virtually powerless to defend himself, is unfair, unsportsmanlike, and not only serves no useful purpose but is detrimental to the public interest."

In a telegram to Jouett Shouse, chairman of the Democratic National Executive Committee, George Palmer Putnam, publisher, to-day took full responsibility for the publication of the anonymous book, Mirrors of 1932, and denied the implication of a speech by Robert H. Lucas, executive director of the Republican National Committee, that the book had been inspired by the Democratic organization.

The telegram read:

"Lucas, Republican National Committee, has charged that Raskob and Democratic committee inspired and possibly underwrote recent anonymous books unfriendly to Hoover. He alleges they bear 'earmarks of the Democratic headquarters.' Presumably Lucas refers to the book, The Mirrors of 1932, which portrays Hoover 'as our first hair-shirt hero' and analyzes the Chief Executive and his political disintegration as only could be done by one with intimate knowledge.

"Neither Raskob nor Democratic committee had any hand whatsoever in the inspiration and financing of the Mirrors. The undersigned personally arranged publication of the book. If you wish I will make public the identity of the anonymous author or submit affidavits controverting Lucas.

"GEORGE PALMER PUTNAM."

ROBERT H. LUCAS, DIRECTOR OF REPUBLICAN CAMPAIGN COMMITTEE, PROJECTS TWO BOOKS AS ISSUE

We received some days since from the Republican National Committee—

"excerpts from an address by Hon. Robert H. Lucas, executive director of the Republican National Committee, to the members of the national committee at the Willard Hotel on Wednesday, December 16, at noon, and are for release at that hour."

We understand that this address was not actually delivered, but the speech comes with the authority of the national committee as having been prepared for delivery.

In that speech Mr. Lucas states:

"They [Democrats] charge, in a low sort of voice, that the President is paying more attention to foreign countries than to the welfare of our own people. That's just plain campaign bunk! But some of our people are taken in by it. They publish scandal books by unnamed authors bearing the earmarks of the Democratic headquarters. And yet some of our people are fooled by it."

In an interview in the New York Evening Post, reprinted in other columns of this issue, this same Robert H. Lucas specifies the two books to which he refers as The Great Mistake—Can Herbert Hoover Explain His Past? by John Knox, published by the National Foundation Press, of Washington, D. C., and The Strange Career of Mr. Hoover—Under Two Flags, by John Hamill, published by William Faro (Inc.).

Mr. Lucas attempts to justify his charge by alleging that there was an advertisement of The Great Mistake, in which was published a quotation from an editorial in the Lexington Herald, with which paper Jouett Shouse, chairman of the Democratic executive committee, was once connected and with the editor of which he is on intimate terms.

We have never seen that advertisement and, of course, to us in Kentucky who know Mr. Lucas a statement by him that there was such an advertisement carries no more weight than would any other statement by him. But it may be true, for there was an editorial in the Lexington Herald commenting upon The Great Mistake and commending it to the careful consideration of lawyers and bankers.

It is true that Mr. Shouse was once connected with the Lexington Herald; it is true that the editor of the Herald is his devoted friend. But it is also true that not only did Mr. Shouse not inspire the editorial about which Mr. Lucas speaks but that he did not know of it before it was published.

We first heard of The Great Mistake at the dinner table of a friend in Woodford County; another guest, from the East, spoke of that book, which had just been published. We ordered it through a Lexington book store and were impressed by it. We wrote an editorial that was published in these columns and sent that editorial to Mr. Shouse, which was, we believe, the first information Mr. Shouse had of The Great Mistake.

Of course, we in Kentucky who know Bob Lucas know that he is without veracity or political integrity. All who are familiar with his conduct as director of the Republican campaign, when he used an alias to send vicious and venomous publications to arouse religious prejudice in his desperate and shameless effort to defeat George W. Norris in the campaign for Senator in Nebraska, know that his statements are not to be relied upon.

There were similar publications circulated in Kentucky by the Republican campaign committee in the campaign to elected John M. Robsion to the Senate. There is no political chicanery that Bob Lucas would not practice to accomplish his purpose if he thought he could escape detection. In more than one case his shameless acts have not escaped detection. But he still remains director of the Republican campaign committee, selected and retained by that committee with the approval, if not at the direction of President Hoover.

We have received also from the Republican committee clippings from the New York Times of December 17 and the Herald Tribune of December 17, telling that Judge Cotillo has temporarily enjoined John Hamill, William Faro (Inc.), and William Faro from the further publication of The Strange Career of Mr. Hoover in pursuance of a suit filed by James J. O'Brien, claiming that Hamill had infringed his common law rights in using the material therein.

The answer of the Republican National Committee to the allegations made in these books seems to be, first, as expressed by Mr. Lucas, that they were inspired by the Democratic committee, and, second, that a judge in New York, in a suit involving the property

rights of the material used in The Strange Career of Mr. Hoover, temporarily enjoins the further publication of that book.

We have not commented on The Strange Career of Mr. Hoover—Under Two Flags. We read it with great care. We submitted it to three of the ablest lawyers we know with the request that they give us the benefit of their critical judgment. The three practically agree that it shows a repellant animus; that it is crude in English and sloppy in construction; that it is persuasive and, unless answered, conclusive as to many of the facts stated and documented. It contains the most serious allegations about Mr. Hoover's conduct during the mysterious years he was absent from the United States and also of his connection with certain men in the United States. The allegations are either true or false. If false, they are libelous and should be disproven.

The claim made that the President of the United States can not defend himself against such allegations is without foundation. The laws are as operative and as effective for the President as for the humblest citizen. There is much more reason that the President should resent and disprove false allegations impugning his honesty than that a private citizen should. The law of criminal libel can be invoked by the President just as by a private citizen. It seems to us that there is every reason that the President should invoke that law if the allegations made in The Great Mistake and The Strange Career of Mr. Hoover are false.

Even if the President does not think it proper to invoke the law to disprove these statements, that are answered in so puerile a way by Bob Lucas, there is certainly no reason that his friends of great wealth, familiar with his career while in Australia, China, New Zealand, and England, should not submit to the American people an authoritative and documented statement of his operations during those years.

Mr. Lucas and the Republican committee have now called national attention to these books. The dissemination of Bob Lucas's speech and the news account of the temporary injunction against continued publication of The Strange Career because of the property rights involved makes these books an issue and the people have a right to know the facts.

Mr. Hoover has been exploited as a great engineer. Of what mines was he an engineer? What was the fate of those mines? What the financial returns to those who invested in them because of Mr. Hoover's ability and management? How did he acquire his fortune, which is reputed to be of many millions? Was it through a salary as an engineer, or was it by the flotation of companies that gathered in the money from the public and then passed into the hands of a receiver?

What are the facts about the suit brought by Chinese stockholders in an English court for the restitution of the control of property worth millions of dollars acquired by Mr. Hoover and his associates from the Chinese?

In 1928 the Democratic committee refused to use facts that were available. We felt then that those facts should be submitted to the American people, but those who had authority did not accept that view and thought that the American people would so resent the saneless campaign conducted by the Cannons and the Lucases and others of that kind against Governor Smith that there was not only no need to expose the facts of Mr. Hoover's career, but that such exposure might be discredited during the passion of the presidential campaign.

Now, then, Mr. Lucas, of the Republican National Committee, makes of these two books, that profess to give the facts of those years, a distinct issue.

Definite allegations are made in those books. The law of libel is applicable if the statements be false. The facts are within the knowledge of men of great wealth and position—in more than one instance that wealth and position acquired through Mr. Hoover's influence.

It is possible, easily possible, for the actual facts to be revealed with such documents as to refute the statements made in these books if they are false, and the people of America have a right to know whether they are false or true.

SOLUTION OF UNEMPLOYMENT PROBLEM

Mr. BLAINE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Washington Herald of Tuesday, January 5, entitled "La Follette Bill Offers a Practical Solution."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, January 5, 1932]

LA FOLLETTE BILL OFFERS A PRACTICAL SOLUTION

Congress can not better begin the new year than by helping the American people to solve their most serious problem, the problem of unemployment.

As the most practical solution, the Hearst papers have long advocated the floating by the Federal Government of a five thousand million dollar prosperity loan to finance new public works, provide employment for jobless Americans, and give new life to industry, commerce, and agriculture.

Now Senator LA FOLLETTE, of Wisconsin, has put this proposal before the Congress in legislative form. His emergency public works bill deserves the immediate attention of the Senate Committee on Education and Labor, to which it has been referred.

The La Follette bill proposes that the Federal Government make available $5,500,000,000 through the sale of prosperity bonds for the immediate expansion of public works by the Federal, State, and local governments.

The greatest part of this emergency fund—approximately $3,750,000,000—would be loaned to State and local authorities to expand their programs of public works. Their public works are most easily expanded, because these authorities have been carrying on 90 per cent of all public construction in the country.

One thousand million dollars of this fund would be set aside for additional grants to aid the States in expanding existing Federal-aid highway programs and in the construction of highway bridges and the elimination of grade crossings.

One-tenth of this fund—or not over $650,000,000—would be used to expand construction by Federal agencies, including river, harbor, and flood control works, Federal public buildings, forest roads and trails, irrigation and reclamation works, and other lesser projects.

One-fourth of this emergency fund would be used to initiate types of construction which it is hoped private enterprise will take up and continue, such as housing for families with small income.

There are a number of changes in this comprehensive measure which Congress should make before enacting it into law. For example, the responsibility of carrying out this vast program of public works should be entrusted to the War Department, where it can be supervised by the Chief of Engineers of the United States Army.

But the La Follette bill provides a basis for legislation that will go far toward solving the problem of unemployment and speeding up a general revival of business.

It is estimated that this prosperity loan program would give jobs to 1,500,000 of the unemployed directly.

And twice that number would be given work indirectly in the industries supplying materials and in the production of goods for those consumers whose purchasing power would be quickly restored.

Senator LA FOLLETTE puts the case for this practical solution of our unemployment problem when he says:

"A well-balanced public-works program of this size will stimulate production all along the line and will bring about the recovery of commodity prices from the disastrously low levels to which they have fallen.

"Commodity prices will respond directly to the immediate demand for finished and semifinished products and the pressure to force commodity prices upward will immediately change the entire psychology of the consumer.

"Merchants will be encouraged to restock their depleted shelves. Consumers will purchase millions of dollars' worth of goods which they have not bought because of declining prices.

"Basic industries which have suffered severely in the depression will be directly benefited. They will in turn require products from mines, quarries, and forests.

"The shipment of both finished and raw materials will do much to restore traffic on the railroads.

"The workers employed directly and indirectly as a result of this public-works program will be enabled to buy shoes, clothing, food, and other consumers' goods which they have been able to buy in limited amounts or not at all. Restored purchasing power and rising commodity prices will enable consumers once more to purchase automobiles, radios, furniture, and other products.

"Farmers will benefit both through the restoration of demand for food and other products and through the rise in agricultural commodity prices.

"The bond issue will restore to circulation and use a large part of the funds now lying idle because of the reluctance of those who have savings and capital to invest in present market.

"The circulation through the channels of consumption and production of the money expended directly will modify several times the effect of the expenditures made in accordance with this emergency public works bill."

Here is a practical solution for the most urgent problem that the new year presents to the Government and people of the United States—the problem of providing employment for as many as possible of our 7,000,000 fellow citizens now out of work.

This prosperity loan offers the only emergency program upon which the leaders of both political parties in Congress can agree.

The country looks to the Congress to give the prosperity loan proposal the right of way.

RECONSTRUCTION FINANCE CORPORATION

Mr. WATSON. Mr. President, I should like to ask the Senator from Connecticut [Mr. WALCOTT] what is the present status of bill No. 1, providing for the organization of the so-called reconstruction finance corporation?

Mr. WALCOTT. Mr. President, the status of the bill is this: The subcommittee appointed by the Committee on Banking and Currency to consider the bill has concluded its hearings and has completed its report and will be ready to submit that report at 3 o'clock this afternoon to the entire Committee on Banking and Currency. The committee then will, of course, use its best endeavors to facilitate the progress of the bill, and will stick to its labors until it is able to report the bill to the Senate or ascertains that it is unable to agree and fails to report it. I hope that action

will be taken by to-morrow, and I trust that it will be possible to bring the bill before the Senate by to-morrow afternoon.

USE OF MACHINERY IN INDUSTRY

Mr. NORRIS. Mr. President, in the consideration of the unemployment problem that is now presented to the country there has from various quarters been advanced the argument that we ought to cease the use of machines which do the work of many men. That question has always arisen when it has been sought to introduce improvements by the use of machines the effect of which would be to throw many people out of employment. Yet the introduction and use of machinery have marked every step forward that civilization has taken. Sometimes, viewed from a narrow standpoint, men with the very best of intentions have decried the installation of machinery for doing the work which had previously been done by hand. There are instances in the past where labor organizations have opposed the introduction of machinery because it would have the effect of supplanting human labor; but the wiseheads, those who took a broader view, realized that the relief of hand labor was brought about by the introduction of machines and entertained the view that labor as well as all other branches of industry ought to welcome any improvement and that proper provision could be made, if necessary, for whatever local injury might happen.

I was more than delighted, Mr. President, to read in perhaps the one newspaper of general circulation all over the United States, devoted to the interests of organized labor, an editorial that takes an enlightened, broad-minded view of this situation, and in a very few words states the entire question in a nutshell. I send it to the desk and ask that the clerk read the editorial printed in Labor in its issue of January 5, 1932, entitled "Running Away from the Machine."

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

RUNNING AWAY FROM THE MACHINE

Albert Kelsy, technical adviser to the Pan American Union, reports that several South American countries are moving or threatening to move to abolish machine work and insist on hand labor. Bolivia has practically penalized the use of machines in mining. Chile is considering the abolition of motor trucks. Other countries are flirting with the same idea.

These are tactics of retreat. Like the sorcerer in medieval stories who shrinks back aghast from the devils he has called up, these proposals show man turning in affright from his own inventions.

It won't work. The machine can not be abolished. It can—and must—be made to serve all mankind instead of the limited number who now monopolize most of its benefits. The only merit in this revolt from the machine lies in the recognition that it can be a curse as well as a blessing. But there is small sense and less valor in running away from curses.

A machine-served nation must choose between short hours and long depressions. It can have either; it can not have both. The choice should not be difficult.

RELATION OF WHEAT PRICES TO ECONOMIC SITUATION

Mr. CAPPER. Mr. President, in last Sunday's Washington Star and in other leading newspapers throughout the country, there appeared an illuminating article by Mark Sullivan, one of America's ablest newspaper writers, dealing with the relation of wheat prices to the present economic situation. His analysis of this relationship and its effects is extremely interesting, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

55-CENT WHEAT HELD CAUSE OF CURRENT DEPRESSION—RISE IN GRAIN PRICE MAY DECIDE FATE OF POLITICAL PARTIES—1932 OUTLOOK CLEAR

By Mark Sullivan

The forecasters this 1st of January are going to be gun-shy. Most of them went wrong last January 1 and nearly as many the January before. Their errors have been collected by a cynic into a book called derisively "Oh, Yeah!" They feel they are discredited before the public and their inner self-confidence has been sapped.

Yet the truth is rarely has the pattern of a future year lain so clear to the eye as that of 1932. It lies not in the form of a design pointing toward one outcome or another. It does take the form, however, of a completely clear set of alternatives—alternatives having to do chiefly with what Congress does, or does not do, about currency and credit. The consequences of each alternative are almost as definite as a formula of logic. Each, depending on which we take, leads to a fixed set of business and political consequences, practically as surely as spring leads to summer.

We start with one present condition: The price of wheat is about 55 cents a bushel, about half of normal. (I state it thus starkly for the sake of simplicity, but the reader will understand I use the price of wheat as the symbol of the prices of all commodities, including wages.)

The alternatives for the coming year are either (1) wheat will stay, roughly, where it now is or (2) wheat will rise toward somewhere near normal.

WHEAT PRICE BAROMETER

If wheat should rise to, roughly, normal, the consequences in the world of business will take the form of optimism and prosperity, and the consequences in the world of politics will take the form of a perfectly good chance, or better than a good chance, of the Republicans remaining in power.

That the price of wheat should double itself within the coming year, or before the presidential election on November 8, is completely possible. It has happened before, often. It has happened during the last 10 years, and almost happened a second time in the same period.

In March, 1924, wheat sold at $1.02 a bushel. Ten months later, in January, 1925, wheat sold at $2.20½ a bushel.

COTTON PRICE SHIFTS NOTED

Cotton has doubled in price twice during the last 10 years. On April 15, 1921, cotton sold at 9.4 cents a pound; 20 months later, on December 15, 1922, cotton sold at 24.2 cents a pound, much more than double. Again, on December 1, 1926, cotton sold at 10 cents a pound, and then, only nine months later, on September 15, 1927, at 22.5 cents a pound.

All of which is to say this, and no more: That it is possible for the prices of wheat, cotton, and all sorts of commodities to double within the coming year. And if they do, then we shall have cheerfulness and activity in business and in politics probably success for the party in power, the Republican. Rising prices is the one best bet for the Republicans.

So much for one of the alternatives.

But if the price of wheat does not rise, if it remains, roughly, where it now is throughout the coming year, then we shall have a different set of consequences in business and politics. A different set, not necessarily an opposite set. It would still be possible for business to improve and it would still be possible for the Republicans to keep their grip on power, though the chances would be against them. Much will depend on how wisely they act, on how wisely the Government as a whole acts, including Congress.

GRAIN HELD POLITICAL KEY

So long as the price of wheat (wheat as a symbol of all commodities) remains where it now is, that fact will be the starting point of all our major politics, in Congress and in the presidential campaign. It will be very violent politics, something like 1896, retiring prohibition to the status of a forgotten quarrel.

Wheat at 55 cents a bushel is in itself and as a symbol of all commodities the principal cause, almost the sole cause, of our political and social and of our business troubles. (I protect myself against some economists who may read this article by saying I know perfectly well the price of wheat may be partially not a cause but an effect of business depression. In this field cause and effect are so intricately mingled it is impossible to separate them. In any event, I am writing at the moment for the lay reader and making some sacrifice of meticulousness for the sake of simplicity.)

Here is how the price of wheat works: A farmer two or three or four years ago borrowed $5,000 on mortgage—that is, he borrowed, as of that time, 5,000 bushels of wheat. But to-day at present prices he owes 10,000 bushels of wheat. He can't pay it. It can't be done. The cutting in two of the price of wheat has doubled the burden of all debts. It is so not only as to the farmer and his mortgage. It is so in the case of Germany and reparations. It is so in the case of the debts France and Britain owe us. Debts contracted when wheat was $1 a bushel can not be paid when wheat is 50 cents (except under special conditions and all with extreme difficulty—with, indeed, actual injustice.) The farmer has only his wheat to pay with, and with wheat at 55 cents a bushel he has not enough. The number of farmers who are in default on their mortgages is pretty appalling; some figures given out last week by the Federal Farm Loan Board were pretty somber.

From this starts the demand for relief through acts of Congress or other political action. The aim of most of the attempts is, stated broadly, to make it easier for the farmer to get hold of dollars, by increasing the number of dollars in the country or otherwise.

Can the Government properly make dollars easier to get? The answer is, within limits; yes. The Government can, legitimately and by perfectly sound action, increase the number of dollars in the country, making them, therefore, easier to get. Unfortunately many of the attempts go at it the wrong way.

Let us list the attempts already made in Congress or certain to be made. These efforts to increase the number of dollars in the country will compose the major politics of this Congress.

The first and most obvious attempt to relieve the farmer is by enacting that his debt of $5,000 be arbitrarily cut to $3,000, or that his interest rate of 6 per cent be arbitrarily cut to 3 per cent, or that the due date of his mortgage in 1932 be extended a year to 1933. This has already been attempted by Senator NYE,

of North Dakota, who, in an amendment to another measure, proposed that every farmer be given a year's postponement of his debt. That can not be done—that is, it can not be done by law. It can be done by voluntary, private understanding, and a good many of us think that creditors ought to practice just this sort of leniency toward their debtors. Many creditors are doing so. But it can not be done by law, because the courts almost certainly would regard it as "impairing the obligation of contracts."

MOVE FOR CHEAP MONEY

Most of the methods proposed for relief of debtors take the form of creating a greater quantity of money, so that each debtor will have a better chance to get some of it—"cheap money" was the phrase used in similar political controversies arising out of the same conditions in the seventies, eighties, and nineties.

One way proposed is that the Government shall buy large quantities of silver bullion and coin it into silver dollars, coupled with a decree that a silver dollar shall always be the equivalent of a gold dollar. That was William Jennings Bryan's plan in the nineties. It is now earnestly revived and commands increasing support. It will fail because it can not command a majority in Congress. Something can be done about silver, perhaps, to enlarge the world's stock of currency, but it can not, or certainly will not, be done by the United States alone. It may, however, be done by international action.

One way to produce more currency is through the Federal reserve system. The system is actually a creator of currency. The system gives out dollar bills, brand-new ones, in exchange for certain kinds of business paper, commercial obligations having certain safeguards. There are strict limitations on the kinds of commercial paper for which the Federal reserve system will hand out currency.

One way to increase the quantity of currency would be to enlarge the classes of commercial obligations for which the Federal reserve system will give out new dollar bills. For example, as the law now stands, the Federal reserve system will not give out currency in exchange for a mortgage on a farm. Whenever it is proposed—as it surely will be—to enlarge the kinds of security for which the Federal reserve will give out currency—when that happens there will be controversy in Congress. Senator CARTER GLASS, of Virginia, will be on guard. There is not space here to say more, except that there can be some legitimate enlargement of the quantity of currency in the country through use of the Federal reserve system's function of creating currency. That the country would be benefited by a prudent, carefully guarded increase of currency can hardly be doubted.

BOND ISSUE SEEN REMEDY

Another way, indirectly but fairly certain, to increase the quantity of money is by great issues of Government bonds for public works. This is proposed by progressive Senator LA FOLLETTE (five and a half billions) and by Democratic Senator WAGNER, of New York (two billions). About this, likewise, there will be much controversy in Congress.

There is not space for more, except to say that the politics having to do with money and currency and arising out of the low price of wheat (assuming commodities continue low priced) will be the real politics of the year 1932. Compared to this, compared to the politics which will revolve around the low price of wheat, compared to the issues which will be called "cheap money" or "relief of debtors" or "free silver"—compared to that all the politics of personalities, about Smith opposing Roosevelt, or Curtis getting the Republican vice presidential nomination, or Baker getting the Democratic presidential nomination, or Raskob and prohibition—all that is merely the small change of politics, the village gossip about personalities of politics.

Meantime and all times let those tempted to bet on the 1932 election remember that it is no impossibility, not even a novelty, for cotton and corn and wheat and other commodities to double in price within the space of a year.

ADJOURNMENT

Mr. McNARY. I move that the Senate adjourn.

The motion was agreed to; and at (12 o'clock and 40 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, January 6, 1932, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 5, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Through Thee our Heavenly Father we rise to the great realities of our existence and know ourselves as the sons of God. Thus the things of earth are seen in their true proportion. In our aims, in our purposes, and in our anxieties may we be no disappointment to our fellow countrymen. Do Thou keep us awake and alive to our possibilities for service to raise the whole ideal of the well-being of the Republic. In the labors of this day may we express our patriotic devotion in action. Bless us with that compound of worldly prudence and spiritual insight. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 159. An act for the relief of R. B. Miller;

S. 458. An act for the relief of C. M. Williamson, Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased; Lottie Redman, and H. N. Smith;

S. 971. An act for the relief of Milburn Knapp;

S. 1037. An act to amend the radio act of 1927, approved February 23, 1927, and for other purposes; and

S. J. Res. 60. Joint resolution authorizing the distribution of Government-owned wheat to the American National Red Cross and other organizations for the relief of people in distress.

AMENDING THE TARIFF ACT

Mr. POU. Mr. Speaker, I present a privileged resolution and report from the Committee on Rules for printing under the rule.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 87

Providing for the consideration of H. R. 6662, amending the tariff act of June, 1930, and for other purposes

Resolved, That immediately upon the adoption of this resolution the House shall proceed under the general rules of the House to the consideration of H. R. 6662, entitled "A bill to amend the tariff act of 1930, and for other purposes." This special order shall be a continuing order, and the bill shall be considered from day to day until finally disposed of.

The SPEAKER. Referred to the House Calendar and ordered printed.

MRS. DANIEL SHEA

Mr. WARREN. Mr. Speaker, I offer the following resolution from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 38

Resolved, That there shall be paid out of the contingent fund of the House of Representatives to Mrs. Daniel Shea, widow of Daniel Shea, late an employee of the House, an amount equal to six months' compensation and an additional amount not exceeding $250 to defray the funeral expenses and last illness of the said Daniel Shea.

The resolution, without objection, was agreed to.

ANNA JARVIS

Mr. WARREN. Mr. Speaker, I offer the following privileged resolution.

The Clerk read as follows:

Senate Concurrent Resolution 2

Resolved by the Senate (the House of Representatives concurring), That there shall be paid out of the contingent funds of the Senate and House of Representatives to Anna Jarvis, widow of Grant Jarvis, late an employee of the Joint Committee on Internal Revenue Taxation, a sum equal to six months of his compensation as such employee, one-half of said sum to be paid by the Senate and one-half by the House, and an additional amount, not exceeding $250, to defray the funeral expenses of said Grant Jarvis, shall be paid by the House.

The Senate concurrent resolution was agreed to.

A motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

EDWARD F. PRICHARD JR., OF PARIS, KY.

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The Speaker. Is there objection?

There was no objection.

Mr. CHAPMAN. Mr. Speaker, recently the Central Press Association sponsored an intelligence test open to every high-school boy in America. One hundred and fifty thousand

bright American boys undertook to pass the examination. Those having the six highest grades were selected.

They spent several weeks in Italy as the guests of the Central Press Association.

One of those six bright young men is my fellow townsman, Mr. Edward F. Prichard, jr., of Paris, Ky., who took the examination under the auspices of the Lexington Herald, Lexington, Ky., and he is now a student at Princeton University. Mr. Prichard occupies a seat in the Speaker's gallery and I should like for him to stand and be recognized by the House.

MRS. DAVID L. THOMAS

Mr. WARREN. Mr. Speaker, I offer another privileged resolution.

The Clerk read as follows:

House Resolution 78

Resolved, That there shall be paid out of the contingent fund of the House of Representatives to Mrs. David L. Thomas, widow of David L. Thomas, late an employee of the House, an amount equal to six months' compensation and an additional amount not exceeding $250 to defray the funeral expenses and last illness of the said David L. Thomas.

Without objection, the resolution was agreed to.

THE DIFFERENCE BETWEEN THE DEMOCRATIC PARTY AND THE REPUBLICAN PARTY

Mr. HOWARD. Mr. Speaker, last evening an address was delivered over the air by the gentleman from Illinois [Mr. RAINEY], the floor leader, and it was so good it seems to me the country ought to get a chance to read it. I ask unanimous consent to have it reproduced in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOWARD. Mr. Speaker, I herewith present for printing in the RECORD an interview over the radio by Representative HENRY T. RAINEY, of Illinois, majority leader of the House of Representatives, and William Hard, the subject of the interview being the differences between the Democratic Party and the Republican Party.

The interview follows:

Mr. HARD. Mr. Congressman, in the last House of Representatives there was a Republican majority. In this House there is a Democratic majority. Some people say the two parties are just alike and it makes no difference. May I respectfully ask: What do you say?

Mr. RAINEY. There is a marked difference between the propositions for which the Democratic Party stands and the propositions for which the Republican Party stands. We have always had two major parties in this country. From the days of Hamilton and Jefferson one of these parties, the party of Jefferson, has always stood in favor of the rights of the great masses of the people. The other party, now called the Republican Party, has always favored legislation enacted on behalf of particular interests. Whenever the Republican Party is in control of our Government for any considerable period of time the legislation thus enacted expands the power of the particular and special interests until they become a real menace to our prosperity and to our form of government. That is precisely what has happened during the last 10 years of Republican control in Washington.

Mr. HARD. But, Mr. Congressman, what do you mean, exactly, by a "particular interest" or "special interest"?

Mr. RAINEY. The question is a fair one. In brief, particular or special interests are those which are created as a result of legislative or other practices which favor the few and which tend to concentrate the machines of production and the acquisition of large wealth in the hands of a few corporations and ultimately of a few individuals. The fight now going on against the Power Trust illustrates what I mean. We are still in the iron age (the age of machine tools), but there is being superimposed upon the iron age a new era which might be called the electrical age; and men of great wealth, organized into corporations, are seeking to control for their own benefit the declivities in our rivers where water-power production is a possibility.

Mr. HARD. But will you be more specific?

Mr. RAINEY. Certainly. The Muscle Shoals fight, which has been going on in Congress for a period of years, and the Boulder Dam proposition are illustrations of what I mean. I myself assisted in the preparation of the present water power act which, with its amendments, is to be tested now in the Federal courts. The case comes up next week in a district Federal court at Lynchburg, Va. It is known as the New River case. The Power Trust has employed the most expensive and the best attorneys in the United States. The objective of the Power Trust in pressing the case is to become dominant in the control of electrical energy in rivers which flow into navigable rivers. If the Power Trust wins the case, there will have to be new legislation in order to protect the consumers of electrical energy from the enormous charges which the units of the Power Trust will expect to impose upon them.

Mr. HARD. Let me ask you, though, if you can prove, or think you can prove, your idea that charges by power companies and by other particular or special interests, as you call them, have tended to be excessive.

Mr. RAINEY. I think I can prove it readily. In 1929 the Republican Party, unwilling to check the excesses of the special interests, had been in control of all branches of the Federal Government for nine years. During that period the standard of real wages increased only 13 per cent while the returns to industry as a whole were increasing 72 per cent. In this matter I am quoting Dr. Julius Klein, Assistant Secretary of Commerce. During the same period the dividends on industrial and railroad stocks increased 285 per cent. In other words, dividends increased twenty-two times as fast as wages.

Mr. HARD. It does not follow, though, it seems to me, that the individual necessarily suffered. The stocks of corporations are owned by large numbers of individuals.

Mr. RAINEY. Yes; but the large numbers of individuals own only a few shares apiece; and the mass of the profits goes to the few. Let me give you some convincing figures. In 1920 there were 3,649 persons in the United States who had incomes of over $100,000. In 1928 there were 15,977 persons in the United States who had incomes of over $100,000. In 1920 this class of persons had a total income of $727,000,000, which was certainly enough. In 1928, however, these few people had a total income of $4,500,000,000. In other words, in eight years the total income of this class of persons had increased 600 per cent. Yet during that period, which is now looked back upon as a period of high and general prosperity, the income of the totality of our people increased only 10 per cent above its previous level.

Mr. HARD. But those 100,000 dollar-a-year men weren't necessarily all of them ultra rich.

Mr. RAINEY. Well, take the ultra rich. In 1920 there were only 33 men who had incomes of $1,000,000 and more. In 1928 there were 511 such men. In that latter year their aggregate incomes came to a total of more than $1,000,000,000. That was an increase of 1,400 per cent over 1920, while total national income, as I have stated, was increasing only 10 per cent. This process, I contend, was not only unchecked by the Republican Party but accelerated by it. Three times during this period the Republican Party decreased the taxes on great wealth. Twice it raised the tariff duties to such mounting heights as to concentrate wealth more and more into the hands of special beneficiaries.

Mr. HARD. I see then. Or perhaps I don't. You will destroy the tariff system?

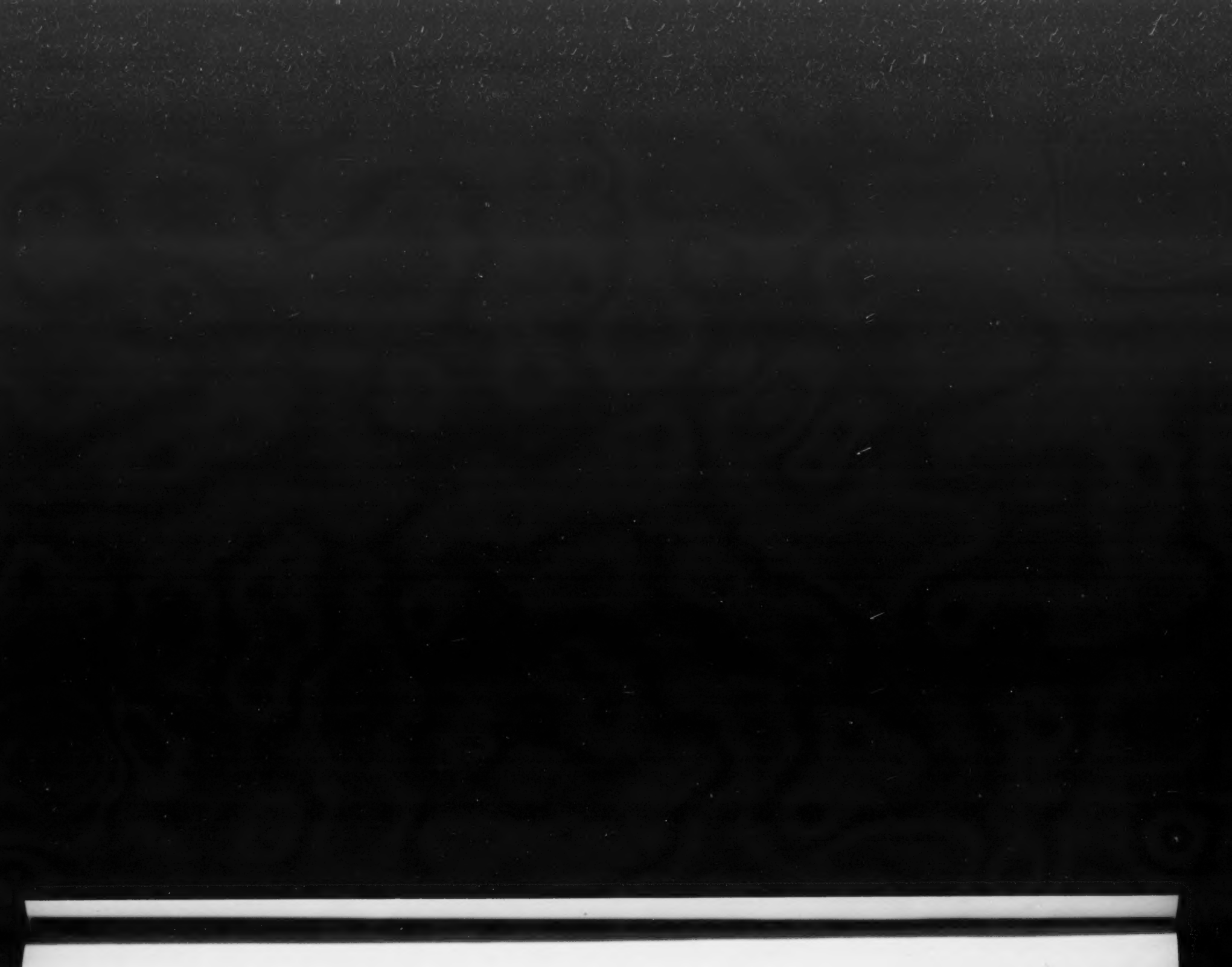
Mr. RAINEY. I want to deny as emphatically as I can any intention of that kind. The Democratic Party does not stand for that principle and never did. No nation in the world ever existed for any considerable period of time without tariffs. There is really nothing new in the science of "taxes." The very first tax ever imposed by man, as nations emerged from the stone age, was the tax then known as "death dues." We know it as an inheritance tax. Egypt imposed it a thousand years before the building of the pyramids. Then the next tax imposed by the rulers of ancient Egypt was called the "tax at the frontier." We call it a tariff tax. Babylon and Rome imposed tariff taxes. England, which was called a free-trade country, imposed tariff taxes. While we were getting $315,000,000 a year out of our Payne-Aldrich tariff taxes England was getting nearly $700,000,000 a year out of her tariff taxes under her so-called free-trade system.

Mr. HARD. Then what was the difference?

Mr. RAINEY. I'll tell you the difference. England imposed her tariff taxes in those days upon noncompetitive articles—upon articles which did not compete with her own domestic products. That is a tariff tax which a creditor nation may well impose. England to-day is ceasing to be a creditor nation. Therefore, England is now adopting our American system of tariff taxes for protection. We can profit by noting the reason why England has changed her policy. It is the same reason why we ought to change ours. It is we that are now the great creditor nation. Yet, even after we had become the great creditor nation, we twice increased our protective tariffs. The consequence abroad has been that other nations, in imitation of us, or in retaliation, have raised their tariffs till they are as high as ours, and sometimes higher. Thereupon to-day, in order safely and successfully to reduce our own tariffs, we must secure a reduction of the tariffs of the world.

Mr. HARD. I conclude, then, Mr. Congressman, that you might favor the calling of an international tariff conference. Might it not lead, let me ask you, to the dragging of a lot of our domestic economic questions into the international arena?

Mr. RAINEY. I do absolutely favor international negotiations regarding tariff. I am assisting now in the preparation of a resolution which will provide for a world economic conference; as a matter of fact, the resolution has been prepared and was introduced this afternoon by Mr. COLLIER, chairman of the Ways and Means Committee. Hearings will commence on it to-morrow. The principal object of this conference will be the lowering of tariff walls. If we should lower our own tariff walls right now without this cooperation, our markets would be flooded with foreign goods. In other words, under the Republican Party, we are simply caught in our own tariff trap and it will take a long time and many negotiations with foreign countries to enable us to get out of it.



Mr. HARD. Your international economic conference, Mr. Congressman. Let me ask about it further, or again. Would you put any limitations upon it? Or would it discuss everything?

Mr. RAINEY. I admit that there ought to be limitations upon it. In fact, in our Democratic resolution for the conference we expect to incorporate a provision that the American delegates shall not discuss our domestic economic conditions and shall not discuss even the question of the payments coming to us from our debtor nations abroad. Of course, a discussion of certain consequences of the debt payments can not be avoided. Our debtor nations owe us an immense amount of money. It is at the present time over $10,000,000,000. France and the United States have concentrated about two-thirds of the world's supply of gold under their control. Our debtor nations must pay us in gold or in goods. Our tariff walls keep out their goods and we have the gold. No wonder they are going off the gold standard. Fifteen foreign nations have already gone off the gold standard. Naturally they are talking about repudiating the debts that they owe us. When they do repudiate them, it will mean that our own taxpayers must pay the amounts now due to us in debts from abroad. Thus we are confronted with a whole network of questions suggesting international negotiations. Among those questions is farm relief.

Mr. HARD. But I seem to remember, Mr. Congressman, that you have voted steadily for drastic domestic farm-relief measures.

Mr. RAINEY. I have indeed voted for those measures. The condition of our farmers was desperate, and it is more desperate now than it ever has been. I am a farmer. I live on my farm and have no other business. I think I have one of the best farms in Illinois. Yet I am having difficulty in making enough money out of it to pay the taxes. I have been voting for the equalization-fee plan and for the export-debenture plan of farm relief. I am afraid now that those measures will not be successful. This is for the central reason that they both depend upon exporting our agricultural surpluses at a loss. The foreign tariff walls now raised against us make that exportation impossible. To-day I doubt if on behalf of our farm products we can find foreign markets which are not impeded or destroyed by tariff barriers.

Mr. HARD. I gather, Mr. Congressman, that you are now looking toward the other end of Pennsylvania Avenue from your legislative chamber in the Capitol. International negotiations lie with the President. I suspect you of arguing that there ought to be a Democratic President.

Mr. RAINEY. You are exactly right about it. We can not accomplish much unless we obtain control of both branches of Congress and also of the White House. We must have a President who is in sympathy with the Democratic Party as to the lowering of the tariff; and this necessity for a Democratic President is emphasized by the fact that in the future our tariffs must be lowered and regulated as a result of international agreements. The Republican Party is committed absolutely to isolationist policies. The fact is that other nations now are imitating us in such policies. They are all trying to become economic units, absolutely perfect. In the bringing about of this world condition the United States, under the management of the party of special interests, has been the real world culprit. We have to turn around and go toward world cooperation.

Mr. HARD. Are you talking now for the League of Nations?

Mr. RAINEY. I am not. We seem to be thoroughly committed against active participation in the League of Nations. Of course we have many contacts with the league and we every year are establishing more contacts. I now, though, am talking about business. What we want to do is to reopen our closed factories. To do so we need markets outside the boundaries of continental United States. I am most interested in a business revival, and we can not have it unless we obtain markets abroad. I am anxious to trade with all nations.

Mr. HARD. Including the Russians?

Mr. RAINEY. Certainly. I spent a large part of last summer in Russia. You can not sovietize the United States and you can not Americanize the Russians. They now have over there the best government that they have ever had. It would not suit us. But they are now rebuilding their great country. There is more building going on in Russia to-day than there is in all the rest of the world. They are building 5,000 miles of main-line railroad tracks while we are tearing ours up. The rebuilding of Russia will continue for at least 25 years. During that period Russia will furnish the world's best market. The nations of Europe are establishing trade conventions with Russia. Our isolationist policy keeps us out of those trade conventions. I repeat that I am interested in reopening our factories. I am interested in furnishing employment for the seven or eight million unemployed. If we have communist demonstrations this winter in our large cities the main cause will be the closed factories. The way to fight communism in this country is to reopen the factories. The only way to do it is to get markets abroad, and Russia is the biggest and best one. It seems to me that patriotic organizations and the churches ought to support a proposition which will give work and which will give wages and which in that way will prevent riots and disturbances in our cities this winter.

Mr. HARD. Now I must interrupt you, Mr. Congressman. I think your auditors will have got from you a very clear impression of the estimate you make of the importance to us of international affairs. I must now ask you to discuss some problems that are undeniably domestic. The saddest I can think of is taxes. Perhaps you wouldn't care to discuss it.

Mr. RAINEY. I am delighted to have the opportunity to discuss it. It is a cardinal principle of the Democratic Party that income taxes should be proportioned to capacity to pay. The income tax has always been fought by the great interests. They are anxious to resort to a sales tax. Through a sales tax the great incomes would not be compelled to pay the share they ought to pay, namely, the share they are able to pay. The Republicans, three times since the Great War, have lowered the income taxes on great incomes. We propose in large measure to reinstate those taxes.

Mr. HARD. Then no sales tax?

Mr. RAINEY. Only an emergency one. A sales tax, I fear, will be necessary in order to meet emergency requirements. We must now raise a billion dollars by new taxes on top of the taxes which we already impose. Great wealth will be compelled to pay its share in our program. Taxes on the big incomes will be increased to the point of diminishing returns.

Mr. HARD. How will you estimate that point?

Mr. RAINEY. The imposition of an excessive tax would force the recipients of great incomes into tax-exempt securities. Forty per cent on incomes in excess of $100,000 a year seems to be about the maximum that we can reach at this time. We shall thereupon be compelled to impose sales taxes in some considerable degree. However, when the Democratic Party obtains full control of the Government, and as times that are more prosperous return, we shall eliminate, first of all, not the taxes on great incomes but the sales taxes. On the other hand, if the Republican Party succeeds in retaining control of the Government, it undoubtedly will have the policy of reducing the taxes on great incomes and of retaining and extending the sales taxes.

Mr. HARD. You seem to be forgetting "death dues" or inheritance taxes. Are you satisfied with them at their present levels?

Mr. RAINEY. No. It was the Democratic Party, under the administration of President Wilson, that inaugurated in this country the old Egyptian system of "death dues." The Republican Party had always been against it. It is essentially against it now. "Death dues," inheritance taxes, tend to dissipate large estates. The Republican Party favors large estates. The Democratic Party favors the distribution of them and the restoration of a higher degree of equal opportunity to all. In the tax bill which we are now preparing we expect to increase the inheritance taxes strongly.

Mr. HARD. So that's one disagreeable subject over. No! I can think of a worse one. What about economy—economy in governmental expenditures?

Mr. RAINEY. The Appropriations Committee of the House is now controlled by Democrats. The chairman of the committee is a Democrat. The chairman of every subcommittee is a Democrat. They all of them are pledged to take each appropriation bill and cut it down even below the Budget estimates and requests of the Republican administration. The country will realize that we favor economy sincerely.

Mr. HARD. Well, then, Mr. Congressman, pursuing these depressing topics to their bottom, let's go straight at it and talk about the depression. The most instant emergency in this country at this moment is the saving of people from starvation. Do you think the Federal Government should help?

Mr. RAINEY. I do not favor the dole nor anything that looks like it. Yet in past years, according to the Russell Sage Foundation, only 28 per cent of relief for the destitute has been furnished out of private funds. The remaining 72 per cent has been furnished out of tax funds. In some States over 90 per cent of relief has come from tax funds. That condition will hardly change during the present year.

Mr. HARD. Isn't it a dole?

Mr. RAINEY. It can possibly be insisted that relief by municipalities and by States is a dole. They have now appropriated an immense amount of money—probably over $125,000,000. They may not be able to appropriate much more. Nevertheless, in my view, private relief ought to be exhausted and relief by municipalities and States ought to be exhausted before the Federal Government enters the field.

Mr. HARD. Why?

Mr. RAINEY. Because the taxes imposed for relief by States and municipalities can more readily be eliminated as the years pass. The people know that they pay these local taxes, and there will be a demand by them for their repeal as prosperous times return. If the relief comes from the National Treasury, the situation is different. The great mass of taxpayers do not realize that they contribute to the National Treasury. The taxes which they pay are often indirect. They do not realize that they pay them. Therefore the demand for the abatement of Federal taxes for relief purposes, as the years pass, would not be as insistent as the demand would be for the abatement of local taxes for such purposes.

Mr. HARD. That's your ultimate principle. But, once more, what about the emergency? What is your actual expectation of whether or not there will have to be Federal relief?

Mr. RAINEY. I think that the Federal Government, unfortunately, will have to enter the field of relief for the suffering and starving. We can not let our people starve. We are the richest country in the world. If private funds and municipal taxes and State taxes will not provide the necessary relief, we must, of course, provide it out of the Federal Treasury.

Mr. HARD. A straight answer. Then let me ask you another very straight question. It is said that the Federal Government should borrow $5,000,000,000 and spend it on public works; and it is said that the employment thus given would enormously increase the buying power of the country and would stimulate all business,

and thus perhaps tremendously help to start general prosperity going again. What do you think of such proposals, frankly?

Mr. RAINEY. I frankly feel that the execution of them would prove disappointing. Our present enormous public-building program, it is asserted, gives employment to-day to only about 60,000 men. Of course, the building of roads offers employment to more men than the construction of buildings; and it must be admitted that both roads and public buildings are national capital investments and that money expended upon them is not wasted. However, we must understand that the present age is a machine age. Till about 70 years ago professional economists thought and taught that expenditures upon public works could be regarded as unemployment relief. Even to-day such expenditures operate to relieve some unemployment and to give work to some workers; but the machine age tends to give the employment more and more to machines; and thereupon this method of relieving unemployment by public works tends more and more to meet with failure. I repeat that in my judgment the principal relief for unemployment is to be found in the reopening of our closed factories. Our closed factories, I repeat, can not be reopened on an effective scale without foreign markets.

Mr. HARD. Yes. You have mentioned international trade conferences. What about international armaments conferences?

Mr. RAINEY. If armaments and tariff walls can be brought down together, the foreign governments which owe us money will be able to pay us. The expenditures of our eight principal debtor nations are more than seven times the total of the amounts which they have agreed to pay us on account of their debts. At the present time these nations owe us annually less than $250,000,000 while they are simultaneously spending annually upon armaments almost $2,000,000,000. Six of the nations which are our debtors have increased their expenditures for armaments 65 per cent since 1913.

Mr. HARD. But how can we stop them?

Mr. RAINEY. We can help to stop them by reversing the policies of isolation. Isolation is based upon the idea of self-sufficiency. It produces attempts at self-seeking diplomatic policies and self-seeking commercial policies. It leads to tariff wars. It leads to trade wars. These economic wars are the mere prologues to military wars. The prospect of military wars inevitably produces armaments. You have to have trade intercourse; you have to have trade peace in order that the peoples of the world may be willing to reduce their armaments and to live together in entire peace. The tariff problem, the debts problem, the reparations problem, the international finance problem, the foreign exchange problem, the armaments problem, the peace problem are all one problem. They can not be solved separately. They have to be solved together through abandoning isolation and adopting reciprocal services and reciprocal benefits as the rule of our international life.

Mr. HARD. You think that such a rule would take us out of the depression?

Mr. RAINEY. Mr. Hard, when a man has ruined himself by excesses of bad habits and is lying on his bed totally exhausted there is no diet that will enable him to get up instantly and walk. It is the same way with nations. Were tariffs high? The answer of the Republicans was: Make them higher. Were people extravagant? The Republicans answered: More installment purchases. Were people speculating? The Republicans replied: Brokers' loans can not be too big. Were the prices of stocks fantastic? The Republicans retorted: They will rise still more. Were armaments increasing? The cure proposed by the Republicans was to press the tariff wars and the trade wars, which in turn pressed armaments to further expansions. Not once did any Republican administration say to the country: You are destroying your health by these excesses, and we are going to try to prevent you from committing them. The patient consequently is now very sick and is looking, I think, for another doctor.

Mr. HARD. You mean the Democratic doctor. But I must insist. What will the Democratic doctor prescribe?

Mr. RAINEY. He will prescribe no nostrums. He will prescribe simply but emphatically the avoidance of excesses and the living of a sensible life. He will prescribe the rules of health. He will prescribe a sane, sound business intercourse with other countries. He will prescribe a sound, equitable distribution of wealth at home. He will prescribe the measures which would have kept us in national health and which in time will therefore restore us to national health. That's the best and most that can be done, and I believe that we Democrats will do it.

Mr. HARD. Mr. Congressman, I thank you on my own behalf and on behalf of the National Broadcasting Co., and also and most especially, I am sure, on behalf of your auditors throughout the country. You have answered my questions fairly and frankly. For your sincerity thus displayed I am sure that all of us, Republicans and Democrats alike, are grateful to you.

THE PAY-AS-YOU-GO PLAN FOR WAR

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing my statement made before the War Policies Commission on May 19 last.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAMSEYER. Mr. Speaker, under leave to extend my remarks I submit for printing in the RECORD my statement before the War Policies Commission, Tuesday, May 19, 1931, in the Senate Office Building, Washington, D. C., as follows:

Mr. RAMSEYER. Mr. Chairman and members of the War Policies Commission, the resolution creating this commission, among other things, gives direction to study and consider "methods of equalizing the burdens and to remove the profits of war."

Two phases of war finance I wish to present to this commission:

First. In the conduct of war most, if not all, of the war expenditures should be paid on a cash basis out of the gross income of the Nation. This is commonly referred to as the pay-as-you-go plan.

Second. The importance of the speedy payment of our war debt as a preparedness measure.

I. THE PAY-AS-YOU-GO PLAN

At the time of our entrance into the late war there was considerable said about conscripting property as well as men to fight the war. We adopted the policy of conscripting men to fight the war and although we raised considerable money to carry on the war from taxation, the proposition to raise all the money to pay for the war without borrowing was not seriously considered by Congress. In fact, by most of those in authority, the suggestion to support the war on a cash basis was considered somewhat impractical and visionary. A few days after the declaration of war, to be exact, April 9, 1917, I inserted some remarks in the CONGRESSIONAL RECORD on the subject, "Conscript Property for War" (65th Cong., 1st sess., Appendix, p. 15).

Very shortly after that every Member of Congress received a "Memorial of American Economists to Congress Regarding War Finance," signed by 250 of the leading economists of the United States. I had this memorial inserted in the CONGRESSIONAL RECORD on April 24, 1917 (65th Cong., 1st sess., Appendix, p. 103).

The purpose of this memorial was to urge upon Congress the adoption of the policy of taxation rather than that of bond issues as the principal means of financing the expenditures of our country in that war. I quote one paragraph from that memorial:

"The taxation policy is practicable because the current income of the people in any case must pay the war expenditures. The choice between bond issues and taxation is merely a choice whether the Government shall take income with a promise to repay those who furnish it or take income without such promise. The actual arms, munitions, and other equipment and supplies for use in the war, except to the small extent that they have been stored up in the past, must be produced now, during the war itself, not after the war; and, moreover, must be produced by our own people. The policy of borrowing within the country itself does not shift any part of the Nation's burden of war expenditures from the present to the future. All it does is to make possible a different distribution of the burden among individuals and social classes, to permit repayment to certain persons who have contributed income during the war by other persons after the war. If the people can support the war at all, they do it on a cash basis. Borrowing creates nothing. Except by borrowing abroad, which we can not do, we can get nothing which we do not ourselves produce."

With your permission, I shall have the whole memorial printed at the end of my remarks. I regard this memorial as the ablest document on war finance that was presented to Congress during the late war. It should be read and reread by every student of finance. Our experiences during and since the late war confirm every statement of principle and of warning contained in the memorial.

Since the war, by resolutions and speeches, I have repeatedly urged the appointment of a commission, such as now exists here, to give this subject special study and to recommend legislation to Congress to conscript the material as well as the personal resources of the country in the event of another war. It took Congress 10 years to create this commission.

This subject of equalizing the burdens of war was very near to the heart of the late President Harding. In his inaugural address he said:

"I can vision the ideal republic, where every man and woman is called under the flag for assignment to duty, for whatever service, military or civil, the individual is best fitted; where we may call to universal service every plant, agency, or facility, all in the sublime sacrifice for country, and not one penny of war profit shall inure to the benefit of private individual, corporation, or combination, but all above the normal shall flow into the defense chest of the Nation."

I quote two more sentences from his address, to wit:

"Then we shall have little or no disorganization of our economic, industrial, and commercial systems at home; no staggering war debts; no swollen fortunes to flout the sacrifices of our soldiers; no excuse for sedition; no pitiable slackerism; no outrage of treason. Envy and jealousy would have no soil for their menacing development, and revolution would be without the passion which engenders it."

On his fateful journey, from which he never returned, at Helena, Mont., June 29, 1923, he gave utterance to these earnest words:

"If we are committed to universal service—that is, the universal commitment of every American resource and activity—without compensation except consciousness of service and the exultations in victory, we will be slower to make war and more swift in bringing it to a triumphant close. Let us never again make draft

on our manhood without as exacting a draft on all we possess in the making of the industrial, financial, commercial, and spiritual life of the Republic."

The late President Harding urged the selfsame principles for the conduct of future wars. Numerous patriotic, political, and commercial organizations have by resolutions given their support. To have everybody, or practically everybody, indorse the plan is one thing. To put the plan into effect in case of another emergency is quite a different thing.

In 1922 the Iowa Republicans, in convention assembled at Des Moines, Iowa, incorporated the following plank in their platform:

"We indorse the principle of universal conscription of material and personal resources, and urge such action on the part of Congress in times of peace as will automatically effect such result upon the declaration of war."

In 1924 the Republicans in national convention in Cleveland had this plank in their platform:

"We believe that in time of war the Nation should draft for its defense not only its citizens but also every resource which may contribute to success. The country demands that should the United States ever again be called upon to defend itself by arms the President be empowered to draft such material resources and such services as may be required, and to stabilize the prices of services and essential commodities, whether utilized in actual warfare or private activity."

The Democrats in their national convention in New York the same year adopted the following plank on this subject:

"War is a relic of barbarism, and it is justifiable only as a measure of defense.

"In the event of war in which the man power of the Nation is drafted, all other resources should likewise be drafted. This will tend to discourage war by depriving it of its profits."

The country is looking hopefully and expectantly to this commission for definite and specific methods of equalizing the burdens and to remove the profits of war.

I doubt whether you can get very far with any proposal to amend the Constitution. I think it practical for this commission to recommend a program of taxation for future wars and to give the country the benefit of its judgment on the part of the national income that can and should be taken in the form of taxes to meet the war expenditures on a cash basis. Your favorable recommendation and judgment would have the wholesome effect of creating a public state of mind that war expenses should be met in full, or very nearly in full, from the current income of the Nation during the period of the war. It is evident that in event of war, Congress can not carry out any of your recommendations on taxation, the mobilization of industries, and so forth, without the support of public sentiment.

II. THE SPEEDY PAYMENT OF THE WAR DEBT

I wish now to discuss the policy that should be maintained in regard to the payment of our war debt. Notwithstanding the recommendations of the leading economists of our country to which I have called your attention, the expenditures of the late war were met chiefly by the sale of bonds. At the close of the war our total debt was something like $26,000,000,000. The war was not financed on the pay-as-you-go plan.

The practice of national governments becoming heavily involved in debt is of modern origin. War debts are a development of the last century and a half. That is chiefly due to the change in the implements of warfare. In olden times the implements of warfare were simple. Up until comparatively recent times a king or a ruler desiring to wage war would gather an army of volunteers, equip them with the simple implements of warfare, carry enough provisions to get his army into the enemy's territory and then, if successful, would live off the enemy. If unsuccessful there was nothing to do except tread with his army a weary way homeward. Owing to the expense incident to present-day warfare a modern army, even though successful in an enemy country, can not live off the enemy. A steady flow of munitions and supplies must be furnished by the people back home.

I shall not discuss the evils following the methods of financing the late war, the inflation and following deflation, the repudiation and part repudiation of national obligations, and the many discomforts visited on the civilized world following the war and from which the world is sorely distressed at this time. This is a matter of common knowledge with which you are as familiar and probably more familiar than I am.

Although the economists' plan for financing the late war was not adopted, it did make a profound impression upon many Members of Congress and on the people of the country. The teachings of the economists had some effect in inducing the war Congress to agree on the policy that the war debt should be paid by the generation that made it. In the Victory Liberty loan act, approved March 3, 1919, is the following in section 6, subdivision (a) thereof:

"(1) Two and one-half per cent of the aggregate amount of such bonds and notes outstanding on July 1, 1920, less an amount equal to the par amount of any obligations of foreign governments held by the United States on July 1, 1920; and (2) the interest which would have been payable during the fiscal year for which the appropriation is made on the bonds and notes purchased, redeemed, or paid out of the sinking fund during such year or in previous years."

This is the sinking-fund provision that is the law now. The overwhelming sentiment of Congress was in favor at that time of this policy. There were a few objectors, it is true. You will note that the sinking-fund provision of 2½ per cent applies to the amount of bonds and notes outstanding on July 1, 1920, less an amount equal to the par amount of any obligations of foreign governments held by the United States on July 1, 1920. Congress, in enacting this provision, went on the assumption that the foreign governments would keep up their interest payments on what they owed us and ultimately pay off the principals in full.

The foreign governments have not lived up to the expectations then entertained by Congress. Since that time settlements have been entered into with these foreign governments scaling down or canceling their obligations all the way from 26 per cent to 75 per cent. I am firmly convinced that if we had not had these foreign obligations in 1919, or we had at the time anticipated the cancellation of the foreign obligations, the Congress would have made the sinking fund apply to all or to a greater portion of the war debt.

There were a few voices in the country at the time who wanted to spread the payment of the war debt all the way from 50 to 100 years. In such settlements as we have made with the foreign governments we spread their payments to us over a period of 62 years. Since 1925 there have been more voices heard for spreading out the payment of our own war debt over a longer period of years than was contemplated by Congress when it enacted the sinking-fund provision. Since 1925 and up to a very late date we find utterances in the CONGRESSIONAL RECORD and in the public press from prominent Members of Congress advocating that our sinking fund be reduced, which would extend the time to pay the war debt. These gentlemen even go so far as to state that it was not contemplated by Congress when enacting the Victory Liberty loan act to pay off the war debt as rapidly as we have done in practice during the last 10 years.

For the information of this commission and to set right those gentlemen who are clamoring for a longer period within which to pay our war debt, I wish to call attention to reports of Congress, reports of the Treasury Department, and other statements to prove that those gentlemen are in error, and that Congress in enacting the sinking-fund provision intended the speedy payment of the war debt by the generation that made it. In support of my statement I hereby submit a paragraph from the report by Mr. Kitchin, chairman of the Ways and Means Committee, dated February 24, 1919, filed with the Victory Liberty loan bill, to wit:

"This section repeals the old sinking-fund provision, which amounted to no more than a book account, and creates a 2½ per cent cumulative sinking fund calculated to retire the whole war debt in 25 years. The advantage of a cumulative sinking fund is that it makes the amount to be set aside for the service of the debt, both on account of interest and sinking fund, substantially a permanent item at a fixed figure until the debt is retired. The bill provides that the sinking fund shall become operative July 1, 1920."

The Senate report accompanying this bill reads as follows:

"This section repeals the old sinking-fund provision which amounted to no more than a book account, and creates a 2½ per cent cumulative sinking fund calculated to retire the whole war debt in 25 years."

In the hearings before the Committee on Ways and Means of the House on this bill the Hon. CARTER GLASS, Secretary of the Treasury, testified as follows:

"I believe that immediate steps should be taken to set up a sinking fund for the retirement of the war debt. I have suggested the creation of 2½ per cent cumulative sinking fund calculated to retire the whole debt, so far as I can now estimate it, within a period of some 25 years."

The annual report of the Secretary of the Treasury for the fiscal year ending June 30, 1919, on pages 85 and 86, contains the following sentence:

"It is calculated that the operation of the cumulative sinking-fund provision will retire the funded war debt of the United States in the neighborhood of 25 years, except with respect to an amount equal to the loans to foreign governments outstanding on July 1, 1920."

In the annual report of the Secretary of the Treasury for the fiscal year ending June 30, 1920, on pages 113, 114, 115, the cumulative sinking fund is discussed and I read this sentence:

"The cumulative sinking fund, it is calculated, will retire the funded war debt of the United States, less the amount representing the foreign obligations held by the United States on July 1, 1920, in about 25 years."

The Hon. CORDELL HULL, at the time a member of the Ways and Means Committee and last fall elected a Member of the Senate, in discussing the sinking fund provision on February 26, 1919, said:

"It is estimated that the plan just stated will wipe out our war debt in less than 25 years."

Further on in his speech Mr. HULL said:

"In my judgment, the action of Congress and the Treasury in thus making comprehensive provision for the payment of the public debt is timely, businesslike, and wise."

Still further on in this speech in supporting the policy for the speedy retirement of the war debt Mr. HULL made this interesting statement:

"An interesting side light on this general phase is found in the statistics of the English estate tax. These statistics show that practically all the material capital of the country is owned by persons over 21 years of age; that persons over 45 years of age, constituting one-third of the class just stated, own three-fourths of the entire material capital. This would make the representative person over 45 years own about six times as much as the representative person between 21 and 45. It is manifest, therefore, that

if this condition should apply to the United States to a material extent the bulk of our war debt will be paid by those who did not enter the military service during the war. If true, this is as it should be."

Alexander Hamilton in one of his reports said:

"As the vicissitudes of nations beget a perpetual tendency to the accumulation of debt, there ought to be in every government a perpetual, anxious, and increasing effort to reduce that which at any time exists as fast as shall be practicable consistently with integrity and good faith."

This "perpetual tendency to the accumulation of debt" is illustrated by the following figures of the aggregate national debts of the world for various dates from 1793 to 1921:

1793	$2,433,250,000
1820	7,299,750,000
1850	9,000,000,000
1874	22,500,000,000
1900	31,201,759,000
1913	43,362,300,000
1918	205,396,000,000
1919	295,070,000,000
1921	400,000,000,000

I have not the aggregate national-debt figures since 1921, but since that time the aggregate national debts of the world have increased, notwithstanding that the national debt of the United States has been considerably reduced.

Ever since the World War I have contended for the speedy payment of the war debt and for a Treasury surplus that would make that possible. I have resisted and shall continue to resist legislation for a reduction in our sinking-fund provision. In the fall of 1925, before the convening of Congress in December of that year, when the Ways and Means Committee was holding hearings on a tax revision bill a number of prominent Republicans and Democrats issued statements that were printed in the press of the country urging a reduction in our sinking fund.

President Coolidge, taking cognizance of this agitation, in his first message to Congress spoke as follows:

"It has always been our policy to retire our debts. That of the Revolutionary War period, notwithstanding the additions made in 1812, was paid by 1835 and the Civil War debt within 23 years."

* * * * * * *

"Proposals have been made to extend the payment over a period of 62 years. If $1,000,000,000 is paid at the end of 20 years, the cost to the taxpayers is the principal, and if the interest is 4¼ per cent, a total of $1,850,000,000. If the same sum is paid at the end of 62 years, the cost is $3,635,000,000, or almost double."

Again in the fall of 1927, when this agitation was still on, President Coolidge, in a speech before the Union League Club of Philadelphia—he was then talking to the men who paid income taxes—had this to say, and he said nothing better during his whole administration:

"The enormous debt has been partly refinanced at progressively lower rates and increasingly diminished in amount. At the end of this fiscal year almost one-third of the entire debt will have been paid. The saving in interest alone is about $1,000,000 for each day. But well over $18,000,000,000 of debt still remains. It is a menace to our credit. It is the greatest weakness in our line of national defense. It is the largest obstacle in the path of our economic development. It should be retired as fast as possible under a system of reasonable taxation."

Since these statements by President Coolidge we have not heard so much against the speedy reduction of the war debt from Republicans. There are still prominent persons who favor reducing the sinking fund and the spreading of payment of the war debt over a long period of years.

I have on a number of occasions addressed the House on the importance of the speedy retirement of our war debt. Following the World War I made a study of debt operations of the leading European countries. With the exception of Great Britain none of the leading European countries have ever reduced the principals of their debts. I have here tables showing the national debts of Great Britain, France, Italy, and Belgium, covering a considerable period of years. These tables show that Great Britain has had occasional periods of debt reduction. Neither France since 1815 nor Italy since 1875 nor Belgium since 1835 has reduced the principal of its national debt. The debts of each of these three countries now is greater than it was at the close of the World War.

With your permission I shall have these tables printed following my remarks.

I have urged, among other reasons, the speedy payment of our national debt as a preparedness measure. President Coolidge, in his Union League Club speech, from which I have quoted, in referring to our national debt said:

"It is the greatest weakness in our line of national defense."

Both the great parties in their platforms of 1924 committed themselves to the principle that in the next war the material resources of the country should be drafted. It is illogical, inconsistent, and bordering on the ridiculous to take the position that in the next war material resources shall be drafted and the war fought without war debts and at the same time to urge that our present war debt should not be paid by the generation that made it. To talk that the late war was fought for future generations and that they should help pay the war debt ignores the fact that future generations will have obligations of their own, possibly war obligations included, to pay for. The obligations we contracted by the late war should not be heaped upon their shoulders as an additional burden.

Just how much we will realize from our foreign debtors no one can tell. I discussed that subject in a speech on the floor of the House of Representatives on January 14, 1926. It is my position that nothing should be allowed to interfere with paying our total war debt within the 25 years as was contemplated when we enacted the sinking-fund provision.

It is my position that every generation should pay off its own debts whether such debts be national, State, or local. Especially do I insist that the war obligations and burdens which this generation voted and made should not be passed on to the next generation. This issue should be faced by us manfully and courageously with due regard for the future welfare of our Government and of our children who will sustain this Government after us. Our fathers turned this Government over to us practically without debts. They paid the debts they made. It is our duty to pay the debts we made so that we can turn over this Government to our children as free from debt as it was when our fathers turned it over to us.

It is my view that this commission as a measure of preparedness should take a definite and positive stand in favor of paying off the war debt within 25 years from July 1, 1920, as contemplated by Congress when enacting the sinking-fund provision in the Victory loan act of March 3, 1919, and that this commission should specifically recommend the maintenance unimpaired of our sinking-fund provision and such revenue legislation that will yield the necessary Treasury surpluses to pay off every dollar of the war debt not a day later than July 1, 1945.

(The memorial referred to is as follows:)

"MEMORIAL OF AMERICAN ECONOMISTS TO CONGRESS REGARDING WAR FINANCE

"We, the undersigned, teachers of political economy, public finance, and political science in American universities and colleges, respectfully urge upon Congress to adopt the policy of taxation rather than that of bond issue as the principal means of financing the expenditures of our own country in the war on which it has embarked.

"The taxation policy is practicable. It will prevent the price inflation which must result from large bond issues. It is demanded by social justice. It will increase the efficiency of the Nation in the conduct of the war.

"The argument in support of these statements is briefly as follows:

"THE TAXATION PLAN IS PRACTICABLE

"The taxation policy is practicable because the current income of the people in any case must pay the war expenditures. The choice between bond issues and taxation is merely a choice whether the Government shall take income with a promise to repay those who furnish it or take income without such promise. The actual arms, munitions, and other equipment and supplies for use in the war, except to the small extent that they have been stored up in the past, must be produced now, during the war itself, not after the war; and, moreover, must be produced by our own people. The policy of borrowing within the country itself does not shift any part of the Nation's burden of war expenditures from the present to the future. All it does is to make possible a different distribution of the burden among individuals and social classes, to permit repayment to certain persons who have contributed income during the war by other persons after the war. If the people can support the war at all, they can do it on a cash basis. Borrowing creates nothing. Except by borrowing abroad, which we can not do, we can get nothing which we do not ourselves produce.

"It may be necessary for a month or two at the outset to issue a limited amount of bonds pending the collection of increased taxes, but beyond these, which might well be repayable within a year, no necessity for bonds exists.

"TAXATION PREVENTS PRICE INFLATION

"The taxation policy and no other will enable the country to escape the enormous evils of further inflation. The present high level of prices in Europe and America is primarily due to the war bonds and the paper money issued abroad. If the United States joins on a huge scale in this policy of borrowing, prices are bound to become far higher still.

"Price inflation is harmful even in times of peace. During a war it is disastrous. It increases the cost of conducting the war. It postpones victory, and thus adds to the war's toll of lives as well as to its money expenditures. By every bond issue the Government enhances the prices it must pay, and thus creates the need of more bonds. The policy works against itself.

"Moreover, inflation of prices works injustice between different classes of society. The burden rests chiefly upon wage earners and salary receivers, whose pay never rises as fast as prices, and upon those who receive fixed or contractual incomes. The hardship which millions of our people are already suffering from the increased cost of living will be made manyfold greater if the Government issues billions of dollars of bonds to finance the war.

"The manner in which bond issues inflate prices may be briefly explained. The bond policy increases the amount of bank credit, which is equivalent in effect to an increase in the currency.

"For example, if the Government takes $1,000 from a man in taxes, his credit or purchasing power is lessened to the same extent as the Government's is increased. On the other hand, if the Government borrows $1,000 from him the quantity of purchasing

power in existence is greatly increased. He now has a bond worth $1,000, on which he can and very often will borrow at the bank. Say he borrows $800; to lend him $800 the bank does not have to give him $800 actually. Instead it gives him a deposit account of $800; and inasmuch as most of those who present checks do not ask for actual cash, but have their checks credited to their deposit accounts, the bank can keep this $800 in checks floating by setting aside, say, only $200 of actual cash. In other words, this bond-issue transaction has resulted in increasing the Government's credit by $1,000, in decreasing the man's credit by only $200, and in decreasing the bank's money by only $200—that is, there has been a net increase of credit currency (checking-deposit accounts) of $600, in contrast with no net increase if taxes had been adopted instead of bonds.

"If the man had given up his money in taxes, he would have ceased to compete with the Government and other buyers of commodities and labor to the extent of $1,000; but when the Government gives him a bond for his payment he is still enabled to compete to the extent of $800. The purchasing power of society as a whole has increased by $600. This inevitably forces up prices.

"The above illustrates the result of a bond issue that is taken by the public. As a matter of fact, if bonds are issued a large part of them will be taken by banks. It is likely that the Federal reserve banks will buy these bonds wholesale by giving the Government checking accounts to the extent of the bonds. This causes immediate inflation to the full amount of the checking accounts thus created; that is, inflation to 100 per cent instead of to 60 per cent of the bond issue, as outlined in the illustration above.

"As the Government draws checks on these bank accounts to meet its requirements, the banks will try to recoup themselves by retailing the bonds to the public. To the extent that they succeed the bonds get into the hands of the ultimate investor, with the resulting inflation already described. In so far as the banks are unsuccessful in this distribution, they are almost certain to issue bank notes on the basis of bonds left in their hands, and these notes will cause inflation even worse than that due to the checking accounts of the public based on bond collateral.

"JUSTICE DEMANDS THE TAX POLICY

"The policy of taxation for war expenditures is demanded by justice. Apart from the injustice arising from price inflation, the policy of paying for the war by bond issues gives property a preference over life; it deals justly as between citizen and citizen. The question of taxation versus bonds is not merely one of economics, it is one of morals, of right against wrong.

"This war is a great social enterprise. The American people have undertaken it as a people. The future welfare of the country as a whole is involved; the future welfare of every citizen is involved. It is the duty, therefore, of every citizen to share in war's burdens to his utmost. For some the duty is to fight; for others, to furnish money. For all the duty is without limit of amount. The citizen who contributes even his entire income beyond what is necessary to subsistence itself does less than the citizen who contributes himself to the Nation.

"The man who goes to the front can not be paid back the life or the limb he may lose. The man who stays at home should contribute his just share of the money cost without expectation of repayment. That the soldier or sailor who gives himself to his country should, if he be so fortunate as to return, be taxed to pay interest and repay principal to him who has contributed the lesser thing—money—is a crying injustice. If conscription of men is just and right, conscription of income is more so; conscription of both is just and right when the Nation's life and honor are at stake.

"TAXATION WILL INCREASE WAR EFFICIENCY

"The policy of taxation for war expenditures will increase the efficiency of the Nation in the war. Its effect in keeping down the cost of the war has already been pointed out. Its effect on the spirit of the people is still more important. The general recognition of the justice of requiring everyone, according to his ability, to share the burdens of war, will bind the people together; the sense of injustice in the policy of borrowing will tend to drive them apart, to array class against class. Our soldiers and sailors will fight loyally in any case, but their spirit will be the more indomitable if they feel that every man who stays at home is serving the country to the utmost with his substance. An America in which every citizen without discrimination is called upon to do and to give all that he can, all that his powers permit, will be a united America; and a united America is bound to be victorious.

"SUGGESTED FORMS OF TAXATION

"Without entering into details, concerning which opinions may differ, we recommend that, among the tax measures to be adopted for the war period, the following should be included:

"(1) A tax which will take substantially all of special war profits.

"(2) A material lowering of the present income-tax exemption.

"(3) A drastic increase in the rates of the income tax, with a sharper progression in rates as incomes become larger.

"(4) High consumption taxes on luxuries."

(The tables referred to are as follows:)

National debts of Great Britain

Debts	Principal	Annual charge
National debt at the Revolution in 1688	£664, 263	£39, 855
Increase during William III's reign	12, 102, 962	1, 175, 469
Debt at the accession of Queen Anne, 1702	12, 767, 225	1, 215, 324
Increase during her reign	23, 408, 235	1, 847, 811
Debt at the accession of George I, 1714	36, 175, 460	3, 063, 135
Increase during his reign	16, 675, 337	323, 507
Debt at the accession of George II, 1727	52, 850, 797	2, 739, 628
Decrease during 12 years' peace, ending 1739	6, 236, 914	708, 744
Debt at commencement of the Spanish war, 1739	46, 613, 883	2, 030, 844
Increase during the war	29, 198, 249	1, 134, 881
Debt at the end of the Spanish war, 1748	75, 812, 132	3, 165, 765
Decrease during 8 years' peace	1, 237, 107	412, 199
Debt at commencement of Seven Years' War, 1756	74, 575, 025	2, 753, 566
Increase during the war	52, 219, 912	1, 994, 283
Debt at the peace of 1762	126, 794, 937	4, 747, 849
Increase during 13 years' peace	367, 476	44, 330
Debt at commencement of American war, 1775	127, 162, 413	4, 703, 519
Increase during the war	104, 681, 218	4, 362, 066
Debt at the end of American war, 1783	231, 843, 631	9, 065, 585
Increase during 10 years' peace	16, 031, 203	645, 653
Debt at commencement of French war, 1793	247, 874, 434	9, 711, 238
Increase during 9 years' war	289, 778, 574	10, 557, 313
Debt at the peace of Amiens, 1802	537, 653, 008	20, 268, 551
Increase during 13 years' war	337, 783, 837	12, 377, 067
Debt at the peace of Paris in September, 1815	900, 436, 845	32, 645, 618
Decrease to Mar. 31, 1855	91, 918, 397	4, 781, 085
Debt in March, 1855	808, 518, 448	27, 864, 533
Increase during 2 years of the Russian war	30, 399, 995	816, 644
Debt in March, 1857	838, 918, 443	28, 681, 177
Decrease during the past 41 years	200, 651, 951	3, 581, 177
Debt in March, 1898	638, 266, 492	25, 000, 000

The national debts of Great Britain

Financial year	Dead-weight debt	Cost of interest and management	Gross amount redeemed	Debt created in the year	Net decrease	Net increase
1894–95	£664, 704, 901	£25, 000, 000	£8, 885, 973	----------	£8, 885, 973	----------
1895–96	655, 908, 928	25, 000, 000	7, 602, 502	----------	7, 602, 502	----------
1896–97	648, 306, 426	25, 000, 000	7, 183, 000	----------	7, 183, 000	----------
1897–98	641, 123, 426	25, 000, 000	6, 052, 791	----------	6, 052, 791	----------
1898–99	635, 070, 635	25, 000, 000	7, 049, 063	----------	7, 049, 063	----------
1899–1900	628, 021, 572	23, 216, 657	7, 090, 919	£8, 000, 000	----------	£909, 081
1900–1	628, 930, 653	19, 835, 489	1, 460, 700	62, 000, 000	----------	60, 539, 300
1901–2	689, 469, 953	21, 685, 532	4, 454, 303	60, 000, 000	----------	55, 545, 697
1902–3	743, 015, 650	27, 282, 058	6, 396, 888	32, 000, 000	----------	25, 703, 112
1903–4	770, 778, 762	27, 000, 000	10, 148, 985	2, 000, 000	8, 148, 985	----------
1904–5	762, 629, 777	27, 000, 000	8, 315, 100	75', 432	7, 557, 668	----------
1905–6	755, 072, 109	28, 025, 027	11, 852, 132	Nil.	11, 852, 132	----------
1906–7	743, 219, 977	28, 500, 000	13, 714, 432	Nil.	13, 714, 432	----------
1907–8	729, 505, 545	29, 500, 000	18, 029, 680	Nil.	18, 029, 680	----------
1908–9	711, 475, 865	28, 000, 000	8, 767, 968	Nil.	8, 767, 968	----------
1909–10	702, 687, 897	21, 757, 661	10, 442, 480	21, 000, 000	----------	10, 557, 511
1910–11	713, 245, 408	24, 554, 004	28, 012, 949	Nil.	28, 012, 949	----------
1911–12	685, 232, 459	24, 500, 000	10, 487, 978	Nil.	10, 487, 978	----------
1912–13	674, 744, 481	24, 500, 000	13, 270, 716	Nil.	13, 270, 716	----------
1913–14	661, 473, 765	24, 500, 000	10, 203, 674	Nil.	10, 203, 674	----------
1914–15	651, 270, 091	22, 698, 896	8, 953, 015	466, 500, 000	----------	457, 546, 985
1915–16	1, 108, 817, 076	60, 249, 311	599, 585, 339	1, 631, 529, 907	----------	1, 031, 931, 568
1916–17	2, 140, 748, 644	127, 250, 493	1, 295, 573, 616	3, 166, 270, 880	----------	1, 870, 697, 264
1917–18	4, 011, 445, 908	189, 851, 066	201, 509, 133	2, 061, 913, 862	----------	1, 860, 404, 729
1918–19	5, 871, 850, 637	269, 964, 550	384, 325, 886	1, 947, 424, 673	----------	1, 563, 098, 792
1919–20	7, 434, 949, 429	332, 033, 708	987, 946, 296	1, 384, 741, 167	----------	396, 794, 871
1920–21	7, 831, 744, 300	----------	----------	----------	----------	----------
1925	7, 646, 394, 000	----------	----------	----------	----------	----------
1930	7, 469, 038, 811	----------	----------	----------	----------	----------

Total debt, funded and floating, of France

Date	Francs
1815	1,601,000,000
1830	5,182,000,000
1847	6,706,000,000
1852	6,639,000,000
1868	12,383,000,000
1873	21,699,000,000
1883	27,401,000,000
1893	30,313,000,000
1903	30,799,000,000
1913	33,637,000,000
1914 (July 31)	34,188,000,000
1914 (Dec. 31)	40,008,000,000
1915	58,465,000,000
1916	82,504,000,000
1917	114,200,000,000
1918	171,353,000,000
1919	240,242,000,000
1920	286,524,000,000
1921	297,367,000,000
1922	316,984,000,000
1925	421,000,000,000
1930	449,000,000,000

Growth of the public debt of Italy

Date	Lire
June 30, 1875	8,471,000,000
June 30, 1880	9,833,100,000
June 30, 1885	11,417,200,000
June 30, 1890	12,367,400,000
June 30, 1895	12,864,700,000
June 30, 1900	13,430,700,000
June 30, 1905	13,285,600,000
June 30, 1910	13,077,900,000
June 30, 1914	14,839,759,000
June 30, 1918	43,414,451,498
June 30, 1920	92,484,000,000
June 30, 1921	106,541,000,000
June 30, 1922	113,204,000,000
June 30, 1925	117,126,000,000
June 30, 1930	190,517,000,000

Growth of the national debt of Belgium

Date	Francs
1835	117,237,380
1840	279,995,120
1850	626,578,861
1860	634,137,847
1870	682,880,914
1880	1,422,814,049
1890	2,018,043,774
1900	2,708,549,151
1905	3,246,474,123
1910	3,839,608,193
1914 (Aug. 15)	4,592,883,549
1919	23,337,000,000
1920	28,075,000,000
1921	33,937,000,000
1922	35,743,000,000
1925	42,043,500,000
1930	51,969,000,000

FIRST DEFICIENCY APPROPRIATION BILL

Mr. BYRNS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6660) making certain appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes. Pending that, I ask the attention of the gentleman from Indiana [Mr. WOOD]. I realize, of course, that most of the time in general debate yesterday was consumed by this side. I understand the gentleman from Indiana wishes to proceed himself. Is there anyone else that he desires to speak?

Mr. WOOD of Indiana. None that I have in mind now.

Mr. BYRNS. I have a request from the gentleman from Mississippi [Mr. COLLINS] for 15 minutes to discuss a matter outside of the bill. With that exception I suppose we may have an understanding that I may yield to Mr. COLLINS or some one else those 15 minutes, and that we may begin the reading of the bill at the conclusion of the gentleman's remarks.

Mr. WOOD of Indiana. Yes; with this further exception: The gentleman from Colorado [Mr. EATON] yesterday asked me for 15 minutes. He is not here at present, but in the event he should come in and desire the time, I would like to have the privilege of yielding to him.

Mr. BYRNS. Then we shall have that understanding, that at the conclusion of those three possible speeches we may proceed with the reading of the bill under the 5-minute rule?

Mr. WOOD of Indiana. Yes.

The SPEAKER. The gentleman from Tennessee moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the first deficiency appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the first deficiency appropriation bill, with Mr. MOREHEAD in the chair.

The Clerk read the title of the bill.

Mr. WOOD of Indiana. Mr. Chairman and gentlemen of the committee, first I commend the splendid presentation made yesterday by the gentleman from Tennessee [Mr. BYRNS] of what is contained in this first deficiency appropriation bill and also commend him for the high plane upon which he pitched his address and the patriotic position he has taken with reference to the discharge of his duties during these depressed times. [Applause.] I trust that the example set by him and the practice that he will follow will be emulated by every Member of this House, no matter on which side of the aisle he may sit. In the days of the war there was no difference of opinion here. One would not know there was a dividing line separating politically one side from the other. Every man then was willing to bear his share of the burden and to make the sacrifice necessary to win the war.

We were then raising vast sums of money and spending it like drunken sailors. Inflation was in the air, it permeated everything. We are now reaping the harvest of that whirlwind. It needs just as much of patience, of fortitude, and of sacrifice now to build up again what was then torn down, that was then necessary in order that we might win the war. While it is not my purpose to speak with reference to the particular items in this bill, which were so ably presented yesterday, it is my desire, however, to call attention to one or two salient features of the address of Mr. BYRNS. He stated during the course of his remarks what the fixed charges are against this Government, which there can be no hope of reducing. They amount to more than $3,000,000,000. The places where reductions may be had are scarce, and it is going to take a good deal of courage on the part of Members of this House and the other body to make the reductions that should be made and must be made if we are to reduce the expenditure of government. To my mind, one of the best avenues through which this may be done is by the adoption in principle and in practice of the recommendation made by the President a few days ago for the sifting out of different bureaus and commissions that are duplicating their work and in consequence employing great numbers of people and spending in their compensation a great amount of money. Gentlemen would be amazed if they should take the time to investigate, as some have, at the number of commissions and bureaus of the Government overlapping each other, each doing some of the same work the other is doing. In one or two cases they tell me it amounts to as much as eighty. I shall call attention to just a few of them. Before doing that, however, I want to lay the blame for the present condition and for the number of bureaus and commissions in this country where it belongs. That blame should be laid at the door of Congress itself, because not one of them that exists to-day would have existed but for the action of Congress. One of the great troubles with the legislation that brings them into being is Congress giving them too much leeway. We adopt a resolution or pass a law for the creation of some new bureau or commission, and we place in that resolution or law a proviso that the commission may adopt regulations for its conduct and control. Under that broad blanket of power they commence legislating immediately, and it is not long before the thing has grown beyond bounds, far beyond the expectation of Congress that made it

possible, and they are doing things that it was never intended they should do. Therefore, I say the Congress itself should be more mindful, if we ever create any more of them, and I hope we shall be very slow to do it, in order not to make such blanket provisions.

A lot of these things should be abolished. Attempts to abolish them have been made, but thus far they have proved futile. You who were here at that time will remember that during the Harding administration the President appointed a commission, without any authorization of law, to make a survey of all the different departments of the Government to see wherein there was overlapping and wherein reductions might be made. That commission labored for more than a year and then came to a conclusion; but in order to make it effective they had to have the consent of the different Cabinet officers and different bureaus that were affected, in order that the changes might be made.

Like courts, all jealous of their jurisdiction, they came to absolutely no agreement and, in consequence, the whole undertaking came to naught.

There should be some sort of machinery set up for the purpose of going to the bottom of this thing and finding out where changes may be made, and then make those changes by legislation. [Applause.]

I just want to point out one or two of these institutions. The United States Government should stay out of business. We have been proclaiming on our side, as you have been proclaiming on your side, that we should have more business in government and less government in business, and yet we are going into business deeper and deeper all the time. For instance, the Government is engaged in the merchant marine business, and it has no right to be engaged in that business. Ours is the only Government upon the face of the earth that has a transport system. What does our transport system amount to in case of war? To but very little. We have a transport system that belongs to the Navy, one that belongs to the Army, one that is operated by the Panama Canal Railroad. They are engaged constantly in mercantile business, in addition to the business that they were set up and created for. Ours, as I have said, is the only nation on the face of the earth that has such a transport business. What do they do? They are in competition with the merchant marine of the United States, which is struggling day by day for its very existence. It is not fair to the merchant marine, and it is not fair to the business interests of this country. Why? The transports which operate between this country and the Orient have only two ports of entry, one at New York and the other at San Francisco. In consequence, the people who furnish supplies to be transported upon those ships must get those supplies to either one or the other of those ports of entry. Every other port in this country is denied that privilege, yet every other port in this country has vessels that parallel those lines which are traversed by the transports, going to their various destinations. The entire Mississippi Valley, practically, is denied any opportunity to compete in this matter. Suppose an advertisement for bids is put out for the purpose of furnishing a thousand head of cattle. The cattle raiser in Indiana or in Ohio can not compete with the man who raises cattle down near the port of New York or near the port of San Francisco, because the freight would eat him up, whereas he might take his cattle down to one of the southern ocean or river ports, where vessels which are just as good and which travel much oftener, would give him some opportunity to enter into the competition.

Another thing, when war comes, the Army transport ceases to be. It is taken over by the Navy and becomes a part of the Navy operations. What does it amount to during a war? It played a very small fiddle. We had to commandeer many of the merchant ships of this country for the purpose of transportation. God forbid that we ever need them for war purposes, but it would be better to have the merchant marine of this country equipped to do that work in case of war. It would be better to have the merchant marine of this country, which becomes an arm of the Navy, equipped and trained to do that kind of work, and it can best be equipped by giving it practice. I am glad to note that there are a number of people throughout this country who are awakening to the fact that the Government ought to get out of the transportation business.

There have been a number of resolutions adopted. One was adopted by the National Rivers and Harbors Congress, which was held in this city a few weeks ago. That resolution is as follows:

We note with regret and disfavor the continued operation of Army and Navy transports and of the Government-owned Panama Railroad Co. steamship lines in competition with privately operated services, and urge that they be discontinued to the end that all sections of the country shall be on an equality in bidding for materials and supplies used by the Government.

A similar resolution was adopted by the Mississippi Valley Association at St. Louis on November 23, 1931, and reads as follows:

RESOLUTION PASSED AT THE THIRTEENTH ANNUAL MEETING OF THE MISSISSIPPI VALLEY ASSOCIATION, ST. LOUIS, MO., NOVEMBER 23–24, 1931

We note with regret and disfavor the continued operation of Army and Navy transports out of the ports of New York and San Francisco and of the Government-owned Panama Railroad Co. steamship lines out of New York. These services are unnecessary and uneconomic and constitute a geographical discrimination against the Gulf ports and the producing interests of the Mississippi Valley.

A more forceful and extended resolution was adopted by the Eleventh Annual Middle West Foreign Trade and Merchant Marine Conference at Louisville, Ky., on October 27, 1931, which reads as follows:

THE PANAMA RAILROAD STEAMSHIP LINE AND THE ARMY AND NAVY TRANSPORT SERVICES RESOLUTION

The continued operation of the vessels of the Panama Railroad Steamship Line and the Army and Navy Transport Services is in direct competition with vessels owned privately by citizens of the United States, furnishing frequent, dependable services to the Panama Canal Zone and our outlying possessions; and

By reason of the fact that excellent services to the Panama Canal Zone and our outlying possessions are being maintained by private interests, the need for the continuance of the services rendered by the Panama Railroad Steamship Line and the Army and Navy Transport Services no longer exists; and

Manufacturers and exporters located in the Middle West are at a disadvantage in competing with other manufacturers and exporters more conveniently located to the termini of these services by reason of the fact that any bids made for the supplies and materials to be sent to the canal or our outlying possessions must include the inland freight rates to the terminal of the Panama Railroad Steamship Line or the termini of the Army and Navy Transport Services; and

The Congress of the United States has declared it to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of a merchant marine; and

As a matter of economy, a saving to the Government in transportation costs would result if private steamship companies enjoyed the transportation of Government supplies and passengers;

Therefore it is the sense of this convention, held under the auspices of the Middle West Foreign Trade Committee, that the services performed by the Panama Railroad Steamship Line and by the Army and Navy Transport Services be discontinued at the earliest possible moment; and that

The vessels now operated by the Panama Railroad Steamship Line and by the Army and Navy Transport Services be sold to private interests or turned over to the United States Shipping Board for sale to or operation by private interests or be placed out of commission.

The officials of the Middle West Foreign Trade Committee are hereby instructed to take such action as to them may seem proper with the view to accomplishing the purposes of this resolution.

I have referred to this briefly in order that the Members of the House may give it further consideration.

Mr. CLARKE of New York. Will the gentleman yield to permit a question?

Mr. WOOD of Indiana. I yield.

Mr. CLARKE of New York. Why is it that Congress seems lacking in power to help get the Government out of business? Why can it not be accomplished? Let me point out one thing that ought to be cured. We created the Farm Bureau under the law. The Farm Bureau set up the Stabilization Corporation, which to-day is right squarely in business. Why is it that we can not get action to get those people out of business?

Mr. WOOD of Indiana. As I stated previously, it is the fault of Congress itself. In the very organic law they were given an opportunity to make these regulations, and they commenced legislating to suit themselves, and they do it without a single exception.

There is another activity to which I wish to call attention, that has been an eyesore to this Government ever since it was created and will be as long as it is continued. I refer to the Shipping Board. The Shipping Board should be abolished or its functions should be reduced to the purpose for which it was primarily instituted, that is, for insurance, etc., a sort of regulatory board. Its transactions, as far as operating ships is concerned, have been the most expensive matter ever fastened upon this Government, and everyone who has inquired into it knows that what I say is true. It is without any efficiency. Let us consider for just a moment the manner of selecting its directors. Under the law they are to be selected by zones; one from this zone, one from that zone, and one from the other zone—five in number. In consequence, nine times out of ten, it is impossible to find in a particular zone a man who will accept the position, who is fit for the place. There has been constant turmoil and dissension among the members of the Shipping Board ever since it was created. If any banking institution of this country were conducted as the business of the Shipping Board has been conducted it would go to the wall in six months.

There is another thing that was alluded to on yesterday to which I desire to refer for a few minutes, and that is the practice of passing resolutions directing the Federal Trade Commission to make investigations. I have no fight to make against the Federal Trade Commission. I have defended it upon this floor when it was attacked on your side and on ours, but it, too, has been abusing the purposes for which it was created. It is now going all over this country sticking its nose into private business, and it is doing that to an extent which was never intended by the law. [Applause.] In consequence the business of this country is becoming dissatisfied more and more each day.

There was an old business man in my town who told me a few years ago that it used to be a pleasure for him to go to the post office and get his mail, but he says that now it is a great displeasure because there is hardly a day or a week that passes but that he receives something from some department of this Government asking him to fill out a questionnaire as to his business and his neighbor's business. That has gotten to be a common nuisance, and it ought to be abolished.

So I say we should begin to clean house from within, and if we do that thing we can save millions of dollars to this country and have a more efficient Government.

There is another thing about which we should be more mindful. With the passing of each year and with the convening of each Congress legislation is proposed which takes away more and more of the power of the States and drops it into the lap of Uncle Sam. It will not be long before we will look back as only a memory upon our once boasted State rights and State independence.

We are creating bureaus for the purpose of regulating almost everything and doing almost everything that should be the peculiar function of the States, not only costing the Federal Government itself millions of dollars but, incidentally and by reason of the fact that the States must cooperate with the Federal Government, costing the States millions and millions of dollars. Yet we talk about taxes being high. That is the reason taxes are high, not only in the Federal Government but in the State governments.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. LAGUARDIA. I am very much impressed by the gentleman's statement with reference to this mail matter going out, yet the distinguished bed-time story teller of the administration, Dr. Julius Klein, was on the air last Sunday and he was telling about the great benefits of these publications and about the great demand there was for them.

Mr. WOOD of Indiana. Yes; and there is another thing that I know could be lopped off without any hurt to the Government at all. Every one of these Cabinet offices—although I may be mistaken with reference to one or two—has a press bureau and is paying thousands and thousands of dollars for the purpose of bragging about itself.

There is another thing to which I want to call your attention. Away back at the beginning of things the United States Congress used to pass upon every claim that was filed against the Federal Government. As the Government grew and these claims became more numerous they got to be burdensome and in consequence the Congress created what is called the Court of Claims. It is purely a fact-finding court and it is not a judicial court at all, yet it has assumed itself to be and now proceeds upon the theory that it is a judicial court.

It occurs to me, from some observations I have made by reason of some of these claims coming to my attention, that instead of its being a court for the purpose of protecting the Treasury of the United States it has proven itself to be a court for the purpose of protecting the fellows who have presented all sorts of claims, whether just or unjust, which will enable them to get their hands into the Treasury of the United States.

I want to give you one or two examples of what this court, or this so-called court, has been doing. Directly after the war we established a vocational educational school for the benefit of the disabled soldiers at Pocono Pines in Pennsylvania. A lease was drawn which was signed by the Government on one side and by the owners of the Pocono Pines Hotel on the other. The hotel company was charged with doing all of the janitor work, keeping everything in repair, and all the Government was supposed to do was to pay the rent, except that if there should be a destruction of the property by fire, by reason of the direct act or the extraordinary carelessness of the Government, then the Government would be responsible. Well, something happened and the whole property burned down. The Government refused to pay because, after an investigation, the facts showed that the fire was the fault of the company itself. The company then sued the Government, and the case was brought before this Court of Claims. The attorneys representing the Government relied upon the fact that the burden of proof was upon the owners of the hotel to show that the fire was caused by reason of one of the exceptions that would bind the Government. The plaintiff in the case, the hotel company, put its witness on the stand, proved that the property burned down, took him off the stand, and that was all the evidence produced in the case. The attorneys for the Government introduced no evidence because, as I have said, they relied upon the presumption that the burden of proof was on the hotel company. The court immediately rendered a judgment against the Government for the full amount of the claim. The young attorneys who were representing the Government were absolutely astounded. They asked permission then to reopen the case and put in their proof, proof which they thought justified them in refusing to settle the claim out of court. The court refused to permit that, and the court also refused to grant a new trial. The result was that the claim came to Congress for payment. These facts came to the attention of the Appropriations Committee, and the committee did not allow the claim. They tried to get it in on the other side, and did get it in, but we knocked it out in conference, and we put in a provision to the effect that this court should reopen that case and permit the case to be determined upon the facts. However, they have not done that up to date, but they did get an attorney, one Mitchell Palmer, to render an opinion saying that it was a reflection upon the court for the Congress to ask any such thing.

As long as I stay in this Congress and can have the support of other members of the committee, the owners of Pocono Pines or coconut pines will be old citizens before they ever get this money. [Applause.]

Here is another case that was decided by the same court. There was a man by the name of General Dalton, who is

from my county in Indiana. He was a brigadier general at the time of his retirement. After his retirement he was appointed president of the Emergency Fleet Corporation. Soon after his appointment he came before our committee to justify the appropriations asked by the corporation, and, among other things, we inquired as to his receiving his retired pay. It was provided in the Shipping Board act that we might pay as high as $18,000 to the president of this corporation, and we have been paying that amount. I asked General Dalton myself whether or not he expected to receive pay as a retired Army officer during the time he was president of the Emergency Fleet Corporation, and he said that he would not, stating he understood there was a statute forbidding it. In consequence, we let the $18,000 a year stand. He served about two years as president of the corporation and then went out. The Finance Officer of the Army refused to pay him his back pay as a retired Army officer when he asked for it, and not content with this he brought a suit against the Government before this same so-called Court of Claims. They heard the evidence in the case and heard the evidence adduced before our committee when the general himself said he did not expect to receive and would not receive his retired pay during the time he was occupying the office of president of the corporation. Notwithstanding this fact they gave him a judgment for $11,000, which was the full amount of his pay for two years with interest. To my mind that was downright dishonesty, and no man from Indiana can get that kind of money out of the Treasury if I can help it. [Applause.]

Mr. FREAR. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. FREAR. I believe the gentleman is conferring a great favor upon the Congress in discussing this question. Will the gentleman give us his understanding of how it is this court has increased its jurisdiction so that instead of being a fact-finding commission or a fact-finding jury it is now a court that can render these judgments authorizing them to bring such matters before the Congress?

Mr. WOOD of Indiana. Just through force of habit and because it has been submitted to so long. However, it is time we called a halt on this court by reversing some of its decisions.

This is not all. I could cite you a dozen examples where Army officers and Navy officers have obtained money that did not belong to them; and under the law they should be made to pay the amount they owe the Government, and it is the duty of the Treasury to keep it out of their hands. Payments in a dozen different cases that I know of were denied by the comptroller, but they brought suit before the Court of Claims and got judgment and got their money.

These are but a few of the abuses, gentlemen, and I think I am well warranted in the statement I have made, and which I now reiterate, that if the business of this Government were conducted as the business of a well-managed corporation there would not be any deficit. I trust these suggestions will be of some service, and perhaps before this session of Congress ends we will have an opportunity to further express ourselves when there can be something constructive offered to this House as a remedy.

Mr. O'CONNOR. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. O'CONNOR. The gentleman has talked about the three billion dollars or so of fixed charges; is it not a fact that some of these charges are fixed by reason of legislation?

Mr. WOOD of Indiana. Yes.

Mr. O'CONNOR. And if we repealed or modified that legislation we would not have some of the fixed charges.

Mr. WOOD of Indiana. Yes; that is true; but the bulk of the fixed charges mentioned by the gentleman from Tennessee [Mr. BYRNS] I expect it would be pretty hard to repeal. I do not know that it would be possible to do it.

Mr. O'CONNOR. There is some legislation that was wartime legislation which is still on the books and which accounts for some of these fixed charges.

Mr. WOOD of Indiana. That is true.

Mr. BANKHEAD. Will the gentleman yield for a brief question?

Mr. WOOD of Indiana. I yield.

Mr. BANKHEAD. The gentleman referred to the abortive effort made under the Harding administration to get through a bill, or some agreement, with reference to a reorganization of our Government departments and bureaus. As the gentleman from Indiana will recall, on the recommendation of the President there were on that commission men who were not Members of either the House or the Senate. If any effort of this sort is made in the future—and I trust such effort will be made—does not the gentleman think that outsiders should be eliminated from such a commission, and that the function and the responsibility should rest entirely on the Members of the House and of the Senate?

Mr. WOOD of Indiana. Yes; I think that would be better for a good many reasons. In the first place, the Members of the House and of the Senate appointed upon such a commission would feel it was their bounden duty, as part and parcel of the body they represent, to be impartial, and, of course, we are all more or less subject to influence, and those on the outside, unconsciously, are more easily influenced in a matter of that sort than men who are on the inside.

Mr. GIBSON. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. GIBSON. There has been a great deal said in regard to our continuing deficit; can the gentleman tell us how much that amounts to each day?

Mr. WOOD of Indiana. No; I can not.

Mr. GIBSON. Is it not something like $6,000,000?

Mr. WOOD of Indiana. I suspect it is. I even hate to think about it.

Mr. GIBSON. That is, we are paying out about $6,000,000 more than we are receiving every day of the year under present conditions?

Mr. WOOD of Indiana. Yes.

There is one other thing I will call to the attention of the House. I have long advocated the abolishment of the numerous purchasing agencies of the United States Government. I introduced a bill here that became a law which partially performed this service, and made it possible to purchase in large quantities and get the proper discount and also have proper warehouse facilities for the purpose of storing the various supplies.

I think one of the best things that could happen to this Government would be to have a purchasing agent qualified to be a purchasing agent. If we could have one like the great department stores have, like Montgomery Ward & Co., and some of those other great corporations have, who knows how to buy, where to buy, and when to buy, he could save the Government a lot of money.

Mr. O'CONNOR. The gentleman knows that some municipalities in some of the States have purchasing agents.

Mr. WOOD of Indiana. They do.

Mr. FREAR. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. FREAR. While the gentleman is discussing this subject, will he discuss the question of disbursing agents? The comptroller says that there are 3,000 disbursing officers who could be displaced by 50 who could give the same service.

Mr. WOOD of Indiana. I am glad the gentleman from Wisconsin has mentioned that. There are entirely too many disbursing officers throughout the country. Many of them are mere sinecures, and there is no necessity for them. There are many of these things throughout the Government service, and I trust that Members of Congress will make an investigation of it so that they can be informed as to what is going on.

The President has recommended a consolidation of various departments into one whole, where they will take out the overlapping service and clean out the old deadwood. It would not only benefit the Treasury of the United States but it would result in a more efficient Government and more

satisfaction to the people, who are getting very tired of the way they are perplexed.

Mr. ARENTZ. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. ARENTZ. The gentleman has touched on the rule by regulation rather than by statute. I hope the gentleman will go into that some time and tell the House and the people how they are harassed by regulations in more cases than by statute. Every bureau we have takes upon itself the right to make regulations, and they go into every nook and cranny in the United States.

Mr. WOOD of Indiana. The gentleman is correct. I thank you. [Applause.] Mr. Chairman, I now yield 15 minutes to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Chairman, I ask unanimous consent for leave to extend my remarks in the RECORD by inserting certain citations to which I will refer.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. EATON of Colorado. Mr. Chairman, the subject of my speech to-day is not a new one to all of you this session. The subject is silver. You have heard a lot about it, you have read a lot about it, but practically no one has taken any step forward in getting a solution of the question whether silver is the cause of the depression or is an effect of the depression.

A recent issue of a bulletin contained a headline entitled "Cheap Silver the Result and Not the Cause of Depression."

From my viewpoint, and I will try to demonstrate that it is correct—the statement ought to be that cheap silver is one of the causes, and not the result of the depression.

If all of us here had had the same knowledge in regard to silver, if some of you had made a study of what is written in the books, we might have common ground on which to start, but I think it is true and can not be gainsaid that all the books on silver, either as coinage or as a commodity—books on economics available to us—are based on the premise that silver has been in fact used as a part of the coinage system.

To-day in the United States that is not the fact. It was in 1873 that silver as money was demonetized. Arrangements were made to make a big dollar, called a trade dollar, containing 420 grains of pure silver, for five years. Those dollars were legal tender. In 1887 they were recalled, and of the thirty-odd million that were issued only seven or eight million were ever turned in under the recall statute. The balance were turned in later and remelted as silver. In 1878 the standard silver dollar was again made a legal tender, and from that time until 1893 there were different statutes in existence which provided for both the purchase of silver and the coinage of silver dollars. It was during that period, in 1886, that for the first time the dollar bill in lieu of the silver dollar was made available as a part of the currency of our country, and since that time the paper dollar has entirely replaced the silver dollar in the eastern part of the United States. Out of $539,958,327 in silver, both in bullion and in silver dollars, accounted for by the Treasury only $41,136,987 are in any kind of circulation, $7,871,017 are held by reserve banks or agents and only $33,265,970 are in the pockets of the people or in their own private hoards. The rest, $491,932,687, is represented by paper dollar bills. As you read the remarks of bankers and economists, business men, and representatives of the United States Chamber of Commerce, all telling about the different causes of the depression, it might be well to look back into the vaults of the banks, and there you will find there are two items that are the subject of hoarding. Our gold is hoarded and it is represented by paper. It is not used in our currency. It is used in international settlements. Our Government is said to be still on a gold standard.

Some of the governments of Europe are on a gold standard. More than half of the people of the world are doing their business either on a silver standard or not on a gold standard, but here in the United States we are doing business on neither a gold nor a silver standard. We are doing business on a paper standard. We have our currency act. We have a hoard of gold against which we issue paper and a hoard of silver against which we issue paper, and you ask, why do I mention it? I mention it for the reason that in our business there is no complaint yet caused by the hoarding of gold and the issuance of paper against it; but in our business through all the world there is a continual complaint that there is something the matter with silver. Look at the various nations of the world. Look at India with its half billion ounces to be put on the market, with more than 100,000,000 ounces already put into the market, and the balance held as a hoard and menace against the silver production of the world. That represents two years' production from the mines. The production from the mines amounts to from 200,000,000 to 250,000,000 ounces a year, and here is India with 400,000,000 ounces ready to put out, and why? Simply because of the order of England. As time wears on and business conditions tighten up, the value of silver goes lower, and the figures representing its price go lower, so that more silver dollars have to be traded for more gold dollars for the Chinese and Indian trade. We keep looking and we find in our United States over half a billion dollars of silver that is just a hoard in the banks, in the United States Treasury vaults, not being touched. It does not move. Of course most is represented by the silver paper dollar. It is said that that is a substitute for it, but the substitute wears out and is replaced, and the silver does not wear out and the silver is not replaced. The silver is right there. There is no fluidity of movement, there is no movement at all, there is no stream in which any of the silver production of any part of the world or any of the silver from one of the countries that is unloading it, can be swallowed up and passed along and used up and finally disposed of.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. EATON of Colorado. Yes.

Mr. ABERNETHY. What is the ratio between silver and gold now?

Mr. EATON of Colorado. I do not know exactly how to answer the gentleman to satisfy him, but I can give him two answers. One is that in the production of gold and silver of the world the ratio is about 13½ silver ounces to one gold ounce. Fourteen billion one hundred and forty-three million ounces of silver have been produced in the world in all time, and a little over a billion (1,041,000,000) ounces of gold, so far as shown by the statistics which have been available to me.

Mr. ABERNETHY. What is the silver dollar worth now as compared with the gold dollar?

Mr. EATON of Colorado. Twenty-three and two-tenths cents to a dollar on to-day's market price of silver.

Mr. KNUTSON. That is the intrinsic value.

Mr. EATON of Colorado. The silver in the coin is worth a little less than 25 cents.

Mr. ABERNETHY. How much silver is in the Treasury of the United States?

Mr. EATON of Colorado. A little over five hundred million.

Mr. ABERNETHY. And how much gold?

Mr. EATON of Colorado. A little over four billion.

Mr. COLTON. Mr. Chairman, will the gentleman yield?

Mr. EATON of Colorado. Yes.

Mr. COLTON. In reply to the question as to the coinage during the period from 1905 to 1929 the ratio was practically 16 to 1?

Mr. ABERNETHY. Are they still coining silver dollars?

Mr. EATON of Colorado. They are not. None have been coined for several years.

Mr. ABERNETHY. Why did they stop it?

Mr. EATON of Colorado. The silver in the Treasury is not being used up, it is not going out.

Mr. ABERNETHY. They use the paper dollar based on the silver in the Treasury, but they do not coin any more silver dollars.

Mr. EATON of Colorado. That is right. If you want a silver dollar here as a part of your pay, you have to give the Sergeant-at-Arms a special order to get some silver dollars,

and it takes him three days here in the House of Representatives to get five silver dollars to give to you.

Mr. ABERNETHY. Where are all the silver dollars?

Mr. EATON of Colorado. Most of them are in the Treasury of the United States.

Mr. ABERNETHY. Is there anything issued against those silver dollars?

Mr. EATON of Colorado. Paper; silver certificates.

Mr. KNUTSON. Will the gentleman yield?

Mr. EATON of Colorado. I yield to the gentleman.

Mr. KNUTSON. There is practically no silver in circulation east of Chicago.

Mr. EATON of Colorado. That is true. West of Chicago, since the small dollar bill came into existence, the use of silver dollars has ceased there to a certain extent.

Gentlemen, my purpose in speaking to you here to-day is to get you to think about this hoarding of silver against which we have issued paper certificates, which is just a glut and a dam in that part of the economic structure, and it does not move. Some will say, "How will you move it? Will you introduce a bill to stop the issuance of paper dollars?" It may be that I will. I would like to have the thought and advice of some of the Members. The preparation of a bill is one thing, but the remedy is another.

Mr. ABERNETHY. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. ABERNETHY. The gentleman is making a very interesting statement, but I am wondering why the gentleman does not introduce a bill to give us more money instead of the little we have. That is the trouble, as I see it. We have not enough money. The dollar is worth a great deal more than it was at one time. Now, the gentleman does not correct that by his suggestion. The gentleman says he simply wants to use silver instead of paper. Why does not the gentleman do something to put more dollars into circulation if he desires to do something for the country? Then we will join the gentleman.

Mr. EATON of Colorado. The first step is to start to move the silver out of the Treasury.

Mr. ABERNETHY. No. Let us go the whole way and provide for money. Let us go "whole hog" and get through with it. If the gentleman will start something along those lines we will follow him. I want the dollar to buy less than it is buying now. That is what I want, and that is what the country wants. If the people who are in favor of silver can show us a way, we will go with you. We want to get out from under the influence of the money sharks of the country. That is what is the matter with the country.

The dollar to-day buys one-third more than it should buy, and it should not be that way. It represents $1.47 now as compared with former value. If the gentleman will work out a plan along these lines, we will go along with you.

Mr. EVANS of Montana. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. EVANS of Montana. There was introduced in both the House and the Senate yesterday a bill to remonetize silver at the ratio of 16 to 1. If the gentleman will vote for that, he will accomplish what he has in mind.

Mr. KNUTSON. Will the gentleman yield right there?

Mr. EATON of Colorado. I yield.

Mr. KNUTSON. We speak of ratios of 16 to 1, but the production of silver over the world is so great that I am wondering how we could maintain a fixed value like that maintained on gold.

Mr. EVANS of Montana. We may not be able to do so. What the world needs is more money. There are only about $11,000,000,000 worth of gold in the world. Three-fourths of the people have not got a dollar in circulation in this country. In this country and France we have two-thirds of all the gold reposing in our vaults. What the world needs is more money with which to do business. If we can coin silver, we will have more money in the world with which to buy our goods.

Mr. EATON of Colorado. Mr. Chairman, the introduction in another body of a bill to coin silver at the ratio of 16 to 1 has been mentioned, but remonetization, bimetalism, 16 to 1, cross of gold, and all those words, are used in connection with silver, but nobody does anything. I am proposing something which can be done. First, begin to use our silver in the currency of the country, and that will give a start to use metal money, which we are not now using.

Then as the metal money begins to flow the Treasury will be able to take more money, buy more silver, and coin more silver, and then start silver going. That then puts us in a position where we can say to England and France and the other countries, "Will you come and join us in some kind of conference?" To-day we can not ask the other nations to confer with us because we are the misers. We have our silver. We are not touching it. We are just like the man who has a Sunday suit of clothes and who uses his overalls to work in every day in the week. He still has his Sunday suit of clothes.

Mr. ABERNETHY. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. ABERNETHY. I can see where it would help the people who own silver mines to use silver instead of paper. I can see how that can help, because the silver would wear out, but why do not the people who are interested in silver propose to give us more money and make the dollar less valuable, and then they will hit the people who are hoarding the money of this country and bringing about this depression. If the gentleman will do something along these lines, he will get somewhere with it.

Mr. EATON of Colorado. May I answer the gentleman in this way? There is one thing about silver, you may lose it and it may disappear from your personal possession, but it does not disappear of itself. It does not pass out of actual existence. All the silver that is in the mines is still there. All the States that produce silver have had to learn, since 1893, how to get along without the production of silver. Whenever the world is right for the production of silver it will come. The by-product production of silver continues all the time. This fact is of no consequence in so far as the matters discussed here are concerned.

Let me continue with this point, for my time is running on. You ask about the consumption of silver in the monetary system. Since the United States started to coin silver in 1793, 848,586,596 silver dollars have been coined; $576,831,154 in subsidiary silver money and $35,965,924 in trade dollars.

To-day out of 848,586,596 silver dollars coined there is only in existence 539,958,327. There is wear, tear, and disposal that makes for the consumption of silver. That has been stopped now for 40 years, and from 1793 to 1931 there has been a loss of silver from coinage of 308,628,269 in dollars and 268,063,510 in the subsidiary silver coins. You who talk about consuming power, consumptive power, and use those words must remember that in the use of silver as money there is an actual consumption. Where the silver goes the mint does not tell you. They do not know and I do not know. There has been a loss in one hundred and thirty-eight years' use of silver as money of over a half billion dollars. That one thing in the money structure, in the use of money and in the economic details that go to make up the way business is done, has been entirely stopped. A half billion dollars is a lot of metal that is consumed.

Mr. O'CONNOR. Has the gentleman parallel figures on gold?

Mr. EATON of Colorado. Yes.

[Here the gavel fell.]

Mr. WOOD. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. EATON of Colorado. The gentleman from New York has asked about gold. The gold which has been coined amounts to four billion four hundred and forty-seven million five hundred and eighteen thousand four hundred and odd dollars, and the gold which is in the Treasury, according to this last circulation statement, is $4,292,301,611. Only 155,000,000 in gold in 138 years has been lost in the coinage.

No one knows what has become of it, but I assert, without fear of any contradiction from anybody, that no one can

put his finger upon the amount of silver that is lost except to say that it is consumable just like other consumables in the whole economic system. That consumption has been absolutely stopped, and we in the United States are holding our hoard of silver and not touching it, and until we start we are not going to straighten the silver situation of India and China or the gold situation of France and the United States or the paper situation in which the United States and England are to-day.

I now yield to the gentleman from Texas.

Mr. DIES. The only way we can raise the price of silver is through bimetalism. We experimented with that in this country, and the result was that everybody wanted gold, nobody wanted silver, and it resulted in failure. Does the gentleman recommend the adoption of the principle of bimetalism again? And that is the only way you can raise the price of silver, in my judgment.

Mr. EATON of Colorado. It depends upon what you mean by "bimetalism." If you mean by that the use of both gold and silver in our currency, then we have got to go back to bimetalism and use silver in our currency.

Mr. DIES. We had it once at 15 to 1. That would not work, and then we tried 16 to 1. Then everybody wanted gold, and silver disappeared.

Mr. EATON of Colorado. The gentleman probably was not present when I explained what became of the silver. It was in 1886 that a bill was passed authorizing the use of paper dollars, paper currency, instead of silver, and from 1886 on paper dollars began to replace silver. That is the answer to your question.

Mr. KNUTSON. Will the gentleman yield?

Mr. EATON of Colorado. Yes.

Mr. KNUTSON. How much silver bullion available for minting is there in the country to-day?

Mr. EATON of Colorado. That is a question I can not answer accurately, but I can say this, that the production last year was about 200,000,000 ounces, most of which is available from the New York and London markets. In addition there are between 300,000,000 and 400,000,000 ounces of silver available from India. That is on the market and that is one of the principal causes for the low price of silver.

Mr. KNUTSON. There is almost as much silver available in China as there is in India.

Mr. EATON of Colorado. But the gentleman must remember that silver is a commodity that is consumable as well as a money metal and what becomes of it I do not know, but it does disappear. Every year there are produced between 200,000,000 and 250,000,000 ounces of silver. Some of that is used in the money systems and some of it in the arts. Since the World War the first thing that happened to silver, as far as consumption was concerned, was that the demand was so great prices got up to over $1 in American money per ounce, and people were melting up the silver money in foreign countries, whereupon England and other foreign countries changed the fineness of their silver coin from 925 or 900 fine to 500 fine, thus giving them 80 per cent more currency. They remelted their silver and they put a part of that surplus on the market and that has all been consumed. The actual production of silver has been annually consumed as far as the actual surplus available is concerned.

Mr. KNUTSON. I agree with what the gentleman has said with reference to the need of more money with which to carry on commerce, not only here but with other countries, but I am wondering, unless we put some limitation on the coinage of silver, if we would not have a badly inflated condition in the course of time, because silver is being produced at the present time in enormous quantities and in greater quantities than at any other time in the history of the world.

Mr. ARENTZ. No; the gentleman is wrong about that.

Mr. KNUTSON. No; I am not wrong.

Mr. EATON of Colorado. The statement of the gentleman from Minnesota is inaccurate in regard to the present production of silver.

Mr. KNUTSON. Let me say that the potential production to-day is greater than it has ever been, and, of course, if it is potential it becomes actual.

Mr. EATON of Colorado. I believe the gentleman is confused between the existing surplus in the world to-day and the "potential production," to use his words. I have explained the situation in regard to the existing menace of the silver said to be ready for the market from India, due to the English orders to market approximately half a billion ounces. No matter what may be intended by the words "potential production," the actual production, according to the statistical review of the Department of Commerce of December 21, 1931, shows that the average monthly production of the six leading countries for 1928 was 18,500,000 ounces; for 1929, 19,000,000 ounces; for 1930, 19,300,000 ounces; and for 1931, 14,300,000 ounces.

The fact remains that until the price of silver is stabilized the production will remain at its low ebb until the menace of the present surplus is corrected, and the one correction which I accentuate to-day is use of silver dollars as an actual metal money in the United States instead of its paper substitute.

As soon as the Treasury begins to issue silver dollars in place of the present paper currency the movement of silver will commence. The $848,586,596 which is the basis of our present supply of $539,958,327 silver dollars has left a nonexistence of $308,628,269 in our actual supply. The similar amount in our subsidiary silver is $268,063,510. This total is $576,691,779. This half billion dollars has been abstracted from our available daily money circulation.

The monetary conditions to-day are different than they have ever been before. I have pointed out the silver situation. Our Government should discontinue the printing of paper dollars. It should reestablish silver money as an actual means of doing business instead of insisting upon the use of the substitute—paper. There is not enough money in the world to do the world's business. There is not enough money in the United States to do our own business. Abandonment of silver as actual money has materially affected the situation. The decrease in the quantity of silver during the past 138 years has also had its effect. This remedy is plain, and after it is put into operation the stabilization of the price of silver, the proper ratio or limitation of the coinage of silver to gold, and the other remedies will simplify themselves.

Mr. Chairman, the following is a summary of the legislation referred to, an analysis of certain figures furnished by the Director of the Mint in respect to coinage since 1793, and the current Circulation Statement of United States Money issued by the public-debt service of the United States Treasury Department.

When the monetary unit of the United States was established in 1786 it was a milled dollar of 375.64 grains of pure silver. But there was no mint and none was ever coined.

When the first monetary system of the United States was established by the act of April 2, 1792, the dollar of both gold and silver was made the monetary unit, the silver dollar having 371.25 grains of pure silver, and coinage of both gold and silver unlimited without a mint charge. The ratio in coinage was 1 to 15.

Both were legal tender.

The standard was actual metal, gold and silver—a double standard.

The act of June 28, 1834, changed the weight of gold in the dollar, thus changing the ratio in coinage between gold and silver to 1 to 16.002 plus. At that time the ratio in Europe was 1 to 15½.

Since 1837 the standard gold dollar has consisted of 25.8 grains of gold with a fineness of 0.900, which gives a fine weight of 23.22 grains, and this is the basis of all values to this date. The word "dollar" never varies, when applied to the piece of money—it is only the exchange value received therefor which varies with the economic changes—the purchasing power, we call it.

The act of February 12, 1873, provided for the trade dollar to contain 420 grains of pure silver. A mintage charge was fixed upon gold bullion converted into gold coin, but this charge was repealed by the act of January 14, 1875.

The double-metal standard was changed by this act of February 12, 1873, so that silver coins became legal tender to an amount not exceeding $5 in any one payment.

The coining of the standard dollar containing 371.25 grains of pure silver was discontinued; the 420 grain trade dollar was authorized and those who took silver to the mints were allowed to have it made up into bars or trade dollars, but no deposit of silver for other coinage was permitted.

This is the demonetization of silver of 1873, after which various devices were used, first to coin silver dollars, second to issue paper for silver, and finally to declare a single gold standard in 1900.

In 1876 the trade dollar was discontinued as legal tender and in 1887 its coinage was discontinued.

By the act of February 28, 1878, the coinage of standard silver dollars was again authorized and all standard silver dollars were reestablished as legal tender "except where otherwise expressly stipulated in the contract."

This act authorized and directed the Secretary of the Treasury to purchase silver bullion and coin into silver dollars not less than $2,000,000 nor more than $4,000,000 worth per month.

By the act of July 14, 1890, the authorization was changed and the Secretary of the Treasury was directed to purchase monthly 4,500,000 ounces at the market price, but not to exceed $1 for each 371.25 grains of pure silver, to be paid for by Treasury notes of the United States redeemable in coin and made legal tender to the same extent as provided by the act of February 28, 1878.

This act directed the coinage of 2,000,000 ounces of silver monthly until July 1, 1891, and thereafter coinage to be sufficient to provide for redemption of the Treasury notes issued under this act.

The purchasing clause of this act was repealed by the act of November 1, 1893.

The act of March 14, 1900, enacted:

The dollar consisting of 25.8 grains of gold nine-tenths fine shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

This act of 1900 reestablished the same gold dollar of the same weight and fineness as determined by the act of January 18, 1837, and placed a duty on the Secretary of the Treasury to maintain all forms of money issued or coined by the United States at a parity of value with this standard.

This was the single gold standard established in the year 1900, and thereafter in the Federal reserve act of December 23, 1913, the parity of all forms of money was reaffirmed and the Secretary of the Treasury was authorized to borrow or to buy gold, if necessary, in order to maintain the parity.

Under the Sherman Act of July 14, 1890, the Government purchased 168,674,682 fine ounces of silver at a cost of $155,931,002, for which amount Treasury notes were issued.

The Act of March 14, 1900, provides for issuance and retirement of these Treasury notes so as to keep the issue equal to the silver purchased and now coined and held as bullion.

It was the act of February 28, 1878, reestablishing the coinage of standard silver dollars which also authorized the issuance of silver certificates therefor.

By the act of August 4, 1886, the dollar paper bill was first authorized, since which time the dollar silver certificates have largely taken the place in circulation of the silver dollars they represent.

COINAGE STATISTICS

From 1793 to 1931, $4,447,518,477.50 have been minted into gold coins of which the recent circulation statement showed that only $4,292,301,611 were still in existence. Therefore there is $155,216,876.50 in gold coins unaccounted for in the current circulation statement.

From 1793 to 1931, 848,586,596 standard silver dollars have been minted of which the recent circulation statement showed that only $539,958,327 were still in existence.

Coined silver dollars to the extent of $308,628,269 are thus unaccounted for in the current circulation statement.

Trade dollars coined were $35,965,924, all of which were recalled and disposed of, which increases the foregoing difference to $344,594,193.

From 1793 to 1931, $576,831,154.80 in subsidiary silver coins were minted, of which the recent circulation statement showed that $308,767,644 were still in existence. This shows subsidiary silver unaccounted for to be $268,063,510.80.

Therefore out of $1,425,417,750.80 coined as silver dollars and as subsidiary silver coins, $576,681,779.80 are unaccounted for and which have been lost in the past 138 years. Only $848,725.971 remain in silver dollars and subsidiary silver coins, of which $539,958,327 are in the standard silver dollars, and of this amount $498,821,340 are held by the Treasury and $41,136,987 are outside the Treasury. Of this amount $7,871,017 are held by Federal reserve banks and agents, the balance, $33,265,970, is in circulation.

This makes a 27 cents per capita circulation of silver dollars out of the $44.54 circulation of money outside the Treasury of the United States, $31.07 per capita total amount of money held in the Treasury, and a total current per capita of $75.61 of all money held and issued by the United States.

Upon the date of the passage of the act of November 1, 1893, which repealed the silver-dollar coinage, the Treasury Department's statement showed $419,332,550 in standard silver dollars in general stock, coined or issued, of which $58,725,818 were in circulation, and $360,606,732 were in the Treasury against which $333,444,504 were represented by paper bills, of which only $7,727,272 were in the Treasury and $325,717,232 were in circulation on that date.

Notice that there were 17,588,831 more silver dollars in actual circulation in 1893 than to-day, at which time the population of the United States was 67,426,000 as compared with a population of 124,476,000 to-day as printed upon the recent circulation statement.

In 1893 there was $76,977,002 in subsidiary silver, of which $12,667,195 was in the Treasury upon November 1 of that year and $64,309,807 was in circulation.

This shows almost 88 cents per capita circulation of silver dollars during the depression of 1893, at which time the total circulation per capita was only $25.49, of all kinds of money held and issued by the United States.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Not to exceed $1,432.55 of the unexpended balance of the appropriation of $6,500, contained in the first deficiency act, fiscal year 1929, for preparation and editing of the laws is continued available during the fiscal year 1932.

Mr. BYRNS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BYRNS: On page 3, after line 14, insert a new paragraph, as follows:

"For folding speeches and pamphlets at a rate not exceeding $1 per thousand, fiscal year 1932, $8,000."

Mr. BYRNS. Mr. Chairman, this is the usual appropriation that is made for this purpose, but the estimate came in too late to be appropriated in the bill before it was reported by the committee.

The amendment was agreed to.

The Clerk read as follows:

ARCHITECT OF THE CAPITOL

House Office Building: For reconstruction and remodeling of the House Office Building, including all structural, mechanical alterations, and other changes, with such modifications as the House Office Building Commission may direct, $760,000 to remain available until June 30, 1933, and to be expended by the Architect of the Capitol under the supervision of the House Office Building Commission; and the Architect of the Capitol is hereby authorized to enter into contracts in the open market, to make expenditures

for material, supplies, equipment, technical and reference books, and instruments, accessories, advertising, travel expenses and subsistence therefor, and, without regard to section 35 of the public buildings act, approved June 25, 1910, as amended, or the classification act of 1923, as amended, to employ all necessary personnel, including professional, architectural, and engineering, and other assistants. This appropriation shall be disbursed by the disbursing officer of the Interior Department.

Mr. STAFFORD. Mr. Chairman, I reserve a point of order on the paragraph just read.

Mr. MONTAGUE. Does the gentleman intend to press his point of order? I intend to offer an amendment striking out the paragraph in its entirety if the gentleman is not going to make the point of order.

Mr. STAFFORD. Mr. Chairman, this item is the only item in the bill, so far as I have been able to study the bill, to which I have serious objection.

We are at the crossroads so far as increasing the burdens of taxation is concerned. The hearings show that when the new House Office Building is completed it will provide quarters for 250 Members, leaving 190 Members to find quarters in the present House Office Building.

I agree with the sentiment expressed by the distinguished gentleman from Virginia, Governor MONTAGUE, on yesterday, that there can be no justification for this very large appropriation of $760,000 for reconstructing in these times the interior of the old House Office Building so that the quarters in that building will comport so far as possible with the quarters in the new House Office Building.

I am one of those who will very likely, because of new membership in the House, be assigned to offices in the old House Office Building. In my peripatetic service in this House I had occasion to have offices in the Maltby Building in company with cockroaches and mice and the like, way back when the increase in membership of the House did not provide for increased quarters in the new House Office Building. I was content with those old, obsolete quarters, and I say to the membership of this House, so keen am I to try to conserve money and prevent increased taxes, that for one, being a sincere believer in economy, I shall agreeably use the offices in the present House Office Building, even one office or two offices, without any remodeling.

If we at the start of our work here now are going to call the attention of the country to the fact that the Members of Congress are willing to spend $760,000 to provide additional quarters so as to have quarters that comport with the quarters in the new building, we label ourselves right at the beginning of the session, fresh from the people at home, who believe in economy and want us to practice economy, as proponents of an extravagant program. There is no corporation, there is no private individual, in my opinion, who to-day, with the conditions confronting the Nation and with its growing expenditures, where the Budget can not be met for two years from now, that would think for a moment of remodeling such an office building. If, perchance, the 190 Members who will be privileged a year and a half from now to use the House Office Building should be privileged to use two offices, one adjoining the other, what other conveniences should the Members ask? Do they want the toilet facilities about which I protested in the new building? I think it was an outrageous provision, even for the new House Office Building, to have such facilities in connection with each individual office. Do they want us to go to this extent, as the hearings show, in order to prepare and remodel the present quarters?

Although I think the paragraph is subject to a point of order, as it is a matter that affects directly each and every Member of the House, I shall not press the point of order, but will leave it to the gentleman from Virginia, Governor MONTAGUE, to make a motion to strike out the paragraph. I therefore withdraw the reservation of the point of order.

Mr. KELLER rose.

Mr. STAFFORD. I yield to the gentleman from Illinois before withdrawing the reservation of the point of order.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for three minutes more in order to answer a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KELLER. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. KELLER. I desire to ask this question, If it is good policy to stop work on the old building, is it not just as good policy to stop work now on the new building?

Mr. STAFFORD. Oh, no; no comparison at all. We have gone ahead with the appropriation of $6,000,000 and erected almost to completion the new building, and to stop work now on that is not to be thought of. The practical proposition would be to finish that building, not to allow it to stand dangling in the air in an untenantable state.

Mr. KELLER. They could put on a roof and put the windows in and save a lot of money.

Mr. STAFFORD. That is not a practical proposition.

Mr. KELLER. Is not that what you are talking about?

Mr. STAFFORD. No. Each Member could have one room and he could utilize two.

Mr. KELLER. It is not utilization of rooms, it is a question of policy, whether we are going to cut out all work, or make more work for the unemployed.

Mr. STAFFORD. Oh, yes; make more work for the District. We have authorized the spending of millions to make more work, much unnecessary and extravagant. The last Congress authorized a large expenditure of money to change the façade of the State, War, and Navy Building. I protested against it.

They propose to expend $5,000,000 for an addition to the Post Office Building when there was no pressing need for additional space. If there is any spot in the country where there is no demand for work it is in the District of Columbia. The District of Columbia is supported by the clerks and their salaries have not been cut, and there is no curtailment in positions.

Mr. KELLER. It is true that Washington City is better off economically than any other city in the country. Is that not a fact?

Mr. STAFFORD. Surely.

Mr. KELLER. And is not that true because of the work that the Government has furnished?

Mr. STAFFORD. No; it is because of the clerks in the departments of the Government residing here. The industrial world and the business world are all clamoring for reduction in taxation, and here is the place to stop it. It is that class that gives life to trade and industry. The gentleman wants to pile up money to be expended for employment. Where will it all come from? From the taxpayers of the country. [Applause.]

Mr. MONTAGUE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MONTAGUE: Beginning on page 3, line 16, strike out the entire paragraph ending in line 9 on page 4.

Mr. MONTAGUE. Mr. Chairman, I imagine there are many here who are confused, as I was when I first entered this House, as to what is meant by a deficiency appropriation. I have always understood a deficiency to be something that is needed to complete something that was formerly authorized and uncompleted. It is a balance due, for example, on an enterprise for which the original appropriation is inadequate. I make that as a workaday illustration of the idea that I am trying to convey. The enterprise involved in this paragraph is not a deficiency. It is a new project. There is no work being done on it and no authorization to do any work on it. In no way is there any balance to be supplied to carry out the work on the present building. I think under the present conditions of this country, which equal in disaster and in distress and sorrow anything almost that has ever happened in America, that this is a very inopportune time for us to increase our comforts or conveniences. I think our constituents will not

understand our position, if we do, and I for one am willing to respect them and the views that they must justly entertain on this subject. It is said that we must spend money, and that that helps. Why, then, did this very able committee, for whose present chairman and former chairman I have the greatest respect, omit certain work in this city that would have secured a far larger employment of labor than this enterprise? Why do they decline to pull down the Post Office Building and the Southern Railroad Building, now occupied by the Farm Board? There are many other items that were pressed before them which they wisely omitted.

If you wish to make expenditures to give employment, why confine it so disproportionately to the District of Columbia?

Mr. KELLER. I agree to that.

Mr. MONTAGUE. Why not go to the States where we have made authorizations and appropriations and where the work has not been even commenced? In city after city and town after town where authorizations and appropriations for public buildings and river and harbor improvements have been made we find the work practically untouched, and I fear sometimes unnoticed. Why stress the expenditure for labor in the District of Columbia, as suggested by my friend from Wisconsin [Mr. STAFFORD], where the need for it is the least? If you wish to escape higher taxes you have to make economies in administration, and now is the time to do it. Now is not the time to venture upon new projects.

I would like very much to see two offices for every gentleman in this House. I think it can be accomplished without any large expenditure. I believe about half of the present offices in the House Office Building have connecting doors, and all of them, as I am advised by the Architect of the Capitol, already have doors within the walls and practically all you have to do is to take away the plaster and insert the doors. But I am not discussing that subject now. The chief element in this new construction will be the establishment of new lavatories and new toilets, which require an immense expenditure. Under the present conditions of the country I think we ourselves ought to make some sacrifices, and I am not willing to vote for an expenditure of $760,000 to give us these additional facilities.

Mr. LANKFORD of Virginia. Mr. Chairman, will the gentleman yield?

Mr. MONTAGUE. Yes.

Mr. LANKFORD of Virginia. I agree with what the gentleman is saying. If this is all cut out, does it not require some expense to even put the doors in?

Mr. MONTAGUE. Yes.

Mr. LANKFORD of Virginia. Does the gentleman know what that would be?

Mr. MONTAGUE. No. The architect tells me about $60,000. I think it can be done for $50,000. The architect first asked for $1,000,000 to make these proposed changes but finally came down to $760,000.

Mr. UNDERHILL. There is already an appropriation for the care and maintenance of the House Office Building and the Capitol which can be utilized for that purpose.

Mr. MONTAGUE. Yes. I do not know whether it would be economy to cut those doors now, but I am quite sure if we allowed two offices to each Member, as the building now provides, we could make use of them for a year or two, or until we can get out of the present situation that requires not only statesmanship but the common sense usually practiced by men in the conduct of their own business, and that it is not by spending money but by saving money to get out of debt. [Applause.]

Mr. COCHRAN of Missouri. Mr. Chairman and members of the committee, four years ago this Congress authorized and appropriated $1,500,000 to purchase a site for the construction of a Federal building in St. Louis, where the Government is paying $75,000 a year rent for offices in private buildings. A year later the money to construct the building was voted. The contract for the construction of the foundation of that building has not as yet been let. The architect will be here in a few days with the plans. It has been discovered that approximately $1,200,000 more will be needed to complete the 10-story building. The Treasury Department takes the position that it can not at this time recommend to the Congress the additional authorization for this $1,200,000 so that the 10-story building may be completed, and, therefore, it proposes for the time being to ask for bids for the construction of a 5-story building, saying that in a few years the remaining five stories will be added.

It is predicted that if the building is not completed now—that is, the 10-story building—instead of costing $1,200,000 to complete it, it will cost over $2,000,000 to complete it. There are 9 other similar projects in the United States, and I have tried to induce the administration to take care of the 10 projects, even if they do not recommend a public buildings bill.

I do not see the necessity of rushing all this work in Washington. I voted against the appropriation of $3,500,000 to tear down the magnificent State, War and Navy Building, and I shall do everything I can to stop any movement to destroy the present Post Office Building, and other buildings, until we have enough buildings in the city to care for the Government institutions, without paying rent.

Three large buildings—1 for the Department of Justice, 1 for the Post Office, and 1 to be known as the Archives Building—have just been started; over $20,000,000 will no doubt be needed to complete them. Then, you have the new Supreme Court Building, costing over $10,000,000 to be started February 1. Surely that is enough for Washington at the present time. The public-building program in Washington does not have to be completed in a year or two. The depression is not seriously affecting this city. Let some of this money go to the country, where in the large cities millions are out of employment.

Not one dollar of the emergency fund has up to this time been used to help those out of employment in my city—St. Louis—other than the work in the architect's office.

All that is needed to make the present House Office Building most comfortable for Members is to place a connecting door between not more than 75 offices. Do that and no one will complain. At some future date, when more money is available, further improvements can be made if necessary. I am opposed to spending $760,000 to install unnecessary equipment at this time. Let us start to economize with our own appropriation. The chairman says he brings in the item for the House to make its own decision.

No one will be inconvenienced if this amendment is adopted. I agree with the gentleman from Virginia [Mr. MONTAGUE] that we should not spend any money remodeling the House Office Building—it is practically new, not old—until we have completed some of the other projects in this country, and I propose to vote to support his amendment. [Applause.]

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment.

I believe that every school of economic thought in this country to-day is in agreement that one of the proper ways by which the Government can stimulate work is by building projects at this time. The mere fact that a project is not immediately necessary is the best argument to justify working on such project at this time. The gentleman from Virginia [Mr. MONTAGUE] frankly states that he would proceed with the completion of the new building, and the gentleman seems to overlook the fact that in the item of $760,000 which he seeks to strike out, there is included an amount necessary to furnish the new building. Am I right?

Mr. MONTAGUE. No; no.

Mr. STAFFORD. No.

Mr. MONTAGUE. That is contained in another paragraph. The gentleman also misunderstood me, because I said nothing about the new building.

Mr. STAFFORD. An amount is included in that item of $760,000 for furnishings for the new building. For instance, a very nice davenport, costing four or five hundred dollars.

Mr. LAGUARDIA. True; but the completion of one necessitates the furnishing of the other. The gentleman

from Virginia [Mr. MONTAGUE] states that the doors are already cut, and that the connections could be made for a less amount, and then general objection is raised to the plan of providing proper drainage and sanitary facilities. I submit that any work of this kind will stimulate employment, and that is the real purpose for it. Let me say to the gentleman from Missouri [Mr. COCHRAN] that it is no argument in favor of increased appropriations for a building in his city to cut down the appropriation in this paragraph.

As we go along with this building program, if we are going to take a selfish attitude and say, "I will vote for an appropriation in my city, but I am going to show that I am a great economist and cut down public expenditures by voting down appropriations in other places," we are not going to get anywhere in carrying out a necessary program of public works to meet the present emergency.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. COCHRAN of Missouri. New York has had its share of appropriations. Philadelphia, Chicago, and other cities have had their shares, but St. Louis has never received one cent of benefit from this public-building program.

Mr. LAGUARDIA. I am not opposing the gentleman's appropriation.

Mr. COCHRAN of Missouri. They say they have no money in the Treasury.

Mr. LAGUARDIA. That is up to us. It is not up to the Treasury, but we are not going to get anywhere if we take a short-sighted attitude and show off that we are going to economize for the business world. Where will the business world be if the working people of this country have no employment?

Mr. O'CONNOR. Will the gentleman yield?

Mr. LAGUARDIA. I can not yield at this time.

Mr. O'CONNOR. The gentleman yielded to the gentleman from Missouri.

Mr. LAGUARDIA. Yes; because I interrupted the gentleman from Missouri, and the gentleman from Missouri is always helpful in his interruptions.

Now, I believe the so-called business world has learned that the whole business structure depends upon the purchasing power of the working people of this country. There is no man on the floor of this House to-day, including the distinguished gentleman from Virginia, who naturally fits in surroundings of luxury and comfort, who would not welcome an opportunity of having an office where he can have some privacy and some comfort, the same as our colleagues at the other end of the Capitol. To stand here and save the country and help cut down the deficiency of $1,200,000,000 or more that we are facing by cutting out $760,000 to make the accommodations for all the Members of the House equal, I say is not the type of statesmanship that we are accustomed to witnessing from the distinguished gentleman from Virginia [Mr. MONTAGUE].

I trust we will vote down the amendment and keep this appropriation in, and when we come to the item on the State Department building I am going to see that that work is not stopped this time.

Mr. BYRNS. I thought the gentleman from New York said yesterday that he was going to close his eyes?

Mr. LAGUARDIA. Until it is changed.

Mr. GLOVER. Mr. Chairman, I rise in support of the amendment.

I like comfort as well as any man, but we are living to-day in an hour of distress in this country. I submit to you that if you mean to follow your President in economy as business men in this hour of distress, when we are facing a deficit of $2,000,000,000, how can you afford to spend money for the comfort of a few men in this House. I dare say to you there are plenty of men in this House who would volunteer to remain in the old building without one cent expense rather than to go out and tax the people of this country more to get more money to give more comfort to us. I would like to see any man who, as a business man, facing conditions which this Government is facing, would dare go out and make an expenditure of that kind of his own money when it is not going to bring back a penny of revenue.

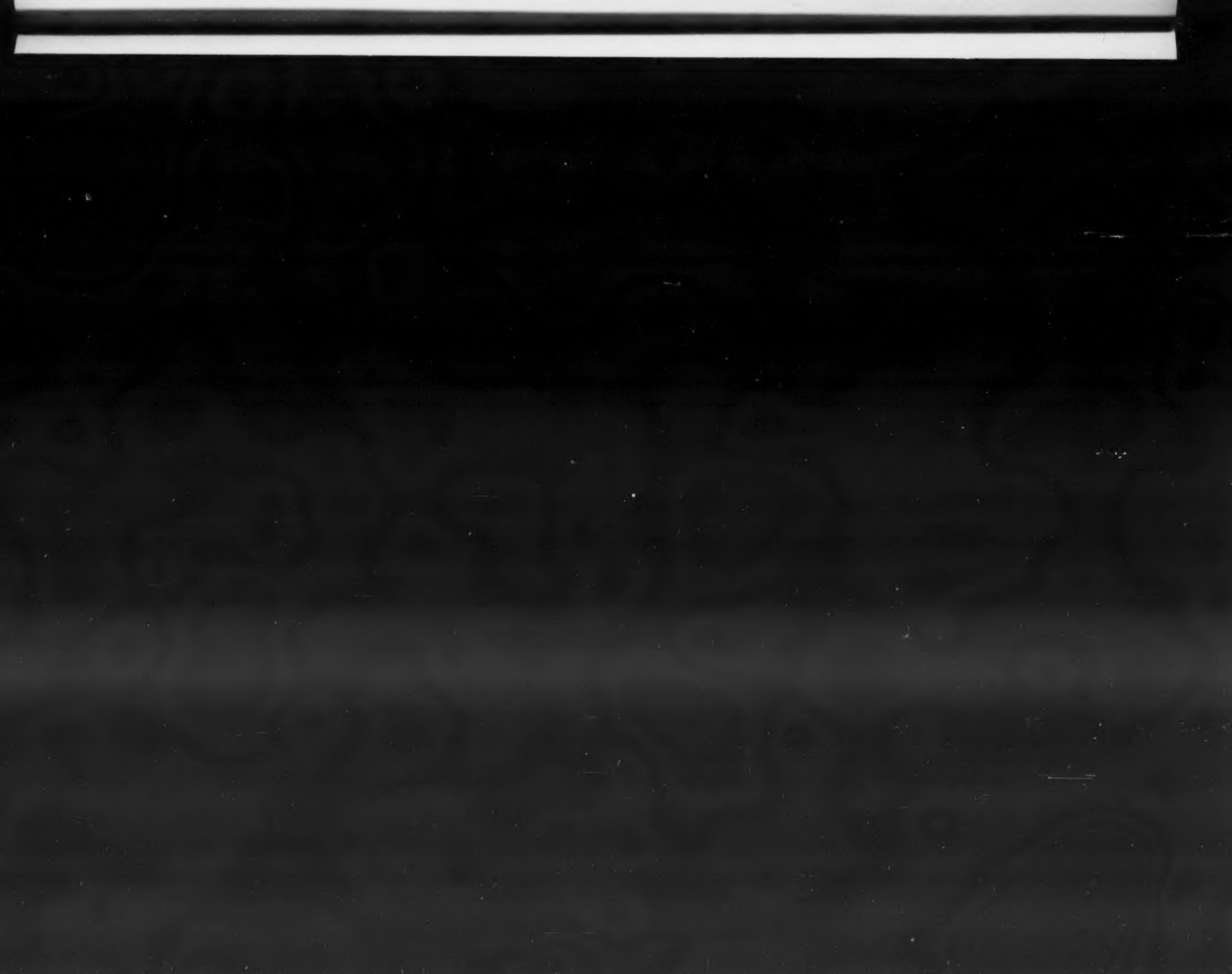
We should face this question squarely. The President has asked for economy, and I am standing for the kind of economy that he is talking about and that you are not practicing. We can save several million dollars through this Congress if we will follow the leadership of men like the gentleman who has introduced this amendment [applause], and I stand ready to do it. I am with the President on the question of economy, because the people of this Nation are looking to us and demanding from us that we give them economy. How can you go out to the already burdened people and face them with increased taxation and look them in the face and say that you spent $760,000 for our own comfort when we did not need it? The truth of the matter is that until conditions are relieved in this country this Congress ought to call a halt on this kind of legislation. I hoped the gentleman would insist on his point of order and the item would be ruled out because it has no place in an appropriation bill. It is a legislative matter. If the gentleman does not raise the point of order, or some one else, I think I shall raise it myself, because it ought not to be in this bill. Let us practice economy and commence it to-day.

Mr. GREEN. Mr. Chairman, when the bill was before the House authorizing an appropriation for an additional office building I could not reconcile my conscience to vote for it. I voted against the new House Office Building because I did not believe the expenditure was justified. I do not believe that 10 per cent of the Members of this House have a better office at home than they now have here. I pay rent on my office at home, and rather than to vote for this new building or to vote against the amendment of the gentleman from Virginia I would pay rent on my office here. In fact, if we are going to economize, how can we economize by voting to boost our own salaries and to boost our own comfort?

I am ready to vote, as soon as the committee reports, for a reduction in my own salary. I am ready to vote with the gentleman from Virginia for the elimination of this needless expenditure, not, my friends, to injure the building trade at all. Not by any means. On the other hand, I am willing to vote for a half billion dollars, in accordance with the bill I have offered, to build Federal buildings in every town in every congressional district where postal receipts are $5,000 or above. Why should we continually vote for buildings in the District of Columbia when we can not get a $25,000 post-office building for our own districts? We have offered you a solution, and I trust my Democratic colleagues will stand with me. If the gentleman from New York wants to stimulate trade and business throughout the country, let him support my bill which would give approximately $500,000 to each congressional district for the erection of Federal buildings wherever they are necessary. My friends, that bill does not leave the authority in the hands of one or two autocratic bureaucrats to twist and squirm and quibble and deal out favors by giving certain cities Federal buildings. It is specific and exacting in its terms. Until such time as you join with me in eliminating unemployment throughout the entire country by building in all parts of our country, I shall not vote to accumulate luxuries for my colleagues to enjoy. Millions of people throughout the country are idle and hunting employment. People in my own district are using small store buildings for post-office buildings. I say they are entitled to Federal buildings, and I shall keep up the fight until they get them.

My friends, it is the height of inconsistency for us to continually vote millions and millions of dollars for the erection of magnificent buildings—yes, temples of stones and towers of bricks here in the Nation's Capital—when back in our poverty-stricken and depressed districts we can not get a Federal building costing even $25,000.

I shall vote for the gentleman's amendment. I shall vote against other wild expenditures to give luxuries and comforts to highly paid employees of our Government, myself included. I am willing to make my own share of the sacrifice.



Ah, my friends, 75 cents to $1.50 per day in my own State would hire thousands and thousands of day laborers to-day, not that I want them to be hired at that wage, because I wish that they could get $10 a day. But they are walking the roads in my State and walking the roads in your State begging for employment at any price in order that they may not be forced to beg for the necessities of life.

[Here the gavel fell.]

Mr. GREEN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. UNDERHILL. Will the gentleman yield?

Mr. GREEN. Yes; I will yield.

Mr. UNDERHILL. At what price does the gentleman value his services?

Mr. GREEN. I will say, my friends, that as long as other Members of this House get their present salary I shall receive mine, and will continue to donate to charity so far as I am financially able. I am willing to make such sacrifice as my colleagues may agree to share.

I do not know what office space I shall be given, if my people continue me here, but where my office is or where your office is does not enter into this question. It is a matter of the pocketbook of the American people and a matter of economy and of equity to our people back home that need and demand Federal buildings and Federal expenditures. It is in their interest that I would work.

Mr. O'CONNOR. Mr. Chairman, I rise in opposition to the amendment.

When we passed the appropriation for the new House Office Building it was known by all, I am quite sure, that the old House Office Building would be remodeled to furnish two offices for each Member. That the appropriation was not made then, I imagine, was due to the fact it was not opportune or possible at that time to make the alterations; but what I want to call the Members' attention to is this:

Our Government has been preaching in this crisis over the radio by Doctor Klein and in publications from our departments, and so forth, that the people of this country should continue to use their money. We suffer from two things in this country—frozen credit and timid purchasing power. People with money are not using it, they are hoarding it and the banks are not extending credit and the people are not buying.

Mr. McGUGIN. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. McGUGIN. Has Congress been timid with the spending power of the country?

Mr. O'CONNOR. Not in the last 10 or 12 years.

Mr. McGUGIN. Why have we not had prosperity, then?

Mr. O'CONNOR. The gentlemen sitting on that side have had control of Congress during the last 12 years. I have had nothing to do with it. [Laughter and applause.]

We have preached to our people, and it has been one theory of the situation we are in that people should continue to purchase. Why, in the Christmas holidays in New York City, for the first time in the recollection of most people, the stores did not have goods to sell.

The stores would not buy the goods. People went to the handkerchief counters and the glove counters on the last days and could not buy gloves or handkerchiefs, because the inventories were so low. This timidity is affecting the big buyer, the middleman, and the individual purchaser. If you will pry loose the frozen assets of this country, if by taxation or otherwise you will force the wealthy of this country to put their money to use, and on the other hand, if you will stimulate by propaganda, if necessary, the buying and the purchasing power of this country, you will do more to restore your so-called prosperity, and possibly real prosperity, than anything else, in my estimation.

Most of this money, I believe, will go for labor. I might call it demagoguery to talk about economizing on ourselves, but I believe that if we have a real insight into the economic situation, we shall not start at this point, because this money will go for labor, and in this way we shall not continue to set an example of false economy which we criticize in others.

If our Government stopped all functions to-day they would be doing the worst thing in the history of this country. If they economize on public improvements they will only add to the distress in which we are now situated. [Applause.]

Let us be fair about it and let us be reasonable about it. Striking out this item of $760,000 is not going to make an impression back home just because you say you are denying yourselves comforts. You should put the plumbers and steamfitters and plasterers to work, and if you can not get them in Washington, the Lord knows we will send you them by the hundreds and thousands from New York City, and they will be glad to walk down here to get a job.

Let us be sensible about it, and let us not be pretending about it. This appropriation ought to be made and the money ought to be put to use.

Mr. MONTAGUE. Will the gentleman permit me to ask him a question by reason of his innuendo imputing pretense to the supporters of this amendment? When the business man is in debt many hundreds of thousands of dollars, for example, as this Government is now in debt, many millions of dollars, does the gentleman think it is a wise thing to keep on increasing the indebtedness?

Mr. O'CONNOR. It is not only a wise thing, but it is a necessary thing, and in these times if a business man is in debt and has an established business which he has built up for 30 or 40 years and he can not get enough credit to continue himself over this period, it is a severe indictment of the banking institutions of this country.

Mr. MONTAGUE. I am not speaking of them.

Mr. O'CONNOR. He does not need to borrow when he is not in debt. It is when he is in debt he needs credit. Saving is not necessarily the best economy. Often spending is better economy than saving. This is the exact situation now. If prosperity is to be restored, our people who have the money must spend.

Mr. MONTAGUE. But when a man is in debt and can not borrow money, what is he going to do?

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in 25 minutes.

Mr. STAFFORD. Reserving the right to object, I wish to offer an amendment limiting the fees to be paid the architect. Will the gentleman give me two minutes on that?

Mr. BYRNS. I have no objection to the gentleman offering an amendment. Mr. Chairman, I ask unanimous consent that the time be extended to 30 minutes.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that all debate on this paragraph and all amendments thereto be limited to 30 minutes. Is there objection?

Mr. OLIVER of Alabama. Mr. Chairman, I want to approve and read in support of the pending amendment the following excerpt from the speech of the gentleman from Tennessee, Mr. BYRNS, chairman of the committee, made only yesterday:

> I have called these figures to your attention for the purpose of emphasizing the necessity upon the part not only of every member of the Committee on Appropriations, but of every Member of this House, of guarding the Treasury and cutting down the deficit by not loading onto the Treasury additional burdens and new expenditures and new obligations in this time of stress. [Applause.] I hope that every Member will realize that we must all make certain sacrifices with reference to expenditures by the Federal Government which we feel are needed in our own States.
>
> There never was a time in the history of our Government when we had a peace-time deficit such as that which we are now facing. The deficit was over $900,000,000 in the fiscal year just closed. The President tells us in his message that for the year ending June 30, 1932, the deficit will amount to $2,120,000,000, and that for the year to end June 30, 1933, from present indications, the deficit will amount to $1,400,000,000. The country is looking to you, it is looking to me, it is looking to every Member of Congress to exercise economy and to cut down expenses, and the country will, as it ought to do, hold you and me responsible if we fail by our votes to cut them down.

I think we all agree that in the interest of the credit of our country, in the interest of future generations, one of the most important, if not the most important, problem that now confronts Congress is the balancing of our Budget. That can be done by a reduction of expenditures, and, of course, by the passage of such additional laws as will be necessary to bring in more revenue.

When we think about these additional taxes we must consider the depression that exists throughout the country; the fact that every business at the present time is crippled; that the revenues of the Federal Government have been greatly decreased under the present law by the falling off of income; and that it is not fair to them, it is not fair to business, it is not just to the taxpayers for Congress to fail to meet this emergency and use the scalping knife upon these appropriations as they come to us.

The chairman very properly reported this item now in dispute to the House for determination, because his feeling was that the House should have the opportunity of passing on this question, since it primarily affected them. I assume he is not interested one way or the other as to what decision the House may reach. My own feeling is that the item should be stricken out and no appropriation made at this time for the reconditioning of the office building.

What are the facts? The Ways and Means Committee are busily engaged in preparing a bill to raise more taxes. They are studying how we can meet the large deficit which the chairman of the committee very accurately gives in his statement quoted above. Until this House can determine how we may effectively carry on the important functions of the Government we should not provide for obligations like this.

If the Ways and Means Committee can provide funds to meet not only present but future deficits, then consideration may properly be given to expenditures of this character. There is no question but in time, perhaps sooner than we now think, we may be able to justify this large expense.

Certainly no serious inconvenience will be felt by the temporary suspension of this work, since all Members who remain in the present office building will have two large rooms, with the same conveniences that all Members now enjoy. There are some old Members who, though seniority may entitle them to offices in the new building, will very likely remain in the old building.

I strongly feel that we should not at this time favor this large appropriation for work which, without serious inconvenience, can be postponed until the condition of the Treasury improves and money can be found therefor without the imposition of additional taxes.

I happen to be the chairman of a subcommittee of the Appropriations Committee, and I hope every Member of the House will feel that it is his duty to voice his individual views in reference to any appropriation carried in the bill our committee may report, because I believe that this kind of cooperation will enable us to carry on the important and necessary work of the Government by a substantial reduction in appropriations. [Applause.]

Mr. FREAR. Mr. Chairman, I did not intend to take any part in this discussion. It seems to me that the proposition is so simple that it ought to recommend its merits to every man, either for or against, and does not require lengthy discussion. One or two things have not been discussed by the committee and I want to present them briefly to you. This Government is running a billion dollars annually behind in its receipts. The proposed appropriation will not come from any money that we are going to draw on, because we have not got it. It must be raised by economies or receipts. How are you going to produce money for this $760,000 for House Members? There are gentlemen present who propose that we take 10 per cent from the salary of men who have $1,800 a year, and we are going to cut down their salaries so as to provide means with which to pay this $760,000. That is one of the methods of raising necessary funds, and I ask those who propose to take the money from underpaid clerks to put themselves in their place and see whether they have any income outside, so that they do not have to take their own salaries for living expenses. It is worth careful consideration of the House.

One other subject has been discussed here by a gentleman whose judgment ordinarily I respect highly. He has said that we are living in the House Office Building under insanitary conditions. I have existed under those supposed insanitary conditions for almost 20 years and am feeling in comparatively good health now. I left better rooms in a great public building in the new capitol of my State than the average man has enjoyed when I came here—three rooms for my own use. I came here and have occupied one room. It was a little difficult at first, but I have been here for nearly 20 years and I find no great difficulty through insanitary conditions in the House Office Building or elsewhere. If we are going to set an example in economy to the people of this country and if we mean it and are not demagogic, we should strike out this $760,000 appropriation. It does not make any serious difference that the Treasury Department has cut out a post-office building in our districts. We would like to have them, but I believe it was the right thing to do at the present time in the interest of national economy. I think it is a wrong argument to bring that we must govern ourselves by the interests we have back home. This $760,000 is for a selfish interest which reaches every one of us in giving Members luxurious quarters; and we can not offer a better example to the country of economy to-day than to say that we are willing to abide by the general economy policy of the Government, not to cut clerks' salaries unless we have to do so, not to take advantage of those who are helpless, to shave it off their income on the side. As a matter of policy we will cut down our expenditures, as the President and everyone else does, so as to make the Budget balance, if it is possible to do so. Let us show a proper disposition toward economy at this time where we are selfishly concerned and say that we will strike this $760,000 provision out of the bill for something purely for our own benefit.

Mr. TABER. Mr. Chairman, the thing I do not like about the position that I am going to take on this amendment is that I do not agree with the great chairman of the Committee on Appropriations; and I regard him as my stanch friend, a man whom I generally follow clear to the limit. I think he is and will be one of the greatest chairmen of the Committee on Appopriations that this Congress has ever seen. [Applause.] The thing that we want to bear in mind is that if we are going to restore prosperity and restore the purchasing power of the people, we must first restore confidence. There is only one way in which we can do that, and that is by first putting the United States Treasury on its feet and getting it in a position so that we do not have to go to the country with a $2,000,000,000 bond issue at the end of the year. Are we going to ruin the credit of America? No country in the world ever worked out of a serious depression except by sound principles and by economy. That is just the situation that we are facing here to-day. Are we going to lead the way on our own expenditures for ourselves toward economy? I do not like to see wages cut, I do not like to see my own salary cut; but I can see it in the offing, I can see that it is coming, and I am going to vote for it, and if it is necessary I am going to propose it. I am one of those who if I should happen to be elected to Congress would be entitled to go over into the new building, but I am perfectly satisfied to wait until the money is there to pay for it. Let us use our own sound judgment and common sense and not run wild in spending money. I hope that this House will almost unanimously adopt the patriotic, sound amendment which has been offered by the gentleman from Virginia [Mr. MONTAGUE].

Mr. BYRNS. Mr. Chairman, I ask the attention of the committee while I make a statement with reference to this proposed appropriation and the amendment offered by my friend from Virginia. It is needless for me to say, of course, that I have no personal interest in the amendment, nor has the Committee on Appropriations. We felt the necessity of bringing this appropriation before the House because it is the business of the House and not of the committee. So far as I am personally concerned, I voted against the proposition to erect a new House Office Building; but I did not do it because I felt the Members were not entitled to better office facilities. I realized just what it meant to have two secretaries and two busy typewriters in one room going all the time, while a Member had to

sit at his desk in the same room doing his thinking and his studying and at the same time receive visitors. I voted against the new House Office Building because I felt it ought not to have been constructed on the location where it is now constructed, but on land already owned by the Government, and that the Government should not have paid nearly a million dollars, as I now recall, for the Congress Hall Hotel and the old Potomac Hotel; but Congress by an overwhelming vote purchased those sites and has erected the present building there.

The Architect of the Capitol told the committee that by the 1st of next January that building will be ready for occupancy if these appropriations are made, and that 251 Members of the House will be accommodated. Now, gentlemen, in all fairness, who is going to get those offices? Who is going to get the 251 offices that will be opened, with all the conveniences of which we read, on January 1? You know that if precedent is followed, it will be the 251 men who hold seniority in this House, and 191 Members of the House, whether they are elected next November or whether they sit in the House now, are going to be deprived of conveniences which are given to the 251 Members in the new House Office Building. That is the plain proposition before you. To me it amounts to nothing if the House wishes to cut out this appropriation, but as one member of the Committee on Appropriations, and speaking for the Committee on Appropriations, we were not willing to refuse to report this appropriation, and two years from now have 191 Members of this House complaining because the Committee on Appropriations had denied to them the same facilities and the same advantages that were given to 251 of its senior Members. That is the whole proposition in a nutshell.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. The Committee on Appropriations is not a legislative committee. It simply provides the money to carry out the will of the House after it has spoken legislatively. This was a project that was embarked upon by our Republican friends on the other side of the aisle. In the Seventieth Congress, when they passed House bill 12897, which was approved by a Republican President on January 10, 1929, they authorized an appropriation of $900,000 to acquire the grounds and an appropriation of $7,500,000 to construct a new House Office Building. The extravagance in it should be laid to the Republican administration. [Laughter.]

Mr. BYRNS. My recollection is that there were very few votes against it on either side of the aisle. [Applause.] I am not speaking of this, ladies and gentlemen, in a partisan way or with reference to either side of the House. It applies to every Member alike.

Now, what will happen? The Architect of the Capitol says that upon the 1st of next January he will have this new House Office Building open, and 251 of you, who are fortunate enough to get a suite of offices there, will be taken care of properly and will have a private office for the transaction of your business. The architect says that in order to provide somewhat similar facilities in the old House Office Building, it will be necessary to have this appropriation in this bill. In other words, he says that he wishes to be in a position to draw his plans, to call for bids, to have the material properly fabricated, and every other thing done that is necessary in order to begin work on March 4, 1933, so as to have it ready in December, 1933, when the House reassembles.

[Here the gavel fell.]

Mr. DYER. Mr. Chairman, I ask unanimous consent that the gentleman from Tennessee be allowed to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. DYER]?

There was no objection.

Mr. DYER. Will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. DYER. As I understand this amendment, it is not for the purpose of permanently refusing to remodel the building so that it will conform in many respects to the other as to space and convenience, but is for the temporary purpose of relieving the country of this rather large expense while conditions are so bad with the Treasury of the United States.

Mr. BYRNS. I think that is the position taken by those who favor this amendment, and properly so; but let me call the attention of the gentleman to this fact—and I am simply making this statement because, as I said, it is a matter which appeals to every Member of the House, as much to one as to the other—the Architect of the Capitol says that if you do not give him this appropriation in this bill he will be unable to make a promise to the Congress that this work will be done during the long recess between March, 1933, and December, 1933, and, of course, if he can not do the work in that time, he will necessarily have to postpone it for two years. Now, that is the whole proposition. If the House wishes to adopt this amendment, cut out this appropriation, and take a chance of postponing these conveniences and these facilities and advantages to 191 of its membership for a period of two years, that is its privilege. Certainly neither I nor the Committee on Appropriations nor anybody else is going to find fault or have any reason to find fault.

Mr. MAPES. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. MAPES. I was not present when the debate on this amendment first began. I am not sure that I understand the situation clearly, but, supplementing the question of the gentleman from Missouri [Mr. DYER], I would like to ask the gentleman from Tennessee this question: If this item is stricken out of this bill, as I understand it, the 191 Members to whom the gentleman has referred will still be allowed two offices in the present building, but they will not have certain conveniences which will be in the new building but which are not now in the present office building, and which are not therefore now enjoyed by the present occupants of the office building as it exists to-day. Is that correct?

Mr. BYRNS. That is true.

Mr. MAPES. But they will have two offices or rooms with the same conveniences that the Members now enjoy in the present building?

Mr. BYRNS. They will have two offices, I assume, that will be at their disposal; but, of course, there will be no connecting doors between most of them, and one will have to go out into the corridor in order to reach his private office.

Mr. MAPES. I notice there is a door between my office and the adjoining office.

Mr. BYRNS. That is true as to some of the offices, but I think the gentleman will find that that applies to only a very few of them. Most of the offices are entirely separate.

Mr. MONTAGUE. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. MONTAGUE. I respectfully submit that the 191 Members can have offices with connecting rooms as they are now. The gentleman is mistaken in thinking there are so small a number that have connecting doors.

Mr. BYRNS. I have not counted them.

Mr. MONTAGUE. I have been counting them in the last few days, and I was amazed to find there were so many with connecting doors. I did not know there was a door in my room, but I moved the bookcase and I found there was one there.

Mr. BYRNS. I should be surprised if there are 191 offices that are connected by doors. I do not contradict the gentleman, however.

Mr. BACON. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BACON. It surely will not take $760,000 to put in connecting doors?

Mr. BYRNS. Not by any means. This $760,000 is to do the whole job.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman.

Mr. BANKHEAD. It is apparent that there is considerable sentiment against this entire appropriation. I have been furnished with information that a very much smaller appropriation, say some $60,000, could be utilized by the architect for the purpose of providing connecting doors between the present offices and other immediate necessary repairs. If the amendment offered by the gentleman from Virginia should be voted down, I assume an amendment will be offered to substitute a smaller amount for the purpose of providing connecting doors and other immediate necessary repairs.

Mr. BYRNS. If I could secure information from the architect as to how much was needed, I should have no objection to offering it. Of course, the gentleman can offer such an amendment himself and take the responsibility for it.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. BOYLAN) there were—ayes 75, noes 86.

So the amendment was rejected.

Mr. OLIVER of Alabama. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. OLIVER of Alabama: Page 4, line 9, after the word "Department," insert:

"*Provided*, That of this appropriation there shall be expended only such sum as may be necessary to install connecting doors between the office suites of such building."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. O'CONNOR) there were—ayes 70, noes 87.

So the amendment was rejected.

Mr. STAFFORD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 4, line 9, after the word "Department," insert:

"*Provided*, That not more than 3 per cent shall be paid for commissions to any architect in connection with the reconstruction and remodeling of this building."

Mr. STAFFORD. Mr. Chairman, the hearings disclose that the regular rate of 6 per cent is to be paid a private architect for this work of merely making alterations in this building. I think that $45,000 for merely supervising the plumbing and changing partitions is an outrageous fee to be paid to any architect. The prevailing rate is 6 per cent, but that 6 per cent is predicated upon the idea of the responsibility connected with the preparation of structural plans and the heavy responsibility connected with the new construction. Personally, I would restrict the amount to $10,000 for supervision.

As I have said, the hearings disclose that it is purposed to pay an architect for supervising changes in partitions, installing toilets, and like features there 6 per cent. That would aggregate $45,600. The 6 per cent rate is predicated upon the responsibility of preparing plans and the like. My amendment proposes to pay a commission of 3 per cent. I think $10,000 would be adequate for the work of supervision. Why should we pay $45,600 to some firm of architects here in Washington which is already getting fat on Government work? This is not new construction, but is merely the alteration of the plumbing, the tearing out of partitions, and so on. In my opinion, a superintendent could adequately protect the interests of the Government.

The Supervising Architect's Office states that they have no persons in their employment who could do this work. Therefore it is necessary to employ outside architects, but I think it is reasonable to restrict the commission to 3 per cent. That would give this firm of architects at least $22,300 for less than a year's work.

Mr. HARE. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. HARE. I want to ask the gentleman this question: Whether or not the Government does not have architects who could supervise this work and thus remove the necessity of providing any commission at all?

Mr. STAFFORD. The hearings disclose the fact that the Architect of the Capitol stated that they have no architect to do that work, otherwise I would provide that there should be no outside architect employed at all. However, I do not wish to hamstring this work if it is to go ahead.

Mr. BYRNS. Mr. Chairman, all I have to say with reference to this amendment is this: These are the commercial rates. It may be, as the gentleman from Wisconsin says, that those rates are too high, but these are the rates that are charged by architects throughout the country who draw plans and specifications and supervise the work. The Supervising Architect said it was necessary to have such an architect with reference to this building, and you and I know that with an old building like this it is frequently and usually more difficult to go into it and tear up floors, rearrange plumbing, pull down partitions, and things of that kind, than it is to erect a new building.

The adoption of this amendment may or may not defeat this work. I do not know anything about that, but I want to make this point, that this estimate has been approved by the House Building Commission, and every single contract that will be made with the architect or with anyone else in connection with the remodeling of this building will have to be approved in the first place by the House Building Commission, which consists of the Speaker of the House, the gentleman from North Carolina [Mr. POU], and the gentleman from New Jersey [Mr. BACHARACH], and so far as I am concerned I am perfectly willing to leave the matter to those gentleman, knowing that they will see to it that none of the money of the people is wastefully expended.

Mr. STAFFORD. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. STAFFORD. Is it not a fact that the hearings disclose that the Supervising Architect testified as to the firm of architects he would employ and the rate of commission he would pay—6 per cent?

Mr. BYRNS. I think that is true. I am not sure about that, but, of course, when he makes the contract with him, it will have to be approved, as I have just stated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

The question was taken; and on a division (demanded by Mr. STAFFORD), there were—ayes 38, noes 76.

So the amendment was rejected.

Mr. FREAR. Mr. Chairman, I move to strike out, on page 3, line 20, "$760,000" and insert "$60,000."

The CHAIRMAN. The gentleman from Wisconsin offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FREAR: Page 3, line 20, strike out "$760,000" and insert in lieu thereof "$60,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

The question was taken; and on a division (demanded by Mr. BYRNS), there were—ayes 51, noes 83.

Mr. FREAR. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was rejected.

The Clerk read as follows:

New House Office Building: To enable the Architect of the Capitol to provide furnishings and equipment for the New House Office Building within the authorized limit of cost for site and construction as provided in act approved January 10, 1929 (45 Stat. 1071), $400,000 to remain available until June 30, 1933; and the Architect of the Capitol is hereby authorized to enter into contracts in the open market, to make expenditures for material, supplies, equipment, technical and reference books, and instruments, accessories, advertising, travel expenses and subsistence therefor, and, without regard to section 35 of the public buildings act approved June 25, 1910, as amended, or the classification act of 1923, as amended, to employ all necessary personnel, including

professional, architectural, and engineering, and other assistants. This appropriation shall be disbursed by the disbursing officer of the Interior Department.

Mr. BLANTON. Mr. Chairman, on page 4, line 10, I move to strike out the words "New House Office Building."

The CHAIRMAN. The gentleman from Texas offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 4, line 10, strike out the words "New House Office Building."

Mr. BLANTON. Mr. Chairman, I supported the amendment offered by our distinguished colleague, Governor MONTAGUE, of Virginia, to strike out the entire $760,000 from the bill, as it is my firm belief that this expensive remodeling of the present House Office Building just now during this unprecedented depression is both unwise and unnecessary. But we failed to strike it out by just a few votes. It is my belief that the present building is sufficient for our needs.

I was one of those who did not believe that a necessity existed for the construction of the new House Office Building, now partially completed. I can get along well enough with my present quarters. And thus believing I voted against H. R. 12897 in the Seventieth Congress, that embarked us on this extravagant program and authorized to be appropriated the sum of $900,000 to acquire the land upon which the new building is now being built, and authorized the additional appropriation of $7,500,000 to construct this new House Office Building.

It was a Republican Congress, with both the Senate and the House of Representatives Republican, that passed that measure, and it was approved by the present Republican President on January 10, 1929, and then became Public Law No. 648 of the Seventieth Congress. It was this Republican measure that now makes necessary this appropriation of $760,000 to remodel the old House Office Building, and the appropriation in this bill of an additional $400,000 to furnish the new House Office Building.

I voted also just now for the amendment offered by the gentleman from Alabama [Mr. OLIVER], and likewise for the amendments offered by the two gentlemen from Wisconsin [Mr. FREAR and Mr. STAFFORD]. But they likewise all lost by just a few votes.

The Appropriations Committee is not a legislative committee. It can not authorize new projects. That is done by legislative committees. Legislative committees authorize appropriations. When a legislative committee embarks the country on a certain project, wise or unwise, all on earth that the Committee on Appropriations can do is to provide the money which the House has authorized. So it is not responsible for this project. The Republican administration is responsible for it.

Mr. MAPES. Will the gentleman yield?

Mr. BLANTON. I will in a moment.

This most expensive, most extravagant, very unnecessary project was embarked upon through a piece of legislation that was finally passed here in January, 1929, under the auspices of the present Republican administration. It is part of the unprecedented extravagance with which this country has been afflicted for the past 10 years, a continued extravagance. The Republicans had a majority of 100 Members in this House in the last Congress. They ran wild in spending public money. It is an extravagance that permeates the White House and every single department of government. It has been so that the departments have been padding their estimates. They know they could not otherwise get all they want from Congress, and they come in and ask for much more than they want or need, hoping they will get all they want after Congress pares and makes reductions here and there.

You can take the expenses of the White House, and they have been increasing all the time, and I am reminded of what no less a Member of this House than our distinguished Republican friend from Indiana [Mr. WOOD] once said, that the present occupant has been the most extravagant piece of furniture with which this country has ever been afflicted. Has this leader of the Republican forces ever retracted that charge?

Mr. MAPES. Now, will the gentleman yield?

Mr. BLANTON. In a minute.

Under his administration—the Harding-Coolidge-Hoover triumvirate—we have embarked upon this policy of building these million-dollar embassies abroad, and if you have noticed the newspaper reports during the present year you have seen accounts of American extravagances abroad that have not helped the feelings of starving Americans here at home.

On one day last August the Associated Press sent two news items from Washington to the press of the United States, both of which appeared in the Dallas News of August 2, 1931. One of these Associated Press articles was headed "Society Group Selects Embassy's Furnishings," and it went on to state that a group of society women who formerly lived in Japan was selecting the furnishings for the new million-dollar American Embassy in Tokyo. It said that the walnut and mahogany furniture shipped from the United States was of Georgian design. It further said that rugs of taupe and hangings of silver greens and blues had been selected, and that the embassy walls were made the color of ivory. That was interesting news to starving American men, women, and little children.

The other Associated Press article appearing that day was headed "Embassy Dining Room Is Black, Silver, and Red." It went on to say that a color scheme of black, silver, and red was being used in the dining room of the Chilean Embassy; that black candles are used on the table along with rare old hand-wrought Peruvian and Chilean silver service, and that lacquer bowls in black and red added a contrasting color note.

That, too, was interesting news to 7,000,000 heads of families in America who have worn out the soles of their shoes hunting for jobs that are not to be found and who are more concerned about getting food of any kind on their table for starving families than in black, silver, and red color schemes for embassy tables.

If Andrew Jackson could come forth from that unpretentious tomb in the garden at the Hermitage near Nashville, Tenn., what would he say to all this mimicking of royalty? We need again to learn the lesson he taught us. When Commodore Elliott offered to General Jackson the kingly sarcophagus that he had brought home in the *Constitution* from Palestine, which had contained the remains of the Roman Emperor Alexander Severus, Andrew Jackson declined it, stating that his republican feelings and principles forbade it. He said that the simplicity of our system of government did not permit it. He said that such things should bear evidence of the economy and simplicity of our republican institutions and of the plainness of our republican citizens, who are the sovereigns of our glorious Union, and he said that it is their virtue to perpetuate it. He said that true virtue can not exist where pomp and parade are the governing passions. He said that it can only dwell with the people—the great laboring and producing classes—that form the bone and sinew of our confederacy.

That is the lesson taught us by this great American. That was the lesson taught us by Abraham Lincoln. But we are departing from such teachings. We are continually mimicking royalty. We are establishing million-dollar embassies in Tokio. We are worshiping color schemes of black, silver, and red for embassy dining-room tables. We are beginning to insist that there should be rosewood or mahogany or some other kind of extravagant furniture that must be put in them, and it is a scandal to the Nation. It has been only during this past year that our country has embarked upon the policy of furnishing our embassies with $100,000 as an entertainment fund. When has that amount ever been furnished before?

This is the first year that this has ever been done, and a larger fund of $145,000 for the next fiscal year has already been authorized for such entertainment abroad. Do you know what this entertainment fund means—wine, women, and song entertainments in the embassies abroad [laughter], and this during this time of depression.

Mr. MAPES. Will the gentleman now yield?

Mr. BLANTON. In a moment. I want to talk to some of the gentleman's colleagues. They are responsible for this extravagance. They can sit back now, knowing that we now are responsible for what goes on in the House, but they are the ones who embarked us upon the program.

Now I yield to the gentleman.

Mr. MAPES. In order to keep the record straight, is the gentleman quite correct? First, I may say to the gentleman that I voted against the proposition to build a new building. Is this not true that while the former Congress authorized the new building, it had nothing to do with this particular item which relates to the present building, and it is the House that the gentleman's party has control of that is proposing to spend this $760,000 on the old building in addition to the other appropriation?

Mr. BLANTON. I catch the gentleman's point and I want to reply to it.

The gentleman from Michigan is too fair a Representative to even intimate that the senior Members of the House would prepare for themselves new commodious offices and leave out the new Members in the House who have no such seniority. This is a part of the building scheme.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for three minutes more.

The CHAIRMAN (Mr. SHALLENBERGER). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. I want to answer the statement of the gentleman from Michigan [Mr. MAPES]. It was his side of the House, with a Republican majority of 100, that embarked upon this proposition. As I have mentioned before, H. R. 12897 was passed in the Seventieth Congress, authorizing an appropriation of $900,000 to acquire the necessary ground and to appropriate an additional $7,500,000 to construct the new House Office Building. I then opposed it and voted against it. But it was passed and approved by President Hoover on January 10, 1929, and became the law. It was this measure that now calls for this $760,000 appropriation to remodel the old House Office Building, and for the $400,000 to furnish the new one. It is all one building scheme. I was against it because I knew that the new Members without seniority would want the old building made new, and we all knew that the new building had to be furnished.

Why, it was scandalous when the Government paid the prices we had to pay for the land, and for it to tear down such buildings as the Congress Hall Hotel, the Coast and Geodetic Survey Building, and Public Health Service Building. It was an economic shame for us to allow such sums of money to be paid for that property, then tear those substantial buildings down and build a new $7,500,000 House Office Building. It was the Republican Party, headed by the present Republican President, with a hundred Republican majority in the House, that did it.

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. Not yet. I voted against it all the time; I have been against it ever since. I do not think there is one of us who can consistently espouse the present policy of economy and at the same time approve this expenditure of public money. I am sorry that it was ever authorized. But it having been authorized, it forced the Appropriations Committee to obey the mandate of the House and put the items in the bill, and then let the House pass on it as only the House now has the right to keep it in or vote it out. I wish that every citizen of the United States could come to Washington and go through the oversized half-empty, new Department of Commerce Building which President Hoover had much to do with causing to be built. The employees need a guide to help them find their offices and to lead them back to the outside when 4.30 p. m. arrives. There is wanton extravagance in, around, and about it. The fact that it furnished jobs and high wages to a few laborers in Washington means nothing to the 7,000,000 jobless Americans whose families are without food. The people of Washington have learned of a depression and hard times only through the newspapers. The manager of a leading department store told me this morning that his business had fallen off to very little extent.

We must stop this extravagance. We must make personal sacrifices. We must before spending public money ask ourselves the question, "Is this necessary?" We must ask, "Can we get along without it?" Privately, in our own affairs, we ask such questions. Although we have already embarked on this new building and it is half finished, we have the right to stop further extravagances in furnishings. I am going to vote to stop same. I voted for all the amendments and tried to stop it. [Applause.]

Mr. UNDERHILL. Mr. Chairman, I resent the statements that are made on the floor of the House, whether they refer to Congress or Members of Congress or whether they refer to the employees of the embassies representing the United States abroad, when they have no foundation in fact, but are simply sensational in character, wise cracks, which ought not to be indulged in on the floor of the House. [Applause.]

The statement that the gentleman from Texas made, I doubt if any man in the House considered that he made it authoritatively. I doubt if any Member in the House thinks he has had any knowledge whatever of the foreign embassies of the country. I have no doubt they were made principally for home consumption, but nevertheless it goes into the press, goes all over the country, that the money that Congress appropriates for a legitimate purpose is spent for wild parties. I think it is time that these unauthorized, unsubstantiated, these wild statements—I was going to add another adjective, but I will not—should cease, even by the gentleman from Texas.

Mr. BLANTON. What is this $100,000 spent for?

Mr. UNDERHILL. It is not, as the gentleman says, spent for wine, women, and song.

Mr. BLANTON. Will the gentleman tell us what it is spent for?

Mr. UNDERHILL. I have not had any experience at the embassies.

Mr. BLANTON. What is the entertainment furnished?

Mr. UNDERHILL. The entertainment is legitimate entertainment.

Mr. BLANTON. Is it for pansy blossoms? What kind of flowers are furnished by this entertainment?

Mr. UNDERHILL. The gentleman from Texas is all wrong when he makes statements that he knows that he can not substantiate and tries to cover them up by these wise cracks.

Mr. BLANTON. Will the gentleman tell us what the entertainment consists of?

Mr. UNDERHILL. I never went out of the borders of the United States.

Mr. BLANTON. Then the gentleman does not know what he is talking about. [Laughter.]

Mr. UNDERHILL. I know more about it than does the Member from Texas. Our ambassadors and ministers to England, France, Germany, Italy, Czechoslovakia, Poland, China, Japan, and other great nations are able gentlemen and a credit to the United States. If the Member from Texas wants to bring discredit on his colleagues and on this Government he will continue to slander its representatives.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. LAGUARDIA. Mr. Chairman, I am perhaps the last man on this side of the aisle to stand up and defend either the party or the administration, but the gentleman from Texas [Mr. BLANTON] is too good a legislator and too consistent to take the floor and criticize the extravagance of the Government in the last 10 years in the face of what took place on the floor of this House within the last 30 minutes. One gentleman rose and said he wanted to appropriate $500,000 for a new building for every congressional district. Another gentleman criticized the administration for cutting down a 10-story Federal building to a 5-story structure. Criticism is constantly directed against the administration

because it has been too slow in putting in effect the building program authorized and appropriated for by this Congress. More buildings, more post offices, more appropriations are repeatedly called for by gentlemen from the other side. You are perfectly within your rights, gentlemen, to criticize if you believe the administration has been slow in putting into progress the various building programs throughout the country for which we have appropriated money, but at the same time you can not take the floor and criticize the administration upon the ground that it is extravagant.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. In a moment. As to the question of the entertainment fund, criticized by the gentleman from Texas [Mr. BLANTON], we have heard in this country for the last 25 or 30 years criticism against the so-called dollar diplomacy. It was known that it was impossible in years gone by for any man to enter into the Diplomatic or Consular Service and work his way up unless he had an independent fortune.

The man without an independent fortune was simply foreclosed from accepting an appointment as ambassador to any of the principal capitals of the world. In order to put an end to that, in order to abolish forever the so-called dollar diplomacy, Congress passed what is known as the Foreign Service law, creating a career in the Foreign Service, providing suitable pay, providing pensions, and later on we provided this entertainment fund. All there is to this entertainment fund is exactly what takes place in the Capital here in Washington and what takes place all over the country in the social system under which we live.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. In a moment. A man with $17,500 a year, which is the limit of our pay for ambassador, having to pay rent where we do not own an embassy or legation building, is limited. He has to pay out of his own pocket all of the necessary official entertainment and his own house rent. This entertainment is not limited merely to entertaining foreign officials but very often he must entertain officials of this country. If he happens to be at a port, the entire fleet may call there, and if the officials of the foreign government entertain the naval officers as they always do, he must, of course, reciprocate. I had some experience in the Foreign Service. I served for five years in the Consular Service of this country. I would not want any young man to go through what I went through. I was getting the large sum of $800 a year, to represent the great United States at the port of Fiume, Hungary, and because of the small amount of money I received I was compelled to do typewriting for the British consul to pay my rent. It was a very humiliating situation. If we have provided for a Foreign Service so that a young man may enter the service and make sure of a career in that service and may be provided with a suitable office and with help, and if we so provide that it is not necessary to have an independent fortune in order to make one's way in that service, then I think the gentleman from Texas ought to be the last man on the floor of this House to criticize that system. [Applause.]

Mr. BLANTON. Mr. Chairman, now will the gentleman yield?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BLANTON. I ask unanimous consent that his time be extended for one minute in order that I may ask him a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. Certainly.

Mr. BLANTON. The gentleman admits that there is no restriction placed upon the word "entertainment" in spending that $100,000.

Mr. LaGUARDIA. I do not know that "wine, women, and song" is necessarily entertainment.

Mr. BLANTON. The gentleman surely would not cut out wine, if they wanted it, would he?

Mr. LaGUARDIA. What would the gentleman cut out of the three? [Laughter.]

Mr. BLANTON. I would not spend any at all out of the Treasury for public entertainment abroad.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer the amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 4, line 14, strike out the figures "$400,000" and insert in lieu thereof "$200,000."

Mr. McGUGIN. Mr. Chairman, ladies and gentlemen of the committee, the purpose of offering this amendment is to reduce the figures $400,000 to $200,000, and I do it because I still believe that before this bill is passed this House is never going to vote to spend $760,000 at this time for repairs to the old office building, considering the present conditions in the country. When the time comes that a motion to recommit is offered and there is a roll call, I do not believe for a moment that a majority of the Members of the House are going on record before the people of the country saying that they are willing to spend $760,000 in remodeling the old House Office Building. I have taken occasion to figure out the cost per Member. It amounts to $1,746 per room, or $3,492 for each Member with two rooms. Spending at this time $3,492 per Member to insert a door and make some other improvements over here in the office building is out of all sense of reason and not in keeping with the needs of this country at this time. When there are millions of people that are houseless and many who are hungry, when the agricultural interests of the country are 43 per cent below their pre-war level, then Congress has no right to spend $3,400 per Member for his official luxury. I am one of the junior Members that will have to stay in the old office building, and I would rather stay in one room than place myself in the position where I vote $3,492 from the taxpayers' money in order to make my office more palatial. The statement was made that we had no business to make the new office building palatial and leave the old one in its present state. I figure that this $400,000 is primarily to make the new office building more palatial.

I think it should be cut to $200,000; I think that that will be ample and will be in keeping with what I think will be the situation in connection with the old House Office Building before we are through with this appropriation. I do not believe this House will ultimately vote an appropriation of $760,000 for the office luxury of the Members. I thank you.

Mr. BYRNS. Of course, it is easy to offer amendments reducing appropriations, but I submit to the gentleman from Kansas [Mr. McGUGIN] and to the membership of the House generally that if you expect that new building to be furnished and equipped, you will have to make a larger appropriation than the amount which the gentleman has named in his amendment. The Architect of the Capitol stated to the committee that it was necessary to have $550,000 for that purpose. He gave a list of the furniture that was to be put into those offices, and if you will examine the hearings, you will find that he has not provided any extra furniture, over and above that which will be needed by the Members of Congress and their clerks.

There are 251 suites in that building, with offices for Members consisting of a private office and a front office. There are 12 committee rooms, 5 of them large and 7 of them not so large. Your committee, after thorough consideration—and I confess without knowing exactly whether or not the amount would be absolutely sufficient to provide all the furniture named—decided to cut it to $400,000, a reduction of $150,000.

Mr. McGUGIN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. McGUGIN. The committee did cut out $160,000.

Mr. BYRNS. One hundred and fifty thousand dollars.

Mr. McGUGIN. Upon what theory could the committee do that if they can not cut it further?

Mr. BYRNS. We cut it on the theory that we thought the cost of supplies was diminishing, and the Architect of the Capitol could well cut out some items he had suggested with reference to a gymnasium and a moving-picture apparatus and other items which were included in that appropriation, and we felt that without the possibility of securing inferior furniture he could make a better contract with reference to the amount of furniture actually needed by the Members.

Mr. McGUGIN. Will the gentleman yield further, please?

Mr. BYRNS. I yield.

Mr. McGUGIN. For the information of the committee, can the gentleman advise us about what the per unit cost is for each office which it is intended to expend for equipping this office?

Mr. BYRNS. The original estimate provided for $1,780 per suite; five committee rooms, at $3,750 each; seven committee rooms, at $2,100 each; and, as I have stated, $10,000 for a gymnasium, $5,000 for a moving-picture apparatus, which two items have been cut out; $10,000 for an assembly room which would be used for a caucus room and which the committee felt ought to be so utilized, but it felt that it was not necessary to buy 400 chairs for that room at a cost of $20 each, and therefore cut out that item.

Mr. McGUGIN. Will the gentleman yield further?

Mr. BYRNS. I yield to the gentleman.

Mr. McGUGIN. What is it intended to do with the furniture which the Members have in the old House Office Building?

Mr. BYRNS. That is to be utilized by the membership that will remain in that building.

Mr. McGUGIN. One Congressman does not need two desks. We have enough furniture over there now for 435 Congressmen, have we not?

Mr. BYRNS. I understand the purpose of the other appropriation was to furnish the membership with two rooms, and if the furniture is taken from that building and put into the new building, I submit you will have to make an appropriation to provide furniture for the Members who remain in the old House Office Building.

Mr. SCHAFER. Mr. Chairman, I rise in favor of the amendment.

I agree with almost everything that the proponent of the pending amendment has stated. We have a good chance to economize, and I sincerely hope that our Democratic brethern who are condemning the Republican Party for extravagance and the great deficit in the Treasury will vote the way they talk during newspaper interviews and on the political stump.

Now, with reference to the sporadic outbursts of our Democratic colleague from Texas [Mr. BLANTON], who tried to place the blame upon the Republican administration and Republican Members for extravagance because they had voted for expenditures out of the people's Treasury to carry on the great building program, if the gentleman will refer to the CONGRESSIONAL RECORD he will see that he can not convict the Republican Party without also convicting the Democratic Party.

I do not agree with the gentleman that we should be penurious with reference to providing entertainment funds for our representatives in foreign countries. I am surprised to find that the self-styled champion of the common people, the fighter against predatory interests and those great millionaires of the country whom he vigorously assails from time to time, would vote against an appropriation which is in the interest of the man with moderate means or small means. We do not want only multimillionaires and Wall Street men to represent our country in foreign lands because they alone have sufficient assets to provide the diplomats necessary entertainment found from their own private resources.

The gentleman facetiously brought in the question of "wine, women, and song." I may state to the gentleman from Texas if he wishes to save a good many millions of dollars for the taxpayers and prevent the expenditure of hundreds of thousands of dollars each year for wine, women, and song, expenditures by prohibition agents, such as Kitty Costello, throwing parties in the National Capital, purchasing 12 or 14 quarts of liquor for a dinner party for 6 or 8, he will have an opportunity to do so in this session of Congress. [Applause.] I ask that the gentleman who has "wine, women, and song hydrophobia" come before the Expenditures Committee and ask that committee to support a resolution which I intend to offer, to have the light thrown on the undercover appropriations and expenditures of the Prohibition Department, and let us see whether newspaper reports are correct that prohibition agents testify in court after court that they have to purchase from 18 to 20 or 30 drinks of whisky, with the taxpayers' funds, in order to make a case.

There you have an opportunity, my friend, to take this matter up with your dry Democratic colleagues and ask them to come out in the open and assist you in giving the people some light on this proposition.

Mr. SABATH. Will the gentleman yield?

Mr. SCHAFER. I will gladly yield to the gentleman.

Mr. SABATH. All of the expenditures the gentleman has referred to are approved by a Republican administration?

Mr. SCHAFER. By a Republican Prohibition Director. I will agree with the gentleman that they are approved by a Republican Prohibition Director, but I will state that the present Republican Prohibition Director, Mr. Woodcock, is one of the most honest and able Prohibition Directors we have ever had, and the directors in the district offices under Mr. Woodcock are generally honest. I remember under the Democratic administration, even in the great State of Wisconsin, that many of your directors of prohibition have served terms in the penitentiaries. You have to hand it to the present Director of Prohibition, because he stands high in comparison with many of those holding responsible prohibition-enforcement positions under the Democratic administration.

Many of the Democratic Members talked much about international bankers during the moratorium debate.

[Here the gavel fell.]

Mr. SCHAFER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to proceed for five additional minutes. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, and I shall not object, I want to ask the gentleman if he is in favor of this $100,000 entertainment fund?

Mr. BANKHEAD. Mr. Chairman, this debate has gone very far afield. We have certain rules of procedure in the Committee of the Whole. I have not made any objection heretofore and I shall not make any objection to whatever the gentleman may say; but in order to expedite the consideration of this bill and conclude it, gentleman ought to remember the rule which requires them to adhere to the matter disclosed by the amendment.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SCHAFER. I am talking strictly to the amendment, and if the gentleman wants to object to my statements I suggest that he have his Democratic colleagues adhere strictly to the exact letter of the rule and follow the letter himself at all times. But I am talking to the amendment and the matter which was brought up by preceding speakers. They condemned the Republican Party for extravagance. During the moratorium debate the four horsemen of the Democratic Party, in opposing the legislation, raised the cry of the international bankers and claimed that the Republican Party and administration had sold out, boots and breeches, to the international bankers. The international bankers, who had loaned billions of dollars to foreign countries who were then at war prior to our entering the World War, were mainly responsible for driving this country into the war under a Democratic administration. The Democratic administration bonded our Nation to a staggering amount, and the extravagance of the Democratic administration, the staggering war debt of billions of dollars, and

the increased burden on the Treasury of over a billion dollars each year to care for the World War veterans has a great deal to do with the present depression.

Then you have another Democratic horseman from the State of the gentleman from Texas who claims to be the spokesman in Congress for the veterans. He has criticized the Republican Party with reference to the veterans' bonus. Why, when we were discharged after the World War, I vividly remember the great bonus which was given us under a Democratic administration, a bonus of $60, with which, because of the high prices which prevailed at that time, one could hardly purchase a suit of clothes. That was the great bonus which the Democratic administration gave to the veterans of the World War. The great liberal Democratic administration also gave the totally disabled World War veteran the magnificent sum of $30 per month, and his disability or disease had to be shown during military or naval service, according to the records of the War Department or of the Navy Department.

I tried to obtain recognition right after the gentleman from Texas [Mr. BLANTON] had spoken, in order to advise him that if the gentleman wants to find out how the taxpayers' money is being squandered, and has been squandered in the past, under Democratic as well as Republican administration, where the question of wine, women, and song entered into it, ask your Democratic friends to have a complete investigation of the expenditures of the Prohibition Department; and if you want to save the taxpayers' money repeal the eighteenth amendment and sumptuary prohibition laws, which have changed our American Constitution from a charter of rights and liberty into a criminal statute book. [Applause.]

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment.

If this be a sample of the Republican defense or attack, the Democratic Party may well be pleased, because the people will pay no attention to any such wild and in many instances reckless statements as the one made by the gentleman from Wisconsin [Mr. SCHAFER]. [Applause.]

It seems to me that the gentleman is now the spokesman of the Republican Party. Of course, this was not so some years ago. Then he was a progressive; but now he is a standpatter and a representative of the administration. Of course, I realize the administration needs as a defender a man who can shout and attack carelessly and viciously at all times.

The gentleman charges that the Democratic Party is responsible for the bonus. Yes, it is; but a Republican President vetoed it and in every way handicapped the Democratic Party, but we passed the measure over his veto.

I agree with the gentleman from Wisconsin [Mr. SCHAFER] that by the elimination of the tremendous waste on the part of the prohibition agents, who under the pretense of securing evidence have spent large sums of money for wine and liquor at parties, we shall have gone far in reducing the national deficit. But he should realize that it is all under a Republican administration, and not only have large sums of money been wasted and squandered by these field agents but we have hundreds more on the pay roll that should be eliminated, and thereby save millions of dollars for the American taxpayer. For my part nothing would suit me better than to abolish the entire department, and therefore remove the continuous harassments and annoyances caused by these prohibition spies and "snoopers."

Mr. SCHAFER. Will the gentleman yield?

Mr. SABATH. I will in a moment.

The gentleman charges that the Democratic Party is responsible for this panic or crisis throughout the Nation, and he, with the President, demands immediate action now to relieve deplorable conditions; but, instead of aiding the President, who now is demanding action, he seems to take up a great deal of time uselessly.

Returning to Washington this morning, I noticed in all of the Republican newspapers that the President requests speed in the enactment of his so-called economy program and plan, and I agree with him that we should proceed to legislate now with as much speed as possible; but, Mr. Chairman, for two years I have pleaded in vain for some constructive action, and the Nation has implored the President to come forward and approve a program that would relieve it from this economic and industrial destruction, from this panic, from this crisis. Together with many thousands of business men throughout the United States I have advocated that he should call a special session of Congress and approve a program to create a finance corporation patterned after the Democratic measure—the War Finance Corporation—but he refused to act. I have implored; I have pleaded; and 90 per cent of the banks of the United States have likewise pleaded with him, but all in vain.

During the few weeks since Congress has convened he has been extremely busy sending messages and making recommendations. Now I do not wish to be harsh; if I were, I would repeat, what many citizens charge, that the presidential campaign is approaching and that his communications are due to political expediency, and however much the new spokesman from Wisconsin [Mr. SCHAFER] will try, he will not change the opinion now held by the American people of President Hoover and his administration.

Mr. Chairman, for upward two years I have appealed to the President to aid in securing action on the part of the Federal Reserve Board to extend its power of rediscount. For two years I have urged Mr. Meyer, the Governor of the Federal Reserve Board, and the board to extend this power so as to make possible the saving of the thousands of banks that have been forced to close and to save thousands upon thousands of business men and manufacturers who have been thrown into bankruptcy and have thus brought about the unemployment of over 8,000,000 people in this Nation as well as want and misery to many millions more; but no, the President has failed to act.

Mr. Chairman, the country knows that President Hoover has been indifferent and, consequently, will disregard the many messages he will send in to Congress and what headlines the Republican press will give them; it will not pardon him for his delay. Yes; we need no prodding; we will act and act quickly. I have introduced the very first bill to create a finance corporation, and I hope that within a few days it will be favorably recommended and that the Democratic side, with the assistance of some Republicans, will pass it.

I have every reason to believe that the Banking and Currency Committee will also shortly recommend widening the power of the Federal Reserve Board so as to accept for rediscount short-term municipal paper and other commercial paper that will relieve the commercial and financial situation in the Nation.

My friends, these attacks, trying to blame the Democrats for things that the Republican administration is guilty of, will not avail you. The people know who delayed and who refused to come to the rescue of the country. They know that President Hoover and the Republican administration must be held responsible, and will be held responsible, regardless of what the gentleman from Wisconsin [Mr. SCHAFER] or any other Representative of this administration may say on this floor or in the newspapers throughout the Nation. [Applause.]

I have in my hand here a number of telegrams that I sent in 1929 and in 1930 and even in 1931 to the President, requesting and pleading that my plan be approved by him to relieve the conditions; I have done so because we had a Republican House and a Republican Senate, and I knew it was futile to attempt to pass any relief legislation without his O. K.

But within the last two months something has transpired. The elections have been held and the people have spoken, and he has realized that the American people have spoken in no uncertain manner and that extraordinary efforts will have to be made on his part to rehabilitate himself with the suffering American people.

To my great surprise he did, rather late, recommend to Congress the adoption of legislation which I have advocated, as I have stated previously, for nearly two years. It is to be

regretted that he has permitted himself to be misled in his term of office by the international and Wall Street financiers.

In conclusion, I can not help making the assertion that it is my opinion that this banking group must realize that some effective measure is necessary to save the country from complete ruin and is giving the President permission to advocate the relief legislation which the country has pleaded for during his entire term. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, with respect to the amendment which is before the committee and to which the gentleman from Alabama [Mr. BANKHEAD] referred, we have digressed a considerable distance and I would like to return to the one item of the furnishing of rooms. I understood the chairman of the committee, our distinguished friend the gentleman from Tennessee [Mr. BYRNS], to say that the estimate of $400,000 was based upon an appropriation of $1,760 a room, and this figure was confirmed by the gentleman from Kansas, who offered an amendment reducing this total sum from $400,000 to $200,000. I think the only mistake the gentleman from Kansas made was that he did not propose to reduce it more.

I have had a little experience with purchasing furniture. It is not necessary that we should have the latest mahogany patterns or that our chairs should be of the latest type or of the most expensive leather. Let us get right down to the details and see what would be a fair sum to comfortably, not luxuriously, furnish the rooms.

I have just written these figures off. I would be glad to take the contract if I was in a position where I could do business with the Federal Government. These are the figures: Desk, $100; four chairs, $150; two secretaries' desks, $100; two secretaries' chairs, $50; carpet, anywhere from $50 up, call it $50; bookcases, $150; coat racks, $10; incidentals, $15; making a total for furnishing a room for any ordinary man doing business for himself not to exceed $625 per room.

Mr. FREAR. That furniture is already on hand.

Mr. TREADWAY. And half of that furniture is already on hand, as the gentleman from Wisconsin says.

Mr. FREAR. All of it.

Mr. TREADWAY. We have to furnish two rooms. But, Mr. Chairman, for the offices in the old building you could not possibly expend, without going into luxuries, $700 on a particular room.

I do not think of any article I have omitted in this list that is supplied in my office in the House Office Building.

Mr. BYRNS. I did not refer to so much money for a room. The gentleman understands that this involves two rooms instead of one for $1,780, which was the estimate submitted to the committee, and we made it $560,000. The committee is not favoring any proposition which involves anything like $1,780 for a suite.

Mr. TREADWAY. You will have 218 Members in the new office building and 218 times $625 is about $150,000.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TREADWAY. Mr. Chairman, I ask for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TREADWAY. Let me make this one statement in this additional time. I am not personally interested in this matter. I was only anxious to see if we could not in a businesslike way combine for economy. There has been a lot of talk about economy in the last two days. Let us show a practical illustration of economy by adopting the motion of the gentleman from Kansas making this sum $200,000 at the present time.

Let me add this one thought: If when the building is completed it is found there is still need for further investment in furniture, Congress will be in session and, while I hope that the gentleman from Tennessee will not be in a position to be chairman, as I hope the chairmanship will pass to the other side, I will say this, that if we are still under Democratic control, I certainly hope the gentleman from Tennessee will continue as the efficient chairman of this great committee, because I realize that he is anxious for economy just as much as the rest of us.

Mr. BYRNS. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. BYRNS. I want to ask the gentleman if he recently submitted an estimate for furniture or a requisition for furniture for his office in the House Office Building, and if so, what was the value of the furniture he requested in his requisition?

Mr. TREADWAY. I have the furniture that was left in the office by my friend from Alabama [Mr. ALMON]. I am a great believer in and lover of antiques. I not only have old furniture in my office but in my own home and made no request for special furnishings.

Mr. BYRNS. I have understood that the value of the furniture requested was $1,700.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. WILLIAM E. HULL. But there are two rooms to furnish instead of one in the new office building, so that instead of 218 Members you are taking care of practically double that number.

Mr. TREADWAY. We have 218 men going into that building.

Mr. WILLIAM E. HULL. But there are two rooms to furnish for each man.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. The question is on the amendment offered by the gentleman from Kansas.

The question was taken, and on a division (demanded by Mr. SCHAFER) there were—ayes 13, noes 73.

So the amendment was rejected.

The Clerk read as follows:

GEORGE WASHINGTON BICENTENNIAL COMMISSION

For an additional amount for the George Washington Bicentennial Commission for the fiscal years 1932 and 1933, including the same objects specified under this head in the independent offices appropriation act, 1932, $250,000.

Mr. KVALE. Mr. Chairman, I move to strike out the last word in order to ask a question of the chairman of the committee. At this point in the bill the accompanying report shows that the Budget included an item for $20,000 on request of the Federal Trade Commission for the stated purpose of securing a stenographic record of the hearings being held by the commission.

That item does not appear in the bill, and I ask the chairman to make a statement for the record explaining why it was omitted.

Mr. BYRNS. That item included $9,500 for additional stenographic work. It related wholly to the stenographic work which the commission has been doing in an investigation of the cottonseed-oil industry, most of which has taken place in the State of Texas. That investigation was carried on under a Senate resolution, a resolution with which the House had nothing to do. The request for the additional sum was made necessary because the Federal Trade Commission had used some of the appropriations which were given it for investigations along other lines, in carrying on this investigation ordered by the Senate without the concurrence of the House. In view of the fact that it was altogether a Senate inquiry, the committee felt that it was a proper subject to leave to the Senate in order that the Senate may understand just what its resolutions are costing and that the Senate might put it in if it sees fit. Of course, if there is a proper need for such an appropriation I have no doubt but that the House will later on concur.

Mr. KVALE. But the gentleman and the committee had nothing in their minds that would tend to show any desire to slow down these investigations?

Mr. BYRNS. Not at all.

Mr. KVALE. Or the dissemination of information collected through these investigations?

Mr. BYRNS. Not at all; on the contrary, and I think I speak for the committee, and certainly for myself, when I say that it is our desire that these investigations shall proceed at the earliest possible moment, and just as vigorously and earnestly as possible.

Mr. KVALE. I thank the chairman and withdraw the pro forma amendment.

Mr. TREADWAY. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. TREADWAY: Page 7, line 13, after the figures "$250,000," strike out the period, insert a comma, and the following: "*Provided*, That no part of this appropriation shall be used for the purposes of the commission after February 22, 1932."

Mr. TREADWAY. Mr. Chairman, in offering this amendment, I have hastily run through the hearings before the Committee on Appropriations on the George Washington Bicentennial Commission, where the director, our colleague, the gentleman from New York [Mr. BLOOM] appears as a witness. He provides the committee with such information as they asked for. I call attention to one or two items. There is one for personal services, salaries, amounting to $283,613.78; for printing and binding, $98,456; for stationery and office supplies, $17,328. I commend to the attention of this committee the statement provided by Mr. BLOOM on page 36 of the committee hearings. There has been a total allotted and appropriated by the Bicentennial Commission of $835,716.02, and now we are asked to appropriate $338,000 which the committee cut to $250,000 in this deficiency appropriation bill.

I know there is no American citizen who does not want to show proper respect to the memory of George Washington and the commemoration that is to take place on February 22, but I submit that it is nothing more nor less than a vaudeville stunt when people are asked to put covers on their spare tires on the back of their automobiles which carry a chromo of George Washington upon them. I submit that when the director of the Bicentennial Commission has his photograph taken with numerous trinkets that are to be sold to the public throughout the country this year, it is lowering the memory of George Washington among the people of the country.

I heard the distinguished director make an address a few nights ago wherein he bragged that the commission in half a minute's time could locate every organization in every place where there is a post office in the United States. What in the name of all that is good has that to do with commemorating the two hundredth anniversary of the birth of George Washington? There is a suite of offices and the director is proud of the fact, occupying an entire floor in one of the office buildings down town. The rents are put in here at $15,306 up to the close of this fiscal year. What is there to it in honor of the memory of George Washington? The matter has gone so far as for us to have received through the mails under the frank of the Bicentennial Commission an advertisement of a publication urging people to subscribe to that publication.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. No; I prefer to complete my statement. I am making a correct statement and the gentleman can make his own. I submit that no matter whether the gentleman from New York [Mr. BLOOM] approved it or not, this advertisement should not have been sent to a single Member of Congress under the franked envelope of the George Washington Bicentennial Commission.

I have both the advertisement and the frank envelope to prove what I am saying. That is the sort of propaganda that is going around the country to-day in the name of the celebration of the memory of George Washington.

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, ladies, and gentlemen, I very much regret that my colleague [Mr. TREADWAY] has brought up certain questions which I am compelled to answer, because I feel the gentleman is very much mistaken. The gentleman is mistaken in his last statement, wherein he says that the commission or the associate director sent out anything under the frank or under the penalty envelope that should not have been so sent out. I would be glad to yield to the gentleman at any time. He can ask any question he wishes. I am willing to be interrupted.

Mr. TREADWAY. I did not yield to the gentleman while I was speaking, and he is very courteous to yield to me.

Mr. BLOOM. I am glad to yield to the gentleman. I would like to say right now that if I am given sufficient time I shall be pleased to stand here and answer every question that any Member of the House would like to ask me. I want to have it understood by everyone just exactly what we are doing. I do not want to deal in personalities. If anyone brings up a question and I am compelled to answer, I want you to know that there is nothing personal in it at all.

Mr. TREADWAY. Does the gentleman say that I did not receive at my home in Stockbridge, Mass., a circular advertisement of a publication under the auspices of the gentleman's commission, included in a frank envelope from them?

Mr. BLOOM. May I answer that by asking the gentleman a question? Does the gentleman refer to the Literary Digest?

Mr. TREADWAY. I do.

Mr. BLOOM. Mr. Chairman, ladies, and gentlemen, I am very glad the gentleman asked this question and I am going to answer it and prove that the gentleman is entirely mistaken, and it was the gentleman from Massachusetts [Mr. TREADWAY] who violated the law by sending this paper to himself.

Mr. TREADWAY. I beg the gentleman's pardon. I never did it.

Mr. BLOOM. Will the gentleman allow me to answer? Please remember that I am not personal in this, but I want to prove that we, the commission, are right. The gentleman can attack me. I am willing to be attacked.

Mr. TREADWAY. Oh, not personally.

Mr. O'CONNOR. Mr. Chairman, a point of order. May we have the rules of the House observed, that if a gentleman wishes to interrupt, he should first address the Chair and then ask the other gentleman if he will yield?

The CHAIRMAN. The Chair will enforce the rules.

Mr. BLOOM. Now, gentlemen, this is what happened: The Literary Digest is spending a lot of money in having an essay contest with reference to the different phases and events in the life of Gen. George Washington. They sent to the commission by express several hundred of those papers showing what they were doing, and when we received the papers we wrapped them up and sent one to each Member by hand delivery. How did we send them? We had a boy go up in a taxicab and deliver them at the House Office Building. They were not sent through the mails; nothing like that, but they were delivered by a boy in an envelope or in a package carrying the name of the Bicentennial Commission. The gentleman from Massachusetts [Mr. TREADWAY] had left word with the Postmaster at the House Office Building that all mail in his box or mail delivered to him in care of the House Office Building should be sent to him at his home in Massachusetts, so the Postmaster forwarded the envelope to the gentleman in Massachusetts and the gentleman in Massachusetts, wanting to help us out very much, wrote to the postmaster that we had disobeyed the law. So we looked it up and said to the postmaster, "No; we did not disobey the law, but the gentleman from Massachusetts disobeyed the law." [Applause.]

Now, let us be fair about all of this. As I said at the outset, you may ask me any questions you want to and I will try to answer them.

May I answer the question with reference to the tire covers? We have heard of that often. The commission had no more to do with it than any of you Members did. When Colonel Grant and I were associate directors a gentleman came in and said, "What do you think of this?" showing us a tire cover. And we both agreed that it might be a good advertisement at that time. The commission did not buy any. We had nothing to do with it. They are still sell-

ing them, selling them all over the country. The only thing I did was personally to buy a lot of them and give them to you gentlemen for nothing. That is all I did.

Now, may I answer the gentleman with reference to the trinkets?

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, the gentleman from New York [Mr. BLOOM], who has rendered distinguished service in this matter, was unavoidably kept from the House on yesterday when this matter was under general debate. Therefore, the gentleman did not have an opportunity to speak on this subject, and I ask unanimous consent that the gentleman from New York be given 15 additional minutes, in view of the facts I have stated.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

Mr. VESTAL. Will the gentleman yield?

Mr. BLOOM. Yes.

Mr. VESTAL. When the gentleman spoke about spending his good money to help these folks, did he mean the commission's money or his own money?

Mr. BLOOM. My own money. I bought these tire covers myself. If you do not agree with me that it was a good thing, you and I differ; but the commission had nothing to do with it. It was just an idea which Colonel Grant and I personally thought was good.

Now, let me explain to you about these trinkets with which the gentleman from Massachusetts said I had my picture taken. I want to say right now that we have been trying all along—that is, this commission has—to bring about a better condition in the unemployment situation of this country, so as to have more people employed in manufacturing goods. This commission could not receive or could not get a sufficient amount of money to do it. If you made an appropriation of $25,000,000, you could not get what the commission is getting now without the expenditure of practically any money. We figure that directly and indirectly throughout this country we have placed in employment at least 500,000 people, and I am going to prove that to you if you give me the time.

Let me read to you a letter coming from the Noma Electric Corporation dated December 15. These people are manufacturing what they call a shrine. I want to say right here, Mr. Chairman, that we have invited each and every Member to call at headquarters in order to see just what the commission is doing.

We wanted you to come because we knew that if you came there once and saw what this commission is doing and how it is spending your money, you would have no criticism of our work. Let me tell you right now that every dollar and every cent that is expended by this commission goes through four hands and is checked off by four different people and finally goes to Senator FESS, who approves or disapproves of the expenditure. Up to date we have not had objection to any bill that has ever been presented to this committee. This letter from the Noma Electric Corporation to which I have just referred says this, amongst other things:

> In the sincere thought of furthering the ideals of your commission and the interest of maintaining employed our present workers, as well as many thousands of new ones it will be necessary to hire, this corporation, the largest in its industry in America, herewith places its entire resources and strength behind the great effort to distribute thousands upon thousands of these George Washington shrines to every part of this country and to as many foreign countries as it will be possible to reach.

Then it continues:

> Your worthy suggestion of using unemployed American Legion men as well as other unemployed men in the sales distribution of these shrines is heartily accepted. We will work out a special plan to enable such unemployed men to earn a sizeable wage. It is our opinion thousands of such men can be employed throughout the country.

The reason we have these trinkets and the reason we are asking these people to get out all the different kinds of literature is to get them to employ people, thereby advancing the celebration. That is what we are trying to do. We can convince any Member of this House that we are doing it and can give you a list of the different manufacturers.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLOOM. Yes.

Mr. O'CONNOR. As to these shrines, is it correct that this company itself sells them and the commission does not? That is correct, is it not?

Mr. BLOOM. That is absolutely correct.

Mr. O'CONNOR. Is it also correct that you control the price on them?

Mr. BLOOM. Absolutely.

Mr. O'CONNOR. And you will not permit them to sell them at what you think is an exorbitant price?

Mr. BLOOM. Yes. I want to say this, that as soon as anything is submitted to the commission we approve or disapprove of it in this way: If, for instance, the likeness of General Washington is satisfactory to the commission, we say so. It is not I personally, but it is the commission that decides. If the likeness is correct, then the historian corrects the data; if these are correct, then we make the manufacturers put a price on it. If they say, "Well, we are going to sell this for $5," we say, "That is too high." We realize that once we approve of something, they can go out and perhaps sell it at a higher price than if they did not have the approval of the commission.

So we make them get our approval in advance. But remember this: We are not commercial; we do not handle any money, and when I say "we" I mean the commission. We have nothing to sell. You could not buy anything from us at any price, but if you want to buy anything direct from the manufacturers that we distribute ourselves we allow you to buy it at the same price at which it is sold to the Government. For example, if you wanted to buy any of the Washington art plates that are distributed throughout the country, then the manufacturer or the printer must sell you one or five hundred thousand or a million at the same price at which he sells to the Government. So we are not commercially interested in it one way or the other. I now yield to the gentleman from Michigan.

Mr. MICHENER. The gentleman stated that one of the purposes of the commission was to find employment. It was my understanding that this commission was set up for the express purpose of putting on a dignified celebration commemorating a great event, and if the gentleman and his commission are holding themselves out as an employment agency, as an employment bureau, or possibly posing as a part of the reconstruction program, they are in error, because that is not within the scope of the authority of the act creating the commission. That was my thought.

Mr. BLOOM. I have never brought that out before and I would not have brought it out now had not the gentleman from Massachusetts mentioned these facts. Naturally I defended our actions. We are not concerned about the sale of any of these things, but we are concerned—not through publications, through the press, or through advertising—in trying to give as many people employment as we possibly can. Probably that is not functioning in accordance with the act, but if we can do it, I hope that gentleman will not object to our trying to do it.

Mr. MICHENER. My only objection is this: According to the gentleman's statement, the commission in some manner has given its approval to some of these commodities which are being sold throughout the country. I referred yesterday to the George Washington Bicentennial Commission Costumes (Inc.) and to the fact that statements are going over the country to the effect that the Congress of the United States is spending millions of dollars in advertising this celebration.

In some of our districts there is a reaction. We do not feel at this particular time that the Congress of the United States should be spending millions of dollars to advertise the fact that George Washington lived, and according to the gentleman's statement this material has gone out with his approval.

Mr. BLOOM. It is not Congress but the manufacturers who are spending this money in advertising. We wrote to the firm that the gentleman has mentioned, after some one called our attention to some of their statements, telling them they would have to stop making them. The letter was written on December 29. We told them that some of their statements were bringing about a little bit of comment on the part of some people with reference to the Government spending all this money. The Government is not spending this money.

If you allow the commission all that it has asked up to the end of the celebration, which is beyond this fiscal year, because the celebration is to be extended——

Mr. MICHENER. How long does the commission expect to operate?

Mr. BLOOM. Until Thanksgiving Day of this year.

Mr. MICHENER. How much money is now in the Treasury unexpended?

Mr. BLOOM. Unencumbered, $161,021.64; encumbered, $291,718.32.

Mr. MICHENER. Then you have $161,000, in round numbers, unencumbered?

Mr. BLOOM. Yes.

Mr. MICHENER. So that if the provision in the pending bill were stricken out entirely you would have $161,000 with which to finish your advertising and close up business.

Mr. BLOOM. I would not say advertising, because we do not advertise. There is no advertising in this. We have not spent one cent for that purpose. We have spent the money for papers and documents that the gentleman's State, as well as every other State, is clamoring for. If you do not allow us to continue and to fill the orders that we expect to get between now and the end of this fiscal year, then, we might just as well stop.

Mr. MICHENER. That is what I mean. If we stopped right now you will not be prevented from fulfilling any obligations, but you will be prevented from filling the orders, as the gentleman puts it, which you expect to get later.

Mr. BLOOM. No; just the reverse. If we do not get this appropriation now we can not fill the orders that we have on hand at the present time. This appropriation is not to extend beyond the end of this fiscal year, and it is necessary to-day to finish the orders and to get out the publications that we are supposed to get out.

The gentleman from Michigan will remember that he wrote me for a lot of things several weeks ago or several months ago that I could not fill, because I have not the money.

Mr. MICHENER. Wait a minute. The gentleman has just referred to our correspondence——

Mr. BLOOM. I said that the gentleman wrote to me about publications and I could not fill his orders.

Mr. MICHENER. Yes; I wrote to the gentleman about those pictures. The gentleman kept calling me up and writing me and telling me I had not sent out this material, and wanted to know why I was not sending it out, and, finally, I talked with some one down there and told him that I viewed this matter just as I did the free-seed distribution, that I always opposed the appropriation for free seed and did everything I could to prevent the appropriation, but after the appropriation was made and my quota was allotted to me, I then sent that quota out to my district because it would be no saving to the Government if I did not send it out.

Mr. BLOOM. Would the gentleman permit me right here, or would the gentleman have any objection if I read a couple of his letters?

Mr. MICHENER. Not a bit; whether I wrote them or my secretary wrote them.

Mr. BLOOM. I would rather not read them if the gentleman has any objection.

Mr. MICHENER. No; I will be very glad to have the gentleman read them.

Mr. BLOOM. This is dated December 10.

WASHINGTON BICENTENNIAL COMMISSION.

GENTLEMEN: Prof. Fred C. Fisher, Deputy Commissioner of Schools, of 2615 Barium Tower, Detroit, Mich., has asked for the following publications to be distributed to the rural and smaller village schools of Wayne County:

One hundred and fifty portraits of George Washington—

That is the one the gentleman just referred to.

Mr. MICHENER. Yes; and that was after our talk.

Mr. BLOOM. And these are the things the gentleman did not just refer to:

One hundred and fifty handbooks of the George Washington Appreciation Course; 150 copies of each of the following Washington pamphlets:

One hundred and fifty copies of Frontier Background of Washington's Career, 150 copies of Washington the Man of Mind, 150 copies of Tributes to Washington, 150 copies of Washington the Farmer, 150 copies of Washington as a Religious Man, 150 copies of Washington the Colonial and National Statesman, 150 copies of Washington and the Constitution, 150 copies of Washington as President, 150 copies of Washington, Proprietor of Mount Vernon, 150 copies of Washington the Military Man, 150 copies of Washington the Traveler, 150 copies of Washington the Business Man, 150 copies of Washington as Engineer and City Builder, 150 copies of Washington, Home and Fraternal Life, 150 copies of Race Elements in Washington's Time, 150 copies of Classified Washington Bibliography.

I am inclosing addressed franks and if you need more franks and will advise me, I shall be pleased to send them.

Yours truly,

EARL C. MICHENER, M. C.

During the reading of the letter—

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MICHENER. Mr. Chairman, I ask unanimous consent that the gentleman may have 15 minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

After the reading of the letter—

Mr. MICHENER. May I ask the gentleman a question following that?

Mr. BLOOM. Certainly.

Mr. MICHENER. Those are the publications that the gentleman has been advertising and which the gentleman has claimed he would send out.

Mr. BLOOM. Yes.

Mr. MICHENER. The gentleman's commission sent word to this Detroit official that they were not getting their quota and that they were entitled to these things and then they wrote to me and after explaining my situation to the gentleman I said that if these things were issued I wanted them sent there, is not that correct?

Mr. BLOOM. Yes; that is correct; but further answering the gentleman's question—I suppose we will let the letters drop now, although I have more of them, but there is no use putting them all in the RECORD.

Mr. MICHENER. You may put them all in if you want to.

Mr. BLOOM. No; but here is the idea. I want to answer the gentleman's question.

I will answer the question this way. A few minutes ago the gentleman from Massachusetts stated that we could at the bicentennial headquarters tell you anything about the United States in less than half a minute. I do not have to be at headquarters to do that. Now, is there anything about the State of Michigan that the gentleman wants to know?

Mr. MICHENER. If all Members got these publications as I did and under the conditions I got them, it would not change the conditions.

Mr. BLOOM. You wrote for them.

Mr. MICHENER. If you have printed those books——

Mr. BLOOM. We have not printed them. I am trying to get the money to print them.

Mr. MICHENER. You wrote various parties asking them to send them out; and if they did not, you called them by telephone and wrote us letters asking us why we did not send them out. I said that I treated the matter as I did the free seeds, that if they were going to be sent out then I would send them out.

Mr. BLOOM. Let us plant the seed right there. Let us see when you or any other Member has ever received a

letter from the commission with reference to anything else except the things we wanted you to send out. In other words, we have been fair to each and every Member of Congress. We have not taken it on ourselves to send things out in the name of the commission. We wanted each and every Member to send them out under their own frank in their own districts. We have not written to the Members about the things—you wrote to us.

Mr. SMITH of Idaho. Will the gentleman yield?

Mr. BLOOM. Certainly.

Mr. SMITH of Idaho. I am curious to know why other Members of Congress have not been favored with these things.

Mr. BLANTON. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. BLANTON. If the gentleman from New York were to furnish to the other 434 Members of Congress as many periodicals, and in the quantities asked for, as the gentleman from Michigan has requested him to send to his Michigan district, how much money would he have to have? [Laughter.] I want to compliment the gentleman from New York on the efficient way in which he has handled this job. [Applause.] And I want to say that every letter I have written to him, whether important or not, has brought an immediate answer.

Mr. BLOOM. I thank the gentleman.

Mr. TREADWAY. Has the gentleman from New York finished with the gentleman from Michigan?

Mr. BLOOM. I do not know. What I want to know is whether the gentleman from Michigan has finished with me. [Laughter.]

Mr. MICHENER. Let me say that I have 150 rural schools in Wayne County, which is in my district, and there are a great many more schoolrooms in my district.

Mr. BLOOM. Does the gentleman want to know how many there are? He has 2,414 schoolrooms in his district.

Mr. MICHENER. I said that I had 150 rural schoolrooms in Wayne County.

Mr. TREADWAY. I hope the gentleman will pardon my interruption. I only rise at this time to call his attention to what was said about my use of the frank. I think the gentleman referred directly to me.

Mr. BLOOM. Yes.

Mr. TREADWAY. I would like very much to have the gentleman examine this envelope and see if there is any evidence whatsoever that I had anybody forward that envelope to me.

Mr. BLOOM. This envelope bears out exactly what I said.

Mr. TREADWAY. Oh, no.

Mr. BLOOM. I am answering the gentleman.

Mr. TREADWAY. Go ahead. I want to show the gentleman the contents; I want the House to see the envelope that I received and the articles in it.

Mr. BLOOM. Perfectly right.

Mr. TREADWAY. It is an envelope addressed to me and postmarked in Washington. There is the postmark in the corner [indicating].

Mr. BLOOM. Perfectly right.

Mr. TREADWAY. Just let me alone.

Mr. BLOOM. I just want to bear the gentleman out where he is right, and then I will tell him later where he is wrong.

Mr. TREADWAY. I should be very glad to hear that later on. Some gentleman asked me about the envelope. There it is. Here is the mark, posted in Washington on October 17, 1931, and it is the envelope of the United States Commission for the Celebration of the Two-hundredth Anniversary of the Birth of George Washington, Washington Building, Washington, D. C. "Official business. Penalty for private use to avoid payment of postage, $300." Here are the contents: A copy of the Literary Digest of September 19, 1931, and a circular of the Literary Digest, headed, "Celebration of the Two-hundredth Anniversary of the Birth of George Washington," with a letter addressed to "Dear friend"—a perfectly straight advertising proposition and nothing else, and it goes on with a continuation of the advertisement, but the little joker in the thing is here, that in order for these schools, of which our friend from Michigan has such a large list, to participate in these efforts to secure the prizes offered by the Literary Digest, the condition is that every class that sends in 25 or more school subscriptions to the Literary Digest for the term of the first semester, "price, 6 cents per copy," will be presented with two beautiful and specially designed pins, which are illustrated here. In other words, a straight effort on the part of the Literary Digest to use the name of the Bicentennial Commission in order to secure subscriptions to that publication. Then, furthermore——

Mr. BLOOM. Oh, I yielded for a question and not a speech.

Mr. O'CONNOR. I am wondering whether the gentleman from New York realizes that the gentleman from Massachusetts is taking up all of his time.

Mr. BLOOM. I just objected to it.

Mr. TREADWAY. Let me just ask whether or not officially you allow the Literary Digest to receive from your office assistance or suggestions which are marked "furnished free by the Bicentennial Commission," and "photographs by courtesy of the George Washington Bicentennial Commission"? Also, kindly explain why those two publications should have been received in a franked envelope.

Mr. BLOOM. All right. Mr. Chairman and gentlemen of the House, it bears out everything I said at the start. Naturally we have only one kind of envelopes and all have the same wording on them. These articles were sent out in this envelope but were not delivered through the mail. They went in this way up to the House Office Building, the same as you gentlemen receive many kinds of material. This is not anything new, and we knew that we had no right to send that out through the mail. We sent them up to the House Office Building and they were put in the Members' box, but the gentleman from Massachusetts was away at that time and he left word that all of his mail should be forwarded to him wherever he was.

Mr. MORTON D. HULL. Is the envelope readdressed?

Mr. BLOOM. No.

Mr. TREADWAY. It is plainly addressed.

Mr. BLOOM. This calls my attention to a fact so that now I know that I am right. [Laughter.] This went over to the House Office Building post office, but it is addressed to Stockbridge, Mass., and was mailed from over there. This did not go in the mails from the commission office. We had nothing at all to do with mailing this. An investigation which we asked the post-office authorities to make confirms this statement exactly. Let me answer your other questions, please.

Mr. TREADWAY. Just a moment.

Mr. BLOOM. No, no; let me answer.

Mr. TREADWAY. You did not answer the first one.

Mr. BLOOM. I will answer anything you want. This is an advertisement for the Literary Digest's national school essay prizes for the bicentennial celebration.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. In just a moment. Now, the help or suggestions—get this, this is what he has been puzzled about—the help or suggestions furnished free by the George Washington Bicentennial Commission, Washington Building, are what we advertised for.

That is what this literature is for—to send out to the students, to the teachers, to the pupils throughout the country, to give them suggestions about George Washington. We are cooperating in exactly the same way with scores of other magazines and newspapers. It all helps the celebration. Why are we getting out this literature? Let me tell you. If you want to see our literature, I have a big package underneath the table there. We have gotten out for the first time in the history of our country an appreciation course of how to teach the teachers of this country to teach the pupils, the children, the country, the history of George Washington and the history of our country, accepted in the universities and colleges, and if there is any Member of Congress here who wants to know what his State

has done or any other State with reference to this matter, I can tell it to you in half a minute.

If people whose interest is aroused by newspapers or magazines write to the commission on any question that they want to know something about concerning the life of George Washington, naturally we would send it to them. That is what we are created for, to get out this information and send it around the country.

"Photographs by courtesy of the George Washington Bicentennial Commission." Certainly. That is the usual form of credit used universally. In other words, some of the photographs used here, although not all of them, were furnished by the commission. In other words, again we wanted to get it right. For example, I may say to the gentleman from Massachusetts [Mr. TREADWAY] that had we furnished the photograph of Mount Vernon, we would not have given them this one, because it is all wrong. So we did not furnish that.

Mr. McGUGIN. Will the gentleman yield?

Mr. BLOOM. I yield now.

Mr. McGUGIN. Irrespective of whether it went through the mail or not, what business has a Government bureau trying to boost one magazine against another, whether it be the Literary Digest, Collier's, the Saturday Evening Post, or what not?

Mr. BLOOM. I will answer the gentleman in this way: We are not boosting a magazine. We cooperate with all alike. What we are boosting is the essay contest, the same as the contest in the Washington Post——

Mr McGUGIN. There was the combination between the Bicentennial Commission and the Literary Digest to promote two things, to advertise the Literary Digest and to advertise the Bicentennial.

Mr. BLOOM. I am sorry. I must take exception to the remarks of the gentleman, because there was no combination at all. The commission is organized to do one thing——

Mr. McGUGIN. Why were you sending that out?

Mr. BLOOM. I do not yield further unless the gentleman will allow me to answer him.

The CHAIRMAN. The time of the gentleman from New York [Mr. BLOOM] has again expired.

Mr. McGUGIN. I beg the gentleman's pardon. I ask, Mr. Chairman, that the gentleman have further time.

Mr. O'CONNOR. Mr. Chairman, I ask unanimous consent that the gentleman from New York have 15 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. O'CONNOR]?

There was no objection.

Mr. BLOOM. There is no tie-up in this thing at all. When the Literary Digest sent this in with the request that we send it to the Members of Congress, so as to acquaint them with this essay contest, we did it. I do not know anyone connected with the Literary Digest.

Mr. McGUGIN. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. McGUGIN. Why were you sending that out, through the mail or otherwise, when it is advertising for subscriptions to a given paper?

Mr. BLOOM. I beg the gentleman's pardon. The thing we were interested in was the essay contest, and we sent it to Members of Congress only, and for their information.

Mr. McGUGIN. And the Literary Digest was interested in the subscriptions.

Mr. BLOOM. If the gentleman thinks it was a mistake, I am sorry. We are doing thousands of things, and I may not do everything to the satisfaction of every Member, but I assure you I am doing the best I can.

Mr. WOODRUFF. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. WOODRUFF. Do I understand that only pieces of literature such as we have seen here to-day that were sent out by the gentleman's office, were sent to Members of Congress?

Mr. BLOOM. That is all.

Mr. WOODRUFF. And they were not sent to the general public?

Mr. BLOOM. Oh, no.

Mr. WOODRUFF. Anything of that kind that has gone to the general public has gone through the office of the Literary Digest?

Mr. BLOOM. Absolutely. We had nothing to do with it at all. The package sent to us was only sent to the Members of the House.

Mr. SPARKS. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. SPARKS. They were sent to Senators also, were they not?

Mr. BLOOM. I do not know whether they were or not. I think they are Members of Congress.

Mr. TREADWAY. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. TREADWAY. May I ask the gentleman how the Literary Digest secured the envelopes from the Bicentennial Commission, with their frank upon it, in order to send an advertising proposition to Members of Congress?

Mr. BLOOM. I have said several times that the way this happened was that the Literary Digest suggested they would like to distribute them to the Members of Congress and they sent them by express down to me. I knew we could not mail them, and I wrote to the postmaster just as soon as the gentleman from Massachusetts did with reference to this matter. I wrote to the postmaster as soon as my attention was called to it, and I investigated the matter. If the gentleman wishes, I will really give him an affidavit that that is the way it happened. The commission had nothing to do with it. They sent the magazines down here in bulk and we put them in envelopes and sent them to the House Office Building and asked the House Postmaster to distribute them. If I have done anything wrong about it I am sorry for it.

Mr. TREADWAY. Who put the address "Stockbridge, Mass.," on my envelope?

Mr. BLOOM. I will tell the gentleman how that happened. We have an addressograph, and evidently we had that address for the gentleman's mail. The clerk handling this envelope evidently did not consider it necessary to scratch "Stockbridge, Mass.," off, as it was going to the House Office Building by hand. I would like to say that we send out a million or a million and a half pieces of literature a month, and if we made a mistake I am sorry. We are doing the best we can, but this is the first complaint of this kind that has ever been made against the Bicentennial Commission.

Mr. WOODRUFF. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. WOODRUFF. It is a fact, is it not, that the Bicentennial Commission has not turned over to the Literary Digest or anyone else, franked envelopes in which to send advertising material out to the public?

Mr. BLOOM. Oh, no. Nothing like that has happened.

Mr. VESTAL. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. VESTAL. I simply wanted to make that a little plainer. As I understand, the Literary Digest sent this advertising matter to the Bicentennial Commission?

Mr. BLOOM. Yes, sir.

Mr. VESTAL. Asking the commission if they would not send or distribute that to the members of Congress?

Mr. BLOOM. That is absolutely correct.

Mr. VESTAL. And then you used your own envelope?

Mr. BLOOM. Yes, sir.

Mr. VESTAL. And put in this other proposition that the gentleman has shown here, and delivered it to the House Office Building?

Mr. BLOOM. Yes.

Mr. VESTAL. It was not mailed through the mail at all?

Mr. BLOOM. That is absolutely correct.

Mr. VESTAL. And that is the only place it went?

Mr. BLOOM. Yes, sir.

Mr. OLIVER of New York. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. OLIVER of New York. Is the Literary Digest a respectable paper?

Mr. BLOOM. I guess it is. I read it all the time.

Mr. OLIVER of New York. I never knew of a commission to act with greater interest for the membership of the Congress and greater devotion to the cause for which it was initiated, than the commission which the gentleman leads. I want to congratulate the gentleman.

Mr. BLOOM. I thank the gentleman.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. O'CONNOR. I want to clear up something, because I received an entirely different impression when the gentleman from Massachusetts [Mr. TREADWAY] was speaking.

He spoke of the amount for personal services, $283,000, but he neglected to say that was for the six years the commission has been in existence. He mentioned stationery and office supplies, $17,000, and he also neglects to say that was for six years.

Mr. BLOOM. All of the figures are from December, 1924.

Mr. TREADWAY. Will the gentleman yield?

Mr. BLOOM. Yes.

Mr. TREADWAY. I am very glad to have that correction and the gentleman from New York is undoubtedly correct, but I would like to call attention to the item directly under it, where it distinctly says that the pay roll of the commission at headquarters from June, 1931, to November, 1931, ranged from $15,000 to $20,000 per month. The total during those six months only—not six years but six months—for the pay roll of the office carried on by the gentleman from New York in the Washington Building, or wherever the offices are, amounted to $107,788.40. That is correct, is it not?

Mr. BLOOM. I will answer that in this way: All of the figures you have in my report are from the beginning, from the first day the commission was organized. Now, naturally we grew and grew and grew until the sum total of $283,613.78 is everything from the first day down to the 1st of January this year. I believe every Member of this House and every Member of both branches of Congress should be overjoyed to think that the people of this country are so patriotic as to celebrate the bicentennial of the birth of George Washington in the way they do want to celebrate it. We only have one bicentennial of the birth of Washington. If you do not celebrate it now, you can not celebrate it in 1933, 1934, or 1935.

Mr. BECK. Will the gentleman yield?

Mr. BLOOM. Yes.

Mr. BECK. Leaving aside all these questions of detail about franking, and so forth, does the gentleman think that the sacred memory of Washington is really added to by the breadth of a hair by making him an advertising medium and selling him to the country for the exploitation of shrines—whatever they are—as though it were Pepsodent tooth paste and not the memory of the greatest man who ever "lived in the tide of time." His memory is so endeared to the American people that only a proclamation from the President was necessary. Was it necessary to commercialize the most sacred name in American history by trying to sell him to the people, who loved him in their very hearts without any propaganda. [Applause.]

Mr. BLOOM. I will applaud that statement myself, but if the gentleman had had the experience in the last few years that we have had with reference to what the people do not know about George Washington, then I do not think he would have made the remarks he just made. [Applause.] I will say this: The trouble is that the people of our country to-day imagine that everyone knows everything about George Washington, but that is not so. I will take the gentleman's own State of Pennsylvania. The committees appointed in the cities and towns of the State of Pennsylvania to celebrate, according to the plans laid down by this commission, number 2,306. Two thousand three hundred and six cities, towns, and villages in your State of Pennsylvania. Remember, sir, there are only 569 cities, towns, and villages in Pennsylvania with a population of more than 1,000, and yet we have over 2,000 of the smaller villages and all of your large ones that are anxious for this information regarding the life of George Washington and the history of our country.

It is all right for the man who has had opportunities in the city and of a college education and it is all right for those people who live in the big cities to say that they know all about Washington and that it is undermining, it is commercializing and degrading the life of Washington and the life of our country to get out this commercialized material. But I claim it is not commercialized material that we are putting into the small towns and villages. It is a history of the life of George Washington that has never been given before. [Applause.] Let me give you another list. The committees appointed by fraternal and patriotic organizations in the State of Pennsylvania are 2,640. The committees appointed by religious organizations are 1,194. The Federation of Women's Clubs contacted are 570 and other women's organizations contacted, 874.

The farm groups of Pennsylvania contacted are 1,437. The Scout group, 3,967; the labor group, 2,135; the music clubs, 128; then we have contacted with the Braille School for the Blind. Why should not we give the blind children the same opportunities of studying the history of our country as the seeing children? [Applause.] You have forgotten that, sir. Now, I will tell you something else about your State. Schools and colleges contacted, 1,618; State and county superintendents, 67; public libraries, 283; professional libraries, 365; the number of newspapers using mat service, 122; the number of pieces of literature mailed into your State up to the present time is 291,955. That is how anxious your people are to get this information.

Mr. BECK. What the gentleman has said only confirms my deep regret that pamphlets have been sent out by the Bicentennial Commission so inaccurate and superficial that they refer to James Madison under the name of John Madison. In addition to that, and what is more to the point, this literature stated that Washington had received the largest salary ever known in American history, or words to that effect, when the fact is that the great general and statesman refused during the war and as President to take one penny beyond his expenses.

So I am sorry that so many of the people in my State, in which Washington spent so much time, have had the misinformation as to whether Washington served for his salary or whether James Madison was improperly named John Madison.

Mr. BLOOM. I would like to ask the gentleman from Pennsylvania, if he had that information before to-day, why he did not write the commission as soon as he found it out, notifying us that we had made these mistakes? Now I will ask the gentleman from Pennsylvania this question. Does the gentleman believe that Dr. Albert Bushnell Hart or Doctor Fitzpatrick or any of the great historians who are working so hard with this commission would use the name John Madison instead of James Madison and believe they were not writing about James Madison? It was a typographical error and was immediately corrected. Mistakes will happen, and I will say to the gentleman from Pennsylvania that I defy him to go through those pamphlets to-day and find a mistake. It can not be done, sir. [Applause.] When the gentleman found this out he should have written to us.

Now, let me tell you something about Washington receiving a salary. I hate to argue with this gentleman, because he knows so much and I know so little, but there is one thing I do know. I know about George Washington. [Applause.]

The act was passed after Washington had taken the oath of office, and the act provided that the President of the United States should receive a salary of $25,000 a year, and Washington thought that he could not refuse to take the salary because he did not want to establish a precedent so



that future Presidents of the United States would think they had to refuse to receive any salary as President of the United States; and therefore he said, "I will do this. I will take the salary and use it for expenses." Well, that is what everybody else does, I believe—takes his salary and uses it for his expenses. [Laughter and applause.]

Mr. BECK. Will the gentleman yield now?

Mr. BLOOM. Wait a minute. I refuse to yield further now.

Mr. JOHNSON of South Dakota. Will the gentleman yield for one question?

Mr. BLOOM. Just a minute. I hope the gentleman from Pennsylvania [Mr. BECK] will not crowd me too much on the history proposition.

[Here the gavel fell.]

Mr. BLOOM. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HOWARD and Mr. JOHNSON of South Dakota rose.

Mr. BLOOM. I yield first to the gentleman from Nebraska.

Mr. HOWARD. The gentleman is listening to me now. I am sure that every Member of this House has been gratified and some of us astounded by the ability of the gentleman to answer every question propounded to him on the floor here to-day. Now, just one more question, please. From the enormity of the gentleman's knowledge, will he quote us some figures from the special election being held in New Hampshire to-day? [Laughter and applause.]

Mr. BLOOM. Mr. Chairman, may I ask that those remarks be stricken from this statement, because I do not consider that a relevant question.

I now yield to the gentleman from South Dakota.

Mr. JOHNSON of South Dakota. May I say to the gentleman that I have rather enjoyed the facetious debate, but I want to ask him a serious question. The people of the United States and the Congress of the United States have definitely determined that we are going through with this bicentennial celebration, have they not?

Mr. BLOOM. They have.

Mr. JOHNSON of South Dakota. Does not the gentleman think it would be just as well to forget the levity in much of this debate and proceed with the appropriations, so that the gentleman can go ahead with his business and perform the work?

Mr. BLOOM. I thank the gentleman. [Applause.]

Mr. ABERNETHY. Mr. Chairman, I do not want to unduly delay the House, but I took occasion the other day, being a new member of the Appropriations Committee and having seen and heard a great deal about the bicentennial celebration, to visit the office of Mr. BLOOM down in the Washington Building. I was astonished at the magnificent manner in which this work is being conducted.

I was one member of the Committee on Appropriations who would have been willing, and I am willing now, instead of giving him the $250,000 to vote for $500,000, because I think this is one of the greatest and most constructive pieces of work that has been done in this country for many generations, and if there was ever a time when our people should be taught patriotism it is now.

You may say what you please about my friend BLOOM. We on our side of the House had nothing to do with his appointment. He was appointed by the Republicans of the House, and at their suggestion he was appointed along with other eminent citizens who have since dropped this whole matter. At his own expense and without any cost to the Government whatever he is giving it his entire time and attention; and I tell you, my friends, he is pulling off, in my judgment, the biggest job that has been done in the United States in many a day, and I think we ought to applaud him heartily for it. [Applause.]

Mr. GUYER. Mr. Chairman, ladies and gentlemen of the committee, I entered the House on December 1, 1924. I took the oath as a Member with others who, like myself, were filling unexpired terms. Then the House adjourned. The next morning the first thing on the desk of Speaker Gillette was a joint resolution of the Senate and the House appropriating $10,000 for the purpose of organizing a commission to take charge of the celebration of the two-hundredth anniversary of the birth of George Washington. In my opinion no money has been appropriated since I have been a Member of the House which will so profoundly influence the future of this country—the country which rose and flourished by reason of Washington's leadership as a soldier, statesman, and unselfish patriot.

The last thing I ever expected to do here was to eulogize and praise a Tammany Congressman [laughter]; but to-day I want to pay a tribute of deserved approbation to the gentleman from New York [Mr. BLOOM]. He has contributed to this celebration his time, money, and his preeminent executive ability until the whole Nation is aflame with patriotic fervor and grateful remembrance of him who was "first in war, first in peace, and first in the hearts of his countrymen." [Applause.]

This celebration would serve its purpose and would be worth all it cost if some Members of this House learned more about George Washington. Yesterday a gentleman said upon this floor that "the really patriotic citizen is bound to maintain that had George Washington never lived we would have had the great American Republic." There was not a time in the progress of the Revolution, from Bunker Hill to Yorktown, that it would not have broken in two like a rotten stick without the leadership of his soldiership, his wisdom, and his incomparable character. Without his Jovelike judgment and his statesmanship its Constitution could not have been written, and when written it could never have been ratified without the power of his influence. [Applause.]

Again I want to congratulate the gentleman from New York [Mr. BLOOM] for his patriotic services in placing this matter before the American people and for the genuine enthusiasm it has aroused in their hearts. If Mr. BLOOM should remain in the House 40 years he would not, in my opinion, have such an opportunity for constructive and creative statesmanship as is presented in his work on this commission. Into his hands has been placed the power to drill into the mind and the soul of the childhood and youth of the United States the exalted principles and policies that he put into the solid foundation of our governmental institutions, the supreme and superlative grandeur of the great man whose image looks from yonder canvass and dominates this historic Chamber. I want again to compliment him for his good work and to add that I do not think that he or any other Member of this House could have done anything that will tell more in the future of our country and its history than these nine months of study of the life, character, sacrifices, and services of George Washington. [Applause.]

Mr. BYRNS. Mr. Chairman, just a word. Of course, we all recognize that the amendment offered by the gentleman from Massachusetts would entirely destroy the purposes of this celebration. It is expected that the celebration shall start on February 22 and be concluded on Thanksgiving Day of the same year.

The amendment, as I recall it, would stop everything on February 22. And may I say this as a member of the commission: I have had an opportunity to know something about what the gentleman from New York has done as director of that commission. I know that this celebration never could have been made a success, it never could have reached the proportions which you and I and other patriotic citizens want it to reach, if it had not been for the untiring, patriotic, and zealous service of the gentleman from New York [Mr. BLOOM]. He has not accepted a dollar as salary, he has not drawn a dollar for his own expenses. On the contrary, not only has he borne those expenses which have devolved upon him as director of this commission but he has paid from his own pockets doubtless thousands of dollars toward making this great celebration a success. [Ap-

plause.] I think the thanks of Congress and the thanks of the American people are due him for the distinguished and able service he has rendered in making the celebration what we hope and expect it will be—a great success, one worthy of the memory and the services and accomplishments of the Father of his Country. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes none, noes 250.

So the amendment was rejected.

The Clerk read down to and including line 7, page 8, of the bill.

Mr. BYRNS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MOREHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 6660, the first deficiency appropriation bill, and had come to no resolution thereon.

THE PRESIDENT'S MESSAGE

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, this is no time for acrimonious, partisan debate. Rather, it is a time that calls for a high order of patriotism, broad statesmanship, intelligent and fearless leadership. These qualities are present more abundantly when partisanship is absent.

Conscious of all this, I can not refrain from calling attention to the politics injected into the President's message by implication and evasion. It is not my purpose to criticize the President for the things said in his message so much as the things left unsaid.

As a matter of fact, the major portion of the President's message, in so far as it applies to relief measures, meets with my hearty approval and will receive my sincere, earnest support. However, I may say in passing that I am opposed to any increase in taxes that will affect the pocketbook of the average American citizen at this time.

President Hoover blames our present economic situation upon world conditions. In doing so he sidesteps a confession of failure, while appealing to the country for a renewal of faith.

There are two sides to the question of responsibility for existing conditions. The President has stated one side. The other is on this side of the seas. It involves the failure of prohibition, tariff legislation, and failure of the President and the Seventy-first Congress to act, when proper action would have very largely averted the situation we are now seeking to cure.

Mr. Hoover can not excuse Mr. Volstead, Mr. Hawley, Mr. Smoot, Mr. Grundy, Senator Watson the prophet, and himself from their responsibility in contributing to our present distressing situation.

If silence gives consent, prohibition has Mr. Hoover's approval. It is ignored in his message as an issue. He wastes no words in extolling the virtues of the Hawley-Smoot tariff law but is opposed to congressional revision on the ground that "it would disturb industry, business, and agriculture." He then adds: "It would prolong the depression."

Great Heavens! What precipitated it? Or, at least, intensified it in this country? There is but one answer—prohibition and ill-advised tariff legislation; the one with its hypocrisies and absurdities—the other with its high rates, inequalities, and injustices.

The President displays a fine, discriminating sense of humor in favor of the G. O. P. and its policies in his recommendation that tariff rates be not disturbed. However, he will not fool the students of recent political history, or American economists, who study cause and effect.

Naturally, they would be inclined to contrast what has happened since rates were raised with what would happen, according to Mr. Hoover, if rates and high tariff walls were to be lowered.

The people of the country protested the passage of this tariff legislation. When it failed to "provide a job for every man" as Mr. Hoover promised it would do, the people registered their disapproval in thunder tones at the congressional elections of 1930.

The President, in his message upon the state of the Union, omitted any and all reference to the greatest menace confronting the American people to-day. I refer to the concentration of great wealth in the hands of the few.

This great evil is the result of favoritism in tariff legislation and the special privileges conferred upon the gigantic trusts of the country and other combinations of great capital.

These so-called "infant" industries grow in strength and power and influence, but they never grow old. They are "infants" still. When their interests are threatened in some proposed legislation they don their swaddling clothes and storm the Capitol.

The President, I notice, recommends a change in the antitrust law. What is his recommendation? He says:

> Particular attention should be given to the industries founded upon natural resources, especially where destructive competition produces great waste in these resources and brings great hardship upon operators, employees, and the public.

In this connection, he refers to the "continued demoralization in the bituminous coal, oil, and lumber industries."

I think his suggestion a good one, but why did he not recommend also that the law be strengthened to preserve human rights, including equal rights and equal opportunity in the pursuit of happiness? They have all been destroyed by the power of might under the favoritism bestowed and failure to enforce the provisions of the antitrust law in restraint of trade.

These evasions are not only countenanced but encouraged in tariff legislation. The Hawley-Smoot tariff law is the most outstanding example in all history of these inequalities and injustices.

The small business man, whether manufacturer, merchant, or whatnot, is crowded to the wall. Labor is aversely affected. The concentration of great wealth in the hands of the few is directly chargeable to the conditions I have indicated. A situation such as this in free America is a crime against society. It seems to me that human rights and human life should be put above the wastes of our natural resources.

I do not like to repeat, but the statement made by me a few days ago to the effect that 3 per cent of the people control 97 per cent of the wealth of the country, is more apropos to this discussion than in the sense it was used in previous remarks bearing upon another subject. This, in its last analysis, means that 3 per cent of the people control the destinies of the other 97 per cent. This is something to ponder over in connection with any program to improve our situation.

If this is a government of the people, by the people, and for the people, why not enact laws that will enforce the rights of the people? The people could do this themselves if they were to resort to the old-fashioned "town meeting" where all great public questions were discussed and settled in the earlier days. The right of assembly and right of free speech, I believe, still exist. These questions, of course, will have to wait until Congress has applied the remedies that will effect a cure of present conditions.

Metaphorically speaking, 10,000,000 people are storming the portals of the Capitol at this very minute. What are they doing? Brushing away the unbidden tear, while pleading for some prompt, decisive action to improve their situation. Their appeal should be heard and heeded. Their prayer, spoken in unison, should be answered.

They are not asking much—simply the substitution of work, and the peace that goes with it, for worry. A grave responsibility rests upon us individually and collectively to measure up to this emergency. The people are looking to Congress hopefully, even confidently. We must not disappoint them. One of my constituents asked me while I was home, "What progress are you making?" I told him we

had complied with the President's request for an extension of the debt moratorium. This was his comment: "That's fine—we come next."

There are other existing evils in this country which need attention. We have too much politics in legislation, too much Government in business, too many commissions, too much delegated authority, executive and legislative, too much waste, and too little economy.

Few of these commissions serve any purpose. The most of them could be abolished without impairing the public service. They are largely a convenience for passing the buck and to save the administration embarrassment when an ugly situation arises.

The Wickersham Commission cost $500,000 and was not worth a nickel. The Tariff Commission serves no purpose. The Farm Board is in disrepute and so on, all down the line. Our situation is so terribly bad that Mr. Hoover has recommended seven different remedies, all to be used, which, he thinks, may effect a cure.

The most urgent need of the country at this time in the consideration of our economic situation, with a view to a permanent cure, is the service of the most celebrated surgeon it is possible to command, to perform some major operations on the existing tariff law, nation-wide prohibition, farm-relief legislation, and other matters too numerous to mention.

There is much in Mr. Hoover's relief program to commend it to the favorable consideration of Congress, which should approach it in a nonpartisan, cooperative spirit, with only the welfare of the people in mind.

There is in your hearts and mine, I know, a sincere, earnest desire, and purpose to work out a satisfactory solution of these grave problems. We may entertain widely divergent views and even give them vehement expression in debate, but in the end I am certain we will get together and accomplish the thing the people are confidently expecting.

It is our first duty to relieve the pressure of existing conditions. That is the purpose of the program before Congress. With it out of the way we should immediately follow with legislation of a positive, definite character to restore prosperity upon a sound basis that will abide.

More important than any of the international conferences scheduled to be held soon, it seems to me, would be one of world leaders to study, discuss, and agree upon some economic plan that would be beneficial to all nations and harmful to none.

THE ECONOMIC SITUATION

Mr. WOOD of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by publishing therein a speech delivered by the Secretary of War on December 16.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOOD of Indiana. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. Patrick J. Hurley, Secretary of War, before the Republican National Committee, Washington, D. C., Wednesday, December 16, 1931:

The present economic situation has arisen from various causes, some of them of our own making. Most of them, however, have originated in other nations and have swept upon our country from abroad. Most of them are a direct legacy of the World War. The result is that our country has been facing a situation not of its own making that has challenged the strength of our economic system and our Government.

From the very beginning the President has had a program not only for the meeting of temporary emergencies but for the future. He has recently submitted to the Congress a definite outline of his economic program to meet the present situation as it presents itself within the confines of the United States.

The 12 points contained in that program have been formulated after full and complete discussions not only with his official advisers and the leaders of both branches of Congress but with leading citizens from every walk of life in this Republic.

There has been much discussion of international affairs where they affect directly the welfare of the citizens of the United States. But aside from international matters the President, as I will relate to you, has continuously led in the handling of our domestic problems and has recently presented to Congress the greatest domestic economic program ever presented to Congress by a President.

In the 70 years of its existence the Republican Party has frequently been called upon to face a crisis, and each time it has risen to the occasion to the satisfaction of the American people.

Every government in the world has faced crises in the past two years. Many of them have undergone political revolution. Most of them have undergone economic revolution. The mightiest of them have had to change their basic monetary standards. The United States has unquestionably suffered from this world-wide situation, but throughout the entire period it has maintained its standards, its economic system, and its political institutions without impairment.

Through all this the people have maintained their confidence in the policies and practical ideals of the Republican Party. A Republican President has withstood all assaults that were designed to destroy the fundamental principles of this Government. There were those who attempted to put America on a dole system at a time when a mighty empire had been dragged to its knees and to the very brink of economic chaos by such a system. It was the President of the United States and the Republican Party who prevented this Nation from being put on a dole.

It is singular enough that the first speech attacking the administration's economic program by the new Democratic Congress advocated the dole system.

This Nation has passed through 15 depressions in the past century. Never in our history has a President been called upon to direct the Nation's commerce, industry, and banking; to create jobs for millions; to provide funds for the care of the unemployed; to lead in the mitigation of the effects of the depression; to mobilize public opinion and the economic forces of the Nation for its recovery. All these things have been done by the present Chief Executive of the Nation.

Throughout the depression the President has been doing the work that should properly fall upon the leaders of industry and commerce and banking.

In all previous disturbances finance has had its intrepid leader or leaders. To-day we hear leaders of finance shouting for leadership but presenting very little evidence of that quality in their own establishments. They fall back on the President of the United States—throw all their problems on to his lap and throw up their hands and shout "Save us."

From the very beginning the President has sought to maintain the American standard of living. He procured immediately an agreement on the part of the workers not to strike and on the part of the employers not to cut wages during the depression. His interest has always been in the standard of living of the worker. The workers of the Nation recognize the leadership of the President. Most of the industrialists and leaders of finance also recognize his leadership. It is his purpose to solve the present problems not in the interest of any special group but for the welfare of all the American people.

At the beginning of the depression, when labor was first affected, the President clearly saw that employment could not be increased in the production of consumable goods. We already had a surplus of consumable goods. He placed his finger on the only point where labor could properly be expanded. He inaugurated a program for public construction, including the improvement of navigable streams, flood control, public roads, and public buildings. This program anticipated the future. He requested States, municipalities, counties, and private concerns to join in this construction program. A great many of them responded. As a result, this country is now engaged upon the greatest internal-construction program in its history, and literally millions of men have been employed at periods during the past two years on this construction work.

To further strengthen the position of American labor the President stopped immigration by an Executive order. At least 300,000 people who would have involuntarily added to the army of unemployed have been kept out of the Nation.

The President organized a committee and called upon every community in the United States to take care of its unemployed by individual efforts. In nearly every community of the Nation this call has met with an overwhelming response. As a result, no one will go hungry or cold, and the advocates of the dole and other impractical theorists have been defeated.

In my opinion, the dole system would have been adopted if it had not been for the efforts of the President of the United States.

While he was fighting the battle of the laborers the President's interest in the welfare of the farmers was not diminished. He went to the assistance of those farmers in 21 States who were afflicted by the drought. A system of loans was provided to enable them to rehabilitate themselves. This has been done, and it may be a surprise to those who opposed the system to know that a considerable portion of these loans has already been repaid.

The surplus of farm goods produced in this country had always heretofore found a market abroad. The depression, which affects other nations more severely than our own, has greatly restricted the market for this surplus. The Farm Board and the cooperative agencies have, on the part of the Government, been holding a great amount of the surplus for the return of our markets and the increase of consumption. The Farm Board's policy in steadying the price of agricultural products has saved the farmers billions of dollars and prevented the failure of thousands of banks dependent on agriculture for their stability.

At the suggestion of the President, southern banks joined the Farm Board for the better handling of the surplus produced by the cotton growers of the South.

But it was not agriculture and labor alone that received the assistance of the administration. The depression had undermined credit. Bankers scrutinized requests for loans more closely and turned down applications that in normal times would have been granted. Stagnation of business ensued. Again the President gave his helping hand. He directed the mobilization of banks in a credit pool of $500,000,000. This banking pool is not a Government institution. It was formed by the joint action of the banks under the direction of the President. It was the President who put life and vigor into the project. It has restored confidence in many banks, provided a means by which funds can be obtained on legitimate assets, and reestablished a more normal flow of credit.

In addition to this the President has led in the organization of the President's Conference on Home Building and Home Ownership, designed to provide credit for those who desire to build homes—to stimulate the building industry and to restore confidence.

Realizing that we must depend on the other nations of the world to consume surpluses, the President has assisted—in fact he has provided the leadership—in bringing about the London naval treaty designed to stop competition in arms and to allay the suspicion of nations.

He has settled the French debt and thereby removed a source of friction between us and one of our greatest neighbors. The debt had been a subject of acrimonious debate for more than 10 years before the President came to office.

He intervened to save Germany from catastrophe.

He has directed policies toward Latin America that have allayed the fears of those countries and have restored the confidence of the South American people in the good intentions and honest friendliness of the United States.

The result is that representatives of the governments of South America, the President of Mexico, the Prime Ministers of Great Britain and France, the representative of the Italian Government, have, one by one, made their way to the White House to seek the views and counsel of the President of the United States.

Our opponents, the Democrats, seem to see in all of these things something approaching "entangling alliances." If they would criticize intelligently, they would say that we became entangled with Europe about 15 years ago; that this entanglement came about under a Democratic administration; that the Republicans stopped the Democrats from further entangling us in Europe by defeating our entrance into the League of Nations. The debts the nations owe the United States were made by Democrats. The efforts of every Republican administration since the war has been to disentangle the United States from the European situation. The Hoover administration has not made one political commitment to any nation of Europe. It will make none.

The visits of these leaders of other nations to the United States have not been for the purpose of military honors or political agreements. They have been made for the purpose of seeking an understanding for common action in the maintenance of peace and the reestablishment of the economic stability of the world. We have not made and will not make political commitments to Europe. But the President has directed a plan that saved the economic structure of more than one nation in Europe. He intervened in these matters not only in the interest of humanity at large but for the benefit of many of those who objected to his action at home. I admit that his intervention in the economic situation in Europe was also for the selfish interest of the United States. No great nation in the world can collapse without bringing its repercussions of more unemployment, more hardship on the farmers, more bankruptcy in business in the United States. The President has not suggested any cancellation of international debts. What he has done to stabilize the economics of other nations has been done because it was helpful to our domestic situation. I mention these international matters to indicate to you that the leadership of the United States is recognized in every part of the world as the most powerful for the promotion of peace and good will and in pointing the way to economic stability and happiness. All of this must be the background to the future welfare and prosperity of our own workers, our own farmers, our own commerce and industry.

The history of the nations of Europe indicates that the economic structure of the Nation—the commercial stability of the Nation—has invariably followed the fiscal condition of the Nation's Treasury. The President has sought to keep the Treasury of the United States in a strong position. Since the beginning of the depression there has been a decrease of approximately 40 per cent in tax receipts. The tax system of the Federal Government is based largely on profits. That is a serious weakness in the stability of finances of the Government in periods of stress and depression.

In addition to this decrease in income, Federal expenditures have been increased on public works to provide employment during the depression. The present deficit in the Treasury was not created by this expansion of public measures alone. Measures vetoed by the President and passed over his veto by Congress contributed their share.

The President is opposing raids on the Treasury with clear-minded determination. Almost anyone can devise a plan for taking money out of the Treasury. No one has yet devised a plan for putting money in the Treasury except by taxation. In order to maintain the sound position of the Federal Treasury, there must be—as you have already been told in the President's message—at least a temporary increase in taxes. On my recent visit to New York I was advised that if the President of the United States would propose an increase in taxes, it would mean his defeat for reelection. My answer to that was that the President of the United States is far more concerned with the welfare of this Republic and its 123,000,000 inhabitants than he is with his own political future. He will maintain the strength of the United States Treasury regardless of the effects his efforts may have on his own political future.

We should all understand that this depression can not be overcome by the Government alone. The Government, of course, should provide national leadership, but the depression can be overcome only by the united efforts and the unfaltering courage of all the American people. No patriotic organization—no political party—no one official or individual has the power or the capacity to restore normal conditions. That can be done only through the united efforts and courage of all the individuals who compose the citizenship of the United States.

We are sometimes prone to forget that government is not an end in itself, but a means to a richer and more secure life for individuals. The government is merely that system of ordered social arrangement which releases the energy and the genius of the people for living, building, working, and growing; for invention and discovery; for the development of the mind and the enlargement of the spirit. Our Government was established to serve free men and to protect them in their individual rights, to promote education, to overcome intolerance and crime, to eliminate as far as is humanly possible material poverty, to maintain equality of opportunity, and to provide for a just distribution of the Nation's wealth. They began on this coast, struggling colonies. They builded a Government. They followed out the great river valleys, cutting their way through the forests, across the deserts, over the Rockies, down the slopes to the Pacific. Under that system of individual enterprise and individual courage they carved out and conquered a new continent.

There are those who say that our economic system is obsolete, that it should be discarded. It has served in the last 150 years to build the mightiest economic community on earth. It is as vital to-day as it was when our forefathers started across this continent. It is true that it is not perfect. There is nothing human that is perfect. But on that system for 150 years the Nation has grown and prospered. The problem has been to preserve it, not by theorizing, not by panaceas, but by meeting emergencies as emergencies.

There are weaknesses in our economic system. The system has been improved from time to time by the sober thought and will of the American people. The system is worth saving. The President has sought to prevent its destruction in time of stress.

One of the weaknesses of the system is the overconcentration of wealth in the hands of a few individuals. The preponderance of the Nation's wealth is, of course, still in the hands of the people whose income is $4,000 per annum or less. Notwithstanding all this, we have concentration of wealth and continuances of great estates that to some extent weaken our economic structure.

We have yet to devise a plan that will provide for a more equitable distribution of the Nation's wealth, but in dealing with it, we should be careful not to destroy the initiative of the American people, not to dampen the hopes and aspirations of the individual. We should bear in mind that the success of the United States is the sum total of the achievements of its individual citizens. Changes should be made only after the sober thought and the well-considered expression of the will of the American people. In making changes we should remember that we are a great nation because of the individual achievements of its citizens, and no change in our economic system should be made that will destroy the hope or the aspirations of the individual.

Some opponents of the administration have said that the measures proposed by the White House are all emergency measures. That is true. The depression itself is an emergency. The President has sought to meet it as an emergency, rather than by sacrificing in times of stress the fundamental principles of the American system of economics and the American Government.

The responsibility in this period of distress belongs to the Republican Party to the extent to which it controls the Government. It belongs to the Democratic Party to the extent to which that party controls the Congress. The Republican Party faces the issues as they are presented without fear or hesitation.

It is true that the Republican administration and the President are being severely and unjustly criticized, but these things are not unusual in times of stress. There will always be those who will find it easier, because of their own lack of capacity, to attack the chosen leader of the people than to offer constructive criticism which would help in meeting a serious situation. Abraham Lincoln was confronted by that same class of people during the stress and turmoil of a bloody war, when his great mind and heart were anguished by the suffering about him. He responded to his critics:

"I shall not try to read, much less answer, all the criticisms of me and my associates. Else this office might as well be closed for any other business."

On another occasion, when beset by these critics, when told, if he would do those things which his conscience and judgment told him he must do to maintain the Nation, he would not again become President, he replied to his critics:

"I do the very best I know how; the very best I can; and I mean to keep on doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, ten thousand angels swearing I was right would make no difference."

Regardless of unjust criticism—regardless of the source from where it comes—the chief purpose of the Chief Executive of this Nation is to bring this Nation out all right. I am a partisan. I believe in partisanship. I am glad we have two great political parties. Through them the people are given the opportunity to understand not only the capacity but the policies of those who are charged with the leadership of the United States. But in times of stress there have always been those who are greater than either Republicans or Democrats. They are Americans who are striving for the welfare of the Nation and its citizens, regardless of personal or partisan politics. Up to this hour every emergency that has confronted the Nation during this period of stress has been promptly, courageously, and intelligently met by the President.

The President has now sent to Congress a well-designed, quite understandable, and sound economic program. He has said that if Congress will enact that program it will go far toward restoring conditions within the United States to normal. The President's program is altogether the most outstanding economic program ever presented to any Congress. Our Democratic friends have neither accepted nor rejected that program. The Democrats have offered nothing in lieu of it. The Democrats have no program. They are probably waiting to get all of the President's ideas to use them in an attempt to set up a program of their own. We hear the Democrats mumbling a lot about "fiddling while Rome burns," but notwithstanding all of that kind of talk, the President's program is before Congress and if there is any fiddling being done during the conflagration, Congress is doing it.

THE MORATORIUM

Mr. CROWE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CROWE. Mr. Speaker, ladies and gentlemen of the House, it is not my purpose to criticize the President of the United States. I concede to him the right to decide what, in his opinion, is the proper course to pursue. Furthermore I am determined to support the President in every way possible in an effort to regain our prosperity and restore our country to a sound economic basis. I desire to follow the leaders of our Government whenever possible and when, in my judgment, by so doing I can best serve the people that I have the honor to represent.

I desire further to lend my assistance to other nations, the nations of Europe, including Germany. I would not be a party to oppressing any nation and demanding "the pound of flesh."

When my country can afford to do so, I desire to see it lend a helping hand to aid foreign nations in times of distress. I would, when possible to do so, vote to extend credit to these same nations if and when possible without injury to the people of our own country.

On June 23 President Hoover wired me as follows:

You no doubt have seen my statement in Sunday's press of the proposals of the American Government in respect to postponement for one year of all intergovernmental debts. Inasmuch as the proposal is, of course, contingent upon action by Congress, and as the matter is one of national interest, having no partisan character, in that light I consulted before action the Senators and Representatives of both parties present in Washington and as many as possible who were accessible in the country. This list of generous support from Members was shown in the public statement referred to above. I regret that difficulties of communication rendered it impossible to contact with all Members of the Senate and House. I do not wish to press any Member for reply as to his views if he prefers not to give them at this time; yet if you are favorable to the proposal in the first paragraph of the statement above mentioned it would undoubtedly be helpful to the general situation if you could inform me thereof.

HERBERT HOOVER.

I immediately wired him as follows:

Hon. HERBERT HOOVER,
President, Washington, D. C.:

I favor action by the United States which will prevent the collapse of the German Republic. I favor your plan, Mr. President, suspending payments of war debts to us, from France, England, Germany, Italy, Belgium, and other nations, if such action will help economic conditions in those countries and in the United States, on the following conditions:

First. The tax burden upon our own people should not be increased by such moratorium.

Second. We should be assured that such action will, in some measure, tend to relieve our own economic distress and unemployment.

Third. We should know that such action will strengthen the position of the United States in the coming disarmament conference.

Fourth. Foreign countries should guarantee to the United States that they will not take advantage of the situation by way of increased expenditures for armament.

Fifth. Our own people should be assured that such action on our part is not an opening wedge leading to the cancellation of war debts to the United States.

Sixth. The Government of the United States should assure our own people that the loss of income from debt payment for the coming year will not interfere with relief needed by our own citizens and should guarantee that, in this land of plenty and surplus food, no one shall starve or suffer from prolonged hunger.

From the wording of that wire you can see that I was not certain that I could support the moratorium proposed by the President. I desired to support the President, if I could do so and not thereby put additional burdens on our already heavily taxed people.

Much has been said concerning the ability to pay. That is a factor always to be considered. But how do you judge the ability to pay? I would compare their ability to pay by the way and manner of their other expenditures. If it be to pay an increase in salaries of government office-holders, if it be in the creation of additional government, if it be to create more armaments, then I would say they can be expected to pay their debts to us.

Let us investigate to see what we can find. In the Washington Post, Washington, D. C., under date of December 18, 1931, the Young plan advisory committee reported that Germany had increased her budgetary expense $925,000,000 between 1926 and 1929, and of that amount added $375,000,000 to salaries of her public servants. Should they not have pared down, when in bad financial condition rather than have increased the operating expense of government?

Again, let me refer to the record of the Ways and Means Committee. We find that the nations of Europe to whom we have given the moratorium spent for armaments and war preparations, in round figures, $2,000,000,000 within the last fiscal year, while the total due us from those countries was $252,000,000, approximately. Only $1 of each $8 spent for war purposes would have paid the loans due us this year.

I sensed this when I answered the President's wire, when I said that if we could have assurance that it would not allow the nations of Europe to further increase their armaments and war preparations.

Mr. Speaker, it was plain to be seen that it was an open attempt on the part of European powers to start a process of moratorium and delays which would ultimately result in complete cancellation of war debts due the United States.

Are we in position to grant the extension? Have we not already given more to Europe than we can afford? Are our affairs in condition to extend additional time and more credit?

It is repeatedly said we should aid Europe because we are rich and able to do so; but, in the light of conditions, are we? Are things well with us here? Last year our Government lacked some $900,000,000 of balancing its budget. This year it will lack $2,000,000,000 or more unless we add additional tax burdens. Our taxes and burdens of government are crushing us. I ask, What are we representatives in Congress going to say to the people back home when additional tax burdens are imposed upon them, in part due to the $252,000,000 due us from Europe, which we so generously told the European nations they need not pay at this time?

I do not criticize the President. I think he was sincere in his purpose, but I do not believe he fully realizes the true conditions of our own country.

The farming population of this Nation to-day is in greater distress than has ever been known. Thousands of farmers are badly in debt, their farms are mortgaged, and they are in danger of losing their homes. I prefer to help our own people first. I stand ready to lend my assistance and give my support and my vote to legislation that will help our own country.

We are told there is distress in Europe, that there is much unemployment and unrest. The report of the Ways and Means Committee discloses that there are not nearly as many unemployed in England, France, and Italy as there

are unemployed in the United States, and that there are nearly as many unemployed in the United States alone as in England, France, Italy, and Germany combined.

Immediately after June 20, 1931, when the President consented to the moratorium, the European nations began drawing their credit balances from the United States and within six weeks had withdrawn $700,000,000 in gold. That tended to show what we could expect from Europe in return for our generosity.

Some of the smaller nations of Europe borrowed from us since the World War. Several hundred millions are represented by those loans. This moratorium covers them also, and they, too, even without asking time extension, were granted a moratorium.

What of our boys who went overseas in the great struggle? They offered their all, many were maimed, crippled, and gassed, and many made the supreme sacrifice, and to-day lie in lonely spots in France, Belgium, Russia, and other places. At home the parents, relatives, and loved ones were skimping, saving, and buying bonds on which our Government pays an average of 4 per cent interest per annum. When the bonds are due our Government then pays the face value of the bond to the owner. Much of this money was loaned to Europe to pursue the war, and those countries were to repay us in full with interest.

Instead of paying us in full, England, after scaling down at every possible place, consented to pay 80 cents on the dollar at the rate of 3½ per cent per annum for 62 years which never in fact pays the principal.

On the same terms France consented to pay 50 cents on the dollar and pay 2⅛ per cent per annum. Italy consented to settle at 27 cents on the dollar and 1⅛ per cent per annum. None of them in fact pay anything on the principal by this method. Considering all these things how can we face the boys who went over there, when we consent to additional extension of time, which in my opinion means ultimate cancellation of the war debts due the United States?

Ladies and gentlemen of the House, this year's moratorium is only the beginning of a carefully concocted plan whereby Europe hopes to have these debts canceled. Already there are indications that a moratorium for two additional years is to be asked for, before this moratorium has expired. I have no doubt that the real plan is to cancel Europe's debts to us, but in turn they will never cancel the reparations debts of Germany and time will reveal that Germany will be compelled to pay every dollar she owes the other nations of Europe, even though we would cancel the debts the other European powers owe us. Germany should be given an opportunity to rehabilitate. The nations of Europe should be lenient with her.

Do we not have plenty at home to consider? Banks by the hundreds have closed their doors in almost every State in the United States. In every congressional district and in almost every city we have had bank failures. Should we not be more concerned about our own banking interest than the banks of Europe? Thousands upon thousands of people in our own United States have lost all they have by the closing of banks in their own communities. Our first thought should be for our own country and our own citizens.

INTERNATIONAL BANKERS

Moreover, it has developed that our international bankers have had a hand in assisting in securing this moratorium; you can see them showing their hand suggesting paring down the amounts due us from Europe and suggesting that it would be a good thing to cancel the war debts or at least scale them down. But do you hear of their offering to cancel the loans they have made? Do you see them suggesting a moratorium on the loans they have made to European countries? No; indications are that they desire to see the Government cancel the obligations of Europe so that they, the international bankers, can better collect their loans. I have no objection to those bankers getting what is due them, but I can never lend myself to any concoction whereby special favored interests will be favored at the expense of the common people.

DISTRESS AT HOME

To-day our own country is in distress. Millions of laboring men are walking the streets and highways, their wives and children are hungry and cold. Countless numbers are losing their homes. Our farming population, with farms mortgaged, our banks and farm-loan banks requiring and demanding payment of the loans, and many can not possibly pay and through no fault of theirs. Because they can not pay they are losing their farms and homes.

Thousands of merchants are going into bankruptcy, losing their life's savings. Thousands of banks failing, thereby taking the life's savings of millions of our citizens.

With distress and suffering everywhere in our land, I can not in fairness to myself and my constituents vote for the moratorium. If we were in financial condition to aid Europe, it would be different, but we are not. I can not lend myself to any program that will take from our own people when they are so badly in need. I am for the United States first and always. I could not consistently and in fairness vote for the moratorium.

I am convinced that soon most every one will be convinced that the interest of this Nation of ours would have been better served had the moratorium not been passed. In my opinion, time has demonstrated that the moratorium designed to relieve England, France, Italy, and other nations from payment of their debts to us for a period of one year, and thus relieve Germany of her debt payments for a like period, has not benefited Germany to that extent claimed for it at the time it was proposed by the President.

BRIEF SUMMARY—SOME REASONS WHY I CAN NOT SUPPORT THE MORATORIUM

First. The settlements of debts of Europe to us were far below what they owed us, and the rates of payments they make, which is principal and interest combined, is much less than the interest we pay on our bonds. In the true sense they will never pay the principal.

Second. Germany increased her budgetary expense more than twice what her yearly reparations were—$925,000,000. She increased salaries of her public servants $375,000,000.

Germany loaned vast sums to Russia. These were contributory reasons for her inability to pay, and we are not responsible for these things.

Third. Eight small nations of Europe owed us $410,000,000. These debts were not at all related to the war. Those countries were also included in the moratorium.

Fourth. The nations given the moratorium spent during the fiscal year for armaments and war preparations $1,986,000,000. Had they reduced those expenditures one dollar for each eight spent for those preparations for war it would have been nearly enough to have paid us the $252,000,000 due us this fiscal year. We in turn are compelled to reduce our preparations for our national defense and security and permit Europe to increase hers.

Fifth. With our Government lacking from one to two billion dollars a year of balancing its Budget, with even Government bonds under par, with distress on every hand, we need this money to relieve our own distress.

Sixth. Our present extremely high taxes will be increased due in part to not receiving the money due us from Europe.

Seventh. Europe drew $700,000,000 in gold from these United States within six weeks after the President assured the European nations the moratorium would be granted. That amount was enough to have paid this year's debts to us nearly three times.

Eighth. Europe had already cost us thousands of lives—the finest manhood in the world. Many thousands more were maimed, crippled, and gassed. We have already spent more than $40,000,000,000 for war purposes of the money of the taxpayers of the United States. We are paying more than a billion dollars a year for our soldiers. We have increased our yearly expenditures over $600,000,000 to pay the interest on our bonds. When we have something to give, let us give it to our own people.

Ninth. We have already given Europe too much. I will vote to help America and her institutions first. I am thoroughly convinced that very soon the people of this Nation

will realize that their interests would have been better served had this moratorium not been passed.

Tenth. I have carefully studied reports of the Ways and Means Committee; I have listened to debates on the floor of the House, and I have kept an open mind. I could not, after getting the facts as I saw them, support the moratorium.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 47 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 6, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

345. A letter from the Acting Secretary of the Treasury, transmitting a draft of a proposed bill authorizing and directing the Comptroller General of the United States to credit the account of C. N. Hildreth, jr., former collector of customs for collections, district No. 18, with $89.10; to the Committee on Claims.

346. A letter from the Secretary of War, transmitting a report dated December 29, 1931, from the Chief of Engineers, United States Army, on the studies and investigations of the beach erosions at Fort Fisher, N. C. (H. Doc. No. 204); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

347. A letter from the Secretary of War, transmitting a report dated December 31, 1931, from the Chief of Engineers, United States Army, of an examination and survey of Conduit Road between the District of Columbia line and Great Falls; to the Committee on Military Affairs.

348. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the Legislative Establishment, House of Representatives, for the fiscal year 1932, in the sum of $8,000 (H. Doc. No. 205); to the Committee on Appropriations and ordered to be printed.

349. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination and survey of Bayou Grand Caillou, La., and Bayou Lacarpe (H. Doc. No. 206); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

350. A letter from the Secretary of War, transmitting draft of a bill to authorize the settlement of certain claims against the War Department and to authorize and direct the Comptroller General to allow certain expenditures; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. POU: Committee on Rules. H. Res. 87. A resolution providing for the consideration of H. R. 6662, a bill to amend the tariff act of 1930, and for other purposes; without amendment (Rept. No. 17). Referred to the House Calendar.

Mr. SMITH of Idaho: Committee on the Public Lands. H. R. 5484. A bill extending the provisions of the act entitled "An act to provide for the sale of desert lands in certain States and Territories," approved March 3, 1877 (19 Stat. 377), and acts amendatory thereof, to ceded lands of the Fort Hall Indian Reservation; with amendment (Rept. No. 21). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. H. Res. 38. A resolution to pay Mrs. Daniel Shea, widow of Daniel Shea, late an employee of the House, a sum equal to six months' salary and an additional sum of $250 for funeral expenses (Rept. No. 18). Ordered to be printed.

Mr. WARREN: Committee on Accounts. H. Res. 78. A resolution to pay Mrs. David L. Thomas, widow of David L. Thomas, late an employee of the House, a sum equal to six months' salary and an additional sum of $250 for funeral expenses (Rept. No. 19). Ordered to be printed.

Mr. WARREN: Committee on Accounts. S. Con. Res. 2. A concurrent resolution to pay Anna Jarvis a sum equal to six months' compensation of the late Grant Jarvis (Rept. No. 20). Ordered to be printed.

Mr. SMITH of Idaho: Committee on the Public Lands. H. R. 4390. A bill for the relief of Melissa Isabel Fairchild; without amendment (Rept. No. 22). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. NORTON of Nebraska: A bill (H. R. 6990) to repeal section 9 of the agricultural marketing act; to the Committee on Agriculture.

By Mr. BACHMANN: A bill (H. R. 6991) prescribing the procedure for forfeiture of vessels and vehicles under the customs, navigation, and internal revenue laws; to the Committee on the Judiciary.

By Mr. NORTON of Nebraska: A bill (H. R. 6992) to amend the Federal Farm Board act; to the Committee on Agriculture.

By Mr. SIROVICH: A bill (H. R. 6993) to create a Federal mortgage-acceptance bank; to the Committee on Banking and Currency.

By Mrs. OWEN: A bill (H. R. 6994) to amend section 3 of the rivers and harbors act, approved June 13, 1902, as amended and supplemented; to the Committee on Rivers and Harbors.

By Mr. HALL of Mississippi: A bill (H. R. 6995) to authorize the Secretary of the Interior to grant a moratorium on payment of construction charges on reclamation projects and on payments under Warren Act contracts and to defer charges past due and to make the necessary regulations to give effect to this act; to the Committee on Irrigation and Reclamation.

By Mr. SABATH: A bill (H. R. 6996) to create a National Relief Finance Corporation and provide credits for industries and enterprises in the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. CROSSER: A bill (H. R. 6997) to provide capital at reasonable rates of interest in order to promote the establishment and ownership of homes by the people of the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. COLTON: A bill (H. R. 6998) to authorize the addition of certain lands to the Manti National Forest; to the Committee on the Public Lands.

By Mr. CHINDBLOM: A bill (H. R. 6999) to provide for the establishment of a Coast Guard station at Waukegan, Ill.; to the Committee on Interstate and Foreign Commerce.

By Mr. COLE of Maryland: A bill (H. R. 7000) for the relief of certain persons formerly having interests in Baltimore and Harford Counties, Md.; to the Committee on War Claims.

By Mr. SUTPHIN: A bill (H. R. 7001) to correct the status of transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who served in higher enlisted ratings during the World War; to the Committee on Naval Affairs.

Also, a bill (H. R. 7002) providing for the retirement of enlisted men of the Navy and Marine Corps who become physically incapacitated for active duty as an incident of their service; to the Committee on Naval Affairs.

By Mr. GRANFIELD: A bill (H. R. 7003) amending section 1, Title II, page 307, part 1, Forty-first United States Statutes at Large, and defining liquors and intoxicating liquors; to the Committee on the Judiciary.

By Mr. FREE: A bill (H. R. 7004) to provide for the acquirement of additional land for the naval air station near Sunnyvale, Calif.; to the Committee on Naval Affairs.

By Mr. NOLAN: A bill (H. R. 7005) to amend the act of March 3, 1931, to provide that the prevailing rate of wages shall be paid to laborers and mechanics on all public works, and for other purposes; to the Committee on Labor.

By Mr. GIFFORD: A bill (H. R. 7006) to liberalize the retirement law for members of the former Life Saving Service; to the Committee on Interstate and Foreign Commerce.

By Mr. VINSON of Georgia: A bill (H. R. 7007) to prevent the sale of cotton and grain in future markets; to the Committee on Agriculture.

By Mr. HOUSTON of Delaware: A bill (H. R. 7008) permitting admission to bail in extradition proceedings; to the Committee on the Judiciary.

By Mr. CARTER of Wyoming: A bill (H. R. 7009) to authorize the issuance of unrestricted patents to certain public lands; to the Committee on the Public Lands.

By Mr. TAYLOR of Colorado: A bill (H. R. 7010) to provide for revision of the boundaries of the Gunnison National Forest, Colo., and for protection, development, and utilization of the forest, watershed, range, and other resources included therein; to the Committee on the Public Lands.

By Mr. JOHNSON of Washington: A bill (H. R. 7011) to repeal the act of Congress approved May 31, 1924 (43 Stat. L. 247), entitled "An act to authorize the setting aside of certain tribal land within the Quinaielt Indian Reservation in Washington, for lighthouse purposes"; to the Committee on Indian Affairs.

By Mr. BYRNS: A bill (H. R. 7012) to establish a Department of National Defense, to consolidate therein the Department of War and the Department of the Navy, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. KOPP: A bill (H. R. 7013) granting consent to construct, maintain, and operate a dam across the Des Moines River in the State of Iowa; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Virginia: A bill (H. R. 7014) authorizing the restoration and occupation of the houses and grounds known as Belvoir on the former Lord Fairfax estate upon the Fort Humphreys Military Reservation in Fairfax County, Va., appropriating $40,000 for such uses, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. GRANFIELD: Joint resolution (H. J. Res. 173) proposing an amendment to the Constitution of the United States repealing the eighteenth amendment and vesting in the Congress certain powers to regulate intoxicating beverages; to the Committee on the Judiciary.

Also, joint resolution (H. J. Res. 174) to repeal the national prohibition act; to the Committee on the Judiciary.

By Mr. VINSON of Georgia: Joint resolution (H. J. Res. 175) for the relief of farmers in the drought and/or storm stricken areas of the United States, and for other purposes; to the Committee on Agriculture.

By Mr. LINTHICUM: Joint resolution (H. J. Res. 176) authorizing and directing the Comptroller General of the United States to reopen, adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense, and for other purposes; to the Committee on the Judiciary.

By Mr. BOYLAN: Joint resolution (H. J. Res. 177) authorizing the selection of a site and the erection of a pedestal for the statue or memorial to Thomas Jefferson in the city of Washington, D. C.; to the Committee on the Library.

By Mr. MORTON D. HULL: Joint resolution (H. J. Res. 178) proposing a repeal of the eighteenth amendment and providing a substitute therefor; to the Committee on the Judiciary.

By Mr. LaGUARDIA: Joint resolution (H. J. Res. 179) authorizing the President by general proclamation to grant pardon and amnesty in certain war-time cases; to the Committee on the Judiciary.

By Mr. COLTON: Concurrent resolution (H. Con. Res. 10) to proclaim the third week in March as American conservation week; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 7015) granting a pension to William B. Fischer; to the Committee on Pensions.

By Mr. BACHARACH: A bill (H. R. 7016) granting an increase of pension to Susan T. Ebbecke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7017) granting an increase of pension to Amanda L. Dare; to the Committee on Invalid Pensions.

By Mr. BRUMM: A bill (H. R. 7018) granting a pension to Margaret E. Hoffman; to the Committee on Invalid Pensions.

By Mr. CANNON: A bill (H. R. 7019) granting a pension to Boone Tyree; to the Committee on Invalid Pensions.

By Mr. CARDEN: A bill (H. R. 7020) granting a pension to Electra V. Carson; to the Committee on Invalid Pensions.

By Mr. CARTER of Wyoming: A bill (H. R. 7021) for the relief of Frank Zabkar, whose name appears in the Army records as Frank Hope; to the Committee on Military Affairs.

By Mr. CHASE: A bill (H. R. 7022) granting an increase of pension to Elvira M. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7023) granting an increase of pension to Ermona M. McKinney; to the Committee on Invalid Pensions.

By Mr. CHIPERFIELD: A bill (H. R. 7024) granting a pension to Susan Lawber; to the Committee on Invalid Pensions.

By Mr. COLE of Maryland: A bill (H. R. 7025) for the relief of George F. Jones; to the Committee on Claims.

By Mr. CONDON: A bill (H. R. 7026) granting an increase of pension to Rosella O'Keefe; to the Committee on Pensions.

By Mr. CONNOLLY: A bill (H. R. 7027) granting an increase of pension to Martha Benner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7028) for the relief of William Louis Cook; to the Committee on Naval Affairs.

By Mr. COOKE: A bill (H. R. 7029) for the relief of the J. N. Adam Memorial Hospital; to the Committee on Claims.

Also, a bill (H. R. 7030) for the relief of Charlotte Martin; to the Committee on Military Affairs.

Also, a bill (H. R. 7031) granting an increase of pension to Catherine J. Cooper; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7032) granting an increase of pension to Frank A. Klein; to the Committee on Pensions.

By Mr. COOPER of Ohio: A bill (H. R. 7033) granting an increase of pension to Rhoda E. Sperry; to the Committee on Invalid Pensions.

By Mr. CULKIN: A bill (H. R. 7034) for the relief of William Burke; to the Committee on Military Affairs.

Also, a bill (H. R. 7035) granting an increase of pension to Sarah A. Bellinger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7036) granting an increase of pension to Amelia S. Fields; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7037) granting an increase of pension to Margaret Van Dresar; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 7038) for the relief of Frances Southard; to the Committee on Claims.

Also, a bill (H. R. 7039) granting a pension to Mary E. Ferris; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7040) for the relief of Sadie Bermi; to the Committee on Claims.

Also, a bill (H. R. 7041) to correct the military record of William J. Flanagan; to the Committee on Military Affairs.

Also, a bill (H. R. 7042) to correct the military record of Simon L. Addison; to the Committee on Military Affairs.

By Mr. EVANS of California: A bill (H. R. 7043) granting a pension to Mary A. Nichols; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7044) granting a pension to Pauline Forger; to the Committee on Pensions.

By Mr. FREE: A bill (H. R. 7045) to relinquish all right, title, and interest of the United States in certain lands in the State of California; to the Committee on the Public Lands.

By Mr. GASQUE: A bill (H. R. 7046) for the relief of John S. Cathcart; to the Committee on Claims.

Also, a bill (H. R. 7047) granting a pension to Willie D. Miles; to the Committee on Pensions.

By Mr. GILLEN: A bill (H. R. 7048) granting a pension to Irl E. Moats; to the Committee on Pensions.

By Mr. GOLDER: A bill (H. R. 7049) for the relief of Joseph M. McAleer; to the Committee on Military Affairs.

Also, a bill (H. R. 7050) for the relief of Abraham Harris; to the Committee on Military Affairs.

By Mr. GRANFIELD: A bill (H. R. 7051) granting a pension to Mary R. Currier; to the Committee on Pensions.

By Mr. GREENWOOD: A bill (H. R. 7052) granting an increase of pension to Margaret A. Karr; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7053) granting an increase of pension to Joanna E. Vickers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7054) granting an increase of pension to Lucy A. Vandiver; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 7055) providing for an examination and survey of Columbia River, Oreg. and Wash., and Vancouver Lake, Wash.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 7056) providing for an examination and survey of Tacoma Harbor, Wash.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 7057) granting a pension to Adam Johnson; to the Committee on Pensions.

By Mr. KETCHAM: A bill (H. R. 7058) granting an increase of pension to Sarah A. Gilliland; to the Committee on Invalid Pensions.

By Mr. KNIFFIN: A bill (H. R. 7059) granting an increase of pension to Mary Buhrer; to the Committee on Invalid Pensions.

By Mr. LAMNECK: A bill (H. R. 7060) granting an increase of pension to Annie I. McCoy; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 7061) for the relief of the Maryland Casualty Co., of Baltimore, Md.; to the Committee on Claims.

Also, a bill (H. R. 7062) granting a pension to John W. Cullum; to the Committee on Pensions.

Also, a bill (H. R. 7063) for the relief of Martha Grewe; to the Committee on Claims.

Also, a bill (H. R. 7064) granting a pension to Michael Harrington; to the Committee on Pensions.

Also, a bill (H. R. 7065) for the relief of Southern Overall Co.; to the Committee on War Claims.

Also, a bill (H. R. 7066) for the relief of Annie Chapman; to the Committee on Claims.

By Mr. LOZIER: A bill (H. R. 7067) granting an increase of pension to Grace E. Prior; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7068) granting an increase of pension to Mary E. Van Treese; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 7069) granting a pension to Rosalia I. Minnis; to the Committee on Invalid Pensions.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 7070) granting an increase of pension to Cora A. Cluff; to the Committee on Invalid Pensions.

By Mr. McLAUGHLIN: A bill (H. R. 7071) to remove the charge of desertion from the military record of William A. Tozer; to the Committee on Military Affairs.

By Mr. MICHENER: A bill (H. R. 7072) for the relief of Lewis W. Burden; to the Committee on Claims.

By Mr. MOREHEAD: A bill (H. R. 7073) granting an increase of pension to Francis H. P. Showalter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7074) granting a pension to Frances DuFrane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7075) granting an increase of pension to Sofrona P. Wolfe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7076) granting a pension to Fred Libbee; to the Committee on Pensions.

Also, a bill (H. R. 7077) granting an increase of pension to Lydia M. Bross; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7078) granting an increase of pension to Isabella B. McCandless; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7079) for the relief of Robert Ernest Huff; to the Committee on Naval Affairs.

Also, a bill (H. R. 7080) granting a pension to Ferdinand Duve; to the Committee on Pensions.

Also, a bill (H. R. 7081) granting a pension to Oscar Linville; to the Committee on Pensions.

Also, a bill (H. R. 7082) for the relief of Norman Hazelrigg; to the Committee on Military Affairs.

By Mr. NELSON of Wisconsin: A bill (H. R. 7083) for the relief of Clarence H. Lowell; to the Committee on Military Affairs.

By Mr. PARKER of Georgia: A bill (H. R. 7084) for the relief of Edward C. Compton; to the Committee on Banking and Currency.

By Mr. PURNELL: A bill (H. R. 7085) granting a pension to John Reynolds; to the Committee on Invalid Pensions.

By Mr. RAMSPECK: A bill (H. R. 7086) granting a pension to Fannie A. Ott; to the Committee on Pensions.

By Mrs. ROGERS: A bill (H. R. 7087) granting an increase of pension to Louise J. Dittmore; to the Committee on Pensions.

By Mr. SIROVICH: A bill (H. R. 7088) granting an increase of pension to Julia May Townsend; to the Committee on Pensions.

Also, a bill (H. R. 7089) extending the benefits of the emergency officers' retirement act to Wolcott Le Clear Beard; to the Committee on World War Veterans' Legislation.

By Mr. WELCH of California: A bill (H. R. 7090) granting a pension to Julius Hansen; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 7091) granting a pension to Mary Virginia Davis; to the Committee on Pensions.

By Mr. SPARKS: A bill (H. R. 7092) for the relief of John Neu; to the Committee on Military Affairs.

By Mr. STRONG of Pennsylvania: A bill (H. R. 7093) granting an increase of pension to Martha J. Miller; to the Committee on Invalid Pensions.

By Mr. SUMNERS of Texas: A bill (H. R. 7094) authorizing the President to reappoint Harry T. Rowland, formerly an officer in the Air Service, United States Army, an officer in the Air Service, United States Army; to the Committee on Military Affairs.

Also, a bill (H. R. 7095) authorizing the President to appoint Harry T. Rowland, formerly an officer in the Air Service, United States Army, an officer in the Air Service, United States Army; to the Committee on Military Affairs.

Also, a bill (H. R. 7096) for the relief of the Dallas County Chapter of the American Red Cross; to the Committee on Claims.

Also, a bill (H. R. 7097) for the relief of George Lee Moreland; to the Committee on Naval Affairs.

By Mr. SUTPHIN: A bill (H. R. 7098) granting a pension to Lucretia Donnalley; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 7099) for the relief of George Bingham; to the Committee on Military Affairs.

By Mr. SWICK: A bill (H. R. 7100) granting an increase of pension to Barbara Harley; to the Committee on Invalid Pensions.

By Mr. UNDERHILL: A bill (H. R. 7101) granting an increase of pension to Almedia R. Hichborn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7102) authorizing the President of the United States to posthumously present in the name of Congress a congressional medal of honor to Lieut. Joseph F. Wehner; to the Committee on Military Affairs.

Also, a bill (H. R. 7103) granting a pension to Mary T. Calef; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7104) for the relief of John W. Reardon, deceased; to the Committee on Naval Affairs.

Also, a bill (H. R. 7105) for the relief of John B. McGovern; to the Committee on Claims.

Also, a bill (H. R. 7106) for the relief of Stephen Conway; to the Committee on Naval Affairs.

By Mr. VINSON of Georgia: A bill (H. R. 7107) granting a pension to Pearl E. Smith; to the Committee on Pensions.

By Mr. McCORMACK: Resolution (H. Res. 88) to pay Flora M. Shanahan, widow of Philip J. Shanahan six months' compensation and an additional amount, not exceeding $250, to defray funeral expenses of the said Philip J. Shanahan; to the Committee on Accounts.

By Mr. GASQUE: Resolution (H. Res. 89) to pay Fred R. Miller for extra and expert services to the Committee on Pensions; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

235. By Mr. BOYLAN: Resolution adopted at the annual meeting of the Sons of the Revolution, favoring the erection in Washington, D. C., of a memorial to Admiral de Grasse; to the Committee on the Library.

236. Also, resolution adopted at a meeting of the American Society of Civil Engineers, New York City, N. Y., approving revisions of the wording of the Interior Department appropriation bill for the fiscal year 1933; to the Committee on Appropriations.

237. By Mr. CARDEN: Petition from tobacco growers of Hart County, Ky., that the tax on tobacco be reduced; to the Committee on Ways and Means.

238. By Mr. CARTER of California: Petitions passed by the State Farmers' Convention in session at Sacramento, Calif., December 2–4, inclusive, protesting against any legislation that would cripple the Farm Board, urging a tariff on pineapples, etc., tariff on Philippine products, and other tariffs; to the Committee on Agriculture.

239. Also, petition of the San Francisco section of the American Society of Civil Engineers, urging a revision of the wording of the Interior Department appropriation bill for the fiscal year 1933 as will effect a more equitable allocation of funds to the several States; to the Committee on Appropriations.

240. Also, petition of the board of supervisors of the city and county of San Francisco, urging an amendment to the Volstead Act; to the Committee on the Judiciary.

241. Also, petition of the Pacific Rabbit Breeders' Association, of California, urging increased appropriations for maintenance of the rabbit experiment station at Fontana; to the Committee on Agriculture.

242. By Mr. CULLEN: Petition of the Sons of the Revolution, in the State of New York, urging the Congress of the United States to erect in the city of Washington, D. C., a memorial to Admiral de Grasse; to the Committee on the Library.

243. By Mr. CURRY: Petition of Journeymen Barbers Local, No. 112, Sacramento, Calif., favoring a Sunday closing law for the District of Columbia; to the Committee on the District of Columbia.

244. Also, petition of Mare Island Navy Yard Metal Trades Council, of Vallejo, indorsing legislation prohibiting the use of enlisted men in the work of overhauling, repairing, and altering vessels of the Army, Navy, and Coast Guard; to the Committee on Naval Affairs.

245. Also, petition of delegates at the Western Governors' Conference relative to a tariff on copper; to the Committee on Ways and Means.

246. Also, petition of Oil Producers Sales Agency, of California, in favor of a tariff on crude petroleum and petroleum products imported into the United States; to the Committee on Ways and Means.

247. By Mr. ENGLEBRIGHT: Petition of James K. Fisk, department adjutant, the American Legion, California department, indorsing the Carter bill (H. R. 4532) protesting any cut in appropriations for Naval Reserve aviation and asking for an appropriation sufficient to allow at least 36 hours per year flying time for each Army Air Corps Reserve pilot; to the Committee on Appropriations.

248. Also, petition of Better Housing Federation, of Los Angeles, Calif., indorsing Senate bill 3256 and House bill 5581; to the Committee on Banking and Currency.

249. By Mr. FIESINGER: Petition of 20 members of the First Methodist Church, of Fremont, Ohio, recommending the passage of House bill 2133, first session Seventy-second Congress, for the relief of Nehmiak D. Minkler; to the Committee on Invalid Pensions.

250. Also, petition of 15 members of McPherson Lodge, No. 637, I. O. O. F., of Fremont, Ohio, recommending the passage of H. R. 2133, first session, Seventy-second Congress, for the relief of Nehmiah D. Minkler; to the Committee on Invalid Pensions.

251. By Mr. FULLER: Petition of Myrtle Parks, Lena Helni, Mrs. Earl Cunningham, and 85 others, sponsored by the Woman's Study Club, of Prairie Grove, Ark., on international disarmament; to the Committee on Foreign Affairs.

252. By Mr. GARBER: Petition of R. J. Clements, president Federal Truck Co. (Inc.), Oklahoma City, Okla., protesting against placing a tax on motor trucks; to the Committee on Ways and Means.

253. Also, petition of the Vance Motor Co., Ponca City, Okla., protesting against proposed legislation affecting the price of automobiles at retail; to the Committee on Ways and Means.

254. Also, petition of the E. C. Miller Cedar Lumber Co., Aberdeen, Wash., urging adequate protection for the American lumber industry; to the Committee on Ways and Means.

255. Also, petition of W. M. Darnell, Stillwater, Okla., protesting against placing the Federal Farm Board in the Agricultural Department; to the Committee on Agriculture.

256. Also, letter from Charles W. Mason, Oklahoma City, Okla., protesting against any reduction in military appropriations; to the Committee on Appropriations.

257. Also, letter from Fred H. Merritt, Minneapolis, Minn., in regard to methods and practices of financing; to the Committee on Banking and Currency.

258. By Mrs. KAHN: Petition of California Department executive committee of the American Legion, urging the passage of House bill 4532; to the Committee on the Merchant Marine, Radio, and Fisheries.

259. Also, petition of California Department executive committee of the American Legion, protesting against any decrease in the appropriations for Naval Reserve aviation activities; to the Committee on Appropriations.

260. Also, petition of California Department executive committee of the American Legion, urging that an appropriation be made to allow at least 36 hours per year flying time for each Army Air Corps Reserve pilot; to the Committee on Appropriations.

261. By Mr. KVALE: Petition signed by Guren Kvernes and 73 citizens of Renville, Minn., and vicinity, urging the enactment of Senate bill 1197; to the Committee on Agriculture.

262. Also, petition of Woman's Christian Temperance Union of Benson, Minn., urging enforcement of the eighteenth amendment; to the Committee on the Judiciary.

263. Also, petition of Release Lodge, No. 579, Brotherhood of Locomotive Firemen and Enginemen, Montevideo, Minn., with reference to water transportation; to the Committee on Rivers and Harbors.

264. By Mr. PATTERSON: Petition to make available a fund to be loaned to the farmers of Tallapoosa County, Ala., in a similar way as the drought loan of 1931; to the Committee on Agriculture.

265. By Mr. SNOW: Petition of Rev. J. O. Bouchard and many others of St. Francis, Me., favoring a duty on pulpwood and firewood; to the Committee on Ways and Means.

266. Also, petition of Rev. Albert Charette and many others of Grand Isle, Me., favoring a duty on pulpwood and firewood; to the Committee on Ways and Means.

267. Also, petition of F. D. Fournier, of St. David, Me., and many others favoring a duty on pulpwood and firewood; to the Committee on Ways and Means.

268. Also, petition of Fred Pelletier and many others of St. John Plantation, Me., favoring a duty on pulpwood and firewood; to the Committee on Ways and Means.

269. By Mr. WELCH of California: Petition of the American Legion of the Department of California on naval-reserve aviation; to the Committee on Naval Affairs.

270. Also, petition of the American Legion of the Department of California on the Army Air Corps Reserve; to the Committee on Military Affairs.

SENATE

WEDNESDAY, JANUARY 6, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Most loving Father who givest to us all the spirit of grace and of supplication, we beseech Thee for Thy compassion's sake to sanctify this day our thoughts, our words, and our actions, that they may be attuned to Thy most holy purpose. In olden days the wise men guided by a star made earnest quest to find their king and, lo, they found a babe. So lead us now by the star of love to life's most sacred shrine where we may find the Christ Child cradled in each human and yield to Him our royal gifts, that pain and suffering, privation and poverty, woe and want, fear and despair may be relieved through Thy ministry in us. Grant this for His sake, who said "Inasmuch as ye did it unto one of the least of these my brethren you have done it unto me." Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 2) to pay Anna Jarvis a sum equal to six months' compensation of the late Grant Jarvis.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Harrison	McKellar
Austin	Costigan	Hastings	McNary
Bailey	Couzens	Hatfield	Metcalf
Barbour	Cutting	Hawes	Morrison
Barkley	Dale	Hayden	Moses
Bingham	Davis	Hebert	Neely
Black	Dickinson	Howell	Norbeck
Blaine	Dill	Hull	Norris
Borah	Fess	Johnson	Nye
Bratton	Fletcher	Jones	Patterson
Brookhart	Frazier	Kean	Robinson, Ark.
Bulkley	George	Kendrick	Robinson, Ind.
Bulow	Glass	Keyes	Sheppard
Byrnes	Glenn	King	Shipstead
Capper	Goldsborough	La Follette	Shortridge
Caraway	Gore	Lewis	Smith
Connally	Hale	Logan	Smoot
Coolidge	Harris	McGill	Steiwer
Thomas, Idaho	Tydings	Walsh, Mass.	Wheeler
Thomas, Okla.	Vandenberg	Walsh, Mont.	White
Townsend	Wagner	Waterman	
Trammell	Walcott	Watson	

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is detained from the Senate on official business.

Mr. KENDRICK. My colleague the junior Senator from Wyoming [Mr. CAREY] is necessarily detained on official business. I ask that this announcement may stand for the day as to roll calls.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

LAWLESSNESS IN LAW ENFORCEMENT

The VICE PRESIDENT laid before the Senate a communication from the Attorney General transmitting, in compliance with Senate Resolution 116 (agreed to December 21, 1931) and pursuant to the direction of the President of the United States, certain reports of experts of the National Commission on Law Observance and Enforcement prepared under the direction of Judge William S. Kenyon, etc., which, with the accompanying documents, was referred to the Committee on the Judiciary.

APPENDIX TO COST-ASCERTAINMENT REPORT, POSTAL SERVICE

The VICE PRESIDENT laid before the Senate the appendix to the cost-ascertainment report of the Post Office Department for the fiscal year 1931, submitted by the Postmaster General in connection with the cost-ascertainment report heretofore transmitted by him, which was referred to the Committee on Post Offices and Post Roads.

REPORT OF GEORGETOWN BARGE, DOCK, ELEVATOR & RAILWAY CO.

The VICE PRESIDENT laid before the Senate a communication from Hamilton & Hamilton, attorneys, of Washington, D. C., transmitting, in compliance with law, the annual report of the Georgetown Barge, Dock, Elevator & Railway Co. for the year ended December 31, 1931, which was referred to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Norman Baker, of Muscatine, Iowa, praying for an investigation of the Federal Radio Commission, with reference to the operation of radio station KTNT and the matter of free speech and censorship, especially in connection with the subject of a cancer cure, which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

Mr. BARBOUR presented resolutions adopted by members of the Rutherford (N. J.) Rotary Club, favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

Mr. SHEPPARD presented a petition of sundry citizens of Kyle, Tex., praying that steps be taken against war and in behalf of disarmament, which was referred to the Committee on Foreign Relations.

Mr. SHIPSTEAD presented petitions of sundry citizens of the State of Minnesota, praying for the passage of legislation known as the farmers' farm relief act, which were referred to the Committee on Agriculture and Forestry.

He also presented a petition of sundry citizens of Menahga, Minn., praying for the reduction of taxation and governmental expenditures, which was referred to the Committee on Finance.

Mr. COPELAND presented a memorial of sundry citizens of Schenectady, N. Y., remonstrating against the submission of the question of repeal of the eighteenth amendment to the various States, which was referred to the Committee on the Judiciary.

PUBLIC-BUILDINGS PROGRAM

Mr. COPELAND. Mr. President, I have had communications from my State asking about the condition of the public-buildings program of the Government. I do not see the senior Senator from Utah [Mr. SMOOT] in his seat, but perhaps some other Senator can answer me.

As I understand it, we have approved projects for the construction of a great many public buildings, and in various reports which have been made from the White House attention has been called to the activity of the administration in the relief of unemployment by the erection of these buildings. To my surprise, however, I find that certain buildings which were approved in my State, notably the public building at Buffalo, apparently have been abandoned. I should like to inquire, for the benefit of citizens of my State, what is the attitude of the administration regarding going forward with these projects. I do not know whether any Senator but the senior Senator from Utah, who seems to be the spokesman of the White House in these matters, can speak, but if anyone else can answer I should like to have the information.

Mr. KING. Mr. President, the junior Senator from New Hampshire [Mr. KEYES] is chairman of the Committee on Public Buildings and Grounds.

Mr. COPELAND. He does not seem to be in the Chamber at the moment.

Mr. President, this is the situation. We made appropriations for certain public buildings. There were other approved projects, and the Congress had every right to believe last year that we were going forward with those projects. The argument was made at the time that by erecting these buildings there would be relief of unemployment in many localities. But apparently the White House in its effort to have a paper improvement in conditions has decided not to go forward with these buildings. I think every Senator is interested. There must be some project in each State of the Union which is an approved project. Certainly the Senate should be advised as to whether it is the intention of the administration to abandon these projects.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. KING. Of course I do not speak for the White House nor for any branch of the Federal Government, but I think it is only fair and just to say that the Treasury Department, in my opinion, has been going forward with considerable expedition in the matter of public buildings. I have had occasion to come in contact with Mr. Heath and his associates, the representatives of the Post Office Department, and I know they have been very earnest in their efforts to push to completion the various projects which have been undertaken.

I have had occasion to complain because the department would not employ local architects, but they have insisted in most instances that the architectural force of the department is adequate to the demands of the Government and that where they had permitted local architects to prepare plans and supervise the erection of buildings delays have been occasioned far greater than any delay which would have resulted if the Government had carried out its plans itself. I can not speak, of course, for Buffalo, but I think in the main the department has acted with reasonable diligence.

Mr. COPELAND. Mr. President, I congratulate the Senator from Utah that he has been so fortunate. I can not say that I have had the same experience; and it certainly is significant that the defense of the administration has to come from the Democratic side. I should like to hear from the other side of the aisle, which is now in control of legislation, and to ascertain what is the attitude of the administration toward these approved projects and why they have not been included in the Budget which has been sent to us. I notice the Senator from Washington [Mr. JONES] is on his feet.

The VICE PRESIDENT. The Chair will suggest that this debate is proceeding by unanimous consent.

Mr. BORAH. I object.

The VICE PRESIDENT. The Senator from Idaho objects. The presentation of petitions and memorials is in order.

RECONSTRUCTION FINANCE CORPORATION

Mr. BAILEY. I present a telegram from the Governor of the State of North Carolina relative to the Reconstruction Finance Corporation bill. I ask that it may lie on the table and be printed in the RECORD.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

[Telegram]

RALEIGH, N. C., *January 4, 1932.*

Hon. JOSIAH W. BAILEY,
The United States Senate:

In my opinion, based upon the gravity of the present situation, the most important measure pending before Congress is the act creating the Reconstruction Finance Corporation. The immediate passage of this measure will do more to restore the confidence of the country in the banking structure than any other bill before Congress, for the reason that it will create the psychological effect that the power and resources of the Federal Government are behind the banking structure of America. I believe it most important to have a provision in this act authorizing the corporation to make advances against the assets of closed banks, both State and National, in order to liberate funds now tied up in these closed banks.

O. MAX GARDNER.

RESTRICTION OF TAXATION

Mr. BAILEY. I also present a resolution of the North Carolina Bankers Association, which I ask may be referred to the Committee on Finance and printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

NORTH CAROLINA BANKERS ASSOCIATION,
Raleigh, December 31, 1931.

Hon. J. W. BAILEY,
United States Senate, Washington, D. C.

DEAR MR. BAILEY: The following resolution has been adopted by the executive committee of the North Carolina Bankers Association and is sent to you under their instructions:

"Realizing that governmental expenditures in the Nation, States, counties, and municipalities have increased manyfold during the past few years and that the result has been an ever-increasing burden on the taxpayers of every kind, which is now reflected in the distress of all manner of people and business; and

"Realizing further that the time has come for a drastic reduction in public expenditures with the consequent reduction in all forms of taxation, and that the national authorities should immediately lead the way in effecting such reductions: Now therefore be it

"*Resolved*, That the Congress of the United States should immediately pursue every reasonable course leading to a reduction in all forms of public expenditures and to a strict limitation, in so far as possible, in all forms of taxation to the end that individuals and corporations of all classes may have an opportunity of rehabilitating their affairs without the strangling effects of further increased forms of taxation."

It is urged by the officers of our association and the members of its executive committee that you use such efforts as you consider advisable in order that the recommendations contained in this resolution be given careful consideration by Congress.

Yours very truly,

PAUL P. BROWN, *Secretary.*

PROPOSED RESUBMISSION OF THE EIGHTEENTH AMENDMENT

Mr. TRAMMELL. I send to the desk and ask to have printed in the RECORD and referred to the Committee on the Judiciary a resolution adopted by the Woman's Christian Temperance Union, of Miami, Fla.

There being no objection, the resolution was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

The following resolution was unanimously adopted at a largely attended meeting of the Miami Woman's Christian Temperance Union at the White Temple, Monday, December 14, 1931, and we are sending a copy to each of our Members of Congress:

"Whereas it is reported that the resubmission of the eighteenth amendment will be voted on at this session of Congress; and

"Whereas those asking for resubmission have not advocated any definite plan for the control of the liquor traffic, asking only for the repeal of the existing laws; and

"Whereas prohibition was adopted after all other methods had been tried and failed; and

"Whereas under our present financial crisis we need all our energies to work out a plan for the return of prosperity, we feel it is a very poor time for Congress to advocate a resubmission of the question that would arouse intense antagonism among the people: Therefore be it

Resolved, That we call upon our representatives in Congress to do their moral and patriotic duty by voting against the resubmission of the eighteenth amendment at this time."

Very respectfully yours,

MRS. LENORA H. HOLCOMB,
President Miami Woman's Christian Temperance Union.
THE PALMS, 242 NORTHEAST THIRD STREET,
Miami, Fla., December 15, 1931.

RECONSTRUCTION FINANCE CORPORATION

Mr. BROOKHART. I have here a letter from the chairman of the committee on Federal legislation of the American Bankers Association with reference to an amendment suggested by Mr. Traylor to the Reconstruction Finance Corporation bill, and also two telegrams from Iowa bankers upon the same subject, which I desire to have inserted in the RECORD and to lie on the table.

There being no objection, the letter and telegrams were ordered to lie on the table and to be printed in the RECORD, as follows:

THE AMERICAN BANKERS ASSOCIATION,
New York, N. Y., January 5, 1932.

Hon. SMITH W. BROOKHART,
Member Banking and Currency Committee,
United States Senate, Washington, D. C.

DEAR SENATOR BROOKHART: With reference to Senate bill No. 1, for the creation of the Reconstruction Finance Corporation now coming before your committee, I desire to urge on behalf of the American Bankers Association the necessity for immediate passage of the bill, and also that it be amended to include the suggestion made by Mr. Traylor at the hearings a few days ago to permit loans on the assets of closed banks.

The members of our association feel that such loans would substitute cash for slow assets, unlock frozen deposits in closed banks, and by placing them back in the hands of the public assist in their reopening and materially aid business recovery.

I trust that the committee will give serious consideration to this suggestion of Mr. Traylor and urge that it be incorporated in the bill.

Very truly yours,

ROBERT V. FLEMING,
Chairman Committee on Federal Legislation.

OSKALOOSA, IOWA, *January 5, 1932.*

Senator SMITH W. BROOKHART,
Washington, D. C.:

Having a copy of the bill favoring reconstruction finance corporation act, also the Traylor amendment to the act, we are wiring you asking that you support the Traylor amendment for the relief of frozen assets in banks. We believe this should be given prompt action by the United States Congress, as we feel it would be a great relief to the present condition of times.

B. E. EVANS,
Auditor.
E. R. RAFFETY,
Mahaska County Treasurer.
W. L. CAMPBELL,
M. C. MONTGOMERY,
C. W. ANDERSON,
Board of Supervisors Mahaska County, Iowa.

OSKALOOSA, IOWA, *January 5, 1932.*

Senator SMITH W. BROOKHART,
Washington, D. C.:

Having a copy of the bill favoring the reconstruction finance corporation act, also the Traylor amendment to the act, I am wiring you asking you to support the Traylor amendment for the relief of frozen assets in banks. I believe this should be given prompt action by the United States Congress, as I feel it would be a great relief to the present condition of times.

C. ED BEMAN,
Vice President Mahaska County State Bank.

EXECUTIVE REPORTS OF THE FOREIGN RELATIONS COMMITTEE

As in executive session,

Mr. BORAH, from the Committee on Foreign Relations, reported favorably the following nominations, which were placed on the Executive Calendar:

Emil Sauer, of Texas, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America;

W. Roderick Dorsey, of Maryland, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America; and

Stephen E. Aguirre, of Texas, and Overton G. Ellis, jr., of Washington, to be Foreign Service officers, unclassified, vice consuls of career, and secretaries in the Diplomatic Service of the United States of America.

Mr. BORAH also, from the Committee on Foreign Relations, reported favorably the following conventions, which were placed on the Executive Calendar:

Executive E (71st Cong., 3d sess.), international convention relating to the treatment of prisoners of war, signed at Geneva July 27, 1929; and

Executive F (71st Cong., 3d sess.), international convention for the amelioration of the condition of the wounded and sick of armies in the field, signed at Geneva July 27, 1929.

REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on Foreign Relations, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 287. An act to compensate Harriet C. Holaday (Rept. No. 29);

S. 440. An act for the relief of Lillian G. Frost (Rept. No. 30);

S. 631. An act for the relief of Alice M. A. Damm (Rept. No. 31); and

S. 1338. An act for the relief of Germaine M. Finley (Rept. No. 32).

Mr. NYE, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 475) to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes, reported it with an amendment and submitted a report (No. 34) thereon.

SURVEY OF INDIAN CONDITIONS

Mr. FRAZIER, from the Committee on Indian Affairs, submitted a partial report (No. 25, pt. 2), pursuant to Senate Resolutions 79 and 308, Seventieth Congress, and Senate Resolutions 263 and 416, Seventy-first Congress, relative to the affairs of the Pueblo Indians in New Mexico.

SPECIAL ASSISTANT CLERK TO THE LIBRARY COMMITTEE

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably without amendment the resolution (S. Res. 24) submitted by Mr. FESS on the 9th ultimo, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on the Library of the Senate is hereby authorized to employ a special assistant clerk during the Seventy-second Congress, to be paid at the rate of $2,220 per annum out of the contingent fund of the Senate.

MEMBERSHIP OF FEDERAL POWER COMMISSION—EXPENSES

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 61), submitted by Mr. WALSH of Montana on the 10th ultimo, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on the Judiciary, authorized by Senate Resolution No. 415, agreed to February 5, 1931, to engage counsel for the purpose of instituting proceedings to secure a determination of the right of George Otis Smith to the position of member of the Federal Power Commission, hereby is authorized, in the prosecution of such litigation, to expend from the contingent fund of the Senate $5,000 in addition to the counsel fees heretofore authorized.

MARJORIE RUTH RANKIN AND ALICE JOSEPHINE RANKIN

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 108), submitted by Mr. BROOKHART on the 18th ultimo, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1931, to Marjorie Ruth Rankin and Alice Josephine Rankin, widow and daughter, respectively, of Roy H. Rankin, late the clerk in the office of Hon. SMITH W. BROOKHART, a Senator from the State of Iowa, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be divided equally between said widow and daughter, and to be considered inclusive of funeral expenses and all other allowances.

HEARINGS BEFORE THE IMMIGRATION COMMITTEE

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 109),

submitted by Mr. HATFIELD on the 18th ultimo, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Immigration, or any subcommittee thereof, hereby is authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE DISTRICT OF COLUMBIA COMMITTEE

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 121), submitted by Mr. CAPPER on the 22d ultimo, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, hereby is authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

SENATOR FROM NORTH CAROLINA—CONTEST

Mr. TOWNSEND. From the Committee to Audit and Control the Contingent Expenses of the Senate, I report Senate Resolution 60, with an amendment, and I ask unanimous consent for its present consideration.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 60) submitted by Mr. SHORTRIDGE on December 10, 1931, was read as follows:

Whereas on the 3d day of March, 1931, the Senate referred to the Committee on Privileges and Elections the pending contest between George M. Pritchard and Josiah W. Bailey involving the question whether the said George M. Pritchard or the said Josiah W. Bailey, or either of them, is entitled to membership in the United States Senate as a Senator from the State of North Carolina: Now therefore be it

Resolved, That the Committee on Privileges and Elections is hereby authorized to hear and determine said contest and to take such evidence as it may deem proper in order to determine the questions involved and certify its conclusions to the Senate.

Said committee is authorized, by itself or by any subcommittee, to investigate the questions aforesaid, and shall have authority to act by or through such agents or representatives as it may see fit to designate.

Said committee, or any subcommittee thereof, shall have power to issue subpœnas and require the production of all papers, books, documents, or other evidence pertinent to said investigation, and to impound ballot boxes and all records and paraphernalia used in the election in question, and said committee, or any subcommittee thereof, may sit during the sessions of the Senate and during any recess of the Senate or of the Congress, and to hold its sessions at such places as it may deem proper.

It shall have authority to employ clerks and other necessary assistance and to employ stenographers at a cost not to exceed 25 cents per 100 words, and to cause to be taken and recorded all evidence received by the committee, and to have said evidence printed for the information of the Senate.

The Sergeant at Arms of the Senate and his deputies and assistants are hereby required to attend the said Committee on Privileges and Elections, or any subcommittee thereof, and to execute its directions.

The chairman of the committee and each and every member thereof is hereby empowered to administer oaths and generally have such powers and perform such duties as are necessary or incident to the exercise of the powers and duties imposed by this resolution.

Said committee shall report to the Senate at the earliest practicable date.

The cost of investigations and proceedings in pursuance of the foregoing to be paid out of the contingent fund of the Senate and not to exceed $25,000.

Mr. ROBINSON of Arkansas. Let that resolution go over, Mr. President.

The VICE PRESIDENT. The resolution will go to the calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HEBERT:

A bill (S. 2678) amending the statutes of the United States to provide for copyright registration of designs; and

A bill (S. 2679) to protect trade-marks used in commerce, to authorize the registration of such trade-marks, and for other purposes (with an accompanying paper); to the Committee on Patents.

By Mr. DICKINSON:

A bill (S. 2680) for the relief of Harry E. Blomgren; to the Committee on Claims.

A bill (S. 2681) for the relief of John C. Harker; to the Committee on Military Affairs.

By Mr. NORRIS:

A bill (S. 2682) to amend section 5 of the Criminal Code; to the Committee on the Judiciary.

By Mr. FLETCHER:

A bill (S. 2683) making applicable to certain persons the benefits of the emergency officers' retirement act of May 24, 1928; to the Committee on Military Affairs.

By Mr. HARRIS:

A bill (S. 2684) for the relief of F. P. Case; to the Committee on Military Affairs.

A bill (S. 2685) to convey by a quitclaim deed from the United States of America to the County of McIntosh in the first congressional district of the State of Georgia a certain island known as Black Beard; to the Committee on Agriculture and Forestry.

By Mr. TRAMMELL:

A bill (S. 2686) for the relief of the American Trust Co. of Jacksonville, Fla.; to the Committee on Claims.

By Mr. WAGNER:

A bill (S. 2687) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes; to the Committee on Commerce.

By Mr. LOGAN:

A bill (S. 2688) for the relief of the Shelby County Trust & Banking Co., of Shelbyville, Ky.;

A bill (S. 2689) for the relief of the Union Bank & Trust Co., of Lexington, Ky.; and

A bill (S. 2690) for the relief of the State Bank & Trust Co., of Richmond, Ky.; to the Committee on Claims.

By Mr. BRATTON:

A bill (S. 2691) granting a pension to David Fatty; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 2692) granting a pension to Noah C. Dugan; to the Committee on Pensions.

A bill (S. 2693) for the relief of George Parker; to the Committee on Claims.

By Mr. COUZENS:

A bill (S. 2694) for the relief of the Union Guardian Trust Co., successors to Union Trust Co., of Detroit, Mich.; and

A bill (S. 2695) for the relief of the Detroit & Security Trust Co., successors to Security Trust Co., of Detroit, Mich.; to the Committee on Finance.

By Mr. WHEELER:

A bill (S. 2696) to authorize the issuance of unrestricted patents to certain public lands; to the Committee on Public Lands and Surveys.

A bill (S. 2697) for the relief of Clarence G. Young;

A bill (S. 2698) for the relief of Herman Ingman; and

A bill (S. 2699) for the relief of Joseph L. Rudd; to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 2700) granting a pension to William W. Lee; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 2701) for the relief of John B. Crowell (with accompanying papers); to the Committee on Military Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 2702) granting compensation to the widow and minor children of Francis C. Oxley; to the Committee on Finance.

A bill (S. 2703) for the relief of the State of Indiana; to the Committee on Claims.

A bill (S. 2704) for the relief of Henry W. Goedecke;

A bill (S. 2705) authorizing the Secretary of War to award the congressional medal of honor to Joseph A. Minturn;

A bill (S. 2706) for the relief of Allen A. North; and

A bill (S. 2707) for the relief of James Tulley Hazel (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2708) granting an increase of pension to Edith Ross;

A bill (S. 2709) granting an increase of pension to Reuben Samson;

A bill (S. 2710) granting an increase of pension to Fanny Cunningham;

A bill (S. 2711) granting an increase of pension to Anna O. Kirkpatrick (with accompanying papers);

A bill (S. 2712) granting a pension to Mary Bothwell (with accompanying papers);

A bill (S. 2713) granting a pension to Samuel Porter Conway (with accompanying papers);

A bill (S. 2714) granting an increase of pension to Thomas Miller (with accompanying papers);

A bill (S. 2715) granting an increase of pension to Elzena Troxell (with accompanying papers); and

A bill (S. 2716) to amend an act entitled "An act to increase the pensions of certain maimed veterans who have lost limbs or have been totally disabled in the same, in line of duty, in the military or naval service of the United States; and to amend section 4788 of the Revised Statutes of the United States by increasing the rates therein for artificial limbs," approved February 11, 1927 (U. S. C., sup. 1, title 38, sec. 168a); to the Committee on Pensions.

By Mr. GLENN:

A bill (S. 2717) granting a pension to Walter R. Hall; to the Committee on Pensions.

A bill (S. 2718) to authorize the erection of a 532-bed addition to the United States Veterans' Administration hospital at North Chicago, Ill.; to the Committee on Finance.

By Mr. BULKLEY:

A bill (S. 2719) for the relief of the City Savings Bank & Trust Co., of Alliance, Ohio;

A bill (S. 2720) for the relief of the Union Trust Co., successors to the Broadway Savings & Trust Co., of Cleveland, Ohio;

A bill (S. 2721) for the relief of the Central United National Bank, successors to United Banking & Trust Co., of Cleveland, Ohio;

A bill (S. 2722) for the relief of the Union Trust Co., successors to State Banking & Trust Co., of Cleveland, Ohio; and

A bill (S. 2723) for the relief of the Central United National Bank, successors to United Banking & Trust Co., of Cleveland, Ohio; to the Committee on Claims.

By Mr. McKELLAR:

A bill (S. 2724) for the relief of Thomas Green (with an accompanying paper); to the Committee on Claims.

A bill (S. 2725) granting a pension to Cranford C. Wilson (with accompanying papers); to the Committee on Pensions.

By Mr. FESS:

A joint resolution (S. J. Res. 75) authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge; to the Committee on the Library.

By Mr. HAYDEN:

A joint resolution (S. J. Res. 77) to authorize a flood-control investigation by the American section, International Boundary Commission, United States and Mexico, in cooperation with the Mexican section, and authorizing the construction of flood-control works; to the Committee on Foreign Relations.

REORGANIZATION OF EXECUTIVE AGENCIES OF THE GOVERNMENT

Mr. GEORGE. I introduce a joint resolution and ask unanimous consent to make a very brief statement regarding it.

The VICE PRESIDENT. Is there objection to the Senator making a statement? The Chair hears none, and the Senator from Georgia will proceed.

Mr. GEORGE. Mr. President, numerous bills have been introduced proposing reductions in Federal salaries and suggesting other economies. If we are to do more than pay mere lip service to economy at this session of the Congress, it seems to me to be necessary to confer upon the President of the United States blanket authority to consolidate offices and bureaus within the executive department, independent branches of the executive department, and, where the public service will not be adversely affected thereby, to abolish outright boards, commissions, and various executive services both in the executive department and in the so-called independent executive branches. I therefore introduce a joint resolution having for its purpose that particular end.

The joint resolution (S. J. Res. 76) authorizing the President to reorganize the executive agencies of the Government was read twice by its title and referred to the Committee on Finance.

AMENDMENT TO DEFICIENCY APPROPRIATION BILL

Mr. McNARY. At the request of the junior Senator from Nevada [Mr. ODDIE], who is necessarily absent on account of illness, I offer an amendment to House bill 6660.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Appropriations Committee.

The amendment intended to be proposed by Mr. ODDIE to House bill 6660, the first deficiency appropriation bill, 1932, was, at the proper place in the bill, to insert the following:

Indian agency building: For construction of a power-transmission line and distribution system, including equipment and necessary rights of way, Walker River Agency, Nev., fiscal years 1932 and 1933, $17,000.

CHANGES OF REFERENCE

Mr. WALSH of Massachusetts. Mr. President, yesterday I introduced the bill (S. 2675) providing for an emergency circulation fund, and for other purposes. It was referred to the Committee on Finance. I think that was an improper reference. I ask unanimous consent that that committee be discharged from the further consideration of the bill and that it be referred to the Committee on Banking and Currency.

The VICE PRESIDENT. Without objection, that order will be made.

Mr. BINGHAM. Mr. President, several days ago I introduced a bill (S. 2475) to establish a commercial airport for the District of Columbia, which was referred to the Committee on Public Buildings and Grounds, to which committee in the House the same bill had been referred.

My attention has been called to the fact that previously a bill to provide for the establishment of an airport in the city of Washington was referred to the Committee on the District of Columbia, and I agree that that is the proper committee to which this bill should be referred. I understand from the chairman of the Committee on Public Buildings and Grounds, who is now present, that he has no objection to the course of procedure which I am about to suggest. I ask unanimous consent that the Committee on Public Buildings and Grounds may be discharged from the further consideration of the bill and that it may be referred to the Committee on the District of Columbia.

The VICE PRESIDENT. Without objection, that order will be made.

THE RUSSIAN PROBLEM

Mr. BORAH. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered on October 25, 1931, by Albert Ottinger, former attorney general of the State of New York, on the Russian problem.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

In a speech delivered by President Coolidge on February 22, 1929, he said, "We have no important unadjusted problem with the government of any European nation with the exception of Russia." Russia has indeed been a problem since the date of the revolution, October 7, 1917, when the Soviet Government came into existence.

It is difficult to convey a proper concept of Russia to those who have not had the opportunity to visit that vast country. People are not to be criticized for having been misled by misrepresentation of propaganda either for or against the existing government. I had the opportunity to go to Russia to make my own observations. Among other places I visited Moscow, Leningrad, sailed

down the Volga, stopping off at the various cities on the journey; I motored across the Georgian pass to Tiflis in the Republic of Georgia; I went to the Crimea and down to the Black Sea. My trip, taken with 94 other Americans, covered 6,000 miles in European Russia and included cities, oil fields, farming districts, coal mines, steel mills, winter and summer resorts.

Obviously it was impossible, within a short space of time, to take in the entire Russian country, which in extent of area is more than three times the size of the United States of America. Topographically it is very similar to America, and this is also true of the Russian climate. One passes through vast stretches and can imagine oneself in North Dakota, Wyoming, or Arizona, in the Great Plains countries. There is, therefore, a natural affinity existing between Russians and the Americans. One great difference is that America has found her freedom in a stabilized government, while Russia is struggling for the attainment of her ideal. It is a simple thing to criticize, but it is far more just to consider the facts. It must be remembered that Russia was a nation of serfs, who were released from bondage in 1861, since which time and up to the date of the revolution they were the subjects of an absolute monarchy. And whatever may be said against conditions as they exist to-day, the almost universal expression in Russia is that they are far better for the masses of the people than under the reign of the Czar.

Revolutions must run their course. Similar transitions took place in France, which is a much smaller country than Russia. The pendulum swung one way all the way over toward imperialistic Russia to the other extreme which occurred immediately after the revolution in 1917. In between these two metamorphoses there was the opportunity presented to Kerensky, whose government was not sufficiently stable to last more than seven months. Had that government been successful, many of our present problems might not have arisen. Under the régime of Lenin, who is regarded as the great man of the revolution, the pendulum was gradually swinging back to a point where theoretical Russia was ready to meet the practical needs of the day. This was made evident by the fact that when President Coolidge, in his first message to Congress in 1923, expressed his "desire to see that great people who are our traditional friends restored to their position among the nations of the earth," provided Russia would recognize the sanctity of her international obligations, the Soviet Government offered to discuss all matters in dispute on the "principle of mutual nonintervention in international affairs." The proposed conference, however, never took place. A misunderstanding between the two countries then became inevitable.

While in Russia I had occasion to address various organizations; to tell them that while America respects the struggling efforts of a people to find their freedom it maintained that the United States of America should have its institutions and its cherished traditions respected and upheld by all other countries. I repeated the same thought to certain officials in Russia, who assured me they were ready to meet such demands and to negotiate for settlement of any other contention which America might make.

Russia is ruled by a one-party government, being controlled by what is known as the Communist Party. The communists consist of 1,500,000 people governing a nation with a population of about 150,000,000. The word "communist" should not be misunderstood to mean anarchist or nihilist. In fact, I found the Russians a peace-loving people who believe that war or violence would be destructive of their carefully prepared program of development. In order to become a communist in Russia it is necessary to pass an educational and a physical test, in addition to being qualified from the standpoint of character and loyalty to the existing government. The applicant must first be approved by the local party, and after he has passed his examination he must receive the sanction of the National Party. When once admitted to the Communist Party the communist must devote himself to his country's needs. He must go where sent. He must do what the Government exacts. He must not criticize publicly the existing government, but is called upon to reserve such criticism in private conclave. He must not act frivolously or do things which bring disrepute upon the communistic institutions. If he does these things, he is apt to be expelled from the party. Obviously, the communist would be the first to admit that Russia to-day is not a free country, but he will also tell you that he is working toward the accomplishment of its ultimate freedom; further that it never has been free. He feels that the Russian mass needs guidance until it has attained its education and its objective.

Very few officeholders are elected directly by the people. Those who are are either mayors of cities or delegates to the national convention. Many of the mayors of cities are women, and women have played an important part in the national government and in the diplomatic service. There is a selective method of voting for delegates to the national convention, whereby people in various professions vote for representatives in the same profession. For instance, a bricklayer will vote for a bricklayer, a professor for a professor, a lawyer for a lawyer. The national convention chooses the cabinet which controls the policies of the Russian Government. At present the outstanding figure in the control of Russian affairs is Stalin, who, though not a member of the cabinet, is the secretary of the Communist Party. Every appointee has the right to demand once a year that his superior officeholder give himself an annual housecleaning or, rather, render an account of his stewardship. It is customary that even when this demand is not made the official will make the report on all of his actions voluntarily.

Political prisoners are dealt with more severely than criminals. Political graft is punishable by death. Integrity in office is the watchword of all Russians, and the honor of serving as a government official is considered more important than the salary compensation. The highest official receives but 225 rubles a month, or about $115. Of course, if he is a cabinet member he may be permitted the use of a home and an automobile so long as he acts in that capacity. The salaries of all government employees are fixed by the government according to the grade of work which they do. When I say "government employees," I include all workingmen who are employed in business which is owned and operated by the government. On the other hand, Russia has made many concessions to private capital. These concessions depend upon the terms contained in the individual contract. So far as these contractors are concerned, the salaries of their employees are fixed by them and not by the government. It is possible to get much greater concessions for the construction of certain quasi public undertakings in Russia than can be obtained in many States in America. The idea back of these private contracts is that they will ultimately help to achieve the fulfillment of the program of the Russian Government for the development of Russia.

The Russians are most desirous of obtaining skilled American workmen and instilling American methods and mechanical organizations in their country. So you will find the General Electric Co., the Westinghouse Co., the Ford Manufacturing Plant, and other vast enterprises which have material interests in great organizations in Russia. The Russians are developing great water power and electrical plants. These were inaugurated in the régime of Lenin. Germany has taken greater advantage of its opportunities of trade relations with Russia than any other country. Russia has organized what it calls its 5-year plan for the development of essentials, consisting of the building of railroads, electrical plants, the development of its mines and oil fields. The favored group in Russia consists of the industrial workers, because the government feels that they make the greatest contribution to the upbuilding of the country. While Russia is very sympathetic with its farm or peasant problem, it has adopted a policy of fixing prices for farm products so that they can be purchased by the industrial interests for their maintenance.

While the State in Russia owns all property, it permits the peasant to live upon his farm tax free, as far as land taxes are concerned, so long as he desires to do so. The middleman, or "kulak," who is the village money lender to the farmer, is taxed more heavily than any other class.

These distinctions in classes are carried out even in the prisons, some of which I visited, where the sentence inflicted for the commission of a criminal offense is determined largely by the nature of the work the offender was engaged in before the commission of the crime. In other words, a laborer receives a lighter sentence than a peasant, a peasant is preferred to a kulak, and the monarchist receives the heaviest sentence. All prisoners are put to work in order to make them useful citizens after their freedom. In Moscow all prisoners are given a two months' vacation. Almost without exception they return to the prison after the expiration of the vacation term.

The ruble is the money standard of Russia. Within Russia it is kept upon a parity of 2 to 1 to the dollar. This parity must be maintained in order to work out the economic problems of Russia. Bootlegging in Russia consists of the bootlegging of Russian rubles. This is accomplished by means of discovering some one who will sell his goods at a ratio of five or six rubles to the American dollar. This miscreant is able to obtain his exchange in foreign countries. Therefore Russia will not permit any foreigner to bring rubles into her country or to take them with him when he departs.

Russia has a passion for the education of her children. It is literally true that many of the children of the revolutionary period have grown to manhood and womanhood splendidly educated. All over Russia one sees centers of art and culture which are devoted to the development and the education of the young. Dyetskoye Selo (the Czar's summer residence) is completely turned over to children. In the Crimea the palaces of the Czars and the mansions of the rich are devoted either to the children or to neurasthenic and consumptive patients.

In the Crimea, which is one of the most beautiful places in the world, I was very much inspired by the medical treatment administered to the children who suffer from tubercular bone diseases, which are more prevalent in Russia than infantile paralysis. I visited that hospital, which is established at a great altitude in that magnificent country. There the children were being educated in bed. They were bright and cheerful. On that day they expected the visit of the Minister of Medicine. When he came to them with one accord they cried for more industrial schools, schools in which under their impaired condition they would be able to develop their careers. Their prayers were answered and the assurance of more schools was given by the minister. The children who had sufficiently recovered entertained us with a very interesting play. Those who were still unable to rise from their beds gave us a concert, and they played their instruments while lying on their backs. The beauty and the inspiration of that moment remains with me.

When one greets a workingman in Russia he is called comrade or citizen, the idea of equality being constantly impressed upon everyone. I have had more tips refused in Russia than in any other country in the world. I do not mean to say that everybody

refuses to receive a fee for menial service, but I do say that nowhere else have I found present the disposition to do work as a citizen for a stated salary and not one cent more.

The Russian communists call themselves agnostic. Really I believe that they have given themselves over to a species of Lenin worship, because wherever one goes one sees photographs of Lenin in the home, statues of Lenin in the streets, and the dead body of Lenin is preserved in the public square in Moscow for the inspiration and the gaze of the passer-by. It is almost like the story of Buddha and Buddhism. But in spite of the protestations of the communists, there is deep religious fervor, especially among the older people; and so far as the Asiatic religions are concerned, one sees when approaching a Tartar country that they are kept pretty well intact. The Jews reserve their Jewish centers unmolested by the Government.

In spite of everything that has been said there is no such thing as religious persecution in Russia, and no man is discriminated against or arrested because of his religious belief. There are comparatively few churches that have been destroyed and very few that have been taken over for governmental purposes. The Russian Government does not encourage religious teaching but would prefer to see religion practiced in the home. I regard this as synonymous with the French Revolution, and, of course, I believe that religious conditions will improve materially as time goes on. Due to the fact that the tyrant Czar was the head of the church and that under him pogroms and massacres occurred frequently, the Russian mind has become confused and religion has been made the victim of the Czar's misgovernment. But no such massacres and pogroms exist to-day. I believe that it is quite possible to arouse a better sympathetic understanding among religious creeds by means of friendly negotiation rather than by demonstrations of bitter hatred.

Music and the arts have been maintained upon a high plane. The Russian is by nature emotionally artistic. The Russian dance or ballet has attained an eminence and significance not reached by any other country. Russian museums are cherished and preserved. In Leningrad we find 72 Rembrandts and many of the other great old masters; in Moscow there is one of the best exhibitions of modern art to be seen anywhere. The palace of Catherine II is at least as beautiful as the palace at Versailles, although the palace of Nicholas II is mediocre in the extreme. Wherever we went on our Russian trip the citizens were eager to have us listen to their music and see their artists perform.

The Russians are most likeable people and generous to the last ruble. They are warm-hearted and sympathetic. They are particularly fond of America and Americans. They welcome trade relations and the opportunity for a better knowledge of America. As a matter of fact, though we are dealing with them at arm's length, our exports to Russia in 1930 amounted to over $100,000,000 as against imports to our country of $30,000,000.

If I am asked whether I believe that the Russian Government can succeed, I shall answer that its success depends upon the practical statesmanship of those at the head of their Government and the respect which they will have for the maintenance of the institutions of other nations. I do not believe that pure Marxism can succeed, but I do believe that it is necessary for the Russian statesman to find the compromise between the theoretical and the practical. Right here let me quote Senator WILLIAM E. BORAH:

"No one would rejoice more than myself to see the Government of Russia changed in many essential particulars. I entertain no doubt it will be changed, though probably not speedily. But who could wish for its overthrow and for an attempt to restore in some form the old régime and to reestablish old conditions? Are we interested in seeing the brutal system which for 300 years exploited and oppressed the people of Russia again riveted upon the Russian people?

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"But it is useless to speculate on whether we would like to see these things done, for they can not be done. An attempt to bring about old conditions would inaugurate an era of misery and bloodshed, of suffering, and decimation which no tongue could portray and no language could paint.

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"These people are endeavoring to put behind them for all time their everlasting peonage and degradation. They are traveling through fire in devious paths and over bloody roads. But they are striving to be an independent and powerful people. These people want freedom. They want security against old oppression. They may not see clearly but they are reaching for better things and a better life. In the words of Edmund Burke, 'The poorest being that crawls on earth contending to save itself from injustice and oppression is an object respectable in the eyes of God and man.'"

"The younger Pitt, in dealing with the French Revolution, saw only Robespierre, Danton, and Barère and other leaders, and shaped his policy toward the French Revolution in accordance with his conception of these men. Washington saw the whole people of France, believed in them, even in the bloodiest hours of the revolution believed in them, and shaped a policy far different and far wiser. Leaders are here for a day. The people are here for all time. It is the people who will determine finally the policy of Russia and her place in the politics of the world. I prefer to keep in mind the Russian people, in whose ultimate success socially, economically, and politically I have unbounded confidence."

I have attempted to discuss Russia dispassionately. I am a conservative, and therefore can not appreciate all of the radical doctrines inaugurated in Russia. But I can not fail to be inspired by the sacrifices which 150,000,000 people have brought for the last 13 years upon an altar of an ideal for universal brotherhood, whether or not they succeed. As an American I am concerned only if they dare to attempt to undermine our institutions. But as an American, realizing that there were but 48,770 people who voted the Communist ticket in the United States in the presidential election of 1928, I do not fear for the future of my country or whatever sporadic attempts might be made by individuals to undermine it. The Russian Government maintains that it is not responsible for propaganda circulated by the Third Internationale. That will have to be proven to our satisfaction. But while that is so, we should not permit ourselves to be misled by propaganda which is inaugurated by those who desire to see the existing government fail. Those of us who have lived through the Great War, those who have suffered in the fight for humanity, are yet listening with patient ear to the truth-telling historian who now has the courage to separate facts from fiction. We are learning what false propaganda meant in the past. We are determined that our conclusions in the future shall be based upon facts and evidence.

In 1923 Russia held out the olive branch, ready at least to discuss the contentions which caused our severed relations. In 1923 that great opportunity which spells the future development of Russia was offered to America as her favorite among the nations. Perhaps we should have listened even though the negotiations might have failed. Perhaps we would have been given the opportunity to say, as was said in the Good Book: "Come, let us reason together." Perhaps at least in our eyes Russia would have yielded to the essentials of modern civilization and of the demands of free America.

Mr. Valery I. Meshlauk, vice chairman of the supreme economic council of the Union of Socialist Soviet Republic, said recently in his speech to the American Russian Chamber of Commerce, "* * * in the last fiscal year Soviet grain exports amounted to less than a third of the pre-war volume. It is my belief that matters of ruinous international competition in wheat and other products could be solved by means of international agreements in which the Soviet Union would willingly join. The Union of Socialist Soviet Republics by virtue of its vast natural resources, is in a position to produce most efficiently a number of materials which the rest of the world requires. It would seem that the best manner of solving the problem of production and distribution on a world-wide scale is by an international division of labor."

Says Senator BORAH: "In my opinion, the greatest potential, the greatest developing market in the world for American goods, is in Russia. This market is ours under any reasonable policy. Our conditions, our great unemployed, ought to encourage us to seek foreign markets wherever they may be found."

Mr. Thomas D. Campbell, the great wheat grower of Montana, is quoted as saying:

"I have just returned from an investigation of agricultural and economic conditions in several European countries, and I find that the biggest market in the world to-day for American goods is in Russia. There is enough business there to relieve our industrial depression almost immediately."

Mr. Ralph Budd, president of the Great Northern Railway, is reported by Senator BORAH to have said that "nearly $3,000,000,000 worth of equipment will be necessary for the modernization program if the 5-year plan is to be realized."

Undoubtedly much false propaganda is inspired by royalists who want to see the present government fail. Senator BORAH is also of the opinion that its origin is commercial when certain particular interests have not been able to secure concessions from the Russian Government. In this connection it is instructive to hear what he has to say about the alleged dumping of wheat into the United States:

"A few days ago I secured from the Department of Commerce some figures with reference to imports from Russia. Let us take, first, wheat. In 1929 Russia exported into the United States 12 bushels of wheat, worth $17. In 1930 she exported no wheat whatever. Yet I venture to say that millions of farmers in the United States last summer were led to believe that large importations of wheat were coming into the United States. I read a public address by a man in public office who said 'What is the tariff worth to the American farmer upon wheat when the Russian is laying down wheat in New York City for 38 cents?' There has been no wheat laid down in New York from Russia."

From all of the above it is obvious that it would be quite possible to enter into a favorable trade treaty mutually beneficial to both the United States and Russia—one which would protect us against ruinous competition and would at the same time magnify the importance of our export trade.

Mr. Paul D. Cravath, the great international lawyer, has said that if he were Secretary of State he would "take the first opportunity for getting round a table and talking over our mutual difficulties and claims and trying to see if there were not some basis of agreement." He would not "go too far in demanding concessions in advance," and believed that the matter of the settlement of debts and confiscated property was "by no means impossible of solution."

The courageous attitude of President Herbert Hoover in continuing trade relations with Russia in spite of false testimony

and forged documents is typical of the human understanding of the Hoover who fed them during the war.

In an article in the Herald Tribune written on July 25, 1930, Calvin Coolidge said: "We have held the opinion that trade and time would be the means of restoring Russia. * * * Our people are so thoroughly attached to their own systems of self-government that we need not feel it is in imminent danger."

Naturally, the question uppermost in the minds of people who consider the Russian problem is whether Russia shall be recognized by the United States. This question was being seriously considered by President Coolidge in 1923 and upon terms mutually protective and satisfactory to both countries. Since that time and very recently, Mr. Stalin has stated that he sees no reason why capitalism and the Russian form of government can not live happily together on a basis of real cooperation. The Russian Government has further modified its Marxian theory by establishing a rule that the highest wage shall be paid to the laborer who does the most work, and that salaries should be graded according to that test. The bourgeoisie, quite ostracized two years ago, is now regarded much more favorably by the government.

Indeed, Colonel Cooper has said, "In my opinion it is more proper to designate the present soviet industrial system as state capitalism rather than communism."

It is my thought that the best way to develop capitalism is to make a people prosperous. If you sow the seed of hatred; if you deliberately keep a country poverty stricken and hungry, then you will encourage terrorism and anarchy. If you give a boy a bicycle, he becomes a capitalist. If you make a nation prosperous, its people become capitalists, and Marxism will be destroyed, or greatly modified.

America has the opportunity to uplift the world and benefit itself through the development of Russia. Conversely, if Russia is left to its own devices and fails, it may undermine the rest of humanity. America can develop the 5-year plan for Russia and supply the essential materials. This would mean a tremendous new market for the United States. If Russia is properly developed, such development can easily result in an annual sale of goods to Russia of $3,000,000,000 by the outside world.

What Russia needs to-day is credit, in order to raise the standards of living. World prices are declining because of a lack of a buyers' market. A credit extended to Russia in this country for the purchase of materials here by Russia would immediately stimulate our market and inaugurate a new era of prosperity for the United States. With the loss of so much of our foreign trade, here is our opportunity to regain it from a new source. We must find new fields for economic activity in order to restore confidence and prosperity.

The resumption of diplomatic relations and the immediate recognition of Russia under mutually protective trade treaties should be accomplished as soon as possible. Such a treaty should also guarantee the payment of past debts; it should give assurance that our Government and our institutions will be respected and upheld by the Russian Government. Such prompt action would at once lift us up out of the slough of despond, quicken our industrial activity, and insure prosperity for future generations.

RECONSTRUCTION FINANCE CORPORATION

Mr. WALCOTT. Mr. President, I report with an amendment, from the Committee on Banking and Currency, the bill (S. 1) to provide emergency financing facilities for banks and other financial institutions, and for other purposes, and I submit a report (No. 33) thereon.

I ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. BLAINE. Mr. President, reserving the right to object, I wish to suggest to the Senate a few considerations that I think justify the contention that this bill should take its regular course.

The subcommittee of the Committee on Banking and Currency reported to the full committee yesterday afternoon at 3 o'clock. The subcommittee had closed its hearings, as I understand, on the 22d day of December last. The full committee yesterday afternoon devoted two and a half hours to the consideration of a number of amendments. When the full committee met, it was announced by the chairman of the subcommittee that printed copies of the bill as recommended by the subcommittee would be furnished very shortly, in fact, within 15 minutes. Then, later on, it was suggested that the printed copies of the bill recommended by the subcommittee would be furnished to the committee within five minutes. When the committee adjourned at about 5.30 o'clock yesterday afternoon the committee had not received copies of the printed bill as recommended by the subcommittee. If I am mistaken in my recitation of these details, I will be glad to have the chairman of the subcommittee correct me.

The amendments, therefore, which were proposed by the subcommittee were acted upon without the members of the committee having any opportunity to give any consideration to those amendments or to study them except during the brief moments before the statement of the chairman that if there was no objection the amendment would be accepted or before the motion was put that the amendment be adopted.

Therefore, the whole committee had little opportunity to give any study to a bill, of which there are 20 pages of text in addition to the matter stricken out, making 35 pages to be considered, involving the expenditure of $2,000,000,000 out of the Public Treasury; a bill, as I study it, designed primarily for two purposes. One purpose is to come to the aid of the very banking institutions that were to a large extent responsible for our present condition. The other provision of the bill clearly is designed for the purpose of producing an upward trend in the stock market. Those are the two objects that are particularly emphasized in this bill; at least, those are the two results that will flow from this bill when it shall have been passed. It seems to me that a bill of such importance ought not to be rushed through the Senate of the United States.

I want to call the attention of the Senate to the fact that identically the same conditions existed in 1929 which led up to the crash in the stock market as exist to-day; substantially the same economic conditions existed following the stock crash in 1929. The Congress thereafter was in session. It adjourned on March 4, 1931. The same conditions that we have to-day existed on March 4, 1931, and continue to exist down to this very moment. Notwithstanding those facts, the President of the United States stubbornly and wilfully declined to call the Congress into session.

Therefore, Mr. President, it is unfair to the taxpayers of this country and it is unfair to the people of the country as a whole to rush through here on a moment's notice a bill in which there is not one single mouthful of food for the hungry or one single working day for the unemployed workingman. So, Mr. President, in view of the circumstances, I object to the present consideration of the bill.

The VICE PRESIDENT. The Senator from Wisconsin objects. The calendar under Rule VIII is in order.

Mr. WALCOTT. Mr. President, may I ask the Senator from Wisconsin if he will withhold his objection for a moment, as I wish to make a brief statement?

Mr. BLAINE. Certainly.

The VICE PRESIDENT. Is there objection to the Senator from Connecticut making a statement? The Chair hears none, and the Senator from Connecticut will proceed.

Mr. WALCOTT. Mr. President, without attempting in any way to contradict the Senator from Wisconsin, the facts are these: The hearings were concluded on Tuesday just prior to the Christmas recess. The subcommittee was exceedingly anxious to hold the Senate in session until the bill could be brought to a vote. That seemed to be impossible. However, most of the members of the subcommittee spent the holidays in obtaining additional information with reference to the emergency that exists and which has been getting more acute day by day, until the demand for the relief contemplated by this bill is tremendous and country-wide. We earnestly endeavored to conclude our subcommittee work yesterday morning. That was impossible, however, on account of two or three controversial points; but our work was concluded by 3 o'clock in the afternoon, and at that time the full committee listened to the report of the subcommittee.

The full committee, as the Senator says, spent about two and a half hours in the consideration of the measure. There was not enough time intervening between the deliberations of the subcommittee and the meeting of the full committee for printing the bill, but it was typewritten; and late during the meeting of the full committee these typewritten copies were furnished. The bill was printed early this morning, with the report, and is on each Senator's desk.

My only plea is this: The country needs the revenues provided in this bill. The organizations quickly will begin to function after the passage of the bill, and the demand for its passage is so great that I wish the Senator from

Wisconsin would withdraw his objection. If he will not, of course, the best we can do is to let it go over until to-morrow.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Kentucky?

Mr. WALCOTT. I do.

Mr. BARKLEY. I wonder whether it might not be possible to proceed with the debate on this measure? Probably the debate would bring out information as to its character and its objects as well as quiet reading in our offices.

Would not the Senator from Wisconsin be willing to have the bill considered and discussed, with the understanding that no vote will be taken to-day, necessarily, but that we might consume a good deal of time in the discussion of the bill so as to inform Senators about its character? It seems to me we might save some time in that way.

Mr. BLAINE. Mr. President, it is very obvious that it will be impossible to discuss this bill properly at to-day's session, since the Members are not familiar with its provisions, and I doubt whether many of them have had an opportunity even to make a pretense of becoming familiar with its provisions. It is clearly obvious that debate of the kind proposed by the Senator from Kentucky would be futile, and therefore perhaps result in confusing and confounding the situation rather than in throwing light on just what the measure means.

The VICE PRESIDENT. The Senator objects.

Mr. BARKLEY. Let me add that the amendments adopted by the committee do not change the fundamental character of the bill. The hearings are on our desks. They have been available for some days. The bill has been printed. It seems to me we might profitably spend some time to-day in discussing the measure.

Mr. GLASS. Mr. President, may I take the liberty of reminding the distinguished Senator from Wisconsin that in committee, at least, this bill was gone over item by item, almost sentence by sentence. Full opportunity was given to each member of the committee—and there was an unusually large attendance of members—to offer suggestions and to propose amendments to its various provisions. Suggestions were made, and amendments were presented and adopted or rejected, as the judgment of the committee dictated; and, in my view, so far as the committee is concerned, no dispatch of procedure could possibly obtain by delaying action here.

I am rather disposed to concur in the suggestion of the Senator from Kentucky [Mr. BARKLEY] that we might save time by following the course he suggests. We have been persistently and constantly assured that time is the essence of the whole thing. We will not save any time by deferring discussion.

Mr. BLAINE. Mr. President, of course if there is a measure before the Senate that is the regular order of business, if any Member who favors this bill desires to present his views he will be at perfect liberty to do so. The testimony, however, has just been printed and come to the desks of Members, and the bill itself has just been printed and come to the desks of Members. Unless Senators who are not on the committee have followed this matter very closely, and obtained transcripts of the testimony, and knew what the subcommittee was doing and what the full committee was doing, I doubt if any Member opposed to the bill is ready to enter upon its debate. Clearly, they could not undertake a very intelligent debate unless the conditions which I have stated obtained.

So, if any Member desires to debate this bill—any Member who favors it, or, for that matter, any Member who opposes it—he is at perfect liberty to debate it when we take up the consideration of some other regular order.

Mr. JONES. Mr. President, the Senator from Virginia has stated that this bill has been gone over very carefully, line for line. I have no doubt as to the truth of that statement; and yet it is rather peculiar that in the second section of the bill this committee is not only acting on a banking proposition but is acting as an appropriations committee, and actually appropriates $500,000,000 instead of authorizing the appropriation of that amount.

Mr. GLASS. I may say to the Senator that that was done with great deliberation and after considerable discussion. It was the intention of the committee, upon the urgent recommendation of the Treasury Department, to make the appropriation and not simply to authorize it in order to expedite matters.

Mr. JONES. I am glad to have that information.

Mr. BLAINE. Mr. President, if the Senator from Washington will yield I desire to make another suggestion.

In a subsequent section of the bill the Senator will find that there is an appropriation of an unlimited amount out of the Public Treasury—a sum mounting into figures which no one at the present time can anticipate. That is another appropriation made by the bill—not only a half billion dollars but on top of that a sum sufficient to pay for all the losses and all of the "dead horses" that this financial corporation is going to find on its hands.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. COUZENS. Will the Senator refer to the paragraph which he interprets in any such manner as that?

Mr. BLAINE. Yes; the paragraph appropriating a sum sufficient to take care of any losses that may be incurred. That exactly illustrates the situation we are in. I have followed this bill very closely, yet I have not had the time to analyze it section by section, and I am unable at this time to give the Senator the specific information, but I assure him that he will find in the latter part of the bill that the Secretary of the Treasury is authorized to do as I have stated.

I now call the Senator's attention to the page. On page 26, beginning with line 18, the bill provides:

The said obligations—

That is, the obligations of this reconstruction finance corporation—

shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on reconstruction bonds, or other obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby appropriated out of any moneys in the Treasury not otherwise appropriated.

Mr. COUZENS. The Senator appears, however, to overlook the fact that there is a limitation of $2,000,000,000; and the Senator previously made the statement that there was an unlimited appropriation from the Treasury. That is not accurate.

Mr. BLAINE. I do not know about that.

Mr. COUZENS. I mean here is a limitation.

Mr. BLAINE. I may be mistaken.

Mr. COUZENS. I think the Senator is. I did not want the statement to go to the country that there was no limit to the appropriation that may be made from the Public Treasury. The limit of the obligation of the Federal Treasury is the amount of securities, and interest thereon, that may not be paid by the corporation itself.

Mr. BLAINE. Since the Senator has called my attention to that situation, I agree with him; the limitation would be $2.000,000,000.

Mr. FLETCHER. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Wisconsin yield to the Senator from Florida?

Mr. BLAINE. I do.

Mr. FLETCHER. The Senator will recall that the bill provides for a capital of $500,000,000, which is provided here, and then it gives power to issue as much as three times the capital in debentures in the operation of this corporation; so that the absolute limit is three times the capital. They can not issue obligations exceeding that amount under any circumstances; so that would be the limit of that appropriation in any case, if all of it were lost.

Mr. BLAINE. And taking the two appropriations—the half billion and the billion and a half—the maximum is two billion, as suggested by the Senator.

Mr. FLETCHER. There is a guaranty by the Government of these debentures to the amount of one billion five hundred million. Of course, in all probability, there will be no such amount ever issued. The power is given here to issue that amount and, besides, all of it will be upon adequate security; so that probably the Government would, or undoubtedly ought to, get all of it back.

There is just one point I should like to suggest to the Senator, and that is, time is of the essence of this measure. If we are to do any good, we must do it now. If it is well to do it at all, it is well to do it quickly; and I was going to suggest that the Senator might allow the bill to be read now and save that much time. In other words, we are here this morning, and we could at least save some time by going on with the measure.

Mr. BLAINE. Mr. President, comment has been made by various Members that time is of the very essence of this situation. In my opening remarks I called attention to the fact that the condition of bank failures now prevailing has been going on for some time. Why, in 1930 there were 1,345 bank failures in this country—the largest number by far that had ever failed in any prior year in the history of our country—and yet, in the face of the failure of 1,345 banks in America, as I said, the President willfully and stubbornly declined to call Congress into session, and then announced to the country the creation of the National Credit Corporation, with a half billion dollars' capital, and stated that that was going to come to the rescue of these failing banks.

Now it is urged that time is of the essence of this matter. Why, we have had plenty of time, a surplus of time. No; it is not a question of time at all. It is a question of the urge of the administration to endeavor to correct the failure of the administration in proceeding too late to save the situation.

So, Mr. President, we have had time enough in which to consider measures of this character. We have had months and months during which bank failures have been going on, and yet the administration has declined and refused to call into session the instrument of government by which and through which something might be done; and now the wail goes up that we must drive this measure through immediately. The necessities, the emergencies, are no greater today than they have been for the last two years.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. I do.

Mr. WAGNER. I was about to suggest to the Senator that the fact that the administration has been drifting aimlessly during these serious times, during the past two or three years, is no reason why we should join in that drifting policy. Is not this an opportunity for the Senate to arrest the drifting and take some action?

Mr. BLAINE. I would concede that the Senator was correct in that if the Senate had before it a measure which was going to give a morsel of food to the hungry, or a day's job to the unemployed. But here is a measure—I do not like to repeat, but I do for emphasis—which would not give a single mouthful of food to a single hungry person, would not give a single day of employment to the millions of unemployed. What it does is to come to the support of about 500 banking institutions in this country which own 99 per cent of the banking assets of the country, to the support of those who have exploited the public through the stock exchanges in the inflation of stocks and bonds. It is for their relief, and not for the relief of those who are entitled to the relief.

I do not understand why we should be in such great haste to pay a tribute of $2,000,000,000 to the very institutions and the very men who have to a large extent brought on the present depression under which we are suffering.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. BLAINE. I yield.

Mr. GLASS. May I suggest to the Senator from Wisconsin that if this corporation should avert the failure of any great industry to meet its obligations and thereby enable it to continue its activities; if it should avert the impending failure of banks and thereby protect the interests of the depositors in those banks, would not the Senator concede that that would be giving somebody employment, and that that would be putting bread into the mouths of the employees of those industries and the depositors of the savings banks and other banks?

Mr. BLAINE. Mr. President, my conception of the bill, I am quite certain, is not the same conception of the bill as that held by the Senator from Virginia. The payment of $2,000,000,000 is a terrible price to pay for the benefit of the various institutions which have been to a large extent directly and indirectly responsible for the catastrophes which have afflicted this country the last several years.

Mr. President, I for one want to know what institution is going to receive the beneficence of this Government. I want to know under what conditions that institution is to receive it. I want to know whether or not that institution has been a part of the system which has brought America to her knees financially and economically.

For the reasons I have stated, Mr. President, I do not conceive this bill to be in the interest of the American people. In my opinion, humble as it is, out of this bill, it seems to me, if it is to be carried out according to the text, according to the language, we are going to face another situation more desperate than that we face to-day.

The bill proposes to take the choice securities of our Nation, of our institutions, and have them taken over by this corporation. What are those institutions going to do when they part with the only valuable asset they have? Their crash is bound to come. No one needs to be an oracle or a prophet to see far enough into the future to predict that that will be exactly what will occur if this bill shall become a law.

Moreover, Mr. President, the bill is far beyond what I conceive to be the duty and obligation of the Congress. Who are the suffering in America to-day? Are the bankers? Are the select group of bankers? I think about 1 per cent of the total number of bankers control 99 per cent of the banking assets of this country. Is it the stock brokers? Is it the investment houses?

Mr. President, the people in America to-day who are feeling distress are found back upon the farms and in the industrial centers—the men and women who have lost their life savings—and every time you heap an additional burden like this upon the Government you are heaping additional obligations upon those people by way of taxation. Taxation not for constructive purposes; taxation not to feed the hungry; taxation not to give employment.

That is all this bill amounts to. There is not a single provision in it, excepting the one urged by the Senator from Michigan [Mr. COUZENS], which would afford a single constructive object. That portion of the bill, however, is not designed to be a part of the bill when the bill finally passes the Congress.

Mr. COUZENS. It will be.

Mr. JONES. Mr. President, I wish to make just one suggestion in connection with the bill just reported. For a long time there has been a controversy between the Senate and the House over the origination of appropriation bills. The House has contended that it has the exclusive right to originate appropriation bills. I do not believe the Senate has conceded that right, but we have followed the custom of allowing the House to originate appropriation bills.

I do not think that question ought to be raised in connection with this bill. It will be raised, however, if the bill just reported shall be passed as it has been reported to the Senate. It does not authorize an appropriation of $500,000,000. As it passed the House the bill authorizes the appropriation but does not appropriate the money; but the bill now before us would actually appropriate $500,000,000.

I have no question but that the bill was framed in that way in the interest of saving time; but, in my judgment, if we pass it in that form there will be a controversy between

the Senate and the House over that proposition, which will entail much more time than would be saved by passing the bill in the form in which it has been reported.

I merely make this suggestion so that Members of the Senate may consider it before the bill comes before us for final action. I doubt the wisdom of making the actual appropriation in this bill.

Mr. BROOKHART. Mr. President, I want to call the Senator's attention to another provision. I think the bill also appropriates, for the payment of the debentures or bonds which are to be issued, fifteen hundred million dollars more.

Mr. JONES. That may be; I have not had an opportunity to go carefully through the bill.

Mr. BROOKHART. I think that money is appropriated by the terms of the bill.

Mr. HARRISON. Mr. President, I desire to discuss another matter, if the discussion of the bill just reported has been concluded.

Mr. WATSON. I wonder whether the Senator would not permit the bill to be read to-day?

Mr. NORRIS. Mr. President, objection has been made to the consideration of the bill just reported. Why do we not proceed according to the rules of the Senate? All this debate is out of order. An objection was made to begin with.

The PRESIDING OFFICER. The bill will go to the calendar.

Mr. SMITH. Mr. President, I desire to offer an amendment to the bill just passed over, and ask to have it printed and lie on the table.

The PRESIDING OFFICER. Without objection, that will be done.

THE CALENDAR

Mr. HARRISON. Mr. President, I would like to have the first bill on the calendar announced, and then I shall ask recognition.

The PRESIDING OFFICER. The Chair will call the attention of the Senator from Mississippi to the fact that in the consideration of the calendar, under Rule VIII, debate is limited to five minutes.

Mr. HARRISON. I do not want to interfere with the program of the Senator from Nebraska. I understand he wants to bring up his "lame duck" constitutional amendment; and if that may be laid before the Senate, I will proceed.

Mr. NORRIS. Mr. President, that will be reached in regular order. I do not know whether there will be any objection to the first two entries on the calendar or not.

Mr. McNARY. Mr. President, I call for the regular order.

Mr. NORRIS. If objection is made to the consideration of Senate Joint Resolution 14, I shall move that it be taken up.

Mr. HARRISON. I shall wait until we get down to that order of business, then.

The PRESIDING OFFICER. The calendar is in order.

The first business on the calendar was the concurrent resolution (S. Con. Res. 3) establishing a joint congressional committee to make a general investigation and study of railroad problems.

Mr. COPELAND. Let that go over.

The PRESIDING OFFICER. The concurrent resolution will go over.

The bill (S. 7) to provide for the deportation of certain alien seamen, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

The next business on the calendar was the joint resolution (S. J. Res. 14) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. The Senator from Mississippi asks unanimous consent to proceed beyond five minutes. Is there objection? The Chair hears none.

GOVERNMENT APPROPRIATIONS AND EXPENDITURES

Mr. HARRISON. Mr. President, in one of the Washington weekly papers of October, 1800, a news item appeared to the effect that the Federal Government had just moved that day from Philadelphia to Washington, and that the force of employees consisted of 54 persons; that all documents and papers were brought in five small boxes and seven large boxes. So it seems to me that at this particular time it might be appropriate for us to take an accounting of growing cost in Government expenditures and visualize the future.

Since that date our population has increased to twenty-three times what it was then. We have now 10 major departments of the Government, 134 subsidiary bureaus, and 35 independent establishments in the Government service.

In 1900 the expenditures of the Government amounted to $650,000,000. That does not seem so long ago; yet in the short time since then we have increased annual expenditures until they now amount to something over $4,000,000,000.

In 1900 the per capita tax imposed upon American citizens was $9.25. To-day it costs every American citizen $40 to run the Federal Government.

In the last few years there has not been a single department of the Government which has not enormously increased its expenditures. I remember when I first came to Congress, not many years ago, we appropriated for the Army $100,000,000 and for the Navy one hundred and fifty-odd million dollars. Now, the appropriation bills carry approximately $400,000,000 a year for those items.

A few years ago a disarmament conference was held here in Washington, when we thought we took steps restricting the building of battleships. That conference was called for the purpose of effecting some savings to the people. Yet we find that naval appropriations have continued to climb. We read with some amazement and some surprise only the other day the news that a bill had been introduced in the other branch of the Congress calling for about $600,000,000 in naval expenditures for one year.

Mr. President, I shall put into the RECORD at the close of my remarks a table showing the expenditures in the various departments of the Government as they have climbed through a period of years, in order that there might be unfolded a true picture, not only to the Congress but to the American people, of how we have gone wild in the matter of Government expenditures.

I shall also place in the RECORD a statement showing the increase in the number of civil-service employees in the various departments of the Government, and showing how enormous has been that increase even in the last few years. As an illustration, let us take the Post Office Department. In 1913 there were 276,000 civil-service employees in that department. In 1922 there were 282,000. To-day in the Post Office Department there are 316,000 civil-service employees. In the Department of Commerce there has been an amazing increase. In 1913 there were 8,783 employees and now there are 23,680. As I said, I shall place the table in the RECORD showing these increases over the several years in detail. [See exhibits.]

Notwithstanding this enormous increase in the number of employees in the Government service, there has been an amazing increase in expenditures brought about for construction work upon the part of the Government. So when I say that the figures show the total number of civil-service employees in 1913 as 420,000 and the number to-day as 616,837, it does not by several hundred thousand give the full number engaged outside of civil service. We all recognize the terrible situation confronting the country. We know that great fortunes have been wiped out in the last two years. We know that no one to-day can recognize any value in land prices or in stocks, and it is true almost as much as to bonds. We know there are 7,000,000 or more

men out of employment in the country, that industries have been shut down, that farm lands are being sold for taxes, and farm products are worthless, that banks have closed, others are strained, and that is why we are trying to pass the Reconstruction Finance Corporation measure at this time.

The American people, in my humble opinion, are more aroused to-day over extravagance and waste and large expenditures in Government operations than at any time before in the history of the country. One can not pick up a paper from any part of the country but what he will read of the organization of some "tax-reform league," or similar organization calling for a reduction in taxes upon the part of municipalities, counties, and States. I have here papers which tell about these uprisings throughout the country. One, for instance, is from Philadelphia, in the home State of my esteemed friend the junior Senator from Pennsylvania [Mr. DAVIS], telling about how 10,000 people were battering at the doors of the city council in order to force them either not to increase taxes or to reduce taxes. The headline says, "Eight groups protest increased taxes in mass meeting."

In the Philadelphia Public Ledger the headline reads: "Threats to wipe out council cheered by huge throngs," and again, "Council bows to will of people and votes to continue 1931 tax rate." In my own State, only the other day, the taxpayers, who have been pretty silent for a long time, held meetings of similar import.

I have been a part of the Congress which has granted these constant increases in Government expenditures. I accept my responsibility the same as other Senators and Members of the House of Representatives. I have never been very much of a restrictionist in the matter of making Government appropriations, but I see the situation as it is confronting us to-day. We are faced with a new condition. The country is suffering. Not only must a diagnosis be immediately made, but a remedy prescribed. Readjustment must be hastened in business as well as in Government operations. These mass meetings are being held everywhere. Petitions are coming to us daily from farmers all over the country, telling us of the action of mass meetings that demand a separation of some of the useless appendages of the Government.

Here is a letter received the other day from a gentleman, telling me of the distressed situation in far away California. He said the taxes had become so numerous in character and so heavy in amount that he was forced to abandon further attempt to hold the property. It was in one of the richest and most fertile valleys in the far West. It was ideally located. It had been most valuable. He had paid an enormous price for it, but he could not meet the ravenous demands of the tax collector, and so he reconciled himself to the real situation and let it go.

Here are the different kind of taxes that he cites which were imposed upon that particular piece of land—State taxes, county taxes, irrigation-district taxes, drainage-district taxes, high-school taxes, special taxes to retire high-school bonds, special school tax, special kindergarten tax, cemetery tax, road district No. 1 tax, road district No. 2 tax, special assessment for eradication of Russian thistle, special assessment for eradication of ground squirrels and other pests. He tells me that the valuation put upon the land by the State and county authorities was $19,000 and the total tax sought to be collected was $4,300.

How can the American people hope to loosen themselves from a tax strangle hold like that? Are we going to draw the noose tighter and stifle the aspirations and the hopes of the industrious and honest people of the land, or are we going to loosen the yoke of taxation a little bit and practice here such economies as will assist in the restoration of confidence throughout the land?

The enormous taxes that were piled up upon this particular land in California are not different in character from the various taxes that are imposed upon land in my State and in your State. A special tax on this, a special tax on that, and now we are called upon to impose still greater burdens upon the American taxpayer by increasing the Federal taxes.

Little wonder that there appeared this dispatch from St. Paul, Minn., November 4, reading, "Tax cuts forced in Minnesota by demonstrations of citizens." It says:

> Concerted action is effective in reducing taxes, say residents of several Minnesota areas. Taxpayers' associations, with farmers and city folk as members, have sprung up generally in the State, seeking relief from levies which they consider burdensome. An illustration of their success is seen in the action of the Faribault County Board, which reduced its budget $45,000 after 2,000 persons had met on the courthouse lawn. It eliminated agricultural and home demonstration agents and weed inspectors and slashed road and bridge construction funds. Similar marches are planned in other counties.

Here is an article which appeared in the New York Times last fall, September 14, with headlines as follows: "County tax cuts demanded in West," "Citizens' groups put pressure on boards in Missouri, Kansas, and Minnesota."

Another article from another great newspaper carries the news article with headlines "Cuts in county taxes are demanded in West."

In the New York Times there appears another article, dated October 3, 1931, stating that taxpayers have started an assessment fight and are demanding that the budget be cut.

Here is the Daily Times, published in New York State. In big headlines it reads "One thousand taxpayers combat assessment increase."

Here is a paper from Nebraska, from which I read in big headlines, that an organization was formed in that section to protest appropriations and effect some savings.

Here is the St. Paul Dispatch, dated November 2, and on the front page in big headlines I read "Cut taxes, farmers cry," "Two thousand storm courthouse at Blue Earth," "Demand elimination of county agent and nurse positions."

In another New York paper I read this news from the front page "Veto unanimous as crowd storms room," "Action of board follows vigorous protest from aroused taxpayers; in midst of excitement fire chief threatens to call State troopers; mayor tries to explain."

From Chicago, both the Tribune and the Journal of Commerce carry in flaming headlines the meetings of the business people to protest against bureaucratic waste and demand savings in Government expenditures.

What is the further picture?

There is a deficit of $903,000,000 in the fiscal year 1931, a deficit of $2,123,000,000 for the fiscal year 1932, and an estimated deficit of $1,700,000,000 for the fiscal year 1933, all of which we are called upon to meet. These deficits have brought in striking manner to the American people these large Government expenditures. They are watching the action of the American Congress as never before to see that we refrain in these distressed times further raids upon the Treasury. They want us, at least for the time being, to retrench and save. They desire that the least increase in taxes be imposed—of course, taking into consideration the economic administration of the Government.

This is why I am prompted to-day to say something about the matter as related to the ideas expressed in the resolution which I introduced in the Senate just before the Christmas holidays, expressing it as the sense of this body that the Appropriations Committee of the Senate should pare down appropriations under the Budget estimates to the extent of at least $300,000,000 this year. I know it is said, "How are we going to do it?" The distinguished chairman of the Appropriations Committee, following the introduction of that resolution, wrote me a very courteous letter expressing a hope for cooperation on his part, but suggesting to me to specify as near as possible wherein these reductions could be made. I do not assume to have as much knowledge about this matter as other Senators who now honor me with their attention. I do not assume to have the knowledge possessed by those Senators who have served for years upon the Appropriations Committee and who have delved into the various machinations of the governmental agencies and bureaus. But I do know that when we look back to 1924 and

see that the appropriations for that year were hundreds of millions of dollars less than they were for the year 1932, and that only 10 or 15 years ago they amounted in some instances to hardly more than one-fourth of what they are to-day, we must all realize that there are places where we can reduce and we ought to reduce them in the interest of restoring confidence among the American people and bringing about a satisfactory readjustment of business conditions.

There is no industry in the country that does not feel the weight and the seriousness of the situation. They are all trying to economize and readjust. They do not know how long this debacle is going to last. It started more than two years ago. Most of us believed then—I know that I did, and we were all led to believe it by utterances of men higher up and by the general situation—that it was only a passing incident; that based on past experience it would last but a few months and we would return to normal prosperity. But we have groped our way through a labyrinth of darkness and despair for more than two years now, and instead of the condition getting better, we all know that it is growing worse; that it is worse to-day than it was last week, and that it was worse last week than it was two years ago. We do not know how long it is going to last.

We must first analyze the situation from a governmental standpoint as the captains of industry are doing in their various lines of business in order to save their own concerns from going into the hands of receivers and into bankruptcy. The first thing they tried to do naturally was to economize, to save, and that is what the Government ought to do. If we save $300,000,000 by reducing the amounts contained in the recommendations of the Budget Bureau for our expenditures, then we naturally will not have to put that much more on the people in the way of increased taxes when the tax bill is brought here for consideration.

Tell me the American people are not interested! Tell me they want us to continue with this wild orgy of expenditures! In my State there was appointed a publicity man who was put in the legislature, whose duty it is to sound a warning through publicity of the votes of the legislators who vote for increased appropriations.

The chairman of the Senate Committee on Appropriations has asked, "Where and how are we going to reduce appropriations?" If I were chairman of the Committee on Appropriations, I would do just what the President and the Director of the Budget could readily do. The various governmental departments and bureaus go to the Director of the Budget with their estimates. Naturally they ask for a great deal. Wherever we establish a new bureau in our Government, the man at the head of it wants to be just as big, and just as prominent, and just as influential as the head of any other bureau, and he wants to do that by having more employees around him than the head of another bureau. They are all vying in a mad race of competition for prominence and standing in the matter of expenditures.

But the Director of the Budget may say, "You must cut your demands 5 per cent or 10 per cent," whatever the case may be. That may have been done in the past. The report of the Director of the Bureau of the Budget then goes to the President, and the President can himself then say, "You must cut your demands 5 or 10 per cent more." Now, I inquire what is wrong with the Congress, through its appropriations committees, saying to every department and bureau in the Government, "You have got to cut your demands at least 10 per cent under the Budget recommendations?"

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I yield.

Mr. McKELLAR. Has the Senator examined the Budget recommendations and the recommendations of the President under the Budget, and does he then say that those reductions have been ordered?

Mr. HARRISON. The Senator misunderstood me.

Mr. McKELLAR. The Senator from Mississippi is wholly mistaken. The recommendations made by the President and the Budget are practically as great as they have ever been, and it is a mistake to say that they are making recommendations for great slashes.

Mr. HARRISON. The Senator misunderstood me completely.

Mr. McKELLAR. I must have done so.

Mr. HARRISON. I was merely citing, as an illustration of how it might occur, that the Director of the Budget could tell the heads of the departments they must cut their demands 5 per cent, or perhaps 10 per cent, and that the President might do the same thing. I was not speaking of the present recommendations or the present Budget.

Mr. McKELLAR. I am very glad to have the Senator's explanation, because no such recommendation has been made by the Budget.

Mr. HARRISON. There have been some cuts in this particular report of the Budget Bureau, but I am arguing, in no defense of what they are doing, that we here have a responsibility upon us and that we ought to cut by at least 10 per cent the demands of the various departments. I would say to the heads of the departments, "Your demands must be reduced by so much." If we do that, we will make more than $300,000,000 in savings this fiscal year. I would say to them, "You know where you can cut without affecting the efficiency of your organization; we want you to do it; if you do not do it, we are going to apply the ax ourselves," just as was done the other day in the House when the deficiency bill was reported. When it came on the floor of the House it had been cut 10 per cent.

I know we can not effect any saving in the interest charges which the Government is required to pay, and which amount to upward of $600,000,000; I know that, perhaps, we can not cut—I will not say that we can not do so, but it would be difficult to cut the sinking fund, but we could do it, if we desired it, in view of the rapid retirement of the national debt. I know we are in duty bound to meet the requirements of the Veterans' Bureau, which amount to more than $900,000,000 a year; but there are innumerable and numerous appropriations outside of those to which I have just referred where we could cut and cut to the bone.

The President the other day gave out a statement to the effect that provision should be made for the consolidation of some of the departments and that we could thereby effect some saving. There is not any doubt about that. I look now into the benign countenance of my good friend from Utah [Mr. SMOOT]. He and I served on a joint committee on the reorganization back in 1921. That joint committee considered this question until 1925. The President had appointed an executive agency to cooperate with us in that work, and we reported a bill; but the difficulty which we encountered all the time—and the Senator from Utah will agree with me in this—was in getting the heads of the executive departments to consent to any consolidation. There was the trouble. So about the only consolidation that we have been able to effect, notwithstanding the long, tedious study of the question, was in the case of the Veterans' Bureau, in putting the Patent Office under the Department of Commerce and also in putting the Bureau of Mines under that department.

There has been a suggestion to the effect that the Army and Navy should be consolidated. Those two departments used to be together; when the Government was founded the wise men of that day put the Navy and the Army under one head; but the great difficulty about the Government service is that when a consolidation is proposed there is extreme dislike to dismiss somebody, some useless appendages, and they are retained in the service; so the saving which was contemplated by virtue of the consolidation or coordination is not accomplished.

I tell you, Mr. President, that in times like these we have got to shoulder the responsibility; we have got to move with the highest degree of courage. We will step on toes, and, perhaps, in some instances our action may react against us in the future; we may make somebody mad; but the country in times like these should come first and must be preserved intact.

There is at the present time, as we all know, a tremendous deficit in the Treasury. Because of existing conditions and circumstances the bonds of the Government are going down, some of them selling, I believe, as low as 84. Of course, in such a situation as that we have got, above everything else, to cut down governmental expenditures and at the same time balance the Budget within a reasonable time. That is what we must do, and that is what we on this side of the House are going to do, so far as we can, in cooperation with the other side, in order to restore confidence on the part of the American people and preserve the value of Government and American securities, so that even though governments throughout the world may topple and crumble and fall the people of the United States may look forward to this Government standing solid and firm and its securities remaining intact. That will be our policy. We can not afford and will not allow the credit of this Government to become impaired or the slightest doubt arise as to its true value and worth.

Mr. President, we hear the question asked, Where are we going to cut? I have stated where some cuts may be made. I can not understand, for instance, why at this time, long after we built ships at a cost of $3,000,000,000 or more, the Emergency Fleet Corporation and the Shipping Board should continue as separate units in the Government service at the enormous costs they demand.

Mr. KING. We ought to abolish them both.

Mr. HARRISON. I do not know as to that, but I do know that the men who are charged with the responsibility of administering the various departments should consider where economies may be effected and then cut to the quick.

I remember some years ago the distinguished Presiding Officer of this body offered an amendment to a then pending bill, which amendment was adopted, providing for the consolidation of customs ports of entry throughout the country. There was a hullabaloo raised. The people of the various cities affected did not want to have their customs offices consolidated with an office in another place, but the consolidation was effected and a saving of $300,000 a year resulted. There has been some consolidation with reference to purchasing fuel in the District of Columbia. That coordination has been successful; it has effected a large saving. I think there ought to be one purchasing agency for buying materials necessary for the operation of the various departments of the Government. When that shall have been done, more savings will be effected.

There is not any doubt that we are appropriating much money uselessly and foolishly at this particular time. Much has been said in the past about the large expenditures for Government bulletins. We all send out such bulletins; I used to send a form letter to every farmer in the old congressional district which I represented in the other body, inclosing a farmer's bulletin; I should like to do it now; but I know, at this particular time, when the country is suffering and we must bring the Government back to a sound basis, that the farmers of my State would be willing to forego receiving farmers' bulletins for at least two years.

They want to keep in the retrenchment program. They demand a saving in taxes and a reduction in Government expenditures.

In the Department of Commerce the expenditures have increased proportionately more than in any other department of the Government. Let me read the figures showing how the appropriations for that department have increased. Last Sunday the Washington Post printed a special section of about 14 pages praising the Department of Commerce to the skies. Every activity of that department was mentioned and the fine work done elaborated upon. On the front page was a magnificent picture of the new Department of Commerce Building, located on Pennsylvania Avenue, in order to erect which it was necessary to tear down some fine structures and to pay large sums of money to property owners in order to secure the site. That was all right in prosperous times when we were building up a surplus; but at this particular time it gave me a peculiar feeling when I recalled the situation existing that has been depicted by the Senator from Wisconsin of people going hungry and people out of employment throughout the country, with spirits broken and hope in thousands of instances gone. Here [exhibiting] on the front page of the section of the Washington Post devoted to the Department of Commerce is a picture of the new building and also pictures of the President and of the Secretary of Commerce, and in big letters the words, "Department of Commerce home greatest of office buildings. Monumental pile, costing $17,500,000, expresses aspiration of Nation, dating from Alexander Hamilton's time, to develop business activities of the country not only for the American people but for the whole world * * *."

"Department of Commerce home baffles writers trying to visualize structure."

"Mass of data overwhelms statisticians trying comparisons."

"*Akron*, largest dirigible, 265 feet short of new Commerce site."

The building covers blocks and blocks. The article in the Post describes the beautiful tiling that was laid in this building, that approaches, if it does not surpass, Solomon's Temple in all its grandeur and majesty and beauty. That building has been opened at this time of economic depression and suffering throughout the country.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. I yield to the Senator.

Mr. KING. I have been told the Department of Commerce Building cost $5,000 per room, being perhaps the most costly building in the United States. Certainly the cost of that building can not be justified.

Mr. HARRISON. In 1922, only a few years ago, shortly after the great World War, when we said we were going to economize and stop extravagant expenditures, at a time when we realized that our national debt was over $25,000,000,000—and something must be done to retire it—the appropriations for the Commerce Department were $16,000,000. Last year we appropriated for the Department of Commerce $54,775,000, and in the estimate for the department this year there is quite a large item to extend our foreign trade throughout the world. I do not want during the course of these few remarks to touch on anything political or partisan, but I can not help express the thought that it is foolish for us to tax the American people in order to make large appropriations to extend our foreign trade and almost in the next breath, through some other policy enacted by the Government, keep foreign nations from trading with us. The Bureau of Foreign Commerce in the Department of Commerce shows a most amazing increase in the number of persons employed, a greater increase perhaps than is shown by any other bureau in any other department in the whole Federal service. Some one may say they got started that way a few years ago, but it is not being stopped now.

Mr. President, we could forego for a little while the expenditure of the $20,000,000 that we are using for the preparation and publication of bulletins. One hundred million of them were printed last year, 40 per cent being printed under the direction of the Department of Commerce and Department of Agriculture. Those bulletins contain advice and directions regarding everything from "the essentials of a well-planned kitchen" to "the making of a basket out of pine needles." They touch everything that is imaginable. They tell us "that a folding lounge is the last word in relaxation," and "that the abdomen is the belly." Let me, for the edification of the Senate, cite a few of the striking bulletins which are being printed by the Government.

Mr. KING. Mr. President, while the Senator is doing that, will he permit a suggestion?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. Yes.

Mr. KING. I hope the Senator will comment upon the fact that many of the bureaus and all the departments have a very large and expensive publicity organization, so that whatever is done, valuab'e or invaluable—and largely it is invaluable—receives widespread publicity, and newspaper men when they go to the departments are often-

times deluged with huge tons of stuff prepared by the publicity bureaus of the Government departments at enormous expense.

Mr. HARRISON. And just such useless employees as those ought, at least during these times, to be divorced from the Government service. Of course, it is hard to talk about dismissing anyone now; but, Mr. President, this Government was not founded merely to give people jobs; it was not founded merely to give people higher salaries than are paid in the industries throughout the country; it was created to preserve the happiness, safeguard the freedom and liberties, and protect the lives and property of the American people. Yet we hear some say, "Oh, you must not touch us because you will affect our salaries."

In times like these we must look to the welfare of all the people rather than the salaries of some of the people.

It is no time for selfish consideration to engage our attention. It is an unusual situation that must be handled in a way that ordinarily we would not consider, but the exigencies of the case demanded it.

I will now refer to some of these striking bulletins that were issued last year at great cost. First, I refer to some issued by the Department of Agriculture:

Utilization of the Calcium in Spinach. No doubt that will relieve many farmers who are in distress.

Lamb as You Like It. What department, whether the Agricultural Department or any other, can tell me the way lamb should be cooked as I like it.

Reindeer Recipes.

Bringing Up Bobby. That tells how to bring up children. It ought to come under the Children's Bureau.

The Use of the Metric System in Nutrition. [Laughter.]

Principles of Window Curtaining. That bulletin, which I have here, informs the reader that curtains are sometimes used to keep out the light from the rooms in which they are hung, and sometimes, it states, privacy can be brought about by the employment of curtains. Wonderful, striking information that these bulletins carry to the people—such information that the Government could not afford now to stop or to dispense with it!

Suits for the Small Boy. They tell the people what suits are good for the small boy now.

Children's Rompers. [Laughter.] They have pictures of children's rompers in this one. It is a beautiful thing, and it tells you not to fit the rompers too tight; that they must be loose, because if they are fitted in such a way as to be too close the children will be deformed when they grow up. I would like to read that bulletin and show you just what it does say, but I will not do it.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Iowa?

Mr. HARRISON. Yes; I yield to the Senator.

Mr. BROOKHART. I should like to ask the Senator if the department did any of those foolish things when the Democrats were in power?

Mr. HARRISON. Oh, I presume so. I think the Democrats have done a lot of foolish things, too. I am just applying my thoughts to present-day conditions, however. I do not care whether the Democrats inaugurated the policy or carried it on or whether the Republicans are now carrying on some foolish work that the Democrats started; it ought to be stopped for the time being.

How to Dress for a Sun Bath. Now, that is a wonderful thing. [Laughter.] When I was a boy I did not dress for a sun bath, but the Department of Agriculture tells you now how to do it.

Where Sheets Wear Out. [Laughter.]

The Self-Help Bib.

Self-Help Suits for the Small Boy.

A Study of the Time Spent in the Care of Babies.

Vitamins in Relation to Salad Dressing.

Those are a few that were issued last year. Here are some other pamphlets they issued:

A Study of Housing in Relation to Family Development.

There is a document that cost a good deal of money to print. It has a world of questions that they send out broadcast, telling how to live at home; how to make the home comfortable; and one of these questions, as I read it along, asks you which room is used for love-making. [Laughter.] That is about as far as the Government has ever ventured in prying into private affairs. That is the character of pamphlets and bulletins that are being sent out at Government expense—100,000,000 copies last year.

Ah, they answer and say, "Some people buy them." I listened to my friend Julius Klein over the radio the other night, and he told how some fellow down in the Southwest had received a bulletin from the Government, and he had gone out and made I do not know how much money every month. It had even given him employment. The facts are that only a very few are sold. They are distributed at Government expense, and when I say at Government expense it does not mean the mere preparation and printing of the documents.

Let us visualize the cost involved. An expert, who is supposed to be trained in the special work assigned him in the preparation of some bulletin, is sent all over the country, or perhaps into foreign countries, to gather his information. The Government is not only paying this employee a salary but his expenses in the gathering of the data. Then when the data are collected other employees of the Government are used in the coordination of the work and in the final preparation of the document. After these expenses are incurred, in many instances upon a much larger scale than I have suggested, the document is turned over to be printed at the Government Printing Office. Then notices are prepared of this particular bulletin, together with others, and distributed by the Government in order to bring to the attention of the public this particular bulletin for distribution.

Only the other day in the Treasury report to this Congress the huge deficit in the Post Office Department was cited and one of the reasons for this deficit was the enormous distribution of Government bulletins. And so the expense of preparation, printing, and distribution of these bulletins and pamphlets does not enter alone into any one particular item in the expense of the Budget but it is carried through many other channels which are draining the Treasury of the United States.

References on Pre-Natal, Infant, and Child Care and Child Management.

Public Dance Halls. [Laughter.] That has about 100 pages.

Here is a statement of the way you ought to keep the temperature of a sick child, or a woman who is in distress.

What Builds Babies, with pictures illustrating how to do it.

Here is one that is written on Canal-Boat Children. [Laughter.] It tells you that there are but 353 in the whole United States, but they get out a pamphlet here of some 21 pages on how to care for these canal-boat children. That pamphlet was published while a distinguished gentleman was presiding over the Department of Labor, a man who apparently was trying to effect economies in the Government service and who favors me with his presence, my good friend the Senator from Pennsylvania [Mr. DAVIS].

What They Think of the Kindergarten.

Here is a good one from the Department of Labor, too. I do not think my friend there from Pennsylvania prepared this one. It was prepared by a man, may I say.

Breast-Feeding Demonstrations. [Laughter.]

Ensembles for Sunny Days.

I quote from this bulletin:

> When days are hot and children need few clothes, a sun-suit ensemble is ideal. The cool romper with its net top to catch the ultra-violet rays is just right for play in the back yard.

[Laughter.]

Great information that we are getting out! Why, Mr. President, they even had one—I have not it here, but I read it with interest; it was one of the most fascinating and interesting pieces of literature that has come to my attention in years. It is on frogs. It told of the "love adventures of the American bullfrog." [Laughter.]

Before reading this romantic story of the frog I thought I knew something about frogs. When I was a boy I was their pal. I carry to this day living evidence of my close

contact with them; but not until reading this bulletin did I realize some characteristics of the adventurous bullfrog. It told how courageous he was, and that as he and his fair Juliet sat in the sun rays upon some old log in a lonesome river, at the first approach of footsteps or noise the gentleman frog would jump off ahead to notify his fair lady that she must get out of danger also. It gave me the very refreshing information that the gentleman frog only croaks or sings when he is in love. [Laughter.]

Then they have a pamphlet here on how to make a cat trap. It tells you that after you remove the cat from the cat trap, if you will get a sack and put it over his head, you can take him out to the river and drown him without his escaping or knowing anything about it. [Laughter.]

The Department of Agriculture, as I understand, is now investigating the building of a statue to the American pig. They are going to get some modern Michelangelo to carve from marble, or bronze or something, the perfect hog. They are going to have it done in various types and models. They are going to exhibit these to the farmers throughout the country to encourage hog raising. [Laughter.]

I hope that when they start these wonderful specimens of the hog there will be no fight raised between those who admire the Berkshire or the Chester or the Hampshire or the Jersey, and that they will give some consideration to that fleetest of all hogs, whose bristles may be a little stronger than possessed by other hogs, but whose spareribs are a little bit sweeter, though he may give a little less lard, and that is the fine old fast-moving long-snouted razorback. [Laughter.]

So those are the various preparations that we are making, and some of the work that they are doing that ought to be deferred, Mr. President, in these times. Why they have another pamphlet wherein through loga-(or hog)-rithm they are to tell in the spring what prices the farmers are to receive in the autumn for their hogs. They arrive at it through an algebraical process of regression equation.

I heard of an Englishman who came over here, and he was fascinated by our fireflies, or lightning bugs, as we call them in my country, and he wanted to find out something about them; so he inquired of a friend where in the world he could get information about the lightning bug. The friend said to him, of course, "We will go down to the Department of Agriculture and we will question them. Maybe we can get the information there."

They went, and after they had been shown through the labyrinths of the various offices and departments they came to a rosy cheeked, ascetic, mild-mannered, soft-speaking individual behind a desk, and he was the man who acknowledged that many years ago he had written such a bulletin. So he reached down into some old dust-covered pile of papers and books and finally brought out one of those lightning-bug bulletins and handed it to the Englishman and explained it to him. The Englishman, with face wreathed in smiles, said, "My friend, I want to thank you." This mild-mannered man said, "Don't! Don't thank me. For 20 years I gave study to that particular subject, and I put all my time and work on it, and you are the first man who has shown any interest in the lightning bug. Don't thank me. I thank *you*." [Laughter.]

Mr. President, some of this work could be stopped, or at least deferred for the time being.

I know how hard it is to cut salaries. I dislike to vote to reduce anybody's pay. I know that in the Government agencies here there are tens of thousands of underpaid employees. Some of them, perhaps, are overpaid. I have not any doubt that there is a surplus in every bureau of every department of the Government, however. In times like these, with the very stability of the Government threatened, with Government bonds declining, with deficits piling up, with demands more numerous every day coming upon us for increased appropriations, if it is necessary to balance the Budget and bring about some reform and economies, I am willing, as much as I dislike it, to vote to reduce the wages of Government employees; and when I say that I am willing to reduce mine more than I am willing to reduce theirs, though I know that there are some Senators here, if not all of you, who can stand reductions better than I.

Mr. FRAZIER. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from North Dakota?

Mr. HARRISON. Yes; I yield to the Senator.

Mr. FRAZIER. I have been very much interested in what the Senator from Mississippi has said. I was called from the Chamber and did not hear all of his remarks; but I am interested to know whether he does not think that under the present conditions this would be a good time to make a good, big cut in the appropriations for the Navy Department and the War Department.

Mr. HARRISON. Yes. Before the Senator came in I said I would cut the appropriations of every one of the departments of the Government 10 per cent. If Senators want to cut them more than that, without affecting too much the efficiency of the departments, I am willing to do that. I said to the Senate that I read with surprise and regret the announcement that a bill had been introduced the other day providing $600,000,000 for the Navy.

Mr. FRAZIER. I think there might be a great deal more than 10 per cent cut there without any detriment to the Government.

Mr. HARRISON. Mr. President, I read the other day in a paper from my own State where the highway commission of that State said that they had saved in road construction, on the contracts just being let out, more than 20 per cent on costs of materials alone. Things have gone down. The cost of living is not as high as it was, due to the situation that exists over the country. We appropriate $125,000,000 a year for road construction. I have been a great advocate of road building, but I know that $100,000,000 to-day will go as far as $125,000,000 in road construction three years ago, and some economies might be worked out whereby we might save some of these expenditures.

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I yield to the Senator from Iowa.

Mr. BROOKHART. I desire to call the Senator's attention to this fact: The States, as he said, spent last year about a billion dollars on hard-road construction. This hard-road construction was started by the Federal Government on the theory of the Federal Government and the State each paying 50-50; but the big taxpayers did not like that, and they organized road-boosters' associations, and they boosted for gasoline taxes and for county bonds and State bonds to increase the States' part of that fund to $900,000,000 or so, whereas the Federal Government's part is now down to only $125,000,000. Does not the Senator think that it would be a fair deal for the Federal Government to pay its share of this road construction, and to tax the big fortunes of the country, which in turn have taxed the people of the country and brought on this condition?

Mr. HARRISON. May I say to the Senator that much as I regret increasing taxes at this time, I am in favor of increasing them sufficiently to balance, within a reasonable time, the Budget of the Government.

As to the Senator's road-building proposition, I think an individual ought to look at these propositions from the Government's standpoint the same as he would look at them if he himself were letting out a contract and trying to make a living, and apply some business methods to the matter. A few years ago we started a big public-construction program. That was fine, but when we inaugurated it we did not believe that this depression was going to last as long as it has lasted, and at that time there was no probability of its continuing to last as long as it probably will last. If present conditions continue, and we prolong indefinitely such a program, in the end it will bankrupt the Government.

If we are to spend in running the Government billions and billions of dollars by paying wages higher than those paid by anybody else, and pay higher for materials than anybody else pays, we can not hope to readjust the affairs of the Government.

Mr. President, so far as I am concerned, I am enlisted for the purpose of trying to retrench in public expenditures and trying to readjust the economic affairs of this country

as quickly as possible and cooperating in the creation of agencies designed to save money, although we may be mistaken as to the good they will bring, and I shall join in enacting legislation designed to give confidence to the American people.

Mr. MORRISON. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. MORRISON. I wanted to ask the Senator whether he had given any consideration to the advisability of dismissing a lot of people working in the departments, as well as to the question of cutting the wages of those employed?

Mr. HARRISON. I may say to the Senator that three heads of departments, whose names, of course, I would not care to mention, told me that if the Government would adopt a policy of cutting out the 30 days annual leave and cutting out too many holidays, when, naturally, they must draw in their surplus help in order to fill the places, and then, by an Executive order, say they are not going to take into the Government service any more employees, but that as vacancies occur by death, resignation, or otherwise, those in the service will be promoted, that that would effect tremendous savings. One plant in my own State, with only a limited number of people employed, has stated that through such a process as that they would save in that one institution $20,000 a year. I thank the Senator for the suggestion.

EXHIBITS

Number of employees in the executive service

	Government establishments	June 30, 1913			June 30, 1916			Nov. 11, 1918		
		District of Columbia	Field	Total	District of Columbia	Field	Total	District of Columbia	Field	Total
1	Department of State	267	1,118	1,385	283	1,118	1,401	686	2,550	3,236
2	Department of the Treasury	7,520	23,482	31,002	8,269	22,360	30,629	28,535	31,179	59,714
3	Department of War	2,248	29,154	31,402	2,266	31,674	33,940	37,406	214,228	251,634
4	Department of Justice	510	3,241	3,751	525	3,670	4,195	[1] 725	[2] 5,275	[2] 6,000
5	Post Office Department	1,612	275,000	276,612	1,582	282,000	283,582	1,900	286,000	287,900
6	Department of the Navy	1,165	22,909	24,074	1,264	28,191	29,455	12,715	96,147	[4] 108,862
7	Department of the Interior	5,172	13,732	18,904	4,966	15,167	20,133	4,876	13,780	18,656
8	Department of Agriculture	3,659	11,761	15,420	4,670	14,066	18,736	[3] 6,100	[3] 18,514	[3] 24,614
9	Department of Commerce	1,708	7,080	8,788	1,697	7,720	9,417	2,527	7,729	10,256
10	Department of Labor	240	1,760	2,000	375	1,672	2,047	1,891	5,050	6,941
11	Government Printing Office	4,037		4,037	4,028		4,028	5,280		5,280
12	Smithsonian Institution	735		735	784		784	368		368
13	Interstate Commerce Commission	736	63	799	928	1,315	2,243	803	1,323	2,126
14	Civil Service Commission	184	31	215	215	35	250	654	50	704
15	U. S. Bureau of Efficiency				27		27	38		38
16	Federal Trade Commission				57		57	697		697
17	U. S. Shipping Board				238		238	1,129	8,559	9,688
18	U. S. Railroad Administration							1,163		1,163
19	U. S. Food Administration							1,750	900	2,650
20	U. S. Fuel Administration							[2] 948		[2] 948
21	Council of National Defense							323		323
22	War Industries Board							1,298		1,298
23	War Trade Board							2,338		2,338
24	Alien Property Custodian							590		590
25	U. S. Tariff Commission							69		69
26	Employees' Compensation Commission							48		48
27	U. S. Federal Board for Vocational Education							140	106	246
28	The Panama Canal	162	1,232	1,394	153	943	1,096	110	[2] 2,888	2,998
29	Interdepartmental Social Hygiene Board							2		2
30	Superintendent, State, War, and Navy Building	234		234	217		217	1,694		1,694
	Total	30,189	390,563		32,544	409,931		116,800	694,278	
	Grand total			420,752			442,475			811,078

	Government establishments	June 30, 1919			Mar. 31, 1920		
		District of Columbia	Field	Total	District of Columbia	Field	Total
1	Department of State	778	2,585	3,363	814	2,835	3,649
2	Department of the Treasury	31,311	31,081	62,392	21,489	37,213	58,702
3	Department of War	26,562	[2] 185,000	[2] 211,562	18,985	[2] 175,000	[2] 193,985
4	Department of Justice	[1] 600	[2] 5,100	[2] 5,700	[1] 712	[2] 5,188	[2] 5,900
5	Post Office Department	[2] 1,860	284,377	286,237	[2] 1,860	287,533	289,393
6	Department of the Navy	[3] 10,755	[3] 110,078	[3] 120,833	[3] 12,532	[2] 83,379	95,911
7	Department of the Interior	5,178	13,970	19,148	5,525	11,685	17,210
8	Department of Agriculture	5,157	17,506	22,663	4,604	14,417	19,021
9	Department of Commerce	2,507	8,125	10,632	5,277	5,157	10,434
10	Department of Labor	1,536	2,715	4,251	705	1,619	2,324
11	Government Printing Office	4,793		4,793	4,917		4,917
12	Smithsonian Institution	467		467	486		486
13	Interstate Commerce Commission	834	1,382	2,216	858	886	1,744
14	Civil Service Commission	466	52	518	338	28	366
15	U. S. Bureau of Efficiency	32		32	62		62
16	Federal Trade Commission	377		377	485		485
17	U. S. Shipping Board	2,335	8,917	11,252	2,137	6,826	8,963
18	U. S. Railroad Administration	1,324		1,324	1,002		1,002
19	U. S. Food Administration	150		150			[5]
20	U. S. Fuel Administration	[2] 15		[2] 15			[5]
21	Council of National Defense	[1] 4		114	68		68
22	War Industries Board	9		9			[5]
23	War Trade Board	267		267	25		25
24	Alien Property Custodian	438		438	256		256
25	U. S. Tariff Commission	45		45	94		94
26	Employees' Compensation Commission	60		60	73		73
27	U. S. Federal Board for Vocational Education	684	1,638	2,322	995	2,317	3,312
28	The Panama Canal	110	[6] 2,914	3,024	109	[2] 4,174	4,283
29	Interdepartmental Social Hygiene Board	16	98	114	37	138	175
30	Superintendent, State, War, and Navy Building	1,860		1,860	1,821		1,821
	Total	100,640	675,538		96,306	638,495	
	Grand total			776,178			734,781

Footnotes at end of table.

Number of employees in the executive service—Continued

	Government establishments	July 31, 1921			June 30, 1922			June 30, 1923		
		District of Columbia	Field	Total	District of Columbia	Field	Total	District of Columbia	Field	Total
0	The White House	42		42	(1)			(1)		
1	Department of State	655	3,078	3,733	595	3,257	3,852	582	3,423	4,005
2	Department of the Treasury	26,704	46,526	73,230	19,860	36,110	55,970	18,634	36,777	55,411
3	Department of War	6,429	62,115	68,544	4,921	46,358	51,279	4,470	46,689	51,159
4	Department of Justice	721	2,360	3,081	571	2,400	2,971	653	2,700	3,353
5	Post Office Department	3,964	284,611	288,575	3,630	279,006	282,636	3,425	282,397	285,822
6	Department of the Navy	9,649	60,100	69,749	7,377	48,470	55,847	5,418	37,424	42,842
7	Department of the Interior	5,829	13,876	19,705	5,380	12,039	17,419	5,551	12,942	18,493
8	Department of Agriculture	4,676	14,503	19,179	4,892	14,882	19,704	4,933	15,328	20,261
9	Department of Commerce	4,244	8,802	13,046	2,755	8,458	11,213	2,794	8,678	11,472
10	Department of Labor	1,166	2,667	3,833	1,161	2,364	3,525	1,083	2,632	3,715
11	Government Printing Office	4,464		4,464	4,111		4,111	3,879		3,879
12	Smithsonian Institution	487		487	509		509	484		484
13	Interstate Commerce Commission	1,228	691	1,919	1,547	251	1,798	1,401	284	1,685
14	Civil Service Commission	361	24	385	379	30	409	378	130	508
15	Bureau of Efficiency	55		55	50		50	53		53
16	Federal Trade Commission	318		318	318		318	308		308
17	U. S. Shipping Board	2,302	4,273	6,575	1,888	2,182	4,070	1,418	1,636	3,054
18	U. S. Railroad Administration	1,214	113	1,327	1,123	124	1,247	971	67	1,038
19	U. S. Food Administration									
20	U. S. Fuel Administration									
21	Council of National Defense									
22	War Industries Board									
23	War Trade Board									
24	Alien Property Custodian	162		162	139		139	131		131
25	U. S. Tariff Commission	99		99	96		96	190		190
26	Employees' Compensation Commission	79		79	78		78	74		74
27	Federal Board for Vocational Education	972	5,439	6,411	80		80	80		80
28	Panama Canal	105	9,250	9,355	69	8,346	8,415	71	7,923	7,994
29	Interdepartmental Social Hygiene Board	17	63	80						
30	Public Buildings and Public Parks	1,229		1,229	1,006		1,006	1,006		1,304
31	General Accounting Office	1,544		1,544	2,006		2,006	2,035		2,035
32	Veterans' Administration				5,321	26,481	31,802	5,270	22,894	28,164
33	Commission of Fine Arts									
34	War Finance Corporation									
35	National Advisory Committee for Aeronautics									
36	Federal Reserve Board									
37	Board of Tax Appeals									
38	Board of Mediation									
39	Federal Power Commission									
40	Federal Radio Commission									
41	American Battle Monuments Commission									
42	Federal Farm Board									
43	Personnel Classification Board									
44	Railroad Labor Board		76	76		75	75		67	67
45	Miscellaneous boards and commissions	150	50	200	188	50	238	700	250	950
	Total	78,865	518,617		69,980	490,883		66,290	482,241	
	Grand total			597,482			560,863			548,531

	Government establishments	June 30, 1924			June 30, 1925		
		District of Columbia	Field	Total	District of Columbia	Field	Total
0	The White House	(1)			46		46
1	Department of State	593	4,104	4,697	618	3,632	4,250
2	Department of the Treasury	17,057	35,235	52,292	16,325	37,108	53,433
3	Department of War	4,266	46,094	50,360	4,898	47,489	52,387
4	Department of Justice	631	3,000	3,631	841	2,965	3,806
5	Post Office Department	3,707	292,774	296,481	3,822	297,877	301,699
6	Department of the Navy	5,250	36,721	41,971	5,197	37,072	42,269
7	Department of the Interior	5,485	12,355	17,840	3,927	13,346	17,273
8	Department of Agriculture	4,920	15,745	20,665	4,916	15,686	20,602
9	Department of Commerce	2,799	8,861	11,660	4,943	8,975	13,918
10	Department of Labor	961	2,785	3,746	654	3,454	4,108
11	Government Printing Office	4,094		4,094	3,937		3,937
12	Smithsonian Institution	488		488	495		495
13	Interstate Commerce Commission	1,287	255	1,542	1,231	304	1,535
14	Civil Service Commission	380	118	498	333	130	463
15	Bureau of Efficiency	49		49	47		47
16	Federal Trade Commission	315		315	314		314
17	U. S. Shipping Board	1,250	1,865	3,115	986	1,079	2,065
18	U. S. Railroad Administration	558	19	577	239	26	265
19	U. S. Food Administration						
20	U. S. Fuel Administration						
21	Council of National Defense						
22	War Industries Board						
23	War Trade Board						
24	Alien Property Custodian	114		114	208		208
25	U. S. Tariff Commission	200		200	187	14	201
26	Employees' Compensation Commission	73		73	68		68
27	Federal Board for Vocational Education	74		74	73		73
28	Panama Canal	73	8,817	8,890	75	8,835	8,910
29	Interdepartmental Social Hygiene Board						
30	Public Buildings and Public Parks	1,520		1,520	2,199		2,199
31	General Accounting Office	2,042		2,042	1,956		1,956
32	Veterans' Administration	5,234	21,801	27,035	4,897	22,647	27,544
33	Commission of Fine Arts				2		2
34	War Finance Corporation				119	131	250
35	National Advisory Committee for Aeronautics				23	111	134
36	Federal Reserve Board				180	18	198
37	Board of Tax Appeals						
38	Board of Mediation						
39	Federal Power Commission						
40	Federal Radio Commission						
41	American Battle Monuments Commission						

Footnotes at end of table.

Number of employees in the executive service—Continued

	Government establishments	June 30, 1924			June 30, 1925		
		District of Columbia	Field	Total	District of Columbia	Field	Total
42	Federal Farm Board						
43	Personnel Classification Board						
44	Railroad Labor Board		67	67		63	63
45	Miscellaneous boards and commissions	700	250	950			
	Total	64, 120	490, 866		63, 756	500, 962	
	Grand total			554, 986			564, 718

	Government establishments	June 30, 1926			June 30, 1927			June 30, 1928		
		District of Columbia	Field	Total	District of Columbia	Field	Total	District of Columbia	Field	Total
0	The White House	44		44	46		46	45		45
1	Department of State	609	3, 704	4, 313	609	3, 750	4, 359	601	3, 794	4, 395
2	Department of the Treasury	14, 762	36, 857	51, 619	14, 090	37, 442	51, 532	13, 818	37, 689	51, 507
3	Department of War	4, 575	44, 193	48, 768	4, 101	38, 191	42, 292	4, 024	41, 384	45, 408
4	Department of Justice	836	2, 927	3, 763	724	2, 947	3, 671	768	3, 093	3, 891
5	Post Office Department	3, 918	302, 067	305, 985	3, 906	304, 834	308, 740	3, 991	306, 944	310, 935
6	Department of the Navy	5, 044	38, 396	43, 440	5, 576	37, 849	43, 425	6, 637	37, 531	44, 168
7	Department of the Interior	3, 598	11, 137	14, 735	3, 465	12, 885	16, 350	3, 546	13, 375	16, 921
8	Department of Agriculture	4, 792	15, 961	20, 753	4, 831	16, 871	21, 702	4, 884	17, 358	22, 242
9	Department of Commerce	4, 365	10, 463	14, 828	4, 343	10, 621	14, 964	4, 621	11, 237	15, 858
10	Department of Labor	667	3, 315	3, 982	619	3, 368	3, 987	644	3, 523	4, 167
11	Government Printing Office	4, 077		4, 077	4, 080		4, 080	4, 050		4, 050
12	Smithsonian Institution	506		506	528		528	521		521
13	Interstate Commerce Commission	1, 346	461	1, 807	1, 372	545	1, 917	1, 396	636	2, 032
14	Civil Service Commission	341	126	467	338	119	457	375	135	510
15	U. S. Bureau of Efficiency	48		48	71		71	59		59
16	Federal Trade Commission	317		317	293		293	349		349
17	U. S. Shipping Board	813	691	1, 504	829	803	1, 632	835	840	1, 675
18	U. S. Railroad Administration	113	8	121	47	3	50	32		32
19	U. S. Food Administration									
20	U. S. Fuel Administration									
21	Council of National Defense									
22	War Industries Board									
23	War Trade Board									
24	Alien Property Custodian	252		252	208		208	185		185
25	U. S. Tariff Commission	190	14	204	196	10	206	231	11	242
26	Employees' Compensation Commission	69		69	71		71	95	60	155
27	U. S. Federal Board for Vocational Education	75		75	68		68	68		68
28	The Panama Canal	75	9, 504	9, 579	75	9, 851	9, 926	77	10, 304	10, 461
29	Interdepartmental Social Hygiene Board									
30	Public Buildings and Public Parks	2, 453		2, 453	2, 264		2, 264	2, 370		2, 370
31	General Accounting Office	1, 965		1, 965	1, 958		1, 958	1, 944		1, 944
32	Veterans' Administration	4, 567	19, 830	24, 397	4, 667	19, 099	23, 666	4, 804	19, 129	23, 933
33	Commission of Fine Arts	2		2	2		2	2		2
34	War Finance Corporation	80	91	171	41	45	86	22	20	42
35	National Advisory Committee for Aeronautics	24	131	155	23	146	169	33	164	197
36	Federal Reserve Board	186	18	204	185	19	204	175	20	195
37	Board of Tax Appeals	102		102	137		137	159		159
38	Board of Mediation				37		37	37		37
39	Federal Power Commission									
40	Federal Radio Commission									
41	American Battle Monuments Commission									
42	Federal Farm Board									
43	Personnel Classification Board									
44	Railroad Labor Board									
45	Miscellaneous boards and commissions									
	Total	60, 811	499, 894		59, 800	499, 338		61, 388	507, 327	
	Grand total			560, 705			559, 138			568, 715

	Government establishments	June 30, 1929			June 30, 1930			June 30, 1931		
		District of Columbia	Field	Total	District of Columbia	Field	Total	District of Columbia	Field	Total
0	The White House	43		43	45		45	43		43
1	Department of State	661	3, 956	4, 617	714	3, 977	4, 691	824	4, 135	4, 959
2	Department of the Treasury	14, 298	38, 796	53, 094	13, 436	39, 464	52, 900	13, 397	38, 347	51, 744
3	Department of War	4, 170	43, 097	47, 267	4, 408	45, 881	50, 289	4, 251	49, 105	53, 356
4	Department of Justice	833	3, 352	4, 184	922	3, 878	4, 800	1, 241	7, 261	8, 502
5	Post Office Department	4, 082	310, 713	314, 795	4, 075	312, 920	316, 995	4, 181	312, 078	316, 259
6	Department of the Navy	7, 213	43, 362	50, 575	6, 927	40, 769	47, 696	6, 412	42, 370	48, 782
7	Department of the Interior	3, 562	13, 010	16, 572	3, 606	14, 967	18, 573	3, 168	16, 609	19, 777
8	Department of Agriculture	5, 059	18, 936	23, 995	5, 255	20, 481	25, 736	5, 712	22, 463	28, 175
9	Department of Commerce	5, 064	11, 680	16, 744	9, 418	17, 537	26, 955	10, 488	13, 192	23, 680
10	Department of Labor	718	3, 832	4, 550	774	4, 166	4, 940	817	4, 595	5, 412
11	Government Printing Office	4, 187		4, 187	4, 419		4, 419	4, 894		4, 894
12	Smithsonian Institution	564		564	550		550	589		589
13	Interstate Commerce Commission	1, 410	632	2, 042	1, 531	721	2, 252	1, 614	796	2, 410
14	Civil Service Commission	375	208	583	395	166	561	425	206	631
15	U. S. Bureau of Efficiency	59		59	46		46	45		45
16	Federal Trade Commission	380		380	411	39	450	505	42	547
17	U. S. Shipping Board	748	660	1, 408	722	513	1, 235	696	369	1, 065
18	U. S. Railroad Administration	21		21	15		15	12		12
19	U. S. Food Administration									
20	U. S. Fuel Administration									
21	Council of National Defense									
22	War Industries Board									
23	War Trade Board									

Footnotes at end of table.

Number of employees in the executive service—Continued

	Government establishments	June 30, 1929			June 30, 1930			June 30, 1931		
		District of Columbia	Field	Total	District of Columbia	Field	Total	District of Columbia	Field	Total
24	Alien Property Custodian	184		184	180		180	141		141
25	U. S. Tariff Commission	218	11	229	210	10	220	254	65	319
26	Employees' Compensation Commission	116	61	177	118	61	179	120	63	183
27	U. S. Federal Board for Vocational Education	70		70	87		87	83		83
28	The Panama Canal	76	12,021	12,097	78	14,621	14,699	79	10,244	10,323
29	Interdepartmental Social Hygiene Board									
30	Public Buildings and Public Parks	2,425		2,425	2,653		2,653	2,904		2,904
31	General Accounting Office	1,961		1,961	1,970		1,970	1,988		1,988
32	Veterans' Administration	4,871	19,194	24,065	4,755	19,964	24,719	5,769	22,876	28,645
33	Commission of Fine Arts	2		2	2		2	3		3
34	War Finance Corporation	14	4	18	13		13	9		9
35	National Advisory Committee for Aeronautics	35	184	219	40	214	254	43	248	291
36	Federal Reserve Board	176	19	195	187	18	205	180	19	199
37	Board of Tax Appeals	150		150	150		150	151		151
38	Board of Mediation	31		31	28		28	26		26
39	Federal Power Commission	29	1	30	36	2	38	47	3	50
40	Federal Radio Commission	92		92	97		97	132		132
41	American Battle Monuments Commission	8	32	40	9	33	42	8	33	41
42	Federal Farm Board				228	3	231	290	25	315
43	Personnel Classification Board							62		62
44	Railroad Labor Board									
45	Miscellaneous boards and commissions									
	Total	63,904	523,761		68,510	540,405		71,693	545,144	
	Grand total			587,665			608,915			616,837

Percentage of increase, 1920 over 1913, 43 per cent.
Percentage of increase, 1920 over 1916, 39 per cent.
Percentage of decrease, 1920 over 1918, 9.4 per cent.

[1] Including about 200 judges and employees of the courts of the District of Columbia.
[2] Approximate.
[3] Does not include 1,600 employees in the Washington post office for each date.
[4] In addition to the above number of civilians there were approximately the following numbers of naval reservists and Marine Corps reservists engaged on work ordinarily performed by civilians: In the District of Columbia, 6,025; field service, 10,000.
[5] These figures include only the employees on the "gold roll," and do not include the "silver roll" employees, who are mostly alien laborers.
[6] Out of existence July 1, 1919.
[7] Not reported.

TABLE F.—*Cash expenditures of the Government for the fiscal years 1917 to 1921, inclusive, as published in daily Treasury statements, classified according to departments and establishments*

[Because of legislation establishing revolving funds and providing for the reimbursement of appropriations, commented upon in the Annual Report of the Secretary of the Treasury for the fiscal year 1919, p. 126 ff., the gross expenditures in the case of some departments and agencies, notably the War Department, the Railroad Administration, and the Shipping Board, have been considerably larger than here stated. This statement does not include expenditures on account of the Postal Service other than salaries and expenses of the Post Office Department in Washington, postal deficiencies, and items appropriated by Congress payable from the general fund of the Treasury]

	1917 (revised)	1918	1919	1920	1921
ORDINARY [1]					
General expenditures:					
Legislative establishment [2]	$15,092,373.97	$15,825,506.72	$17,090,106.24	$19,327,708.72	$18,932,565.17
Executive proper [3]	1,280,484.85	9,662,847.53	17,467,352.03	6,675,517.58	210,056.79
State Department	6,169,316.41	9,892,898.09	20,766,400.14	13,586,024.42	8,780,796.84
Treasury Department	84,294,313.65	152,300,426.53	227,277,657.81	322,315,627.43	488,636,833.10
War Department	358,158,361.12	4,850,687,186.88	8,995,880,266.18	1,610,587,380.86	1,101,615,013.32
Department of Justice	10,566,401.25	12,964,628.18	15,717,022.36	17,814,398.18	17,206,418.03
Post Office Department	1,895,578.21	4,173,103.28	2,412,250.05	50,049,295.07	[3] 135,359,108.17
Navy Department	239,632,756.63	1,278,840,486.80	2,002,310,785.02	736,021,456.43	650,373,835.58
Interior Department	216,415,516.48	244,556,893.96	288,285,627.61	279,244,660.87	357,814,893.01
Department of Agriculture	29,547,234.01	42,870,188.28	39,246,454.41	65,546,293.14	119,837,759.41
Department of Commerce	11,689,792.94	12,833,808.82	15,589,514.30	30,010,737.75	30,828,761.55
Department of Labor	3,852,111.34	5,469,268.09	12,942,558.75	5,415,358.40	8,502,509.55
Independent offices and commissions [3] [4]	7,558,829.88	12,714,740.06	75,375,809.41	59,469,305.17	119,942,516.73
District of Columbia	13,681,595.39	14,446,832.46	16,014,105.80	19,987,898.41	22,715,158.60
Total	999,834,666.13	6,667,438,815.68	11,746,375,910.11	3,236,051,662.43	3,080,806,225.85
Deduct unclassified items	[6] 150,275.43	[6] 26,469,620.31	[6] 895,060.84	4,390,847.00	922,593.14
Total	999,984,941.56	6,693,908,435.99	11,747,270,970.95	3,231,651,815.43	3,079,883,632.71
Interest on public debt	24,742,701.68	189,743,277.14	619,215,569.17	1,020,251,622.28	999,144,731.35
Panama Canal	19,782,509.32	19,298,099.30	13,195,522.37	11,365,714.01	16,461,409.47
Payment for West Indian Islands	25,000,000.00				
Operations in special accounts:					
Railroads		120,263,998.17	358,795,274.60	[8] 1,036,672,157.53	[10] 730,711,669.98
War Finance Corporation		44,929,168.38	302,621,846.92	[11] 228,472,186.61	[10] 22,028,452.12
Shipping Board	14,291,282.96	770,681,550.83	1,820,606,870.90	530,565,649.61	130,723,268.26
Grain Corporation				[12] 350,328,494.70	[13] 90,353,411.42
Food and Fuel Administrations		54,859,896.40	87,338,207.08		
Purchase of obligations of foreign governments	885,000,000.00	4,738,029,750.00	3,479,255,265.56	421,337,028.09	73,896,697.44
Purchase of Federal farm loan bonds		65,018,296.93	86,580,427.48	29,643,546.17	16,781,320.79
Subscription to stock, Federal land banks	8,880,315.00				
Total ordinary	1,977,681,750.52	12,696,702,471.14	18,514,879,955.03	6,403,343,841.21	5,115,927,689.30
Public debt retirements chargeable against ordinary receipts:					
Sinking fund					261,100,250.00
Purchases from foreign repayments			7,921,700.00	72,669,900.00	73,939,300.00
Received for estate taxes			93,050.00	3,141,050.00	26,348,950.00
Purchases from franchise tax receipts (Federal reserve banks)		1,134,234.48		2,922,450.00	60,724,500.00
Forfeitures, gifts, etc.				12,950.00	168,500.00
Total		1,134,234.48	8,014,750.00	78,746,350.00	422,281,500.00
Total expenditures chargeable against ordinary receipts	1,977,681,750.52	12,697,836,705.62	18,522,894,705.03	6,482,090,191.21	5,538,209,189.30
PUBLIC DEBT					
Public debt retirements chargeable against ordinary receipts (see above)		1,134,234.48	8,014,750.00	78,746,350.00	422,281,500.00
Other public debt expenditures	677,544,782.25	7,213,555,218.81	16,318,491,810.41	16,959,293,373.62	8,759,745,670.09
Total public debt	677,544,782.25	7,214,689,453.29	16,326,506,560.41	17,038,039,723.62	9,182,027,170.09

Footnotes at end of table.

TABLE F.—*Cash expenditures of the Government for the fiscal years 1917 to 1931, inclusive, as published in daily Treasury statements, classified according to departments and establishments*—Continued

	1917 (revised)	1918	1919	1920	1921
Recapitulation:					
Certificates of indebtedness	$632,572,268.00	$7,086,312,732.00	$15,538,078,900.00	$15,589,117,458.53	$8,552,225,500.00
Treasury notes	[19] 4,390,000.00	[19] 27,362,000.00	[19] 19,150,000.00		
War savings securities		2,727,345.96	131,519,529.91	200,982,954.62	160,356,308.19
First Liberty bonds		656,000.00	4,003,050.00	32,336,700.00	202,650.00
Second Liberty bonds		61,050,000.00	180,351,000.00	241,144,200.00	8,703,400.00
Third Liberty bonds		14,935,500.00	201,655,700.00	286,300,800.00	51,172,350.00
Fourth Liberty bonds			165,000,000.00	405,222,800.00	39,414,450.00
Victory notes				349,001,500.00	332,439,450.00
Other debt items	18,393.75	20,650.33	63,029,583.00	509,165.97	152,381.80
National-bank notes and Federal reserve bank notes	40,564,115.50	21,625,225.60	23,718,797.50	23,424,164.50	37,460,701.00
Total public debt	677,544,782.25	7,214,689,453.29	16,326,505,560.41	17,038,039,723.62	9,182,027,170.69

[1] The figures given for operations in special accounts are net figures and make allowance for receipts and deposits credited to the account concerned.

[2] In the fiscal years 1921, 1922, and 1923, changes were made in classification of expenditures between legislative establishment, executive proper, and other independent offices and commissions, which account for most of the differences as compared with expenditures for other fiscal years.

[3] Owing to settlement between the Post Office Department and the Railroad Administration on account of transportation during Federal control, Post Office Department expenditures for June, 1921, include $65,575,832.03 paid to the Railroad Administration. Deposit of this payment by Railroad Administration resulted in decrease in expenditures on account of "Federal control of transportation systems and transportation act, 1920," by a corresponding amount.

[4] Payments on account of veterans' relief made prior to Aug. 11, 1921, by the War Risk Insurance Bureau are included under Treasury Department, while similar payments made prior to that date by the Federal Board for Vocational Education are included under other independent offices and commissions. During the fiscal year 1922 allotments for veterans' relief have been made to the Treasury Department in the amount of $26,350,668.66, to the War Department in the amount of $4,866,383.40, and to the Navy Department in the amount of $529,237.84, but expenditures under these allotments appear as expenditures of the respective departments and not of the Veterans' Bureau.

[5] Allotments for veterans' relief have been made as follows: 1923—Treasury Department, $3,164,425.11; War Department, $4,889,241.91; Navy Department, $2,652,303; 1924—Treasury Department, $467,150; War Department, $4,434,713.93; Navy Department, $1,474,600; Interior Department, $44,791; 1925—Treasury Department, $394,840; War Department, $4,078,300.07; Navy Department, $1,536,800; and Interior Department, $51,250.

[6] Add.

[7] Included under Treasury Department prior to fiscal year 1922.

[8] Included under Post Office Department prior to fiscal year 1922.

[9] Includes $288,300,222.46 payments on certificates of indebtedness of Director General of Railroads, due July 15, 1919.

[10] Deduct excess of credits.

[11] The railroad expenditures during the fiscal year 1922 were reduced by $266,636,606.26, on account of deposits by the Railroad Administration, representing proceeds of sale of equipment trust notes acquired under the Federal control act approved Mar. 21, 1918, as amended, and the act approved Nov. 19, 1919, and were further reduced by $123,783,487.75, on account of deposits of the proceeds of sale or collection of other securities acquired under the Federal control act or transportation act, 1920. In 1923 and 1924 receipts on these accounts were included in the daily Treasury statement under miscellaneous receipts, proceeds of Government-owned securities, railroad securities.

[12] Deduct excess of credits resulting from deposits of War Finance Corporation representing proceeds of redemptions of its holdings of United States securities. (See note 2, p. 2, daily Treasury statement for June 30, 1920.)

[13] Included under Executive proper prior to fiscal year 1922.

[14] Includes $350,000,000 applied by United States Grain Corporation to reduction of capital stock and reflected in "Miscellaneous receipts for fiscal year 1920." (See note 1, p. 2, daily Treasury statement for June 30, 1920.)

[15] Net expenditures after taking into account credits and $100,000,000 applied to reduction in capital stock of United States Grain Corporation.

[16] $25,000,000 of this amount represents reduction in capital stock of United States Grain Corporation effected Oct. 17, 1921, and is reflected in an increase of receipts in an equal amount. (See note, p. 2, daily Treasury statement for Oct. 18, 1921.)

[17] Established by act of May 22, 1920, and included under Interior Department prior to fiscal year 1922.

[18] Included under District of Columbia prior to fiscal year 1922.

[19] One-year Treasury notes issued under sec. 18, Federal reserve act.

[20] Owing to settlement between the Post Office Department and the Railroad Administration on account of transportation during Federal control, Post Office Department expenditures for June, 1921, include $65,575,832.03 paid to the Railroad Administration. Deposit of this payment by Railroad Administration resulted in decrease in expenditures on account of "Federal control of transportation systems and transportation act, 1920," by a corresponding amount.

TABLE 5.—*Ordinary receipts, expenditures chargeable against ordinary receipts, and surplus or deficit for the fiscal years 1909 to 1931* [1]

Beginning with the fiscal year 1931, receipts and expenditures were classified according to general, special, and trust funds in the daily Treasury statement in order to conform to the practice of the Bureau of the Budget. In the following table, however, transactions in general, special, and trust funds are combined for purposes of historical comparison. For explanation of funds, see p. 424

Because of legislation establishing revolving funds and providing for the reimbursement of appropriations, commented upon in the Annual Report of the Secretary of the Treasury for the fiscal year 1919, p. 126 ff., the gross expenditures in the case of some departments and agencies, notably the War Department, the Railroad Administration, and the Shipping Board, have been considerably larger than here stated. Postal expenditures in this statement include postal deficiencies; items appropriated by Congress payable from the general fund of the Treasury; and, up to and including the fiscal year 1922, salaries and expenses of the Post Office Department in Washington]

	1922	1923	1924	1925	1926
ORDINARY RECEIPTS					
Customs (including tonnage tax)	$356,443,387.18	$561,926,866.66	$545,637,503.90	$547,581,220.11	$579,430,093.80
Income and profits taxes	2,008,128,192.68	1,678,607,428.22	1,842,144,418.48	1,760,537,823.68	1,982,040,083.58
Miscellaneous internal revenue	1,145,128,064.11	945,885,392.61	963,042,617.62	828,638,067.90	856,599,289.26
Miscellaneous revenue, including Panama Canal	539,407,505.97	820,733,853.07	671,250,161.58	643,411,566.73	545,686,219.44
Total ordinary receipts	4,109,104,150.94	4,007,135,480.56	4,012,044,701.65	3,780,148,684.42	3,962,755,690.14
ORDINARY EXPENDITURES					
General expenditures:					
Legislative establishments [2]	17,088,112.87	14,105,243.89	14,315,684.73	13,855,664.29	15,778,230.41
Executive Office [2]	218,693.36	349,380.15	450,952.65	411,808.27	638,768.06
State Department	9,666,571.70	15,469,276.30	14,669,456.89	15,054,408.58	16,521,348.08
Treasury Department	209,104,990.87	145,016,959.60	137,411,205.17	128,232,421.79	136,578,723.67
War Department	464,730,717.67	302,753,624.86	346,620,778.55	361,887,858.84	355,072,225.92
Department of Justice	17,888,828.58	23,521,485.79	21,134,228.10	23,495,738.96	23,774,120.23
Post Office Department	8,384,127.31	146,942.46	186,789.29	[3] 70,826.85	96,388.03
Navy Department	476,775,193.84	333,301,302.31	332,240,136.67	340,142,001.44	312,743,409.81
Interior Department	331,814,027.57	354,623,058.58	328,227,697.11	302,440,633.08	301,759,049.28
Department of Agriculture	142,695,844.10	128,745,677.33	141,116,440.69	164,644,283.54	155,350,432.49
Department of Commerce	21,688,014.86	21,783,508.71	21,409,678.93	25,782,961.39	29,132,015.82
Department of Labor	6,227,471.57	7,241,406.73	6,620,052.55	9,677,841.30	8,544,899.59
Veterans' Bureau [4]	[5] 376,749,664.29	[6] 401,719,453.83	[6] 400,120,863.66	[6] 384,715,795.72	404,092,185.22
Other independent offices and commissions [2]	49,871,636.40	29,712,285.42	28,261,981.47	27,682,657.28	32,069,350.30
District of Columbia	23,731,562.58	24,053,795.47	25,873,115.19	32,713,000.57	34,450,707.45
Total	2,135,635,474.55	1,951,477,321.73	1,820,697,061.65	1,926,837,369.20	1,926,958,870.25
Deduct unclassified items	[7] 232,068.59	1,436,386.81	1,234,150.47	[7] 347,106.72	232,946.52
Total general expenditures	2,135,867,503.14	1,950,040,934.92	1,828,462,911.18	1,927,004,475.92	1,926,726,923.74
Interest on public debt	991,000,759.24	1,065,925,689.61	940,602,912.92	881,805,662.26	831,937,709.15
Refunds of receipts:					
Customs [8]	37,124,086.84	29,736,711.58	20,566,628.22	22,920,891.08	27,744,697.67
Internal revenue [8]	45,702,272.89	125,279,043.35	127,220,151.47	147,777,034.05	182,220,053.01
Postal deficiency [9]	64,346,234.52	82,526,914.89	12,638,849.75	28,216,782.58	26,506,490.29
Panama Canal	3,025,421.32	4,316,961.30	5,387,099.90	9,092,818.99	9,017,719.90

Footnotes at end of table.

TABLE 5.—*Ordinary receipts, expenditures chargeable against ordinary receipts, and surplus or deficit for the fiscal years 1922 to 1931*—Continued

	1922	1923	1924	1925	1926
ORDINARY EXPENDITURES—continued					
Operations in special accounts: [8]					
Railroads	[9] [10] $139,469,450.82	$114,144,654.12	$35,742,187.74	$7,204,992.53	$2,725,800.85
War Finance Corporation	94,428,001.01	[9] 109,436,238.13	[9] 52,539,947.20	[9] 42,901,758.13	[9] 19,691,166.28
Shipping Board	67,205,732.12	57,023,838.18	85,491,358.71	30,304,859.54	23,043,032.04
Alien-property funds [11]	1,825,643.99	[9] 1,365,554.16	[9] 1,150,576.16	4,018,131.55	3,515,999.58
Grain Corporation	[12] 32,000,000.00	2,482,476.33			120,152,238.11
Sugar Equalization Board	[9] 15,279,636.52			99,458,769.16	10,815,743.02
Purchase of obligations of foreign governments	717,834.36	8,091,417.48	8,028,338.62	9,745,622.04	38,290,345.65
Purchase of Federal farm-loan bonds		26,672,161.78	20,410,378.80	31,991,713.82	297,036.87
Civil-service retirement fund [13]	9,283,138.54	190,517.91	233,420.36	258,005.70	297,036.87
Investment of trust funds:					
Government life-insurance fund [6]	24,599,340.52			82,568.91	100,033.44
District of Columbia teachers' retirement fund [14]	230,958.69		4,584,262.92	1,123,760.49	1,209,175.55
Total ordinary expenditures	3,372,607,899.84	3,294,627,529.16	3,048,677,965.34	3,063,105,332.26	3,097,611,822.81
PUBLIC DEBT RETIREMENTS CHARGEABLE AGAINST ORDINARY RECEIPTS					
Sinking fund	276,046,000.00	284,018,800.00	295,987,350.00	306,308,400.00	317,091,750.00
Purchases from foreign repayments	64,837,900.00	32,140,000.00	38,509,150.00	386,100.00	4,393,500.00
Received from foreign governments under debt settlements		68,752,950.00	110,878,450.00	158,793,500.00	165,260,000.00
Received for estate taxes	21,084,850.00	6,568,580.00	8,897,050.00	47,550.00	
Purchases from franchise-tax receipts (Federal reserve and Federal intermediate-credit banks)	60,333,000.00	10,815,300.00	3,634,550.00	794,159.88	567,900.69
Forfeitures, gifts, etc	392,850.00	554,891.10	93,200.00	208,403.95	62,900.00
Total public-debt retirements chargeable against ordinary receipts	422,694,600.00	402,850,491.10	457,999,750.00	466,538,113.83	487,376,050.69
Total expenditures chargeable against ordinary receipts	3,795,302,499.84	3,697,478,020.26	3,506,677,715.34	3,529,643,446.09	3,584,987,873.50
Surplus (+) or deficit (−)	+313,801,651.10	+309,657,460.30	+505,366,986.31	+250,505,238.33	+377,767,816.64

	1927	1928	1929	1930	1931
ORDINARY RECEIPTS					
Customs (including tonnage tax)	$605,499,983.44	$568,986,188.50	$602,262,786.17	$587,000,903.25	$378,354,005.35
Income and profits taxes	2,224,992,800.25	2,173,952,556.73	2,330,711,822.66	2,410,986,977.53	1,860,394,295.25
Miscellaneous internal revenue	644,421,541.56	621,018,665.64	607,307,548.96	628,308,035.85	569,386,721.07
Miscellaneous revenue, including Panama Canal	654,480,115.85	678,390,745.32	492,968,067.24	551,645,785.36	509,098,472.14
Total ordinary receipts	4,129,394,441.10	4,042,348,156.19	4,033,250,225.05	4,177,941,701.99	3,317,233,493.81
ORDINARY EXPENDITURES					
General expenditures:					
Legislative establishment [1]	19,678,325.13	16,402,048.28	17,548,655.67	19,986,820.64	23,978,412.68
Executive Office [2]	612,197.93	589,497.19	487,250.03	690,263.00	506,811.20
State Department	16,497,658.60	11,607,071.23	13,284,510.33	14,170,408.87	15,687,716.33
Treasury Department	151,560,333.78	195,648,941.27	200,447,224.41	193,114,012.63	204,569,134.17
War Department	360,808,776.71	380,540,803.49	416,901,546.42	453,524,973.41	478,418,974.37
Department of Justice	24,819,057.70	27,600,254.81	28,891,620.32	32,483,080.31	44,333,497.73
Post Office Department	189,037.77	276,692.81	[11] 43,000,870.27	55,198.91	82,297.59
Navy Department	318,909,096.28	331,335,491.98	364,561,543.90	374,165,538.55	354,071,004.10
Interior Department	302,705,745.19	298,999,534.09	301,122,596.27	290,027,905.76	71,500,359.20
Department of Agriculture	156,287,304.95	159,914,696.27	171,147,282.58	177,580,581.10	296,865,944.69
Department of Commerce	30,939,749.02	34,383,165.32	39,987,346.45	54,290,105.12	61,477,117.63
Department of Labor	9,921,644.23	9,821,480.97	11,311,190.36	10,654,405.63	12,151,885.62
Veterans' Bureau	391,470,413.72	401,324,833.17	417,280,404.40	446,955,630.33	729,190,248.12
Other independent offices and commissions [3]	35,442,771.15	35,681,462.45	40,308,719.63	49,495,746.47	40,960,046.06
District of Columbia	37,566,520.57	39,399,622.44	40,116,586.38	45,079,613.67	47,798,065.62
Total	1,857,409,642.76	1,953,525,505.77	2,106,485,327.51	2,162,286,385.40	2,390,639,515.21
Deduct unclassified items	[4] 448,920.63	198,554.39	[5] 17,803.40	[4] 422,550.04	162,238.35
Total general expenditures	1,857,858,563.39	1,953,327,041.38	2,106,503,130.91	2,162,708,935.44	2,390,477,276.86
Interest on public debt	787,019,578.18	731,764,476.30	678,330,399.50	659,347,613.07	611,559,704.35
Refund of receipts:					
Customs [6]	20,320,524.37	21,856,901.13	21,826,435.69	24,001,809.24	21,369,006.78
Internal revenue [6]	117,412,172.61	148,286,060.13	190,727,887.12	133,852,182.70	69,887,928.92
Postal deficiency [7]	27,263,191.12	32,080,202.46	[10] 94,699,744.06	91,714,450.89	145,643,613.12
Panama Canal	8,305,345.04	10,448,879.53	9,045,647.29	11,338,541.69	9,299,055.81
Operations in special accounts: [8]					
Railroads	1,042,740.21	[11] 619,721.67	[9] 1,857,633.06	[9] 4,795,787.55	[9] 245,609.87
War Finance Corporation	[9] 27,065,781.61	[9] 3,813,040.77	[11] 611,414.95	[9] 58,838.54	172,153.82
Shipping Board	19,011,397.11	34,881,713.16	15,889,059.12	31,695,159.06	33,961,996.34
Agricultural marketing fund (net)				149,968,273.55	190,540,854.70
Alien-property funds [11]	[9] 496,117.92	[9] 351,151.52	[9] 1,345,327.26	968,985.50	1,185,835.92
Adjusted service-certificate fund	115,219,352.39	111,817,839.69	111,772,809.62	112,312,726.75	224,216,285.58
Civil-service retirement fund [13]	[9] 425,194.65	109,272.28	19,955,190.64	20,433,867.39	20,304,247.73
Investment of trust funds:					
Government life-insurance fund [6]	47,315,972.70	61,701,568.44	52,160,111.83	43,409,104.81	50,626,371.43
District of Columbia teachers' retirement fund [14]	289,980.43	513,917.75	503,158.37	516,706.13	570,581.99
Foreign Service retirement	87,267.50	80,938.85	282,444.12	313,282.13	336,930.15
General railroad contingent	870,677.84	1,179,957.39	977,842.88	2,411,871.58	962,104.25
Total ordinary expenditures	2,974,029,674.62	3,103,264,854.83	3,298,859,485.88	3,440,268,383.84	3,779,868,338.86
PUBLIC DEBT RETIREMENTS CHARGEABLE AGAINST ORDINARY RECEIPTS					
Sinking fund	333,528,400.00	354,741,300.00	370,277,100.00	388,368,950.00	391,660,000.00
Purchases from foreign repayments	19,254,500.00	19,068,000.00	571,150.00	51,135,000.00	48,245,950.00
Received from foreign governments under debt settlements	159,961,800.00	162,736,050.00	175,642,350.00	109,790,850.00	
Received for estate taxes		1,500.00	20,000.00	73,100.00	
Purchases from franchise tax receipts (Federal reserve and Federal intermediate credit banks)	1,231,834.78	618,367.05	2,933,400.00	4,455,000.00	91,400.00

Footnotes at end of table.

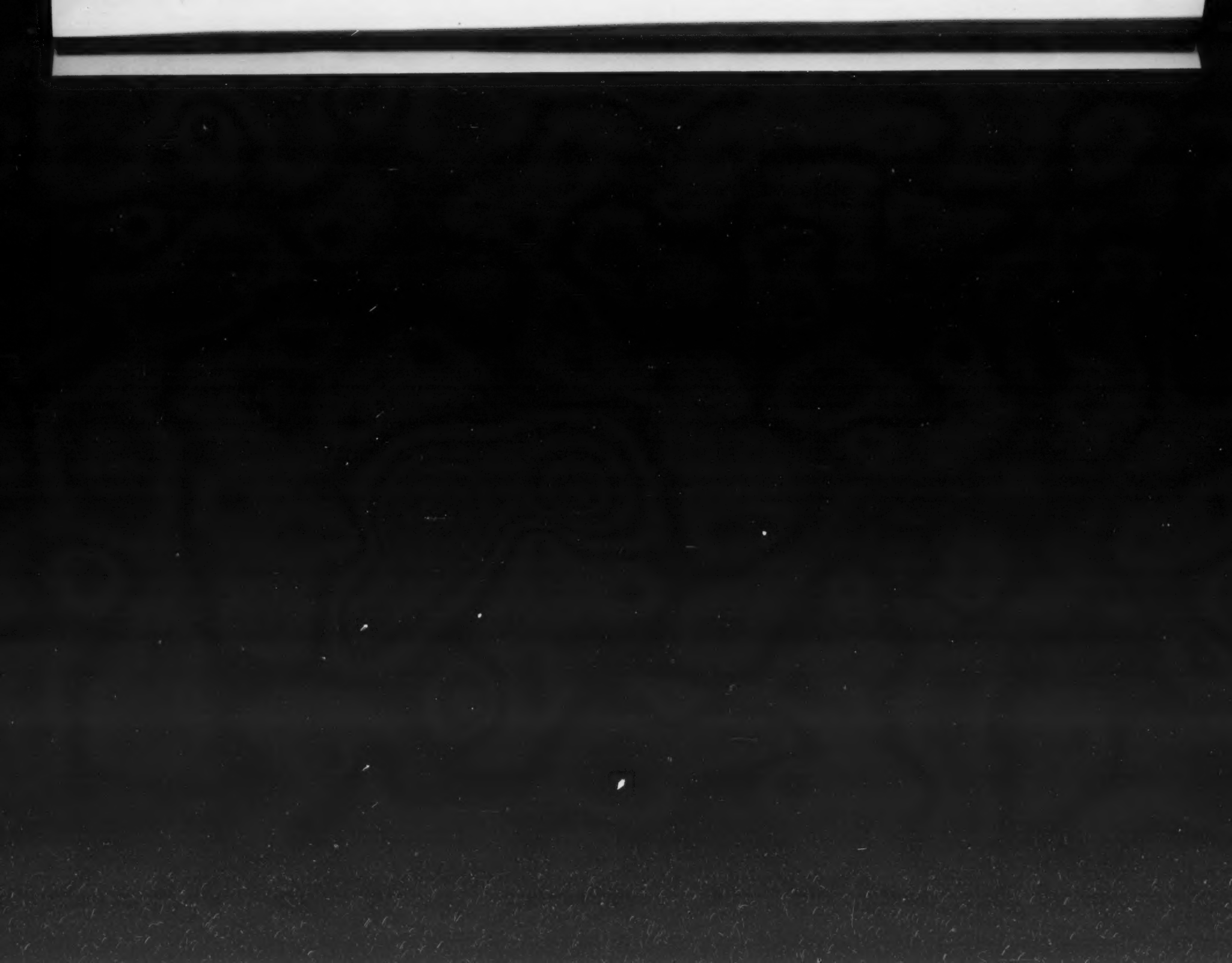




TABLE 5.—*Ordinary receipts, expenditures chargeable against ordinary receipts, and surplus or deficit for the fiscal years 1922 to 1931*—Continued

	1927	1928	1929	1930	1931
PUBLIC DEBT RETIREMENTS CHARGEABLE AGAINST ORDINARY RECEIPTS—continued					
Forfeitures, gifts, etc	$5, 578, 310. 00	$3, 089, 803. 25	$150, 703. 75	$90, 703. 25	$94, 655. 00
Total public debt retirements chargeable against ordinary receipts	519, 554, 844. 78	540, 255, 020. 30	549, 603, 703. 75	553, 393, 603. 25	449, 082, 000. 00
Total expenditures chargeable against ordinary receipts	3, 493, 584, 519. 40	3, 643, 519, 875. 13	3, 848, 463, 189. 63	3, 904, 152, 487. 09	4, 219, 950, 338. 88
Surplus (+) or deficit (−)	+635, 809, 921. 70	+398, 828, 281. 06	+184, 787, 035. 42	+183, 789, 214. 90	−[10] 902, 716, 845. 07

[1] Figures for ordinary receipts and ordinary expenditures from Apr. 6, 1917, to June 30, 1917, are available on p. 444 of 1926 report; and for the fiscal years 1916 to 1919 on p. 489 of the 1930 report.

[2] In the fiscal years 1921, 1922, and 1923, changes were made in classification of expenditures between Legislative Establishment, Executive Office, and other independent offices and commissions, which account for most of the differences as compared with expenditures for other fiscal years.

[3] Payments on account of veterans' relief made prior to Aug. 11, 1921, by the War Risk Insurance Bureau are included under Treasury Department, while similar payments made prior to that date by the Federal Board of Vocational Education are included under other independent offices and commissions. During the fiscal year 1922 allotments for veterans' relief were made to the Treasury Department in the amount of $26,350,668.66, to the War Department in the amount of $4,866,383.40, and to the Navy Department in the amount of $529,237.84, but expenditures under these allotments appear as expenditures of the respective departments and not of the Veterans' Bureau.

[4] Allotments for veterans' relief were made as follows: 1923—Treasury Department, $3,164,425.11; War Department, $4,889,241.91; Navy Department, $2,652,303. 1924—Treasury Department, $457,150; War Department, $4,434,713.92; Navy Department, $1,474,000; Interior Department, $44,791. 1925—Treasury Department, $394,840; War Department, $4,075,300.07; Navy Department, $1,536,800; and Interior Department, $51,250.

[5] Add.

[6] Included under Treasury Department prior to fiscal year 1922.

[7] Included under Post Office Department prior to fiscal year 1922.

[8] The figures given for operations in special accounts are net figures and make allowance for receipts and deposits credited to the account concerned.

[9] Deduct, excess of credits.

[10] The railroad expenditures during the fiscal year 1922 were reduced by $256,636,606.23, on account of deposits by the Railroad Administration, representing proceeds of sale of equipment trust notes acquired under the Federal control act approved Mar. 21, 1918, as amended, and the act approved Nov. 19, 1919, and were further reduced by $123,783,487.75 on account of deposits of the proceeds of sale or collection of other securities acquired under the Federal control act or transportation act, 1920. In 1923 and 1924 receipts on these accounts were included in the daily Treasury statement under miscellaneous receipts, proceeds of Government-owned securities, railroad securities.

[11] Included under Executive Office prior to fiscal year 1922.

[12] $25,000,000 of this amount represents reduction in capital stock of United States Grain Corporation effected Oct. 17, 1921, and is reflected in an increase of receiptins an equal amount. (See note, p. 2, daily Treasury statement for Oct. 18, 1921.)

[13] Established by act of May 22, 1920, and included under Interior Department prior to fiscal year 1922.

[14] Included under District of Columbia prior to fiscal year 1922.

[15] Included in expenditures of Post Office Department and also on account of postal deficiency for the fiscal year 1929 (month of June, 1929) are $42,997,089.50 and $8,999,996, respectively, representing payment of so-called back railway mail pay to inland carriers under authority of joint resolution approved June 6, 1929.

[16] For deficit exclusive of trust fund transactions see p. 26.

Appropriations, by organization units, for the fiscal years 1910 to 1918, inclusive

	1910	1911	1912	1913
Legislative establishment	$14, 345, 984. 32	$13, 955, 694. 86	$13, 237, 362. 54	$13, 165, 958. 80
Executive Office	472, 044. 08	970, 750. 00	828, 910. 00	600, 076. 52
Independent offices	1, 777, 501. 19	2, 230, 911. 97	2, 863, 695. 12	2, 619, 004. 14
District of Columbia	10, 904, 119. 24	11, 085, 913. 80	12, 957, 123. 36	11, 511, 197. 10
Department of Agriculture	13, 403, 456. 42	13, 577, 710. 13	21, 793, 430. 59	22, 902, 984. 26
Department of Commerce and Labor	12, 623, 483. 56	24, 550, 572. 58	16, 049, 925. 67	15, 552, 641. 90
Department of the Interior	183, 645, 587. 25	199, 635, 517. 87	194, 058, 455. 97	202, 518, 734. 73
Department of Justice	9, 596, 965. 19	10, 524, 842. 74	10, 256, 185. 09	10, 284, 022. 89
Navy Department	140, 842, 757. 36	133, 936, 340. 11	130, 610, 218. 47	126, 807, 322. 58
Post Office Department payable from Treasury	21, 952. 97	413, 345. 07	607, 859. 22	1, 164, 095. 73
Post Office Department and Postal Service payable from postal revenues	1, 695, 708. 15	1, 697, 490. 00	1, 642, 190. 00	1, 625, 479. 50
Department of State	4, 664, 367. 65	5, 337, 957. 77	4, 883, 724. 14	4, 223, 166. 39
Treasury Department	52, 960, 865. 92	40, 440, 046. 86	71, 978, 493. 62	60, 102, 884. 86
Interest on the public debt	(1)	(1)	21, 600, 000. 00	22, 775, 000. 00
Sinking fund and other public-debt retirements chargeable against ordinary receipts			61, 000, 000. 00	60, 650, 000. 00
War Department	201, 136, 882. 96	206, 363, 701. 08	199, 747, 921. 73	194, 085, 943. 04
Total	648, 191, 676. 26	663, 725, 794. 84	764, 125, 485. 52	750, 588, 602. 46
Deduct Post Office Department and Postal Service payable from postal revenues	1, 695, 708. 15	1, 697, 490. 00	1, 642, 190. 00	1, 625, 479. 50
Total, exclusive of Post Office Department and Postal Service payable from postal revenues	646, 495, 968. 11	662, 028, 304. 84	762, 483, 295. 52	748, 963, 122. 96

[1] The statement of appropriations published for this year did not include the indefinite appropriation provided for the payment of interest on the public debt. The actual expenditures for this purpose during the fiscal years 1910 and 1911 were: 1910, $21,342,978.83; 1911, $21,311,334.12.

TABLE 20.—*Appropriations for the fiscal years 1914 to 1929, including estimated permanent and indefinite appropriations and deficiencies for prior years*[1]

	Third session Sixty-second Congress, fiscal year 1914	First and second sessions Sixty-third Congress, fiscal year 1915	Third session Sixty-third Congress, fiscal year 1916	First session Sixty-fourth Congress, fiscal year 1917	Second session Sixty-fourth Congress and first session Sixty-fifth Congress, fiscal year 1918	Second session Sixty-fifth Congress, fiscal year 1919	Third session Sixty-fifth Congress and first session Sixty-sixth Congress, fiscal year 1920
Legislative	$13, 964, 075. 22	$14, 796, 236. 92	$14, 034, 240. 33	$14, 540, 138. 33	$16, 865, 770. 34	$18, 571, 305. 51	$17, 637, 214. 67
Executive office	210, 092. 55	210, 443. 59	210, 440. 00	213, 780. 88	221, 280. 00	218, 780. 00	221, 080. 50
Independent offices	3, 089, 025. 08	9, 326, 517. 98	7, 404, 650. 55	58, 395, 108. 61	1, 305, 307, 260. 87	3, 051, 158, 732. 86	2, 246, 238, 467. 70
District of Columbia	12, 353, 403. 21	13, 554, 936. 43	12, 893, 383. 21	14, 044, 332. 87	15, 687, 936. 43	16, 936, 880. 87	17, 202, 938. 00
Department of Agriculture	23, 676, 425. 86	27, 108, 883. 11	30, 942, 091. 04	36, 973, 191. 41	66, 891, 234. 79	99, 420, 066. 43	196, 175, 393. 18
Department of Commerce	10, 329, 608. 44	12, 137, 881. 90	11, 259, 145. 37	12, 452, 424. 28	13, 687, 424. 88	15, 310, 850. 71	30, 679, 124. 25
Department of the Interior	239, 832, 411. 16	212, 077, 124. 45	210, 848, 789. 26	210, 026, 630. 56	223, 294, 460. 59	295, 777, 748. 10	271, 567, 331. 13
Department of Justice	11, 005, 512. 61	11, 096, 176. 86	10, 889, 181. 32	11, 662, 275. 87	12, 016, 477. 18	14, 974, 858. 98	18, 376, 751. 26
Department of Labor	3, 370, 545. 75	4, 245, 339. 64	3, 466, 717. 13	3, 724, 781. 79	6, 158, 354. 46	11, 609, 642. 46	5, 363, 895. 49
Navy Department	144, 982, 547. 89	150, 357, 571. 24	153, 997, 154. 46	320, 718, 084. 53	1, 606, 052, 674. 57	1, 793, 682, 080. 19	910, 560, 128. 78
Post Office Department payable from Treasury [2]	1, 929, 350. 78	2, 558, 633. 89	1, 849, 979. 56	2, 007, 187. 96	1, 986, 719. 98	1, 994, 749. 57	[3] 38, 008, 801. 61
Post Office Department and Postal Service payable from postal revenues [4]	286, 319, 125. 26	316, 777, 886. 96	314, 245, 638. 39	326, 493, 008. 82	335, 696, 345. 12	385, 712, 029. 58	412, 528, 240. 12
Department of State	4, 621, 908. 62	6, 435, 129. 07	4, 906, 553. 04	9, 970, 633. 09	31, 622, 435. 33	11, 359, 760. 93	12, 762, 191. 23
Treasury Department	64, 433, 406. 41	69, 694, 516. 62	65, 462, 815. 79	80, 080, 605. 15	7, 336, 095, 502. 27	3, 418, 605, 750. 54	317, 690, 154. 92
Interest on the public debt	22, 860, 000. 00	22, 900, 000. 00	22, 970, 000. 00	23, 300, 000. 00	241, 795, 323. 00	655, 107, 269. 00	1, 052, 360, 000. 00
Sinking fund and other public-debt retirements chargeable against ordinary receipts	60, 685, 000. 00	60, 717, 000. 00	60, 723, 000. 00	60, 727, 000. 00	60, 748, 000. 00	288, 889, 865. 00	(5)
War Department	194, 939, 626. 80	188, 476, 640. 45	189, 296, 924. 64	443, 082, 460. 66	7, 592, 813, 043. 98	16, 993, 618, 562. 39	876, 464, 936. 81
Increase of compensation (indefinite) estimated					15, 000, 000. 00	25, 000, 000. 00	30, 760, 000. 00
Total	1, 098, 602, 065. 64	1, 122, 471, 919. 12	1, 114, 490, 704. 09	1, 628, 411, 644. 81	18, 881, 940, 243. 79	27, 065, 148, 933. 02	6, 454, 596, 649. 56
Deduct Post Office Department and Postal Service payable from postal revenues [4]	286, 319, 125. 26	316, 777, 886. 96	314, 245, 638. 39	326, 493, 008. 82	335, 696, 345. 12	385, 712, 029. 58	412, 528, 240. 12
Total, exclusive of Post Office Department and Postal Service payable from postal revenues [6]	812, 282, 940. 38	805, 694, 032. 16	800, 245, 065. 70	1, 301, 918, 635. 99	18, 546, 243, 898. 67	26, 679, 436, 903. 44	6,042,068, 409. 44

Footnotes at end of table.

TABLE 20.—*Appropriations for the fiscal years 1914 to 1929, including estimated permanent and indefinite appropriations and deficiencies for prior years*—Continued

	Second session Sixty-sixth Congress, fiscal year 1921	Third session Sixty-sixth Congress and first session Sixty-seventh Congress, to July 12, 1921, fiscal year 1922	First session Sixty-seventh Congress from July 13, 1921, and second session Sixty-seventh Congress, to July 1, 1922, fiscal year 1923	Second session Sixty-seventh Congress from July 2, 1922, and third and fourth sessions Sixty-seventh Congress, fiscal year 1924	First session Sixty-eighth Congress, fiscal year 1925	Second session Sixty-eighth Congress, fiscal year 1926	First session Sixty-ninth Congress, fiscal year 1927	Second session Sixty-ninth Congress, fiscal year 1928	First session Seventieth Congress, fiscal year 1929
Legislative	$18, 452, 570. 22	$18, 704, 639. 44	$15, 164, 781. 72	$14, 786, 006. 50	$14, 648, 136. 13	$15, 719, 806. 21	$20, 150, 979. 29	$16, 479, 579. 56	$18, 969, 012. 87
Executive Office	222, 880. 00	228, 884. 00	351, 060. 00	497, 325. 00	426, 027. 63	234, 180. 00	823, 710. 00	438, 460. 00	437, 180. 00
Independent offices	931, 951, 812. 18	165, 732, 573. 40	757, 412, 716. 01	522, 562, 946. 59	411, 216, 020. 48	596, 345, 702. 32	639, 941, 425. 65	520, 040, 576. 30	648, 088, 845. 55
District of Columbia	20, 749, 021. 13	23, 174, 963. 83	26, 651, 009. 12	26, 633, 374. 00	27, 967, 059. 41	40, 209, 376. 66	38, 459, 259. 38	38, 919, 800. 93	41, 541, 178. 77
Department of Agriculture	144, 796, 021. 64	49, 812, 678. 45	145, 545, 265. 81	110, 661, 561. 00	74, 636, 707. 16	146, 714, 907. 90	167, 571, 650. 53	153, 429, 535. 94	163, 667, 683. 31
Department of Commerce	23, 912, 398. 82	17, 911, 419. 04	20, 784, 277. 56	22, 115, 621. 94	24, 123, 472. 96	25, 143, 491. 11	31, 526, 372. 73	36, 821, 839. 14	40, 712, 898. 75
Department of the Interior	346, 356, 959. 05	352, 395, 185. 33	328, 255, 752. 95	343, 518, 583. 31	292, 322, 988. 51	274, 825, 930. 95	270, 351, 203. 91	285, 900, 112. 90	353, 331, 839. 17
Department of Justice	16, 175, 965. 69	17, 679, 748. 00	20, 676, 443. 10	23, 845, 964. 04	24, 227, 141. 64	28, 103, 687. 21	27, 209, 414. 59	26, 432, 106. 66	29, 049, 120. 12
Department of Labor	6, 038, 739. 86	5, 393, 019. 25	8, 607, 395. 53	7, 518, 677. 95	8, 363, 910. 44	9, 338, 003. 25	10, 153, 979. 18	10, 160, 396. 00	11, 181, 459. 67
Navy Department	453, 578, 251. 07	489, 651, 232. 99	300, 513, 661. 17	325, 322, 863. 18	278, 600, 933. 22	324, 752, 032. 96	325, 790, 513. 07	320, 465, 998. 47	394, 736, 344. 74
Post Office Department payable from Treasury [2]	[6] 16, 841, 282. 38	[7] 14, 338, 758. 15	554, 298. 22	441, 826. 65	173, 449. 43	244, 353. 02	31, 995. 10	17, 934. 27	66, 896. 12
Post Office Department and Postal Service payable from postal revenues [4]	523, 468, 269. 65	701, 424, 454. 76	572, 528, 197. 64	596, 909, 425. 24	629, 198, 748. 71	651, 256, 441. 65	842, 419, 757. 54	755, 364, 361. 33	776, 974, 541. 45
Department of State	11, 096, 034. 64	11, 021, 902. 75	17, 569, 844. 41	15, 896, 026. 53	15, 246, 097. 09	18, 187, 323. 23	17, 818, 512. 78	12, 312, 353. 33	15, 608, 814. 27
Treasury Department	432, 152, 326. 94	359, 327, 529. 00	243, 844, 996. 14	279, 612, 266. 36	260, 354, 848. 75	340, 914, 931. 81	339, 206, 570. 99	345, 269, 366. 06	455, 474, 320. 61
Interest on the public debt	1, 017, 500, 000. 00	922, 650, 000. 00	[8] 1, 100, 000, 000. 00	940, 000, 000. 00	865, 000, 000. 00	830, 000, 000. 00	795, 000, 000. 00	755, 000, 000. 00	675, 000, 000. 00
Sinking fund and other public-debt retirements chargeable against ordinary receipts	287, 500, 000. 00	265, 754, 864. 87	330, 088, 800. 00	507, 011, 325. 00	471, 806, 401. 00	484, 766, 130. 00	515, 583, 398. 44	563, 629, 560. 93	541, 941, 607. 32
War Department	494, 974, 977. 08	459, 080, 356. 20	359, 591, 500. 61	355, 210, 518. 60	341, 339, 807. 89	364, 624, 851. 63	367, 385, 646. 63	370, 429, 310. 67	466, 795, 331. 13
Increase of compensation (indefinite) estimated	35, 000, 000. 00	35, 000, 000. 00	[9]	[9]	[10]	[10]	[10]	[10]	[10]
Total	4, 780, 829, 510. 35	3, 900, 282, 209. 46	4, 248, 140, 569. 99	4, 092, 544, 312. 04	3, 748, 651, 750. 35	4, 151, 682, 049. 91	4, 409, 463, 389. 81	4, 211, 011, 332. 58	4, 633, 577, 973. 85
Deduct Post Office Department and Postal Service payable from postal revenues [4]	523, 468, 269. 65	701, 424, 454. 76	572, 528, 197. 64	596, 909, 425. 24	629, 198, 748. 71	651, 256, 441. 65	842, 419, 757. 54	755, 364, 361. 33	776, 974, 541. 45
Total, exclusive of Post Office Department and Postal Service payable from postal revenues [5]	4, 257, 361, 240. 70	3, 207, 857, 754. 70	3, 675, 612, 372. 35	3, 495, 634, 886. 80	3, 119, 453, 001. 64	3, 500, 425, 608. 26	3, 567, 043, 632. 27	3, 455, 646, 991. 25	3, 856, 603, 432. 40

[1] Amounts given in this table for a specified fiscal year differ from the actual appropriations for that year since the former include deficiency appropriations for prior years provided in the session or sessions indicated, and exclude subsequent appropriations for that year provided as deficiency appropriations in subsequent sessions.

[2] These figures cover only those appropriations which have been specifically designated by Congress as payable from the Treasury and are exclusive of amounts which may be required under indefinite appropriations (payable from the Treasury) provided by law to supply deficiencies in the postal revenues. (See note 4 below.)

[3] Includes $35,698,400 additional compensation, Postal Service.

[4] These figures include amounts which may be required under indefinite appropriations (payable from the Treasury) to supply deficiencies, if any, in the postal revenues.

[5] The sinking fund created by the act of Feb. 25, 1862, was repealed by the act of Mar. 3, 1919 (40 Stat., p. 1312, sec. 6). The act of Mar. 3, 1919, created a cumulative sinking fund beginning with the fiscal year 1921.

[6] Includes $14,000,000 for deficit under Federal control of telegraph and telephone systems.

[7] Includes $11,053,081.92 certified claims.

[8] Includes $125,000,000 of accumulated interest on war-savings certificates, series of 1918, to be paid during the fiscal year 1923 though properly allocable to the full 5 years of their life and not simply to the fiscal year 1923.

[9] Definite amounts appropriated by Congress, which are included in this column as appropriations under the several departments and independent establishments.

[10] Absorbed by rates of pay included under the classification act approved Mar. 4, 1923.

TABLE 21.—*Appropriations, by organization units, for the fiscal years 1925 to 1932, including estimated permanent and indefinite appropriations and deficiencies for prior years* [1]

Organization units	Sessions of Congress		
	Seventieth, second, 1929	Seventy-first, first and second, 1931	Seventy-first, third, 1932
Legislative establishment	$21, 337, 668. 57	$29, 520, 710. 26	$27, 838, 967. 71
Executive Office	503, 936. 00	628, 320. 00	474, 880. 00
Independent offices	661, 318, 960. 68	1, 169, 249, 787. 50	1, 383, 293, 950. 30
District of Columbia	42, 589, 344. 17	52, 488, 230. 45	50, 142, 891. 30
Department of Agriculture	169, 659, 636. 84	220, 268, 164. 96	422, 202, 837. 41
Department of Commerce	60, 507, 857. 36	61, 300, 986. 16	54, 959, 586. 67
Department of the Interior	234, 467, 485. 69	87, 150, 479. 46	101, 765, 491. 16
Department of Justice	30, 770, 680. 25	42, 247, 989. 16	58, 522, 184. 44
Department of Labor	11, 429, 283. 35	12, 848, 751. 31	15, 096, 274. 03
Navy Department	379, 152, 028. 58	380, 183, 302. 21	377, 973, 007. 81
Post Office Department payable from Treasury [2]	27, 741. 80	43, 074, 847. 48	54, 332. 12
Post Office Department and Postal Service payable from postal revenues [3]	842, 125, 220. 20	840, 271, 353. 70	844, 610, 273. 01
Department of State	15, 825, 941. 89	18, 778, 462. 43	18, 795, 551. 36
Treasury Department	427, 393, 167. 75	372, 556, 973. 56	278, 586, 653. 97
Interest on the public debt	640, 000, 000. 00	619, 000, 000. 00	581, 000, 000. 00
Sinking fund and other public debt retirements chargeable against ordinary receipts	553, 067, 629. 02	635, 334, 000. 00	468, 509, 905. 00
War Department	474, 999, 185. 89	477, 796, 374. 83	494, 758, 121. 66
Total	4, 665, 296, 768. 04	5, 071, 711, 693. 56	5, 178, 534, 967. 95
Deduct Post Office Department and Postal Service payable from postal revenues [3]	842, 125, 220. 20	840, 271, 353. 70	844, 610, 273. 01
Total, exclusive of Post Office Department and Postal Service payable from postal revenues [4]	3, 823, 111, 547. 84	4, 231, 440, 339. 86	4, 333, 914, 694. 94

[1] Amounts given in this table for a specified fiscal year differ from the actual appropriations for that year since the former include deficiency appropriations for prior years provided in the session or sessions indicated, and exclude subsequent appropriations for that year provided as deficiency appropriations in subsequent sessions. For figures for 1915 to 1924, see annual report for 1930, p. 545.

[2] These figures cover only those appropriations which have been specifically designated by Congress as payable from the Treasury and are exclusive of amounts which may be required under indefinite appropriations (payable from the Treasury) provided by law to supply deficiencies in the postal revenues. (See note 3, below.)

[3] These figures include amounts which may be required under indefinite appropriations (payable from the Treasury) to supply deficiencies, if any, in the postal revenues.

TABLE 22.—*Accountability statement of appropriations, by acts of Congress, placed upon the books of the Treasury Department during the fiscal year 1931*

1. Unexpended balances at beginning of year:				
Appropriations		$779,378,796.92		
Disbursing officers' credits (includes outstanding checks)	$222,777,115.19			
Deduct transfer of funds from disbursing account to warrant account (miscellaneous receipts) as explained in note 6, page 434	1,600,000.00			
		221,177,115.19		
Unpaid warrants		939,458.08		
				$1,001,495,370.19
2. Appropriations:				
Annual appropriation acts, 1931		3,168,256,665.48		
Less immediately available appropriations under the foregoing acts set up during the fiscal year 1930, the unexpended balances of which are included under (1) above	148,959,350.00			
Less amounts included in the annual appropriation acts for 1931 not payable from general fund of the Treasury	852,552,332.88			
		1,001,511,682.88		
			$2,166,744,982.58	
Annual appropriation acts, 1932 (immediately available items)			528,051,840.00	
Deficiency appropriation acts—				
Second deficiency act, 1930, approved July 3, 1930		74,105,104.67		
Less amounts not payable from general fund of the Treasury		2,798,163.29		
			71,306,941.38	
First deficiency act, 1931, approved Feb. 6, 1931		109,303,822.12		
Less amounts not payable from general fund of the Treasury		29,794.34		
			109,274,027.78	
Second deficiency act, 1931, approved Mar. 4, 1931		83,991,031.79		
Less amounts not payable from general fund of the Treasury	3,182,701.67			
Less amounts not available until July 1, 1931	2,257,361.00			
		5,440,062.67		
			78,550,969.12	
Miscellaneous acts—				
Private relief acts			295,303.43	
Public and private resolutions			50,100,000.00	
Public acts			266,000,000.00	
Permanent and indefinite appropriations, actual (various acts)			1,334,230,738.23	
Amount reestablished from surplus fund for adjustment of fiscal officers' accounts			73,778.29	
3. Add receipts credited direct to appropriations			26,296,505.57	
Total ordinary appropriations, exclusive of appropriations to cover amount of public-debt redemptions chargeable against ordinary receipts			4,630,928,086.38	
4. Add indefinite appropriations to cover amount of public-debt retirements chargeable against ordinary receipts			48,421,586.58	
				4,679,349,672.96
				5,680,845,043.13
5. Deduct unexpended balances of lapsed appropriations carried to surplus fund			24,609,171.23	
6. Deduct unexpended balances at close of year:				
Appropriations			1,139,844,520.52	
Disbursing officers' credits (includes outstanding checks)			281,239,351.31	
Unpaid warrants			4,054,374.83	
				1,449,747,417.89
Total to be accounted for as expenditures during fiscal year 1931 (see below)				4,231,097,625.24
7. Balance according to daily Treasury statement, June 30, 1930 (unrevised)		318,607,168.11		
Deduct net excess of expenditures over receipts in June reports subsequently received		5,824,253.08		
			312,782,915.03	
Receipts, fiscal year 1931—				
Ordinary		3,318,636,558.45		
Public debt		6,573,117,521.19		
			9,891,754,079.64	
			10,204,536,994.67	
8. Balance according to daily Treasury statement, June 30, 1931 (unrevised)		471,943,983.32		
Deduct net excess of expenditures over receipts in June reports subsequently received		15,363,290.80		
			456,580,692.52	
			9,747,956,302.15	
9. Deduct public debt expenditures		5,956,940,676.91		
Less amount chargeable against ordinary receipts		440,082,000.00		
			5,516,858,676.91	
Total ordinary expenditures, according to daily Treasury statement (revised), chargeable against ordinary receipts				4,231,097,625.24

NOTE.—The details of this statement are included in the combined statement of receipts and expenditures, balances, etc., of the United States for the fiscal year ended June 30, 1931.

Expenditures

[On basis of warrants issued, net]

Ordinary expenditures	1910	1911	1912	1913	1914	1915	1916
General expenditures:							
Legislative establishment	$13,616,498.12	$13,344,838.28	$12,729,949.61	$13,291,813.52	$13,468,827.66	$12,577,399.19	$13,848,007.16
Executive Office	520,208.48	734,602.93	923,978.57	592,014.73	584,134.36	3,065,980.50	395,940.11
State Department	4,909,557.77	4,902,175.29	4,511,474.66	4,978,380.09	5,253,911.78	4,908,606.79	5,444,594.11
Treasury Department	66,082,776.09	66,407,481.63	65,942,023.34	62,113,949.60	60,139,856.78	71,107,291.59	73,737,017.80
War Department	156,172,957.27	162,357,100.49	151,048,895.67	162,607,913.09	175,759,873.57	175,188,626.92	166,853,852.23
Department of Justice	9,606,588.53	9,508,740.11	9,716,999.76	10,423,632.19	10,188,151.26	10,434,871.97	10,662,453.28
Post Office Department	1,622,294.55	1,946,378.28	1,893,037.00	2,169,340.97	2,236,202.24	1,894,873.64	1,770,710.04
Navy Department	123,974,208.39	120,728,786.19	136,389,659.75	134,092,416.93	140,543,059.30	142,721,524.13	155,883,194.66
Interior Department	201,189,691.29	201,968,760.45	197,761,593.88	217,775,365.89	216,311,437.70	215,587,935.30	201,658,832.61
Department of Agriculture	16,976,021.86	17,666,228.26	19,471,567.42	20,469,027.70	22,208,141.12	29,131,112.07	28,031,540.33
Department of Commerce	19,221,703.65	18,503,442.87	10,958,247.69	11,263,457.08	10,958,882.40	11,499,098.76	11,403,722.17
Department of Labor	(1)	(1)	3,508,750.62	3,347,380.11	3,708,904.05	3,783,611.95	3,531,144.47
Veterans' Bureau							
Other independent offices and commissions	2,323,799.33	2,555,973.64	2,553,747.68	2,878,325.95	3,232,179.61	5,738,773.78	7,221,803.24
District of Columbia	11,650,496.50	12,335,939.64	12,959,542.46	12,841,210.79	12,756,971.18	13,220,662.97	13,633,853.16
Total							
Deduct unclassified items							
Total general expenditures							
Interest on public debt	21,342,978.83	21,311,334.12	22,616,300.48	22,899,108.08	22,863,956.70	22,902,897.04	22,900,313.03
Refund of receipts:							
Customs							
Internal revenue							
Postal deficiency	5,493,612.37	133,784.20	1,568,194.88	1,027,368.79		6,635,392.60	5,500,000.00

Footnotes at end of table.

Expenditures—Continued

Ordinary expenditures	1910	1911	1912	1913	1914	1915	1916
Panama Canal	$33,911,673.37	$37,063,515.33	$35,327,370.66	$41,741,258.08	$34,826,941.76	$29,187,042.22	$17,503,728.07
Operations in special accounts:							
Railroads [1]							
War Finance Corporation [2]							
Shipping Board [1]							
Agricultural marketing fund (net) [2]							
Alien-property funds [2]							
Adjusted service-certificate fund [2]							
Civil-service retirement fund [2]							
Investment of trust funds: [2]							
Government life-insurance fund [2]							
District of Columbia teachers' retirement fund [2]							
Foreign Service retirement [2]							
General railroad contingent [2]							
Total ordinary expenditures [2]							
Public-debt retirements chargeable against ordinary receipts [2]							
Sinking fund [2]							
Purchases from foreign repayments [2]							
Received from foreign governments under debt settlements [2]							
Received for estate taxes [2]							
Purchases from franchise-tax receipts (Federal reserve and Federal intermediate-credit banks) [2]							
Forfeitures, gifts, etc. [2]							
Total public-debt retirements chargeable against ordinary receipts [2]							
Total expenditures chargeable against ordinary receipts	693,617,064.45	691,201,513.22	689,881,334.13	724,511,963.54	735,081,431.47	760,586,801.33	740,980,416.47

[1] Included under expenditures for Department of Commerce.
[2] No activities during this period.

Department of Commerce expenditure

Bureau	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	Estimate, 1933
Office of Secretary	$690,300	$895,250	$969,000	$1,008,380	$1,093,250	$1,247,920	$1,344,100	$1,382,700	$1,416,595	$1,914,945	$1,373,160	$1,558,342
Radio Division	80,000	130,000	139,200	205,238	220,525	335,000	364,000	476,160	460,000 [1] 80,000	502,372	646,700	598,500
Aeronautics Branch						550,000	4,804,000	4,502,900	6,676,320	9,208,690	10,362,300	8,929,660
Bureau Foreign and Domestic Commerce	1,392,010	3,104,460	2,851,610	3,127,603	3,280,064	3,612,007	4,067,987	4,693,337	4,906,323	5,467,335	5,777,569	4,966,531
Bureau of the Census		1,927,680	1,952,340	5,347,470	2,204,000	1,974,000	2,164,960	2,146,450	24,740,000	8,497,000	6,270,580	1,116,250
Steamboat Inspection Service	990,750	905,140	900,740	1,060,030	1,057,470	1,062,670	1,080,060	1,169,800	1,192,168	1,373,358	1,395,120	1,280,790
Bureau of Navigation		227,140	242,140	282,155	302,715	312,100	314,920	330,880	367,215	395,140	406,280	409,698
Bureau of Standards	1,507,360	1,737,360	1,804,794	1,984,237	1,780,410	1,940,385	2,457,435	2,411,875	2,506,746	3,647,971	2,874,570	2,630,255
Bureau of Lighthouses	8,856,790	8,420,790	8,498,290	9,488,380	9,757,980	10,341,631	10,677,250	11,536,954	11,769,980	11,513,180	12,082,410	10,943,858
Coast and Geodetic Survey	2,129,690	2,176,975	2,186,278	2,370,844	2,327,650	2,336,670	2,757,284	2,455,127	2,537,186	3,023,024	3,075,933	2,881,500
Bureau of Fisheries	1,244,180	1,291,890	1,277,590	1,453,645	1,614,140	1,789,253	2,081,568	2,092,108	2,236,050	2,631,885	2,905,540	2,337,640
Patent Office			[2] 3,195,485	[2] 3,608,800	4,057,200	3,764,611	3,957,860	4,266,415	4,539,406	4,895,730	5,236,740	4,931,700
Bureau of Mines				[2] 2,029,268	1,875,010	1,914,400	3,025,150	2,725,118	2,274,670	2,745,060	2,278,768	2,084,530
Total, Department of Commerce	16,891,120	20,817,685	20,821,979	26,347,982	29,570,418	31,180,647	39,153,644	40,099,844	65,702,719	55,813,027	54,775,660	44,719,304

[1] $80,000—1930 and 1931.
[2] Appropriated under Department of the Interior.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. SMOOT. Mr. President, I have listened with great interest to a good deal of what the Senator from Mississippi has said. I regret that I was not in the Chamber at the time he began his remarks.

Several times in the past I have made similar statements as to the expenses of the Government, and as to the number of employees who are now and who in the past have been on the pay roll. One thing I have found out, that whenever an employee is dismissed by the Government, the very first thing that employee does is to go to his or her Representative or his or her Senator and bitterly complain, and immediately the Representative or the Senator either writes a letter or goes to the department in person and objects most bitterly to the dismissal. I dare say the Senator from Mississippi knows that to be a fact.

Mr. HARRISON. Oh, yes; I have been guilty of the same thing. All of us have been guilty.

Mr. SMOOT. It is my idea, and I hope it may be carried out, that whenever the services of an employee—I do not care from what State he may come—are no longer required by any of the Government departments and he is separated from the service, his dismissal shall be final, and that bitter complaints will not be made against the department or the head of a division because of the fact that some employee's services have been dispensed with.

I know how it has been. I used to spend days and days and weeks and weeks going through all the departments in order to find out just how many employees there were in the departments and what they were there for. I have called to the attention of the Senate time and time again in the past the situation which existed. But I never made any headway.

I hope the speech made by the Senator from Mississippi to-day will result in something more than such statements have accomplished in the past, and I have a belief that it will, because in the past, of course, our revenues were greater than our expenditures, and there was no end to the demands made, and no end, it seemed, to the revenue raised under the law. But times have changed, just as the Senator from Mississippi has said, and I trust that not only every Member of the House but every Member of the Senate will recognize that fact, and that the heads of the departments will take notice of what has been said to-day in relation to the number of employees in the Government service. The number of employees has increased every year. Expenses have increased. Not only have the expenses increased, but the salaries have been increased.

I heartily approve of what I heard the Senator from Mississippi say, and I am sorry I was not able to be in the Chamber during his entire address. It seems to me the time has arrived when we shall have to take notice of conditions as they exist to-day.

As to Government publications, I want to say to the Senate that the expenditure of money upon many, many of the documents which have been published by almost all the departments of our Government has been nothing short of a wicked crime.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. WAGNER. Has the Senator thought at all of what would happen to the men or women who would be thrown out of employment at this time, when we have a surplus of labor in the United States of over 7,000,000?

Mr. SMOOT. Mr. President, I would say simply that if the departments would merely refrain from appointing others to take the places of those leaving the service by death or resignation, not replacing them, it would mean the saving of an immense amount of money in the end.

I have a report made to me every two weeks of all the changes in every department in the Government and in every bureau. I know just the changes which are taking place, and if what I have suggested were done, we would not have to do anything more.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. NORRIS. I am surprised at what the Senator has said. He has some governmental bureau or a set of clerks who make a report to him covering the entire Government every two weeks.

Mr. SMOOT. It is made as to the number of employees here in the District of Columbia, not as to those outside. The Senator can get the information.

Mr. NORRIS. If the Senator would use his great influence to have that bureau dispensed with, so that there would not be so many people employed to supply the Senator with that information every two weeks, he would very materially help.

Mr. SMOOT. I do not think that is correct.

Mr. NORRIS. Oh, yes.

Mr. SMOOT. No; that does not take any time to speak of. The departments know just about how many changes are made, and it is necessary only to have one person collect the information from all the departments every two weeks.

Mr. NORRIS. But they would not need to have all that information collected. If this information were not furnished, probably the departments could get rid of a dozen employees in every bureau who are using their time just to give the Senator from Utah information which does not come to anybody else. Why not discharge all those men and save the money?

Mr. SMOOT. It is not a matter of "all those men." And the Senator from Utah is not the only one to whom the information is furnished.

Mr. NORRIS. That is all the better. If it is furnished to somebody else, stop it, and we shall get economy.

Mr. KING. Mr. President, I think the statement referred to by my colleague is furnished by the Civil Service Commission. I know I get a statement, although I do not know how often, in the form of a tabulation every week or every two weeks indicating the changes which are made in the various departments. It is a very simple matter. The data are sent to Senators who ask for them, if not sent to all.

While I have the floor, Mr. President, I want to make another observation. One of the most distinguished lawyers, who served in the Department of Justice a few years ago, and who had charge of very important branches of the Department of Justice, perhaps none more important in that department, resigned after he had served for some time. My colleague knows him. He is a very distinguished man and a very great lawyer.

That man told me some time before he resigned that he intended doing so, and I asked him why. He said: "They have imposed upon me under the civil-service system scores of employees wholly incompetent. I can not discharge them, I can not get rid of them, and I can not do my work with those men. I am charged with dereliction, perhaps, because the work is not efficiently done. If they would permit me to employ the necessary men, I would need only one-fourth the number of those who are assigned to me." There were many, many assigned to him. He added: "I would discharge the work a great deal better, but because I can not get competent men I am going to resign."

Mr. NORRIS. Mr. President, in reply to the two Senators from Utah permit me to say that the remedy is to abolish the Civil Service Commission and all the civil-service system. That would save lots of money. Turn the Government over to the spoils hunters. Abolish the civil service. From my observation, if that were done, judging from what I know about people getting jobs with the Government, it would mean that one would have to go to Utah and become a citizen of Utah in order to get a job in the city of Washington.

Mr. BROOKHART. Mr. President, since I have been in the Senate, several times I have listened to the Senator from Mississippi [Mr. HARRISON] discuss these exorbitant Federal taxes. He is always lamenting the ill fate of the Federal taxpayers, but he never calls attention to who those taxpayers are or how much they are taxed. We get only about 14 per cent of the Federal taxes from tariff duties. Of course, he will have some argument against that and with a good deal of it I agree; but that is only a small part of our taxes.

There are only about two and a half million persons who pay income taxes into the Federal Treasury—about 1 in 50 of our people. Half of those pay only a nominal sum, so that there is really only one in a hundred who pays an income tax into the Federal Treasury of any substantial amount.

Who is this one in a hundred? Is it the farmer? I have not seen a farmer in seven years who paid any income tax. The biggest farmer in the United States told me he lost $215,000 last year.

Is it the laboring man? No. He is not paying a Federal tax.

Is it the Federal employee? Yes; he is paying a little. He has to make a tax return of a small amount.

In the main it is the big profiteers, who levy taxes upon the people in excess profits, who are paying these taxes into the Federal Treasury. The $300,000,000 tax reduction proposed by the Senator from Mississippi would only amount to $43 for each of the 7,000,000 unemployed, while there are several billion of excess profits that ought to be taken by Federal taxation for relief.

The whole national net income since 1920 has averaged about fifteen or sixteen billion dollars a year; that is, after we pay our living expenses, after we pay the governmental expenses and every other kind of expense, we have about that much new wealth produced. But since 1920 agriculture has gotten none of it. Not only has it gotten none of it, but agricultural capital was reduced, up to 1928, by over $30,000,000,000, and since then by several billion dollars more.

Did labor get it? No. Seven million laborers are now without any compensation or employment at all. Who did get it? It was these big fellows who pay into the Federal Treasury these large sums. Those are the chaps who got it, and they will get it as long as these gigantic incomes are levied upon the people of the country in excess profits, and most of this fifteen or sixteen billion dollars went into excess profits to a few big companies—a few men got nearly all of it. That fifteen or sixteen billion amounts to only about 4 per cent increase in the national wealth, and that has been true during the history of the country from the Declaration of Independence clear through. That is all we have had in wealth increase; that is all we have ever had to distribute, we might say, over a period of years.

That being true, under our economic system we set up a law which gives the railroads the right to charge 5¾ per cent, and that upon a valuation that is $7,000,000,000 watered.

We set up a tariff law which awards gigantic profits to certain of the big industries of our country.

We set up patent laws which give an absolute monopoly to the patentee, who has no competition, either foreign or domestic, in the use of his specific patent.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. The election of a President pro tempore.

Mr. NORRIS. I ask unanimous consent that the unfinished business may be temporarily laid aside.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The Senator from Iowa will proceed.

Mr. BROOKHART. Mr. President, above all we have these corporation laws, mostly State laws, which permit the organization of great combinations, which come into interstate commerce where the Congress has control; but they come without regulation or let or hindrance as to the profits they may charge the people of the United States. These various combinations, created and supported and backed up by laws, either of the State or the National Government, and in the case of most of the interstate commerce corporations aided and encouraged by lack of laws which Congress ought to enact, levy taxes upon the common people of the country through the prices they charge them for the products they produce. They take from the common people practically all of their earnings and pile up great profits which they hold for themselves, and discharge their labor if necessary to protect them.

That is the situation in the United States. The Steel Trust, for instance, watered its capital stock more than a billion dollars and made that water pure gold by collecting profits out of the people of the United States. The American Telephone & Telegraph Co. earned in the first nine months of 1931 the greatest profits in its history, a year of the depression, and it earned more in 1930 than it did in 1929.

Mr. President, just as long as we permit that condition to exist by the laws of this country I will never be found voting to reduce the salaries of any Government employees. Just as long as the Mellons and the Morgans and the Raskobs are permitted to take huge profits from the people of this country under the paternal care of the law I shall not vote to reduce my own salary; I need it much more than they need it, and I earn it better than they earn the profits we tax.

FIXING TERMS OF PRESIDENT, VICE PRESIDENT, AND CONGRESS

The Senate proceeded to consider the joint resolution (S. J. Res. 14) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

The VICE PRESIDENT. The question is on the third reading and passage of the joint resolution.

Mr. NORRIS. Mr. President, I notice that the Senator from Connecticut [Mr. BINGHAM] is not in the Chamber.

Mr. McNARY. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. Certainly.

Mr. McNARY. A request was made that the absence of a quorum be suggested, but I am sure the Senator from Connecticut will be here in a moment, unless the Senator from Nebraska wants to suggest the absence of a quorum.

Mr. NORRIS. I do not myself ask for a quorum. I am ready to vote, but I think in order to carry out the implied promise at least, I will suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Bulkley	Dale	Gore
Austin	Bulow	Davis	Hale
Bailey	Byrnes	Dickinson	Harris
Barbour	Capper	Dill	Harrison
Barkley	Caraway	Fess	Hastings
Bingham	Connally	Fletcher	Hatfield
Black	Coolidge	Frazier	Hawes
Blaine	Copeland	George	Hayden
Borah	Costigan	Glass	Hebert
Bratton	Couzens	Glenn	Howell
Brookhart	Cutting	Goldsborough	Hull
Johnson	McNary	Sheppard	Vandenberg
Jones	Metcalf	Shipstead	Wagner
Kean	Morrison	Shortridge	Walcott
Kendrick	Moses	Smith	Walsh, Mass.
Keyes	Neely	Smoot	Walsh, Mont.
King	Norbeck	Stelwer	Waterman
La Follette	Norris	Thomas, Idaho	Watson
Lewis	Nye	Thomas, Okla.	Wheeler
Logan	Patterson	Townsend	White
McGill	Robinson, Ark.	Trammell	
McKellar	Robinson, Ind.	Tydings	

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

Mr. BINGHAM. Mr. President, may I ask under what order we are proceeding?

The VICE PRESIDENT. The Chair will state that the unfinished business was temporarily laid aside and that Senate Joint Resolution No. 14 is now before the Senate.

ELECTION OF PRESIDENT PRO TEMPORE

Mr. BINGHAM. I call for the regular order.

The VICE PRESIDENT. The regular order is called for, which is the election of a President pro tempore.

Mr. NORRIS. Mr. President, does the Chair hold that the regular order is the election of a President pro tempore?

The VICE PRESIDENT. That is the regular order.

Mr. NORRIS. I would like to make a suggestion. I have not interposed what I believe would be a good objection at any time, because I did not want to interfere with the business of the Senate, although there might come a time when I would attempt to hold the election of a President pro tempore before the Senate. My own idea is, Mr. President, that the objection of the Senator from Connecticut is good and that the election of a President pro tempore is a privileged matter. I am not finding fault with him for making the objection.

I want to give notice, however, that while those of us who have been insisting on a vote here day after day believe that we have a right to confine the Senate to that particular question until it is settled, yet out of good will and courtesy to our fellows in the Senate we have been willing, by unanimous consent, to lay aside the unfinished business at various times. We took up the question of the moratorium, something to which I was opposed, by laying aside the unfinished business by unanimous consent. That action will be desired again when we reach Senate bill No. 1.

I myself asked this morning that the unfinished business be temporarily laid aside because we have before us now a Senate joint resolution which has passed the Senate on five different occasions. It comes before us now in exactly the form in which it was voted on and in which it passed the Senate in the last Congress. I think that, perhaps, with the exception of three or four Senators every Member of the Senate is in favor of it. As I remember, on the various roll calls had there never was a time when to exceed seven voted against it.

I concede that the Senator from Connecticut [Mr. BINGHAM] is within his rights in what he is doing, but I want to give notice to the Senate that while I think his objection is good, yet when we go again to the election of a President pro tempore I intend to object from now on to the taking up of any other business until that matter is disposed of.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. In this period of crisis to which reference is made every day, is it true that the parliamentary situation in the Senate is such that by calling for the regular order on the part of any Senator all legislation can be blocked until we have settled the inconsequential question as to who shall be President pro tempore of this body? Is that the parliamentary situation?

The VICE PRESIDENT. The Chair would not so hold.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. Certainly.

Mr. ROBINSON of Arkansas. The Senate can proceed to the consideration of any business upon motion at any time

it chooses to do so, unless it has estopped itself from doing that by a unanimous-consent agreement, which is not the case here now. The Senator from Nebraska can move now to proceed to the consideration of the joint resolution.

Mr. NORRIS. Of course I can; but that would displace, unless another motion were made, the election of a President pro tempore, and I am not in favor of doing that. If my objection were held good—and, of course, I am not saying that it would be so held—I am willing to take the responsibility of saying that we will continue to vote on the question of the election of a President pro tempore to the exclusion of everything else until that question is settled. I am not finding fault with anybody who does not agree with me as to what the parliamentary situation is. I am conceding that the objection of the Senator from Connecticut is good.

Mr. ROBINSON of Arkansas. If the Senator has concluded, I merely desire to say that, in my judgment, it is in order for the Senator from Nebraska to move now to proceed to the consideration of his joint resolution, unless he prefers not to do so.

Mr. NORRIS. I do not want to do that myself; I should prefer not to do so.

Mr. ROBINSON of Arkansas. I have not the slightest doubt, if the Senate desires to do so, it may supersede the unfinished business with any bill, resolution, or other matter that it chooses to take up by a majority vote. For my part, I think we have indulged in our favorite pastime of voting for the election of a President pro tempore, when there is no apparent prospect of a conclusion of that matter, just about long enough. If there should be any indication that a solution could be reached, there would, of course, be no objection to proceeding with the vote; but I am not willing to delay legislation for the mere purpose of voting when there is no promise and no indication that a conclusion is to be reached. I am ready now to take up the joint resolution of the Senator from Nebraska, and I can not for the life of me understand, in view of the record the Senate has made on the matter, why it should not be proceeded with. Of course, if the Senator from Nebraska does not desire to do so, I myself will not make the motion.

Mr. NORRIS. I do not want to be put in the attitude, and it is not right that any Senator should try to put me in the attitude that I myself now, because I refuse to make the motion, am opposed to the joint resolution that I have fathered here for the last 10 years.

Mr. ROBINSON of Arkansas. Oh, no; nobody is attempting to do that.

Mr. NORRIS. I do not want to be put in the attitude that I am trying to delay it or anything of that kind, but I am not going, Mr. President, to submit to the laying aside of the business of the election of a President pro tempore until I am compelled to do so by a vote of the Senate. My own idea is that it is a privileged question, and I think a point of order could have been made at any time from the very beginning just as the Senator has now made it. I understand that the Chair is going to rule against me when I make the point of order; I understand that the Senate, by an overwhelming majority, is going to vote down the appeal that I expect to take from the decision of the Chair when he makes that ruling. Nevertheless, I think that is the orderly procedure. When that time comes I am squelched. I admit that the election of a President pro tempore is over; and Senators on the other side will not need to be afraid any longer that it might possibly result, if we keep it up, in the election of a Democratic President pro tempore.

Mr. ROBINSON of Arkansas. Mr. President, the Senator does not mean to leave that impression, I am sure. If the Senator sincerely expects to accomplish the defeat of the election of the Senator from New Hampshire [Mr. MOSES] as President pro tempore, he knows there is a quick way of doing that, and that is to vote for the other candidate who has received, since the beginning of this contest, a large plurality vote and has been within two votes of the election ever since the contest began.

Mr. NORRIS. Of course, I know that; but if the Senator will exercise his reasoning faculties, he will know that I am not compelled to do that; that I am not going to do it; and that I am not going to jump out of the frying pan into the fire. [Laughter.]

Mr. ROBINSON of Arkansas. Nobody has suggested that the Senator from Nebraska shall do anything that he does not want to do, but that is a very different thing from his attempting to compel the Senate to keep on voting on the question of the election of a President pro tempore when the Senate has business to transact.

Mr. NORRIS. Talk about compelling the Senate! Everybody knows, I think, without exception, that if the Senate were faced with the proposition that nothing else could be taken up except the election of a President pro tempore, we would have that question off our hands after less than three ballots; the Senate knows in advance that the probabilities are that, on a point of order being made against taking up something else, the Chair is going to decide that we can take up something else. There is not any difference between this privileged motion, if it be a privileged motion—and I think it is—and any other privileged question. There is no reason why any insinuation should be cast against any Senator because he wants now to insist upon the consideration of a privileged question any more than there would on any other privileged question, like, for instance, the right of a Senator to his seat here upon the report of the Committee on Privileges and Elections. Everybody knows such a report would be privileged; everybody knows that one objection could prevent the displacing of it by any other business; yet we all realize that when such an objection is made it tends to bring to a conclusion the privileged matter; and so it would in this case.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield.

Mr. McKELLAR. Will the Senator yield to me for the purpose of making a parliamentary inquiry?

Mr. NORRIS. I yield the floor.

Mr. McKELLAR. I desire to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Tennessee will state it.

Mr. McKELLAR. If a Senator were now to move to proceed to the consideration of the "lame duck" joint resolution and the motion were agreed to, of course, I understand it would displace the regular order. Could the same Senator thereafter move to proceed again to the election of a President pro tempore?

The VICE PRESIDENT. The Chair holds that a motion to proceed to the consideration of business on the calendar, if carried by a majority vote, would bring that business before the Senate. The Chair would also hold that at any time any Senator may move to proceed to the election of a President pro tempore.

Mr. McKELLAR. Then, in order to pour oil on the troubled waters, if I may, I am going to move, first, that the Senate proceed to the consideration of the so-called "lame-duck" joint resolution, and if that motion shall be carried I give the assurance that I will then make a motion to proceed to the election of a President pro tempore. I make that motion now, unless I am requested not to do so by the author of the joint resolution.

Mr. NORRIS. When I make my point of order that will bring the question before the Senate—and I want to say, if I may be permitted to do so, in just a word that I hope, in making the point of order, no one will entertain the view that I am trying to defeat or to filibuster against the amendment to the Constitution that is now before the Senate and of which I am the author—I am in the embarrassing attitude that at the present time I must either make the point of order and take a ruling of the Chair against me, or I will see the motion carried and the prospect for the election of a President pro tempore ended so far as this Congress

is concerned. I prefer, Mr. President, knowing what the outcome is going to be, to follow the course that I believe it to be my duty to follow, by making the point of order which I now make against the motion of the Senator from Tennessee, that it is out of order because the effect of it would be to displace as the business before the Senate the election of a President pro tempore, which is a privileged matter.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. NORRIS. I am through.

Mr. ROBINSON of Arkansas. But I want to ask the Senator a question about a statement he just made.

Mr. NORRIS. Very well.

Mr. ROBINSON of Arkansas. The Senator stated that if the point of order shall be overruled and the Senate shall proceed to the consideration of legislative business, it will make impossible the election of a President pro tempore during this session of the Senate.

Mr. NORRIS. I think that would be the effect of the action.

Mr. ROBINSON of Arkansas. Does the Senator have any doubt that if at any time any Senator desires to do so, when another matter taking precedence over it is not before the Senate, he may move to proceed to the election of a President pro tempore?

Mr. NORRIS. There is no misunderstanding between myself and the Senator on that point.

Mr. ROBINSON of Arkansas. I will say that if there should be any opportunity of resolving the great issue as to the election of a President pro tempore I would be ready to return to it by a motion.

Mr. McKELLAR. Will the Senator from Nebraska yield?

Mr. NORRIS. Yes.

Mr. McKELLAR. I wish to assure the Senator that I am perfectly sincere in stating that as soon as the measure of which the Senator from Nebraska is the author shall have been voted upon, I intend immediately thereafter to move that the Senate proceed to the election of a President pro tempore. What I want to do is this: I do not want this privileged question to be used by Senators here and there who may be opposed to a certain bill in such a way as to be interposed as an objection to the consideration of such bill. I think we ought to proceed in an orderly way.

Mr. NORRIS. Let me say to the Senator from Tennessee and to the Senator from Arkansas that I recognize that any Senator may make a motion to proceed to the election of a President pro tempore; but I believe, as a practical result, that what I have already indicated would follow, namely, that that would be the inevitable end of it; in other words, Senators would not vote to take up the question.

Mr. ROBINSON of Arkansas. I will say frankly to the Senator from Nebraska that unless, as I have already said, I have some information, there is a prospect of resolving the issue and settling it, and securing the election of a President pro tempore, I do not see anything to be accomplished by coming back to it.

Mr. NORRIS. My idea is that there never will be a prospect unless we determine to stay with it until the end, and then the prospect will come.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. If the motion of the Senator from Tennessee that the Senate proceed to the consideration of the joint resolution of the Senator from Nebraska shall be adopted and then a motion shall be made later to proceed to the election of a President pro tempore, and that motion shall be carried, the question of the election of a President pro tempore will resume the position it now holds as being the unfinished business and the regular order.

Mr. NORRIS. I agree to that, but the Senator has an "if" in there—"if that motion shall be carried."

Mr. BARKLEY. Everything here has an "if" in it.

Mr. NORRIS. I understand that, but that is a pretty big "if." The motion will not carry, and I would not find fault with anybody for not voting for it if we are just going to take it up now and then and lay it aside for anything else that may come up. I do not think we will ever reach any conclusion in that way; but if we follow what I believe to be the law and hold that it is a privileged matter, before we adjourn to-night we could elect a President pro tempore. I make the point of order, Mr. President.

Mr. BORAH. Mr. President, I do not know that I am in order, but I had always supposed that the election of a President pro tempore was a privileged matter. If it is proper, I am going to ask the Presiding Officer if there is any precedent in parliamentary law for holding that it is not privileged?

The VICE PRESIDENT. In 1911 when the question of the election of a President pro tempore was before the Senate, the office having become vacant by reason of the resignation of Senator Frye, of Maine, the efforts to secure an election were eventually abandoned because of a deadlock, and there was no election throughout the Congress under the resolution of 1890. Certain Senators were elected by unanimous consent to serve for stated periods during the absence of the Vice President, Mr. Sherman. Subsequent to his death in October, 1912, the Senate, early in December, adopted an order designating Senators Gallinger and Bacon to serve for certain periods during the remainder of that Congress.

The Chair is ready to rule. There are only three questions mentioned in the Senate rules which are to be proceeded with until disposed of:

First. Motions to amend or correct the Journal—Rule III.

Second. Questions and motions arising or made upon presentation of credentials of Senators—Rule VI.

Third. Measures upon which cloture has been invoked—Rule XXII.

Any other matter, by necessary implication, could be displaced at any time by a majority vote of the Senate, by simply agreeing to a motion to take up any particular matter or measure.

The Chair overrules the point of order.

Mr. NORRIS. With great respect to the Chair, I appeal from his decision.

The VICE PRESIDENT. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. NORRIS. Mr. President, I want to be heard for just a moment on that question.

I think it was generally believed—in fact, generally conceded by everybody—that this was a highly privileged matter. There are Senators now looking at me with whom I have talked, and I have not found one of them but has agreed with me that this is a privileged matter. I am wondering how they will vote.

Through two or three sessions—at least through one—the Senate wandered along, voting day after day, and failed to elect a President pro tempore. The question, as I examined the precedents, was never exactly passed on. The Senate took up other business, it is true, just as we have done, but the point was not raised. It was done, in effect, by unanimous consent. The matter went on through a whole session, and no one was elected. At another session a long delay occurred in the election of a President pro tempore. From the chair, however—and I could go over all that; I have it here—Senator Lodge, who was then presiding, expressed the opinion that the matter was privileged, although he was not called on to make a decision. The point was not raised. So what we are doing here, it seems to me, is laying aside a privileged proposition in order to take up something that is admittedly of no privilege.

With that statement, so that the RECORD may show just what has happened, I am ready, so far as I am concerned, for a vote.

The VICE PRESIDENT. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. ASHURST. Mr. President, will the Vice President state the question?

The VICE PRESIDENT. The Senator from Tennessee [Mr. McKELLAR] rose to a parliamentary inquiry; and the Chair held that a motion might be made to proceed to the consideration of business on the calendar, and that, if carried by a majority vote, it would displace the present unfinished business. The Chair further held that any Senator, at any time after an affirmative vote was had, could move to proceed to the consideration of the election of a President pro tempore.

Mr. NORRIS. Mr. President, will the Chair permit an interruption?

The VICE PRESIDENT. Certainly.

Mr. NORRIS. I did not appeal from that.

The VICE PRESIDENT. The Chair is simply going back and stating the entire situation.

Mr. NORRIS. The question is whether the motion is in order.

The VICE PRESIDENT. Afterward the Senator from Tennessee made a motion to proceed to the consideration of Senate Joint Resolution 14. The Senator from Nebraska [Mr. NORRIS] made the point of order that the motion was not in order, which the Chair overruled. The Senator from Nebraska then appealed from the decision of the Chair. The question now is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. DILL. Mr. President, will the Chair permit a parliamentary inquiry?

The VICE PRESIDENT. Certainly.

Mr. DILL. If the point of order is overruled and the motion of the Senator from Tennessee is carried, will the present President pro tempore continue in office?

The VICE PRESIDENT. He will.

Mr. DILL. The Vice President will not appoint a President pro tempore?

The VICE PRESIDENT. Certainly not. Under the resolution of 1890 the President pro tempore serves until his successor is elected.

Mr. NORRIS. I call for the yeas and nays on the appeal from the decision of the Chair.

Mr. BINGHAM. Mr. President, this matter is such an important question that I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Howell	Patterson
Austin	Cutting	Hull	Robinson, Ark.
Bailey	Dale	Johnson	Robinson, Ind.
Barbour	Davis	Jones	Sheppard
Barkley	Dickinson	Kean	Shipstead
Bingham	Dill	Kendrick	Shortridge
Black	Fess	Keyes	Smith
Blaine	Frazier	King	Smoot
Borah	George	La Follette	Steiwer
Bratton	Glenn	Lewis	Thomas, Idaho
Brookhart	Goldsborough	Logan	Thomas, Okla.
Bulkley	Gore	McGill	Trammell
Bulow	Hale	McKellar	Tydings
Byrnes	Harris	McNary	Vandenberg
Capper	Harrison	Metcalf	Wagner
Caraway	Hastings	Morrison	Walcott
Connally	Hatfield	Moses	Walsh, Mont.
Coolidge	Hawes	Neely	Watson
Copeland	Hayden	Norris	Wheeler
Costigan	Hebert	Nye	White

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present. The Senator from Nebraska [Mr. NORRIS] has demanded the yeas and nays on the appeal from the decision of the Chair. Is there a second?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Nevada [Mr. ODDIE]. Not knowing how he would vote, I withhold my vote.

Mr. KENDRICK (when Mr. CAREY's name was called). On this question my colleague [Mr. CAREY] is paired with the Senator from Ohio [Mr. BULKLEY]. I have no information as to how the Senator from Ohio would vote. If present, my colleague would vote "yea."

Mr. HASTINGS (when his name was called). On this question I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. JONES (when his name was called). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent. I have promised to take care of him with a pair for the day. I do not know how he would vote. If at liberty to vote, I should vote "nay." I withhold my vote.

Mr. MOSES (when his name was called). On all votes connected with this subject I have a general pair with the senior Senator from Nevada [Mr. PITTMAN]. I therefore withhold my vote.

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Massachusetts [Mr. WALSH], and will vote. I vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. VANDENBERG (when his name was called). On this question I have a special pair with the senior Senator from Louisiana [Mr. BROUSSARD]. Not knowing how he would vote, I withhold my vote.

Mr. BARKLEY (when Mr. WATERMAN's name was called). On this question I have a pair with the senior Senator from Colorado [Mr. WATERMAN]. Not knowing how he would vote, I withhold my vote. If I were at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. BLACK. I desire to announce that my colleague [Mr. BANKHEAD] is detained from the Senate on official business. He is paired with the Senator from Delaware [Mr. HASTINGS]. If my colleague were present, he would vote "yea."

Mr. BULKLEY. I am paired with the junior Senator from Wyoming [Mr. CAREY], who is absent; but I am advised that if present he would vote in the same way that I desire to vote. I vote "yea."

Mr. McKELLAR (after having voted in the affirmative). May I ask if the junior Senator from Delaware [Mr. TOWNSEND] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. McKELLAR. I have already voted. I have a pair with that Senator, which I transfer to the junior Senator from Arizona [Mr. HAYDEN], and will let my vote stand.

Mr. SHEPPARD. The Senator from Florida [Mr. FLETCHER] is absent on official business. He has a pair with the Senator from Minnesota [Mr. SCHALL].

Mr. BINGHAM (after having voted in the affirmative). Has the junior Senator from Virginia [Mr. GLASS] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BINGHAM. I have a general pair with him. I understand that if present he would vote as I have voted. Therefore I will permit my vote to stand.

Mr. HASTINGS. I understand that the Senator from Alabama [Mr. BANKHEAD], with whom I am paired, would vote as I would vote. I therefore am at liberty to vote and vote "yea."

Mr. FESS. I desire to announce that the Senator from South Dakota [Mr. NORBECK] is detained from the Senate on official business.

Mr. SHEPPARD. I desire to announce that the Senators from Virginia [Mr. SWANSON and Mr. GLASS], the Senator from Massachusetts [Mr. WALSH], and the Senator from Arizona [Mr. HAYDEN] are detained from the Senate on official business.

The result was announced—yeas 54, nays 17, as follows:

YEAS—54

Ashurst	Caraway	Goldsborough	Kean
Austin	Connally	Gore	Kendrick
Bailey	Coolidge	Hale	Keyes
Barbour	Copeland	Harris	King
Bingham	Couzens	Harrison	Lewis
Black	Dale	Hastings	McKellar
Bratton	Davis	Hatfield	McNary
Bulkley	Dickinson	Hawes	Metcalf
Bulow	Fess	Hebert	Morrison
Capper	Glenn	Hull	Patterson

Robinson, Ark.	Stelwer	Tydings	Watson
Sheppard	Thomas, Idaho	Wagner	White
Shortridge	Thomas, Okla.	Walcott	
Smith	Trammell	Walsh, Mont.	

NAYS—17

Blaine	Dill	Logan	Shipstead
Borah	Frazier	McGill	Wheeler
Brookhart	George	Neely	
Costigan	Johnson	Norris	
Cutting	La Follette	Nye	

NOT VOTING—24

Bankhead	Glass	Oddie	Stephens
Barkley	Hayden	Pittman	Swanson
Broussard	Howell	Reed	Townsend
Byrnes	Jones	Robinson, Ind.	Vandenberg
Carey	Moses	Schall	Walsh, Mass.
Fletcher	Norbeck	Smoot	Waterman

So the decision of the Chair was sustained.

The VICE PRESIDENT. The question is upon the motion of the Senator from Tennessee [Mr. McKELLAR] that the Senate proceed to the consideration of Senate Joint Resolution 14.

FIXING TERMS OF PRESIDENT, VICE PRESIDENT, AND CONGRESS

The motion was agreed to; and the Senate proceeded to consider the joint resolution (S. J. Res. 14) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

Mr. NORRIS. Mr. President, this joint resolution is in exactly the same form of language in which a similar measure passed the Senate in the last Congress. A like measure has passed the Senate prior to this time five times. On only two occasions was a vote reached in the House of Representatives. Once the vote, while a large majority, was not a two-thirds majority, and the joint resolution failed. In the last Congress it passed the House in a modified form and was sent to conference near the close of the short session of Congress. It died in conference, no agreement having been reached.

I do not care to take up the time of the Senate in explaining the joint resolution further, because I think all of us are perfectly familiar with the provisions. I ask unanimous consent, however, to include at this point, as a part of my remarks, the report of the committee.

The VICE PRESIDENT. Is there objection?

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[Senate Report No. 26, Seventy-second Congress, first session]

FIXING THE COMMENCEMENT OF THE TERMS OF THE PRESIDENT AND VICE PRESIDENT AND MEMBERS OF CONGRESS

Mr. NORRIS, from the Commttee on the Judiciary, submitted the following report (to accompany S. J. Res. 14):

The Committee on the Judiciary, having had under consideration the joint resolution (S. J. Res. 14) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, report the same to the Senate with the recommendation that the same do pass.

This resolution is in exactly the same form as it passed the Senate in the Seventy-first Congress and in practically the same form as it passed the Senate in five preceding Congresses. There is practically unanimous sentiment in the country in favor of this amendment. No logical objection has ever been made to the constitutional changes suggested, and its passage again by the Senate will be only a response to a patriotic sentiment, country wide, for the proposed amendment.

In practically the same form as here reported this resolution passed the Senate the first time on February 13, 1923 (S. J. Res. 253, 67th Cong.). On the 22d day of February, 1923, it received a favorable report from the House committee and was placed on the House Calendar. No action was taken by the House, and it died on the 4th day of March, 1923, because of the adjournment of Congress. It passed the Senate the second time on the 18th day of March, 1924 (S. J. Res. 22, 68th Cong.), and on the 15th day of April, 1924, it was favorably reported by the House committee. It remained on the calendar of the House, without any action being taken thereon, from the 15th day of April, 1924, until the expiration of the Sixty-eighth Congress on the 4th day of March, 1925. It again passed the Senate in the Sixty-ninth Congress (S. J. Res. 9) on February 15, 1926. It was again favorably reported by the House committee on the 24th day of February, 1926, and remained on the House Calendar, without any action thereon, from said date until the expiration of the Sixty-ninth Congress on the 4th day of March, 1927. In the Seventieth Congress the resolution (S. J. Res. 47) passed the Senate on January 4, 1928, and was referred to the House committee, from which it received a favorable report. On March 9, 1928, the House acted on it, and, while it received a large majority of those voting, it failed to receive the two-thirds majority required by the Constitution.

In the Seventy-first Congress, on June 7, 1929, the resolution (S. J. Res. 3), in exactly the same form as it is here reported, passed the Senate. On the next day, June 8, 1929, it was sent to the House of Representatives. However, it was not referred to a committee but remained on the Speaker's table until the 17th day of April, 1930. On that date the Speaker referred the joint resolution to the committee having jurisdiction of the subject matter (Committee on the Election of President, Vice President, and Representatives in Congress). In the meantime, other resolutions similar to this one were introduced by Members of the House of Representatives and referred to this committee for action, and on the 8th day of April, 1930, the committee reported one of these House resolutions (H. J. Res. 292) to the House of Representatives. After this had been done, the Senate resolution was taken from the Speaker's table and referred to the committee. No action was ever taken by the committee on the Senate resolution; but, on the 24th day of February, 1931, the House of Representatives took up the House resolution (H. J. Res. 292) and, by unanimous consent, the Senate resolution (S. J. Res. 3) was taken from the committee and laid before the House, when it was amended by striking out all after the enacting clause and inserting the House resolution, which, in many respects, was practically the same as the Senate resolution. In this form it passed the House of Representatives on the same day, February 24, 1931. Conference committees were at once appointed by the Senate and the House of Representatives, but no agreement was reached and the resolution failed when the Seventy-first Congress ended on the 4th day of March, 1931.

The resolution proposes to amend the Constitution of the United States by fixing the beginning of the terms of President and Vice President at noon on the 15th day of January, and the terms of Senators and Representatives at noon on the 2d day of January following their election in the preceding November. Under existing conditions a new Congress does not actually convene in regular session until a year and one month after its Members have been elected. When our Constitution was adopted there was some reason for such a long intervention of time between the election and the actual commencement of work by the new Congress. We had neither railroads nor telegraphic communication connecting the various States and communities of the country. Under present conditions, however, the result of elections is known all over the country within a few hours after the polls close, and the Capital City is within a few days' travel of the remotest portions of the country.

Originally, Senators were elected by the legislatures, and as a rule the legislatures of the various States did not convene until after the beginning of the new year, and it was difficult and sometimes impossible for Senators to be elected until February or March. Since the adoption of the seventeenth amendment to the Constitution, however, Senators have been elected by the people at the same election at which Members of the House are elected. There is no reason, therefore, why the Congress elected in November should not be sworn in and actually enter upon the duties of office at least as soon as the beginning of the new year following their election.

The only direct opportunity that the citizens of the country have to express their ideas and their wishes in regard to national legislation is the expression of their will through the election of their representatives at the general election in November. During the campaign that precedes this election the great questions demanding attention at the hands of the new Congress are discussed at length before the people and throughout the country, and it is only fair to presume that the Members of Congress chosen at that election fairly represent the ideas of a majority of the people of the country as to what legislation is desirable. In a government "by the people" the wishes of a majority should be crystallized into legislation as soon as possible after these wishes have been made known. These mandates should be obeyed within a reasonable time.

Under existing conditions, however, more than a year elapses before the will of the people expressed at the election can be put into statutory law. This condition of affairs is not only unfair to the citizenship at large, who have expressed their will as to what legislation they desire, but it is likewise unfair to their servants whom they have elected to carry out this will. It is true that it is within the power of the President to call an extraordinary session of Congress at an earlier date than the one provided by law, but the new Congress can not be called into extraordinary session until after the 4th of March, which would not give the new Congress very much time for the consideration of important national questions before the summer heat in the Capital City makes even existence difficult and good work almost impossible. It is conceded by all that the best time for legislatures to do good work is during the winter months. Practically all the States of the Union recognize this fact and provide for the meeting of their legislatures near the 1st of January. Moreover, the wishes of the country having been expressed at an election should not be dependent for their carrying out upon the will of the President alone. Provision should be made by law so that the new Congress could begin the performance of its important duties as soon after election as possible and under conditions that are most favorable for good work. Under existing conditions a Member of the House of Representatives does not get started in his work until the time has arrived for renomi-

nations in his district. He has accomplished nothing and has not had an opportunity to accomplish anything because Congress had not been in session. He has made no record upon which to go before his people for election. It is unfair both to him and to the people of his district. In case of a contest over a seat in the House of Representatives, history has shown that the term of office has practically expired before the House is able to settle the question as to who is entitled to the contested seat. During all this time the occupant of the seat has been drawing the salary, and if it is decided in the end that the occupant was wrongfully seated, then the entire salary must again be paid to the person who has been unjustly deprived of his seat. Double pay is therefore drawn from the Treasury of the United States and the people of the district have not been represented by the Member whom they selected for that purpose. No reason has been given why a new Congress elected at a general election to translate into law the wishes of the people should not be installed into office practically as soon as the results of the election can be determined.

Another effect of the amendment would be to abolish the so-called short session of Congress. If the terms of Members of Congress begin and end in January instead of on the 4th of March, as heretofore, and Congress convenes in January, there would be no such thing as a short session of Congress. Every other year, under our Constitution, the terms of Members of the House and one-third of the Members of the Senate expire on the 4th day of March. The session begins on the first Monday in December and because of the expiration of such terms it necessarily follows that the session must end not later than the 4th of March. Experience has shown that this brings about a very undesirable legislative condition. It is a physical impossibility during such a short session for Congress to give attention to much general legislation for the reason that it requires practically all of the time to dispose of the regular appropriation bills. The result is a congested calendar both in the House and the Senate. It is known in advance that Congress can give attention to but a very small portion of the bills reported from the committees. The result is a congested condition that brings about either no legislation or illy considered legislation. In the closing days of such a session bad laws get through and good laws are defeated on account of this condition and the want of time to give proper consideration to anything, and the result is dissatisfaction, not only on the part of Members of Congress but on the part of the people generally. Jokers sometimes get on the statutes because Members do not have an opportunity, for the want of time, to give them proper consideration. Mistakes of a serious nature creep into all kinds of statutes which often nullify the real intent of the lawmakers, and the result is disappointment throughout the country. Such a congested condition in the National Legislature can not bring about good results. However diligent and industrious Members of Congress may be, it is a physical impossibility for them to do good work. Moreover, it enables a few Members of Congress to arbitrarily prevent the passage of laws simply by the consumption of time. In every way it brings about an undesirable legislative condition, and it is not surprising that results are so often disappointing.

There is another very important reason why this change should be made. Under the Constitution as it now stands, if it should happen that in the general election in November in presidential years no candidate for President had received a majority of all the electoral votes, the election of a President would then be thrown into the House of Representatives and the membership of that House of Representatives called upon to elect a President would be the old Congress and not the new one just elected by the people. It might easily happen that the Members of the House of Representatives, upon whom devolved the solemn duty of electing a Chief Magistrate for four years, had themselves been repudiated at the election that had just occurred, and the country would be confronted with the fact that a repudiated House, defeated by the people themselves at the general election, would still have the power to elect a President who would be in control of the country for the next four years. It is quite apparent that such a power ought not to exist, and that the people having expressed themselves at the ballot box should through the Representatives then selected, be able to select the President for the ensuing term. If the amendment we have proposed is adopted and becomes a part of the Constitution, such a condition could not happen, and in such a case the new House of Representatives fresh from the people would be the one upon which would devolve the power to select the new President.

Section 3 of the proposed amendment gives Congress the power to provide by law who shall act as President in a case where the election of a President has been thrown into the House of Representatives and the House has failed to elect a President and the Senate has likewise failed to elect a Vice President. The importance of this can be understood when we realize that under the present Constitution if the election of President and Vice President should be thrown into Congress on account of a failure of the Electoral College to elect, and that the House should fail within the time specified in the Constitution to elect a President, and the Senate should likewise fail during such time to elect a Vice President, the country would be left entirely without a Chief Magistrate and without any means of selecting one. This condition has, it is true, never happened in the history of the country, and while it may never happen, it does seem very important that some constitutional provision be enacted by which this most dangerous emergency may be avoided. The present Constitution gives power to Congress to provide who shall act as President when there is a vacancy both in the President's office and the Vice President's office caused by death, removal, or resignation, but there is no provision in the present Constitution that gives to Congress or any other authority the power to select an acting President in cases where the election has been thrown into the House of Representatives and where the House of Representatives has failed to elect a President, and the Senate has likewise failed to elect a Vice President. If such a contingency should occur, and it is liable to occur after any presidential election, the country would find itself in a condition where it would be impossible for a Chief Magistrate to be selected. The committee has corrected this defect by giving to Congress in section 3 of the proposed amendment the authority to select the acting President in such an emergency.

The question is sometimes asked, Why is an amendment to the Constitution necessary to bring about this desirable change? The Constitution does not provide the date when the terms of Senators and Representatives shall begin. It does fix the term of Senators at six years and of Members of the House of Representatives at two years. The commencement of the terms of the first President and Vice President and of Senators and Representatives composing the First Congress was fixed by an act of Congress adopted September 13, 1788, and that act provided "that the first Wednesday in March next be the time for commencing proceedings under the Constitution." It happened that the first Wednesday in March was the 4th day of March, and hence the terms of the President and Vice President and Members of Congress begin on the 4th day of March. Since the Constitution provides that the term of Senators shall be six years and the term of Members of the House of Representatives two years, it follows that this change can not be made without changing the terms of office of Senators and Representatives, which would in effect be a change of the Constitution. By another act (the act of March 1, 1792) Congress provided that the terms of President and Vice President should commence on the 4th day of March after their election. It seems clear, therefore, that an amendment to the Constitution is necessary to give relief from existing conditions.

Mr. WALSH of Montana. Mr. President, I want to call the attention of the Senator to two verbal matters. In line 6, section 2, occurs the word "begin." It reads:

The Congress shall assemble at least once a year, and such meeting shall begin at noon.

I observe that in the original Constitution the word is "be" and not "begin"; that "such meeting shall be," and so forth.

Mr. NORRIS. Mr. President, in the original Constitution there is no hour fixed. It merely fixes the day of the month. This fixes the hour, and it seems to me the word "begin" is proper. That is the form in which we have always passed the joint resolution.

Mr. WALSH of Montana. I could not see any reason at all for the change, because it does not make any difference whether we fix a definite hour or a definite day.

Mr. NORRIS. My own idea is that the word "begin" is more appropriate than "be." If it was to be a meeting which would exist for a moment and pass away, "be" would probably be the most appropriate word, but the session is to run possibly for some time, and this fixes the time of its beginning.

Mr. WALSH of Montana. Let me call the attention of the Senator to the fact that the sentence begins "The Congress shall assemble at least once in every year, and such meeting"—that is, the assembling, the coming together—"shall be at noon on the 2d day of January." That is the sense of the sentence, and it occurs to me the language in the original Constitution is more appropriate.

Mr. NORRIS. Mr. President, in my opinion it does not change the meaning at all, but it seems to me the meeting referred to is the session. It is going to be a session. First, they shall assemble, and the word "begin," it seems to me, when we are to fix a definite time, is more appropriate than to say, "The session shall be."

Mr. WALSH of Montana. The suggestion is not of such importance as to be debated. The sense is sufficiently apparent. I merely thought the Senator would like to follow the language of the original Constitution.

Let me pass on to another matter: Should not the word "they," the second word in line 11, be "it"?

Mr. NORRIS. That is another instance where we are just reversed. There we follow the Constitution, and the Senator's suggestion would not follow the Constitution.

Mr. WALSH of Montana. The Senator is quite wrong about that. The Constitution uses the word "they" always when it refers to the United States, but the word "they" is not used in this connection.

Mr. NORRIS. Mr. President, I am satisfied that this is a direct quotation from the Constitution of the United States. But let me say to the Senator that the senior Senator from Connecticut [Mr. BINGHAM] is to make some remarks on the joint resolution, and if it is agreeable to the Senator from Montana, we will look this matter up while that Senator is proceeding.

Mr. BINGHAM. Mr. President, I hope the constitutional lawyers will have opportunity to settle this matter before we have to vote on it. I propose to offer an amendment, which I think everyone will remember was offered in the House of Representatives by the late Speaker, Mr. Longworth, who was a friend of all of us, revered by the House on both sides of the aisle.

At the time when this matter was considered by the House of Representatives, Speaker Longworth offered an amendment to it, and he broke his almost universal practice by coming down on the floor and making a speech in favor of that amendment. The amendment is one which appeals very strongly to me and appeals to some of those who have generally supported the amendment to the Constitution which was offered by the Senator from Nebraska in repeated Congresses.

In order that those who are doing me the honor of listening to me may understand just what the amendment is, I will offer it and read it from the CONGRESSIONAL RECORD. It was offered on February 24, 1931. The gentleman from Ohio [Mr. Longworth] offered the amendment, to strike out all of section 2. If Senators will turn to their copy of the pending joint resolution, they will find that section 2 relates to the fact that Congress shall assemble at least once in every year and that such meeting shall be on the 4th day of January unless they by law appoint a different day. In other words it permits a permanent session of the Congress. It would meet every year on the 4th of January and apparently continue until the Members get tired or the next session begins.

Speaker Longworth offered this amendment, to strike out all of section 2 and insert in lieu thereof the following:

SEC. 2. The Congress shall assemble at least once in every year. In each odd-numbered year—

In other words, the year following the presidential election—

such meeting shall be on the 4th day of January unless they shall by law appoint a different day. In each even-numbered year—

In other words, the year in which the election is held—

such meeting shall be on the 4th day of January, and the session shall not continue after noon on the 4th day of May.

In other words, instead of adjourning on the 4th of March, the Congress would continue for two months longer, until the 4th of May, when, as I think we will all appreciate, many Members of the House of Representatives and some Members of the Senate would like to go home and start work on their primaries, or on the election to follow a few months later.

With the indulgence of the Senate I should like to read what the distinguished Speaker said on that occasion. His remarks are not very long, being only one column of the CONGRESSIONAL RECORD. His speech is so much better than anything I could say on this matter, I am sure, that as one of the few speeches Mr. Longworth made after he became Speaker, and the last important speech he made, it will be interesting to many Senators. I read:

Mr. LONGWORTH. Mr. Chairman, as you all know, I infrequently take the floor during the consideration of a bill or offer an amendment to a bill, but this is such an extremely important and vital matter that I think it is not only a privilege but a duty to offer this amendment.

I do not intend to debate the merits or demerits of this resolution. I desire, however, to call your attention to what, to my mind, is the fundamental objection to it in its present form. Under this resolution, as is obvious, it will be entirely possible for Congress to be in session perpetually from the time it convenes. There is no provision in the resolution for a termination either of the first session, or particularly of the second session. It seems to me obvious that great and serious danger might follow a perpetual two years' session of the Congress.

I am not one of those who says the country is better off when Congress goes home. I do not think so, but I do think that the Congress and the country ought to have a breathing space at least once every two years.

The effect of this amendment is simply to provide that the second session of the Congress shall terminate upon the 4th day of May in the even-numbered years. That is a fair proposition. It will give at least one month more for the consideration of legislation in the second session than is given now. There will be a clear four months' period between the assembling of the Congress in the second session and its adjournment. Can there be any real reason for opposition to a proposal which will give the Congress four months during the second session and then having May, June, July, August, September, and October clear? Those are the years when we all come up for election. Those are the years—every four years—in which national conventions are held. It is not wise that Congress should be in session during the holding of national conventions. It is wise that men should have time in which to canvass their districts and prepare for election.

The history of this matter, in so far as I have been concerned with it, is this: Something over three years ago, just before this resolution came up in the House, I was invited by perhaps the strongest organized body of intellectuals in the country, the American Bar Association, to give my views on this matter. I gave my views and stated, as I state now, that with the adoption of this amendment, providing for the termination of the second session, all my objections to this resolution would be withdrawn. The committee of the Bar Association with which I conferred adopted my views. Having indorsed the resolution previously, they withdrew that indorsement and unanimously indorsed the resolution with the inclusion of a provision such as I am now offering.

It seems to me that from every point of view this amendment ought to be adopted. I will do anything I can to help the passage of this resolution provided this amendment is adopted. This afternoon I propose to even go farther than that. In the interest of the speedy passage of this resolution, with this amendment, I will recognize a request that the Senate resolution, as amended by the House resolution, be considered in lieu of the House resolution. That will offer an opportunity to immediately send the bill to conference, and, under all the circumstances, is, I think, a proper courtesy to the Senate.

In reply to a question from Mr. MONTAGUE as to whether the amendment would interfere with the President calling an extra session, Mr. Longworth replied:

Not at all. This is precisely the provision that was in the original resolution three years ago. In case of any emergency the President may call the Congress to meet on the 4th day of May and continue the session long enough to satisfy the emergency. The amendment would have no effect in that direction.

Gentlemen, I sincerely hope this amendment may be adopted.

It was a matter of record that when the amendment was put to a vote in the House a division was taken and there were 193 ayes and 125 noes.

Mr. President, in the report made by the Judiciary Committee I find the record of the number of times the joint resolution has passed and a statement that by unanimous consent the Senate joint resolution in the last Congress was laid before the House, when it was amended by striking out all after the enacting clause and inserting the House resolution, which, in many respects, was practically the same as the Senate resolution. In this form it passed the House of Representatives.

In view of the fact that it was in so many respects the same as the Senate joint resolution I hope that the distinguished chairman of the Judiciary Committee and the author of the amendment will be willing to adopt the amendment originally proposed by former Speaker Longworth and which I now offer as an amendment to the pending joint resolution.

Mr. DILL. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Connecticut yield to the Senator from Washington?

Mr. BINGHAM. I yield.

Mr. DILL. I am in much sympathy with the purpose of the amendment of the Senator, but I want to ask the Senator whether he does not think a later date than that in the main resolution would be better? Does he not think it would be better to make the date June 15?

Mr. BINGHAM. Of course the Senator from Washington would not ask that if he were a member of the Republican Party, because the Republican Party meets in national convention on June 14 and not the 15th.

Mr. DILL. That happens to be so this year.

Mr. BINGHAM. If the Senator will support the amendment, I shall be glad to change it to June 2.

Mr. DILL. I shall do so. I may say to the Senator that it was my understanding that the House conferees that year were willing to advance the date to a later date. I think there is much to be said for the amendment if the date is made a later one.

Mr. BINGHAM. Would the Senator be willing to vote for it if the date is made June 2?

Mr. DILL. I certainly will.

Mr. BINGHAM. Then I ask permission to change the date and make it June 2.

Mr. BARKLEY. Mr. President, how many changes in the date will the Senator offer in order to get votes for his amendment?

Mr. BINGHAM. I have stated that the Republican national convention is to be held on the 14th of June, and it is not possible to postpone it. The Democrats, as the Senator well knows, meet at a later date.

Mr. BARKLEY. If this is merely a matter of barter and trade and the Senator is willing to put off for a month the final adjournment date in return for a vote, I wonder how much longer he would be willing to put it off for another vote?

Mr. BINGHAM. June 14 is a date which concerns quite a number of us.

Mr. BARKLEY. I think, so far as the country is concerned, that is going to be a very ineffective date, anyway; but be that as it may, does not that still leave with us the same proposition that always faces us in the short session of Congress, whose termination is fixed by the Constitution, when we are required to adjourn whether we have finished the business of Congress or not? Does it not quite emphasize the conviction that one session of Congress is less important than another? That is one of the vicious things, it seems to me, which has surrounded our whole legislative situation. We have had three months in which we were required to perform the duties of a whole session, and if we could not perform them by the 4th of March, we had to adjourn anyway.

In his amendment the Senator makes it the 4th day of May, and he makes the assembling of Congress one month later so as to add only one month to the short session. I do not think there is any more wisdom in limiting one session of Congress than in limiting both sessions. Congress ought to be amenable to the people and responsive to their needs and will. I am not one of those who believe that the so-called short session is of any less importance than the so-called long session. One of them may be as important as the other. It may frequently happen, as it has in the past, that the short session is more important than the long session, depending on the questions which confront the people and the Congress.

Mr. SMITH. Mr. President, the Senator from Kentucky [Mr. BARKLEY] says this is only one month longer for the proposed short session than at present. It is two months longer.

Mr. BARKLEY. Oh, no.

Mr. SMITH. If we meet on the 4th of January, then we will have January, February, March, and April, which is four months; whereas under the present order of things we can practically discard December because the holidays intervene, and so we really have only two months of the short session. We would have practically four months of unbroken session under the proposal of the Senator from Connecticut.

Mr. BARKLEY. That is true, in a sense; but I think in an important matter like amending the Constitution of the United States we ought not to take into account holidays or political conventions or primary elections. We ought to take into consideration the wisdom of an amendment to our fundamental law without regard to political conventions.

Mr. SMITH. Does not the Senator consider certain elections sometimes are more important than a session of Congress?

Mr. BARKLEY. In the minds of some people, especially candidates for office, that is no doubt true.

Mr. SMITH. I am talking about parties. I am not talking about candidates for office.

Mr. BARKLEY. In the minds of the American people I doubt very much whether they consider the election of any particular person to any particular office more important than a full session of Congress.

Mr. SMITH. I am sorry the Senator did not get the significance of the very brilliant remark I made.

Mr. BARKLEY. That is due to my own dullness and not to the Senator.

Mr. SMITH. The point I was making was that there comes a time when a change of parties is more important than a session of Congress. The Senator from Connecticut [Mr. BINGHAM], I think, made a very appealing and sensible suggestion.

Mr. BARKLEY. I am glad to hear the Senator say that. It is such a rare thing that it ought to be acknowleged.

Mr. SMITH. Does the Senator mean it is rare in this body that anyone should have these accomplishments?

Mr. BARKLEY. Yes.

Mr. SMITH. Be that as it may, I think that the Senator from Connecticut has just about the right idea about the situation. Four months of unbroken consideration of legislative matters, coupled with an interminable session preceding it, seems to me to be the proper thing to have. I appreciate that under our present conditions. I never have been able to understand how our forefathers fixed a session just antedating the holidays.

Mr. BARKLEY. It was purely accidental. They did not fix it.

Mr. SMITH. No matter how it came about, it was so fixed, and it means that all of December and practically the first week in January are lost. We can eliminate that period of time. But under the proposition of the late Speaker of the House to give us each two years four months of unbroken consideration of legislation seems to me to be a very proper thing to do.

Mr. BARKLEY. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from South Carolina yield further to the Senator from Kentucky?

Mr. SMITH. I yield.

Mr. BARKLEY. Does the Senator think that this particular Congress is better qualified to fix an arbitrary date for the adjournment of every other session of Congress for 100 years than the Members of a future Congress will be at the time it is in session, confronted as it will be by the problems which will then be before it for consideration?

Mr. SMITH. I think even under the cumbersome system we have now we have done fairly well. I do not know of any great harm that has befallen the country by virtue of any of our delays. I think we ought to have one year during a given term of Members of Congress with a statutory limitation for the final adjournment of Congress. I think we are just as competent to fix it as any subsequent Congress may be to determine adventitiously whether to adjourn or to keep on working. The Senator knows that it means, if we do not put a limitation somewhere within a given Congress, that we would never adjourn. He knows that to be true.

Mr. BARKLEY. No; I do not know that. On the contrary, the history of our whole legislative program for 100 years, and especially since the war and at any other time except when there is a great emergency on, shows that Congress is just as anxious to adjourn one year as it is another. We have adjourned here in May when we could have remained in session until December. We have adjourned in June when we could have remained in session until December. Congress can be depended upon, I think, each year to adjourn whenever it has concluded its business; but I do not believe there ought to be a stop watch placed upon a session of Congress, not only because we may not finish the business before us but because at an arbitrary date, when we are compelled to adjourn regardless of the state of the business, any Member of this body, as

we all know, can use that fact for the purpose of filibustering against legislation that ought to be enacted. We have to go no further back than last March when it was impossible for us to enact legislation needed in the country, because it was possible for one man to hold the floor until noon on the 4th day of March and that we could not transact any business as long as that situation existed. That would be true in April or in May or in June or July, or in any other month, if an arbitrary date were fixed in the amendment for the final adjournment of a session of Congress.

Mr. SMITH. But the Senator has had too much experience in life to know that we can legislate for exceptions. That was an exception.

Mr. BARKLEY. No; it was not an exception. It has been the rule, at least in the last two years.

Mr. SMITH. I have been here a long time——

Mr. BARKLEY. I hope the Senator will remain much longer.

Mr. SMITH. I do not recall any occasion except that, and I do not know that any very great harm was done even by the incident to which the Senator refers. However, I do not believe that it is wise for us, especially in years when there is a national political campaign, to have any Member of Congress who is up for reelection handicapped by his duty here or perhaps handicapped by his duty at home.

Mr. BARKLEY. Some of us could be reelected more readily by staying here than we could by leaving here and mixing with the people frequently.

Mr. SMITH. That is only another exception that proves the rule.

Mr. BARKLEY. Of course, I had no application to the Senator from South Carolina.

Mr. SMITH. Perhaps the Senator is thinking of his own case.

Mr. BARKLEY. I agree with the Senator from South Carolina that "charity begins at home."

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Georgia?

Mr. SMITH. I yield.

Mr. GEORGE. I merely want to make this suggestion: It is not, of course, a reason why the Constitution should be amended, but it is a practical matter that ought to be taken into consideration.

From time to time the question has arisen whether we would adopt a more stringent cloture rule of procedure in this body; from time to time we have had the threat of cloture; from time to time we have resisted it; and it seemed to be wise, in the judgment of the Senate, not to put a limitation upon debate in this body, especially upon those great questions as to which it seemed wise to the Senate to deliberate. Whenever any date is fixed by the Constitution for the adjournment of the Congress, it necessarily makes possible a filibuster; it invites it. Necessarily, therefore, it makes possible the continued agitation for stringent rules against filibustering, such rules as would restrict the freedom of speech and the freedom of debate in this body.

While the question I am now bringing to the Senator's attention is not fundamental, when we consider the responsible duty of amending the Federal Constitution, nevertheless it is pertinent. It would be very much wiser, it seems to me, if we should place no limitation upon any session of Congress, and should leave the matter within the discretion of the sitting Congress. I think we are justified in reposing confidence in future Congresses, and I am quite sure that the Senator from South Carolina [Mr. SMITH] would not be willing to limit or restrict debate in this body; but if we have the recurrence of filibustering here that he has observed during his term in the Senate, I am quite sure that ultimately we will have what we, now at least, agree are improper and undesirable restrictions upon debate.

There is no occasion for restriction upon debate if the definite date for the termination of the Congress shall not be fixed; but if that shall be done, the question of the restriction of debate will arise from time to time and ultimately we shall have a limitation upon debate that ought not to be placed upon it.

Mr. SMITH. Mr. President, the Senator from Georgia is thoroughly aware of the fact that as to any proposal which is so distasteful to a group that they will enter into a determined filibuster, the probability of such a filibuster is scarcely enhanced by virtue of the imminence of the day of adjournment. Talking about putting restriction on debate, I desire to suggest that some of the most determined filibusters we have had in this body were not undertaken when the date of adjournment was imminent. We have modified the rules so that, while not arbitrarily cutting off debate, that object could be accomplished by the petition of a certain number of Senators.

Mr. GEORGE and Mr. BARKLEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield to the Senator from Georgia.

Mr. GEORGE. The Senator from South Carolina is quite right about that; but the point is that when a definite date is fixed for adjournment a filibuster against relatively unimportant and trivial matters, over measures, let us say, that arise out of prejudice, more or less, may block all other legislation between the time when the filibuster begins and the absolute fixed date for adjournment. That sort of abuse would ultimately persuade the Senate to modify its rules under which freedom of debate is now indulged.

Mr. SMITH. Mr. President, every Member of this body knows that we have postponed important legislation for one reason or another until the very last hours of the short session of Congress, and in those last hours we have had once or twice a filibuster that jeopardized proper legislation.

I maintain that under the amendment proposed by the Senator from Connecticut [Mr. BINGHAM], with anything like diligence, we could in the untrammeled four months enact the necessary legislation; and I do not see why as to one session of a Congress there might not be a limitation placed on its duration.

Mr. BINGHAM and Mr. BARKLEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield first to the Senator from Kentucky.

Mr. BARKLEY. I desire merely to make this further suggestion, emphasizing what the Senator from Georgia [Mr. GEORGE] has said: While, as the Senator from South Carolina has stated, it is possible at any stage of any session for one Member or a small group to organize a filibuster, the chance of its success or of effective damage being done by it is not nearly so great in the beginning or the middle of a long session as at the end of a short session, when Congress has got to quit on a certain day at a certain hour, regardless of the circumstances. The success of obstructive methods in the Senate, by and large, depends upon whether we are compelled to adjourn on a day certain, so that Senators may hold the floor and prevent action on other measures, regardless of the situation.

Mr. SMITH. The Senator from Kentucky knows that we have certain supply bills, certain appropriation bills, that are of vast importance; and we are compelled, under the present order of things, to dispose of them between January and March 4. We have merely that short time in which to act upon them. Under the proposition of the late Speaker of the House of Representatives, as presented now by the Senator from Connecticut, by continuing in session from the 4th of January to the 4th of May we should have four months—and a month longer even if we should use December, which we do not now use—in which to pass the important bills and discharge our duty.

Mr. BINGHAM. May I say to the Senator that in accordance with the suggestion of the Senator from Washington [Mr. DILL] I have indicated a willingness to add one month more, making it five months in all, and extending the time to the 4th of June?

Mr. BORAH and Mr. DILL addressed the Chair.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I have stated my position. I am through, unless the Senator desires to ask me a question.

Mr. BORAH. Mr. President, this is the proposition which was submitted to the conferees when the joint resolution was before them at the last session. The conferees upon the part of the Senate were unable to agree to this amendment. It seemed to those representing the Senate that it did not obviate one of the great evils which flows from fixing a day certain upon which adjournment must be taken. Against that day all the forces which want to defeat legislation can play. Notwithstanding the length of time a session may last, important—in fact, the most important—legislation may come up, as we know it often does, right at the close or before the close of a session, and any Senators or any combination of Senators desiring to prevent legislation have that day certain against which to play for time. The fixing of a day certain for adjournment is the father of filibusters in the Senate, and as we know, the occasion for a filibuster may arise upon the first day of June just as much as it may arise on the first day of March. So by fixing a date in June we would not be obviating the great evil of a fixed day for adjournment.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Washington?

Mr. BORAH. I yield.

Mr. DILL. Does not the fact the Senator just mentioned, namely, that it is the day certain against which everything runs, involve a consideration that Senators have not thought about, namely, that if we do not fix a day certain on which to adjourn final adjournment will be almost indefinite, because there will always be many Senators and Members of the House of Representatives who want bills passed, and they will vote against final adjournment? At present, when there is no day fixed for adjournment of the long session every other year, another session of the same Congress convenes the following December, and Senators and Members of the House have an opportunity to procure consideration of their bills during that session; but if we should provide no fixed date for the adjournment of the second session Senators and Members of the House will be disposed to keep the Congress here.

Mr. BORAH. The Senator from Washington, an experienced legislator, knows that there is never any difficulty in securing final adjournment of Congress.

Mr. DILL. I do not want to be understood as agreeing to that, because there has never been an occasion in the history of Congress when we did not have another session at which we could bring up our bills.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BORAH. I yield.

Mr. FESS. I think there is a great deal of force in what the Senator says about fixing a time in the Constitution. It does make possible filibusters. There is the possibility of filibustering, though, without it, because we always decide by resolution at what time we will adjourn, and, of course, we can hold such a resolution off until the very last.

Mr. BORAH. We decide, but we very rarely decide until the business of the session has practically been completed or it is certain that it will be completed. We do not adopt resolutions providing for a final adjournment when there is any business still pending and undisposed of; and resolutions fixing a time certain for the two Houses to adjourn almost inevitably, so far as I know, follow the disposition of important business, because otherwise there would be serious objection to considering such a resolution. The more the Senator thinks about this matter the more readily will he see that the desire to get rid of the filibuster is entirely made futile if we fix a date certain for adjournment.

Mr. FESS. I admit that; that is obvious.

Mr. BORAH. But if the time for adjournment is within the discretion of the Congress, Congress can always exercise its judgment as to when it shall adjourn and, therefore, can always control the question of whether or not a particular time shall be fixed.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. If the Senate desires to rid itself of the possibility of filibuster, it can easily accomplish that end by changing its rules. The fact that the filibuster has persisted in spite of prolonged and repeated efforts to modify the rules so as to enable a Senator to force the previous question or pursue some similar method of closing debate argues conclusively that the Senate is not ready to abandon the filibuster in extreme cases. In other words, we have preserved the filibuster and we will not eliminate the filibuster by adopting the constitutional amendment proposed by the Senator from Nebraska; we will still preserve it. If we want to get rid of the filibuster, we can do it by simply providing for changes in our rules that will make impossible the carrying on of such process.

Mr. BORAH. It is practically impossible to adopt a rule which operates speedily enough to shut off a filibuster which may be organized in the last 48 hours of the session if there is a time fixed for final adjournment. The Senator has seen it happen here, and so have I, that a filibuster begins the night before the time fixed for adjournment. We have seen that happen three or four times, and it is practically impossible to get a rule to operate sufficiently speedily to prevent that kind of filibuster if there is a time certain fixed for adjournment.

Mr. ROBINSON of Arkansas. I do not agree to that. If the Senate adopted the rule of the House of Representatives, or of other legislative bodies, it could easily conclude debate at any time; it could limit debate; it could provide for such limitation on debate as to enable a Senator to take the floor at any time within a few hours of adjournment and move the previous question. Its rules could provide for a vote without further debate and thus conclude a question even during the very expiring hours of a session.

I took the floor merely to point out the fact that there is something strange about an effort to justify an amendment to the Constitution to end filibusters when the filibuster exists only by virtue of the rules that we ourselves have established and perpetuated.

Mr. BORAH. I do not desire to see any such rule as the Senator indicates adopted by this body; I would rather suffer the evils of the present provision of the Constitution. If the amendment to the Constitution fixing a day certain would superimpose upon us that kind of a rule I would much prefer to see the matter stand as it is. Only by the most rigid exacting rules, such as moving the previous question and other rules which would destroy the Senate as a deliberative body, could we preclude the possibility of a filibuster. I would not for one moment adopt any such rules if my vote were necessary to do so.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BORAH. Yes.

Mr. FESS. Would the Senator resist a rule that, say, during the last six days of the session no Senator shall speak more than once nor more than 30 minutes upon any question?

Mr. BORAH. I should want to reserve my discretion on a question of that kind.

Mr. FESS. That would end filibusters.

Mr. BARKLEY. Mr. President——

Mr. BORAH. I yield to the Senator from Kentucky.

Mr. BARKLEY. I should like to ask for the Senator's comment on this suggestion: If there is any virtue in limiting, by statute or by constitutional provision, the length of the second session of any Congress in order to protect the country against unwise legislation, why deny them the boon of the same sort of protection at the first session? If the Congress can not be trusted to act with discretion and

judgment and wisdom in the second session, by what sort of a miracle can we impute to them such patriotism and wisdom as that they can do it in the first session without inflicting irreparable damage upon the country?

Mr. BORAH. I agree with the Senator.

Mr. NORRIS. Mr. President, the Senator from Connecticut [Mr. BINGHAM] offers the amendment that was offered by the late Speaker of the House of Representatives. I do not care to comment on the Speaker's speech, which has been read here, because, under existing circumstances, I think it probably would not be right to get the ideas or the opinions of a man who is no longer living mixed up in this debate.

In a general way let me say that this proposition comes from the enemies of the joint resolution, the enemies of the amendment, men who have opposed it during most of the time it has been pending before the people of the United States. It is offered here by the Senator from Connecticut [Mr. BINGHAM], a man who has always opposed this joint resolution, who has always fought it.

I doubt whether I would be justified in telling the Senate what the impression made upon the conferees on the part of the Senate was at the time this matter was in conference; but the Senator from Montana [Mr. WALSH] is here, and the Senator from Idaho [Mr. BORAH] sits here at my right. They know the controversy that went on there; and this proposal did not come to us until the very closing hours of the session, just a few days before we were compelled to adjourn on the 4th day of March. We met regularly every day in that conference committee; and I think we were all impressed with the real thing that was behind this amendment—no compromise; nothing was possible, and we adjourned hopelessly divided.

Now, what is the proposition? It is for us to provide in the Constitution that no future Congress will be wise enough to know when to adjourn its second session. We are going to say here that a Congress that meets 40 years from now must adjourn on a particular day. Do we know enough to know when to quit? Maybe we ought to quit sometimes when we do not, but sometimes we have to quit when we ought not to be compelled to quit.

What is the objection to letting Congress determine when it shall adjourn? Then, too, as the Senator from Kentucky [Mr. BARKLEY] well said, you who are advocating this motion permit Congress in the first session to adjourn when it sees fit. Why not stop them then when they get up to a certain date in the calendar?

If you are going to limit a session, Senators, then you ought to limit the first session and not the last one. The last one is the more important of the two. If you want to limit a session, let me repeat, limit the first one and not the last one, because when the first one is limited you know that in that Congress there is still another session; but if you limit the second one, as far as that Congress is concerned, the last hope disappears and is gone.

I concede what the Senator from Arkansas [Mr. ROBINSON] says, that we could change the rules and stop all debate. By rule we could say that we could pass a bill before it is printed, as we have been asked to do to-day. We have an illustration of it right before us now in the proposal to take up Senate bill No. 1, when even the committee that was considering the amendments did not have them printed before it. The committee print is brought in here before the bill is printed for the use of the Senate, and one Senator after another is told that with the terrible condition just ahead of us, with everything going to the bowwows, we ought to pass the bill to-day.

Suppose you adopt this amendment and fix the 4th day of June as the day when you have to adjourn, and you have a President in the White House like we have now who sends a message up here on the 3d day of June, saying, "The country is going to be disrupted 12 hours from now unless you pass this legislation that I send up here," and we all tumble over each other to pass it, and we wake up the next day to find that we have all been "gypped" and fooled and nobody understood what they were doing, and you give it no consideration. If that happens in the first session, if that is limited, you can remedy it at the next session; but you can not remedy it if it happens in the second session. The Congress is ended, and unless the President should call you in session you have no way to reassemble.

We do not have any trouble about adjourning in the long session, where it is not limited. We always have some controversy over it, it is true. Some Members want to adjourn and some do not; but the majority determine the matter, and as a rule we adjourn early in June, sometimes in May. Sometimes, in case we have a tariff bill or some other very important legislation, we run through the summer months, or we take a recess and convene again. If you put this limitation on the second session, you can not do that, and you may want to do it. It may be that the very life of the country will be at stake at a time when you want to do it, but unless you have a President who will call you back you can not do it. We may be in the midst of a war, and the Congress may be in controversy with the White House; but when the gavel falls, even if you adopt this amendment, out you go, and there is no way for you to reassemble.

Why put that burden upon Congresses whose Members have not yet been born? Why not give them credit for having some sense? Let them decide when they will adjourn, as we decide in the long session now.

I want to tell you, Mr. President, that no filibuster ever made much headway unless it was in a session of Congress where the date of adjournment was definitely fixed by law; and it does not have to occur right before the 4th of March, either. It may happen in January or December, because every Senator and every Member of the House knows that every hour of the short session that is taken up, whether it is in December, January, February, or March, means that there is so much less time before the 4th of March; and if you start a filibuster in December its effect may be felt next March, when you come to the time to adjourn.

There is not any way to prevent things of that kind unless you let that Congress determine for itself when it shall adjourn, and that is a simple matter. Practically, with the exception of the short session, of course, we have always had that right. There may be a time in the history of the country, that may come next year or the year after that or 40 years from now, when to save its life Congress would not dare to adjourn, when the exigencies of the occasion would demand that they be in session. Let us not cripple those Congresses now by putting manacles upon their hands and upon their feet.

We can not foresee what is in the future; and therefore it seems to me we ought to let future Congresses have the right that we have had, to fix their own date of adjournment.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. FESS. The Senator knows that I have always supported this joint resolution whenever it came up.

Mr. NORRIS. Yes, sir.

Mr. FESS. But I have some sympathy with the suggestion of making a limit to one of the sessions, if it is not too short. I thought five months probably would be better than to make it unlimited. Has the Senator made any investigation as to why the States have limited the tenure of their legislatures? Our State does, and a great number of States do.

Mr. NORRIS. Yes; a great many States do, and I will say to my friend from Ohio that I would not have any particular objection to it in a State. The Congress of the United States, however, may have in its hands the very salvation and life of the country, as it has had in the past many times; and to say that at such a time we shall be compelled by the Constitution of the United States to adjourn, it seems to me, might turn out to be almost national suicide.

Mr. FESS. Mr. President, will the Senator yield to a question?

Mr. NORRIS. Yes.



Mr. FESS. I assume that the object in fixing the second day of January rather than the first Monday in January was to avoid the possibility of meeting on New Year's Day.

Mr. NORRIS. Let me say to the Senator that in the various forms which this joint resolution has gone through since it was introduced, a great many years ago, there have been some changes in the dates. As I introduced the joint resolution originally, I think it provided for the first Monday, or the first Tuesday after the first Monday, something of that kind, to avoid Congress meeting on the Sabbath day, as it will occasionally. The House committee at various times took it up, and while the joint resolution never got through the House in that form I had a great many informal discussions with Members of the House about this matter, and they were objecting to fixing a day of the week, and wanted to have a particular date named. Afterward we changed it here, and the last two or three times we passed it, I think, we have had a definite date.

It is true that there would come times when we would have to convene on Sunday; but it is true now that we are in session on Sunday every time the 4th of March comes on Sunday. That is a common thing; and, as far as I know, it has not interfered particularly with the Congress, nor has it affected anyone's conscientious convictions, so far as I know. Personally I would a little rather it would not be on the Sabbath day, but I think it is better to have a definite day.

For instance, the Constitution says the term of a Senator shall be six years. You would have to have Congress convene on a different date from the time he actually took office in order to have him serve exactly six years. You avoid all that by fixing a definite date.

I will say to the Senator, however, that the exact date, and whether it shall be a week day or a day of the month, are, of course, matters that do not go to the fundamental principles involved in the legislation; but this amendment does, in my judgment. So I am surprised that Senators of long experience should want, by a definite constitutional arrangement, to fix a positive date when Congress must cease work.

I say to Senators that they do not realize what that might mean. In my judgment, there is no occasion for it. I think we are competent to fix a definite date for final adjournment, as well as to fix a date to adjourn over the holidays.

Mr. DILL. Mr. President, all the Congresses which have ever assembled have been under the compulsion referred to. They have been compelled to terminate their short sessions on the 4th of March, and the country has not suffered greatly by that, as I see it.

Mr. NORRIS. The country has suffered a good many times, in my judgment. I have seen legislation defeated by a filibuster which nearly everybody wanted to see passed. I have seen much other legislation passed without due consideration, because everybody had something else he wanted to get through, and little time could be taken in analyzing a bill, in going through it, in debating it and discussing it, and asking questions about it; every moment was precious, and Senators would let an elephant go through in order to have enacted before the gavel fell at noon on the 4th day of March something they felt to be vital. It has meant injury to the country.

There are other changes in the Constitution of which I might speak, in answering the Senator's question as to whether we have not lived so long and nothing has hurt us. That may be true, but we do not know what is going to happen in the future. We can not tell.

I implore Senators to think of this deeply before they vote in favor of a proposition which, in my judgment, has no merit, and, secondly, has been an instrumentality of the enemies of this kind of legislation from the beginning.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. How can anyone tell with any degree of certainty that the country has not been damaged or injured because we have been living a century and a half under a system which we are now trying to change? How can anybody say how much better off the country would have been if the conditions had been different, if we had not been required to adjourn every other year on the 4th of March?

Mr. NORRIS. Of course.

Mr. BARKLEY. How can anybody be dogmatic about it?

Mr. NORRIS. I do not think anybody can be, I will say to the Senator. But in addition to that, in the early history of this country the importance of this kind of an amendment would not have been observed. There was a very small House of Representatives, a small Senate, and a small country, and the legislators had all the time they needed. But the country has been growing by leaps and bounds. Everybody knows now that it is impossible for us to complete the business of a session before the 4th of March. Even if the time should be extended a few months, there would probably come a time when we could not transact all the business of a session within the limits then in force, and there would have to be another change. Let Senators answer the question if they can. Why fix a date? Why not have faith enough in the Congresses which shall follow to believe that they will be able to fix their own date and fix it correctly?

Mr. McKELLAR. Mr. President, I will detain the Senate but a moment. I am very heartily in favor of the pending joint resolution as it is drawn.

There is one matter in connection with it to which I want to call the attention of Senators. Under the present provision we really do not have time to consider appropriation bills in the short sessions of the Congress.

Last year we appropriated $5,252,000,000 in about two months' time. I am a member of the Committee on Appropriations of the Senate, and I say to Senators that I believe every man on that committee did conscientious work, rendered faithful service in passing on those vast appropriations; but the bills passed on by the committee could not be properly considered by that committee, or by any committee, or by the Congress, or by either branch of it, for the reason that we did not have time. We were under terrific pressure every moment of the time after Congress convened.

When appropriation bills are brought over to the Senate from the House, the usual rule is that amendments only are really considered. We do not have time to go through the various provisions of the bills, either in subcommittee or in the full committee, or in the Senate or in the House.

The bill making appropriations for a particular department will be sent to Congress. If the House wants to add amendments, they are printed in italics. If the Senate wants to add amendments, they are printed in italics; and we consider only the amendments. In the Senate the bills are read for amendment. Bills carrying millions and sometimes hundreds of millions of dollars are passed by the two bodies without any consideration of the various items.

The junior Senator from Utah [Mr. KING], who does not happen to be in the Chamber at the moment, has constantly inveighed against that method of legislation. It is an imperfect method; but as long as we have a 3-month session or a 4-month session, or even if we shall have a 5-month session, we are going to have the same trouble.

Therefore I say to the Senate that, in my judgment, if we consider no other reason, this joint resolution should be agreed to. I think the other reasons advanced are splendid. It is urged, first, that if his amendment were put into the Constitution there would be no further filibusters. That furnishes a perfectly valid reason for adopting the amendment. The right of every Congress to say when it wants to adjourn is another valid reason. But one of the most important reasons to the people of this country is that Congress should have time to pass upon the great appropriation bills, appropriating billions of dollars of the people's money every year.

I believe that at the last short session, if the Senate Committee on Appropriations, composed of perfectly splendid men, patriotic men, men who are seeking to do their duty by their Government and by their country, had had ample

time, we would have saved hundreds of millions of dollars in the appropriation of the people's money. There were many items in those bills passed over without a word, which, if they had ever been debated, either in committee or in the Senate, would not have passed. So, if we want to have an economical Government, if we want to cut appropriations to such figures as they ought to be cut to, we should have more time.

The Senator from Nebraska said just a moment ago that we have a very different Government now from what we had when it was founded. Our forefathers, as farseeing as they were—and they were the most farseeing set of men who ever lived—did not realize that the time might come when the Congress would have to appropriate as much as $5,000,000,000 in one year.

Mr. President, it seems to me that this joint resolution ought to be passed, not only for the reasons which have already been advanced but for this additional reason, that the Congress should have time each session properly to pass upon the appropriations which are made. We have not that time now. If the amendment of the Senator from Connecticut should be adopted, we would not have time properly to do the work.

Five billion dollars is an immense amount of money. It ought not to be treated lightly. We frequently pass appropriation bills as a matter of course. I have known of appropriation bills carrying $100,000,000 being passed in an afternoon session. That should not be. It would not be done if we had the time in the short session to discuss the measures as they ought to be discussed.

Mr. President, I am heartily in favor of this joint resolution. The Senate has shown time and again that it is in favor of this amendment to the Constitution, and I believe that it ought to be passed, and that it ought to be passed at the earliest possible moment.

Mr. BINGHAM. Mr. President, I have a great deal of sympathy with what the Senator from Tennessee has said. Like him, I am a member of the Committee on Appropriations, and I have often been filled with regret at the haste with which we had to consider bills.

I would like to call his attention to the fact that, notwithstanding the fact that we have no constitutional necessity for adjourning early in June at the present time, we practically always do adjourn early in June, except in time of war. It is always possible, in time of great emergency, for the President to call an extra session. It is possible under the Constitution for the Congress itself to fix an earlier day of meeting. It would have been possible for Congress last March, before it adjourned, to decide to meet on the 1st of September, had it so chosen. But it did not so choose.

Under the amendment which I have proposed, which is slightly at variance with that proposed by Speaker Longworth, because it gives an additional month, instead of there being only two active months—namely, January and February—in the short sessions, for the consideration of appropriation bills, we would get five active months, January, February, March, April, and May, until the 4th day of June.

From my observation in the last few years, I am convinced that that would provide abundant time for the consideration of appropriation bills. Therefore, it seems to me, that that argument does not hold.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.

Mr. McKELLAR. The Senator makes the statement that Congress usually adjourns by June. I have been a Member of the Congress, counting my service in both Houses, for a little more than 20 years. There may have been another, but I do not recall more than one session of the long Congress in that long period of time when we adjourned by June, and never, so far as I can now recall, have we adjourned prior to that in the long session of Congress. The truth of the matter is that the sessions have extended to the latter part of July, sometimes until August, and, as Champ Clark used to say, until usually about the time the snow begins to fly.

Mr. BINGHAM. Mr. President, of course the Senator from Tennessee has taken advantage of the fact that I have been here for only 7 years while he has been here 20 or more, and his memory goes back much further than mine. I do not remember any Congress, except in war times, when we sat until the snow began to fly. We seldom have snow in Washington in July or August. I remember that three years ago we adjourned early in June. We have adjourned, in my recollection, about the 3d of July. But, after all, it would seem as though five months were a sufficient length of time to handle appropriation bills.

As the Senator from Nebraska has said, and in his report has mentioned, this proposed amendment to the Constitution has aroused great interest in the country. A great many newspaper editorials have appeared in favor of the so-called Norris "lame-duck" amendment. I have read a great many of those editorials. So far as I can recollect all of them refer to the fact that a Congressman elected in November of one year does not take his seat until December of the following year, and they are in favor of a Congressman taking his seat sooner after election. That is the point in which the country has been interested. But nothing has been said about that here to-day. In the amendment which I have proposed no change is made in that. There is merely a provision to prevent the continuous sitting of Congress for one reason or another.

It was pointed out in the debate in the House last year by Mr. GLOVER, of Arkansas, who spoke in favor of the Longworth amendment, that not only should Congress have a breathing spell, and the Members of Congress have a breathing spell, but "if we have a given task to be performed in a given time we will devote ourselves to that." He goes on to say:

> Another argument made by the Senator, I think, is worth being emphasized, and that is the fact that in presidential election years, regardless of whatever party is in power, politics would enter; if we were in power, of course, we would make it hard for you, and if you were in power you would do the same thing to us. In other words, politics would be played in Congress that ought not to be played. I believe we can finish our business in the presidential year by the time specified in this resolution, and that we can accomplish our purpose, and that we can go out and have a little rest ourselves and give the people one.

Mr. President, it has been pointed out by no less a distinguished person that Prof. Everett S. Brown, of the University of Michigan, in the American Political Science Review that—

> In public discussions of the proposed Norris "lame-duck" amendment, and in demands by Members of Congress for special sessions to meet temporary emergencies, the fact is often overlooked that Congress itself has the power to regulate the time of its meeting.

Then he goes on to point out the fact that these statements are not the result of theoretical speculation, but that prior to 1821 no fewer than 18 acts were passed by Congress appointing a different day for its meeting from that stipulated in the Constitution. I ask unanimous consent that his complete statement may be printed in the RECORD at the close of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See Exhibit A.)

Mr. BINGHAM. Mr. President, I regret the argument used by the Senator from Nebraska [Mr. NORRIS] that Members of the Senate should vote against my amendment because forsooth I introduced it, who was opposed and one of the very few persons opposed to the joint resolution as introduced by the Senator from Nebraska. That argumentum ad hominem, if I may be permitted to refer to something out of the old logic book which I once studied, is one which I think should not apply to an amendment to the Constitution. Either it should stand on its own merits or not. The fact that I introduced it ought not to count against it or in its favor.

It was adopted at length in the House and adopted by a very considerable majority. I think it is a reasonable amendment. It provides a five months' short session instead of what is at the present time practically a two months' short session. It in no way affects the "lame-duck" amendment. It in no way affects the curious situation whereby a Congressman elected in November does not

take his seat until a year from the following December. I hope very much that it may stand on its merits and that something may be done to prevent the things pointed out by former Speaker Longworth and by Mr. GLOVER.

As a matter of fact, if my recollection serves me—it has been called in question by the Senator from Tennessee [Mr. MCKELLAR] and therefore I am a little bit afraid to refer to it—there was a filibuster conducted by the distinguished Senators from Arizona [Mr. ASHURST and Mr. HAYDEN] on behalf of their State during a long session of Congress in which we had many daily sessions devoted to the consideration of the Boulder Dam question. There are times when there is no way in which a small State or a small group of States can protect what they believe to be their rights in connection with undesirable legislation other than by an effort to talk it to death, by taking up a lot of time and, in other words, conducting a filibuster. Once the Senate decides that that is an undesirable proceeding, it can be changed by rule. Under Rule XXII, once two-thirds of the Senate believe any legislation should be passed without further talk, it can be done and no great harm done.

Mr. President, I very much hope the amendment may be adopted.

EXHIBIT A

The time of meetings of Congress: In public discussions of the proposed Norris "lame-duck" amendment and in demands by Members of Congress for special sessions to meet temporary emergencies, the fact is often overlooked that Congress itself has the power to regulate the time of its meeting. The fourth section of Article IV of the Constitution provides: "The Congress shall assemble at least once in every year, and such meeting shall be on the first Monday in December, unless they shall by law appoint a different day." Under this provision the much-criticized rush of bills in the short session could easily be averted by an act convening Congress at an earlier date than the first Monday in December. So, too, a Congress whose final session was coming to a close could provide that its successor should meet immediately, instead of waiting until the following December. A Congress desirous of a special session on a problem like unemployment could call such a session irrespective of lack of action by the President, provided it could command a majority sufficient to override a possible presidential veto. Of course such action could be taken only while Congress was in session, because, under the provisions of the Constitution, the President is the only person who, between sessions, is empowered to call special sessions.

These statements are not the result of theoretical speculation, but rest firmly on the facts of our legislative history. Prior to 1821 no fewer than 18 acts were passed by Congress appointing a different day for its meetings from that stipulated in the Constitution. Before referring to these acts more in detail, it would perhaps clarify matters somewhat to recall to mind how March 4 was decided upon as a limit of presidential and congressional terms. Article VII of the Constitution provided that the instrument should go into effect when ratified by nine States. This was accomplished on June 21, 1788. In a resolution of September 13, 1788, the Congress of the Confederation, after providing dates for the choice of electors and the election of a President, set the first Wednesday in the following March as the time "for commencing the proceedings under said Constitution." The first Wednesday in March, 1789, fell on March 4. Lack of a quorum until April 6 prevented the counting of the electoral vote, and it was not until April 30 that Washington was inaugurated President. However, Congress decided that both congressional and presidential terms had begun on March 4, 1789, and by act of March 1, 1792, set March 4, 1793, as the date for the beginning of the next presidential term.

The First Congress adjourned its first session on September 29, 1789, but before doing so passed an act setting January 4, 1790, as the date of the beginning of its next session. This session ended on August 12, and, no further action being taken, the third session commenced on December 6, 1790, in accordance with the constitutional provision. A number of bills were introduced in the session with respect to the next meeting of Congress, and eventually by act of March 2, 1791, the date was set for the fourth Monday in October, 1791, more than a month before the date provided for in the Constitution. The precedent here established was followed with considerable frequency. The favorite date was the first Monday in November, no less than 10 of the 18 laws passed prior to 1821 selecting that day. The second, third, and fourth Mondays in November were also chosen, as were the fourth and last Mondays in October. Twice during this period—in 1809 and in 1813—the beginning of the short session was set by law for the fourth Monday in May. It is also worthy of note that nearly half of the acts passed by Congress related to the long session, emphasizing the fact that Congress was concerned not merely with the brevity of the short session. The calling of the first session of a Congress at an earlier date than that set by the Constitution shortened the period between the election of members and their active participation in legislation, thus meeting much of the criticism made against that situation.

Several questions of constitutional interpretation arose in connection with these laws. For example, the act of March 3, 1797, had fixed as the date of the meeting of the Fifth Congress the first Monday in November, 1797. But President John Adams called a special session for May 15. When this Congress met the question was raised whether the act passed at the last session fixing the date of the next meeting of Congress as the first Monday in November had not been superseded by the calling of the special session. Opponents of this interpretation held that although the President had power to call extra sessions, it was the business of Congress to fix the dates of annual meetings, and, therefore, the two powers could not be allowed to infringe upon each other. However, in order to avoid any misunderstanding on the subject a new law was passed fixing the meeting of Congress on the second Monday in November, with a clause repealing the former act. Many Members of Congress did not believe the new act was necessary and opposed it on the ground that to take such action would give the President the power to repeal a law and to do away with the provisions of the Constitution of this subject.

The special session called by President Adams met on May 15 and adjourned on July 10, 1797, and the regular session met on November 13, in accordance with the act passed by Congress. But what would happen if a special session called by the President had not completed its business prior to the date set for the next annual session? It was not long before this contingency arose. By the act of March 3, 1803, Congress provided that the next meeting should be on the first Monday of the following November. President Jefferson, however, called the Eighth Congress into special session on October 17, and Congress remained in session until March 27, 1804, thus continuing without a break through November 7, the date set by Congress, and through Monday, December 5, the day appointed by the Constitution for the regular annual session.

Nor was this a solitary instance. The first meeting of the Tenth Congress was convened by proclamation of President Jefferson on October 26, 1807, and remained in session until April 2, 1808, without any interruption on Monday, December 7, the constitutional day of meeting. The same was true of the Twelfth Congress, which was convened by proclamation of President Madison on November 4, 1811, and continued in session until July 6, 1812. Again, at the second session of the Thirteenth Congress a law was passed and approved April 18, 1814, setting the last Monday in November of that year for the next meeting of Congress. But a special session was called by President Madison for September 19, 1814, and it, too, continued through the day appointed by law and by the Constitution for the beginning of the session. The reports of proceedings in Congress fail to disclose any discussions of constitutional problems here involved. If there were any questions in the minds of Members concerning distinctions between regular sessions of Congress and special ones called by presidential proclamation, presumably they were not raised.

This practice, however, was not allowed to continue, and it was later established that a special session, whether convened by law or by proclamation, ends with the day set by the Constitution for the annual meeting. During the quarrel between Congress and President Johnson Congress passed an act, approved by the President on January 22, 1867, because he realized his veto would be futile, providing that "in addition to the present regular times of meeting of Congress there shall be a meeting of the Fortieth Congress of the United States and of each succeeding Congress thereafter at 12 o'clock meridian on the 4th day of March, the day on which the term begins for which the Congress is elected. The Fortieth Congress, convened under this law, was still in session when the day approached for the regular annual meeting. A resolution was passed by both Houses that the President of the Senate and the Speaker of the House should adjourn their respective Houses without day on Monday, December 2, at 12 o'clock. In accordance with this concurrent resolution, on Monday, December 2, the presiding officers of the two Houses declared the Houses adjourned sine die. Immediately thereafter the Houses were called to order in the second session. The act of January 22, 1867, which applied to three Congresses—the Fortieth, Forty-first, and Forty-second—was repealed April 20, 1871.

On October 15, 1877, the Forty-fifth Congress met in special session on the call of President Hayes, and it remained in session until December 3, the day appointed by the Constitution for the regular meeting of Congress. During the morning session on December 3, by concurrent resolution it was resolved to be the judgment of the two Houses that the current session of Congress expired by operation of law at 12 o'clock meridian on that day. The two Houses then agreed to the usual resolution authorizing the appointment of a joint committee to wait on the President and inform him of the adjournment. At 12 o'clock the new session was called.

The precedent here established was followed in later sessions. In the Fifty-eighth Congress President Roosevelt called a special session for November 9, 1903. The House adjourned on Saturday, December 6, but the Senate was still in session on Monday, December 7. At 12 o'clock on that day the President pro tempore of the Senate announced that the hour provided by law for the meeting of the first regular session of the Fifty-eighth Congress had arrived and declared the extraordinary session adjourned sine die. Immediately the Senate was called to order in regular session, as was also the House, and the second session of the Fifty-eighth Congress commenced. Almost identical action was taken by the Sixty-third Congress, when called into special session by

President Wilson on April 7, the session continuing to Monday, December 1, when it was adjourned in order that the regular session might commence.

The stand here taken by Congress is an important one in the maintenance of the theory of the separation of powers in our National Government. If no distinction were made between special sessions called by the President and regular sessions provided by the Constitution, and if special sessions were to extend over the date set for regular meetings, the President would be able to exert undue pressure on the legislative branch of the Government. On the other hand, the action of Congress in its conflict with President Johnson illustrates the extent of its power to meet practically continuously, provided it has sufficient strength to override the presidential veto.

An attempt of the Twenty-fourth Congress, in 1836, to fix the date of the annual meeting of Congress on the first Monday in November in every year was vetoed by President Jackson because the same act contained a provision fixing the second Monday of May as the day of adjournment of the first session of all succeeding Congresses. Jackson admitted without question the power of Congress to fix, by law, a day for its regular annual session. But the attempt to set a definite date for the adjournment of all succeeding Congresses he regarded as unconstitutional.

It is interesting to note that, in contrast with the frequent acts of Congress prior to 1821 changing the dates of its meetings, only one law for that purpose has been passed since 1821. This was the act of January 22, 1867, which, as already noted, grew out of Congress' distrust of President Johnson. In recent years Congress has seemed content to let the President call special sessions rather than exercise its power to change the date of its meetings. Undoubtedly the development of the party system and of the party leadership of the President has had much to do with the present situation. But the fact remains that Congress has the power to change its times of meeting, just as it did so often in its earlier history. A constitutional amendment is not necessary to enable a newly elected Congress to meet for its first session on, or immediately after, March 4 following its election or to enable Congress to fix the dates of annual sessions. A change in the date of the inauguration of the President or of the beginning of the terms of Congressmen would require a constitutional amendment, and it is, perhaps, the combination of these provisions with the sessions of Congress in the Norris proposals which has obscured somewhat the real power of Congress over the time of its own meetings.

EVERETT S. BROWN.

UNIVERSITY OF MICHIGAN.

Mr. BARKLEY. Mr. President, I have no desire to detain the Senate more than a few moments. In the first place, I doubt very seriously whether the framers of our Constitution ever contemplated what we know as the short session of Congress. While in the original document they provided that Congress should meet on the first Monday in December every year, they likewise provided that the Government of the United States which was to be formed under that Constitution should not begin operation until certain preliminary things had occurred that enabled it to be represented not only in its legislative branches but in its executive department likewise.

The Constitution which had been framed by the Philadelphia convention had to be submitted to all the States, and there was no way to know how long it would require to secure its adoption. It provided that 9 of the 13 States should adopt it or ratify it before it could become effective. There was no way to foresee when the ratification by the ninth State would transpire. Then it provided for a series of events that should occur after the final ratification, including the election of Members of Congress and including the selection of members of the Electoral College who were to elect a President, all of whom had to be elected before the Government could begin operation. It so happened that the last date fell on the 4th day of March. There is nothing in the Constitution about the 4th day of March. There is nothing in the Constitution about a short session. After reading the proceedings of the Constitutional Convention and the amendments and motions offered by members of it, it is my conclusion, and the conclusion, I think, also of many able writers on the Constitution, that the convention really meant that the first session which should be held after the adoption of the Constitution and inauguration of the Government should be in the December following the November election, instead of the December, 13 months later.

But in view of the fact that a series of accidental occurrences brought the date for the beginning of the Government over to the 4th day of March, which was nowhere mentioned in the Constitution, and therefore, by long practice and finally by consummation of statute, the 4th day of March was fixed as the date when new terms should begin, not only for the President of the United States but for Members of Congress, it transpired that Members elected in November did not take their seats until the following March, and, therefore, the first session of Congress which could be held after that date necessarily had to be the following December, which was 13 months after they were elected. I do not believe it was ever the intention of the framers of the Constitution that there should be any legal distinction between the first and second sessions of the Congress of the United States. So much for that.

Mr. President, in view of the fact that it was not, in my judgment, the intention of the framers of the Constitution to limit any session of Congress by fixing an arbitrary date of adjournment it seems to me that it would be presumption on our part that we possess more wisdom than any future Congress can possibly possess with reference to the date when it ought to adjourn. I do not believe we possess any greater wisdom than Congresses that may meet hereafter will possess. I do not believe it is within our province, nor is it within our duty or our wisdom or our ability, to foresee the future events of our country and say to any future Congress that they shall stay in session three months or four months or five months or any other limited time. We ought to leave it to them. I think the chances are they will have as much vision as we have. I think the chances are fair that they will be as intelligent as we are.

I certainly think, in view of the changing exigencies of our country, the multiplication of the duties of Congress, the vast ramifications of all the activities with which we are compelled to deal, that it is certainly unwise to say to any Congress that may meet 100 years from now: "Whether you have finished your business or not you must adjourn on the 4th day of some March," because forsooth we desire to get out early in the year of election in order that we may devote ourselves to our campaign for reelection. It is not a matter of any importance, in my judgment, compared to the fundamental law of our country with reference to the fixing of dates for sessions of Congress to begin or terms of office to begin. Therefore I hope the amendment will be defeated and that we will at least leave it to the discretion and judgment and wisdom of Congresses which are to meet in the years to come to determine when they shall finish their duties, and allow them to leave it to their constituents as to whether they have acted wisely or unwisely.

Mr. DILL. Mr. President, I notice that the Senator from Nebraska [Mr. NORRIS], in speaking against the amendment, suggested that it was an amendment presented by enemies of the measure. I want to say that if there is anyone in the Senate who is anxious to see this joint resolution become a part of the Constitution it is myself. But that does not preclude me, I hope, as a friend of constitutional government, from supporting an amendment that is wise, even though it may come from those who may have opposed the resolution in the past. If my memory serves me correctly, the resolution as reported to the Senate some years ago contained a limitation as to the time when the second session should adjourn. I may be wrong in that, but that is my recollection of the matter. The friends of the measure then, as I recall, did not feel that it was so terribly dangerous.

I believe Senators do not consider what it will mean to bring a Congress to a close when there is no opportunity to pass upon bills in which they are interested after they have voted for final adjournment. In every instance in the past when Congress adjourned voluntarily there has always been the next session of Congress at which the bills may be considered. It is only because the Constitution itself compels adjournment on the 4th of March that we have had to adjourn on that date.

I recognize the objections to filibusters. I recognize, it is possible that there will be filibusters even if the sessions run for five months. But I believe that an orderly government should not have the legislative body in session continuously. I believe there ought to be a time when the

work of the legislative body would come to a close in the year in which politics is uppermost in the minds of both the executive and the legislative branches of the Government. I think when we allow an unlimited time for the first session and allow approximately five months for the second session we are not endangering the country, as the Senator from Nebraska suggests.

Let me say also that I believe the adoption of the amendment of the Senator from Connecticut will hasten the submission of the constitutional amendment to the States by the House of Representatives. I recall that in the last session, when the House voted for the resolution and the matter went to conference, I stated then that I hoped the Senate would reach a compromise. I believe in the proposal as a matter of principle, and I believe the custom forced upon us by the present system of Congressmen and Senators not taking their seats and beginning their duties for 13 months after election is so hurtful to the working of popular government that this is a matter of not such great importance in comparison.

I believe, therefore, that if the amendment limiting the time to June 4 shall be adopted, the joint resolution will go through the House without any amendment whatsoever; that it will be submitted to the States and ratified probably more quickly than any amendment that has ever been submitted. On the other hand, if we do not adopt it, the House of Representatives will probably do what it did before and we shall find ourselves tied up in another conference jam, with no resolution submitted to the States, and the present objectionable situation continued.

Personally I am not worried about filibusters. I have seen a number of filibusters and I have read of a good many others. It has been my observation that very little legislation that the country really wanted and especially that the country really needed has been prevented of passage by filibuster. Any important legislation that has been prevented by the closing of the Congress on the 4th of March or by a filibuster has been very properly and quickly passed by the Congress that met in the following December. The fact of the matter is the country has been saved much legislation from which, in my judgment, it should have been saved by the fact that the Congress was compelled to adjourn on the 4th day of March.

It sounds very well for Senators to say that Congress has so much judgment that it may be depended upon always to adjourn when the best interests of the country demand, but our history does not seem to justify that statement.

Furthermore, when we allow five months from the meeting of the second session during which Congress may legislate we have not hampered it in the matter of time. For that reason, I intend to support the amendment proposed by the Senator from Connecticut [Mr. BINGHAM], and, of course, if it shall be defeated, I shall support the joint resolution, and I hope that it will be passed by the House of Representatives at an early date.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Connecticut [Mr. BINGHAM].

Mr. BINGHAM. I suggest the absence of a quorum.

Mr. McNARY. Let us have the yeas and nays.

Mr. BINGHAM. Very well, I withdraw the suggestion.

The VICE PRESIDENT. The suggestion of the absence of a quorum is withdrawn, and the yeas and nays are demanded. Is the demand seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. I understand, however, that on this vote I am released from that pair. Therefore I am permitted to vote, and vote "yea."

Mr. KENDRICK (when Mr. CAREY's name was called). On this vote my colleague [Mr. CAREY], who is unavoidably absent, is paired with the Senator from Ohio [Mr. BULKLEY].

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). As previously announced, I am paired for the day with the senior Senator from Virginia [Mr. SWANSON]. I do not know how he would vote on this question. If I were at liberty to vote, I should vote "nay."

Mr. MOSES (when his name was called). I have a general pair with the Senator from Louisiana [Mr. BROUSSARD]. He being absent, and not knowing how he would vote, and being unable to secure a transfer, I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). I have a pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, and not knowing how he would vote on this question, I withhold my vote.

Mr. SMITH (when his name was called). On this question I have a pair with the Senator from Indiana [Mr. WATSON] and therefore withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. JONES. I find that on this question I can transfer my pair with the Senator from Virginia [Mr. SWANSON] to the junior Senator from Nebraska [Mr. HOWELL]. I do so and will vote. I vote "nay."

Mr. KING. On this vote I am paired with the Senator from Minnesota [Mr. SCHALL]. Not knowing how he would vote, I withhold my vote.

Mr. BARKLEY. I have a pair with the senior Senator from Colorado [Mr. WATERMAN], which I transfer to the senior Senator from Massachusetts [Mr. WALSH], and vote "nay."

Mr. BYRNES. I have a general pair with the junior Senator from Nevada [Mr. ODDIE]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. McKELLAR (after having voted in the negative). I have a pair with the junior Senator from Delaware [Mr. TOWNSEND], who, it seems, is not present. I transfer that pair to the junior Senator from North Carolina [Mr. BAILEY] and allow my vote to stand.

While I am on my feet, I desire to announce that the senior Senator from Arkansas [Mr. ROBINSON] is unavoidably absent and is paired with the Senator from Pennsylvania [Mr. REED].

Mr. MOSES. I find that I may transfer my pair with the senior Senator from Louisiana [Mr. BROUSSARD] to the junior Senator from Connecticut [Mr. WALCOTT]. I make that transfer and vote "yea."

The result was announced—yeas 18, nays 47, as follows:

YEAS—18

Austin	Fess	Kean	Patterson
Barbour	Glenn	Keyes	Tydings
Bingham	Goldsborough	Lewis	White
Dickinson	Hale	Metcalf	
Dill	Hebert	Moses	

NAYS—47

Barkley	Couzens	Hull	Norris
Blaine	Cutting	Johnson	Nye
Borah	Dale	Jones	Sheppard
Bratton	Davis	Kendrick	Shipstead
Brookhart	Fletcher	La Follette	Shortridge
Bulow	Frazier	Logan	Steiwer
Capper	George	McGill	Thomas, Idaho
Caraway	Gore	McKellar	Thomas, Okla.
Connally	Harris	McNary	Wagner
Coolidge	Hatfield	Morrison	Walsh, Mont.
Copeland	Hawes	Neely	Wheeler
Costigan	Hayden	Norbeck	

NOT VOTING—30

Ashurst	Glass	Robinson, Ark.	Trammell
Bailey	Harrison	Robinson, Ind.	Vandenberg
Bankhead	Hastings	Schall	Walcott
Black	Howell	Smith	Walsh, Mass.
Broussard	King	Smoot	Waterman
Bulkley	Oddie	Stephens	Watson
Byrnes	Pittman	Swanson	
Carey	Reed	Townsend	

So Mr. BINGHAM's amendment was rejected.

The VICE PRESIDENT. The joint resolution is before the Senate and open to amendment. If there be no further amendment, the joint resolution will be ordered to be engrossed for a third reading and read the third time.

The joint resolution was ordered to be engrossed for a third reading and read the third time.

The VICE PRESIDENT. The joint resolution having been read the third time, the question is, Shall it pass?

Mr. NORRIS and Mr. McKELLAR called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence, and being unable to obtain a transfer, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. BYRNES (when his name was called). I have a pair with the junior Senator from Nevada [Mr. ODDIE]. I understand that if present he would vote "yea." As I intend to vote the same way, I feel at liberty to vote and vote "yea."

Mr. KENDRICK (when Mr. CAREY's name was called). Once more I desire to announce the unavoidable absence of my colleague [Mr. CAREY] and to say that he is paired with the Senator from Ohio [Mr. BULKLEY].

Mr. HASTINGS (when his name was called). I am paired with the junior Senator from Alabama [Mr. BANKHEAD]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I understand that the Senator from Virginia [Mr. SWANSON], with whom I am paired for the day, would vote as I shall vote. Therefore I am at liberty to vote. I vote "yea."

Mr. KING (when his name was called). I have a pair with the Senator from Minnesota [Mr. SCHALL]. Not knowing how he would vote, I withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. McKELLAR (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND], which I transfer to the junior Senator from North Carolina [Mr. BAILEY], and will vote. I vote "yea."

Mr. MOSES (when his name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. As he is absent, I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is detained at his home by illness. I understand that if he were present he would vote as I expect to vote. Therefore I am free to vote. I vote "yea."

The roll call was concluded.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). I have a general pair with the Senator from Pennsylvania [Mr. REED]. I understand that if present he would vote as I have voted, and I therefore allow my vote to stand.

Mr. NORRIS. I desire to announce the unavoidable absence of my colleague [Mr. HOWELL]. If he were present, he would vote "yea" on this question.

Mr. BINGHAM. The junior Senator from Virginia [Mr. GLASS], with whom I have a general pair, is detained on business of the Senate and is unable to be present. If he were present, he would vote "yea."

Mr. BARKLEY. I transfer the pair which I have heretofore announced with the senior Senator from Colorado [Mr. WATERMAN] to the senior Senator from Mississippi [Mr. HARRISON] and will vote. I vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Alabama [Mr. BLACK], the Senator from Virginia [Mr. SWANSON], the Senator from Mississippi [Mr. HARRISON], the Senator from Virginia [Mr. GLASS], the Senator from Ohio [Mr. BULKLEY], and the Senator from North Carolina [Mr. BAILEY] are necessarily detained on official business.

The result was announced—yeas 63, nays 7, as follows:

YEAS—63

Ashurst	Caraway	Fletcher	Johnson
Austin	Connally	Frazier	Jones
Barbour	Coolidge	George	Kean
Barkley	Copeland	Glenn	Kendrick
Blaine	Costigan	Gore	Keyes
Borah	Couzens	Hale	La Follette
Bratton	Cutting	Harris	Lewis
Brookhart	Davis	Hatfield	Logan
Bulow	Dickinson	Hawes	McGill
Byrnes	Dill	Hayden	McKellar
Capper	Fess	Hull	McNary
Morrison	Robinson, Ark.	Thomas, Idaho	Walsh, Mass.
Neely	Robinson, Ind.	Thomas, Okla.	Walsh, Mont.
Norbeck	Sheppard	Tydings	Wheeler
Norris	Shipstead	Vandenberg	White
Nye	Steiwer	Wagner	

NAYS—7

Dale	Hebert	Patterson	Watson
Goldsborough	Metcalf	Smith	

NOT VOTING—25

Bailey	Glass	Pittman	Townsend
Bankhead	Harrison	Reed	Trammell
Bingham	Hastings	Schall	Walcott
Black	Howell	Shortridge	Waterman
Broussard	King	Smoot	
Bulkley	Moses	Stephens	
Carey	Oddie	Swanson	

The VICE PRESIDENT. On this question the yeas are 63, the nays are 7. More than two-thirds of the Senators present having voted in the affirmative, the joint resolution is passed.

The joint resolution as passed is as follows:

Resolved, etc., That the following amendment of the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided by the Constitution:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 15th day of January, and the terms of Senators and Representatives at noon on the 2d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 2d day of January, unless they shall by law appoint a different day.

"SEC. 3. If the House of Representatives has not chosen a President, whenever the right of choice devolves upon them, before the time fixed for the beginning of his term, then the Vice President shall act as President, as in the case of the death or other constitutional disability of the President. The Congress shall by law provide for the case of the failure to choose the Vice President before the time fixed for the beginning of his term, declaring what officer shall then act as President, and such officer shall act accordingly until the House of Representatives chooses a President or until the Senate chooses a Vice President.

"SEC. 4. This amendment shall take effect on the 15th day of October after its ratification."

EXECUTIVE SESSION

Mr. McNARY obtained the floor.

Mr. McKELLAR. Mr. President, will the Senator from Oregon yield to me?

Mr. McNARY. I yield for a question.

Mr. McKELLAR. The Senator will recall that when I made the motion to proceed with the consideration of the joint resolution that has just passed I announced that I should thereafter make a motion to proceed to the election of a President pro tempore.

Mr. McNARY. I hope the Senator from Tennessee will be willing to defer his motion for another day. I promised a number of Members of the Senate that we should have an executive session preceding this vote. I can not yield for the purpose the Senator mentions.

Mr. McKELLAR. I will let it go over, then, for the present; but I desire, of course, to carry out that statement made in good faith.

Mr. McNARY. Very well.

I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

Mr. MOSES, from the Committee on Post Offices and Post Roads, reported favorably certain nominations for the calendar.

Mr. DILL, from the Committee on the Judiciary, reported favorably, for the calendar, the nomination of Leroy M. Sullivan, of Alaska, to be United States attorney, district of Alaska, division No. 2.

THE CALENDAR

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order.

DEPARTMENT OF JUSTICE

The Chief Clerk read the nomination of James M. Morton, jr., of Massachusetts, to be circuit judge, first circuit.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes have it, and the nomination is confirmed.

The Chief Clerk read the nomination of John Knight to be district judge, western district of New York.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes have it, and the nomination is confirmed.

The Chief Clerk read the nomination of William F. Rampendahl to be United States attorney, eastern district of Oklahoma.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes have it, and the nomination is confirmed.

The Chief Clerk read the nomination of Edward W. Wells to be United States attorney, eastern district of Pennsylvania.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes have it, and the nomination is confirmed.

That completes the calendar.

The Senate resumed legislative session.

REPORT OF INTERSTATE COMMERCE COMMISSION ON COORDINATION OF MOTOR TRANSPORTATION

Mr. METCALF. I ask to have printed as a document the report of the Interstate Commerce Commission on the coordination of motor transportation.

The VICE PRESIDENT. Without objection, it is so ordered.

ADJOURNMENT

Mr. McNARY. I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 36 minutes p. m.) the Senate adjourned until to-morrow, Thursday, January 7, 1932, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 6, 1932

CIRCUIT JUDGE

James M. Morton, jr., to be circuit judge, first circuit.

DISTRICT JUDGE

John Knight to be district judge, western district of New York.

UNITED STATES ATTORNEYS

William F. Rampendahl to be United States attorney, eastern district of Oklahoma.

Edward W. Wells to be United States attorney, eastern district of Pennsylvania.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 6, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We are grateful, blessed Lord God, that our thoughts go along the way of life. We are blest with the mercy of understanding, though sometimes we are unwise. We are not children of darkness, though sometimes we sit in the shadows. We praise Thee that the world to us is a call to service and life. Grant us such a warmth of soul, such a sense of God speaking within that we shall breathe a new consciousness that Thou art our Father. Bless us with the simplicity of childhood that we may know that the highway of a good inspirational life is the way of love and trust. In the name of Jesus we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

CALENDAR WEDNESDAY

Mr. BANKHEAD. Mr. Speaker, this is Calendar Wednesday, and, as I understand, there are no bills on the calendar for consideration to be called up at this time. Therefore I ask unanimous consent that business on the Calendar Wednesday calendar be dispensed with to-day.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. BANKHEAD]?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, we start off now with the objections that are made every session. Nobody knows it better than the distinguished gentleman who now graces the chair. In fact, there was a great deal of discussion whether the rules ought to be changed with regard to that. Naturally, this is the first Wednesday, and I suppose there is no committee ready on the call, but I think it is well that all chairmen of committees and all committees know that hereafter there will be objections made to suspending Calendar Wednesday, so that we will not hear the same old cry and the same old story, which is justified, that at the end of the session the committees have not had their call. Does the gentleman know which would be the first committee?

Mr. BANKHEAD. I do not know.

Mr. LaGUARDIA. I doubt very much whether they have anything, but I am sure the gentleman from Alabama agrees with me.

Mr. BANKHEAD. Of course, I agree with what the gentleman has said, that we should, as far as possible, preserve the integrity of Calendar Wednesday, and go forward with the business of the committees, but, as the gentleman recognizes, this is the beginning of the session, and there is no business that is urgent to be reported by any committee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

GOVERNMENT EMPLOYEES' WAGE REDUCTION AND GOVERNMENT EXPENDITURES

Mr. FREAR. Mr. Speaker, at the request of several Members I ask unanimous consent to insert in the RECORD at this point a short letter which I have written to the chairman of the Committee on Expenditures in regard to expenditures and revenues of the Government.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The matter referred to is as follows:

JANUARY 4, 1932.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures.

MY DEAR MR. CHAIRMAN: The press announces you are this week calling before your committee colleagues who have introduced bills drastically curtailing the incomes of many thousands of Federal employees, offered on a plea that they are justified by Federal Budget conditions.

The testimony of witnesses necessarily involves their understanding of sacrifices and disastrous effect of proposed reductions on modest incomes, in many cases pledged long in advance by thousands of such employees. One of the eminent witnesses offering the proposal states in his biography he is director and treasurer of three large business concerns and also president of a bank, while another able colleague with a like proposition opened up a prosperous oil field which bears his name and has other large business interests.

Everyone congratulates these witnesses on their good fortune, but with large outside incomes they may have no fair conception of conditions confronted by those depending on a modest stipend with which to meet living conditions and other obligations. The latter army of employees no doubt would gladly pay large income taxes if similarly situated, at rates now less than one-half those levied by other countries seeking to balance their budgets.

The problem presented is contrary to a policy of granting fairly liberal exemptions to small incomes, largely secured through the active aid of the present Speaker of the House with the tacit consent of the Treasury Department. A serious objection is urged against any Pecksniff salary-shaving policy when shown that under the present system of congressional extravagance our national annual appropriations have increased in the past 20 years from about $726,400,000 in 1911 to $4,220,000,000 in 1931, in round numbers, or nearly a 500 per cent increase, whereas the population increased only about 15 per cent in that same period. Extravagant Federal subsidies to various favored interests have also been responsible in part for heavy tax burdens borne by the States and

by every taxpayer, all of which can be set forth more specifically, if desired.

The same press notice of income cutting of Government employees carries headlines that the House Naval Committee is to urge a new $700,000,000 naval building program to include 120 war vessels, some of which are to replace ships that become obsolete in a few years and are then sunk as targets to secure parity with Great Britain. No more danger of war is apprehended from Great Britain than from Canada or Cuba, but it offers a good excuse to the great navy propagandist.

Reference to the same 20-year increase in national expenditures gives $308,522,579 for War and Navy bills in 1911 and $843,312,839 in 1931, or upwards of nearly a billion dollars now annually for war apart from the enormous naval program, just presented. All in times of peace following a war to end wars, in which we expended some $30,000,000,000 or more to attain that end, and yet to-day are threatened with repudiation of international debts reaching $11,000,000,000 loaned to our Allies. War programs disclose the stupendously extravagant policy now pursued by Congress in the hands of its "war" advisers, following pressure by ship-building companies formerly represented by Mr. Shearer, navy yard, or other interests.

Closely allied to this question is a recent charge by a high naval authority of the House that we are cultivating a great flock of naval butterflies at Newport and elsewhere, and the charge that the Secretary of the Navy sent 30 warships last summer to exploit a business venture on Long Island. To the latter charge the Secretary is reported by the press to have replied it is a custom to extend favors to those in a position to demand them. This is all a proper subject for congressional investigation, but relates to your committee because Congress should halt any increase of naval or military butterflies during present financial conditions. Also any proposed decrease of Federal employees' pay should extend to every officer of the Army or Navy, whether butterflies or hard-working employees, like many thousands of those whose service from 20 to 40 years with the Government is proposed now to be rewarded by drastic salary cuts. I believe several of my colleagues should be heard to this same effect before any report is seriously considered by your committee recommending either of the proposed bills.

Sincerely yours,

JAMES A. FREAR.

FIRST DEFICIENCY APPROPRIATION BILL

Mr. BYRNS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other pruposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the first deficiency appropriation bill, with Mr. MOREHEAD in the chair.

The Clerk read as follows:

The amount authorized to be deducted from appropriations for the fiscal year 1932 for the Indian Service and placed to the credit of the appropriation for contingent expenses, Department of the Interior, for the purchase of stationery supplies, is hereby increased from $50,000 to $60,000.

Mr. BLANTON. Mr. Chairman, on page 15, line 13, I move to strike out the words "for the fiscal year 1932."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 15, line 13, strike out the words "for the fiscal year 1932."

Mr. BLANTON. Mr. Chairman, ladies, and gentlemen, during this year our people back home, in large numbers, are expecting to come to Washington. School children by the thousands will visit here. Just now in Washington we have one of the best taxicab services ever known in our history. You can get in a taxicab now and ride anywhere in the city proper for 20 cents. The street railways, which for so long robbed the people here with a 10-cent fare, have lost much of their patronage. Because of the influence of the electric-railway system in Washington and their subsidiary bus lines in Washington the Public Utilities Commission, which just now is composed of one man, has been prevailed upon to order that all of these 20-cent taxicabs be taken off the streets of Washington, in that all taxicabs next Saturday must be put back upon a meter basis.

I want to call to your attention what is going to happen. The other evening I had occasion to drive out into the northwest section of the city, close to the Roosevelt Hotel. I ordered a taxicab. I thought it was a 20-cent taxicab. I did not know you could miss one, there are so many of them. By mistake I got into a meter car, and when I got out I handed him a dollar bill and he gave me back 10 cents, and he expected me to give him that 10 cents for a tip. He charged me 90 cents instead of 20 cents. If meter cars now will charge a Member of Congress 90 cents to take him where there are 1,500 twenty-cent taxicabs anxious to take him for 20 cents, what will they do if they are put back on a meter basis?

They are planning to rob the people of this Nation who this year are to come to Washington to attend the George Washington Bicentennial celebration, for which we are now making preparation. General Patrick is the man who has ordered these taxicabs back to the meter system.

I think I speak the sentiments of the Members on the other side of this Capitol as well as of the Members of this House, when I say that we should give General Patrick to understand that Congress is not going to stand for returning to the meter system. Who is complaining? All of the 20-cent taxicabs are anxious to remain in business. They are willing to carry people for 20 cents. They are anxious to carry people for 20 cents. They are protesting the action of General Patrick in ordering them back to the meter system. Why should we go back to that system?

Hundreds of these deserving men who are driving these 20-cent taxicabs are ex-service men with wives and children to support. They could find no other job. They are making a living. Their families have shelter, clothing, food, fuel, and necessities of life. If they are run off the streets, which they will be if this order to go on a meter basis prevails, they will have no jobs and their wives and children will starve. They bravely served their flag and country during the war, and we must see that they get a square deal here in Washington.

There is no one else fostering this proposition other than the street-car companies, which for 15 years we have been trying to get back to their charter price of 5 cents, and which for so long we tried to keep from charging little school children 10 cents—70,000 Washington school children. They and the bus companies and the Black and White and Yellow Taxicab monopoly are the only ones who are pushing this meter proposition.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LaGUARDIA. The gentleman will recall that when we did fix the rate for the school children they delayed putting it into effect for one month.

Mr. BLANTON. Why, certainly. If you will go to the depot right now, the Union Station, you will find the greatest monopoly that exists in the United States. There is just one taxicab company that can go into that depot, and when your people come here they must use those meter taxicabs. I hope that before this session adjourns this Congress will protect the rights of the people of this Nation and will stop the infamous taxicab monopoly that exists at our Union Station. [Applause.]

Mr. PATTERSON. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. PATTERSON. Should we not do something now and before it goes too far?

Mr. BLANTON. I have already prepared a resolution, and I am going to get Chairman BYRNS to offer it to-day, and if you will pass it unanimously, if Mr. Patrick has any sense at all, he will know that Congress is not going to allow him to put this over on the people, and he will withdraw his meter order.

Mr. PATTERSON. Let us impeach him.

Mr. BLANTON. He ought to understand the sentiment of this House right now, and if he persists in putting his order into effect after we pass this resolution, we can then take drastic action against him to stop it. The people here

are up in arms about it. It is not only unfair to the people of the District of Columbia but it will be unfair to all of the people in every one of the 435 districts of this Nation who will come to Washington during the year.

Mr. BYRNS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BYRNS. I agree with every word the gentleman from Texas has said with reference to this matter. I want to ask him whether or not a date has been fixed when this order will go into effect?

Mr. BLANTON. Yes. It is to go into effect next Saturday, unless the courts stop it by injunction.

Mr. BYRNS. I hope the gentleman will pass his resolution.

Mr. BLANTON. I was in conference this morning with corporation counsel, Mr. Bride.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLTON. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. COLTON. Is it not true that under the order which has been made the taxicabs in the District will be forced to install meters?

Mr. BLANTON. Yes. He has entered an order that on next Saturday they all shall install meters, and that means this, that if the meter taxies now charge a Member of Congress 90 cents to go from here to the Roosevelt Hotel when we have hundreds of 20-cent taxicabs available, that when they put the meter system back into force, and we have only meter cars, they will charge $1.50 to go from here to the Roosevelt Hotel.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LAGUARDIA. If the gentleman will get in his resolution, it will pass this House in two minutes.

Mr. BLANTON. Of course it will. And I will get Chairman BYRNS to offer it and pass it to-day. The reason I have taken this time is that I wanted Mr. Patrick to understand that it is the universal sentiment of this House that he must retract that meter order, as we are not going to stand for it. [Applause.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

Emergency reconstruction and fighting fires: For an additional amount for emergency reconstruction and fighting forest fires in national parks, fiscal year 1932, $55,000: *Provided*, That these funds shall be available for reimbursement of park appropriations for the amounts transferred therefrom under the authority contained in the Interior Department appropriation act for the fiscal year 1932.

Mr. KETCHAM. Mr. Chairman, I move to strike out the last word. I make this pro forma motion in order that I may get from the chairman of the committee some information concerning two items, one that was passed over on page 13, beginning in line 6, and the other in the section that has just been read, which is of a similar character, except that it refers to an emergency situation in connection with the park service. It seems to me that an item carrying the amount, for instance, of the one on page 13 ought not to go by without at least a word of explanation as to the necessity for it. I wish the chairman would give us some explanation of the emergency that makes this appropriation necessary.

Mr. BYRNS. I will say to the gentleman that in every annual bill there is an appropriation of $100,000 for the purpose of enabling the Secretary of Agriculture to control forest fires if they break out. There have been years when very little of that sum has been used, and then there have been years when a great deal more has been needed. Whenever a fire occurs in any one of these great forests the Secretary of Agriculture has authority to use any other appropriation at his command for the purpose of putting out the fire and saving Government property. If the gentleman will read the hearings he will see that the Chief Forester explained at great length just why this large sum was needed. It is unusual; it is a greater sum than has been needed for quite a while, and it is because of the fact that there were an unusually large number of fires last summer and last fall, which necessitated the Secretary of Agriculture using other appropriations. This is the amount of money actually expended by the Secretary of Agriculture for that purpose, and, of course, it is necessary to reimburse the funds from which he took the money.

Mr. KETCHAM. Then, it has no particular reference to any unusual fire expectation this year?

Mr. BYRNS. No; this money has already been expended.

Mr. KETCHAM. There were an unusual number of forest fires during the part of the year already expired.

Mr. BYRNS. The Chief Forester says it has been the worst season he has ever had, certainly in many years, so far as the number and extent of these fires are concerned.

If the gentleman will read the hearings, he will see the amount of territory that was burned and the value of the timber that was destroyed.

Mr. KETCHAM. Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

Pay of bailiffs, etc: For additional amounts for bailiffs and criers, including the same objects specified under this head in the acts making appropriations for the Department of Justice for the following fiscal years:

For 1931, $14,800;

For 1932, $30,000.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word.

I want the attention of the chairman of the committee on this question of bailiffs in the district courts as provided on page 19 of the bill. I understand, of course, this is a deficiency appropriation; but what I want to direct the attention of the gentleman to is this. I do not know the condition in the rural districts, but I do know that in the large cities these bailiffs are miserably paid. They are on a per diem basis. When the judges go on a vacation they are dropped. If the judges do not come down on Saturday, they are not paid for that day. I am sure the gentleman will admit that for five days a week paying the bailiff of a court $25 a week and then not paying him for the summer months when the judge is away is rather unbecoming the dignity of a Federal court.

I wonder if the gentleman will take this matter up when we have up the regular appropriation bill for the Department of Justice and see if we can not do something for these underpaid employees. It is a terrible situation, I will say to the gentleman.

Mr. BYRNS. I am very sure the subcommittee which has charge of that bill will be pleased to do that, especially when they learn of the request made by the gentleman from New York. There has been considerable agitation, I may say to the gentleman, about doing away with the bailiffs. There are some of us who do not know just why they are needed.

Mr. LAGUARDIA. They are attendants of the court.

Mr. BYRNS. Yes; and I may have confused criers with bailiffs.

Mr. LAGUARDIA. The bailiffs, of course, are officers of the court.

Mr. BYRNS. Yes.

Mr. LAGUARDIA. I had one instance, which we need not bring up at this time, in a certain district not very far from the section of the country that the gentleman represents, where the bailiff was the butler in the home of the judge. I am not talking about such instances, but where they do work in the courts as they do in the large cities, if we are going to have them, let us pay them; and if they are not necessary, let us abolish such positions. I hope the gentleman's committee will give some consideration to this question.

Mr. BYRNS. I am quite sure the committee will do that, and I shall call their attention to the gentleman's statement.

The pro forma amendment was withdrawn.

The Clerk read as follows:

OFFICE OF THE SUPERVISING ARCHITECT

Mr. BYRNS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BYRNS: Page 24, after line 22, insert:

"Fort Worth, Tex., narcotic farm: For acquisition of site under the authority of the act entitled 'An act to establish two United States narcotic farms for the confinement and treatment of persons addicted to the use of habit-forming narcotic drugs who have been convicted of offenses against the United States, and for other purposes,' approved January 19, 1929 (U. S. C., Supp. V., secs. 222, 223), $164,780, to remain available until June 30, 1933."

Mr. BYRNS. Mr. Chairman, this estimate came to the House too late to be incorporated in this bill. It reached the House on January 4. It was obtained entirely through the insistence and very earnest activity and attention of the gentleman from Texas [Mr. LANHAM], and I am going to ask him to explain to the House the necessity for its inclusion in the pending bill.

Mr. LANHAM. Mr. Chairman, in January, 1929, an act was passed authorizing the construction of two institutions for the care of persons addicted to habit-forming drugs who had been convicted of offenses against the United States. Provision was made for one of these institutions east of the Mississippi River and one west of the Mississippi. The selection of the sites was left to the Secretary of the Treasury, the Secretary of War, and the Attorney General.

The site east of the Mississippi was selected at Lexington, Ky., and appropriation has already been made for that institution. The selection west of the Mississippi was made at Fort Worth, Tex., on land which was offered by the chamber of commerce of that city and which, after inspection of all the sites over the country offered and available, the committee decided to be the most admirably adapted to the purposes of the measure.

Consequently the committee decided and announced that this site would be selected, whereupon the chamber of commerce of the city acquired the land.

As stated by the Director of the Budget, a contract has been entered into, in so far as the good faith of the Government is concerned. The chamber of commerce, acting upon this authorization from the committee and this selection, acquired the land and is holding the same; and this item in the amendment is simply to pay for the land; and the Government, it seems, is honor bound, after this selection, to do this.

This does not provide for immediate construction, the Government wishing to see and study first some of the details of the construction at the narcotic farm at Lexington, Ky., in order that it may profit by the experience in the construction at Fort Worth. This item, therefore, provides for no construction but is simply to pay an obligation which has been incurred there for the Government, upon the Government's selection, at the expense of private individuals.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. BYRNS].

The amendment was agreed to.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I am going to direct my remarks to the next section in this bill, because under the parliamentary situation there may not be much discussion about it.

I want to state to the distinguished gentleman from Tennessee [Mr. BYRNS] that my move on the next section, I hope, will not be taken by him as taking an unfair advantage on my part. What little I know of parliamentary procedure I have learned from the gentleman from Tennessee and from other great parliamentarians here.

A great deal has been said about the architectural beauty of the particular school of architecture that the State Department Building partakes of.

I am not going into the æsthetic side to-day. We are in no temper to make an appeal to the spiritual side of the question. I want to point out that the distinguished gentleman from Tennessee yesterday very forcefully stated to the House that where the House has heretofore legislated on a subject there is nothing left for the Committee on Appropriations to do but to carry out the mandate of the House.

We are in exactly the same position in reference to the remodeling of the State Department Building. That has already been accomplished; that is, the legislative side of it has been accomplished. An appropriation of $3,000,000 was made July 3, 1930, and became a law. On the 10th of July, 1930, the architect signed a contract with the Treasury Department for this work and the preliminaries were completed November 8, 1930, and accepted and signed by the Secretary of the Treasury, Senator SMOOT, the Supervising Architect, and so forth. After this was done the working drawings and specifications, ready for putting the job on the market, were delivered to the Treasury Department on the 19th of January, 1931, after having been approved by all of the different technical departments in the Supervising Architect's office and approved by the Fine Arts Commission.

The architect is now ready to put this work on the market immediately when, within a little over a month, it is possible to start this work. It has been carefully figured by stone experts and checked by quarrymen who have been consulted, and is found that when this work is started 750 stone cutters scattered in places far from Washington can start work. This is not the case with a great many appropriations which are not prepared to start as quickly as it is possible to do in this case. The 750 men referred to represent approximately 12 per cent of the members of the granite cutters' union of this country, and this work would be done far from Washington in some of the granite States and would extend over a period of approximately eight months. In addition to that, of course, granite cutters would have to be employed on the building cutting off and removing the old stone. Aside from this, in approximately four months from now, besides granite cutters, other trades would be employed on the building.

It is interesting to note that this type of work requires more hand labor relative to the cost than usual building operations.

In connection with the granite cutters' condition in this country, it is one of the worst now existing because of the fact that the proportion of granite now used is so small relative to other stones, and there are approximately 40 per cent of the men in this union now unemployed.

Now, what will that do? I am going to make an appeal to the material side of the subject. It will employ 750 stonecutters for several months. It will employ several hundred masons for several months.

Let me quote from a letter from William Green, president of the American Federation of Labor, addressed to the architect's office in relation to this project. He says:

Labor is very impatient over the delay which has ensued in launching the Government's construction program. Unemployment is widespread, and the distress resulting therefrom is almost acute. What is needed most of all is the launching of the full and complete construction program of the Federal Government. Even the maximum amount of work which it will do will only serve to take up a partial amount of the slack of unemployment.

And he further says, referring to this particular building:

The most important would be the prompt and immediate beginning of the work of construction and changes.

Now, let me quote a word from the building trades department of the American Federation of Labor, with reference to the alteration and renovation of the State Building. Mr. M. J. McDonough, president of the building trades department of the American Federation of Labor, wrote on June 3, 1931, to Mr. Waddy B. Wood, architect:

It is a great pleasure to recommend the plan you have proposed for adoption, and to express the hope that the Government will agree to the execution of the contract as proposed.

Mr. William J. Spencer, secretary and treasurer of the building trades department of the American Federation of Labor, stated under date of May 28, 1931:

In the opinion of the writer the job proposed is essentially an emergency one; first for the reason that building conditions of the country absolutely demand that where appropriations either of public or private moneys are available for construction, the job to be covered by such an appropriation be started without

unnecessary delay. * * * What the country needs at this time is immediate action on all projects that entail building construction.

Arrangements have already been made concerning night work, so that the work would be carried on exclusively at night, not to disturb public business during the day. Labor has made a generous contribution. Mr. Sam Squibb, international president of the Granite Cutters' International Association of America, wrote on September 30, 1930, to Mr. Waddy B. Wood, architect:

Your first question is as to whether you are correct in assuming that if the granite cutters went on after the clerks left in the afternoon there would be no overtime, but there would be seven hours worked in place of the usual eight hours. In other words, the 8-hour day would be what you would pay for instead of the seven hours at night. You are correct in assuming that eight hours' pay would be required for seven hours' work, and all work done over the seven hours would be considered as overtime.

Now, this four months' work will not be done in the District of Columbia. The stone work will be done all over the country. The stone will in all likelihood be quarried in New England. There is plenty of unemployment there.

There is to be no discussion about this paragraph. The provision is clearly subject to a point of order.

Mr. BYRNS. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. BYRNS. I understood the gentleman to say in a little colloquy the other day that he was not going to oppose this under the circumstances, but to shut his eyes, and then he said jocularly to the gentleman from Nebraska that he would not shut his eyes to the inside. I am rather surprised that the gentleman is going to make a point of order on the paragraph.

Mr. LAGUARDIA. I understand that the House has passed on this, and a limitation by the committee does not apply to this appropriation. It applies to appropriations heretofore made by Congress. Let me repeat what I have already said, at the risk of becoming tiresome, that it will give employment to 750 stone workers for at least four months. Then, too, a few hundred stone masons which surely will be recruited from several near-by States—all helpful in this period of unemployment. Why, if labor were scarce, the argument of economy might prevail. This is the typical kind of public work to stimulate business and alleviate unemployment. I do not know from whose district the stone will come, but some place in the United States. It will not be imported stone. Then there will be the work here. I have an architect's drawing of the remodeled building which I brought here particularly to show to my artistic friend from Missouri [Mr. LOZIER].

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LAGUARDIA. Mr. Chairman, I ask for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LAGUARDIA. I want my friend from Missouri to look at this some time during the day and when he sees the whole plan, with the remodeled building reflecting beauty as it does, with the setting of the White House between it and the Treasury, I am sure that he will be glad to remove his gingerbread style of architecture and put in its place something beautiful and artistic. So much for the æsthetic side; but the practical side is so pressing that I shall take the liberty of insisting upon the point of order. I hope the gentleman from Tennessee will understand my position in the matter.

Mr. LOZIER. Mr. Chairman, I move to strike out the last two words. The question now under discussion was before the House on June 20, 1930, when the House was considering the question as to whether or not the State, War, and Navy Building should be remodeled, in fact wrecked and rebuilt, at an estimated cost of $3,000,000. At that time I vigorously opposed this proposal as an indefensible waste of public funds, and an act of vandalism in the destruction of one of the most magnificent, well preserved, and valuable buildings in Washington. At that time the distinguished gentleman from Wisconsin [Mr. STAFFORD] offered a motion to strike out the provision authorizing this waste, extravagance, and spoliation. He was seeking to protect the Treasury from an unwarranted invasion and rape, and at the same time preserve one of the noblest types of architecture in the Nation. I was in harmony with his views, and I supported his amendment. My remarks on that occasion appear in the RECORD beginning on page 11369, volume 72, part 10, second session of the Seventy-first Congress, to which I invite the attention of the gentleman from New York [Mr. LAGUARDIA], as I believe he will there find not only persuasive but compelling reasons why this and the other buildings mentioned in this paragraph should not be destroyed.

In my former remarks I called attention to the fact that the State, War, and Navy Building represented possibly the most perfect example of the Italian Renaissance order of architecture in the western world; that it was one of the most splendid specimens of one of the eight great types or orders of architecture; that it had its origin in Italy, of which historic land the ancestors of the distinguished gentleman from New York [Mr. LAGUARDIA] were natives; that many of the most beautiful and most famous buildings in Italy, Spain, France, Belgium, Germany, and England are of this type, among which I mentioned the Ricardo Palace at Florence, the Chateau of Blois, the Louvre, the Tuileries, St. Peter's (Rome), the Luxembourg, the Hotel des Invalides, the Pantheon (Paris), St. Mark's Library (Venice), Blenheim Cathedral, and St. Paul's Cathedral (London), and that the two greatest architects of all time, Michelangelo, who built St. Peter's, and Sir Christopher Wren, who built St. Paul's Cathedral, would not have patterned them after the Renaissance order of architecture had it been an ugly and repugnant type, as the gentleman from New York would have us believe. I should hesitate to consider this historic type of architecture ugly, if it satisfied the æsthetic conceptions of Michelangelo and Sir Christopher Wren.

I said then, and I now repeat that while tastes differ, many of the most educated and cultured people in the United States and Europe admire, cherish, and venerate this order of architecture as one of the most perfect types conceived and created by the indomitable genius of man. It is a combination of the classic and Roman types, and after its adoption in the early part of the fifteenth century, it superseded the Gothic order of architecture, which had in turn succeeded the Corinthian, Ionic, and Doric, or Hellenic types, which were brought to their greatest perfection in ancient Greece and adjoining regions.

The gentleman from New York insists the State, War, and Navy Building is ugly. May I say that beauty is essentially a matter of taste and opinion. Rare beauty may exist without our having the faculties to recognize and appreciate it. Individuals, even able art critics, frequently differ as to what constitutes harmony, grandeur, and beauty. Beauty's choicest mirror is an admiring eye, and the beauty seen in a structure, picture, or person is largely in him who sees it, as beauty is not only objective but subjective. Theocritus says that beauty is a delightful prejudice. And Emerson says:

Though we travel the world over to find the beautiful, we must carry it with us or we find it not.

The yardstick by which my friend measures beauty may not be accepted as the inflexible standard by which architectural beauty and harmony are to be measured. Those who are endowed by nature with architectural genius, and who by a lifetime of study of the subject have established enduring fame as masters of architectural technique, may have conceptions of beauty at variance with those of the gentleman from New York. Great architects have not infrequently been in striking disagreement as to what constituted the most perfect type and examples of architecture, just as great painters have had their differences of opinion as to the most outstanding and perfect creations of the brush.

When I discussed this subject in June, 1930, I made an appeal that in the beautification of our National Capital we refrain from destroying any existing building of an outstanding architectural type, and that we do not confine our

building activities to the Hellenic or classic style, or any other particular order, but that in so far as practicable other great orders of architecture be utilized—types of buildings which the architectural genius of all ages of the world's history has created for the embellishment and enjoyment of succeeding ages, so that we may have here in Washington typical examples of all the great styles of architecture. The educational advantages of diversified architectural types in public buildings can not be overappraised.

Sir Christopher Wren, the famous architect, was very small in stature but he bequeathed to oncoming generations temples, cathedrals, and other structures that command the admiration of all people without regard to their culture or knowledge of architectural technique. His epitaph is on St. Paul's Cathedral, London, and is as follows:

If you seek his monument, look around you.

The gentleman from New York [Mr. LAGUARDIA] is a very distinguished, able, and useful Member of this body. I regret that his artistic conceptions and knowledge of architectural technique are not commensurate with his skill and usefulness as a legislator. The gentleman's partiality for the classic, or Hellenic orders, of architecture probably blinds him to the beauty, symmetry, harmony, strength, and grandeur of the Romanesque, Gothic, or other great systems of architecture which appealed mightily to the æsthetic taste of men like Michelangelo, Christopher Wren, and other unchallenged monarchs in the realm of architecture. I am wondering how my friend from New York can harmonize his opinions with those of John Ruskin, probably the greatest master and critic of architecture and painting that the world has ever produced?

And may I say to my friend that in the United States and Europe there are among great architects two schools of thought and opinion, one insisting that all structures should conform to the classic, or Hellenic type, and the other recognizing the beauty, harmony, and grandeur of these and all other orders of architecture, the latter group protesting against the vandalism that would characterize the destruction of buildings like the State, War, and Navy Building, Post Office Department Building, and District of Columbia Building. The first is recognized as the most perfect example of the Italian Renaissance architecture in the western world, and one of the outstanding national monuments of all times; the second as an outstanding example of the Romanesque; and the third is a representation of the Hellenic, or classic type.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. LOZIER. Mr. Chairman, I ask unanimous consent to proceed for one minute in order to answer a question that the gentleman from New York wishes to propound.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LAGUARDIA. Mr. Chairman, the gentleman was kind enough to refer to the artistic taste of my ancestors, and then tried to tie this State, War, and Navy Building, as it is now, with the school of architecture of the Italian Renaissance. I hope the gentleman will not be offended if I ask unanimous consent that he may revise his remarks so as not to connect this building with the beautiful description he gave of European architecture.

Mr. LOZIER. I have only a cursory knowledge of architecture, although I have long been interested in the subject, and in a somewhat busy life I have found a little time to make a fitful, rambling, or desultory study of this most fascinating subject; and when, about two years ago, the proposal was advanced to remodel the State, War, and Navy Building so as to completely change its exterior appearance and architectural type I supplemented my superficial knowledge of architecture by a somewhat careful but, of course, desultory study in order to satisfy myself as to whether or not, even from an æsthetic standpoint, this splendid monument should be wrecked; and the more I investigated the more I became convinced that the proposal to wreck and reconstruct the State, War, and Navy Building and destroy other buildings of other types was essentially and undeniably an inexcusable act of vandalism.

I will say to the gentleman from New York that many of the great buildings in Europe and America are either slight or substantial modifications of that type of architecture, of which the State, War, and Navy Building is an outstanding example.

Mr. LAGUARDIA. Oh, the gentleman is wrong in that respect.

Mr. LOZIER. No; I am right in that respect. From an architectural or æsthetic stand point there is absolutely no reason for wrecking these buildings. From the standpoint of good business policy and common sense, I do not see how anyone can justify the wrecking of these colossal structures and the expenditure of many millions of dollars to construct others to replace them. Why should all our public buildings in Washington look alike, and be of the same type, so that when you have seen one, there is nothing different to be found in any of the others? But what is more important still, in this period of economic disaster, why destroy four magnificent public buildings that are as good as they were when first constructed, and which are adequately serving the Government, and spend millions of dollars of public money to build others not as commodious to replace them? [Applause.]

Mr. ARENTZ. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, ladies, and gentlemen, it is rather difficult for one sitting in the House and listening to this debate to reconcile the policy expressed to-day by the majority with that of our plan to help in this crisis of unemployment by finding work for men in diversified activities through Government appropriation, as was referred to by the gentleman from New York. Now, we hear about economy on one hand and unemployment on the other hand. If the United States Government can not lead the way in this fight to curtail further unemployment of the workers of America, we can not expect the industrial leaders, the home owners, and small shop owners and tradesmen of America to lead the way.

In the letter from the American Federation of Labor, which was read by the gentleman from New York, Mr. Green speaks of the number of stonecutters that would be employed on this job. That is just the type of work, in my opinion, that should be provided for by the Government. The policy has been advocated by Senator LA FOLLETTE to sell $5,000,000,000 worth of bonds to carry on construction. I have stated from the outset that unless we can have the engineering work done, unless we can plan ahead, there is no use spending money for construction, because it would be wasteful and take too long to get under way, but here we have the plans already made. We have not only the blue prints made but we have the work laid out. All that would be necessary would be to appropriate this money to start to work hundreds of stonecutters and affiliated workmen.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. ARENTZ. I yield.

Mr. LAGUARDIA. The money is appropriated.

Mr. ARENTZ. I mean appropriated under the terms of this bill.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. ARENTZ. I yield.

Mr. COCHRAN of Missouri. Would it not be better if we used the $3,000,000 in constructing 30 buildings costing $100,000 each, throughout the United States, rather than to destroy a building that it is not necessary to touch?

Mr. ARENTZ. If the gentleman will follow out the procedure in the construction of Government buildings throughout the various States of the Union, the gentleman will determine the same thing I have determined. In other words, it requires months and months to pick out the sites. It then requires months and months for the Supervising Architect to decide on plans, and then it requires months and months to ask for bids, and then after that the contractor takes his time before starting work, and a year or two has

elapsed, and I hope to God that by that time this depression will be over and we will not need to do this building.

Mr. COCHRAN of Missouri. Did the gentleman read my remarks yesterday where I stated that we have waited for four years to start our building in St. Louis, where the money is in the Treasury?

Mr. ARENTZ. We want something more tangible than that. We want the work started now so that the unemployed can go to work and not only think and speak about it.

Mr. COCHRAN of Missouri. Why not construct a new building and not destroy a good building? [Applause.]

Mr. ARENTZ. It is not my plan to destroy good buildings. Understand me, I have said nothing about destroying buildings, but I am in favor of getting work under way for which plans are made so that labor may be put to work at once, and unless the Members of this Congress do something to begin this work it will never start.

Mr. JOHNSON of Oklahoma. Will the gentleman yield for a question?

Mr. ARENTZ. I yield gladly.

Mr. JOHNSON of Oklahoma. I may not be clear as to what particular building or buildings the gentleman referred. Does the gentleman advocate tearing down such beautiful structures as the State, War and Navy Building just in order to put some stonecutters to work, whether or not there is a real need of such construction?

Mr. ARENTZ. Not at all. I have said nothing about tearing down buildings, but I do advocate carrying on certain changes for which the plans have been drawn and the money appropriated. I refer to the State, War, and Navy Building and the changes in its appearance contemplated. I say that sometime it must be changed, and the money has been appropriated and all arrangements made to start work, that work should be done now. The bankers and industrial leaders of Oklahoma are asking people to do their porch work, to do their kalsomining, to do their plastering, to put cement in their driveways, to make new sidewalks, and a thousand other things, which is the same identical thing as doing the work that is proposed to be done here.

Mr. JOHNSON of Oklahoma. But may I suggest that there are thousands of buildings that really should be constructed all over the United States and that this great city of Washington has heretofore received a lion's share of public buildings? There is real need for Federal buildings in every congressional district of the country, and the people would not be so particular about the type of architecture.

Mr. ARENTZ. Let us construct them, then. I am in favor of that.

Mr. JOHNSON of Oklahoma. What I am trying to impress on the gentleman is that rather than tear down magnificent and valuable structures like the State, War, and Navy Building, the Post Office, and Commerce Buildings, that the rest of the country should be given consideration on our public-building program.

Mr. ARENTZ. I am fully in favor of your plan for extensive construction now, to-day, when we have unemployment and not wait for next year or the year after.

Mr. JOHNSON of Oklahoma. Why not tear down the Capitol, the White House, and other old buildings and replace them with modern architecture, if the gentleman's argument be good; that is to say, if it is desired only to put men to work?

Mr. FREAR. Will the gentleman yield?

Mr. ARENTZ. I yield.

Mr. FREAR. Why does not the gentleman propose that the Post Office Building at Twelfth and D Streets be torn down? That is in the plans. That is mentioned, together with all these other buildings that are mentioned, including the Southern Railway Building. Why not have those torn down if it is simply to put men to work? I agree with the gentleman if that is the only matter, we should tear down all these buildings and put men to work.

Mr. ARENTZ. When the gentleman is speaking of the State, War, and Navy Building the gentleman is speaking about putting outside surface on the walls of it and changing the whole thing. When the gentleman speaks of demolishing the Southern Railway Building and the Post Office Building, the gentleman is speaking about something entirely different. They are not the same and I agree with him, but I do not go so far as to say we should tear down a useful building. The gentleman misunderstands me.

Mr. FREAR. Why should we do that except to put these men to work? If it is for the purpose of putting men to work, why not tear down all these buildings?

Mr. ARENTZ. If the gentleman's idea is——

Mr. FREAR. It is not my idea. It is the idea of the gentleman.

Mr. ARENTZ. It is not my idea at all, my friend.

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, ladies, and gentlemen, there has been quite a change in the personnel of this House since $3,000,000 was voted to remodel the State, War, and Navy Building, and there has been quite a change in the condition of the country since this item was voted. At the time the money was appropriated by the House this country was in a far better condition than it is to-day. There was no deficit and the Congress was running wild making appropriations, with no thought that we would soon be facing a most serious depression. I can also say to the new Members who have come to this Congress that there was by no means a unanimous vote in appropriating the money to destroy this wonderful building. There was a powerful minority and this Hall was the scene of a bitter argument. My colleague Mr. LOZIER made a powerful speech in opposition. I opposed the appropriation then and oppose it now.

I say "destroy" because it means to reconstruct the building to conform to the architecture of the White House and other buildings in that vicinity. In my opinion, Washington is fast reaching the point where our public buildings are something like a circus. If you see one, you see them all.

The Commission of Fine Arts, or whatever you term it, as well as the architects of the country, have sold the idea to Government officials to have uniform buildings. Attractive, no doubt, but all alike. I am not in agreement with this program. Let us have something different now and then.

Now, I do not agree with the manner in which this building program has been proceeding. I showed yesterday in my remarks where we have waited for four years to start a building in St. Louis, where there are a hundred thousand people out of employment. If the Building Commission will devise a type of building suitable for a city of 50,000 population, a type of building for a city having 75,000 population, and a type for a city having a hundred thousand population and build the same type of building in cities of that size, you will expedite the building program. What difference does it make if you construct identical Federal buildings in cities in Maryland, Georgia, Maine, Colorado, and Oregon if the building meets the needs of the Government? Use the same plans and specifications, eliminate the architect in that way, which means a saving of money, and you will have done something worth while. You could have 20 buildings of the same character being constructed in different parts of the country at the same time from the same set of plans. Oh, I know this will not please some, but the big delay is with the architect. Of course, this can not be done when it comes to the large cities, but in the smaller cities a uniform building program could be adopted. If you would follow this plan under our present set up, Congress could appropriate money for a public building in your city of, say, 75,000 to-day. The law providing for the Government to take over a site by paying the approximate value in the Federal court could be invoked and the site be in the possession of the Government within a week. All that is required is to file a declaration of taking and deposit the money with the court. The plans are available and bids could be advertised for. In 30 days thereafter the bids would be received and the contract awarded. Work could commence at once, in fact, while the site was being cleared these details could be arranged. Why, in my city the Globe Democrat, one of our great newspapers, decided to construct a building long after the appropriation was voted for our

Federal building. That great building is not only completed but occupied, and the Federal building has not been started. The present method must be set aside if we are to help the unemployment situation by the construction of public buildings.

We can save $3,000,000 by adopting this paragraph and preventing the destruction of the State, War, and Navy Building, and we can save $700,000 by voting for the amendment of the gentleman from Virginia [Mr. MONTAGUE]. Why should we spend $760,000 to reconstruct the House Office Building? Sixty thousand dollars will be more than enough to connect the rooms. The other facilities suggested are not necessary merely for the convenience of Members. At this time let us use this money to better advantage. This $3,700,000 will construct thirty-seven $100,000 Federal buildings in 37 cities in the country. Spread the money around; do not spend it all in Washington, and you will be helping the unemployed.

As I have stated on this floor on numerous occasions, this city has certainly had its share of public work. Three large buildings in the Mall started within the last month. The total cost will be around $25,000,000. Then your Supreme Court Building across the Capitol Grounds costing $10,000,000, contract let, and building operations start February 1. Why, one would think this building program is for the city of Washington alone. The depression has not affected this city, that is, to any extent. Here and there some are suffering, but nothing in comparison to the large cities of the country where the money is collected in taxes to construct these buildings.

I congratulate the new chairman of the Appropriations Committee [Mr. BYRNS], who is demonstrating that it is possible to prevent the unnecessary expenditure of public funds. [Applause.]

Mr. BYRNS. Mr. Chairman, I was very sorry indeed to hear the gentleman from New York say a few moments ago that he proposed to make a point of order against this paragraph. Frankly, I think some portions of it are subject to a point of order, but I had hoped that on account of the exigencies of the situation, the condition of the Treasury, the very earnest expressed desire of the President, and the very earnest wish of the entire Congress that we balance our budget, that this work could be postponed until some more suitable time.

Some of the speeches that are made here from time to time, some of which I have heard this morning, remind me of the old cry:

Oh, Liberty, how many crimes are committed in thy name.

Every time a proposition of this kind comes up gentlemen begin to talk about stonecutters and those who will be benefited if the appropriation is made out of the Public Treasury.

Here is the situation, gentlemen: Regardless of the merits of the proposition from an artistic standpoint—and I confess to you there is no man in this House less qualified to speak on that subject than I am—I do not believe this ought ever to be done. Personally, I think it amounts to an absolute conceit on the part of this generation to feel that it is the last word upon types of architecture. [Applause.] Just as the gentleman from Missouri [Mr. COCHRAN] said a moment ago, we are going to have a great and beautiful Capital City—in which we all take so much pride—having buildings which will all look alike and when you see one you can take your hat, get on the train or in your motor car, and go home and feel you have seen all of the public buildings of Washington, because they are all being constructed in the same form and in the same manner. I believe that 20 years from now there will be hundreds and thousands of people who will come here—not only citizens of this country but citizens of other countries—who would be glad and who would welcome the opportunity of going down on Pennsylvania Avenue and seeing this great old building. Whatever you may think of it, it represents the type of architecture of the period when it was built, some 40 years ago. I really think it is a great mistake to destroy it. However, outside of the merits of the proposition, we are in this situation, and I want to appeal to my friend from New York and to my good friend from Nevada: You now propose to take $3,000,000 of the people's money and use it for the purpose of eliminating space in the State, War, and Navy Building, which is now badly needed.

Take your Radio Commission. I was told a week or two ago that the Radio Commission had made application for space in the new Commerce Building and had been told there was no space which could be given. There is your Radio Commission occupying a great portion of the space on one floor of the National Press Building and doubtless paying thousands of dollars annually for its use.

Now, gentlemen, in the interest of economy, how can we justify ourselves at this time in spending $3,000,000 in tearing down a part of that old building and eliminating space which is so much needed? I do not think anyone can justify his position in a matter of that sort on the ground that it is going to give somebody a job here in the city of Washington. Why, talk about jobs. There is great need for jobs everywhere, of course, but I want to tell you that here in the city of Washington they are less needed than in any other city or town of the whole United States. [Applause.] We have spent nearly $50,000,000 in the last few years, and are now spending many millions of dollars in the construction of buildings in this great city. When you talk about the need for jobs, gentlemen, think a little more of the need for jobs back in your own districts and in your own States. [Applause.] Do not get the idea that I am opposed to the city of Washington, that I am not interested in it, or that I am not anxious to see it one of the most beautiful cities in the whole world. Why, a paper yesterday, for which I have great respect and which I read daily, quoted some remarks I made with reference to some property over here back of the Library which had been condemned, for which the Government has to pay $321,000 more than the $600,000 which was authorized, and must pay, according to the award of the jury and the court in condemnation proceedings, a sum nearly 128 per cent more than the assessment which has been levied on that property. I said that, assuming that the judgment of the court was correct, the assessment was scandalously low. Of course, I did not mean that in a personal sense. I probably should have used the words "ridiculously low," and it was ridiculously low if the court was correct in its judgment as to its real value. Yet this great paper, for which I have much respect, failed to give the grounds upon which I had made that statement, and I hope that the newspapers of Washington in their reference to the remarks of some of us will in the future explain just why we take the position we take here.

If they did, I feel sure the people of Washington would understand that there is no one in this House, on either side of the aisle, who does not want to see this made a great and beautiful city; but, gentlemen, at the same time, and particularly at this time, we must look to the preservation of the Treasury and the interests of the people back home. [Applause.]

[Here the gavel fell.]

Mr. KETCHAM. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KETCHAM. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. KETCHAM. In view of the very interesting statement that the chairman of the Appropriations Committee has made, I wonder if the gentleman would not direct his thought right now, while we all have the project in mind, to the amount of the appropriation involved here, $17,000,000; and particularly will he be kind enough to tell us how this is allocated, how much of it is allocated particularly to the District of Columbia for buildings under construction and how much to the country at large?

Mr. BYRNS. There is no allocation of this particular amount so far as the work to be done here in Washington or the work to be done in the country at large is concerned. It is simply an addition which is being made to the amount now on hand to enable the Secretary of the Treasury to continue the work until July 1.

Mr. KETCHAM. That being true, has the gentleman any information from the testimony that was adduced before the committee to indicate how those responsible for the allocation of this money will distribute it, relatively?

Mr. BYRNS. I have no information as to how they will distribute it, because, of course, it will be used in the general fund; but I think I understand just what the gentleman is alluding to and that is whether or not it is going to slow up public building.

Mr. KETCHAM. That is the idea exactly.

Mr. BYRNS. If the gentleman will examine the hearings at page 218, he will find that it was stated by Mr. Martin, one of those who appeared before the committee, that the balance had been reduced as of December 1 to $55,801,604.19. and I read further from his statement:

> We estimate that we will need between $72,000,000 and $75,000,000 for the balance of this current fiscal year, which is seven months. Our monthly payment for November was in excess of $8,000,000 and we expect that the seven months' total will range somewhere between $72,000,000 and $75,000,000.

Now, having on hand more than $55,000,000, the gentleman will very clearly see that $17,000,000 is ample, under the statement made to the committee, to carry on this work without any possible delay.

In addition to this, I may say to the gentleman that in the meantime the regular annual Treasury bill will have been passed and will doubtless carry an additional sum for public buildings, and this will be immediately available. So there is not the slightest possibility of any let up in the work.

Mr. KETCHAM. I am prompted to ask the question by the statement I saw in the papers, and I do not know, of course, whether it was official or not, that it was not proposed that such an appropriation should come in. Am I correctly or incorrectly advised as to that?

Mr. BYRNS. I am not certain about that, but I think that related not to buildings now under way or buildings where the allocations have heretofore been approved by the Congress. My information is that that alluded to buildings which, it has been indicated by the Treasury, it proposes to erect but which have not yet been sent forward to the House for final approval.

Mr. KETCHAM. I thank the gentleman for the information.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. LaGUARDIA. The amount that the gentleman has just referred to in reply to the question submitted by the gentleman is not all being spent in the District of Columbia.

Mr. BYRNS. Oh, no; I said that that was a part of the general program.

Mr. BLANTON. Mr. Chairman, I ask for recognition.

Mr. Chairman, the paragraph which is to be read now, and concerning which there has been an intimation there will be a point of order made against certain parts of it, is the language and the judgment of the distinguished chairman of the committee [Mr. BYRNS], backed up unanimously by the entire committee. I do not think I violate any committee confidence in stating that there was not a voice raised against this paragraph. It was the judgment of our chairman, and he has been with this committee a long time, and, in my judgment, there has never been a better or a more distinguished chairman of this great committee, that some kind of word should go to the powers that be that they must not change or demolish these four buildings.

I wish any one of you who has any doubt about the unwisdom of tearing down these fine buildings would go down and make a personal examination of the four buildings mentioned in this paragraph. Who is it in Congress who wants to tear down the big Southern Railway Building, practically new, and one of the finest buildings in the city, splendidly built, and for which this Government has paid a tremendous sum? Who wants to tear down that fine building in wanton waste of public money? Who wants to tear down the Post Office Department Building? It is one of the old landmarks here. It may look too old to some people or to some architects, but it is one of the attractions here in the city. Who wants to demolish the old State, War, and Navy Building? It is another landmark of distinction.

As well said by our distinguished chairman of the committee [Mr. BYRNS], it would be a travesty on economy for us to destroy these fine, substantial buildings in this time of depression. They are four of the big, fine, picturesque buildings of Washington; and forsooth, to make a few jobs for Washington bricklayers and Washington architects, the proposition is to tear them down, waste them, and rebuild.

How many bricklayers and how many carpenters and how many equipment-furnishing concerns and how many architects from your districts back home will get a single penny out of this great waste and unnecessary expense? Not one. Only Washington parasites benefit. Their distinctive, picturesque beauty has jarred the fastidious eye of some overfed, overpomped, overkowtowed, overindulged, so-called expert, who has no concern about overburdening the people in 48 States with unbearable taxes.

While serving on the District Committee a few years ago a delegation of silk-stockinged highbrows here demanded of us that we remove the tourist park out of Washington. I asked why. They said it was an eyesore. I replied that it could not be seen except from the air. They said, "Oh, whenever we go off on a visit and return on the train over the Southern Railway bridge that is the first thing we see when we cross the Potomac." I asked where they wanted to move it. They said over beyond the Congressional Country Club. I said, why that is way out in the country, miles from the city where no tourists could find it, as many Congressmen get lost in trying to go there. And I told them that our committee was not going to move it, that we had established one of the finest tourist parks in the world here for the benefit of our home constituents, who did not want to be robbed by Washington hotels.

The only argument for tearing down these four fine buildings is that it will make work for Washington laborers. Why, not longer ago than yesterday I was talking to the manager of one of the big department stores in Washington, and he told me that he could not tell that his business this past year had decreased in any substantial amount. He said he could not feel the depression. That is the situation here in Washington. There is no depression in Washington except what comes from the newspaper columns of the depression that exists in the States outside of the District of Columbia. There is a depression everywhere else, but the fat, regular pay roll of the Government of 70,000 employees who get their pay checks twice a month, in most cases, with new money that has never been in circulation, the depression here is averted. Five hundred million dollars has been expended here and goes to the benefit of the laborers and the architects and the citizens of the District of Columbia.

Show me a man who is in favor of tearing down any of these four buildings. There are but three words in the paragraph subject to a point of order. That is "for other appropriations," and, of course, that is subject to a point of order. Why not let that go in. Why does the gentleman from New York [Mr. LaGUARDIA] want to strike that out? I hope he will reconsider and not make the point of order to those three words.

Mr. BURTNESS. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. BURTNESS. Does not the gentleman think that in the matter of remodeling these buildings we can wait?

Mr. BLANTON. Of course we can, and that is the judgment of the greatest chairman that the Committee on Appropriations has ever had, Mr. BYRNS, of Tennessee. We used to follow him years before he became chairman. During his long and valuable service on the Committee on Appropriations we have followed him on both sides of the

aisle on such questions. There is no partisanship in the Committee on Appropriations. I hope there will be no point of order made against this. This limitation in the bill is the only way the committee had to reach the effort of these people who are trying to demolish the four buildings.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. I ask for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. The chairman had to put this in the form of a limitation, for if he had not it would have been knocked out on a point of order. The Committee on Appropriations can not legislate, but it can limit and restrict expenditures of its appropriations, and that is what it is trying to do through these wise limitations put in the bill by our chairman. It is an attempt to say to the powers that be that here in the District of Columbia you shall not spend any part of this $17,000,000 of the people's money to change or demolish these four buildings that will be useful and stand for a hundred years.

Mr. YON. Would not the gentleman from Texas be sorry to see the Post Office Building demolished?

Mr. BLANTON. Of course I would; it would be an economic blunder and crime if it were done. We have spent millions of dollars to erect these buildings. Now some irresponsible wants to tear them down. We ought to have some buildings of age in the country, some old landmarks to show the Europeans when they come over here. We ought not to let Europe have all the old buildings in the world. [Applause.]

Mr. HOCH. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HOCH. I agree not only as to the Post Office Building but also as to the Municipal Building.

Mr. BLANTON. And how about the new Southern Railroad Building, owned by the Government, which they had hoped to tear down also?

Mr. HOCH. I have not given attention to that. Those two other buildings are modern, and the offices are well arranged, and they are beautiful buildings.

Mr. BLANTON. How about the State, War, and Navy Building? Why, that is the first building in Washington I take my constituents to see, next to the White House. This Congress must give them to understand, clearly and distinctly, that we are not going to permit them to tear these buildings down or to change them.

If the gentleman from New York [Mr. LAGUARDIA] sees fit to exercise his privilege of making a point of order against the words "or other appropriations," we will stop them anyway, for the chairman of our committee will then definitely instruct them by having the House strike out the money needed to demolish them.

Mr. WOOD of Indiana. Mr. Chairman, ladies and gentlemen of the committee, I hope the gentleman from New York [Mr. LAGUARDIA] will not raise the point of order to this paragraph or to the three words therein that are subject to the point of order. We could save time by his waiving it. There is more than one way of killing a cat; and if we can not succeed in preventing the tearing down of these buildings by reason of the provision in this paragraph, we can do it very effectively by putting the same limitation in every appropriation bill, or it can be done, and I suggest now that it be done so that the Congress may serve notice on the powers that be that they shall not tear down these buildings, by reducing this appropriation so that they can not do it. [Applause.] There is no use of tearing down any of these buildings, especially at this time. I think it is a crime to even think about tearing down the Municipal Building. It is in conformity with the style of architecture that the Fine Arts Commission thinks this whole town should be built under. I think it is a crime to tear down the Post Office Building, which is as good to-day as it was the day that it was built. [Applause.] Perhaps there is some excuse that may be offered for tearing down the Southern Railroad Building, not because it is not a good building, but it was not built as a Government building, and it has none of the appearance of a Government building. Some excuse may be offered for tearing it down. There is no excuse in the world for altering the State, War, and Navy Building. When I first came to this town I thought that of all the public buildings I looked upon, and that was 30 years ago, it was the prettiest building in the city of Washington. [Applause.] True, I have but little education along art lines, but I think I know a thing of beauty when I look upon it. That building is a building of beauty. Aside from that, even though they want it to conform to the Treasury Building on the one side and the White House in the center, as suggested by the chairman of this committee, we are looking out for space all of the time, and yet we are destroying space and doing a needless and useless thing. We might as well say that in order to give employment to labor we should hire men to haul brick from one side of a yard to the other and then haul them back again and pile them up. There should be some useful purpose in labor and construction. I hope the gentleman from New York will not raise the point of order; but if he does it, I hope the chairman of this committee will offer an amendment to reduce this appropriation so that notice will be served on the gentlemen who have been trying to tear down and alter the State, War, and Navy Building and these other buildings so that they may be made to know that they are to halt in their efforts at destruction. [Applause.]

The Clerk read as follows:

Sites and construction, public buildings, act of May 25, 1926, as amended: For an additional amount for public buildings, including the same objects specified under this head in the act making appropriations for the Treasury Department for the fiscal year 1932, $17,000,000: *Provided*, That no part of this or any other appropriation for the construction of public buildings shall be used for remodeling and reconstructing the Department of State Building under the authorization therefor contained in the act approved July 3, 1930 (46 Stat. 907): *Provided further*, That no part of this or any other appropriation shall be used for or in connection with the demolition of the District of Columbia Municipal Building at Fourteenth and E Streets NW., the Post Office Department Building at Twelfth and D Streets NW., or the building, 1300 E Street NW. (formerly the Southern Railway Building).

Mr. LAGUARDIA. Mr. Chairman, I make the point of order upon the entire paragraph, and I make the point of order on the words "or any other" in line 2, page 25.

The CHAIRMAN (Mr. BANKHEAD). What is the ground of the point of order?

Mr. LAGUARDIA. That it is legislation on an appropriation bill; that it refers not to the appropriation in this bill but to an appropriation heretofore made and not referred to or connected with any item in this section or in this appropriation bill.

The CHAIRMAN. Does the gentleman from Tennessee desire to be heard?

Mr. BYRNS. Mr. Chairman, I am frank to say that I think it is subject to the point of order.

Mr. LAGUARDIA. I make the point of order upon the three words in line 2, page 25, and withdraw it on the other.

The CHAIRMAN. The Chair is prepared to rule on the point of order. The chairman of the Committee on Appropriations tacitly confesses the validity of the point of order. A number of precedents on this proposition might be cited, but the Chair does not think it necessary to do so. The Chair sustains the point of order.

Mr. LAGUARDIA. I withdraw the point of order as to the rest of the paragraph.

Mr. BYRNS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BYRNS: Page 25, line 1, strike out "$17,000,000" and insert in lieu thereof "$16,800,000."

Mr. BYRNS. Mr. Chairman, my object in offering this amendment is in line with the remarks made by the gentleman from Indiana [Mr. WOOD]. It has been stated by those representing the Treasury Department that it is expected that $200,000 will be expended between now and July 1 in connection with the work of remodeling the State, War, and



Navy Building, and that the remainder of the $3,000,000 would be used in the next fiscal year. I have offered this amendment reducing the sum carried in this appropriation bill by $200,000, the amount it is said is to be expended, for two reasons: In the first place, if the House adopts the amendment, it will be very clear notice to the authorities that the House does not want this work done at this particular time. In addition to that, I feel sure, after conferring with some of the members of the subcommittee, that the committee will incorporate in the annual Treasury appropriation bill a provision similar to this, of course eliminating the language which has been stricken out under the point of order. I think that serves exactly the same purpose that the committee was trying to serve when it put this provision in.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BLANTON. The adoption of this amendment will not only be notice but under legislative interpretation will be a direction and mandate to them that the Congress of the United States forbids them to do this work.

Mr. BYRNS. It can and should be so construed.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. SNELL. Could the gentleman tell the House how much in these other appropriations would be affected by these three words? Had they already started to use some of this money?

Mr. BYRNS. No. I do not know whether they have prepared any plans or not, but they certainly have not done anything further than that.

Mr. SNELL. Then the gentleman does not think that is really vital?

Mr. BYRNS. They may have some balances on hand, of course, that they could use. That is what we were trying to eliminate by the use of this language which has been stricken out under a point of order.

Mr. SNELL. I think the gentleman has accomplished the same result.

Mr. BYRNS. I think so.

Mr. BURTNESS. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BURTNESS. Are there any outstanding contracts for materials or anything like that?

Mr. BYRNS. No; there are none so far.

Mr. LOZIER. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LOZIER. It seems to me this amendment and the limitations imposed in the bill are necessary in order to curb the bureaucratic despotism that has grown up in our departments of Government, that contemptuously ignores the will of Congress whenever congressional action runs counter to their selfish and sordid wishes. These departmental buccaneers, with the sanction, I am sorry to say, of a previous Congress, seem determined to demolish a large number of public buildings in Washington that cost the American people approximately $10,000,000 and spend that amount of public funds to build new ones which these self-constituted judges of art consider more ornate and artistic, although the buildings condemned to destruction are among the largest and best preserved structures in Washington and are adequately serving the Government, and are affording more office space than will be available in the proposed new buildings, and which will involve an ultimate expenditure of approximately $20,000,000.

It is not only vandalism to destroy these magnificent building but inexcusable waste to spend millions of dollars for their replacement at a time when indescribable economic distress exists in every nook and corner of the Nation. I congratulate the chairman [Mr. BYRNS] on his wise judgment in proposing these limitations, and this amendment, which are designed to protect the public Treasury from an indefensible waste of public funds. This amendment will accomplish the desired result and serve notice on these departmental heads that they must not begin the demolition of these buildings. This is a wholesome provision, and I trust it may be adopted unanimously. Why waste $10,000,000 in tearing down the present perfectly good buildings and erecting others in their place which will not serve the public needs any better than those which they propose to destroy?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. BYRNS].

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 103, noes 3.

So the amendment was agreed to.

The Clerk read as follows:

For maintenance, Quartermaster's Department, Marine Corps, $75.

Mr. LANKFORD of Virginia. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LANKFORD of Virginia: Page 36, line 3, after the period, insert the following:

"The Secretary of the Navy is hereby authorized to employ such additional draftsmen, clerks, and inspectors as in his discretion may be necessary to carry on the program of alterations of naval vessels and increases of the Navy efficiently, and to pay said employees out of the funds already appropriated for modernization and increases of the Navy, respectively."

Mr. BYRNS. Mr. Chairman, I reserve a point of order that the amendment is not germane and that it is legislation upon an appropriation bill, which is not authorized.

Mr. LANKFORD of Virginia. Mr. Chairman, ladies and gentlemen of the committee, I know this amendment is subject to a point of order. I have five minutes to discuss this question, and there are 1,100 men whose positions depend on the amendment.

This is an amendment that will not cost the Government one extra penny. It does not cost a cent, but it will actually save money. Every day we hear condemnation of the Treasury Department and other departments on account of red tape and not getting work done. That is exactly the situation here. If we undertook to build the Capitol Building and put on half the number of draftsmen needed, you can see the inefficiency and lack of economy in it. That is just exactly what is happening in the modernization of these ships. There are not enough draftsmen to do the work, and the number of draftsmen has been limited by the appropriation. Thirty million dollars of this work came on and the draftsmen were limited to the old schedule, and they are not able to go ahead.

There is contemplated a lay-off in New York of about 600 men; in Philadelphia a lay-off, and in Norfolk a lay-off. I am told by the navy yards that if this work can flow smoothly, if the draftsmen can keep up with the work, they will save between a hundred thousand and two hundred thousand dollars in this modernization.

It is your responsibility as much as it is mine. If you mean what you say, if you want to put men to work, here is a chance to do it. If you want to cut out red tape and inefficiency, here is a chance to do it, and it will not cost a cent of money. I ask each of you not to interpose any objection to this. The chairman of the committee was begging that objections not be interposed to something that the gentleman was interested in. This is only common sense; it is practical, and it will be extremely beneficial. It will keep a thousand men at work who would otherwise be thrown out of employment. It does not cost the Government one additional penny.

Under the appropriation in the Bureaus of Engineering and Construction and Repair, the appropriations are limited to a certain amount. That has all been allocated. This big load of modernization has come on and the present draftsmen are not able to keep that work flowing so that they can bring men in as needed. There are hundreds of men ready to go to work, but the draftsmen can not keep up with them.

In my yard men are working overtime. They do not mind it; but think in this day and time, with people out

of work, of working men overtime in order to keep up with the work, so try to help this work out, and bring other men back. That is the situation. If any Member wishes to go on record as knocking a thousand men out of work by objection to this, that is his privilege; but here is something that will not cost any more.

Mr. BLANTON. Will the gentleman yield?

Mr. LANKFORD of Virginia. I yield gladly to the gentleman from Texas, because I expect this gentleman to be with me on this. It does not cost any more money.

Mr. BLANTON. I am for the man who is out of work; but the gentleman admits that unless his amendment is passed a thousand men will go off the pay roll?

Mr. LANKFORD of Virginia. They will go off the pay roll in January and February.

Mr. BLANTON. How many?

Mr. LANKFORD of Virginia. Between one thousand and eleven hundred.

Mr. BLANTON. Then we would save the salaries of about 1,000 or 1,100 men if they go off the pay roll?

Mr. LANKFORD of Virginia. I am glad the gentleman brought that out. They will not be able to spend the funds already appropriated up to the 1st of July under this modernization unless these men are brought back.

Mr. BLANTON. But when they go off their salaries stop, and it will save that much to the Government.

Mr. LANKFORD of Virginia. But the money is going to be spent eventually, so why not spend it this winter, when it is needed, rather than next summer.

Mr. YON. Will the gentleman yield?

Mr. LANKFORD of Virginia. Yes.

Mr. YON. Does not the gentleman think that the policy that has been carried out in connection with all the public buildings has been the means of making money available without increasing the deficit in the Treasury?

Mr. LANKFORD of Virginia. Probably so. Gentlemen, there is one other thought. This very provision is to be recommended in the next naval bill, effective in July, and I have a letter here from Admiral Rock in which he says that because of the situation in which they now find themselves they are going to attempt to correct it in the next naval bill, so as to give them an opportunity to employ these draftsmen. Now, if it is going to be done in July, why not let it become effective right now and help out employment during the present winter?

Mr. BLANTON. Will the gentleman yield?

Mr. LANKFORD of Virginia. Yes.

Mr. BLANTON. The admiral may have another guess coming to him. That is what he is going to propose, but it is a question as to what Congress is going to do.

Mr. LANKFORD of Virginia. Would the gentleman from Texas build a house without supplying sufficient architects to prepare the plans and specifications and supervise the work?

Mr. BLANTON. But if I did not need the house I would not build it at all.

Mr. LANKFORD of Virginia. This does not do anything but give the Secretary of the Navy discretion to do this thing. He will not call in these draftsmen unless they are needed; but if they are needed, it gives him the discretion to put them on this work, and in order to carry on the work these draftsmen should be kept on, and it is nothing but ordinary common sense. This is what any good business man would do in meeting a situation of this kind. I have heard the gentleman from Texas criticize the departments because of red tape, so that I thought he would be the first one to help me in this fight. I hope the gentleman from Tennessee will withdraw his point of order.

Mr. BYRNS. Of course, the gentleman knows that, personally, I would like very much to yield to any request he might make of me, but I feel that under the circumstances this amendment ought not to be considered. We have had no hearings on it; we have had no requests from the President, and there has been no request, so far as I know, from the Secretary of the Navy. So it seems to me that under those circumstances it would be unwise to put it in this bill. Therefore I am constrained to make the point of order.

Mr. LANKFORD of Virginia. I have had this up with the Assistant Secretary of the Navy and with Admiral Rock, and I have their letter saying that this will be recommended in the next bill, to be effective in July. They both told me last week that this was needed in order to keep these forces at work.

Mr. BYRNS. I will say this to the gentleman, in response to his statement about the letter: Of course, it may be the opinion of the Assistant Secretary of the Navy that this ought to be done, but when the estimates come forward the subcommittee will consider them, conduct hearings on them, report to the House, and the House will then have an opportunity to have some information about the situation.

Mr. LANKFORD of Virginia. Does the gentleman understand that I am not asking for an additional penny, but just to allow these men to be paid out of the modernization funds already appropriated?

Mr. BYRNS. I understand that; but when you use funds already appropriated you are using funds in the Treasury, and thus increasing the deficit. I really do not think we should legislate in that way on an appropriation bill, and, therefore, I am constrained regretfully to make the point of order.

The CHAIRMAN (Mr. MOREHEAD). The Chair is ready to rule. The Chair is of the opinion that the amendment is legislation on an appropriation bill and not authorized by law. Therefore the Chair sustains the point of order.

The Clerk concluded the reading of the bill.

Mr. BYRNS. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MOREHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. BYRNS. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. MONTAGUE and Mr. LAGUARDIA rose.

The SPEAKER. The Chair is informed that the gentleman from Virginia [Mr. MONTAGUE] and the gentleman from New York [Mr. LAGUARDIA] desire to submit a motion to recommit the bill. The practice of the House heretofore has been to give to the minority the right to make the motion to recommit when a member of the minority qualifies for that purpose. So the Chair will ask the gentleman from New York and the gentleman from Virginia if each of them is opposed to the bill?

Mr. MONTAGUE. I am opposed to the bill.

Mr. LAGUARDIA. I am opposed to the bill as it is, and expect to vote against it.

Mr. OLIVER of Alabama. Mr. Speaker, as a member of the committee and as one who is opposed to the bill in its present form, I should like to offer a motion to recommit.

Mr. BYRNS. Mr. Speaker, I object to that form of qualification.

The SPEAKER. Permit the Chair to say to the gentleman from Tennessee [Mr. BYRNS] that a member of the

committee who qualifies as being opposed to the bill undoubtedly would have preference in recognition.

Mr. BYRNS. I simply wanted to know if the gentleman is opposed to the bill as it stands.

Mr. OLIVER of Alabama. Yes; I am, and shall vote against it.

The SPEAKER. The gentleman from Alabama [Mr. OLIVER] qualifies and is entitled to submit a motion to recommit.

The gentleman from Alabama offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. OLIVER of Alabama moves to recommit the bill H. R. 6660 to the Committee on Appropriations with instructions to report the same forthwith back to the House with an amendment striking out the figures "$760,000" in line 20, page 3, and inserting in lieu thereof the figures "$60,000," or so much thereof as may be necessary.

Mr. BYRNS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion to recommit.

The question was taken; and on a division (demanded by Mr. O'CONNOR and Mr. BLAND) there were—ayes 61, noes 59.

Mr. O'CONNOR. Mr. Speaker, I demand the yeas and nays.

Mr. STAFFORD. Mr. Speaker, I challenge the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 233, nays 132, answered "present" 1, not voting 67, as follows:

[Roll No. 7]

YEAS—233

Allgood	Dowell	Johnson, Mo.	Parks
Almon	Doxey	Johnson, Okla.	Parsons
Andresen	Drane	Johnson, S. Dak.	Patman
Andrew, Mass.	Driver	Johnson, Tex.	Patterson
Andrews, N. Y.	Evans, Mont.	Johnson, Wash.	Pettengill
Arnold	Fiesinger	Jones	Polk
Bacon	Finley	Karch	Pratt, Harcourt J.
Baldrige	Fish	Ketcham	Pratt, Ruth
Bankhead	Fishburne	Kinzer	Purnell
Barton	Foss	Kniffin	Ragon
Beck	Frear	Knutson	Ramseyer
Beedy	French	Kopp	Rankin
Beers	Fulbright	Kurtz	Rayburn
Bland	Fuller	Lambertson	Reilly
Blanton	Fulmer	Lambeth	Rich
Bowman	Garber	Lamneck	Robinson
Brand, Ga.	Gasque	Lanham	Rogers
Briggs	Gibson	Lankford, Ga.	Romjue
Brumm	Gilbert	Lankford, Va.	Rutherford
Buchanan	Gilchrist	Larrabee	Sanders, Tex.
Burch	Gillen	Leavitt	Sandlin
Burtness	Glover	Lichtenwalner	Schafer
Busby	Goodwin	Loofbourow	Schneider
Cable	Goss	Lovette	Selvig
Canfield	Green	Lozier	Shallenberger
Cannon	Greenwood	Luce	Shannon
Carden	Gregory	Ludlow	Shott
Carter, Wyo.	Griswold	McClintic, Okla.	Shreve
Cartwright	Guyer	McGugin	Simmons
Cary	Hadley	McKeown	Smith, Idaho
Chindblom	Haines	McMillan	Smith, Va.
Chiperfield	Hall, Ill.	McSwain	Smith, W. Va.
Christopherson	Hall, Miss.	Magrady	Snell
Clague	Hall, N. Dak.	Major	Snow
Clancy	Hancock, N. C.	Mapes	Sparks
Clark, N. C.	Hare	Martin, Mass.	Stafford
Clarke, N. Y.	Harlan	May	Steagall
Cochran, Mo.	Hart	Michener	Stevenson
Cochran, Pa.	Haugen	Millard	Stokes
Cole, Iowa	Hill, Ala.	Miller	Strong, Kans.
Collier	Hill, Wash.	Milligan	Summers, Wash.
Colton	Hoch	Mitchell	Sumners, Tex.
Connolly	Hogg, Ind.	Montague	Swank
Cox	Holaday	Moore, Ky.	Swick
Cross	Hollister	Moore, Ohio	Taber
Crowe	Hooper	Morehead	Tarver
Crowther	Hope	Mouser	Treadway
Darrow	Hopkins	Murphy	Tucker
Davis	Horr	Nelson, Mo.	Turpin
DeRouen	Howard	Niedringhaus	Underhill
Dickinson	Huddleston	Nolan	Underwood
Dies	Hull, Morton D.	Norton, Nebr.	Weeks
Dieterich	Hull, William E.	Oliver, Ala.	West
Disney	Jeffers	Owen	White
Dominick	Jenkins	Parker, Ga.	Whittington
Wigglesworth	Wilson	Woodruff	Wyant
Williams, Mo.	Wingo	Woodrum	Yon
Williams, Tex.	Wolfenden	Wright	
Williamson	Wood, Ga.		

NAYS—132

Adkins	Coyle	Hess	Person
Allen	Crail	Holmes	Pou
Amlie	Crosser	Hornor	Prall
Arentz	Cullen	Kahn	Rainey
Auf der Heide	Curry	Keller	Ramspeck
Bachmann	Dallinger	Kelly, Ill.	Ransley
Barbour	Davenport	Kelly, Pa.	Reed, N. Y.
Beam	Delaney	Kennedy	Reid, Ill.
Black	De Priest	Kerr	Rudd
Bloom	Doughton	Kleberg	Sabath
Boehne	Douglas, Ariz.	Kvale	Schuetz
Boileau	Douglass, Mass.	LaGuardia	Seger
Boland	Drewry	Leech	Sinclair
Bolton	Eaton, Colo.	Lehlbach	Sirovich
Boylan	Eaton, N. J.	Lewis	Spence
Britten	Englebright	Lindsay	Stalker
Browning	Esllck	Linthicum	Stewart
Brunner	Estep	Lonergan	Sullivan, N. Y.
Bulwinkle	Evans, Calif.	McClintock, Ohio	Sutphin
Butler	Fitzpatrick	McCormack	Taylor, Colo.
Byrns	Gambrill	McFadden	Temple
Campbell, Pa.	Garrett	McLaughlin	Thatcher
Carley	Gavagan	McReynolds	Tierney
Carter, Calif.	Gifford	Maas	Timberlake
Chapman	Golder	Mansfield	Vestal
Chavez	Goldsborough	Martin, Oreg.	Warren
Christgau	Granfield	Norton, N. J.	Wason
Cole, Md.	Griffin	O'Connor	Weaver
Collins	Hancock, N. Y.	Oliver, N. Y.	Welch, Calif.
Condon	Hardy	Palmisano	Wolcott
Connery	Hartley	Parker, N. Y.	Wolverton
Cooke	Hastings	Peavey	Wood, Ind.
Cooper, Tenn.	Hawley	Perkins	Yates

ANSWERED "PRESENT"—1

Bacharach

NOT VOTING—67

Abernethy	Doutrich	Larsen	Strong, Pa.
Aldrich	Dyer	Lea	Sullivan, Pa.
Ayres	Erk	McDuffie	Swanson
Bohn	Fernandez	McLeod	Sweeney
Brand, Ohio	Flannagan	Maloney	Swing
Buckbee	Free	Manlove	Taylor, Tenn.
Burdick	Freeman	Mead	Thomason
Campbell, Iowa	Granata	Montet	Thurston
Cavicchia	Hogg, W. Va.	Nelson, Me.	Tilson
Celler	Houston, Del.	Nelson, Wis.	Tinkham
Chase	Igoe	Overton	Vinson, Ga.
Cooper, Ohio	Jacobsen	Partridge	Vinson, Ky.
Corning	James	Pittenger	Watson
Crisp	Johnson, Ill.	Quin	Welsh, Pa.
Crump	Kading	Sanders, N. Y.	Whitley
Culkin	Kemp	Selberling	Withrow
Dickstein	Kendall	Somers, N. Y.	

So the motion to recommit was agreed to.

The following pairs were announced:

On the vote:

Mr. McDuffie (for) with Mr. Somers of New York (against).
Mr. Dyer (for) with Mr. Celler (against).
Mr. James (for) with Mr. Corning (against).
Mr. Manlove (for) with Mr. Dickstein (against).
Mr. Thurston (for) with Mr. Mead (against).

Until further notice:

Mr. Crisp with Mr. Bacharach.
Mr. Kemp with Mr. Free.
Mr. Vinson of Georgia with Mr. Cooper of Ohio.
Mr. Montet with Mr. Buckbee.
Mr. Flanagan with Mr. Campbell of Iowa.
Mr. Abernethy with Mr. Freeman.
Mr. Ayres with Mr. Hogg of West Virginia.
Mr. Quin with Mr. Johnson of Illinois.
Mr. Thomason with Mr. McLeod.
Mr. Crump with Mr. Kendall.
Mr. Fernandez with Mr. Whitley.
Mr. Lea of California with Mr. Swing.
Mr. Overton with Mr. Watson.
Mr. Sweeney with Mr. Swanson.
Mr. Vinson of Kentucky with Mr. Pittenger.
Mr. Maloney with Mr. Strong of Pennsylvania.
Mr. Larsen with Mr. Cavicchia.
Mr. Jacobson with Mr. Chase.
Mr. Culkin with Mr. Erk.
Mr. Granata with Mr. Welsh of Pennsylvania.
Mr. Bohn with Mr. Tilson.

Mr. BACHARACH. Mr. Speaker, I desire to know if the gentleman from Georgia, Mr. CRISP, has voted.

The SPEAKER. He has not.

Mr. BACHARACH. I have a general pair with the gentleman from Georgia, and I wish to withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

Mr. BYRNS. Mr. Speaker, I report back the bill amended in accordance with the instructions in the motion to recommit.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion by Mr. BYRNS to reconsider the vote whereby the bill was passed was laid on the table.

TAXICABS OF THE DISTRICT OF COLUMBIA

Mr. BYRNS. Mr. Speaker, I offer the following resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 90

Resolved, That it is the sense of the House of Representatives, unanimously expressed, that Commissioner Patrick, of the Public Utilities Commission, should rescind immediately his order requiring taxicabs in the District of Columbia to be placed upon a meter basis, it being the intention that visitors coming to the Nation's Capital during 1932 shall have taxicab service at the very lowest rate possible.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

On motion of Mr. BYRNS, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

THE MORATORIUM

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech delivered over the radio on Sunday afternoon by the gentleman from Pennsylvania [Mr. MCFADDEN].

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOODRUFF. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following remarks of Hon. LOUIS T. MCFADDEN, in debate with Norman Thomas on the subject of the moratorium, over station WOR Sunday afternoon, December 27, 1931, between 3 and 3.45 o'clock:

As a text for this discussion, I desire to quote from an eminent authority, Calvin Coolidge, who, on October 22, 1930, said:

"Those who are constantly agitating, either for political or publicity purposes, for a revision of German reparations, and who are trying to connect them with the European debts owed the United States, are doing distinct injury to the world economic situation. They arouse new uncertainties and inflame old animosities. We should regard these questions as settled. Let Europe adjust its own difficulties. The present rates of payment can be met by all countries concerned.

"Those saying that if Germany defaults reparations other countries can not pay the United States debts are overreaching themselves. That means that if reparations are not collected from Germany they must be collected from the taxpayers of the United States."

The principles of a republic are those of liberalism, and it fosters the spirit of equal justice among its citizens and of fair dealing with foreign states. Throughout our own history public opinion has manifested its sympathy with the growth of liberal institutions abroad and with foreign causes which appeal primarily to the principle of justice.

In formulating national policy, therefore, when a new question rises in our relation to foreign states public opinion here is not inclined to override the promptings of calm and fair judgment and act hastily in an arbitrary spirit of self-interest. The public judgment at times may be at fault because of insufficient information, but the fault is more likely to arise from this cause than from a deliberate intention to ignore standards of right conduct.

The war in Europe left us a legacy of complicated international questions, and because of their complications there has been much diversity of opinion as to their proper solution. Public opinion has given much attention to them and has been patient and conscientious in its desire to formulate a judgment.

We have heard all that our former allies have had to say about the war debts which they owe us and about the German war reparations. We have been urged as a duty to join the League of Nations and the World Court. Voices from Europe and voices here have urged us as a duty to cancel the allied debts and to forsake the principle of political isolation which they tell us is an ignoble and selfish one.

For some years after the war the situation was so confused that it was impossible for public opinion to reach a judgment. But 13 years have passed now since the war ended, and things have transpired both here and in Europe that tend to simplify the problem.

We know that when the allied war debts were funded we canceled more than half of the amount of those debts. We know that we took no share in the reparations exacted from Germany, and that there is no logical reason why we should have any concern with them to-day. We know, too, that the German reparations have been a cause of frightful disorganization in Europe ever since the war and that the Allied Governments have persistently sought to make the payment of their debts to us dependent upon the receipt by them of reparations from Germany. We are conscious of a strong determination in Europe to involve us intimately in the interminable controversies which convulse that continent. Just as long as Europe can keep us in these international conferences on war debts, reparations, and all world affairs, just that long has she hopes of involving us in the League of Nations, the World Court, and the world bank—all instruments concocted to take away our freedom in Government and finance.

We know that in the normal prosecution of our domestic and foreign commerce we prospered after the war and that in 1924 the country was in a sound condition financially and industrially. There was nothing in our domestic condition that menaced or threatened this prosperity. But in little more than five years thereafter our financial and industrial structure was shaken to its foundations, chiefly because of the dislocations caused by the enormous loans made to Europe on a scale far beyond Europe's capacity to repay.

We are told that we must postpone or cancel payments on our foreign debt to restore our export trade. In other words, if we give our foreign customers money with which to purchase merchandise, they may buy it from us.

In the 10 years ending with 1929 our total of exports to all countries was $49,609,677,114. In the same period our total of money sent abroad was over $60,000,000,000, including foreign loans, investments, debt-funding settlements, gifts, ocean freight bills, travel expenses, and foreign remittances. Exports for the war period were more than covered by our direct war expenditures, which last was also a contribution to foreign interests.

We, ourselves, paid for every dollar of merchandise sold abroad by exporting money which we are now told is never coming back to us. This economic absurdity finally collapsed under its own weight; our alleged "prosperity" ruined us. We can not afford to restore a foreign trade in which we pay for our exports as well as for our imports.

"Hands across the sea" are always palm up when westbound.

We realize now that, far from having followed a policy of isolation, we have to a great extent made Europe's problems our own and in doing so have sacrificed our own interests and imposed unjustified burdens upon our own people. To do more than we have already done would endanger our present safety and jeopardize the Nation's future.

The only good thing about the joint resolution authorizing the Hoover debt moratorium was the amendment which expressed the will of the Congress that there shall be no reduction or cancellation by the United States Government of the debts owed the United States by the foreign countries.

Apart entirely from the international debt question, the method by which the matter was put before the Congress for action sets a dangerous precedent in the negotiation of agreements with foreign governments. If, when Congress is not in session, a President can call in congressional leaders, or even communicate with a majority of the Members of both Houses, telling them that a certain proposed agreement with foreign governments is desirable and urgent, and upon these representations can obtain their promises to ratify it when it is later presented to the Congress in session, the independent power of the Congress under the Constitution is virtually destroyed. I will here and now venture the definite opinion based upon the discussion and expressions of the Members of both Houses of Congress during the consideration last week of the Hoover moratorium that if they had not been pledged last June they would have voted against ratification of the Hoover moratorium.

In the first place, the President is enabled to assure the foreign governments that the Congress will ratify what he does, and this places the Congressmen in an embarrassing position if they subsequently see reasons why ratification should be withheld. The finished product may bear a different aspect from that which it first presented; but, conveiving themselves bound by their promises, the legislators may find themselves unable to reconsider their position and, against their better judgment, will vote for ratification.

This is as true with reference to treaties which come only before the United States Senate for ratification, as for agreements affecting revenue, like this one, which must come before both Houses of the Congress.

In this case the information contained in the Executive message asking for ratification was entirely inadequate and misleading. It asked for the ratification of an agreement proposed on June 20 last, for which a certain number of Senators and Representatives had promised approval.

But the agreement of June 20 had, in fact, been materially changed by a subsequent agreement made with France on July 6. Several nations which had immediately ratified the agreement of June 20 had to reconsider their action, and on August 11 they met in London and signed a protocol binding themselves to the terms of the American agreement with France and making Germany a party to it also.

Yet the Executive message on the 10th of December asked for ratification of the moratorium proposed on June 20 and said not a word about the subsequent changes.

The report of the Ways and Means Committee to the House stated that the Franco-American agreement and the London protocol had been before the committee when considering its report. How these documents came before the committee I do not know; they did not accompany the message of the President, and they were never at any time presented to the House itself for its consideration. They together contained the real moratorium agreement, and they ought to have been submitted formally to the Congress.

The whole thing was done in a loose and inadequate manner which showed small regard for the dignity of the Congress and which was a blow to the treaty-making processes of the Constitution.

The general impression, both in and out of Congress, appears to be that Congress has ratified an agreement for the temporary suspension of payments of all war debts and reparations as proposed on June 20 last, the subsequent changes being of only minor importance. This impression is erroneous.

The Franco-American agreement of July 6 excepts the unconditional annuities from the operation of the moratorium; it leaves them in full force, and it rivets them more firmly upon Germany by reason of the agreement of the United States with France that they must be paid. Moreover, when a little later Germany was made a party to this agreement by the London protocol, instead of lessening the amount of the reparations which Germany must pay unconditionally, it increased that amount, because it provided that the conditional annuities suspended for one year are to be funded over a 10-year period and that these payments must then be met unconditionally.

Under the Franco-American agreement the amount that Germany must pay annually without the right of postponement is a larger sum than if the Franco-American agreement had not been made. The moratorium has not lightened the absolute burdens of Germany; it has made them heavier.

If there was any merit at all in the original proposal of June 20, that all payments between governments be temporarily suspended, it would have consisted in holding the critical situation in suspense long enough to give the European governments time to agree upon mutual concessions. But the original proposal was entirely discarded, and under French insistence the absolute obligations of Germany were made harder and more rigid. It can not be said, therefore, that the final agreement has improved conditions in Europe.

It is claimed that the proposal of June 20 prevented a financial collapse in Germany which would have been catastrophic in its influences elsewhere. This was what it was intended to do, but did not accomplish. To accomplish this, immediate ratification by France, as well as by the other nations, would have been necessary.

But it will be recalled France refused to ratify it, and insisted upon the new agreement which I have just described. Instead of the financial conditions in Germany improving they immediately became more critical, and the bankruptcy, which was only threatened on June 20, became actual when later in the summer the great Danat Bank and the banks generally in Germany were thrown into bankruptcy and the Reichsbank had to close its doors. This brought on the financial collapse in England and the fall of the pound, which carried down with it the currencies of numerous of the smaller European countries. If financial catastrophe in Europe has not supervened as a result of the Franco-American agreement, it is hard to understand what financial catastrophe is.

The trouble with Europe to-day is that its international financial structure is grotesquely inflated with a fraudulent asset of $10,000,000,000 in German reparations with which the allied governments seek to pay all their debts. This asset has no value because it is an asset only if Germany pays punctually the annual interest and sinking fund upon it. Germany has not paid these annual sums out of her own resources. After the war she paid $9,000,000,000 in reparations which was in fact all that she justly owed. Since then she has not paid reparations out of her own resources, she can not so pay them, and she does not intend to try to do so.

The entire inflated financial structure since the war has been predicated upon the theory that Germany could pay the charges upon billions in reparation bonds held by the allied governments; and there has been an iridescent hope that the American public might be induced to buy these bonds from them. The allied treasuries would thus be filled, and the job of patrolling Germany would be transferred to the United States Government.

It is upon this grandiose financial coup that the allied governments and the international bankers have for years unsuccessfully lavished the intellectual treasures of their minds, and it is because they have made this plan their chief preoccupation that genuine reconstruction in Europe has been at a standstill for 13 years. It is time that this conception be abandoned.

To come back now, in closing, to the amendment which accompanied the passage of the joint resolution by the Congress the other day.

The amendment makes it plain that it is the will of Congress that there shall be no cancellation or reduction of the allied debts to the United States. We believe that these are just debts and that the allied governments are able to pay them out of their own resources and without reference to receipts from German reparations.

Heretofore the allied governments have contrived to get the money from Germany, and there is plenty of indication that they are unwilling to pay us any sums that they do not first collect in this way. One thing is sure, namely, that Germany is going to stop paying reparations, because the American bankers are going to be made to stop lending billions to Germany with which to pay them.

The allied governments will therefore have to make their payments to the United States out of their own resources. The decision whether they will do so is for them alone to make. We can be of no assistance to them in making up their minds. But we will not accept German reparation bonds from them in lieu of what they owe us, nor will we permit them to negotiate them upon the American investment market. In the future, as in the past, it will remain the American position that there is no connection between German reparations and allied debts to the United States.

Mr. Thomas, in answering your presentation I desire to make a constructive suggestion, one that will go further than any other in laying the basis for a justification of real disarmament in the United States, and this suggestion should receive the careful thought and attention of those people in the United States who are so active in agitation looking toward disarmament.

I have pointed out that international bankers and diplomats contend that Europe can not pay the debts it owes to the United States. Our former allies insist that they will pay us only if Germany pays them, and they add that Germany can not pay. According to this contention, American taxpayers are expected to pay Germany's so-called "reparations" to the European nations, which, with our aid, defeated her in the World War.

The allied nations have received substantial material benefit from the war. They have annexed large areas of colonial and other territory which belonged to Germany, Austria, and Turkey. They have persuaded us to cancel the debts incurred for money and material advanced them during the war. The present debts owed us are for money loaned Europe for reconstruction purposes and property sold them at 20 cents on the dollar.

They now claim that world-wide deflation makes the whole or partial cancellation of the postwar debts, amounting to eleven and one-half billion dollars, necessary. The United States is asked to assume the entire burden of this deflation, Europe assuming none. The question of "ability to pay" has been brought to bear on every nation and people involved except the United States and the American taxpayer.

It is only fair that Europe should share in this deflation. It is perfectly practicable for England and France to do this without financial expenditure of any kind; since they are our principal debtors it is fortunate that they are the best equipped to share the burden with us.

England is possessed of numerous island and mainland colonies close to our coasts. No reference to Canada is here intended. Canada is a self-contained Dominion, virtually an independent nation and a most excellent neighbor. Canada is the most virile part of the British Empire to-day and brightest hope for the growth and continuance of British power and influence in the world.

There are other British possessions which do not enjoy the status of Canada. Many of them are the seats of strongly fortified British naval bases and by their location can be designed for no other purpose than possible hostilities against the United States. Bermuda is a case in point. That group of islands has large dockyards and extensive fortifications, barely 30 hours by fast steamer from New York City and hardly 4 hours by airplane. It is only 5 hours by airplane from Hamilton in Bermuda to the Capitol of our Nation at Washington.

The Bahama Islands are not fortified but provide a splendid base for aerial operations against Florida and our south Atlantic seacoast. Jamaica dominates the Caribbean from the center and is an effectual naval and aerial "cover" for the Panama Canal. The Windward and Leeward Islands wall in the Caribbean on the east, British Guiana providing a mainland "anchor" for the long chain of islands which run north to Porto Rico and Haiti. On the western side of the Caribbean, British Honduras occupies a position of great strategic importance.

Trinidad, almost touching the South American Continent, has a strong naval base; so has Kingston, in Jamaica. I would point out that no possible enemy threatens British interest in our home waters, unless Britain regards the United States as an enemy.

May I suggest that it would be a welcome gesture of intended friendship if England should offer to transfer to the United States in part payment of her debt to us the colonial possessions which she holds in waters which wash our coasts from Florida to Maine. It would provide a partial settlement of the debt burden which England finds so heavy, and it would give us a feeling of security, besides strengthening the friendship between the two nations. It would be the most effectual step in the direction of real disarmament which could be taken in the present state of the world. I commend this suggestion to all those groups in the United States who are so active at this time in disarmament—in both our Army and Navy.

I desire to point out that a large part of our national territory in the past has been acquired by purchase. The Louisiana Purchase, the Indian treaties, the treaty of Guadalupe Hidalgo, the Gadsden Purchase, the acquisition of Porto Rico and the Philippines, and the comparatively recent purchase of the Danish West Indies, now the Virgin Islands, are cases in point.

It is very likely that the American people would be content to accept a partial settlement of the European debts in territory. Ceding the territory in question would be a convincing evidence that England is willing to bear part of the burden which it now seems she is trying to place upon our unaided shoulders. If this understanding of her intentions is unfair, this proposed territorial suggestion would be a splendid way to prove it.

The territory is extensive. It comprises some 400 islands and the mainland colonies of British Honduras in Central America and British Guiana in South America. The area involved is some 110,000 square miles and the population about 2,300,000.

The possessions of France in American waters are less extensive than those of England, but are important. They begin on the north with St. Pierre and Miquelon and include Martinique, the Guadeloupe Islands, and French Guiana, the latter a mainland colony with some coastal islands. The total area is 33,000 square miles and the population 529,000.

The people of the United States have already proved their willingness to help England and France; it is time for those countries to demonstrate their willingness to recognize our past helpfulness and to relieve the United States of the presence of foreign naval bases in our home waters. We have no territorial ambitions in Europe.

The transfer of the territory in question at fair valuations would also serve to relieve the burden of payment which now rests on British and French taxpayers.

IMPEACHMENT OF ANDREW W. MELLON, SECRETARY OF THE TREASURY

Mr. PATMAN. Mr. Speaker, I rise to a question of constitutional privilege. On my own responsibility as a Member of this House, I impeach Andrew William Mellon, Secretary of the Treasury of the United States, for high crimes and misdemeanors, and offer the following resolution:

Whereas the said Andrew William Mellon, of Pennsylvania, was nominated Secretary of the Treasury of the United States by the then Chief Executive of the Nation, Warren G. Harding, March 4, 1921; his nomination was confirmed by the Senate of the United States on March 4, 1921; he has held said office since March 4, 1921, without further nominations or confirmations.

Whereas section 243 of title 5 of the Code of Laws of the United States provides:

"SEC. 243. Restrictions upon Secretary of Treasury: No person appointed to the office of Secretary of the Treasury, or Treasurer, or register, shall directly or indirectly be concerned or interested in carrying on the business of trade or commerce, or be owner in whole or in part of any sea vessel, or purchase by himself, of another in trust for him, any public lands or other public property, or be concerned in the purchase or disposal of any public securities of any State, or of the United States, or take or apply to his own use any emolument or gain for negotiating or transacting any business in the Treasury Department other than what shall be allowed by law; and every person who offends against any of the prohibitions of this section shall be deemed guilty of a high misdemeanor and forfeit to the United States the penalty of $3,000, and shall upon conviction be removed from office, and forever thereafter be incapable of holding any office under the United States; and if any other person than a public prosecutor shall give information of any such offense, upon which a prosecution and conviction shall be had, one-half the aforesaid penalty of $3,000 when recovered shall be for the use of the person giving such information."

Whereas the said Andrew William Mellon has not only been indirectly concerned in carrying on the business of trade and commerce in violation of the above-quoted section of the law but has been directly interested in carrying on the business of trade and commerce in that he is now and has been since taking the oath of office as Secretary of the Treasury of the United States the owner of a substantial interest in the form of voting stock in more than 300 corporations with resources aggregating more than $3,000,000,000, being some of the largest corporations on earth, and he and his family and close business associates in many instances own a majority of the stock of said corporations and, in some instances, constitute ownership of practically the entire outstanding capital stock; said corporations are engaged in the business of trade and commerce in every State, county, and village in the United States, every country in the world, and upon the Seven Seas; said corporations are extensively engaged in the following businesses: Mining properties, bauxite, magnesium, carbon electrodes, aluminum, sales, railroads, Pullman cars, gas, electric light, street railways, copper, glass, brass, steel, tar, banking, locomotives, water power, steamship, shipbuilding, oil, coke, coal, and many other different industries; said corporations are directly interested in the tariff, in the levying and collections of Federal taxes, and in the shipping of products upon the high seas; many of the products of these corporations are protected by our tariff laws and the Secretary of the Treasury has direct charge of the enforcement of these laws.

MELLON'S OWNERSHIP OF SEA VESSELS AND CONTROL OF UNITED STATES COAST GUARD

Whereas the Coast Guard (sec. 1, ch. 1, title 14, of the United States Code) is a part of the military forces of the United States and is operated under the Treasury Department in time of peace; that the Secretary of the Treasury directs the performance of the Coast Guard (sec. 51, ch. 1, title 14, of the Code of Laws of the United States); that officers of the Coast Guard are deemed officers of the customs (sec. 66, ch. 2, title 14, United States Code), and it is their duty to go on board the vessels which arrive within the United States, or within 4 leagues of the coast thereof, and search and examine the same, and every part thereof, and shall demand, receive, and certify the manifests required to be on board certain vessels, shall affix and put proper fastenings on the hatches and other communications with the hold of any vessel, and shall remain on board such vessels until they arrive at the port of their destination; that the said Andrew William Mellon is now, and has been since becoming Secretary of the Treasury, the owner in whole or in part of many sea vessels operating to and from the United States, and in competition with other steamship lines; that his interest in the sea vessels and his control over the Coast Guard represent a violation of section 243 of title 5 of the Code of Laws of the United States.

CUSTOMS OFFICERS

Whereas the Secretary of the Treasury of the United States superintends the collection of the duties on imports (sec. 3, ch. 1, title 19, Code of Laws of the United States); he establishes and promulgates rules and regulations for the appraisement of imported merchandise and the classification and assessment of duties thereon at various ports of entry (sec. 382, ch. 3, title 19, Code of Laws of United States); that the present Secretary of the Treasury, Andrew W. Mellon, is now and has been since becoming Secretary of the Treasury, personally interested in the importation of goods, wares, articles, and merchandise in substantial quantities and large amounts; that it is repugnant to American principles and a violation of the laws of the United States for such an officer to hold the dual position of serving two masters—himself and the United States.

OWNERSHIP OF SEA VESSELS

Whereas the said Andrew W. Mellon is now, and has been since becoming Secretary of the Treasury of the United States, holding said office in violation of that part of section 243 of title 5 of the Code of Laws of the United States, which provides that "no person appointed to the office of Secretary of the Treasury, * * * shall be the owner in whole or in part of any sea vessel," in that he was and is now the owner in whole or in part of the following sea vessels:

Registered in Norway: *Austvangen, Nordvangen, Sorvangen, Vestvangen.*

Venezuelan flag: 14 tankers, of 36,654 gross tons.

United States flag: *S. Haiti;* 13 general cargo vessels, *Conemaugh, Gulf of Mexico, Gulfbird, Gulfcoast, Gulfgem, Gulfking, Gulflight, Gulfoil, Gulfpoint, Gulfprince, Gulfstar, Gulfstream, Gulfwax, Harmony, Ligonier, Ohio, Susquehanna, Winifred, Currier, Gulf of Venezuela, Gulfbreeze, Gulfcrest, Gulfhawk, Gulfland, Gulfmaid, Gulfpenn, Gulfpride, Gulfqueen, Gulfstate, Gulftrade, Gulfwing, Juniata, Monongahela, Supreme, Trinidadian.*

INCOME TAXES PAID BY MELLON COMPANIES AND REFUNDS MADE TO THEM—BY HIMSELF

Whereas section 1 (2), chapter 1, title 26, of the Code of Laws of the United States, provides "The Commissioner of Internal Revenue, under the direction of the Secretary of the Treasury, shall have general superintendence of the assessment and collection of all duties and taxes imposed by any law providing internal revenue * * *." The tax laws of the United States, including the granting of refunds, credits, and abatements, are administered in secret under the direction of the Secretary of the Treasury; that income-tax returns and evidence upon which refunds are made, or granted, to taxpayers are not subject to public inspection; that under the direction of the present Secretary of the Treasury, Andrew W. Mellon, many hundred corporations that are substantially owned by him annually make settlement for their taxes and many such corporations have been granted under his direction large tax refunds amounting to tens of millions of dollars.

OWNERSHIP OF BANK STOCK

Whereas section 244, chapter 3, title 12, of the Code of Laws of the United States, provides:

"SEC. 244. Chairman of the board; qualifications of members; vacancies.—The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank, nor hold stock in any bank, banking institution, or trust company; * * *."

That the present Secretary of the Treasury, Andrew W. Mellon, is now and has been since becoming Secretary of the Treasury the owner of stock in a bank, banking institution, and trust company in violation of this law.

WHISKY BUSINESS

Whereas the said Andrew W. Mellon has held the office of Secretary of the Treasury in violation of section 243 of title 5 of the Code of Laws of the United States, in that from March 4, 1921, to October 2, 1928, he was interested in and received his share of the proceeds and profits from the sale of distilled whisky, which said whisky was sold as a commodity in trade and commerce.

ALUMINUM IN PUBLIC BUILDINGS

Whereas the said Andrew W. Mellon has further violated the law which prohibits the Secretary of the Treasury from being

directly or indirectly interested or concerned in the carrying on of business or trade or commerce, in that as Secretary of the Treasury he controls the construction and maintenance of public buildings; the Office of the Supervising Architect is subject to the direction and approval of the Secretary of the Treasury; the duties performed by the Supervising Architect embrace the following: Preparation of drawings, estimates, specifications, etc., for and the superintendence of the work of constructing, rebuilding, extending, or repairing public buildings; under the supervision of the Supervising Architect and subject to the direction and approval of the Secretary of the Treasury the Government of the United States has spent and will soon spend several hundred million dollars in the construction of public buildings. The said Andrew W. Mellon is the principal owner and controls the Aluminum Co. of America, which produces and markets practically all of the aluminum in the United States used for all purposes. The said Andrew W. Mellon has, while occupying the position as Secretary of the Treasury, directly interested himself in the carrying on and promotion of the business of the Aluminum Co. of America by causing to be published in Room 410 of the Treasury Building of the United States, located between the United States Capitol and the White House, a magazine known as the Federal Architect, published quarterly, which carries the pictures of public buildings in which aluminum is used in their construction and carries articles concerning the use of aluminum in architecture which suggest how aluminum can be used for different purposes in the construction of public buildings for the purpose of convincing the architects who draw the plans and specifications for public buildings that aluminum can and should be used for certain construction work and ornamental purposes. The use of aluminum in the construction of public buildings displaces materials which can be purchased on competitive bids, whereas the Aluminum Co. of America holds a monopoly and has no competitors. Said magazine is published by employees of the United States Government in the Office of the Supervising Architect and distributed to the architects of the Nation, many of whom have been or will be employed by the Supervising Architect to draw plans and specifications for public buildings in their local communities. More aluminum is now being used in the construction of public buildings, under the direction of the Secretary of the Treasury, than has ever before been used, as a result of this advantage.

MELLON INTEREST IN SOVIET UNION (RUSSIA)

Whereas section 140 of title 19 of the Code of Laws of the United States provides:

"SEC. 140. Goods manufactured by convict labor prohibited.—All goods, wares, articles, and merchandise manufactured wholly or in part in any foreign country by convict labor shall not be entitled to entry at any of the ports of the United States, and the importation thereof is prohibited, and the Secretary of the Treasury is authorized and directed to prescribe such regulations as may be necessary for the enforcement of this provision"——

charges are now being made that goods, wares, articles, and merchandise are being transported to the United States from the Soviet Union (Russia) in violation of this act; the present Secretary of the Treasury, Andrew W. Mellon, whose duty it is to enforce this provision of the law, is one of the principal owners of the Koppers Co., a company with resources amounting to $143,379,352, which is carrying on trade and commerce in all parts of the world; that said company during the year 1930 made a contract with the Soviet Union whereby the Koppers Co. obligated itself to build coke ovens and steel mills in the Soviet Union aggregating in value $200,000,000, in furtherance of the Soviet's 5-year plan; that said contract is now being carried into effect, and the said Andrew W. Mellon is financially interested in its success; that his interest in this contract with the Soviet Union destroys his impartiality as an officer of the United States to enforce the above-quoted law; his interest in said company, which is engaged in the business of carrying on trade and commerce, disqualifies him as Secretary of the Treasury under section 243 of title 5 of the Code of Laws of the United States and makes him guilty of a high misdemeanor and subject to impeachment: Therefore be it

Resolved, That the Committee on the Judiciary is authorized and directed, as a whole or by subcommittee, to investigate the official conduct of Andrew W. Mellon, Secretary of the Treasury, to determine whether, in its opinion, he has been guilty of any high crime or misdemeanor which, in the contemplation of the Constitution, requires the interposition of the constitutional powers of the House. Such committee shall report its findings to the House together with such resolution of impeachment or other recommendation as it deems proper.

SEC. 2. For the purposes of this resolution, the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, to take such testimony, to have such printing and binding done, and to make such expenditures not exceeding $5,000, as it deems necessary.

Mr. BYRNS. Mr. Speaker, I move that the articles just read be referred to the Committee on the Judiciary, and upon that motion I demand the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Tennessee, that the articles be referred to the Committee on the Judiciary.

The motion was agreed to.

EXTENSION OF REMARKS—CONSTRUCTION OF ADDITIONAL SHIPS

Mr. McCLINTIC of Oklahoma. Mr. Speaker, the Naval Affairs Committee has before it a program that calls for an expenditure of more than $616,000,000 to be used in the construction of additional ships. I have always taken the position that our Navy should be given all of the support that is necessary to protect our citizens, and when it is taken into consideration that with an adequate air force no nation on earth could land an army on our shores, I can not conscientiously support any such program when all of this money is to be expended for a class of ships that are not needed at the present time. I felt warranted in presenting the following statement to the Naval Affairs Committee:

Mr. Chairman, on yesterday Secretary Adams, testifying before this committee, made the statement that the President of the United States had not been consulted with respect to the proposed naval building program bill amounting to more than $616,000,000. President Hoover is the Commander in Chief of all of our military forces. If he has not been consulted in regard to the military program, then, as I view it, it is the duty of all subordinates to acquaint him with any policy they desire to see put into effect. If Secretary Adams has not done this, then I can not see how he can appear before this committee and act in good faith to the President. If Secretary Adams is not in accord with the President's views on matters of vital interest to the Nation and the world, then, following the precedents established by William Jennings Bryan and others while serving in the Cabinet, he should tender his resignation.

Yesterday I offered a motion that the bill be sent to the Navy Department for a report, having in mind that this action, if taken, would cause the committee to have before it officially the views of the department, thus enabling the Secretary of the Navy to proceed in a proper way, thereby giving the views of the administration. The motion was defeated, as only Congressman EVANS, of California, and Congressman BOLAND, of Pennsylvania, voted with me for the motion.

Many of the best minds in the Nation are of the opinion that it would not be possible for any nation on earth to land an army on our shores as long as we maintain adequate aircraft. If this is true, then the expenditure of $700,000,000 could not possibly be of any service to the Nation unless we were contemplating some kind of offensive military move. The country at the present time is facing its greatest depression. There are over 6,000,000 out of employment. There have been over 10,000 banks crashed within the last few years. The Government is facing a deficit that is estimated at $2,000,000,000. Imports and exports have fallen off several million dollars. The staple products of the country, such as corn and wheat, are selling below the cost of production. The people of the United States, in my opinion, will not countenance the expenditure of such a sum of money for military purposes, unless the necessity is apparent, and I can not conscientiously support such a program.

The President of the United States has already appointed delegates to meet with the representatives of the other military powers for the purpose of reducing expenditures. The countries that have been benefited by the moratorium expended last year nearly $2,000,000,000 for armaments. The wild struggle for military supremacy on the part of various nations is the principal cause for the depression in Europe, and unless new agreements can be put into effect and those charged with the responsibility of representing our people will assume a peaceful and friendly attitude, untold miseries and hardships will be the result. As I view it, the Naval Affairs Committee should give the delegates appointed by the President the right to proceed in a friendly manner without following the dictation of certain officials in the Navy who will gladly spend all of the money there is in this Nation for the purpose of constructing a few additional ships, many of which are now in the obsolescent type.

The Democratic majority leader, Congressman Henry T. RAINEY, has been quoted by the press as being against this program. Congressman Joseph W. BYRNS, chairman of the House Appropriations Committee, has offered a bill to consolidate all of the military activities under one head, having in mind that expenditures must be reduced. I desire to congratulate him for making this proposal, as such a policy would do away with duplication, extravagance, and waste to the extent millions of dollars could be saved and at the same time more efficiency could be brought about.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. SOMERS of New York, for an indefinite period, on account of the death of his father.

Mr. THOMASON, on account of illness.

Mr. THURSTON, on account of serious illness in his family.

Mr. CHASE, on account of death in his family.

Mr. BOHN, indefinitely, on account of illness.

ADJOURNMENT

Mr. BYRNS. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 5 minutes p. m) the House adjourned, to meet to-morrow, Thursday, January 7, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

351. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination and survey of Weymouth Fore River, Mass., from Hingham Bay to the Weymouth Fore River Bridge (H. Doc. No. 207); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

352. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination and survey of Kodiak Harbor, Alaska (H. Doc. No. 208); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

353. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination and survey of Youngs Bay and Youngs River, Oreg. (H. Doc. No. 209); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

354. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination and survey of Stikine River Alaska (H. Doc. No. 210); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

355. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination and survey of East Waterway, Seattle Harbor, Wash. (H. Doc. No. 211); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

356. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination of Fox River, Wis., with a view to the control of its floods (H. Doc. No. 212); to the Committee on Flood Control and ordered to be printed, with illustrations.

357. A letter from the president of the Georgetown Barge, Dock, Elevator & Railway Co., transmitting annual report of that company for the fiscal year ending December 31, 1931; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LOOFBOUROW: Committee on Indian Affairs. H. R. 6663. A bill to reserve certain land on the public domain in Utah for addition to the Skull Valley Indian Reservation; without amendment (Rept. No. 25). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LEAVITT: Committee on Indian Affairs. H. R. 4145. A bill for the relief of Thomas C. LaForge; without amendment (Rept. No. 23). Referred to the Committee of the Whole House.

Mr. LEAVITT: Committee on Indian Affairs. H. R. 4150. A bill authorizing issuance of patents in fee to Benjamin Spottedhorse and Horse Spottedhorse for certain lands; without amendment (Rept. No. 24). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 1282) granting an increase of pension to Carrie Fry; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 565) granting a pension to Ada May Fuller; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 707) granting a pension to Ella I. Dewire; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 1052) granting a pension to Hiram P. Marcum; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McKEOWN: A bill (H. R. 7108) to provide that no interest shall be charged veterans on loans made on adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. RANKIN: A bill (H. R. 7109) to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on World War Veterans' Legislation.

By Mr. BOLAND: A bill (H. R. 7110) imposing a tax on motor busses and motor trucks operating in interstate commerce; to the Committee on Ways and Means.

By Mr. TIMBERLAKE: A bill (H. R. 7111) to amend the act of April 9, 1924, so as to provide safer access to national parks; to the Committee on the Public Lands.

By Mr. McKEOWN: A bill (H. R. 7112) to provide for terms of the United States District Court for the Western Judicial District of Oklahoma to be held at Shawnee, Okla.; to the Committee on the Judiciary.

By Mr. GLOVER: A bill (H. R. 7113) authorizing the erection of a marker suitably marking the site of the Battle of Arkansas Post; to the Committee on Military Affairs.

By Mr. HOPE: A bill (H. R. 7114) to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on World War Veterans' Legislation.

By Mr. ENGLEBRIGHT: A bill (H. R. 7115) authorizing appropriations for the construction and maintenance of improvements necessary for protection of the national forests from fire, and for other purposes; to the Committee on Agriculture.

By Mr. RAYBURN: A bill (H. R. 7116) to amend section 15a of the interstate commerce act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7117) to amend section 15a of the interstate commerce act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. VESTAL: A bill (H. R. 7118) to protect trademarks used in commerce, to authorize the registration of such trade-marks, and for other purposes; to the Committee on Patents.

By Mr. LINTHICUM: A bill (H. R. 7119) to authorize the modification of the boundary line between the Panama Canal Zone and the Republic of Panama, and for other purposes; to the Committee on Foreign Affairs.

By Mr. GREEN: A bill (H. R. 7120) to provide for the construction of post-office buildings to relieve unemployment and economic depression, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. HARLAN: A bill (H. R. 7121) to repeal obsolete statutes and improve the United States Code; to the Committee on Revision of the Laws.

By Mr. DOUGLAS of Arizona: A bill (H. R. 7122) to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona; to the Committee on the Public Lands.

By Mr. DISNEY: A bill (H. R. 7123) to provide for the manufacture and sale of industrial and beverage alcohol for

lawful purposes in Osage County, Okla.; to the Committee on Indian Affairs.

By Mr. CONNERY: Resolution (H. Res. 91) to provide for an investigation of general labor conditions throughout the United States; to the Committee on Rules.

By Mr. PATMAN: Resolution (H. Res. 92) relative to impeachment of Andrew William Mellon, Secretary of the Treasury of the United States; to the Committee on the Judiciary.

By Mr. RUTHERFORD: Joint resolution (H. J. Res. 180) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. LINTHICUM: Joint resolution (H. J. Res. 181) authorizing an appropriation for the expenses of the sixteenth session of the International Geological Congress to be held in the United States in 1933; to the Committee on Foreign Affairs.

Also, joint resolution (H. J. Res. 182) authorizing an appropriation to defray the expenses of participation by the United States Government in the second polar year program, August 1, 1932–August 31, 1933; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 7124) granting an increase of pension to Maria Stackhouse; to the Committee on Invalid Pensions.

By Mr. BLAND: A bill (H. R. 7125) to provide for an examination and survey of the channel of Little Wicomico River, Northumberland County, Va., and of the channel connecting the said river with the Chesapeake Bay; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 7126) to provide for a preliminary examination and survey of the channel in Jacksons Creek, Middlesex County, Va., and the channel connecting with the channel in the Piankatank River; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 7127) to provide for an examination and survey of the waters and channels between the Chesapeake Bay and Chincoteague Bay in the State of Virginia, lying between the mainland and the islands along the coast with a view to providing an inland waterway from the Chesapeake Bay to Chincoteague Bay; to the Committee on Rivers and Harbors.

By Mr. BOLTON: A bill (H. R. 7128) for the relief of Della O'Brien; to the Committee on Claims.

By Mr. CABLE: A bill (H. R. 7129) granting a pension to Lillie J. Goens; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7130) granting an increase of pension to Caroline Risk; to the Committee on Invalid Pensions.

By Mr. COYLE: A bill (H. R. 7131) for the relief of Theodore Lyons; to the Committee on Military Affairs.

By Mr. CRAIL: A bill (H. R. 7132) for the relief of Fred West; to the Committee on Military Affairs.

Also, a bill (H. R. 7133) granting a pension to Cora B. Noyes; to the Committee on Pensions.

By Mr. DAVILA: A bill (H. R. 7134) for the relief of Julia Santiago; to the Committee on Claims.

By Mr. DICKINSON: A bill (H. R. 7135) granting a pension to John Swindle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7136) for the relief of Moses F. Birdwell; to the Committee on Military Affairs.

By Mr. DISNEY: A bill (H. R. 7137) granting a pension to the regularly commissioned United States deputy marshals of the United States court in the Indian Territory or the United States District Court for the Western District of Arkansas, including the Indian Territory, now the State of Oklahoma, and to their widows and dependent children; to the Committee on the Judiciary.

By Mr. DRANE: A bill (H. R. 7138) to provide for a survey in Old Tampa Bay, Fla., from the vicinity of Port Tampa, to Bay View, in the same bay, with a view to securing a channel of approximately 14 feet depth and 100 feet wide, together with the necessary turning basin; to the Committee on Rivers and Harbors.

By Mr. ENGLEBRIGHT: A bill (H. R. 7139) granting an increase of pension to Mary A. Blair; to the Committee on Pensions.

By Mr. EVANS of California: A bill (H. R. 7140) for the relief of Royal W. Robertson; to the Committee on Naval Affairs.

By Mr. FULLER: A bill (H. R. 7141) granting an increase of pension to Ada A. Bevers; to the Committee on Invalid Pensions.

By Mr. GARRETT: A bill (H. R. 7142) for the relief of the heirs of C. K. Bowen, deceased; to the Committee on Claims.

By Mr. HARDY: A bill (H. R. 7143) granting a pension to Emma Roberts; to the Committee on Invalid Pensions.

By Mr. HARLAN: A bill (H. R. 7144) granting a pension to Anna Weatherby Gibbins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7145) granting a pension to Walter M. Davis; to the Committee on Pensions.

Also, a bill (H. R. 7146) granting a pension to Mayme Gienandt; to the Committee on Invalid Pensions.

By Mr. HOPE: A bill (H. R. 7147) granting a pension to Robert F. Tool; to the Committee on Pensions.

By Mr. JOHNSON of Missouri: A bill (H. R. 7148) granting an increase of pension to Mabel C. B. Frazier; to the Committee on Pensions.

Also, a bill (H. R. 7149) granting a pension to Dora E. Cole; to the Committee on Pensions.

By Mrs. KAHN: A bill (H. R. 7150) for the relief of Adelaide A. Whiteman and her husband, William F. Whiteman; to the Committee on Claims.

Also, a bill (H. R. 7151) for the relief of Fred Floyd Ferguson; to the Committee on Naval Affairs.

By Mr. KURTZ: A bill (H. R. 7152) granting an increase of pension to Jennie Stiles; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7153) granting an increase of pension to Jane Rightenour; to the Committee on Invalid Pensions.

By Mr. LANKFORD of Virginia: A bill (H. R. 7154) for the relief of R. Q. Merrick; to the Committee on Claims.

By Mr. MARTIN of Massachusetts: A bill (H. R. 7155) for the relief of George Henry Kelly; to the Committee on Naval Affairs.

By Mr. MARTIN of Oregon: A bill (H. R. 7156) granting a pension to Eleanora Emma Bliss; to the Committee on Pensions.

By Mr. MILLARD: A bill (H. R. 7157) for the relief of Hyman E. Shulman; to the Committee on Claims.

Also, a bill (H. R. 7158) granting an increase of pension to Miranda C. Thompson; to the Committee on Invalid Pensions.

By Mr. McKEOWN: A bill (H. R. 7159) for the relief of Stanwaity Killcrease; to the Committee on Naval Affairs.

Also, a bill (H. R. 7160) for the relief of Spencer Talkington; to the Committee on Military Affairs.

Also, a bill (H. R. 7161) for the relief of Clarence P. Adams; to the Committee on Military Affairs.

Also, a bill (H. R. 7162) granting a pension to Taylor Pinkston; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7163) granting a pension to Larkin P. Wright; to the Committee on Pensions.

Also, a bill (H. R. 7164) granting a pension to Margaret A. Moomaw; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7165) granting a pension to John B. Vaughan; to the Committee on Invalid Pensions.

By Mr. PERSON: A bill (H. R. 7166) granting a pension to Ella M. Lawhead; to the Committee on Invalid Pensions.

By Mr. SHOTT: A bill (H. R. 7167) for the relief of Stuart L. Ritz; to the Committee on Military Affairs.

Also, a bill (H. R. 7168) for the relief of James R. Hess; to the Committee on Military Affairs.

By Mr. STRONG of Kansas: A bill (H. R. 7169) granting an increase of pension to Maggie Pickett; to the Committee on Invalid Pensions.

By Mr. THOMASON: A bill (H. R. 7170) granting an increase of pension to John P. Phillips; to the Committee on Pensions.

By Mr. VESTAL: A bill (H. R. 7171) granting a pension to Margaret Thurman; to the Committee on Invalid Pensions.

By Mr. WATSON: A bill (H. R. 7172) granting an increase of pension to Katherine M. De Witt; to the Committee on Invalid Pensions.

By Mr. WELCH of California: A bill (H. R. 7173) granting a pension to Joseph J. Carroll; to the Committee on Pensions.

Also, a bill (H. R. 7174) for the relief of James J. Meaney; to the Committee on Military Affairs.

Also, a bill (H. R. 7175) for the relief of Abe Rubenstein; to the Committee on Naval Affairs.

By Mr. WELSH of Pennsylvania: A bill (H. R. 7176) granting a pension to Esther Simpson Bingham; to the Committee on Pensions.

By Mr. WILLIAMS of Missouri: A bill (H. R. 7177) granting a pension to Caroline Surrell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7178) granting a pension to Nellie F. French; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7179) granting a pension to Annie Rhodes; to the Committee on Invalid Pensions.

By Mr. WILSON: A bill (H. R. 7180) granting an increase of pension to Kizy A. Butler; to the Committee on Invalid Pensions.

By Mr. YON: A bill (H. R. 7181) for the relief of Homer V. Milton; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

271. By Mr. BOYLAN: Resolution adopted at a meeting of the Association of General Chairmen, Standard Railroad Organizations, in New York City, opposing all forms of transportation competing with the railroads under the jurisdiction of the Interstate Commerce Commission; to the Committee on Interstate Commerce.

272. Also, letter from the president of the Eppinger & Russell Co., of New York, N. Y., in re tax revision; to the Committee on Ways and Means.

273. Also, letter from Whitehead Bros. Co., New York, N. Y., opposing the proposed tax on automobiles and accessories; to the Committee on Ways and Means.

274. Also, telegram from A. R. Gribben, president of the Auburn Sales Co. (Inc.), New York, N. Y., opposing tax on automobiles and accessories; to the Committee on Ways and Means.

275. Also, letter from the president of the Simons, Stewart Co. (Inc.), New York, N. Y., opposing tax on automobiles and accessories; to the Committee on Ways and Means.

276. By Mr. CLANCY: Petition of Emil Schwartz and John Petz and approximately 1,300 other residents of Detroit, for legislation curbing the chain-store system; to the Committee on Interstate and Foreign Commerce.

277. By Mr. CURRY: Petition of California State Association of Journeymen Barbers, that Congress take whatever action seems necessary to create in these United States a state of temperance in the use of intoxicating liquors; to the Committee on the Judiciary.

278. By Mr. DE PRIEST: Petition of Operative Plasterers and Cement Finishers' Industrial Association of the United States and Canada, Local No. 93, New Orleans, La., affiliated with the American Federation of Labor; to the Committee on the Judiciary.

279. By Mr. EATON of Colorado: Petition of the Larimer County Stockgrowers Association, opposing any further extension to the Rocky Mountain National Park in particular or any other national park in the State of Colorado; to the Committee on the Public Lands.

280. By Mr. ENGLEBRIGHT: Petition of California Farmers' Convention, Sacramento, Calif., December 2, 3, and 14, 1931, re National Farm Board; duty on importation on pineapples and bananas from all foreign countries; financing of foreign countries and competition of the Philippines and Cuba, causing wreckage of American farming; continuance of Federal Farm Board, adequate tariff the foundation of farm relief; to the Committee on Ways and Means.

281. Also, petition of George A. Marshall Camp, No. 89, Department of California, United Spanish War Veterans, to amend the act of Congress approved March 26, 1928; to the Committee on Military Affairs.

282. Also, petition of board of supervisors, city and county of San Francisco, Calif., to amend the Volstead Act; to the Committee on the Judiciary.

283. Also, petition of Shasta County Pomona Grante, through its secretary, Mrs. Gertrude A. Steger, for forest-fire control and preservation of the national forests; to the Committee on Agriculture.

284. Also, petition of Los Angeles section, American Society of Civil Engineers, for sufficient appropriations for mapping purposes; to the Committee on Appropriations.

285. By Mr. FITZPATRICK: Petition of the Ladies' Auxiliary 37 to Branch 36, National Association of Letter Carriers, opposing the passage of H. R. 4711 and 5467 reducing the salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

286. By Mr. HORR: Petition of the Chamber of Commerce of the city of Tacoma, urging the construction of naval vessels under the London agreement of 1930 to the maximum set by that treaty; to the Committee on Naval Affairs.

287. By Mr. KURTZ: Resolution from Pennsylvania Woman's Christian Temperance Union, opposing resubmission of national prohibition to the States by a resolution to submit an appeal amendment either to State conventions or to State legislatures for ratification; to the Committee on the Judiciary.

288. By Mr. PERSON: Resolution of city commission of the city of Royal Oak, Mich., favoring legislation which provides for the creation of a sinking fund to refinance legally constituted drainage districts; to the Committee on Irrigation and Reclamation.

289. Also, petition of citizens of Detroit, Mich., and vicinity, to enact legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

290. By Mr. SANDERS of Texas: Resolutions of the Disabled American Veterans of the World War, San Antonio Chapter, No. 14, relative to veterans' legislation; to the Committee on World War Veterans' Legislation.

291. Also, resolution of Disabled American Veterans of the World War, Heart of Texas Chapter, No. 19, Temple, Tex., relative to veterans' legislation; to the Committee on World War Veterans' Legislation.

292. By Mr. SNOW: Petition of Joseph Gagnon and many other citizens of Eagle Lake, Aroostook County, Me., urging that duty be placed on forest products; to the Committee on Ways and Means.

SENATE

THURSDAY, JANUARY 7, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty God, who abidest with us in the darkness even as in the light, leading us the while, hold captive every waiting thought as we contemplate anew the mystery of Thy indwelling; By our awareness of Thy presence quicken the sense of obligation involved in our relationship to Thee, our country, and our fellow men, that from the dark-woven flow of change the mask of transcience may be lifted, revealing to the light our own immortal destiny. Bring Honour back to earth as king once more, cause Nobleness to walk our

ways again till Holiness through Love and Pain gives for our dearth the fullness of Thine own eternal life; through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

PERSONAL EXPLANATION—VOTES OF YESTERDAY

Mr. BLACK. Mr. President, on yesterday when the Senate voted on the so-called Norris "lame-duck" amendment to the Constitution I was in a committee meeting and by some oversight was not called into the Chamber. I wish to announce that if I had been present I would have voted against the Bingham amendment and for the Norris amendment.

I desire further to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] was also detained from the Senate on official business, and if he had been present he would have voted against the Bingham amendment and for the Norris amendment.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Johnson	Robinson, Ind.
Austin	Davis	Jones	Sheppard
Bailey	Dickinson	Kean	Shipstead
Barbour	Dill	Kendrick	Shortridge
Barkley	Fess	Keyes	Smith
Bingham	Fletcher	King	Smoot
Black	Frazier	La Follette	Steiwer
Blaine	George	Lewis	Swanson
Borah	Glass	Logan	Thomas, Idaho
Bratton	Glenn	McGill	Thomas, Okla.
Brookhart	Goldsborough	McKellar	Townsend
Bulkley	Gore	McNary	Trammell
Bulow	Hale	Metcalf	Tydings
Byrnes	Harris	Morrison	Vandenberg
Capper	Harrison	Moses	Wagner
Caraway	Hastings	Neely	Walcott
Connally	Hatfield	Norbeck	Walsh, Mass.
Coolidge	Hawes	Norris	Walsh, Mont.
Copeland	Hayden	Nye	Waterman
Costigan	Hebert	Pittman	Watson
Couzens	Howell	Reed	Wheeler
Cutting	Hull	Robinson, Ark.	White

Mr. KENDRICK. I desire to announce that my colleague the junior Senator from Wyoming [Mr. CAREY] is necessarily detained from the Senate on official business. I ask that this announcement may stand for the day as to all roll calls.

Mr. BLACK. I wish to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is absent on official business. I ask that this announcement may stand for all roll calls during the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes, in which it requested the concurrence of the Senate.

KELLY FIELD, TEX. (S. DOC. NO. 37)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1932, for the War Department, for the acquisition of certain land at Kelly Field, Tex., amounting to $135,152.32, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES, TREASURY DEPARTMENT, 1932 (S. DOC. NO. 38)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year 1932, amounting to $853,735, together with draft of a proposed provision pertaining to an existing appropriation under the Bureau of Customs, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S. DOC. NO. 39)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury and requiring an appropriation for their payment, amounting to $143,270.93, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED AGAINST THE GOVERNMENT BY DISTRICT COURTS (S. DOC. NO. 40)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by the United States district courts, as submitted by the Attorney General through the Secretary of the Treasury and requiring an appropriation for their payment in total amount of $19,856.21, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES BY COLLISION WITH NAVAL VESSELS (S. DOC. NO. 41)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation, submitted by the Navy Department, to pay claims for damages by collision with naval vessels, amounting to $5,988.75, which have been considered and adjusted pursuant to law and requiring an appropriation for their payment, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 42)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, schedules of claims amounting to $50,547.21, allowed by the General Accounting Office, as covered by certificates of settlement, and so forth, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

FARM LOANS HELD BY FEDERAL AND JOINT-STOCK LAND BANKS (S. DOC. NO. 36)

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, in response to Senate Resolution 86 (agreed to December 17, 1931), reporting relative to overdue farm loans held by Federal and joint-stock land banks, and of foreclosures thereunder on farms, with the exception of data relating to the joint-stock land banks in receivership, which was referred to the Committee on Banking and Currency and ordered to be printed.

REPORT OF SECRETARY OF THE SENATE

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Senate, transmitting, pursuant to law, his annual report for the fiscal year ended June 30, 1931, which was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from P. M. Cushing, of Babylon, N. Y., praying for the prompt adoption of the President's economic relief program, which was ordered to lie on the table.

He also laid before the Senate a letter, with an accompanying statement in the nature of a memorial, signed by Rev. Robert F. Coates and others, being district superintendents of the Washington Annual Conference of the Methodist Episcopal Church, at Washington, D. C., protesting against the lynching of Mathew Williams in the town of Salisbury, Md., December 4, 1931; also of Thomas Jackson and George Banks in the city of Lewisburg, W. Va., December 10, 1931; and remonstrating against mob violence, which, with the accompanying paper, was referred to the Committee on the Judiciary.

Mr. COPELAND presented resolutions unanimously adopted by Peter Muehlenberg Unit No. 148, Steuben Society of America, at Flushing, N. Y., favoring the repeal of the eighteenth amendment to the Constitution, which were referred to the Committee on the Judiciary.

DISTRIBUTION OF SURPLUS FARM BOARD WHEAT

Mr. CAPPER. Mr. President, I have received many favorable letters and editorial comment relating to the joint resolution recently adopted by the Senate providing for the distribution of the surplus Farm Board wheat to the needy through the Red Cross or other charitable organizations.

The Farm Board has about 160,000,000 bushels of wheat. The country as a whole seems to realize the inconsistency of the Government paying nearly a quarter of a million dollars a month storage on this wheat while hundreds of thousands, perhaps millions, of our citizens are suffering for lack of food. Moreover, this surplus wheat is a constant threat to the wheat growers of the country. The more quickly the Farm oBard gets rid of its surplus wheat holdings the better will be the economic position of agriculture. The elevator interests opposing the measure are showing poor judgment, to say the least, in my opinion.

It is not my intention to occupy the time of the Senate in discussing a measure already approved, but for the information of the country I ask unanimous consent that an illuminating statement by Judge Will Cummings, published recently in the Chattanooga Times, and several editorials from newspapers in various sections of the country be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Chattanooga (Tenn.) Times]

CUMMINGS PRAISES WHEAT-DOLE PLANS

The recent recommendation of the Federal Farm Board that Congress authorize the distribution of 40,000,000 bushels of the surplus wheat now held by this governmental agency to the unemployed and needy was suggested to President Hoover last August 2 in a telegram to the President by Judge Will Cummings.

In its report to Congress the Federal Farm Board recommended that it be authorized to distribute through the Red Cross 40,000,000 bushels of the 200,000,000 bushels of surplus wheat it now holds. As the result of this report, Senators CAPPER and WHEELER, of the Wheat Belt, introduced a bill in the Senate which would authorize the distribution. No vote, however, will be had on this bill until after the holidays, according to dispatches from Washington.

In a later report the board requested that Congress repay the board for the wheat in the event it was decided that it should be distributed.

In the telegram to the President last August Judge Cummings said:

"In view of our experience with bread lines over the country, it is my earnest opinion that the surplus wheat crop should, through the Farm Board, be prorated to the various cities and counties over the country which are having to feed the unfortunate. I believe the conditions will be worse during the coming winter, and it would seriously affect the market to put this surplus on it at this time. I trust that you will give my suggestion thorough consideration."

A week later Judge Cummings received a letter from Edward Markham, assistant to the chairman of the Farm Board, which reads as follows:

"The White House has referred to the Farm Board your telegram of August 2, addressed to the President.

"The suggestion you make in regard to turning the stabilization wheat supplies over to the various communities throughout the country for distribution to the needy has been noted. Congressional action is necessary before anything of this kind can be done. The agricultural marketing act does not permit the giving away of stabilization supplies. If there is anything the board can do under the law to meet the emergency situation you may rest assured that it will be done."

Immediately following receipt of his letter Judge Cummings wrote each member of the Tennessee delegation in Congress requesting him to introduce or support a bill which would authorize distribution of the surplus wheat to the unemployed and needy.

In a statement yesterday Judge Cummings requested that everybody interested in the welfare of the unemployed and needy write to the Tennessee Members of Congress urging them to support the Capper-Wheeler bill.

"There is no use for good people in the country to go hungry when there are 200,000,000 bushels of wheat stored away by the Federal Government to prevent its being placed on the market," Judge Cummings declared. "This wheat was bought from farmers to keep it off the market. Had it been dumped on the market there would have been a multitude of bankruptcies among the farmers in the Wheat Belt. As it is now they are being paid but little for their grain.

"It would be an everlasting shame and disgrace if people were allowed to go hungry in this country when this great Government has 200,000,000 bushels of wheat. This is a time of peril and strife. It is a time when ordinary conditions are reversed. What would be bad in normal times would be good now. We all know that it is a bad policy for the Government to feed its citizens, but also that it would be worse for any government to let its people starve.

"Starvation in a country which has been blessed with foodstuffs over and above the supply needed for itself and other countries where it finds markets is unthinkable. I do not believe that the red-blooded men in Congress will permit anything like this to happen when they can help it.

"Everything has been considered concerning this wheat. Some have suggested it be burned; others suggest it be destroyed by other means. It would be a rebuke to Providence to destroy anything that can be used to feed the hungry.

"I am happy that the Farm Board adopted the suggestion which I offered last August. I trust that Congress will authorize the distribution of this wheat. I know of no better agency to do the distributing than the Red Cross. I shall urge the Tennessee delegation to vote for this bill when it is offered. I hope that everybody else interested in the welfare of the unemployed and needy will see fit to urge similar action on the part of the Tennessee delegation."

[From the Philadelphia (Pa.) Bulletin]

UNCLE SAM'S WHEAT BINS

Uncle Sam, in the person of the Stabilization Corporation subsidiary to the Federal Farm Board, has over 160,000,000 bushels of wheat actually in hand and storage. There is no chance that he can sell it in the near future, if ever. It has been paid for or, at least, has been taken under contract and Uncle Sam must pay for it sooner or later and sustain the carrying charges until his bill is settled.

Senator CAPPER has introduced a resolution making 20,000,000 bushels of this wheat available to States or their political subdivisions, or to approved charitable organizations for relief. Senator WHEELER has proposed that 50,000,000 bushels be made available for the American Red Cross for distribution. Senator DICKINSON, of Iowa, proposes that any or all of it, and the cotton accumulated in stabilization efforts, shall be available up to the 15th of next March for any relief agency approved by the Federal Farm Board. And a subcommittee of the Senate Committee on Agriculture is working on a composite measure of such purport.

The man on the street, on Main Street and all the cross streets of the United States, can be depended on to applaud. The idea is in keeping with Christmas sentiment. It is difficult to convince the average person that anybody in the United States should be starving for bread when Uncle Sam has 160,000,000 bushels of wheat that he does not know how to sell, and for which he has already paid or become obligated to pay.

Such distribution of wheat may be in principle the equivalent of a distribution of Treasury funds, and be in denial of the principle properly established barring the use of Federal funds for direct relief. But the argument will have difficulty in overruling the sympathetic sentiment, if the material problems involved in the proposed distribution can be solved.

Chairman Stone, of the Federal Farm Board, does not think that the proposed distribution would hurt the normal wheat market, because the wheat, even if it were to be turned over to millers, and flour taken for distribution in barter, would go to consumers who otherwise would not buy for lack of money. But he argues that money would have to be provided from the Treasury to reimburse the Farm Board, or the Stabilization Corporation, because there are liens upon much of their holdings which must be taken care of if the wheat be withdrawn. The Farm Board does not object, however, and the farming interest in Congress backs the idea.

The attitude of the administration has not been indicated. The President has consistently opposed direct Federal relief, and with good and sound reason. The logic of his position may challenge this proposal. But logic may yield—ought to yield—if it can be shown that there is a way by which this wheat can be converted into bread and furnish food for thousands of families that would go hungry without it. So far the practical requirements of the plan have not been worked out. If they shall be, it ought to be as desirable and as feasible to use some of Uncle Sam's big store to relieve hunger in this country as it was to provide relief for famine in China.

[From the Titusville (Pa.) Herald]

WHEAT FOR THE NEEDY

It will be hard to drum up much opposition to the Capper resolution, which directs that 40,000,000 bushels of the wheat now held by the Farm Board shall be turned over to the Red Cross or other appropriate relief agencies for free distribution among the needy of the country.

Objections offered can hardly be based on anything more fundamental than red tape. As far as the principle is concerned, Americans can not forget the wheat paid for by our Government and distributed in Europe after the World War. That makes a pretty convincing precedent, if one is wanted. There are also the practical considerations that the wheat now on the board's hands is "eating itself up in storage and insurance charges," that the Government may really save money in the long run by giving it away, and that such disposal will interfere little, if any, with the purpose in view when the board bought the wheat, because it will not be thrown into the market.

To most citizens the main point is that it will be an obvious and praiseworthy act of mercy.

[From the Waco (Tex.) News Tribune.]

FREE WHEAT FOR JOBLESS

Senator ARTHUR CAPPER, Republican, of Kansas, and Senator BURTON F. WHEELER, Democrat, of Montana, sponsored a bill to give 40,000,000 bushels of Farm Board wheat to the unemployed. It is said that the bill was drafted with the approval of the Agricultural Committee. Senator W. H. KING, Democrat, of Utah, blocked immediate action. The legislation would turn grain from the Farm Board surplus over to the American Red Cross or to any other charitable organization designated by the President. Well, the Government owns the grain. There are millions to be fed. Why not reduce the wheat surplus? It would not be in the nature of a dole. Bread is the staff of life. There is a huge surplus of wheat. American taxpayers, through a Government board, purchased the wheat. Food for the hungry, shelter for the homeless, clothing for the ragged. This is the holiday season. Make the most of it.

[From the Mount Vernon (Ohio) Republican News]

USING SURPLUS GRAIN

One of the tragedies of the present depression has been the fact that thousands of persons have been suffering acutely from hunger, or at least have been forced to do without nourishing food, during a year when the farms of the country were producing some of the largest crops ever grown upon them. Elevators are bursting with grain for which there is no market, yet thousands have been suffering for want of bread. These two sides of the picture don't jibe. If Americans are hungry and there is food, they should be fed. Therefore the plan of Senator CAPPER, of Kansas, to distribute 40,000,000 bushels of wheat now being held by the Farm Board as a part of the immense supply it bought in an effort to stabilize prices appeals to public fancy. In the first place, the wheat being held by the Farm Board is a threat to the grain market, and the mere fact of its existence undoubtedly has an effect on price of this grain. Its elimination is desirable. In the second, the longer the wheat is held in storage by the Government the greater the bill the American taxpayer will have to pay in storage charges. In the third, and most important, if there are hungry to be fed and the Government has wheat, feed them at all costs. There should be no hesitation about using this wheat for the relief of suffering humanity.

[From the Cumberland (Md.) Times]

RELIEF WHEAT

It will be hard to drum up much opposition to the Capper resolution, which directs that 40,000,000 bushels of the wheat held by the Farm Board shall be turned over to the Red Cross or other appropriate relief agencies for free distribution among the needy of the country.

Objections offered can hardly be based on anything more fundamental than red tape. As far as the principle is concerned, Americans can not forget the wheat paid for by our Government and distributed in Europe after the World War. That makes a pretty convincing precedent, if one is wanted. There are also the practical considerations that the wheat now on the board's hands is "eating itself up in storage and insurance charges," that the Government may really save money in the long run by giving it away, and that such disposal will interfere little, if any, with the purpose in view when the board bought the wheat, because it will not be thrown into the market.

To most citizens the main point is that it will be an obvious and praiseworthy act of mercy.

[From the Iron Mountain (Mich.) News]

UNCLE SAM'S WHEAT BINS

Uncle Sam, in the person of the Stabilization Corporation subsidiary to the Federal Farm Board, has over 160,000,000 bushels of wheat actually on hand. There is no chance that he can sell it in the near future, if ever. It has been paid for, or at least has been taken under contract, and Uncle Sam must pay for it sooner or later and sustain the carrying charges until his bill is settled.

Senator CAPPER has introduced a resolution making 20,000,000 bushels of this wheat available to States or their political subdivisions, or to approved charitable organizations for relief. Senator WHEELER has proposed that 50,000,000 bushels be made available for the American Red Cross for distribution. Senator DICKINSON, of Iowa, proposes that any or all of it, and the cotton accumulated in stabilization efforts, shall be available up to the 15th of next March for any relief agency approved by the Federal Farm Board. And a subcommittee of the Senate Committee on Agriculture is working on a composite measure of such purport.

The man on the street, on Main Street and all the cross streets of the United States, can be depended on to applaud. The idea is in keeping with Christmas sentiment. It is difficult to convince the average person that anybody in the United States should be starving for bread when Uncle Sam has 160,000,000 bushels of wheat that he does not know how to sell and for which he has already paid or become obligated to pay.

Such distribution of wheat may be in principle the equivalent of a distribution of Treasury funds and be in denial of the principle properly established barring the use of Federal funds for direct relief. But the argument will have difficulty in overruling the sympathetic sentiment, if the material problems involved in the proposed distribution can be solved.

Chairman Stone, of the Federal Farm Board, does not think that the proposed distribution would hurt the normal wheat market, because the wheat, even if it were to be turned over to millers and flour taken for distribution in barter, would go to consumers who otherwise would not buy for lack of money. But he argues that money would have to be provided from the Treasury to reimburse the Farm Board, or the Stabilization Corporation, because there are liens upon much of their holdings which must be taken care of if the wheat be withdrawn. The Farm Board does not object, however, and the farming interest in Congress backs the idea.

The attitude of the administration has not been indicated. The President has consistently opposed direct Federal relief, and with good and sound reason. The logic of his position may challenge this proposal. But logic may yield—ought to yield—if it can be shown that there is a way by which this wheat can be converted into bread and furnish food for thousands of families that would go hungry without it. So far the practical requirements of the plan have not been worked out. If they shall be it ought to be as desirable and as feasible to use some of Uncle Sam's big store to relieve hunger in this country as it was to provide relief for famine in China.

[From the Bayonne (N. J.) Times]

FREE WHEAT FOR POOR

In direct opposition to President Hoover's policy of no direct Federal aid for the hungry, the Senate Agriculture Committee yesterday put its O. K. on Senator CAPPER's resolution to give the American Red Cross 40,000,000 bushels of wheat for free distribution to the country's poor.

Should this measure be given congressional sanction, as is not improbable, the move will, of course, set a very important precedent. It will be the first direct step taken by the Government at Washington to place surplus foods in the hands of those who need it but can't buy it; it will mark an end to the rigid policy that Government aid should go no further than furnishing jobs and encouraging State and local relief. It will be our nearest approach, probably, to a dole.

Two or three months ago no such idea would have been seriously entertained. But the situation has been aggravated. Senator CAPPER urges: "We must act quickly, as conditions are much worse than a year ago."

It will be interesting to see how the experiment, if attempted, works out. It has long been argued that any such food distribution would hurt commodity markets, with a counterargument that the hungry, having no money, were not prospective buyers and hence free food could not take the place of food that might be bought in stores.

[From the El Paso (Tex.) Post]

BEFORE CHRISTMAS

Before Congress adjourns for Christmas it should give emergency relief to suffering farmers and to the unemployed of the cities.

This can be done by passing at once the Capper resolution empowering the Federal Farm Board to give 20,000,000 bushels of wheat to States, cities, and organizations willing to feed the hungry.

This would help the farmers by disposing of one-tenth of the Farm Board's wheat surplus which is now depressing the market. It would help the unemployed, who will not starve if given bread, or even boiled wheat.

While the larger problem of general relief is tied up in long debate, there is no reason why this simple emergency measure should be delayed.

The Farm Board officials favor it. There is no open opposition.

For Senators and Congressmen to adjourn and make merry over the holidays without first giving this minimum of relief to hungry fellow citizens would be inexcusable.

RELIEF OF THE UNEMPLOYED

Mr. DAVIS. I present a petition which has been placed in my hands to-day on the steps of the Capitol by a large

delegation of citizens of Pennsylvania. I desire to give notice that at a later date I shall address the Senate on the occasion and subject matter of the petition. I request that the petition be printed in the RECORD and appropriately referred.

There being no objection, the petition was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE JOBLESS

Whereas, in this land of ours, the United States of America, the soil is rich, the earth is bursting with abundance, the bins are filled with grain, the storehouses are laden with goods, the shelves are overflowing with merchandise, the vaults are stacked with bars of gold, and the very channels of trade are choked by the undistributed surplus of the products of mill and mine and farm; and

Whereas, at the same time, 11,000,000 men and women offer their brawn and brain to the masters of work—but in vain; and

Whereas these men and women having exhausted their meager resources, with strength wasted, their bodies ravished by slow starvation, their spirits broken by despair, now lack shelter, are exposed to the cold, the rain, and the snow, and stand hungry in bread lines—mute symbols of an economic order out of joint; and

Whereas their children, undernourished, deprived of milk, often without shoes and without winter clothing, their development arrested and their growth stunted, are prey to the blighting diseases of malnutrition; and

Whereas evictions abound, families break up, and the foundation of ordered society is being undermined; and

Whereas the colossal wealth of these United States has been gathered into the hands of but a few, who own or control not only industry but the natural treasures of the earth—coal and oil, copper and iron, and even the power generated by the fall of waters; and

Whereas the individual merchant and artisan are being driven from the market place, from behind the counter and the work bench by huge organizations which add unit on unit to their endless chains; and

Whereas a handful of men, in control of vast wealth, are strengthening their hold upon the governments of the States and of the Nation and ever more directing the course of legislation; and

Whereas fearing that liberty and equality will perish in this land, that free men will be replaced by wage slaves, that monopolistic trusts will rule this country, and that these intolerable hardships will breed bloody uprisings and arouse armed revolts, the people of these United States are determined to reconsecrate this country to a true democracy, where every person, poor or rich, shall have an equal opportunity to work and to earn a decent livelihood, so that all may attain a standard of life which will assure individual contentment and a peaceful society: Now, therefore, be it

Resolved by the army of jobless marching under the leadership of Father Cox—

First. That Congress appropriate $5,000,000,000 to be raised by the issue and sale of bonds and to be expended for the creation of work in public construction, including highways, public buildings, hospitals in rural districts, reforestation, flood control, and water-power conservation.

Second. That Congress immediately appropriate to the several States and municipalities, according to their need and number of unemployed, sufficient sums of money to be distributed, through agencies now functioning, for the purpose of providing food, clothing, and shelter to the needy and hungry who are out of work.

Third. That Congress appropriate sufficient sums of money for loans to reestablish the farmer, the backbone of a free nation.

Fourth. That the money for these appropriations be raised by the increase, up to 60 per cent, of the surtaxes on large incomes, effective on incomes earned in the year 1931; by the immediate raising of the Federal inheritance taxes on large estates up to 70 per cent; and by the levying of a large gift tax to prevent the evasion of the inheritance taxes, an evil now so flagrantly practiced; and be it further

Resolved, That a copy of this resolution be delivered by the Rev. Father James R. Cox to the President of the United States, to the Vice President, as presiding officer of the Senate, and to the Speaker of the House.

THE RASKOB PROHIBITION POLL

Mr. BROOKHART. Mr. President, I have before me a table presented to the country by Mr. John J. Raskob upon the question of prohibition. This table shows that he wrote to 77,000 contributors to the Democratic campaign fund in the last campaign. He was the chairman and manager of the Democratic campaign, and these 77,000 persons must have been his friends and financial supporters. He was attempting to promote some kind of a wet program. He received only 25,000 answers to his 77,000 requests.

Mr. President, as I look at that situation, it seems to me the more than 50,000 who did not answer Raskob are the Democratic straight drys who did not want to fool with his proposition. Of those who did answer, some 25,000 in number, 22 per cent were against incorporating the wet proposition in the Democratic platform. That makes 89 per cent of those of whom Raskob inquired who are against his anti-prohibition movement. I have inserted in the table another column, the first column following the names of the various States, accounting for the 67 per cent who voted dry by not voting at all. I ask leave to have the table, with the modification I have made, inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The table is as follows:

Results of Raskob poll

States	Number of contributors per 100,000 Democratic voters in 1928	Number of straight drys who refused to answer	In favor of short concise platform	In favor of submitting eighteenth amendment to people	In favor of requiring all future Federal amendments to be ratified by people	In favor of submitting home-rule amendment to people	In favor of submitting straight-repeal amendment to people	Preferring home-rule instead of straight-repeal amendment	Declaring Democratic platform can successfully ignore prohibition	In favor of submitting either home-rule or repeal amendment to people
		Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Alabama	256	67	93	82	91	75	71	54	40	84
Arizona	228	67	86	95	93	73	72	45	18	86
Arkansas	2,602	67	87	78	87	69	77	48	44	75
California	587	67	93	93	94	83	78	49	13	96
Colorado	259	67	93	93	94	82	83	42	22	92
Connecticut	757	67	94	98	98	98	90	49	11	99
Delaware	602	67	95	97	99	91	91	50	23	94
Florida	195	67	90	94	94	84	82	53	11	94
Georgia	402	67	96	89	91	78	70	53	24	87
Idaho	587	67	90	100	97	85	82	45	22	96
Illinois	316	67	95	98	98	86	89	51	11	96
Indiana	252	67	90	93	95	81	81	49	22	85
Iowa	279	67	92	96	99	86	85	54	21	95
Kansas	477	67	82	83	92	71	72	49	36	82
Kentucky	179	67	96	96	98	84	82	53	40	94
Louisiana	1,371	67	92	89	94	79	80	40	17	99
Maine	155	67	95	100	98	82	90	41	9	100
Maryland	283	67	95	98	97	86	86	51	11	97
Massachusetts	1,561	67	94	99	98	90	91	50	11	99
Michigan	287	67	93	97	97	85	87	67	13	94
Minnesota	407	67	92	98	98	83	83	55	15	98
Mississippi	2,979	67	91	81	84	71	64	34	26	78
Missouri	151	67	94	94	96	80	82	49	19	75
Montana	313	67	94	96	94	80	77	60	16	94
Nebraska	803	67	92	87	93	74	71	62	30	84
Nevada	214	67	100	100	100	89	90	30	10	100
New Hampshire	133	67	97	97	100	91	81	68	26	100
New Jersey	605	60	94	98	98	86	90	44	14	99
New Mexico	75	67	93	82	94	83	89	31	25	76
New York	833	67	95	99	98	87	88	49	10	99.5
North Carolina	89	67	87	88	90	82	70	53	31	86
North Dakota	49	67	100	100	95	83	87	69	39	100
Ohio	662	67	92	97	97	83	86	51	15	93
Oklahoma	479	67	86	80	87	68	62	57	46	77
Oregon	212	67	88	94	94	73	80	40	22	90
Pennsylvania	393	67	94	97	99	85	89	49	12	95

Results of Raskob poll—Continued

States	Number of contributors per 100,000 Democratic voters in 1928	Number of straight drys who refused to answer	In favor of short concise platform	In favor of submitting eighteenth amendment to people	In favor of requiring all future Federal amendments to be ratified by people	In favor of submitting home-rule amendment to people	In favor of submitting straight-repeal amendment to people	Preferring home rule instead of straight-repeal amendment	Declaring Democratic platform can successfully ignore prohibition	In favor of submitting either home-rule or repeal amendment to people
		Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Rhode Island	2,789	67	94	91	99	88	96	56	16	99
South Carolina	249	67	93	93	95	87	80	50	13	91
South Dakota	279	67	94	92	95	79	80	52	17	88
Tennessee	582	67	91	81	92	38	64	51	39	77
Texas	914	67	91	89	93	77	75	54	32	87
Utah	143	67	100	98	97	70	79	39	11	91
Vermont	2,707	67	90	99	97	87	89	55	17	96
Virginia	541	67	94	93	94	82	67	57	30	92
Washington	376	67	94	96	96	70	76	49	14	94
West Virginia	112	67	94	94	98	81	85	63	26	94
Wisconsin	201	67	90	95	97	83	87	58	14	97
Wyoming	303	67	92	85	94	75	75	33	24	88
District of Columbia	----------	67	95	88	93	84	80	56	12	92
United States possessions	----------	67	96	98	100	92	85	52	25	98
Total, United States	579	----------	93	93	95	80	79	51	22	91

Net number of questionnaires mailed, deducting those returned by post office because of change of address, death of contributors, etc. 77,500
Number of replies to questionnaires received. 25,578
Percentage of replies received to net mailing. 33

REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1588. An act to authorize the Secretary of the Interior to issue patents for lands held under color of title (Rept. No. 35); and

S. 1591. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N. Mex. (Rept. No. 36).

Mr. FESS, from the Committee on the Library, to which were referred the following bill and joint resolution, reported them each without amendment:

S. 1861. An act authorizing the George Washington Bicentennial Commission to print and distribute additional sets of the writings of George Washington; and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

Mr. NORBECK, from the Committee on Banking and Currency, to which was referred the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, reported it with amendments and submitted a report (No. 37) thereon.

Mr. THOMAS of Idaho, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 457) authorizing an addition to the Cache National Forest, Idaho, reported it without amendment and submitted a report (No. 38) thereon.

Mr. WALCOTT, from the Select Committee on Conservation of Wild Life Resources, to which was referred the bill (S. 2326) to establish fish and game sanctuaries in the national forests, reported it without amendment and submitted a report (No. 39) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mrs. CARAWAY:

A bill (S. 2726) granting a pension to Charlie A. Stacks; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 2727) to remove the charge of desertion from the record of Albert T. Lipford (with an accompanying paper); to the Committee on Military Affairs.

By Mr. McGILL:

A bill (S. 2728) granting an increase of pension to Lizzie DeVore Lincoln; to the Committee on Pensions.

By Mr. KING:

A bill (S. 2729) to grant prospecting permits for oil and gas on the public domain; to the Committee on Public Lands and Surveys.

By Mr. BROOKHART:

A bill (S. 2730) to amend section 12 of the Federal farm loan act, as amended; to the Committee on Banking and Currency.

A bill (S. 2731) to authorize the erection of a 300-bed addition to the United States Veterans' Administration hospital at Knoxville, Iowa; to the Committee on Finance.

By Mr. THOMAS of Oklahoma:

A bill (S. 2732) creating an unemployment fund; to the Committee on Public Lands and Surveys.

A bill (S. 2733) providing for the establishment in the Department of State of a board of foreign affairs and a Foreign Service school; to the Committee on Foreign Relations.

A bill (S. 2734) granting a pension to Alfred F. Lynch (with accompanying papers); to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 2735) relating to the security required of banks acting as depositories of postal-savings funds; to the Committee on Post Offices and Post Roads.

By Mr. COPELAND:

A bill (S. 2736) for the relief of the Hellenic Transatlantic Steam Navigation Co.; to the Committee on Claims.

A bill (S. 2737) authorizing Chaplain Aristeo V. Simoni, major, United States Army, and Paul B. Malone, major general, United States Army, to accept the awards of the Order of the Crown of Italy tendered them; to the Committee on Military Affairs.

By Mr. HULL:

A bill (S. 2738) granting a pension to Nancy Jane Burnett; to the Committee on Pensions.

By Mr. LA FOLLETTE:

A bill (S. 2739) granting a pension to Margaret S. Hand (with accompanying papers); to the Committee on Pensions.

By Mr. BLACK:

A bill (S. 2740) granting a pension to John H. Crawley; and

A bill (S. 2741) granting a pension to Dora Williams; to the Committee on Pensions.

A bill (S. 2742) to authorize Maj. W. W. Hicks, Coast Artillery Corps, United States Army, to accept such decorations, orders, and medals as have been tendered him by foreign governments in appreciation of services rendered (with accompanying papers); to the Committee on Military Affairs.

By Mr. GLENN:

A bill (S. 2744) granting a pension to Charles R. Lewis; and

A bill (S. 2745) granting a pension to James Edward Miller; to the Committee on Pensions.

By Mr. REED:

A bill (S. 2746) to amend the act entitled "An act making eligible for retirement under certain conditions officers and

former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability in line of duty while in the service of the United States during the World War"; and

A bill (S. 2747) to amend section 1223 of the Revised Statutes of the United States, and the act entitled "An act to define the terms 'child' and 'children' as used in the acts of May 18, 1920, and June 10, 1922," approved February 21, 1929; to the Committee on Military Affairs.

A bill (S. 2748) to authorize the settlement, allowance, and payment of certain claims, and for other purposes (with accompanying papers); to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 2749) to authorize the appointment of Staff Sergt. Ora E. Saunders as a warrant officer, United States Army (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2750) to amend an act entitled "An act to provide for the further development of agricultural extension work between the agricultural colleges in the several States receiving the benefits of the act entitled 'An act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts,' approved July 2, 1862, and all acts supplementary thereto, and the United States Department of Agriculture," approved May 22, 1928 (U. S. C., Supp. III, title 7, secs. 343a, 343b); to the Committee on Agriculture and Forestry.

A bill (S. 2751) to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes; to the Committee on the District of Columbia.

By Mr. HAYDEN:

A bill (S. 2752) for the relief of Ira W. Baldwin; to the Committee on Military Affairs.

By Mr. SWANSON:

A bill (S. 2753) for the relief of Nels D'Arcy Drake (with an accompanying paper); to the Committee on Claims.

PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, I introduce, in behalf of the Senator from New Mexico [Mr. CUTTING] and myself, a bill providing for the independence of the Philippine people.

The bill is identical with one which we introduced at the last session of Congress, which was reported favorably to the Senate and placed upon the calendar for consideration.

The bill is introduced now so that it may have quick reference to the Committee on Territories and Insular Affairs and may be speedily considered by that committee. Some revision may be necessary; some changes probably should be made; but the discussion of these changes it is deemed advisable to leave to the committee.

I ask that certain conclusions submitted by the committee in its report on a similar bill at the last session may be printed in the RECORD in connection with my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it will be so ordered.

The bill (S. 2743) to provide for the withdrawal of the sovereignty of the United States over the Philippine Islands and for the recognition of their independence; to provide for notification thereof to foreign governments; to provide for the assumption by the Philippine government of obligations under the treaty with Spain; to define trade and other relations between the United States and the Philippine Islands on the basis of a progressive scale of tariff duties preparatory to complete independence; to provide for the calling of a convention to frame a constitution for the government of the Philippine Islands; to provide for certain mandatory provisions of the proposed constitution; to provide for the submission of the constitution to the Filipino people and its submission to the Congress of the United States for approval; to provide for the adjustment of property rights between the United States and the Philippine Islands; to provide for the acquisition of land by the United States for coaling and naval stations in the Philippine Islands; to continue in force certain statutes until independence has been granted; and for other purposes, was read twice by its title and referred to the Committee on Territories and Insular Affairs.

The accompanying matter was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

The committee found that a condition of uncertainty existed and reported to the Senate:

UNCERTAINTY MUST BE REMOVED

It is significant that, without exception, every witness of the many who appeared before your committee admitted that the present situation of uncertainty as to the political future of the Philippines should be removed. The record contains many appeals for a removal of the unsatisfactory conditions which exist at the present time. Even those who oppose early independence for the Philippines admit that the present dubious status of the islands should not be permitted to continue.

The reasons are manifest. The Filipino is neither a citizen of the United States nor is he a citizen of a free country. A Malayan by race, an oriental geographically and by tradition, a foreigner under certain of our statutory provisions, the Filipino has had 30 years of existence as a pseudo-American. Living 7,000 miles from our western coast, on 7,000 islands in the Far East Pacific, these 13,000,000 people, thrown by a great war into the protective arms of a western nation, find themselves, after a generation, to be in law and in fact neither Americans nor foreigners.

Every witness who appeared at the hearings, whether he was an official of the Federal or the insular government, or a private person with admitted economic interests at stake, agreed that a definite policy toward the Philippines would be both necessary and desirable as a means of curing the present uncertainty.

The initiative of the Filipino is hampered by his status. The development of 114,000 square miles of island area is being handicapped, and certain manufacturing possibilities are being dwarfed because of the general uncertainty.

American capital, doubtful of the future, declines to enter the islands. Foreign capital, with no voice whatever in the settlement of the problem, will not invest there. Under such conditions satisfactory economic progress is impossible.

The committee also found there were special interests, the farmer, union labor, and those favoring restrictions in immigration, who had appealed to the committee for a change. The committee used the following language:

THE AMERICAN FARMERS' INTEREST

In America there is one element of our national life which is now receiving attention from Congress, and which has appealed to Congress to change conditions with respect to the Philippines. The American farmer has an interest in the disposition of this important question.

Representatives of the American Farm Bureau Federation, the National Grange, and other farm organizations appeared before your committee to express their concern in this particular problem and, though they did not demand any unduly rigorous action on the part of Congress against the Philippine people, whom our Government committed itself to serve, they asked that we give consideration to their interests. They pointed out that in the 1,000-mile stretch of islands in the Philippines there was an area equal to the combined area of the States of New York, Connecticut, Massachusetts, New Jersey, and Vermont.

They pointed out that in this 114,000 square miles of territory there were vast agricultural areas, capable of great development and production, and they significantly reminded the committee that 80 per cent of the imports of products from the Philippine Islands into the United States to-day consists of farm products, while only 20 per cent of the exports of the United States to the Philippines is farm products. Since, perhaps, not more than one-seventh of the area of the Philippines is developed to-day, these figures give some idea of the extent to which the farmer in America has an interest in the competition from Philippine products.

It may be well to mention at this point that while the agricultural imports from the Philippines are increasing, the United States is at the same time developing irrigation systems with the object of converting to agricultural purposes vast areas of lands in our own western country. All of this new acreage in America is being brought into competition with the farmers who are here to-day. In his present financial condition the American farmer's interest in Philippine exportations of agricultural products is not to be forgotten or ignored, especially when he is being urged to reduce his acreage and production.

THE AMERICAN FEDERATION OF LABOR

There appeared before your committee another element in our domestic life, the American Federation of Labor, representing the millions of working men and women of the United States. These representatives of labor called to our attention the matter of Philippine immigration, pointing out that our exclusion laws against certain oriental nations do not apply to the Philippines, that workers from these islands come into America directly or by way of the Hawaiian Islands, and elsewhere, and that already there have been disturbances in the United States due to the growing number of Philippine laborers, whose hire can be obtained at prices far below the standard wages of American workmen and women.





The average daily wage scale in the islands is from 50 to 75 cents a day for field laborers, and for industrial labor an average of $1 a day.

While wages and the standard of living in the islands is from 200 to 300 per cent higher than that obtaining in other oriental countries, it is far below the American standard which, under the present arrangement, must confront Philippine competition.

The interests of union labor, which for 32 years has been advocating Philippine independence, can not be overlooked in disposing of the Philippine question.

Congress has demonstrated that it will not subject the 13,000,000 Filipinos to the rigors of our exclusion act, to our trade barriers, or to other handicaps placed upon the foreigner while these people are held within the jurisdiction and under the protection of American sovereignty. No foreign nation excludes its colonials from its own domain, nor can America initiate such a policy with propriety.

Again, therefore, considering those questions of economics not related to the Filipinos themselves, but wholly American questions, it is not necessary to decide the Philippine status in favor of one or the other, but it is desirable to solve the Philippine problem for the future in the interest of all these elements of our American life.

While the interests of the American farmer, of the worker, and of the manufacturer should be protected, this protection should come from a constructive settlement of the whole problem from which the complaints arise and not through piecemeal legislation. Such legislation can only result in ill feeling and leave the main cause of the trouble untouched.

We can not, however, blind ourselves to the fact that there is a definite, well-organized movement in America to bring action along the lines of the respective interests affected by the present anomalous conditions. So it would seem to be our duty to take action now on the broader problem, lest at some future date, in emergency or excitement, we might find ourselves applying to these people exclusion laws, tariff barriers, or coastwise shipping restrictions which in common justice we should not apply against them while they remain under our flag.

Summarizing the whole situation, the committee at that time presented to the Senate its conclusions on this subject:

CONCLUSIONS

From the foregoing the following conclusions may be drawn:

(1) That it is the policy of the American Government to free rather than retain the Philippines.

(2) That the Philippine people are justified in their plea for independence at this time.

(3) That the Philippine people have made remarkable strides in the path of self-government.

(4) That at the present time the Philippine people are conducting, except in a few instances, the affairs of government.

(5) That the Philippine people are keenly alive to the untoward eventualities of independence.

(6) That the Philippine people, realizing serious hardships may result from independence and from the loosening of the ties that now bind them to American sovereignty, prefer to risk these hardships at the present time, when they are confident of their ability to endure them, than at a remote date when the hazards of separation from the American Government would be so great as either to threaten disaster or to preclude their independence.

(7) That, so far as the interests of Americans are concerned in Philippine trade, it will be more simple to grant independence at an early date than when their interests have a deeper and more far-reaching contact with the Philippines.

(8) That at the present time the conditions existing in the Philippines and the uncertainty of the future status of these islands is operating to dwarf their initiative, handicap their agricultural and industrial development, hamper their efforts to obtain investments of foreign capital, and militate against their enjoying the full possibilities of their economic development.

(9) That there are important elements, both American and Philippine, whose interests demand some action on the part of Congress in the settlement of this national uncertainty.

(10) That the action of the American Government in relation to the Philippines will determine America's prestige in the Orient.

(11) That the Philippine Islands, of doubtful advantage at the present from a purely trade standpoint, have little or no utility in times of war, and might even become a burden and a threat to us in the event of our embroilment with certain powers.

(12) That proposals to postpone the date for the granting of Philippine independence for any great number of years will result in the expansion of certain economic ties which may ultimately make impossible the granting of independence.

(13) That no selfish motives of commercial advantage or expansion should interfere with the redemption of our pledges to these people.

(14) That the Philippine people are unanimous in their demand for early and complete independence.

RECONSTRUCTION FINANCE CORPORATION—AMENDMENTS

Mr. JONES, Mr. BROOKHART, and Mr. WALCOTT each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 1) to provide emergency financing facilities for banks, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. SHIPSTEAD submitted several amendments intended to be proposed by him to the bill (S. 1) to provide emergency financing facilities for banks, and for other purposes, which were ordered to lie on the table and to be printed.

LEGALIZATION OF MANUFACTURE AND SALE OF BEER

Mr. BINGHAM. I desire to submit an amendment to the bill legalizing the manufacture and sale of beer which will be considered by the subcommittee of the Committee on Manufactures to-morrow morning.

Mr. President, there are a great many people in this country who are interested in this subject. This morning a delegation from the Crusaders, a militant antiprohibition organization, presented a petition to show the benefits which would accrue to the United States Government in the collection of revenue if the sale of beer could be legalized. The chief objection which I have heard to any such measure is that it would mean the return of the saloon. In preparing this amendment, therefore, I have endeavored to provide a method of distribution in cases directly from the breweries to the homes, which would avoid the return of the saloon. I ask that the proposed amendment may be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

Their being no objection, the amendment intended to be proposed by Mr. BINGHAM to Senate bill 436 was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. BINGHAM to the bill (S. 436) to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor, viz: On page 3, after line 7, insert the following new section:

"SEC. 4. Title II of the national prohibition act, as amended and supplemented, is amended by adding at the end thereof the following new section:

"'SEC. 40. All fermented liquors, brewed or manufactured, and taxable under the provisions of section 608 of the revenue act of 1918, and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, shall be packed in cases of pint bottles of 16 fluid ounces content, such cases to contain one dozen, two dozen, or four dozen such bottles each. Each case and individual bottle shall be marked, branded, and labeled in such manner as the Attorney General and the Secretary of the Treasury shall jointly by regulations prescribe, and all sales by brewers and dealers in fermented liquors shall be in the original package or case so marked, branded, or labeled. Such fermented liquors may be removed from such package or case for use in any public place only by legitimate hotels and restaurants, and for the sole purpose of serving such liquors in the dining rooms of such establishments in the pint bottle with meals.'"

Mr. BINGHAM. I also ask to have printed in the RECORD a petition from the Crusaders, signed by Fred G. Clark, commander in chief, praying for the modification of the Volstead Act so as to permit the brewing of beer.

There being no objection, the petition was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

THE CRUSADERS,
Washington, D. C., January 7, 1932.

To the CONGRESS OF THE UNITED STATES,
Washington, D. C.:

The Crusaders, militant antiprohibition organization with battalions in 25 States and with a membership in the hundreds of thousands, appeals to Congress for the immediate enactment of a bill modifying the Volstead Act to permit the brewing of beer.

We believe that the only ultimate solution of the prohibition problem is the repeal of the eighteenth amendment. That is our ultimate objective. We believe that any measure which modifies the present destructive and intemperate prohibition laws will help our country. We know that the enactment of even a beer bill will raise at least $400,000,000 in revenue; it might add a half billion to a depleted Federal Treasury. Present and future Federal deficits threaten the very credit of our Government. The money to run the Government must be raised in some way. The most obvious, simple, and painless method of raising this money would be at least to permit the brewing of beer and tax it, say, 25 cents a gallon.

A tax on beer would greatly lessen the need for imposing nuisance taxes and would lessen the need for higher income taxes.

For 50 years previous to the crime of prohibition the one principal and most steady source of Government income was the tax on liquor. This tax has been done away with; nothing can take its place. We doubt very seriously if anyone can devise a satisfactory system of taxes and leave out liquor taxes, which averaged

well over 30 per cent of the total Federal income for the 50-year period prior to prohibition. A table showing total Federal revenue, revenue from liquor tax, and per cent of liquor revenue compared to total revenue for the fiscal years ending June 30, from 1867 to 1917, follows:

Year	Total Federal revenue	Revenue from liquor tax	Per cent of liquor revenue to total revenue
1867	$433,568,688.43	$39,600,452.35	9
1868	350,907,704.59	24,611,499.82	7
1869	335,681,710.86	51,171,110.40	15
1870	375,816,802.34	61,925,221.05	16
1871	345,644,995.10	53,671,349.92	15
1872	343,509,231.00	57,734,014.00	16
1873	298,433,054.80	61,424,308.62	20
1874	302,713,301.98	58,748,769.57	22
1875	284,626,498.00	61,225,995.53	23
1876	261,946,699.22	65,997,645.79	25
1877	246,977,573.25	66,950,218.89	27
1878	237,849,322.37	60,357,867.58	25
1879	246,845,057.38	63,293,604.77	25
1880	306,729,570.10	74,015,311.63	24
1881	329,033,792.30	80,854,216.09	24
1882	362,662,189.72	86,027,328.60	23
1883	355,190,637.86	91,269,371.01	25
1884	311,872,875.83	94,990,339.37	30
1885	300,572,722.07	85,741,990.66	29
1886	306,313,317.44	88,768,997.29	29
1887	333,059,611.06	87,751,509.20	26
1888	340,308,731.32	92,630,384.89	27
1889	351,471,423.20	98,036,041.59	27
1890	369,134,733.57	107,695,909.83	29
1891	362,921,116.97	111,904,093.56	30
1892	327,981,814.35	121,347,436.42	36
1893	360,148,667.67	127,269,243.62	35
1894	276,727,341.70	116,674,040.29	42
1895	292,696,685.75	111,503,244.95	38
1896	303,844,121.66	114,454,306.03	37
1897	319,379,954.47	114,480,704.99	35
1898	316,305,204.36	132,062,420.91	41
1899	475,556,623.44	167,928,092.61	35
1900	524,676,878.57	183,419,571.67	34
1901	540,427,778.42	191,697,887.21	35
1902	523,321,145.25	193,126,915.52	36
1903	511,493,340.22	179,501,328.47	35
1904	491,126,024.06	184,893,747.19	37
1905	492,985,524.43	186,319,008.30	37
1906	543,393,814.10	199,035,913.68	36
1907	600,323,020.70	215,904,720.07	36
1908	635,332,605.04	199,966,423.96	31
1909	641,385,175.64	192,324,445.54	30
1910	619,753,292.64	208,601,600.08	33
1911	634,249,276.17	219,647,636.90	34
1912	629,498,084.61	219,660,258.28	34
1913	661,004,631.12	230,146,332.14	34
1914	664,426,622.83	226,177,689.76	34
1915	625,758,117.13	223,948,646.09	35
1916	725,319,084.05	247,453,543.52	34
1917	1,037,203,375.03	284,008,512.62	27

The Crusaders are becoming impatient with some of our country's leaders who because of political expediency have not the courage to advocate changes which the majority of our people want in the prohibition law.

Can anyone recall in all our history when courage and leadership were more needed, were harder to find? Statesmen must face the facts squarely. Prohibition has deprived our country of at least $12,000,000,000 in revenue; it is one reason the Treasury is depleted. In lost revenue alone each American has contributed $100 to test this experiment. It has failed. We can afford to experiment no longer.

We trust you gentlemen will prayerfully consider our appeal and work unceasingly to rid America of the back-breaking burden of prohibition.

Sincerely,

FRED G. CLARK,
Commander in Chief.

Mr. BROOKHART. I desire to ask a question of the Senator from Connecticut.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. BROOKHART. Mr. President, the Senator from Connecticut refers to this "militant" organization of crusaders against prohibition, as they call themselves, assuming a Christian name to fight for a non-Christian purpose, and he says that one of the chief objections to the measure to which he has referred is that it might bring back the saloon. There is another objection to this beer proposal that is quite as important as that, and that is that it will transfer about a billion dollars of taxes from the income taxpayers to the backs of the laboring and common people of the country. I want the Senator to remember that that is next, at least, to the return of the saloon, the strongest objection we have to his proposition.

Mr. BINGHAM. Mr. President, in reply to the interesting question asked me by the Senator from Iowa, I may state that if we could legalize the manufacture and sale of 4 per cent beer, it would provide for the farmers of his section a market for more than 100 bushels of grain, besides all the hops and other products that would be necessary. It would be one of the greatest benefits the farmers of Iowa could receive.

Furthermore, the people of this country who would like to drink beer would have no objection at all to paying a small tax, which would help the Government meet the deficit; in fact, if they would pay on each bottle of beer a stamp tax equivalent to one-half of what is put on a package of cigarettes we would raise $500,000,000. I hope that answers the question of the Senator from Iowa.

The VICE PRESIDENT. This debate is proceeding by unanimous consent.

Mr. BROOKHART. If there is no objection, then, I will say that that 100 bushels of grain which would find a market is such an infinitesimally small fraction that there is no farmer interested in a special market for booze.

Mr. BINGHAM. Mr. President, the Senator from Iowa calls attention to the fact that inadvertently I said "a hundred bushels." Naturally, I meant a hundred million bushels, which, after all, would provide a hundred thousand farmers with something to do.

Mr. BROOKHART. Since the Senator from Connecticut has probably never seen a farm, let me say that a hundred million bushels is still such a small fraction of the 3,000,000,000 bushels of corn and nearly a billion and a half bushels of oats and 800,000,000 bushels of wheat, besides barley and other commodities, that his argument still is ridiculous.

Mr. President, in addition to that, I want to call the attention of the Senator to the fact that Mr. Pierre du Pont, who is connected with a great chemical organization of this country, and who is leading the fight for the return of beer, stated—and it is in the record of the lobby committee of the Senate—that if they could get beer back it would save his company $10,000,000 in taxes, and transfer that tax to the backs of the common people, particularly the laboring people of the country. The Senator from Indiana tells me that is in the record of the lobby committee now. That is the real purpose behind this patriotic movement of Pierre S. du Pont, who runs a dry factory and will not let a wet man work in it. [Laughter.]

CHANGES OF REFERENCE

On motion of Mr. REED, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 189) for the relief of Orville E. Clark, and it was referred to the Committee on Claims.

On motion of Mr. NEELY, the Committee on Pensions was discharged from the further consideration of the bill (S. 1633) for the relief of Joseph May, and it was referred to the Committee on Military Affairs.

COMMERCIAL RADIO BROADCASTING

Mr. COUZENS. I send to the desk a resolution which I ask may be read, printed, and lie on the table until tomorrow, when I shall ask to have it taken up and considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution will be read.

The Chief Clerk read the resolution (S. Res. 129), as follows:

Whereas there is growing dissatisfaction with the present use of radio facilities for purposes of commercial advertising: Be it

Resolved, That the Federal Radio Commission is hereby authorized and instructed to make a survey and to report to the Senate on the following questions:

1. What information there is available on the feasibility of Government ownership and operation of broadcasting facilities.

2. To what extent the facilities of a representative group of broadcasting stations are used for commercial advertising purposes.

3. To what extent the use of radio facilities for purposes of commercial advertising varies as between stations having power of 100 watts, 500 watts, 1,000 watts, 5,000 watts, and all in excess of 5,000 watts.

4. What plans might be adopted to reduce, to limit, to control, and perhaps to eliminate the use of radio facilities for commercial advertising purposes.

5. What rules or regulations have been adopted by other countries to control or to eliminate the use of radio facilities for commercial advertising purposes.

6. Whether it would be practicable and satisfactory to permit only the announcement of sponsorship of programs by persons or corporations.

7. Any information available concerning the investments and the net income of a number of representative broadcasting companies or stations.

The VICE PRESIDENT. The resolution will lie on the table.

FLOOD CONTROL AT NOGALES, ARIZONA-MEXICO

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed as a Senate document, with illustrations, the preliminary report of the International Boundary Commission, United States and Mexico, covering flood control at Nogales, Ariz., and Nogales, Mexico, together with the letter of the Secretary of State transmitting the report.

The VICE PRESIDENT. Without objection, that order will be entered.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILL REFERRED

The bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

REPORT OF THE JUVENILE COURT IN THE DISTRICT

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on the Judiciary:

To the Congress of the United States:

I transmit herewith for the information of the Congress a communication from the judge of the juvenile court of the District of Columbia, together with a report covering the work of the juvenile court during the year ended June 30, 1931.

HERBERT HOOVER.

THE WHITE HOUSE, *January 7, 1932.*

NOTE.—Report accompanied similar message to the House of Representatives.

CLAIMS OF FOREIGN SERVICE OFFICERS FOR LOSSES AT MANAGUA, NICARAGUA

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Claims:

To the Congress of the United States:

I inclose herewith a report which the Secretary of State has addressed to me in regard to claims of certain officers and employees of the Foreign Service of the United States for reimbursement of losses of personal property suffered by them as a result of the earthquake occurring at Managua, Nicaragua, on March 31, 1931.

I recommend that an appropriation in the amount suggested by the Secretary of State be authorized in order to relieve these officers and employees of the Government of the burden these losses have occasioned.

HERBERT HOOVER.

[Inclosures: Report of the Secretary of State, with inclosures.]

THE WHITE HOUSE, *January 7, 1932.*

STABILIZATION BOARD'S CONSTRUCTION PROJECT

Mr. WALSH of Montana. Mr. President, I ask the Chair to lay before the Senate Resolutions 127 and 128, requesting certain information. I should like to have the resolutions considered now.

The VICE PRESIDENT. Without objection the Chair lays before the Senate Senate Resolution 127, which will be read.

The Chief Clerk read the resolution (S. Res. 127) submitted by Mr. WALSH of Montana on the 5th instant, as follows:

Resolved, That the Federal Employment Stabilization Board be and it hereby is requested to transmit to the Senate a list of construction projects as contemplated in the act approved February 10, 1931, which in the judgment of said board might wisely be undertaken within the next ensuing period of six years, with information as to each such project as to the extent to which studies of the same have been prosecuted to determine their feasibility and cost and the result of such studies, indicating with respect to each project the time necessary to prepare necessary plans and specifications.

Mr. WALSH of Montana. I ask unanimous consent for the immediate consideration of the resolution.

There being no objection, the resolution was considered and agreed to.

CONSTRUCTION PROJECTS PROPOSED BY THE DEPARTMENT

The VICE PRESIDENT. Without objection the Chair lays before the Senate a resolution which will be read.

The Chief Clerk read the resolution (S. Res. 128) submitted by Mr. WALSH of Montana on the 5th instant, as follows:

Resolved, That the Postmaster General, the Secretary of the Treasury, the Secretary of War, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of the Interior be, and they are hereby, requested to transmit to the Senate a list of construction projects which should, in their judgment, be entered upon within the next six years under the supervision of their departments, respectively, with information as to each, of the extent to which studies have been prosecuted into the feasibility and desirability of such projects and in respect to reports concerning the same, with an estimate, so far as the same has been made, of the cost of each project listed, indicating with respect to each the time necessary to prepare or complete necessary plans and specifications.

Mr. WALSH of Montana. I move to amend the amendment in line 3, after the word "Commerce," by inserting the words "the Secretary of the Navy."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The resolution as amended was agreed to.

EXCERPTS FROM GOVERNOR ROOSEVELT'S ANNUAL MESSAGE

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD certain excerpts from the message of Governor Roosevelt to the Legislature of New York on January 6, 1932.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Members of the legislature, I come before you at a time of domestic crisis which calls for the complete laying aside of partisanship and for a unity of leadership and action as complete as if we were engaged in war. Not since the dark days of the sixties have the people of this State and of this Nation faced problems as grave, situations as difficult, suffering as severe. The economics of America, and indeed of the whole world, are out of joint; only the most skillful and concerted care will mend them. That is why I come before you as the governor of all the citizens of the State to ask you to cooperate and counsel with me, not in your capacities as representatives of individual assembly or senatorial districts but rather as a great legislative body acting and speaking for all parts of the State, united in seeking, not local advantages but rather the most courageous and hopeful solution of our common problems.

We face the necessity of employing new measures of value, for the good reason that many old values have disappeared; new comparisons of property and of man's remuneration for his work, for the good reason that many of the old proportions have been proven false.

It would be useless as well as ungracious to place the blame for our present situation on individuals or groups or on any specific acts. What we can do is to learn from the recent years in a spirit of humility and of generosity what to avoid in the process of rebuilding our economic and social structure upon a surer foundation.

In the many groups of human beings known as nations the structure of government has been so inelastic that reconstruction has been possible only by revolution. We are fortunate that our fathers provided systems, both State and Federal, which permit peaceful change by intelligent and representative leadership to meet changing conditions of human society.

LEADERSHIP NEEDED

Let us face the facts. In the field of private endeavor we have retained in large degree, perhaps, the personal liberty of the indi-

vidual; but we have lost in recent years the economic liberty of the individual. This has been swallowed up in the specialization of industry, of agriculture, and of distribution, and has meant that the cog can move only if the whole machine is in perfect gear. We thus see on one hand an overproduction of food and clothing and close by many millions of men and women who lack the medium of exchange—money—with which to ward off starvation and nakedness.

We know now from bitter experience that the theory that a nation could lift itself up by its own boot straps was not sound; that the cheering thought that the larger the number of people engaged in manufacturing commodities the more these commodities would be used, could be carried too far; that just because a piece of paper was labeled a share of stock or a bond did not of necessity give it value; that an increasing concentration of wealth and of the power that wealth controls did not guarantee an intelligent or a fair use of that wealth or power.

We know that many of those who ran after false gods are heartily sorry for their sins of omission and commission; that many of the leaders of American thought in government and in business appreciate the errors of their teaching. That is well, and nothing is to be gained by making them scapegoats.

Nevertheless, more than two years have gone by and these leaders have as yet shown us few plans for the reconstruction of a better ordered civilization in which the economic freedom of the individual will be restored. Business and industry have been toiling and are toiling to salvage the old structure. They need more than just to be let alone. The public asks that they be given a new leadership which will help them and at the same time give definite recognition to a new balance based on the right of every individual to make a living out of life.

BUBBLE BURSTS

It is true that in any State of this Union of States the complete solving of those economic problems which are national in scope is an impossibility without leadership and a plan of action by our National Government. Perhaps that will come.

* * * * * * *

In times of stress and emergency like these we should avoid two evil extremes. At one end is the school of thought which believes that American industry and American business can pull themselves out of the slough unaided by government. Its optimism forbids what it calls governmental intereference. Its confidence in the success of individual action rejects efforts on the part of the State and Nation to lead back to better times. Too many national leaders in business, finance, and politics adhered to this view—and for too long a time. Fortunately, though tardily, their views have changed. Even if such a return, without the aid of united community effort, which we call the State, were possible, it would have cost too much in human suffering and misery.

At the other extreme is the pessimism which looks upon the future with fear. It despairs not only of American business and industry but dares despair even of American government and American character. To these timid souls the threat of a different social idea can always present itself as perpetually imminent.

Where shall we ourselves be?

REBUILD AND REMODEL

We should not seek in any way to destroy or tear down—except in order to replace unsound materials with new. The American system of economics and government is everlasting. Rather should we seek to eliminate those methods which have proved mistaken, and to apply to business and to government principles in which the rights of the average citizen are given a higher spiritual value. The times and the present needs call for a leadership which insists on the permanence of our fundamental institutions and at the same time demands that by governmental and community effort our business and industry be nourished and encouraged back to a basis made more sound and more firm by the lessons of the experience through which we are passing. Let us not seek merely to restore. Let us restore and at the same time remodel. To those millions who now starve we owe a duty as sacred as to those thousands who died in France—to see to it that this shall not come again. This is the duty of all of us, leaders in business, finance, agriculture, labor, and government.

The mistakes of the past among men and among nations, the effects of which now beset us, call for leadership broad enough to understand the problems not only of our Nation but of their relationship to other nations, the problems not of New York alone but of all the other 47 States, the problems not of the cities alone but of the small communities and rural districts as well—a leadership practical, sound, courageous, and alert. Let us, you and I, dedicate ourselves here and now to a fulfillment of this objective. Let us by our example show to the people of the State our complete confidence in the future of our Commonwealth and our Nation. We know that the tragedies of the present will help in the rebuilding on a sounder basis for the days to come.

(Signed) FRANKLIN D. ROOSEVELT.

THE VANISHING STATE—ADDRESS BY SENATOR KING

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Senator from Utah [Mr. KING] over a nation-wide radio hook-up on October 25, 1931, entitled "The Vanishing State."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is to be regretted that there are not more organizations such as the Sentinels of the Republic to challenge the attention of the American people to the attacks upon our form of government and to the fundamental changes which it is undergoing. Wars and revolutions are not the only forces that destroy governments. Students of our Government have pointed out vital changes which have been made in our political structure, transforming it into a highly centralized government operating through an oppressive bureaucracy. These changes affect the structure, authority, sovereignty, and functions of the States, the social and political views of the people, and the character of the Federal Government.

The States are being weakened and devitalized; and the rugged individualism of the fathers and the courage and spirit of independence, somewhat primordial, which was their pride and glory, are being submerged in the conflicting currents of socialism and paternalism inundating the land. The founders of this Republic were lovers of liberty and resented bureaucratic government, and interference by political or governmental authority in their individual and local affairs. They developed qualities that enabled them to build strong political units and liberal forms of government. They had suffered from the abuses of autocratic officials sent from beyond the seas, and the encroachments of the crown upon their individual rights and local and colonial governments.

The Declaration of Independence recites their grievances and the injustices to which they had been subjected. With the defeat of Great Britain, the thirteen Colonies became independent and sovereign States. When the Constitutional Convention met, their representatives, remembering the oppression to which they had been subjected and fearing that the new authority which they were to create might encroach upon the rights and liberties of both individuals and sovereign States, determined to limit the grant of authority to the new government which was to be formed, and to surround it with barriers beyond which it could not go. They enumerated the powers granted to the National Government, and then declared that "the powers not delegated by the Constitution or prohibited to it by the States were reserved to the States respectively or to the people."

An examination of the Constitution reveals that the new Government became the repository of limited authority, and that the States reserved to themselves and to the people that great mass of authority and power which related to their individual, domestic, and internal affairs, and which was essential to the vitality and perpetuity of the States.

Mr. Lincoln in his first message to Congress stated:

"To maintain inviolate the rights of the States, to order and control, under the Constitution, their own affairs by their own judgment, and exclusively, is essential for the preservation of that balance of power on which our institutions rest."

Under this division of powers between the States and the National Government, whatever related to the family and to the domestic relations; the administration and distribution of estates; the forms of contract and conveyance; the maintenance of peace and order in the States; the punishment of offenses; the provisions for and the control of education; the construction of State highways; the protection of personal liberty, life, and property were concerns of the States and the authority to deal with them was withheld from the jurisdiction of the Federal Government. The retention by the States of this power was calculated to give to the body of the people a direct and supreme interest in the administration of these vital and important matters so closely associated with their peace, happiness, and welfare.

But it is obvious that the Federal Government has invaded the States and usurped authority and power belonging to them. It has likewise interfered with individual liberty and superimposed upon the people and upon the States authority not delegated to it. The balance of power referred to by Mr. Lincoln has been disturbed, and the States, by reason of the usurpations of the Federal Government, are losing their vigor and vitality, and may in the not distant future be reduced to mere geographical expressions. The mission of the Republic will fail if the sovereign States surrender to the Federal Government the authority which is theirs. There are many Americans who do not understand that our form of government is different from that prevailing in most countries, and when they see other governments engage in socialistic and paternalistic activities they assume that the Federal Government is competent to engage in the same activities. They fail to understand that our fathers set up a dual form of government, not a unitary form of government; that the States are republics and sovereign, and are the important and indispensable agencies of the people, if local government is to be preserved, individualism and initiative are to be defended and maintained, and liberty and democratic institutions are to survive. Political philosophers in the past were at a loss to understand that there could be duality in government; they conceived only a unitary form, believing that sovereignty was indivisible; they could not conceive that there could be an indestructible union of indestructible States; that the functions appertaining to government could be divided, the national being clothed with authority definite and certain, and charged with the performance of limited and specific duties—the State or local sovereignty possessing complete power and authority essential to the execution of vital and important responsibilities placed upon it by the people themselves; responsibilities relating to their internal and domestic affairs.

There are political writers to-day who contend that a dual form of government can not survive; that the centripetal forces are so strong that the States will be drawn into the National

Government and lose their vitality if not their names. They argue that the future of this Republic is not democracy, not rugged individualism, not puissant States, but States weakened until they become mere shadows of the sovereign and independent republics which were contemplated by the fathers. The most important problem confronting the American people is to revivify the States and prevent their absorption by the Federal Government; to make local life real; and to awaken the deadened spirit of democracy so that it will lead to virile, intelligent, and effective self-government. It is not sufficient that there should be a restatement of democracy and of the principles upon which our institutions are founded; there must be a reinstatement in the minds of the people, of the ideals of democracy, of the concepts of the fathers as related to the character, purpose, and responsibility of sovereign States. There must be greater courage and self-reliance and individual initiative, those sterling qualities which animated the fathers and which bureaucracy and paternalistic policies weaken if they do not destroy. The American people are called upon to demonstrate whether or not millions of people of different origins and nationalities, living in different localities, are capable of maintaining democratic policies and principles, and organizing and maintaining local self-government.

Our dual form of government was an experiment. It rested upon the philosophy of the Declaration of Independence and upon the theory that individuals were competent to govern themselves and evolve liberal and progressive democratic States. Many political writers declare that democratic governments are the most difficult to maintain. Webster stated that the experiment being conducted in the United States was the last hope of mankind. Lord Bryce indicates that if the forces which had created and preserved a sense of common duty and common interest, should show signs of decay, "no hope would then remain for the world."

It were well if the American people would remember the words of Jefferson—

"The support of the State governments in all their rights, as the most competent administrations for our domestic concerns and the surest bulwarks against antirepublican tendencies, I deem (one) of the essential principles of our government, and consequently (one) which ought to shape its administration."

Later in a letter to Joseph Cabell he stated that—

"The centralizing and concentrating of all powers into one body, no matter whether of the autocrats of Russia or France or of the aristocrats of a Venetian Senate, has destroyed the liberty and the rights of man in every government."

He declared that if our country were not already divided into States, such a division "must be made, that each might do for itself what concerns itself directly and what it can do much better than a distant authority."

Upon another occasion he stated that "It is not by the consolidation or concentration of powers but by their distribution that good government is effected."

When our country is engaged in war it may exercise authority which would be unwarranted in peace times. During the World War it engaged in activities the validity of which would be challenged when the clouds of war did not overhang the Nation. Undoubtedly the National Government during the period of the war formulated and executed policies which interfered with individual liberty and encroached upon the authority of sovereign States. War always centralizes authority and magnifies the power of the Government. The course of the Government undoubtedly created in the minds of many persons misconceptions as to the extent of power possessed by the National Government and resulted in their attributing to it authority to engage in industrial and business pursuits solely within the domain of private endeavor, and to exercise authority belonging exclusively to the States or local communities or individuals.

The Federal Government took over and operated railroads, engaged in other activities and exercised authority which in peace time would have been denied to it; and the exercise of that authority then is now appealed to as warrant for invading the rights of individuals and soverign States. Demands are being made for the Federal Government to take over and operate railroads and other public utilities; to construct and operate hydroelectric plants; to engage in all forms of insurance, including unemployment insurance; to engage in marine transportation, and to operate boats upon the rivers and waterways in competition with public carriers; to supply medical treatment and hospital facilities for no inconsiderable part of the people; to grant old-age pensions; to control all persons under 18 years of age; to enact criminal statutes covering all common-law offenses; to furnish financial aid and assistance, together with technical advice, not only to agriculturists but to those engaged in many business activities, and generally to assume most of the functions of the States and responsibilities belonging to individuals.

Individuals and local communities are to be the wards of the Federal Government, which through bureaus and Federal agencies and hundreds of thousands of Federal employees, is to perform the duties of a benevolent despot or a benignant father. The National Government is to go further, it is to obtain money by taxation and supply the same to industries or individuals that may not be prosperous. The taxing power is to be exercised not for the purpose of meeting the legitimate expenses of a government economically administered but for the purpose of raising stupendous sums for bounties, gratuities, investments, and loans to individuals and corporations.

Some of the amendments following the adoption of the eleventh amendment to the Constitution deprive the States of authority which theretofore belonged exclusively to them. The Federal system provided a check upon both the central government and the people themselves; this was a contribution made by America to political science.

Democracy is more than a form of government. It is an ideal. Democracy, as understood in our country, requires that the people feel a vital interest in their State governments; and that they maintain the integrity and inviolability of the individual as against Federal or bureaucratic or destructive forces. Democracy in government can not remain a vital thing unless the individuality and autonomy of local governmental institutions are retained, and in which the people can take an interest and have personal contact with the leaders and see the actual results of democracy. Without this, Demos becomes disinterested and a "democracy with a disinterested Demos is probably less fortunate than a despotism with a benevolent despot."

It is an unending struggle in democratic governments to preserve the rights of individuals not only against aggressions by governments but against the assaults of majorities. Democratic governments should be chiefly concerned in the protection of the individual and the citadel of local self-government. One of the dangers in democracies is the tendency of majorities to oppress the individual. The rights of minorities are as important as the rights of majorities. If the rights of minorities are invaded, then sooner or later the rights of the majorities will be jeopardized and the foundations of government will be weakened or destroyed.

John Stuart Mill, in his pleas for liberty, expresses fear because of the tyrannies of majorities, even in democracies, which he insisted was among the evils against which society is required to be on its guard.

In periods of economic depression, as in periods of war, the forms of government if not their foundations are challenged. We are now confronted with demands from all parts of the land for legislation and the execution of policies which are at variance with democratic institutions and our form of government. Fantastic and visionary schemes and plans are urged with fanatical zeal. Communistic, socialistic, and paternalistic programs are presented, and demands made that they be carried into execution. It matters not that many of these suggestions ignore individual rights and the duties and responsibilities of the States, nor that they are in contravention of positive inhibitions in the Federal Constitution. The swirling waters of unrest and discontent are beating against the foundations upon which rest democratic institutions, the indefeasible rights of individuals, and the sovereign rights of States.

Unfortunately we are cursed with a Federal bureaucracy more powerful, more penetrating, more exasperating than that which afflicts any country on earth. Nearly a million Federal employees operate this bureaucratic machine which oppresses the people, limits individual rights, interferes with local self-government, impinges upon the rights of the States, and, paradoxical as it may seem, while aggrandizing the Federal Government and aiding in its usurpatory activities, it sows the seeds of socialism.

President Coolidge states that—

"No method of procedure has ever been devised by which liberty could be divorced from local self-government, no plan of centralization has ever been adopted which did not result in bureaucracy, tyranny, inflexibility, reaction, and decline. Of all form of government those administered by bureaus are about the least satisfactory to an enlightened and progressive people. Being irresponsible they become autocratic, and being autocratic they resist all development. Unless bureaucracy is constantly resisted it breaks down representative government and overwhelms democracy. It is the one element in our institutions that sets up the pretense of having authority over everybody and being responsible to nobody."

In my opinion the integrity of the States and the independence of the people are menaced by the increasingly powerful bureaucratic forces operating in the Federal Government. They ceaselessly struggle to increase their authority and widen the field of operations of the Federal Government. They project socialistic schemes and governmental policies derogatory to the sovereignty of the States and hostile to individual rights. They seek to increase the number of Federal departments, agencies, and instrumentalities and to swell the mighty host of Federal employees.

When sovereign States shall have been compounded into one protoplasmic mass, controlled from Washington, it will be due in no small degree to the bureaucratic influences that work in this Republic. However, the people themselves are responsible for the decadence of personal rights and the loss of individualism so vital if free government is preserved.

Appeals are constantly being made for the Federal Government to engage in activities wholly outside of its delegated powers. State officials too often join with the people in appeal for Federal aid in matters that are purely local and exclusively within the authority and competency of the States. It is a melancholy spectacle to see individuals, local communities, and States come with cap in hand and beg the Federal Government to accept precious rights and powers which belong to them and which they are eager to surrender. Subsidies and gifts and bounties given to the States by the Federal Government are in part responsible for the weakening of the States and the growing authority of the Federal Government.

There is no more important question before the American people than that involved in the preservation of the States in all their vigor and power. If they are compounded into a general mass; if they cease to be sovereign and supreme in their domestic affairs, then our form of government will perish.

It is as treasonable to attack the sovereignty of a State as it would be to make war upon the Federal Government. Local self-government lies at the very foundation of a free country. It is one of the most precious of our heritages. It is the school in which independence and liberty are reared. It is more than a question of State rights—it is a fundamental question of political science.

It has been said that the question once was whether the States would destroy the Federal Government. The question now is whether the National Government shall be permitted to destroy the States. I submit that the States are as indestructible as the Federal Government. This new federalism, if unchecked, will mar, if it does not destroy, the magnificent edifice erected by our fathers upon the glittering heights of the New World. While many nations are decentralizing authority and developing local democratic agencies and institutions, in the United States individuals and States are being devitalized and swept into the maelstrom of a centralized authority, unknown to the Constitution and repugnant to democracy.

RECONSTRUCTION FINANCE CORPORATION

Mr. WALCOTT. I move that the Senate proceed to the consideration of Senate bill No. 1.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Connecticut.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1) to provide emergency financing facilities for banks and other financial institutions, and for other purposes.

Mr. BLAINE. Mr. President, the bill reported by the committee is a substitute for the bill introduced, therefore there is no amendment pending to the bill except the substitute amendment. In order that Senators may be informed fully of the contents of the substitute measure, I ask that the bill may be read.

The VICE PRESIDENT. The Secretary will read the bill.

The Chief Clerk read the substitute reported by the Committee on Banking and Currency, as follows:

Strike out all after the enacting clause and insert:

"That there be, and is hereby, created a body corporate with the name 'Reconstruction Finance Corporation' (herein called the corporation). This act may be cited as the 'Reconstruction Finance Corporation act.'

"SEC. 2. The corporation shall have capital stock of $500,000,000, all subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors of the corporation.

"There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000,000 for the purpose of making payments upon such subscription when and as called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

"SEC. 3. The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or, in his absence, the Under Secretary of the Treasury, the governor of the Federal Reserve Board, and the Farm Loan Commissioner, who shall be members ex officio, and four other persons appointed by the President of the United States, by and with the advice and consent of the Senate. Of the seven members of the board of directors not more than four shall be members of any one political party. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the four directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the four directors so appointed by the President of the United States shall be two years from the date of the enactment hereof, and thereafter the term of each director so appointed shall be for a period of years equal to the remaining life of the corporation as fixed in section 4 of this act. Whenever a vacancy shall occur among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The four directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of $12,000 per annum each: *Provided*, That any director receiving from the United States any salary or compensation for other services shall not receive as salary from the corporation any amount, which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the corporation exceed $12,000 per annum. No director of the corporation shall directly or indirectly, or through any other corporation or otherwise, be the beneficiary of any loan made under this act.

"SEC. 4. The corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary for the transaction of its business and shall establish its own offices therein; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the corporation, without regard to the provision of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, by-laws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, including the selection of its chairman and vice chairman, together with the provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this act. The board of directors of the corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this act, but no Federal reserve bank shall be included under this provision. The corporation shall have such incidental powers as its board of directors shall deem necessary or expedient in carrying out the provisions of this act.

"SEC. 5. The corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, agricultural or livestock credit corporation, or other bona fide financial institution in the United States having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation (herein referred to as financial institutions), including any closed bank whose assets are adequate to permit of restoration to solvency. All such loans shall be fully and adequately secured in such manner as the corporation shall require. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes of such financial institutions, or by way of discount or rediscount of obligations tendered by them for the purpose, or otherwise, in such form and in such amount and at such interest or discount rates as the corporation may approve: *Provided, however*, That no loans or advancements shall be made with foreign securities except those of the Dominion of Canada and of Canadian corporations, as collateral; or for the purpose of assisting in the carrying or liquidation of such foreign securities. Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally. Except as provided in section 5a hereof, no loan or advancement shall be made by the corporation for the purpose of initiating, setting on foot, or financing any enterprise, borrowing operation, or application for credit not actually recognized or financed by the extension of banking credit prior to the adoption of this act. The corporation may make loans under this section at any time prior to the expiration of one year from the date of the enactment hereof; and the President may from time to time extend the period for making loans for such additional period or periods as he may deem necessary, not to exceed two years from the date of the enactment hereof. Within the foregoing limitations of this section, the corporation may also, upon the approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing of railroads engaged in interstate commerce, when in the opinion of the board of directors of the corporation, such railroads are unable to obtain funds upon reasonable terms through banking channels or from the general public and their prospective earning power together with the character and value of the security offered are such as to furnish adequate assurance of their ability to repay within the time fixed therefor and to meet their other obligations in connection therewith. Any such railroad may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

"SEC. 5a. The corporation is authorized and empowered to accept drafts and bills of exchange drawn upon it which grow out of transactions involving the exportation of goods actually sold or

transported for sale and in process of shipment to buyers in foreign countries: *Provided*, That the total of such acceptances outstanding shall not exceed $500,000,000 at any one time. No bill of exchange or draft shall be eligible for acceptance if such bill shall have at time of acceptance a maturity of more than 12 months. No acceptances shall be made in favor of any one drawer for more than a total of 1 per cent of the subscribed capital of the corporation unless the transaction be fully secured and is guaranteed by a bank or banker of undoubted solvency. Whenever the total of acceptances outstanding exceeds one-half of the subscribed capital, all the acceptances in excess of $250,000,000 shall be fully secured. Against all acceptances outstanding which mature in 30 days or less a reserve of at least 15 per cent shall be maintained, and against all acceptances outstanding which mature in more than 30 days a reserve of at least 3 per cent shall be maintained. Reserves against acceptances shall be in cash balances with solvent banks or bankers, or the bonds of the corporation itself as authorized under section 9 of this act.

"SEC. 6. Section 5202 of the Revised Statutes of the United States, as amended (U. S. C., title 12, ch. 2, sec. 82), is hereby amended by striking out the words 'War Finance Corporation act' and inserting in lieu thereof the words 'Reconstruction Finance Corporation act.'

"SEC. 7. All moneys of the corporation not otherwise employed may be deposited with the Treasurer of the United States, subject to check by authority of the corporation, or in any Federal reserve bank, or may, by authorization of the board of directors of the corporation, be used in the purchase or redemption of any other obligations issued by the corporation. The Federal reserve banks are authorized and directed to act as depositaries for the Reconstruction Finance Corporation in the general performance of its powers conferred by this act, but no loans under this act shall be made by any Federal reserve bank as agent of the corporation or otherwise.

"SEC. 8. In order to enable the corporation to carry out the provisions of this act, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of financial institutions and/or railroads with respect to which the corporation has had or contemplates having transactions under this act, or relating to individuals, associations, partnerships, or corporations whose obligations are offered to or held by the corporation as security for loans to financial institutions or railroads under this act, and to make through their examiners or other employees for the confidential use of the corporation examinations of such financial institutions or railroads. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examinations as the corporation may require for the purposes of this act and/or that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.

"SEC. 9. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its paid-in capital, its bonds, to be known as reconstruction bonds, or other obligations; such bonds to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on reconstruction bonds, or other obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds or other obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the second Liberty bond act, as amended, and the purposes for which securities may be issued under the second Liberty bond act, as amended, are extended to include any purchases of the corporation's obligations hereunder. The Secretary of the Treasury may, at any time, sell any of the obligations of the corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the corporation shall be treated as public-debt transactions of the United States.

"Section 13 of the Federal reserve act is hereby amended by adding after the words: 'Any Federal reserve bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days at rates to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this act or by the deposit or pledge of bonds or notes of the United States' the words 'but no reconstruction bonds issued under the act of ———, 1932, entitled "An act to provide emergency financing facilities for banks and other financial institutions and other purposes" shall be used as such security.'

"Section 13a of the Federal reserve act is amended by adding after the words: '*Provided*, That notes, drafts, and bills of exchange with maturities in excess of six months shall not be eligible as a basis for the issuance of Federal reserve notes unless secured by warehouse receipts or other such negotiable documents conveying and securing title to readily marketable staple agricultural products or by chattel mortgage upon livestock which is being fattened for market' the words 'nor shall notes, drafts, and bills of exchange secured or collateraled by reconstruction bonds be so eligible.'

"Subsection (f) of section 14 of the Federal reserve act is amended to read as follows:

"'To purchase and sell in the open market, either from or to domestic banks, firms, corporations, or individuals, acceptances of Federal intermediate-credit banks and of national agricultural credit corporations, and reconstruction bonds issued under the provisions of the act of ———, 1932, whenever the Federal Reserve Board shall declare that the public interest so requires.'

"SEC. 10. Any and all obligations issued by the corporation shall be exempt both as to principal and interest from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"SEC. 11. In order that the corporation may be supplied with such forms of bonds or other obligations as it may need for issuance under this act the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the corporation, to be held in the Treasury subject to delivery, upon order of the corporation. The engraved plates, dies, bed pieces, etc., executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such obligations.

"SEC. 12. When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties as depositary of public money and financial agent of the Government as may be required of it. Obligations of the corporation shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

"SEC. 13. Upon the expiration of the period of one year within which the corporation may make loans, or of any extension thereof by the President, up to two years from the date of the enactment thereof, under the authority of section 5 of this act, the board of directors of the corporation shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidations or otherwise, for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidation. Upon such deposit being made, such amount of the capital stock of the corporation as may be specified by the corporation, with the approval of the Secretary of the Treasury, but not exceeding in par value the amount so paid in shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and after provision has been made for payment of all legal obligations of any kind and character shall be paid in the Treasurer of the United States as miscellaneous receipts. Thereupon the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

"SEC. 14. If at the expiration of the 10 years for which the corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up

of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

"SEC. 15. The corporation shall annually make a full and complete report of its operations to the Congress as soon as practicable after the 1st day of January in each year. Such report shall include a complete list of all officers and employees and shall specify the rate of compensation fixed for, and total amount received by, each individual. Fees, commissions, and other forms of remuneration paid to individuals or institutions for services rendered shall also be stated.

"SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, under this act, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any bond or other obligation, or coupon, in imitation of or purporting to be a bond or other obligation, or coupon, issued by the corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish any false, forged or counterfeited bonds, or other obligation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish as true any falsely altered or spurious bond or other obligation, or coupon, issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

"(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

"(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation," or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $1,000 or imprisonment not exceeding one year, or both.

"(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive) in so far as applicable, are extended to apply to contracts or agreements with the corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

"SEC. 17. The right to alter, amend, or repeal this act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered."

The VICE PRESIDENT. The question is on agreeing to the committee amendment, which is amendable.

Mr. WALCOTT. Mr. President, I desire to make a statement with reference to the pending bill in order to explain some of its principal features and give some of the reasons why it should be enacted.

In view of the unprecedented condition of the financial institutions of the United States, which is partly the cause and partly the effect of the present great world-wide economic collapse—the most severe and far-reaching in history—heroic relief measures are needed. Our financial institutions are the mainsprings of our industrial well-being. All enterprises of any sort must look to them for the funds with which to operate, and whenever they fail to function normally industrial activity is inevitably paralyzed.

We are now facing a great emergency in consequence of drastic curtailment of the normal functioning of our banks. On the one hand we have those whose assets, with abnormally shrinking markets, have become frozen, and which, in order to preserve any degree of solvency, must stop doing business; on the other those with adequate cash reserves which, watching these shrinkages, are in terror of impairing their assets, and voluntarily remain in a state of abnormal liquidity. In the cases of both, the business of financing is brought to a standstill, and with it the wheels of activity of every sort stop turning.

The leading financial minds of the country have been puzzling for many months to find a solution for this situation. Many consultations have been held. Many congressional hearings, with many of the leading bankers and business men as witnesses, have been carried on with the object of accumulating and acting upon the more constructive ideas available for remedial legislation. Many of the ideas brought forth by these hearings are covered by Senate bill 1, "A bill to provide emergency financing facilities for banks and other financial institutions, and, other purposes," which I am presenting to the Senate for consideration as reported out of the Committee on Banking and Currency.

It was the consensus of expert opinion that a financial relief measure must perform two principal functions: Alleviate the unmarketability or frozen condition of the securities which form the assets of the banks and other financial organizations; and, secondly, restore confidence, the unreasoning lack of which, in the face of the really solid foundations on which we stand, is the ultimate cause of our present stagnation. Of course, in the long run marketability of securities is dependent upon the restoration of confidence, directly and indirectly, in the one case by setting up an organization which will actually lend money on assets which may be frozen but are of unquestioned real value, and, in the other case, allaying popular uncertainty with the knowledge that vast resources are available for this purpose, where and when needed. This may be said to be our objective.

It is in view of this latter necessity that the proposed reconstruction finance corporation, which the bill is designed to create, is to have, under the terms of the bill, a capital of $500,000,000 and additional resources, to be derived from bonds authorized for issue, of $1,500,000,000.

These resources, incidentally, are identical in amount, item for item, with those of the War Finance Corporation, created a decade ago to meet another and no more formidable emergency. This proposed corporation is patterned closely after the War Finance Corporation, which, as we all know, served its purpose effectively.

It is worthy of particular note that the War Finance Corporation never at any time had outstanding more than $134,000,000 in loans. Therefore there is not much justification for any misgiving as to the size of the contemplated appropriation and authorized bond issue. The problem of restoring confidence can not be attacked half-heartedly if it is to be solved. We must spare no pains to inject elasticity into the hardened arteries of business.

A menacing factor in the banking problem and, in fact, in the whole economic crisis, is the European situation, which has been a pall on the world's economic and financial condition for a considerable period, and which is unquestionably an aftermath of the war. This summer it developed in more acute form, and I think it is fair to say that what happened in Germany, in England, and in central Europe generally has been a cause of disturbance in the mental attitude of bankers and business men in this

country. It has been a major factor in the disturbance to commerce, affecting the markets for our important agricultural and mineral products, our manufactured goods, and our semimanufactured goods. There is nothing that interferes with business more effectively and more disastrously than fluctuating currencies. England, for example, buys raw materials, converts them into manufactured goods, and markets the finished product on a credit basis; but the purchase of raw material—cotton, for instance—and the marketing of the manufactured article on a credit basis become difficult and almost impossible where currencies are fluctuating the way the pound is now fluctuating. Although the mark is not fluctuating, conditions are such that the interference with normal trade and credit operations is most serious.

The foreign situation has been an important intrinsic factor, not only so far as the buying power of other countries is concerned, but the exchange derangement also has affected the time in which whatever purchases are made can be effected. The time element is of the utmost importance, and when the carrying of stocks of goods becomes a dangerous operation—as it does, of course, in times of declining price levels, and particularly when there are risks of fluctuating exchange—the effect is to force back on the hands of the producers the burden of carrying these stocks. In our agricultural areas it means that the producer and the small country bank that finances him are loaded with an abnormal and unusual burden.

We can not control conditions in foreign countries, but we can do our best to counteract their disastrous effects on our own industries by providing a bulwark for the banks upon which the strain falls most heavily.

The bill has been drawn with the view of providing broad powers and large resources to deal with the situations, having in mind always the public purpose and public interest, and also the safeguarding of the loans by the provision that they shall be fully and adequately secured.

It proposes that the corporation, to be known as the Reconstruction Finance Corporation, shall have as its board of directors three ex-officio members, the Governor of the Federal Reserve Board, the Secretary of the Treasury or, in his absence, the Under Secretary, and the Farm Loan Commissioner, and four others to be appointed by the President, by and with the advice and consent of the Senate. No more than four of those members shall belong to any one political party, thus insuring the nonpartisan character of the board.

The lending power is directed to banks, bankers, savings banks, trust companies, building and loan associations, insurance companies, and other financial institutions of the United States; and, in addition, to clearing-house associations or other associations of banking institutions. As stated already, all loans must be fully and adequately secured in such manner as the corporation shall require, and loans are to be made at such interest or discount rates as the corporation may approve.

The broadest powers are given to the board of directors, and in order that it may be clearly understood by everyone as to those institutions which may come within the purview of the provisions of the bill, it is specifically stated that agriculture and livestock credit corporations may be benefited thereby.

The period of lending activity provided in the bill is one year from the date of its enactment, but it is also provided that the President may, from time to time, postpone such date of expiration for such additional period or periods as he may deem necessary, not to exceed, however, a total of two years from the date of the enactment of the bill. I think this elasticity is desirable.

The loans of the corporation are to be made for periods of not exceeding three years, with authority to grant extension from time to time up to a total of five years from the dates on which the loans were originally made.

At that time the four directors appointed by the President automatically cease functioning. The corporation, however, may be kept alive for another 5 years, and at the end of 10 years if there are any assets in the treasury of the corporation which have not been disposed of, they are to be bodily turned over to the Secretary of the Treasury for further disposition. In other words, the corporation is to be liquidated within 10 years, and presumably, if possible, within 5 years.

In addition to loans to financial institutions through which agricultural, commercial, and industrial activities will be aided, provision is made in the bill for loans to railroads. The railroads are the only industries which it is proposed to aid directly and independently of the medium of financial institutions. The reason they are made exceptions is because of the very wide ownership of railroad bonds by insurance companies, savings banks, national banks and trust companies, as well as individuals, the credit position of the railroads is a very important item at the present time in the whole national financial structure. Next to the construction industry, the railroads represent, perhaps, the largest single concentrated unit for the buying of materials and the employment of labor.

Under the bill bonds or debentures may be issued for periods not exceeding five years from their respective dates, and short-term obligations, payable at maturity without interest, may be sold on a discount basis in the same way that Treasury bills are sold.

The obligations of the corporation, it is provided, shall be exempt from all Federal, State, municipal, and local taxation, and may be secured by assets of the corporation in such manner as may be determined by the board of directors.

If the corporation should be unable to pay, when due, the principal of or interest on its obligations, the Secretary of the Treasury is required to pay the amount thereof. In other words, they represent obligations of the Government.

Deflation is a condition which can just as easily approach the danger point as inflation. Economic stability depends upon maintaining a fair balance in commodity prices, which must show a reasonable profit to the producer. Our present ills are attributable chiefly to the fact that deflation has gone too far. We must take bold steps to turn the tide in the other direction, by counterdeflation, by encouraging advances in all commodity prices now selling below the cost of production.

In conclusion, I feel that I can not emphasize too strongly the time factor. Every day lost in providing relief means more banks in distress, more industries crippled, and more people deprived of their incomes and perhaps their cash. The great benefit we are able to render is to give aid before it is too late.

Hope is the blood of the human mind. Without hope, fear stalks, despair enters. Let us rush our rescue work and replace fear with confidence.

Mr. President, I wish to add a few words with reference to some of the details of the bill. The bonds, which are nontaxable, may be purchased and sold, and are to be sold by the United States Treasury. If the market is such as to make it wise for United States Treasury bonds to be offered for this and other purposes, the United States Treasury can offer its bonds to the public and then, in turn, holding the reconstruction corporation bonds as collateral, turn over the proceeds in the amount of the bonds taken for collateral purposes to the treasury of this corporation. This corporation has a call, in other words, on the United States Treasury for any amount of money at any time up to the full capital requirements of the corporation, $500,000,000, and the full lending power of the corporation, these resources amounting to $1,500,000,000, if, when, and as needed. In other words, these are to be United States Treasury obligations in every sense of the word, because although they bear the name of the reconstruction corporation they will be guaranteed unequivocally and unconditionally by the United States Treasury, both as to principal and interest.

Mr. VANDENBERG and Mr. COPELAND addressed the Chair.

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. I yield first to the Senator from Michigan.

Mr. VANDENBERG. At this point I should like to ask the Senator a question to clarify one matter. At no point in the bill is it specified that the securities of the reconstruction corporation are eligible as collateral for postal savings. I have discussed the question with the junior Senator from Virginia [Mr. GLASS]. He is in agreement with my view that under the language of the general bill, however, they unquestionably would thus qualify. I would be very happy to have the Senator testify on that subject if he cares to do so.

Mr. WALCOTT. I believe that the language of the bill so provides. These particular bonds, however, are not eligible for rediscount with the Federal reserve, but they will be eligible when issued for purchase and sale by the United States Treasury in order to allow the full force of the United States Treasury to be behind the corporation.

Mr. GLASS. Mr. President, I think my friend from Connecticut misapprehends the inquiry of the Senator from Michigan. The Senator from Michigan wants to know if these bonds are eligible for security for postal deposits. I think undoubtedly they are.

Mr. WALCOTT. I thought I made that clear. I intended to say that I believe they are.

Mr. GLASS. The Senator was talking about the Federal-reserve aspects of the case, and the Senator from Michigan was asking about the postal-deposit aspect.

Mr. WALCOTT. I intended to answer his question, and I thought I did so, in the affirmative, and then went on as to eligibility for rediscount.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. Certainly.

Mr. COPELAND. I should like to ask about when the bonds of the $1,500,000,000 may be issued. Would there be any bonds issued until after the $500,000,000 provided by the Treasury is paid in and actually used by the corporation?

Mr. WALCOTT. That is open to the discretion of the board, but probably the natural course of events would be that as they draw on the capital stock of the company, the board would use that capital stock for lending purposes, and although they have the right, under the provisions of the bill, to take automatically as they draw, we will say, $100,000,000 down for capital-stock requirements, they could take three times that amount of the debentures or bonds. In other words, if they draw down $100,000,000 of capital stock, they could ask the Treasury to furnish $300,000,000 as a result of the sale of the reconstruction bonds.

Mr. COPELAND. What is the opinion of the Senator as to what would actually happen in practice? Would the corporation perhaps take $50,000,000 from the Treasury for payment of capital stock and issue at once $150,000,000 of bonds? What would be the practical effect?

Mr. WALCOTT. My impression is that it would use its capital stock as long as it lasted and not avail itself of the further privilege of credit with the United States Treasury until it needed it. I am at liberty to quote both the governor of the Federal Reserve Board and the Under Secretary of the Treasury to this effect, that in their opinion the strength of the corporation is so great, with the entire United States Government back of it, that enough confidence will be created by the very act itself so that the banks and the railroads probably will not call on more than the actual capital stock of the corporation, namely, $500,000,000. In other words, that the lending by this corporation will not exceed its own capital stock, which, of course, is to be very much hoped.

Mr. COPELAND. I think the Senator said, did he not, that the full amount in the case of the War Finance Corporation, was $154,000,000?

Mr. WALCOTT. No; the capital of the War Finance Corporation was the same as in this case, namely, $500,000,000.

Mr. COPELAND. But I refer to the amount actually used.

Mr. WALCOTT. At the peak of their lending the gross amount outstanding at any one time was $134,000,000.

Mr. COPELAND. The point I want to have cleared up in my mind is whether or not there would be an almost instant appeal to the country to subscribe to these reconstruction bonds. I take it from what the Senator has stated that there would not be, but that the $500,000,000 advanced by the Treasury would be ample for the immediate activities of the corporation? Is that the opinion of the Senator?

Mr. WALCOTT. I am glad the Senator asked that question. Of course, it is the hope that the situation for which we are seeking to afford relief is not worse than we believe it to be, and that such will prove to be the case, but let me explain. There were 2,290 bank failures in the United States in the year 1931. Those bank failures involved total deposits of $1,759,000,000. However, here is an important factor in this connection: Of the 2,290 banks that failed in 1931, only 410, representing approximately one-quarter of the deposits—$473,000,000—were national banks. By "national banks," of course, the Senator understands I mean members of the Federal reserve; and, by way of explanation for the RECORD, I may add, no bank that is not a member of the Federal reserve can be called a national bank.

Now, let me go on just a moment, if the Senator please, and complete the answer to his question. There were 108 State banks members of the Federal reserve which failed in 1931, with deposits of $302,000,000; but there were 1,772 nonmember banks, including State and private banks, involving deposits to the extent of $984,000,000, which failed. Those groups make up a total in deposits that are locked up of, roughly speaking, one and three-fourths billion dollars.

There is no one in this country who does not want to see every one of those depositors helped. They put their money into these banks in good faith; they believed they would be able to draw it out whenever they pleased, but they can not do so. So our first endeavor was in some way to give all of them some kind of relief, some kind of hope. I believe it can be done, and be done quite fully; but this bill can not undertake to relieve banks that are completely insolvent.

However, there are a great many banks which are to-day closed for reasons other than that of complete insolvency. Let us say, for example, that a bank is on the border line of insolvency. The examiner has frightened the board and the board allows the doors to be closed, let us say, to prevent a run.

Mr. COPELAND. To preserve the assets.

Mr. WALCOTT. To preserve the assets; in other words, to freeze all the assets so they can not be drawn down or tampered with. Such a bank could be relieved by this bill should it become a law.

Mr. COPELAND. In that connection will the Senator permit me again to interrupt him?

Mr. WALCOTT. Certainly.

Mr. COPELAND. The language of the bill on page 21, beginning with line 5, states that funds may be advanced—

> Including any closed bank whose assets are adequate to permit of restoration to solvency.

Was it the opinion of the committee that by advances made by the corporation and restoration to solvency such a bank would reopen? Is that the desire of the committee?

Mr. WALCOTT. That is our desire. It is the desire of the committee that such banks, whose condition warrants it, may be again opened.

Mr. COPELAND. That is in the "border-line cases" to which the Senator referred?

Mr. WALCOTT. I say "border-line cases," but even banks that may be in the hands of the receiver, I think, can be construed, if they are solvent, as coming under the purview of this bill. That would be our endeavor.

Mr. COPELAND. Take a bank, for instance, like the Chelsea Bank, with which the Senator is familiar, as to which the popular opinion was that it was really a solvent bank, but, for the sake of the preservation of its assets, it was deemed wise to close it, would there be hope that in a case like that—not necessarily that bank—the corporation

might so manage its loans that the bank could safely be made solvent and resume active business?

Mr. WALCOTT. Yes; provided the bank can go through a quick or even a temporary reorganization so as to constitute a new unit. It could then come before the Finance Corporation with its assets and borrow if its situation looked at all hopeful.

In order to amplify that suggestion let me explain that there are two propositions involved, one the question of opening closed banks, the other of relieving depositors who have really no hope at all, perhaps, of getting their cash. A bank may make a 100 per cent assessment of its stockholders in order to furnish money for its depositors and still not find adequate funds to take care of those depositors. What are we going to do as to them? We are studying that question very carefully in the hope that we may devise ways and means of allowing the Federal Government by another bill with other funds to go to the receivers of such banks, examine their assets, and if there is any hope for them at all, on a conservative basis—let us say for the sake of the argument 25 per cent—lending on those assets 25 per cent of what the governors deem them to be worth at the time. In this way, perhaps, 10 or 15 or 20 or 25 per cent as a partial payment might be made to the depositors, and it would afford infinite relief to them. For instance, a bank that closed its doors only a week ago had seventy-odd thousand depositors throughout the country. The ramifications of that closing ran clear through the entire State. I will not mention names. Of those 70,000 depositors the average amount each had on deposit was one hundred and thirty-odd dollars. It is probable that the great majority of those deposits represented everything in the way of cash those poor people had, and that bank had a group of branches 44 in number that extended all over the State. We all know of other cases that are almost parallel to that. The emergency is pressing, but the danger of collapse is not great the moment we substitute confidence for fear.

Mr. COPELAND. I thank the Senator for what he has said, but there is a further thought which occurs to me and which is the reason I asked the question as to when the bonds are to be sold. If there is to be an appeal to the public for the purchase of these reconstruction bonds, is it not probable—of course, we hope, in the first place, that it will bring back much hoarded money—but is it not probable that the money subscribed to pay for such bonds will be taken away from the banks, perhaps in such amounts as to hazard the liquidity of the assets of those particular banks? The committee, I assume, gave thought to that possibility.

Mr. WALCOTT. The answer to that question is this: If, in the judgment of the Treasury, when the call is made these particular bonds should not be offered and United States Treasury bonds should be offered in place of them, holding the other bonds as security, they in turn would become automatically eligible for rediscount so that a banker could simply take them to the Federal reserve and get his cash.

Mr. COPELAND. May I ask the Senator another question?

Mr. WALCOTT. Certainly.

Mr. COPELAND. The Senator made that statement earlier in his remarks. I missed that in the bill. Can the Senator refer to that particular provision?

Mr. WALCOTT. The bill will have to be changed, and I am going to offer an amendment covering that point.

Mr. COPELAND. That is not now in the bill, is it?

Mr WALCOTT. It is not now in the bill, but it will be incorporated in the bill. It was omitted because of an error in transcribing a section of the Federal reserve act, which should come out, as it is not pertinent, and in place of it there should be specific provision that the bonds may be bought and sold by the Treasury.

Mr. COPELAND. I am glad to hear the Senator make that statement, for, as I read this bill with some degree of care, it seems to me that we might by the relief of one situation be creating another and an embarrassing situation, because, if an appeal for popular subscriptions were made, for instance, we will say, in an extreme case, for the entire amount, it would lessen the cash assets of hundreds of banks throughout the country.

Mr. WALCOTT. The Senator is quite right about that.

Mr. COPELAND. But the Senator by offering the amendment to which he has referred will cover that. I have some other questions——

Mr. WALCOTT. I am very glad the Senator asked the question. May I enlarge upon it for just a second?

Mr. COPELAND. Certainly.

Mr. WALCOTT. It is the purpose to make these bonds so attractive that they will draw out private cash reserves that are in hiding or being hoarded. It is estimated that approximately $2,000,000,000 are now being hoarded in this country, and the amount may run to a much higher figure. We are sure, however, it is at least that much.

Mr. COPELAND. If the Senator will bear with me further, I notice that Mr. Traylor in his testimony placed the sum at a much smaller amount. He said $750,000,000 or possibly $1,000,000,000. Does the Senator think it is much higher than that?

Mr. WALCOTT. We believe it is much higher, and we want to make these bonds draw out that money which is now being hoarded.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. WALCOTT. I yield.

Mr. ROBINSON of Arkansas. I should like to make an inquiry relating to what appears to me to be an important provision of the committee amendment. Referring to page 22, this language is found:

> Except as provided in section 5a hereof, no loan or advancement shall be made by the corporation for the purpose of initiating, setting on foot, or financing any enterprise, borrowing operation, or application for credit not actually recognized or financed by the extension of banking credit prior to the adoption of this act.

In the original bill at page 5 there appears to be a general authorization for loans to the financial institutions designated and also a general provision authorizing loans to other financial institutions.

The committee substitute, in the language that I first read, imposes a limitation on the purpose for which loans may be made. It would seem to limit the loans to the refinancing of loans already made by banks. Is that correct?

Mr. WALCOTT. Mr. President, that is correct so far as the spirit of this law is concerned; but I should like to amplify it a moment, unless the Senator has other questions.

Mr. ROBINSON of Arkansas. No; I should like to have the Senator make clear the effect of the limitation. What classes of loans would be permissible under the Senate committee amendment? Is it intended that only loans already in existence when the bill is passed shall be refinanced through the operations of this corporation?

Mr. WALCOTT. No; that is not intended; and I think the Senator will find that it is pretty clearly expressed if he thinks of it in this way:

The purpose of this bill is to lend money, not to spend money. It is believed that every dollar will come back into the Treasury, and perhaps, as was the case with the War Finance Corporation, enough more to pay the interest charges and the cost of operation. It is believed that that will happen.

This bill is not in any way intended to interfere with the regular functions of the banks or of the railroads, for that matter. This bill is not intended to authorize the corporation to enter the banking business. It is not intended that this corporation shall lend to corporations other than railroads, because the proper function of the banks is to do that; but, the banks having done that, if they find after they have made these loans that they are becoming insolvent or that their assets are becoming too much frozen, they may come to this corporation and in turn borrow.

In other words, a bank does not have to limit its borrowing from this corporation to cover the loans that it holds in its box, but it can come with all its assets and borrow. It is new money that is being lent; it is new loans that are being made, but not loans that would interfere with the normal operations of the banks.

Does that answer the Senator's question?

Mr. ROBINSON of Arkansas. No; it does not. If I may say so, the Senator has not made clear the thought that I had in mind when the question was asked.

I am directing my inquiry particularly to the limitation on the power of the corporation to make loans. It seems to me that the language incorporated would confine the loans to the refinancing of loans already made by banking institutions. It is a very important provision, and I am sure that its incorporation reflected the result of study by the committee, because under the original bill there was practically no limit on the purposes for which the Reconstruction Finance Corporation might make loans.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Virginia?

Mr. WALCOTT. I do.

Mr. GLASS. I thought the Senator from Arkansas was through with his question, and I wanted to respond to it for just a moment.

Mr. ROBINSON of Arkansas. I shall be glad to discontinue for the time being.

Mr. WALCOTT. I shall be glad to have the Senator from Virginia respond.

Mr. GLASS. I remind my colleague from Connecticut of the fact that that change was deliberately made, and the purpose was to circumscribe the power of the corporation; and I state now, because I had some personal part in making the suggestion and effecting the change, that it is not the purpose of this bill to set up a great central banking corporation to finance new enterprises or to loan money, as I understand, for the purposes of maintenance, but simply to enable distressed corporations in the matter of loans to meet their maturities when they can not possibly do it by borrowing from banks.

For instance, as I conceive the matter, it is not intended to loan a railroad money for operating expenses or for doing anything but meeting its maturities in case of inability to market new securities in the present depressed state of finances. The committee expressed that very deliberately.

Mr. REED. Mr. President——

Mr. ROBINSON of Arkansas. Take the case of the Federal and joint-stock land banks. It has been said that a separate bill, to follow this bill, will be brought forward, authorizing the loan of $100,000,000 or $125,000,000 in the form of subscriptions to the capital stock of Federal land banks; and the statement has been repeatedly made that no provision is to be included in that bill for the joint-stock land banks or their borrowers, their situation being analogous to the position that confronts the Federal banks and their borrowers.

In order for a joint-stock land bank, for instance, to secure a loan from this corporation, would it be necessary that the loan be made solely for the purpose of absorbing or refinancing loans already made to the joint-stock land bank by banking institutions?

Mr. GLASS. I should say undoubtedly that was the intention of the bill. In other words, it would not be competent for this corporation to loan a joint-stock land bank money to be in turn loaned to borrowers from the joint-stock land bank.

Mr. REED. Mr. President——

Mr. ROBINSON of Arkansas. It does not contemplate that through the instrumentality of loans contemplated by this bill either the Federal or the joint-stock land banks may be enabled to procure funds with which to make new loans?

Mr. GLASS. No; I think not. I think that is in contemplation, so far as the land banks are concerned, of a bill to be presently presented.

Mr. ROBINSON of Arkansas. That, as I understand, is limited to the Federals?

Mr. GLASS. Yes; but that is subject to such amendment as may be proposed.

Mr. ROBINSON of Arkansas. Oh, I understand that, of course; but under the provisions of this bill, as the committee has reported it, a joint-stock land bank upon a proper showing, upon depositing the necessary security, could absorb or take up or refinance loans heretofore made; but it could not, could it, procure funds with which to extend delinquent installments?

Mr. GLASS. I should not think so.

Mr. WALCOTT. I concur with the Senator from Virginia entirely, Mr. President. It can not.

Mr. ROBINSON of Arkansas. Then there is no provision, either in this bill or in the other bill referred to by the Senator from Virginia and myself, that contemplates the possibility of joint-stock land banks securing funds with which to extend delinquent installments for the benefit of their borrowers?

Mr. GLASS. No; but I beg leave to suggest to my colleague that it would be altogether germane to propose, when the other bill comes here, to include joint-stock land banks. I do not mean by that to make the suggestion myself that it should be done, for the reason that I think there is a very distinct difference between Federal land banks and joint-stock land banks, joint-stock land banks being organized by private subscription for private profit, personal profit, and the other banks being organized for the general benefit of the farming community.

Mr. ROBINSON of Arkansas. If the Senator will pardon me, I think he is in error about that statement; and the error is fundamental.

There is no moral or legal distinction between Federal and joint-stock land banks, or, as I conceive it, the right of borrowers from those institutions to consideration in connection with the legislation which Congress is to propose. It is entirely true that the two land-bank systems, the Federals and the joint-stock, are somewhat different. In the beginning the Federal Government subscribed the stock, or a part of it, of the Federal land banks. It took no part of the stock in the joint-stock land banks, but the law contemplated that the stock so subscribed by the Government should be absorbed by private individuals, by the borrowers from the Federal land banks; and that has been accomplished except as to a very small sum.

It does seem to me that it is a discrimination to authorize loans to insurance companies, which are purely private institutions; to building-and-loan associations, which are also purely private institutions, and deny any measure of relief to joint-stock land banks or to borrowers from those institutions.

I make that statement now in order that the Senator in charge of the bill and others who are interested in it may understand that this is rather an important question, and that the imposition of the limitations to which I have referred apparently accomplishes a purpose which will prevent many farm borrowers in the United States, those who borrow from the joint-stock land banks, from any possibility of extension in so far as this relief legislation is concerned.

It is well known that the Government, in the land bank bill which is coming on after this, is providing a very large fund, the fund having been increased from the $100,000,000 contemplated by the original bill to $125,000,000, as contemplated by the committee report, and that a part of the purpose in mind in connection with that fund is to enable the Federal land banks to extend to borrowers who will, in all probability, be in position hereafter to meet their payments already in default, to have sufficient time to enable them to do that; and it does seem to me, in view of the fact that there is neither a legal nor a moral distinction between the rights of borrowers from joint-stock land banks and the rights of borrowers from Federal land banks, that the relief contemplated by these two bills, in so far as those financial institutions are concerned, is only partial, and is discriminatory.

Mr. GLASS. Mr. President, I shall not venture to prolong the discussion on this point further than to say to my colleague from Arkansas that, taking his view of the matter, it would not be very difficult so to amend the bill, which will soon be on the calendar from the committee for the assistance of Federal land banks.

Mr. ROBINSON of Arkansas. May I add, in connection with the suggestion just made by the Senator from Virginia, that it is my information that there is now only about $12,500,000 of aggregate delinquent installments in both Federals and joint-stocks, and that the fund carried in the bill to follow this is adequate to make provision for those who are in a position to supply such credit as may be required?

It is true that if we consider the principal of all the debts due the land banks we will find that there is a default of about $275,000,000. I think that was the statement made by the farm loan commissioner. I am sure it is approximately correct. But that has only an indirect relationship to the amount of installments actually due and unpaid.

Mr. BARKLEY. Mr. President, the farm loan commissioner stated, in the hearings before the committee on the farm loan bill, that the total farm loans outstanding on which delinquencies now exist amount to about $275,000,000, but that the actual delinquency, including delinquent interest and amortization payments, amounts to about $16,000,000. That refers to the Federal land bank system. That does not include the joint-stock banks.

Mr. ROBINSON of Arkansas. My information was obtained some weeks ago, and it was my information that it was only about $12,500,000 as to both at that time.

Mr. BARKLEY. I think that is a mistake.

Mr. GLASS. Mr. President, I am not going to prolong the discussion of a bill which is not yet here, and about which, unhappily, I have little information, because the pressure of other duties prevented my presence in the Committee on Banking and Currency when it was considered. But there is an argument in equity, perhaps, in favor of so amending that bill as to include joint-stock land banks. I am not prepared to say that I would oppose that being done. Nor am I prepared to say that I would approve it being done.

Mr. ROBINSON of Arkansas. Mr. President, may I make a statement there?

Mr. GLASS. Certainly.

Mr. ROBINSON of Arkansas. The Senator has perhaps inadvertently treated this matter as having no relevancy to the pending bill. May I point out to him and to others who are interested that if the original terms of the measure had remained unchanged the question which I have asked would not have arisen, because the power of the corporation to make the loans would have been comprehensive and would have extended to the cases I have in mind. The question arises on the amendment reported by the committee.

Mr. GLASS. Yes; and the power of the corporation would have been vastly greater than the Senator has indicated. In that event the power of the corporation would have enabled it to engage in a general commercial banking business; not only to relieve—and this is a bill for relief—existing embarrassments of banks generally, but to make loans for new business, without limitation, to all kinds of banks.

Mr. ROBINSON of Arkansas. I think that is entirely true.

Mr. GLASS. Surely the Senator does not think any corporation on earth ought to be given any such power as that?

Mr. ROBINSON of Arkansas. It does occur to me, however, that the restrictions ought not to be such as to prevent the accomplishment of a well-defined purpose in mind when the bill was first promulgated. The Senator will remember that at the White House conference, when this question arose, it was distinctly stated there by the President and by the governor of the Federal Reserve Board, that it was in contemplation, although the bill had not yet been drafted, that this corporation should be empowered to make loans for the purpose of enabling these institutions to extend the time of payment on delinquent installments where it appeared the installments could be subsequently paid.

Mr. GLASS. My understanding is that the bill to be reported, relating to land banks, will do that very thing in an ample way, except as to the joint-stock land banks.

Mr. ROBINSON of Arkansas. But they are half the system.

Mr. GLASS. I am not now making any objection to the amendment of the bill accordingly.

Mr. ROBINSON of Arkansas. The Senator will understand that a demand comes from literally hundreds, perhaps thousands, of borrowers for an extension of time. Many of them have their homes mortgaged, and by reason of conditions over which they have had no control, conditions which were not to be anticipated, they are in default. They think that if they were given time, they could work out their loans. The banks can not extend further credit to them to amounts which would cause their own bonds to go in default. In other words, a joint-stock bank or a Federal land bank must collect from its borrowers enough to pay the interest on its bonds and its overhead. If they do not, they go into receivership, and wholesale foreclosures result.

What I would like to suggest is that either in this bill, or in the bill to follow, some fair provision be made for both classes of these banks. It is not expected that they would be given anything, but that similar consideration be extended to borrowers from both classes of institutions, because they were both created under Federal law. The Government sponsored them, and if it is right to make loans to purely private institutions, such as insurance companies and building-and-loan associations—and I do not question that—it would seem to be discriminatory to deny loans to joint-stock land banks.

Mr. GLASS. It depends upon the purpose for which they are made. I do not concede that this bill authorizes loans to banks or insurance companies or building-and-loan associations for new-business purposes at all.

Mr. ROBINSON of Arkansas. I did not suggest that the loans should be made for the purpose of enabling banks to make new loans. If that is arranged for, it can be done, perhaps, in some other way. But I do suggest that if extensions ought to be accorded borrowers from Federal land banks, similar extensions ought to be accorded borrowers from joint-stock land banks.

Mr. GLASS. I think that contention contains many qualities of equity, but I think we ought to be very cautious in drafting the bill. I have not read the land bank bill, but I am told it contains a provision which, if I am accurately informed as to its tenor, I think would destroy the entire system.

Let me ask the distinguished Senator from Arkansas how many land-bank bonds he would be willing to invest his surplus in if he supposed that Congress might at any time declare a 5-year moratorium?

Mr. ROBINSON of Arkansas. Mr. President, I think the bonds of both the Federal and the joint-stock land banks are better than their market value, and while I have never suggested a moratorium declared by act of Congress, and, as far as I know, no one else has, I do not think the value of the bonds of either the Federal or the joint-stock land banks would depreciate one point by reason of our giving the banks power to extend payments and defer foreclosures in those cases where it appears collections can subsequently be made.

If the Senator insists upon a personal statement of my financial prospects and intentions and inclinations, I will say to the Senator from Virginia, frankly, that if I had any money to invest in bonds, I would be glad to invest it in either Federal or joint-stock land bank bonds at the market prices at this time, and I think I would be able to realize a profit. That is a personal question of such a nature that I do not feel compelled to answer it, but, as it seems to be important in the mind of the Senator from Virginia, I am glad to answer it.

Federal and joint-stock land bank bonds have declined to a point far below their actual value, and, like a good many other securities, they are selling now at prices which afford

splendid opportunities for investment, if the people in this country who have money had the courage to take some initiative and make the investments.

Mr. GLASS. Of course, that might be said of a great many securities of a great many corporations.

What I had in mind was simply this: That the continuation of the land-bank system is vitally dependent upon a market for land-bank bonds.

Mr. ROBINSON of Arkansas. The Senator is entirely right, and neither the Federal land banks nor the joint-stock land banks are functioning effectually now, at a time when they are worse needed than ever before in the history of the country, for the reason that there is no market for their bonds at prices which justify them in making new loans.

The Senator well understands, and the Senate understands, that both Federal land banks and joint-stock banks are limited in their opportunities of earning profits. Only 1 per cent margin is allowed by law between the rates of interest their bonds bear and the rates of interest their loans bear, and that 1 per cent must absorb the overhead, the losses, and the profits of the institution. If it does not, the institution making the loan does not prosper.

Federal land-bank bonds have gone down to quite a low point, and joint-stock land bank bonds are selling at a very low price. If either institution undertook to sell bonds now to make new loans, it would find itself confronted with this condition: The effort would be made to make a 1 per cent profit on a par investment, and it would have to sell its bonds at from 50 to 75 per cent of their par, which, of course, is a financial impossibility.

Mr. GLASS. Mr. President, all I am suggesting is that we should be careful not to do anything to make it more difficult to sell land-bank bonds.

Mr. ROBINSON of Arkansas. The very conditions which brought about a depreciation in the land-bank bonds, both Federal and joint stock, brought about a depreciation in the securities which this bill is intended to restore to their normal value.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. WALCOTT. I yield.

Mr. REED. I have been very much troubled by the provisions of section 10 of the bill as reported by the committee. That section relates to the exemption from taxation of the debentures issued by the corporation.

We have never before issued any governmental obligation which is wholly free from all kinds of taxation. In every case there has been an exception of estate and inheritance taxes. If the bill is passed as it stands, all of one's assets might be invested in these debentures, and if one then died, he would die without the slightest obligation on the part of his estate to either the National Government or a State government for any estate or inheritance tax.

Was that deliberately omitted by the committee, and if so, why?

Mr. WALCOTT. Mr. President, I think that was deliberate.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. COUZENS. I do not want the Senator to speak for the whole committee. So far as I recall, the subject of exempting these bonds from the Federal estate tax was not even discussed.

Mr. BROOKHART. I think it was not discussed in the subcommittee, either.

Mr. WALCOTT. I think there was no discussion of it.

Mr. REED. Can the Senator suggest any reason why that exemption should be put in as to these securities, as distinct from all other Government bonds we have ever issued? Even back before the Great War we never issued a bond which was wholly free from estate or inheritance taxes. I doubt very much whether we ought to do it now; certainly not unless there are reasons which have not been suggested to me.

Mr. WALCOTT. The Senator reads into that provision that the bonds would be nontaxable for inheritance purposes?

Mr. REED. Quite so; absolutely free of both State and Federal inheritance or estate taxes, and I do not think that should be. I think we ought to follow the provisions of the Liberty bonds, even the first Liberty 3½ per cent bonds, which were otherwise tax free, and insert after the word "taxation" in line 6, in parenthesis, the words "except estate or inheritance taxes." I should not be willing to vote for it if that provision were not in the bill.

Mr. LA FOLLETTE and Mr. BROOKHART addressed the Chair.

The VICE PRESIDENT. Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. May I make a statement first on that point, and then I shall be glad to yield. We intended to follow the precedent established by the first Liberty bonds. If we have not done so, I am inclined to think it is an error.

Mr. BARKLEY. Mr. President, while it might be desirable to provide estate and inheritance taxes for the $1,500,000,000 of debentures, it does not strike me that the $500,000,000 of stock held by the United States Government ought to be subject to such taxes. In other words, for the $500,000,000 of capital to be invested by the Treasury of the United States in stocks to be held by the Secretary of the Treasury, the corporation is authorized to issue $1,500,000,000 of debenture bonds. They may find their way into private hands.

Mr. REED. Of course they will. That is just the point we have been discussing.

Mr. BARKLEY. The $500,000,000 represented by capital stock held by the Treasury can never find its way into private hands.

Mr. REED. We are not talking about that. The bill provides for obligations to be issued by the corporation for its stock issue and its debenture issue, and those are, of course, going into private hands. If the provision of the bill in this relation is passed in its present form, a rich man far advanced in years could invest his whole estate in those obligations and his estate would be totally free of tax. I understand the Senator from Connecticut will give attention to an amendment on that point?

Mr. WALCOTT. I should be glad to do so.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. I yield.

Mr. LA FOLLETTE. I should like to ask the Senator, inasmuch as the Senator from Pennsylvania has raised the question, why the committee considered it necessary to exempt these bonds from the surtaxes? If my recollection serves me correctly, all the obligations which the Government has issued since the first Liberty bonds have been subject to surtaxes. So far as I am personally concerned, I would be opposed to increasing any further the island of tax exemption which is being created in the country. If the Federal Government has been able to issue bonds during this period for the purpose of raising money and has been able to secure the sale of those bonds by providing that they shall be exempt from all taxation except the surtaxes, I do not see why these obligations should not bear the same privileges, but no more privileges than those which have been issued since the first Liberty bond issue.

Mr. REED. Mr. President, will the Senator from Connecticut yield to enable me to answer that question?

Mr. WALCOTT. I am very glad to yield.

Mr. REED. Ever since the second Liberty bond act the Government has attempted to subject its new issues to surtaxes as well as estate and inheritance taxes. It was found by experience that that gave complete tax exemption to every corporation while it did not give a similar tax exemption to an individual. A corporation pays only normal taxes. Consequently, a holding company, even if it had only one stockholder, got those bonds totally tax free, bonds like the second, third, or fourth Liberty, whereas the ordi-

nary individual, who did not have a little private holding company but who had the bonds, had to pay surtaxes on the Government interest. That so reduced the market for the bonds that after years of experience it was calculated that it cost the Government more than it saved it. It cost more in the reduced selling price of the bonds than it saved in the surtaxes that came back.

Consequently, about two years ago the Government recommended to the Finance Committee, and it in turn recommended to the Congress and the Congress enacted it into law, that all future Government issues might be made completely free of income tax, both normal and surtax. The recent issues of Treasury bills, of Treasury certificates, of Treasury notes have all been made free of both normal and surtaxes. The exemption given by section 10 of the bill now before us will be exactly the same as that given in recent Treasury issues if only this issue is made subject to inheritance and estate taxes.

Mr. WALCOTT. The intention was to make it exactly the same as the terms of the first Liberty bond issue.

Mr. REED. It would be the same as the first Liberty bond issue, then?

Mr. WALCOTT. Yes; that was the intention. Does that answer the question of the Senator from Wisconsin?

Mr. LA FOLLETTE. Yes; except it is my recollection that there was a bill pending before the Finance Committee prior to the adjournment of the last session of Congress extending the privilege of being exempt from all Federal taxation, and that it did not pass.

Mr. COUZENS. That was with reference to long-term bonds.

Mr. REED. But we have already authorized exemption of Treasury bills.

Mr. COUZENS. But not on long-term issues.

Mr. LA FOLLETTE. That is the statement I made.

Mr. REED. This is not a long-term issue. A Treasury issue for the same period as these bonds would be totally tax exempt so far as income tax goes.

Mr. LA FOLLETTE. What is the term for which these obligations may run?

Mr. WALCOTT. Five years.

Mr. REED. On page 26, line 4, it is provided that the maturity can not be more than five years.

Mr. WALCOTT. The privilege of extension applies only to the lending powers of the board.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. I yield.

Mr. COPELAND. If the Senator will permit me, I want to go back to the question raised by the Senator from Arkansas [Mr. ROBINSON]. I take it that it was the idea of the committee that the corporation should not engage in the banking business. It made one exception relating to export corporations. I take it that the testimony of George St. Jean, of New York, influenced the committee. He pointed out that in our export business it is impossible for us to carry on successful business arrangements with foreign countries because the banking term of 90 days is too short, that it needed to be 6 or 9 months, and finally the committee recommended 12 months.

I would like to have the Senator confirm me in the matter or otherwise, but I take it that the only reason why the committee made any exception as regards future transactions was in order that the commerce of the United States might be promoted by the extension of longer credits in our export business. Am I right?

Mr. WALCOTT. The Senator is entirely correct. I may add further that in adopting this measure we believe that the corporation runs no risk whatever provided the whole business is carefully looked after. The export business, as the Senator knows, has gone to a very low ebb. The purpose of section 5 (a) is to try to revive that business without, however, assuming any undue risk on the part of the Federal Government.

Mr. COPELAND. We were practically being driven out by England and Germany and other countries in South America because we could not get this extension of banking arrangements or terms, and the committee made this one exception in order that the commerce of the country might be promoted.

Mr. WALCOTT. Yes; and our export business having suffered terribly is a very important factor in this depression.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Iowa?

Mr. WALCOTT. I yield.

Mr. BROOKHART. The suggestion of the Senator from Arkansas [Mr. ROBINSON] was at no time considered either by the subcommittee or by the full committee. The effect, if any it has, on the joint-stock land banks was not considered at all. The general idea in putting this limitation was that this corporation would not go into the promotion business; that it would relieve enterprises which are already established and are unable to meet their obligations. I do not quite understand that the limitation would prevent the kind of a loan to a joint-stock land bank which the Senator from Arkansas mentioned. That is a loan to extend an obligation already in existence, and it seems to me a proper construction of the amendment would permit that to be done. But that specific proposition was not considered in the subcommittee or the full committee either.

Mr. WALCOTT. I thank the Senator for the explanation.

Mr. LA FOLLETTE. Mr. President, may I interrupt the Senator again for the purpose of asking a question?

Mr. WALCOTT. Certainly.

Mr. LA FOLLETTE. I would like to refer the Senator to section 5, line 1, page 21. In setting forth the exceptions to which the corporation is authorized and empowered to make loans there is included the phraseology "or other bona fide financial institutions in the United States." I would very much like to have the Senator explain what that language means. What sort of institutions does it include? Does it include private banking institutions? Does it include investment trusts? Does it include any corporation doing a bona fide financial business? Or is the terminology specific and does it confine the privileges to certain types of institutions? I think it a very important question, and if the Senator can enlighten me on it I should be very much obliged to him.

Mr. WALCOTT. Mr. President, after very careful consideration we excluded from the original bill the word "banker." That word was excluded because we were afraid that the board might be pestered—not prevailed upon, but pestered—by fly-by-night institutions or companies which might grow up in a few hours or a few days or a few weeks, without responsibility, thinking that in some way or other under the broad terms of the bill they could apply for and get some relief which they might need.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. WALCOTT. I should like to finish this explanation first.

Mr. TYDINGS. I want to ask the Senator a question right in that connection. On page 20, line 17, the bill goes on to say:

> The corporation shall have incidental powers as its board of directors shall deem necessary or expedient in carrying out the provisions of this act.

I inquire whether he understands that the terminology, as restricted to institutions which the Senator has outlined, would mean that the institutions which the Senator from Wisconsin has named would not be included under that general grant of power?

Mr. WALCOTT. Mr. President, I did not understand that the Senator from Wisconsin had any particular institutions in mind? If so, I should like to know of them.

Mr. LA FOLLETTE. I am certainly not suggesting that any of the institutions which I name should be included, but I am anxious to know whether they would be covered under this general phraseology, because it seems to me that

it is very important for Senators to know before they vote for the bill whether the relief which the proposed corporation is to extend can go to institutions which have been primarily engaged in stock-market transactions and the financing of such transactions.

Mr. WALCOTT. Mr. President, my impression as to the interpretation of this language is that they can not; that they might apply but that they would be refused. The whole purpose of this language, including lines 17, 18, 19, and 20 on the previous page of the bill, is to give the corporation very broad powers in order to establish a confidence throughout the country which is needed. When a corporation is given broad powers there may be read into the language all kinds of things; for instance, one may be short of a meal and think it is broad enough to cover the loan of a meal ticket. I am not in any way criticizing the question asked by the Senator from Wisconsin, because it is a very pertinent question; and we spent hours and hours in discussing it. I am simply trying to make it clear that there are very broad powers conferred by this bill on the corporation in trusting the corporation to do the right thing. Promotion schemes have been intentionally and deliberately excluded; new business is intentionally and deliberately excluded. The bill is intended to be only a relief measure for existing institutions of a responsible financial character with resources that will enable them to borrow. That is as far as the bill goes.

Mr. LA FOLLETTE. Mr. President, if the Senator will yield further, I desire to ask could an investment trust, taking, as an example, one which had "substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation," secure a loan from the corporation under the language as drawn?

Mr. WALCOTT. Mr. President, I can not answer that question accurately. Such a concern is not specifically excluded but it is not specifically included.

Mr. LA FOLLETTE. Could it not be contended that such an investment trust was a "bona fide financial institution"?

Mr. WALCOTT. I think it might be.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. COPELAND. Mr. President——

Mr. LA FOLLETTE. One other question, if the Senator will permit me further.

Mr. WALCOTT. I will.

Mr. LA FOLLETTE. I should like to know whether, in the Senator's judgment, a private investment banking institution "having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it" could secure a loan?

Mr. WALCOTT. I should say no. Such a corporation is excluded.

Mr. LA FOLLETTE. I understand that the committee eliminated the word "banker," but have substituted therefor the words "bona fide financial institution"; and I am seeking to get a definition of what is included by that terminology, because if it opens the door to any institution which considers itself to be a "bona fide institution" to secure benefits under the terms of the bill, then I think the Senate is entitled to know that fact. If the terminology has some definite, legal limitation, then, for one, I should like to be informed what it is.

It seems to me that the language "or other bona fide financial institution" is a very general, broad, and inclusive term, and that, providing they can meet the qualifications set forth in the following line, "having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it," there would be included investment trusts, private banking institutions, investment banking institutions, and institutions which, as I said before, have been designed and organized primarily for the purpose of financing and securing the flotation of or the purchase of securities on the stock exchange.

Mr. COPELAND. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. I yield.

Mr. COPELAND. Let me suggest in this connection that on line 24, page 20, we find included insurance companies. Does that mean fire, casualty, and life insurance companies?

Mr. WALCOTT. It is intended to do so.

Mr. COPELAND. It would include any insurance company. Then, would a company such as the United States Fidelity & Guaranty Co. of Baltimore, or the Maryland Casualty Co., or the National Surety Co., where such companies use their funds to assist in financing homes, be eligible for consideration by the Finance Corporation?

Mr. WALCOTT. It would.

Mr. COPELAND. There is no doubt in the mind of the Senator about that?

Mr. WALCOTT. There is no doubt about it, as the matter was discussed both in the subcommittee and in the full committee.

Mr. COPELAND. That would be particularly true if one of these organizations, under the further terms of the bill, could by indorsement or guaranty add materially to the security of the loan, so that there is no question in the mind of the Senator that such organizations would be covered?

Mr. WALCOTT. Mr. President, it was with particular reference to the question the Senator from New York raises that we added the further words "bona fide financial institution," in order to cover any possible doubt that might exist with reference to building and loan associations and agricultural and livestock credit associations. The provision was put in in order to broaden the powers of the corporation so that it could take care of anything which was a financial institution and its resources such as to add materially to its credit facilities.

Mr. JONES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Washington?

Mr. WALCOTT. I do.

Mr. JONES. It may be that the question I am going to ask the Senator has already been touched on, as I have not been able to be present all the time during the consideration of the bill, but I note on page 22 that special provision is made by which loans may be extended to railroads. Was the matter of extending loans to ships and shipping enterprises considered by the committee?

Mr. WALCOTT. That question was considered, but was ruled out; because if we take in steamship companies, we open the doors to all sorts of corporations that are outside the control of the Interstate Commerce Commission. Railroads, whose securities are held in great volume all over the country and in large masses not only by individuals as investors but by insurance companies, savings banks, and national and State banks as collateral for loans, are under the jurisdiction of the Interstate Commerce Commission, and it is an easy matter to place all the railroad securities under the scrutiny of the Interstate Commerce Commission for its approval whenever an application is made for a loan on such securities.

Mr. JONES. Mr. President, while it may be true that the Shipping Board does not have as broad powers over shipping as the Interstate Commerce Commission has over railroads, yet it does have pretty broad powers over shipping, and it would seem to me that a provision placing the loaning of money to ships and shipping lines under control and action of the Shipping Board, similar to that provided with reference to the Interstate Commerce Commission, would take care of that phase of the situation. Both our shipping lines and ships are in as desperate straits as the railroads can possibly be, and it seems to me that a provision in this bill similar to that with reference to the railroads, but substituting the Shipping Board in place of the Interstate Commerce Commission, would meet the suggestion the Senator has made as to why shipping companies should not be embraced within the purview of the bill. I hope the suggestion will have consideration.



Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WALCOTT. I do.

Mr. COPELAND. I should like to add my voice to that of the Senator from Washington. The merchant marine is in desperate condition. While we have been exceedingly generous in our loans for construction purposes to one or two lines, yet the whole industry is just as much depressed as is the railroad industry; and, if some amendment could be worked out to cover and protect the operation of the corporation, it would seem to me most desirable that relief be extended. As a matter of fact, I may say to the Senator from Washington that I have asked that an amendment of that kind be prepared in order that it may at least be considered by the Senate while we are having this measure under consideration.

Mr. JONES. Mr. President, will the Senator from Connecticut permit me further to interrupt him?

Mr. WALCOTT. I will.

Mr. JONES. I have taken the provision relating to the railroads and have amended it in a way which I think will meet the situation——

Mr. COPELAND. Very well.

Mr. JONES. By substituting the Shipping Board in place of the Interstate Commerce Commission, and making other necessary changes in the language.

Mr. COPELAND. If the Senator from Connecticut will bear with me, the Senator from Washington proposes to add another paragraph, does he?

Mr. JONES. Yes; another paragraph to the same section.

Mr. COPELAND. I am very much interested in the Senator's proposal.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Washington?

Mr. WALCOTT. I yield.

Mr. DILL. I did not catch the response of the Senator from Connecticut to the question of my colleague in which he asked the Senator from Connecticut for his opinion as to such a proposal.

Mr. WALCOTT. I intended to make it clear. I said that this bill does not include steamship companies, for the reason——

Mr. DILL. I heard that statement, but I wanted to learn what the Senator's attitude would be in the event the Shipping Board were given the same authority over loans to ships and shipping lines as the Interstate Commerce Commission is given in connection with railroad loans.

Mr. WALCOTT. I can not speak for the committee; but, so far as I am concerned personally, I should be glad to have the Senate consider such an amendment as has been suggested, if the Senator cares to submit it.

Mr. DILL. Is it not a fact that shipping on the seas is relatively as important to the trade and commerce of the country as is transportation by the railroads?

Mr. WALCOTT. I think if we were to go into that question, I would say yes; but it is perhaps not quite so relevant to this bill, because the securities of the various steamship companies are not generally held as collateral for loans. Therefore, I am inclined to think, inasmuch as they are very limited as collateral for loans and as they do not come particularly under the purview of this bill, that they should be treated in some other way. I agree that the shipping lines are vital to the country and that they need relief as badly as do the railroads; but I am not sure that they fit into this bill, because this bill is primarily intended for the relief of financial institutions, and I do not believe that even the railroads would have been considered if their securities were not held almost exclusively by financial institutions which are suffering in turn from the decline in the value of those securities.

Mr. DILL. I think the Senator makes a very narrow distinction there. If there are not very many of these securities that would be affected, then the call on the finance corporation would not be so great.

Mr. WALCOTT. Mr. President, there is an important amendment to this bill, designed to clarify it, which I should like to have acted upon at this time.

Mr. BRATTON. Mr. President——

Mr. WALCOTT. Does the Senator from New Mexico desire to ask a question?

Mr. BRATTON. Yes.

Mr. WALCOTT. I yield.

Mr. BRATTON. The bill plainly takes care of agriculture and livestock credit corporations and makes institutions of that character eligible for loans from the Reconstruction Finance Corporation. Let me ask the Senator whether a reclamation corporation organized under a State law, perhaps financed by a bond issue, would be eligible to apply for a loan?

Mr. WALCOTT. I think not. I think it would not come under the definition of a "financial institution" as set forth in the bill.

Mr. BRATTON. That is my belief, and I wanted to get the Senator's judgment on that question because I intend to offer an appropriate amendment to that effect. I think that reclamation corporations are, particularly in the Western States, probably so closely akin to agriculture and the livestock industry that they should be made eligible, leaving it to the judgment of the board as to whether credit should be extended.

Mr. WALCOTT. Under the provisions of this bill the logical operation would be that that reclamation project—which, let us assume for the sake of argument, is incorporated—would apply to the local bank for credit, or for extension of credit.

Mr. BRATTON. Of course, the Senator knows that in many of the Western States a local bank could not meet a reasonable demand from a reclamation project.

Mr. WALCOTT. I understand.

Mr. BRATTON. It would involve too much money. So that unless provision is made in the bill by which a corporation of that kind is eligible to apply directly for relief, it will be excluded.

Mr. WALCOTT. Yes.

Mr. BRATTON. So at an appropriate time later I shall offer an amendment designed to make a reclamation district eligible for relief.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Minnesota?

Mr. WALCOTT. I do.

Mr. SHIPSTEAD. On page 20, in section 5—

> The corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, agricultural or livestock credit corporation—

And so forth.

Will the Senator tell me whether, in his opinion, there would be any limitation, and, if any limitation, what would such limitation be, upon the definition of "agricultural credit corporation"?

Mr. WALCOTT. It is my impression that that would include any corporation or association which had to do with the financing of any agricultural or livestock operation.

Mr. SHIPSTEAD. For instance, any organization or corporation organized for the purpose of making loans on farm mortgages, and discounting the mortgages, so as to keep a revolving fund, does the Senator think such an organization could qualify under this act as an agricultural corporation?

Mr. WALCOTT. I do.

Mr. SHIPSTEAD. To be more specific, if any State has organized a corporation for the purpose of extending rural credits, and maintains such an organization, and the State guarantees its obligations and furnishes a revolving fund to supply money for the purpose of extending rural credits, making loans on farm mortgages, does the Senator think that such an organization could qualify under this language?

Mr. WALCOTT. I am in doubt about that. I should say no.

Mr. GLASS. Mr. President, does the Senator mean to conduct a going business and make new loans? This is a bill for relief. It is not a bill to carry on business.

Mr. SHIPSTEAD. I understand.

Mr. GLASS. Does the Senator's question comprehend that this corporation shall loan money to an organization to make new loans on mortgages?

Mr. SHIPSTEAD. To refinance old loans and to carry loans that are in arrears or in default. The Senator does not think that even for the purposes of emergency loans that could be done, does he?

Mr. WALCOTT. No; I am not sure about that. The Senator did not mention that. If such a concern was organized and had in its strong box frozen collateral, and had to get relief for the purpose of, in turn, relieving its constituents—which, let us say, are livestock raisers or farmers—then I think it would come under the purview of this bill, but only as to the revamping of old business, putting new life into old loans. That is the distinct purpose all the way through; and it is particularly guarded as far as we were able to do, in order to insure against the corporation provided for in this bill competing with legitimate banking business of a new type. This bill does not originate new banking business, if I make myself clear.

Mr. SHIPSTEAD. If that is true, then on page 23, section 5—

> The corporation is authorized and empowered to accept drafts and bills of exchange drawn upon it which grow out of transactions involving the exportation of goods actually sold or transported for sale and in process of shipment to buyers in foreign countries.

Does that provision take care of old transactions that are in trouble now?

Mr. WALCOTT. As we have just explained—perhaps the Senator was not here at the time——

Mr. SHIPSTEAD. No.

Mr. WALCOTT. That section is the only new section that does provide for new business in order to encourage the export trade. That is new; but it is the only section in the bill that is.

Mr. SHIPSTEAD. Acceptances or short-term credits in the form of acceptances now in the banks that are frozen in Europe could not come in under this language?

Mr. WALCOTT. They probably could not, in the judgment of this board, because it probably would take a creditor into a foreign court to collect.

Mr. SHIPSTEAD. Probably. Has the Senator any information as to how much of these foreign acceptances are frozen in Europe and held by banks in this country now?

Mr. WALCOTT. A very large amount.

Mr. SHIPSTEAD. It is not the intention of this bill to release those frozen foreign credits?

Mr. WALCOTT. Not where they are foreign. It is the specific intention of this bill not to lend even on foreign securities which, so far as they relate to goods either in process of shipment or in warehouses in foreign countries, would have the collateral lodged outside of this country, and the creditor would have to go into foreign courts in order to collect. Do I make myself clear?

Mr. SHIPSTEAD. Yes; I understand.

Going back to the agricultural credit corporation, where an agricultural credit corporation has loaned a great deal of money on farm mortgages, and those mortgages are in default, and the corporation is desirous of avoiding foreclosure by temporarily borrowing money in order to meet the accrued interest on bonds sold against mortgages, is it the Senator's idea that such a corporation, even though organized and maintained by a State, could come in under the provisions of this bill as an emergency measure?

Mr. WALCOTT. Positively; yes.

Mr. SMITH. Mr. President——

Mr. SHIPSTEAD. If the Senator will permit me. If such an organization should want to refinance its loans coming due, and not be able to raise the funds in any other way, could it come with its agricultural paper to this corporation and receive a loan as an emergency loan?

Mr. WALCOTT. It could come with some assurance of success provided it had collateral which, in the opinion of the board, was adequate. That is the word used.

Mr. SHIPSTEAD. If its collateral was guaranteed by a State?

Mr. WALCOTT. And if the State's credit was perfectly good—which would be fair to assume—that collateral, in my opinion, would be adequate, and I should think in the opinion of the board. That is left to the discretion of the board; and in every case the loan must be secured by adequate collateral.

Mr. SHIPSTEAD. Now, let me ask the Senator another question. In view of the present rate for money in the money market, can the Senator give us any idea about what rate of interest will be charged the people who come to use the facilities of this corporation?

Mr. WALCOTT. Judging from the present condition of the market, it is my impression, entirely unofficial, that the rate these bonds would have to carry would be in the neighborhood of 4½ per cent.

Mr. SHIPSTEAD. Can the Senator give us any information as to whether or not an estimate has been made as to what it will cost the corporation to do business, so that we may have some idea as to the probable rate of interest that it would charge the institutions which desire to make available the facilities of this corporation?

Mr. WALCOTT. That would be governed by the discount rate and by the time and call rates at the time the loan was made. It would be useless to try to estimate what those might be.

Mr. SHIPSTEAD. If these bonds sell on a 4½ per cent basis, there must have been some estimate made as to what it would cost the corporation to do business. Would it cost, for instance, 1 per cent?

Mr. WALCOTT. At the present time?

Mr. SHIPSTEAD. Yes.

Mr. WALCOTT. At the present time the rate would be probably 5½ per cent.

Mr. SHIPSTEAD. That is, the corporation would be able to loan money at 5½ per cent?

Mr. WALCOTT. It is my impression that during the lending period of this corporation the interest rate to the borrower will run between 5 and 6 per cent, if that answers the Senator's question.

Mr. SHIPSTEAD. Yes.

Mr. WALCOTT. Of course, it varies from month to month.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. WALCOTT. I yield.

Mr. KING. Does not the Senator think that if the rate is fixed, we will plunge from Scylla into Charybdis? We will have withdrawn the money from the savings banks, now paying 3½ to 4 per cent——

Mr. WALCOTT. Four and a quarter per cent.

Mr. KING. Some of them pay only 4 per cent. Many of the savings banks pay only 4 per cent, and quite recently many of them were paying only 3 per cent. But if these bonds are floated—and I am expressing no opinion as to what the interest ought to be—at 5 or 5½ or 6 per cent, it seems to me inevitably that we will denude the savings banks of millions of their deposits.

Mr. WALCOTT. I think the Senator misunderstood me. I said that in my opinion at the present time the rate on the bonds might be 4½ per cent; that the money might cost the borrower from 5 to 6 per cent; but that is not the rate that these bonds carry. We are not, of course, intending to interfere with the savings banks nor with the postal savings.

Mr. BARKLEY. Mr. President——

Mr. WALCOTT. I yield to the Senator from Kentucky.

Mr. BARKLEY. In that connection I should like to call the Senator's attention to the fact that the first $500,000,000 that will be loaned to financial institutions will be represented by the $500,000,000 that we are appropriating for the

capital stock of this corporation. Assuming that the Government will have to obtain that money by selling its own bonds, I presume that the rate of interest charged the individual borrowers would depend somewhat upon the rate of the bonds the Government would sell in order to obtain the money, so far as the $500,000,000 was concerned. If that turned out not to be sufficient and the corporation was required to issue the billion and a half or any part of the billion and a half provided for in its own debentures, the rate of interest paid by borrowers would then depend upon the rate of interest borne by the bonds sold in order to obtain the billion and a half, or any part of it. So that it is impossible now to forecast any particular rate of interest that will be charged borrowers. I imagine even that would fluctuate from time to time, depending upon the money market.

Mr. WALCOTT. I thank the Senator.

Mr. WALSH of Montana. Mr. President——

Mr. WALCOTT. I yield to the Senator from Montana.

Mr. WALSH of Montana. I desire to follow the question addressed to the Senator from Connecticut by the Senator from Minnesota [Mr. SHIPSTEAD]. He was inquiring about corporations engaged in making mortgage loans.

Take the ordinary farm-mortgage company, which loans upon farm mortgages. It is obviously a financial institution within the meaning of this bill. Is there any reason why loans should not be made under this act to those institutions? They all borrow money. All the mortgage companies borrow money with which they make loans. If they become embarrassed by reason of their own loans, by reason of the fact that they have not been able to collect the interest upon the loans that they have made, could those farm-mortgage companies borrow from this corporation?

Mr. WALCOTT. Mr. President, if it is a bona fide mortgage company——

Mr. WALSH of Montana. We assume that, of course.

Mr. WALCOTT. Legally incorporated, it is my opinion that the board would consider such loans.

Mr. WALSH of Montana. I do not address myself now to the question of whether the board, in the exercise of its discretion, will or will not do so. I inquire whether it has the power to do so.

Mr. WALCOTT. In my opinion it has.

Mr. WALSH of Montana. If that is the case, then how can the ordinary joint-stock bank, incorporated under the Federal act, be excluded from the benefits of this measure?

Mr. WALCOTT. In my opinion it is not specifically included.

Mr. WALSH of Montana. It is not specifically included. Of course, if it is included, it is included under the denomination of financial institution.

Mr. WALCOTT. Exactly.

Mr. WALSH of Montana. So that the inquiry addressed to the Senator by the Senator from Arkansas a little while ago it seems to me ought to be answered directly, that all joint-stock banks are eligible to borrow under the provisions of this measure.

Mr. WALCOTT. If they bring proper collateral.

Mr. WALSH of Montana. Of course, they have to have the right collateral and that sort of thing; but they are eligible, if they can meet the requirements.

Mr. WALCOTT. I think so.

Mr. SHIPSTEAD. Mr. President, I would like to ask just one more question. Of course, I realize that the rate at which the corporation would lend money would depend on the market rate for money. My reason for asking for an estimate as to what the cost of the corporation would be was that I might get some approximate estimate of what rate of interest would be charged to corporations or institutions borrowing money.

Does the Senator think that this corporation can lend the money at a rate so low that it would pay any organization, for the purpose of getting a low rate of interest, to refinance its obligations through this corporation? Would it be possible for the corporation to do that; and if it is possible to do so, would a corporation undertake to do such refinancing, in the Senator's opinion?

Mr. WALCOTT. Does the Senator mean for the purpose of saving part of the interest rate?

Mr. SHIPSTEAD. Yes.

Mr. WALCOTT. I am inclined to think the corporation would not consider that favorably, because it would not be a matter of immediate distress. In other words, I do not believe that the board would consider favorably refinancing for the purpose of saving a part of an interest rate which an institution is now paying. That would bring it in direct competition with existing financial institutions, which is not proposed. But if, on the other hand, institutions come with assets which are frozen, this corporation is willing to hold slow assets, frozen assets, if you please, for more or less indefinite periods, until times improve, provided those assets are intrinsically sound.

In other words, Uncle Sam holds the bag on commodities, assets of various kinds, which are considered good security in normal times, in order to furnish cash for the recovery of the institutions of the country. It is counterdeflation. It is putting onto the market $2,000,000,000, if necessary, in cash and in place of it Uncle Sam takes into his strong box various securities which have proven slow or inadequate, and as to which there is believed to be a reasonable chance of recovery in the course of several years. It is pushing some hope into this situation, and, from my point of view, hope is the lifeblood of the human mind, and when hope is driven out fear enters, and despair is the result.

Let us start by pushing some hope into this financial structure of ours, by putting in real cash, and make the people of this country thankful that they live in a country whose government is strong enough, rich enough, and courageous enough to go into an enterprise of this magnitude. No other government in the world could do this today. But time is of the essence.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. McKELLAR. I believe the Senator, in answer to a question, has already said that a bank or trust company could borrow on farm mortgages which are now held and which are so-called frozen assets. Is that correct?

Mr. WALCOTT. Yes.

Mr. McKELLAR. Suppose, instead of being farm mortgages they were mortgages on real estate of any kind. Would they still be eligible for discount in this corporation?

Mr. WALCOTT. They would be.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. LA FOLLETTE. My question is prompted by a question which the Senator from Minnesota asked in reference to section 5a, found on page 23. I had gotten the impression that that provision was to take care of the financing of new export business which might originate after this act was passed. I got the impression, however, from the answer which the Senator from Connecticut made to the Senator from Minnesota that under the terms of this section the corporation could absorb the short-time frozen credits of banks which were held by those banks at the time this measure became a law. Was I correct?

Mr. WALCOTT. I think so.

Mr. LA FOLLETTE. The Senator thinks, then, that all of these short-time German credits held by the banks could be absorbed by this corporation, under the terms of section 5a?

Mr. WALCOTT. No; I do not. They are specifically excluded.

Mr. COPELAND. Except Canadian bonds.

Mr. WALCOTT. Except Canadian bonds.

Mr. LA FOLLETTE. Where does the Senator find the language in section 5a which excludes them?

Mr. WALCOTT. It is not in 5a.

Mr. COUZENS. It is a general provision.

Mr. WALCOTT. Section 5a is another provision.

Mr. LA FOLLETTE. That is what I understood it to be.

Mr. COPELAND. I suggest that the Senator look on page 21.

Mr. LA FOLLETTE. I understand the term there to refer to the ordinary obligations of foreign corporations, foreign municipalities, or foreign governments. The question I now ask is, Does it exclude the so-called short-term credits about which we have heard so much in the last few months? I would like to know whether, in the opinion of the Senator from Connecticut, under section 5a this corporation could refinance the short-term credits now held by banks in the United States—German credits, for instance.

Mr. WALCOTT. In my opinion, it could not.

Mr. LA FOLLETTE. Is that because the Senator takes the terminology on page 21, line 17, "That no loans or advancements shall be made with foreign securities except those of the Dominion of Canada and of Canadian corporations as collateral"? Is that the clause which the Senator contends excludes these short-term credits?

Mr. WALCOTT. Yes; and they are excluded whether they are short or long term, provided they are obligations of foreigners, foreign governments, or foreign corporations. Does that answer the question?

Mr. LA FOLLETTE. It answers the question, but it does not convince me. In other words, I take it that is the Senator's opinion, but the question I raise, and which I would like to have considered, is whether this phraseology on page 21, beginning on line 17, the language, "No loans or advances shall be made with foreign securities," includes drafts and bills of exchange which are the ordinary securities of the so-called short-term bank credit now held in this country due to the export business with foreign countries.

Mr. BARKLEY. Mr. President, will the Senator from Connecticut yield?

Mr. WALCOTT. I yield.

Mr. BARKLEY. It seems to me that there is a distinction to be drawn between the so-called short-term credits now held by American banks against foreign countries or foreign corporations, some of which represent money loaned by these American banks to these foreign corporations, and the sort of acceptances and drafts referred to here in this section, which are simply paper passed in the ordinary course of business as evidences of payment for goods which we export to foreign countries. I question very seriously—and to that extent I agree with the Senator—whether the object of this bill is not to enable banks in this country to refinance foreign obligations which they now hold, whether the obligations be long or short term.

Mr. WALCOTT. Mr. President, I think we are laboring under a slight misapprehension, and I am very glad the Senator from Wisconsin raised the point. If there is any ambiguity on page 21, section 5, or with reference to section 5a, any possible conflict in the language, it ought to be cleared up, because section 5a is intended merely to provide for security to take the place of the ordinary paper, the idea being that that paper shall never be more than 12 months in duration, issued by financial institutions in this country; and if they need some assistance in doing that, they can get it. It might be a draft, for instance, with a bill of lading attached, and that would be eligible under this measure. But that is not, in the meaning of section 5a, a foreign security. An acceptance in that sense is a receipt for goods which have been shipped. So that, after all, back of it are goods which are American made. Do I make myself clear?

Mr. LA FOLLETTE. Yes; but if I understand correctly, that is what all these short-term German credits are. They are so-called self-liquidating credits, due, as I understand it, to export of American goods to Germany.

Mr. COUZENS. Mr. President, may I suggest that if there is any doubt about the language, we add, after the word "securities," in line 21, on page 21, the words "including acceptances, drafts, and bills as provided in section 5a."

Mr. WALCOTT. That would be entirely satisfactory. Does that satisfy the Senator from Wisconsin?

Mr. McKELLAR. Will not the Senator state that again?

Mr. COUZENS. I suggest that if there is any question about it, we add, in line 21, on page 21, where we refer to exceptions, the words "including acceptances, drafts, and bills, as provided in section 5a."

Mr. WALCOTT. I would like to have that submitted to the Federal Reserve Board, because they have experts who have studied the language in this bill, and they were quite sure there was no conflict. If there is conflict, and the Senator from Wisconsin is not satisfied, he ought to be satisfied, and the matter ought to be cleared up.

Mr. FESS. Mr. President, will the Senator from Connecticut yield to me?

Mr. WALCOTT. I yield.

Mr. FESS. The language in line 17 on page 21 is strictly a limitation on what can be done, and is very specific, "that no loans or advancements shall be made with foreign securities except," mentioning Canada. I can not see how any interpretation could change that. That is a strict limitation, and no language in the bill would modify that, unless it applied specifically to this.

Mr. LA FOLLETTE. Mr. President, if the Senator from Connecticut will permit me, may I say to the Senator from Ohio that that is true if the word "securities" in line 18 is all-inclusive. If, however, it refers to the ordinary securities, the obligations in the form of bonds and corporate values issued by corporations, municipalities, principalities, and central governments, then it is not convincing to me; but if the language is all-inclusive then I would assume he is correct. That is the point I raise and I shall appreciate it very much if the Senator from Connecticut will straighten it out.

Mr. WALCOTT. I believe the Senator from Ohio had not quite concluded what he wished to say?

Mr. FESS. No; I had not. I was under the impression that section 5a has to do specifically with acceptances while section 5 deals with securities. I think that is the purpose of the Federal Reserve Board expert in the employment of this language. I think, however, there can be no harm in accepting the amendment suggested by the Senator from Michigan.

Mr. SHIPSTEAD, Mr. FLETCHER, and Mr. COPELAND addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. I yield first to the Senator from Minnesota, and then I shall be glad to yield to the Senator from Florida.

Mr. FLETCHER. Mr. President, will the Senator from Minnesota allow me to say, before he proceeds, that I know something about section 5a, which seems to be given some trouble. It has nothing to do with foreign securities or foreign documents or foreign drafts of acceptance. It relates to American paper and American acceptances and American transactions entirely, and has nothing to do with any foreign paper or securities.

Mr. SHIPSTEAD. If I can be assured of that, then I shall be satisfied. Last summer, the Senator will remember, when the banks were in trouble about their short-time credits, the acceptance houses were in particularly heavy trouble, and I want to know whether or not that trouble is going to be relieved by the provisions of the bill which we are now considering.

Mr. WALCOTT. I tried to make that clear with reference to section 5a, because that pertains to American-made goods and American raw materials. The underlying collateral is something that originates in America. Do I make myself clear?

Mr. SHIPSTEAD. Will it be applicable only to goods shipped after the passage of this bill?

Mr. WALCOTT. That is correct.

Mr. SHIPSTEAD. And it is not to be retroactive?

Mr. WALCOTT. It is not retroactive.

Mr. SHIPSTEAD. Then it is something to facilitate new business and the transaction of new business?

Mr. WALCOTT. Section 5a does facilitate new export business.

Mr. SHIPSTEAD. But it is not retroactive, so as to have anything to do with any frozen assets of the past?

Mr. WALCOTT. That is correct.

Mr. COPELAND. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. Certainly.

Mr. COPELAND. The Senator is very patient and I want to thank him for his courtesy. He has been very fair and courteous throughout all the hearings. At his convenience I wish he would make clear to the Senate exactly the significance of the language on page 27, beginning in line 4. If the Senator would prefer to do that at a later time, I have no objection to waiting, but I am anxious to have made very clear and distinct what is meant by that language.

Mr. WALCOTT. While it seems to be optional with the Secretary of the Treasury, as a matter of fact the Secretary of the Treasury, under one of the previous sections, must give this corporation a call on these funds. But these funds may not be financed by the Secretary of the Treasury until in his discretion the market justifies it or until he thinks the market is right for the sale of his securities. He has a little leeway there. The corporation, however, has a call on whatever it may need up to $1,500,000,000 in addition to the capital stock.

Mr. COPELAND. That may be in the form of Government bonds?

Mr. WALCOTT. It may be.

Mr. COPELAND. I want to ask about that matter, too. The Senator will remember that after we sold the Liberty bonds and had our 4-minute speakers who made the sales campaign, a situation arose which was most embarrassing to those of us who took part in that campaign, because those bonds dropped to about 80. Is there a possibility that that might happen with reference to these bonds any more than any kind of ordinary Government bonds?

Mr. WALCOTT. In this case we have specifically provided that the Secretary of the Treasury may not only sell but buy.

Mr. COPELAND. At par?

Mr. WALCOTT. At par or at any price he pleases. The Treasury Department can, and probably would, support the market in order to keep these bonds at a high price.

Mr. COPELAND. Does the Senator believe we would be justified in saying that to the public?

Mr. WALCOTT. I think so.

Mr. COPELAND. Then let me ask this further question: Could the owner of one of these reconstruction bonds take it into a bank and negotiate a loan on it?

Mr. WALCOTT. Yes.

Mr. COPELAND. It would not be rediscountable by the bank at a Federal reserve bank?

Mr. WALCOTT. No.

Mr. COPELAND. What would happen to the owner of one of these bonds who wanted to borrow money on it?

Mr. WALCOTT. It would be impossible to answer that question. It would depend on circumstances. The Senator must realize that these bonds are as good as the Federal Government, and that the Federal Government has in every way guaranteed the bonds as to principal and interest; so that some time, and in a very short time—five years, presumably, at the outside—they would all be redeemed at par. That really is the answer. There may be an intermediate fluctuation. We can not guarantee that the bonds will always remain at par, but the intention is that they shall be somewhere near par.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WALCOTT. Certainly.

Mr. COUZENS. Will the Senator let me make the statement that the present 3's are down to 84? It will depend largely on the rate of interest the board pays. No one can say whether they are going to remain at par when our present 3's are down to 84.

Mr. COPELAND. I was about to say that the fact a bond can not be rediscounted in a Federal reserve bank makes the bonds less desirable to the purchaser than an ordinary Government bond would be, so far as the loan feature is concerned.

Mr. WALCOTT. Only as to the banks but not as to individuals, because they do not need that eligibility.

Mr. COPELAND. Is not that the reason why we have to have a more attractive rate of interest on these bonds?

Mr. WALCOTT. It is.

Mr. COPELAND. There are certain features in connection with these bonds making them less desirable as a piece of security than a Government bond. Therefore, to bring out the hoarded money and to find sales for the bonds, there will have to be a rate of interest attractive enough to cause their sale, and at the same time that rate of interest must not be so high as to ruin savings banks.

Mr. WALCOTT. That is correct.

Mr. SMITH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from South Carolina?

Mr. WALCOTT. I yield.

Mr. SMITH. I want to ask the Senator to what extent aid may be extended to banks that have already been closed on account of inability to realize on certain securities they have? I take it that the bill is for the purpose of relieving financial institutions whose assets are good but who can not realize what they are really worth. Where a bank has been forced by the exhaustion of its actual cash to suspend, but whose assets are still reasonably intrinsically valuable, if improvement should take place, to what extent can that bank be aided to reopen or reorganize under the provisions of this bill?

Mr. WALCOTT. During the Senator's temporary absence from the Chamber I explained that whole question fully. I shall be glad to go into it again if he wants me to do so.

In a word, the bill provides that banks which are reasonably well off, so far as free collateral is concerned, although they may be closed, but not entirely insolvent and not in the hands of a receiver—or even if they were in the hands of a receiver, if, in the judgment of the board after an examination they are perfectly solvent, but on the margin line—could be opened, provided they have enough free collateral to borrow sufficient money to tide them over a depressed period. In other words, we believe the bill will be instrumental in opening up a great many banks on the margin of insolvency that really ought to live.

There is another bill being prepared which we hope will take care, to a large extent, of the depositors of banks which are beyond relief of this sort; in other words, banks which can not open but on whose deposits a substantial amount can be paid because of the free assets still left in the bank.

Mr. SMITH. The Senator is very familiar with the situation which has developed in my State.

Mr. WALCOTT. Yes. I explained that quite fully without mentioning the Senator's State.

Mr. SMITH. The condition there is so serious and is so widespread that I had hoped the provisions of the bill would be sufficiently literal to allow them, on the free assets which they have, which they have been unable to negotiate in the market, to go to this corporation and get sufficient aid for them to reopen or reorganize, to avoid the confiscation of receivership and liquidation. Everyone knows that under present conditions whenever a receiver is appointed and liquidation sets in, every creditor who has either preferred credit or has certain of the bank's obligations hypothecated to him, comes in and gets all he can regardless of the effect it may have.

Mr. BLAINE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. I yield.

Mr. BLAINE. Am I mistaken in my understanding of the comment made by the Senator that this bill means counter-inflation?

Mr. WALCOTT. No; counterdeflation. We have overdeflated, in my opinion, and we must get commodity prices back again by counterdeflation. This seems to me a strong measure taken in the interest of counterdeflation.

Mr. BLAINE. By what method does the Senator propose the bill will mean inflation?

Mr. WALCOTT. I do not use the word "inflation," because I do not think the bill will create any particular measure of inflation; but I think that by restoring confidence and supplanting fear and despair with hope, by the use in some part of $2,000,000,000 in cash, which in turn displaces or takes up and holds for several years in the pockets of Uncle Sam those frozen securities, that we shall gradually start up the wheels of business, we shall gradually furnish enough cash so that the grocery man, the druggist, the butcher, and the various arteries of trade are going to receive a due portion of the cash, which I think will start business, and if business starts and buying power is restored, commodity prices should advance.

Mr. BLAINE. The Senator does not mean that the bill is designed for the purpose of inflation?

Mr. WALCOTT. No.

Mr. GLASS. It is designed to arrest deflation.

Mr. WALCOTT. Yes; to arrest deflation and to try to put commodity prices back where they will show a profit to the producer.

Mr. BLAINE. Is it not a matter of fact that the provisions of the bill to amend section 13 of the Federal reserve act and to amend section 13a of the Federal reserve act were purposely inserted in order to prevent the issuing of additional Federal reserve notes?

Mr. WALCOTT. To what page of the bill does the Senator refer, to page 27?

Mr. BLAINE. I refer to pages 27 and 28.

Mr. WALCOTT. I propose to offer an amendment which I think will cover the Senator's point. The language there is incorrect and should all be eliminated.

Mr. BLAINE. Perhaps after the amendment to which the Senator refers shall have been offered I shall have no criticism.

Mr. WALCOTT. I should like to have the Senator read the amendment to which I have referred.

Mr. KING. Mr. President, I should like to ask a question, if I may.

Mr. SHIPSTEAD. I desire to ask the Senator a question.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. I yield first to the Senator from Utah.

Mr. KING. I attempted to understand—and it was, of course, my own mental infirmity which prevented my doing so—the reply which the Senator from Connecticut made a moment ago to the interrogation of the Senator from New York [Mr. COPELAND] concerning the sentence in the bill commencing on line 4, page 27. I now invite the attention of the Senator to that sentence, and I inquire whether or not, under the power there granted to the Secretary of the Treasury, he may, without any further authority, without coming to Congress, invade the Treasury and take the funds that may be there, the revenues of the Government, for the purpose of purchasing bonds of the proposed corporation? If so, does not the Senator see that there may be some difficulty and that the action of Congress may at some time be impaired? Drafts may be made pursuant to law upon the available resources, and yet the Secretary of the Treasury, out of Government resources, might purchase large quantities of these bonds and thus rob the Treasury—temporarily, of course—of funds which had been appropriated by Congress and which were supposed to be available for important public purposes.

Mr. WALCOTT. Mr. President, I can not imagine the Secretary of the Treasury doing anything that would be embarrassing with reference to taking care of the regular operations of the Government. The intent, of course, of the language found here is that he may take over these bonds, and in furnishing cash he must get that cash by the sale of Government securities if he has no other funds. That is the intent of the bill.

Mr. KING. One other question. Would that mean, then, that he is to determine when to sell Government securities; that he might put upon the market short-term securities in order to reimburse the Treasury for money which he had taken out without any specific authority but merely under this general authority for the purpose of purchasing these bonds?

Mr. WALCOTT. He always has the authority to fix the time at which he may offer securities; he is supposed to be a good judge of market conditions; but he always has had that particular authority. There is no change proposed in that respect at all.

Mr. BROOKHART. Mr. President, in regard to that proposition, let me make this suggestion: By the terms of this bill we have appropriated $500,000,000 for the capital stock of the corporation; that amount is actually appropriated, not merely authorized to be appropriated. We have also, if the contingency which the Senator from Utah has mentioned arises, further appropriated the other $1,500,000,000 to purchase debentures; so that it is all appropriated by the terms of this bill.

Mr. GEORGE and Mr. NORRIS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. I yield first to the Senator from Georgia.

Mr. GEORGE. I wish to inquire about section 6 of the bill. Reference is made therein to section 5202 of the Revised Statutes of the United States. On consulting that particular provision of the Revised Statutes I do not find the express words "War Finance Corporation act" included therein; and I therefore do not understand the meaning of this provision. I wanted to ask the Senator what was the specific purpose for the inclusion of section 6.

Mr. WALCOTT. The purpose is merely to adopt the previous act and change the corporate name from War Finance Corporation to Reconstruction Finance Corporation. That is the entire purpose of that provision.

Mr. GEORGE. It was not the purpose to confer upon the Reconstruction Finance Corporation the powers of the War Finance Corporation?

Mr. WALCOTT. No; none of them were conferred. It only refers to the title; at least, that is what it is supposed to do.

Mr. GEORGE. My examination of the section discloses, perhaps, some error in the reference and that is the reason I was asking about it.

Mr. BARKLEY. Mr. President, the intent is to make that section of the War Finance Corporation act a part of this act by simply changing the name in that act from War Finance Corporation to Reconstruction Finance Corporation. Is not that true? If that is not the right reference, of course, it ought to be changed.

Mr. GLASS. It is not the right reference.

Mr. WALCOTT. It can not be.

Mr. GLASS. It is not the right reference at all, and it will have to be corrected.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. WALCOTT. I yield.

Mr. NORRIS. I was called out of the Chamber and if my question has been answered I will not, of course, insist upon another answer; but will look for the answer in the RECORD. There is, however, a provision in the bill that makes the corporation which it is proposed to set up a depositary for all public funds except receipts from customs. What is the object of that, and how is that expected to work out or to help?

Mr. WALCOTT. There is a large amount of State and county funds now tied up in State banks and national banks, and it was thought necessary to provide for holding those funds in the event of having to take over, for instance, a bank that has such public funds deposited in it. If the bank is closed, something has to be done to relieve the bank. For instance, supposing there are guaranteed deposits, there is specific authority lodged then in the Reconstruction Finance Corporation to handle those deposits if necessary.

It could also take over State funds, if necessary, as I understand. Perhaps I am not thinking of the same section as the one to which the Senator has referred.

Mr. NORRIS. I do not believe the Senator is. I will call attention to the specific provision and the place where it occurs in the bill. It is on page 30, section 12, and reads, in part:

> When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations—

And so forth.

As I understand from that, the Secretary of the Treasury if he collected any public funds, excepting customs receipts, could deposit that money with this corporation.

Mr. WALCOTT. He could; yes.

Mr. NORRIS. What is the use of that provision? It makes of this corporation a sort of bank, does it not, empowered to receive public deposits?

Mr. WALCOTT. I will ask the Senator from Virginia [Mr. GLASS] to answer the Senator's question.

Mr. GLASS. I apprehend that the purpose of the provision is to make this corporation such a depositary of public funds as is usual, so far as the Treasury is concerned, with respect to national banks, member banks, and the Federal reserve banking system. I am not prepared to say it is a wise thing to do, and I do not intend by that observation to make any criticism of those members of the committee who think otherwise.

Mr. BULKLEY. Mr. President, let me make a suggestion.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. To whom does the Senator from Connecticut yield?

Mr. WALCOTT. I yield first to the Senator from Ohio, who perhaps can answer the question.

Mr. BULKLEY. That provision was incorporated in the bill so as to remove any doubt as to the constitutionality of the proposed act. The constitutionality of the farm loan act was sustained on this kind of a clause.

Mr. NORRIS. Is it intended then, let me ask, that the Secretary is not going to designate this corporation as a depositary?

Mr. BULKLEY. That is entirely discretionary so long as we merely make the corporation a Government depositary. As I have said, the provision was inserted in order to relieve any doubt as to constitutionality.

Mr. NORRIS. Is it the understanding that the Secretary is never going to avail himself of this right which the bill confers upon him?

Mr. BULKLEY. I can not answer that question.

Mr. WALCOTT. He has that discretionary power.

Mr. NORRIS. It seems to me, if the Senator from Connecticut will permit me further, that the effect of section 12, if the Secretary shall do what he is there given authority to do, is to very greatly enlarge the amount of money which the proposed corporation may handle. It will not be confined to its capital stock of $500,000,000 and/or bonds of $1,500,000,000 more, but the Secretary can put public funds in the hands of the corporation, which, of course, can use them without limit. The Secretary under this section, as I understand, could put all the funds of the United States in this corporation excepting the funds which he receives from customs duties, which would mean income taxes, internal-revenue taxes, and all miscellaneous receipts. They could all be turned over to this corporation. So they would be able to have in addition to the money that is directly provided for, the $2,000,000,000, as much more money, with the exception of customs receipts, as the Government of the United States had at any particular time.

Mr. WALCOTT. I can not say exactly what he would do. Apparently the authority is implied here. The provision was put in by the Federal reserve authorities. I can easily get a definite answer to the question.

Mr. NORRIS. The question arose in my mind—although the Senator from Ohio has given some explanation of it—what is the use of this provision? Is it intended that this corporation shall act as a bank and receive deposits from the Government of the United States?

Mr. BULKLEY. Mr. President, I think it is fair to say that the provision was put in for the technical reason I have stated, but the committee is not in a position to say whether or not the Secretary of the Treasury will ever use the authority given.

Mr. NORRIS. There is no provision of this kind in the law, is there, that we enacted previously during the war regarding the War Finance Corporation?

Mr. WALCOTT. I have just consulted Mr. Morrill, secretary of the Federal Reserve Board, and am informed that there was such a provision in the Federal farm loan act, which was incorporated in this bill verbatim in order to insure the constitutionality of the proposed act. It is not intended that it shall be availed of.

Mr. NORRIS. I should like to ask the Senator another question. Has there been doubt raised as to the constitutionality of this proposed act?

Mr. WALCOTT. No such question has been raised, so far as I know.

Mr. NORRIS. So far as the Senator knows, its constitutionality has not been questioned?

Mr. WALCOTT. Its constitutionality has not been questioned.

Mr. NORRIS. If that be true, why grant such extraordinary power in addition to other powers so unlimited as to almost stagger the imagination?

Mr. BARKLEY. Mr. President, if the Senator from Connecticut will yield to me there, the constitutionality of the other act from which this language was taken was raised and even went to the Supreme Court. As the Senator from Ohio [Mr. BULKLEY] has already said, the decision of the court as to its constitutionality turned largely upon the power conferred by the law to make the organization then created a public depositary.

Mr. NORRIS. Will the Senator cite me that Supreme Court decision?

Mr. BARKLEY. I can not remember it at the moment.

Mr. WALCOTT. I will be glad to have it looked up for the Senator.

Mr. NORRIS. I should be glad to see it.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. WALCOTT. I do.

Mr. FLETCHER. That question was raised when the constitutionality of the farm loan act was tested by a case which was brought in St. Louis. This is the foundation of the right to exempt these bonds from taxation. That is the reason the provision is in the bill, namely, in order to make this corporation sustain a kind of fiscal relation to the Federal Government upon which to base this legislation exempting its bonds from taxation.

Mr. NORRIS. If the Senator from Connecticut, who has the floor, will yield to me further I should like to ask the Senator from Florida a question.

Mr. WALCOTT. I yield.

Mr. NORRIS. In the Federal farm loan act was there any such provision as this?

Mr. FLETCHER. I think there was.

Mr. NORRIS. The Federal Farm Loan Board was not made a depository of public funds. The farm loan banks were distinctly, in so many words, declared to be an instrumentality of the Government. That is all right; that probably had something to do with the declaration of the Supreme Court that the Federal farm loan bank act was not unconstitutional. However, there was no provision such as this, as I remember, involved in the court's decision. If that provision worked in the case of the Federal farm loan act, why not use in this bill the same language that saved the constitutionality of the Federal farm loan act, instead of making the proposed Reconstruction Finance Corporation a depository of public funds?

It seems to me the only thing that can be accomplished by this particular section is to increase the amount of Federal funds that may be used in the activities of this corporation.

Mr. WALCOTT. I shall be glad to get a more definite reply for the Senator.

Mr. CONNALLY. Mr. President, may I suggest to the Senator, aside from the constitutional reasons, why is it not a good principle to have them a depository?

If the Government has surplus money, it is going to be either in the Treasury or in some depository. This corporation will have to pay interest on every dollar of money with which it does business. If the Government has surplus funds from which it is not deriving interest, why would it not be sound policy to put the deposits with this institution, and let it use that money?

Mr. WALCOTT. I should think it would be perfectly safe to give that authority to the Treasury Department.

Mr. NORRIS. Mr. President, I am not at the present time questioning the safety of it. I am trying to find out the real reason for it. To my mind, the suggestion made by the able Senator from Texas is no answer. We already have, by general law, provision for the payment of interest on public funds deposited in public depositories. If, instead of depositing the money in those depositories which must pay interest on the deposits, the Secretary of the Treasury could take it all out of those banks if he wanted to and deposit it with this institution—which is, after all, not a bank——

Mr. WALCOTT. Not at all.

Mr. NORRIS. It is not doing a banking business.

Mr. SHIPSTEAD. What is it, then?

Mr. WALCOTT. It is a lending corporation.

Mr. NORRIS. It is a corporation to lend money to banks and others that need it.

Mr. SHIPSTEAD. It is a discount bank, is it not?

Mr. NORRIS. I should not call it a bank by any means, and I do not think the Senator would call it a bank.

Let me finish with the comment on the suggestion of the Senator from Texas.

Under this section the Secretary of the Treasury is not obliged to require any interest for these deposits. He is given, it is true, the following authority. If I might read a little further, that will probably explain it:

> Under such regulations as may be prescribed by said Secretary.

It may be that he would provide by regulation that interest should be paid on the deposits; but, after all, that would not put money in circulation. It is already in circulation. He would have to take it out of other depositories if he put it here.

It seems to me, therefore, we come back to the original proposition, that the only thing that would be accomplished by this section would be this—and in making this suggestion I am not even questioning the wisdom of it, but I want all the facts to be known; I want to understand them myself. It would give the Secretary authority to place in the hands of this corporation a large amount of money in addition to the $2,000,000,000 that it is admitted they will have authority to handle.

Mr. WALCOTT. I think the Senator's contention is entirely sound, but that the main purpose of these words, given to the committee by the Federal reserve system, is to insure the constitutionality of this act.

Now I should like to offer an amendment which will clear up a matter on page 27. I have with it an opinion from the secretary of the Federal Reserve Board, which ought to go in the RECORD. I should like to have it inserted in the RECORD and read if the Senators care for it. It is rather long. It is for the exclusion of a special amendment to the Federal reserve act in order to make these bonds ineligible for rediscount but eligible for purchase by the Treasury Department, on the theory that if we do not say anything about it, but simply state the facts in this bill, inasmuch as it does not concern the Federal reserve law, there is no object gained by amending the Federal reserve law to provide specifically for making this type of bonds purchasable by the Treasury Department.

The PRESIDENT pro tempore. The amendment to the amendment will be read for the information of the Senate, and the statement referred to by the Senator will be printed in the RECORD.

The CHIEF CLERK. On page 27, strike out lines 20 to 25; on page 28, strike out lines 1 to 25, inclusive; and on page 29, strike out lines 1, 2, and 3.

Mr. LA FOLLETTE. Mr. President, may I inquire whether this is a committee amendment, or an amendment offered by the Senator from Connecticut on his own responsibility?

Mr. WALCOTT. At the suggestion of the Senator from Virginia [Mr. GLASS] I think possibly we had better let the matter go over until to-morrow, until we have had further opportunity to study the opinion that has come from the Federal Reserve Board.

Mr. SMOOT. Has it been printed?

Mr. LA FOLLETTE. I was merely interested to know, because ordinarily committee amendments would be considered before individual amendments. I was interested to know whether this was a committee amendment.

The PRESIDENT pro tempore. There is but one committee amendment, and that is the complete bill as reported to the Senate, in the nature of a substitute.

Mr. GLASS. Mr. President, I suggested that it go over in order, if the committee agree, that it may be made a committee amendment; but I do not think the committee is going to agree. At best, as it seems to me, taking the view of the expert draftsman for the committee, the provisions as presented are perfectly harmless. In the view of some of us, they are very desirable.

The PRESIDENT pro tempore. Then the amendment will follow the regular order, and will be printed and lie on the table, and may be called up by its author at any time; and meantime the statement accompanying the amendment, as presented by the Senator from Connecticut, will be printed in the RECORD.

Mr. BLAINE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. Just a moment. Mr. President, I think I have a right to withdraw the amendment for the time being; have I not?

The PRESIDENT pro tempore. The Senator has.

Mr. WALCOTT. I will withdraw the amendment and the statement accompanying it.

The PRESIDENT pro tempore. The amendment and the statement are withdrawn.

Mr. McKELLAR. Why not let it be printed?

Mr. WALCOTT. Let it be printed and lie on the table.

The PRESIDENT pro tempore. Very well, then; the order will be made that the amendment will be printed and lie on the table, and the statement will be printed in the RECORD, as originally offered by the Senator.

The statement is as follows:

The Senate committee has stricken out the last sentence of section 9, on page 9, which relates to powers of Federal reserve banks and has substituted therefor three paragraphs which respectively would amend section 13, section 13a and section 14f of the Federal reserve act. The first two of these paragraphs would add language to the existing provisions of sections 13 and 13a of the Federal reserve act to provide that no "reconstruction bonds" shall be eligible as a basis for the issuance of Federal reserve notes.

Under the provisions of the Federal reserve act no collateral may be used as a basis for the issuance of Federal reserve notes except when specifically so stated. Section 16 of the Federal reserve act provides that the collateral security offered as a basis for the issuance of Federal reserve notes shall be "notes, drafts, bills of exchange or acceptances acquired under the provisions of section 13 of this act or bills of exchange indorsed by a member bank of any Federal reserve district and purchased under the provisions of section 14 of this act, or bankers' acceptances purchased under the provisions of section 14, or gold or gold certificates." Section 13a provides that within specified limitations certain "notes, drafts, and bills of exchange issued or drawn for an agricultural purpose, or based upon livestock" may be offered as collateral security for the issuance of Federal reserve notes.

Thus, it is clear that unless the Federal reserve act were amended so as expressly to provide that "reconstruction bonds" shall be eligible as a basis for the issuance of Federal reserve notes they can not be tendered for that purpose. Consequently, an amendment to either section 13 or section 13a providing that they shall not be eligible, when the provisions of sections 13, 13a, and 16 have not been otherwise enlarged to include these bonds, would be unnecessary, and would be confusing to one who examined the provisions of the Federal reserve act without an intimate

knowledge of the history of the Senate committee amendments to this bill.

Since the obligations of the Reconstruction Finance Corporation would not be bonds or notes of the United States, even though the United States guaranteed them and clearly would be obligated for their payment, they would not be eligible, under the Federal reserve act, as a basis for the issuance of Federal reserve notes.

Mr. BLAINE. Mr. President, in this connection I desire to make an inquiry of the chairman of the subcommittee, the Senator from Connecticut.

The Senator will recall that before the committee, when the committee had this bill under consideration day before yesterday, it was stated that a very important letter had been written by the Secretary of the Treasury, but that letter had not been received and would not be received until yesterday morning, when I assumed it would be made available to the members of the committee. Can the Senator advise me whether or not that letter has been received?

Mr. WALCOTT. I have the letter here. Does the Senator wish to look at it?

Mr. BLAINE. Would the Senator mind informing the Senate of the contents of the letter by reading it?

Mr. WALCOTT. I am not sure which one it is. Two or three letters have been received. A letter signed by Mr. Mellon, Secretary of the Treasury, dated January 5, I think should be inserted in the RECORD as pertaining particularly to this question.

Mr. WALSH of Montana. Mr. President, may it not be read from the desk?

Mr. WALCOTT. I am suggesting that.

The PRESIDENT pro tempore. Without objection, the letter will be read.

The Chief Clerk read as follows:

THE SECRETARY OF THE TREASURY,
Washington, January 5, 1932.

MY DEAR SENATOR WALCOTT: I understand that the suggestion has been made that provision for relief of depositors in closed banks should be incorporated in the bill creating the "Reconstruction Finance Corporation" and that the subcommittee, of which you are chairman, desires the opinion of this departmenrt as to the advisability of doing so.

The Reconstruction Finance Corporation bill as originally conceived and drafted was intended to create an instrumentality through which assistance could be given to going concerns and through which the general credit structure might be supported by making available the means for bringing immediate relief at any threatened point, the general idea being that the mere existence of this powerful instrument with ample resources would serve to restore confidence, which is the element most needed to reverse the present depressing and deflationary factors. I do not believe that the main purpose of the proposed measure would be furthered by the proposed amendment. In fact, it would in all probability be weakened, for the problem of extending needed credit to going concerns is very different from bringing relief to depositors in banks that are being liquidated. This department has viewed them as separate and distinct problems. We have felt that the second and very important problem could more properly and adequately be dealt with through a separate measure, and I understand that bills have already been prepared and others are in course of preparation. While recognizing, therefore, the desirability of some action looking to the relief of depositors in closed banks, I do not feel that there is anything to be gained by confusing the two programs and by incorporating in a carefully thought-out plan intended to attain a definite objective a hastily improvised measure for taking care of a totally different situation.

Relief for depositors in closed banks is by no means a simple problem, particularly if it is intended to include all State nonmember banks that are being liquidated under 48 different laws which vary very greatly. More time is needed for adequate consideration of this problem, and I feel that the public interest will be better served by further study rather than hasty action at this time.

Sincerely yours,

A. W. MELLON,
Secretary of the Treasury.

Hon. FREDERIC C. WALCOTT,
United States Senate.

Mr. BULKLEY, Mr. COSTIGAN, and Mr. LEWIS addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator from Connecticut yield?

Mr. WALCOTT. To the Senator from Ohio.

Mr. BULKLEY. Mr. President, referring to the question asked a few moments ago by the Senator from Georgia about section 6, which provides for an amendment to section 5202 of the Revised Statutes, I am not sure that the intent of that section was made clear.

I now have before me section 5202, which reads as follows:

No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

There follow several exceptions, the material one here being the sixth:

Liabilities incurred under the provisions of the War Finance Corporation act.

That is to say that liabilities incurred by borrowing from the War Finance Corporation are excepted from the limitation provided in section 5202 against a bank borrowing more than the amount of its unimpaired capital stock. The effect of this amendment is to strike out "War Finance Corporation act," that being now obsolete, and substitute "Reconstruction Finance Corporation act," so as to give to the borrowing from this corporation the same exception that was allowed in favor of borrowings from the War Finance Corporation.

Mr. WALCOTT. I thank the Senator for his explanation. I now yield to the Senator from Colorado.

Mr. COSTIGAN. Mr. President, I rose to inquire whether the committee shares the judgment of the Secretary of the Treasury with respect to closed banks being included within the provisions of this bill?

Mr. WALCOTT. It does; and, as explained while the Senator was absent, earlier in the afternoon—he will find it quite fully in the RECORD——

Mr. BROOKHART. Mr. President——

Mr. WALCOTT. Let me answer the question, please. Does the Senator from Iowa wish to ask a question now?

Mr. BROOKHART. I wish to ask a question in reference to the same proposition inquired about by the Senator from Colorado.

Mr. WALCOTT. I will try to explain.

The bill provides that banks that are solvent, although closed and although possibly in the hands of receivers, may be opened if, in the opinion of the director of the corporation, the free assets will warrant some such relief as will really open the banks. It is quite broad. It is the belief of the committee that the bill provides for the opening up, by reasonable advances on adequate collateral, of a good many banks which are called marginal banks, which are on the verge of solvency, but whose doors are still closed.

Mr. COSTIGAN. Was I mistaken in assuming that the Secretary of the Treasury did not favor the inclusion of closed banks?

Mr. WALCOTT. I am stating what the bill does include, in our opinion. The Under Secretary of the Treasury was with us during practically all of the hearing and agreed with all of our deliberations and approved the bill. He wants the bill to take care of all banks which are pretty nearly solvent, provided on temporary reorganization or discharge of a receiver and the production of some free collateral they can be opened. But the great body of depositors, it is agreed, will have to be taken care of by another bill, because the legislative requirements are large. There are all sorts of complicated laws governing the action of a receiver, which differ from one State to another. It may even take an extra session of a State legislature to give proper authority to the banking department of a State in order to make it possible to borrow on receivers' certificates.

Mr. NORRIS. Mr. President, I am interested in what the Senator has just said in regard to another bill to take care of depositors in the banks he has mentioned. Is it in contemplation that the committee is going to report another bill which will take care of the depositors in all closed banks?

Mr. WALCOTT. Of course, Mr. President, it is obvious that some banks are in such shape that the depositors' money has been actually lost. It is not contemplated that this corporation, or the Federal Government, will make good lost deposits.

Mr. NORRIS. I am not speaking of this bill; but the Senator, as well as the Secretary of the Treasury, said that further thought and consideration were necessary.

Mr. WALCOTT. To protect them and save them as far as possible; but I do not imagine that the Secretary of the Treasury or anyone else is contemplating giving cash in place of cash that has actually been lost or destroyed, through unwise investment, but that if a bank, for instance, that has been closed, and is in the hands of a receiver, can furnish receiver's certificates and enough assets to warrant, let us say, 25 or 30 or 40 or 50 per cent advances against those assets, that money might conceivably be paid out, either by the receiver or by the Federal authority lending the money, to the depositors.

Mr. NORRIS. Could not that be done under this bill?

Mr. WALCOTT. There are a great many States which do not allow borrowing on assets in the hands of a receiver; that is, they would have to have legislative action, probably, in several States before a receiver could borrow on the assets which were available.

Mr. NORRIS. I understand that, and I may be wrong, but my idea is that the very case the Senator puts could be taken care of under this particular bill we now have before us. Could it not?

Mr. WALCOTT. It is my impression that it can be, provided we can deal with a reorganized bank that is somewhere near solvency.

Mr. NORRIS. That, of course, is assumed.

Mr. WALCOTT. This is the crux of the matter. If a bank has free collateral, it can come to this corporation and borrow on that, and if, in the opinion of the directors, that collateral is adequate the bank will get the money.

Mr. NORRIS. Yes.

Mr. WALCOTT. That money could be and should be, perhaps, turned over to the depositors. Does that answer the Senator's question?

Mr. NORRIS. I think so. It does not give me much of an idea, however, of the intent of the next bill to be reported. Probably we ought to go on the theory that sufficient unto the day is the evil thereof.

Mr. WALCOTT. That bill has not been drawn, and it is going to be difficult to draw it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. BARKLEY. With reference to the question raised a while ago by the Senator from Nebraska, I have here a copy of the farm loan act, and, with the permission of the Senator in charge of the bill, I should like to read the provision of the farm loan act which is similar to the provision in this bill making this corporation a public depository. Section 6 of the farm loan act provides:

SEC. 6. That all Federal land banks and joint-stock land banks organized under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the Federal land banks and joint-stock land banks thus designated satisfactory security, by the deposit of United States bonds or otherwise, for the safekeeping and prompt payment of the public money deposited with them and for the faithful performance of their duties as financial agents of the Government. No Government funds deposited under the provisions of this section shall be invested in mortgage loans or farm-loan bonds.

That is practically the same provision contained in the pending bill, differing only with respect to the different organizations.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. COUZENS. I want to point out what seems to be a divergence of opinion as to what the Committee on Banking and Currency intended with respect to closed banks. The Senator from Connecticut said a while ago that the committee was in accord with the views of the Secretary of the Treasury as stated in the letter just read before the Senate. I do not think the committee is in accord with those views. Otherwise, why did the committee insert as an amendment, during the consideration of the bill by the committee, as appears on page 21, line 5, the following language, "including any closed bank whose assets are adequate to permit of restoration to solvency"? That language in itself wholly disagrees with the substance of the letter from the Secretary of the Treasury just read.

Mr. WALCOTT. Mr. President, I did not intend to imply that the committee agreed with any recommendation of the Secretary or anybody else, other than is shown by the language of the bill. Referring to what the Senator has said as to the contention of the Secretary of the Treasury that banks that are wholly insolvent should be treated by another bill——

Mr. COUZENS. The Secretary's letter does not state that. The Secretary's letter refers only to closed banks. The Secretary's letter questions the desirability of placing in this bill any provision for the opening of closed banks. It deals with closed banks with one sweep, while the committee, in its deliberations on the bill after the bill came from the subcommittee, specifically inserted a provision that where a bank was closed because of slow assets, or what are generally referred to as frozen assets, it might be opened if the assets were sufficient to warrant the bank being declared solvent. I think there is a clear distinction there, and, so far as I am concerned, I would be vigorously opposed to this bill if that situation had not been provided for.

Mr. WALCOTT. Mr. President, I thank the Senator for correcting the impression I gave. This bill stands on its own merits, and the language of the bill is the language of the committee. If the Secretary of the Treasury does not agree with the language of this bill, the bill will stand just the same, unless it shall be changed by the Senate.

Mr. BROOKHART. Mr. President, will the Senator yield to me?

Mr. WALCOTT. I yield.

Mr. BROOKHART. With reference to this proposition, the Senator from Michigan is right as to the consideration of the full committee; but in the subcommittee, the chairman of the committee will remember, some of us were strongly in favor of taking care of all the closed banks. Finally some yielded their opinion on the promise of the Under Secretary of the Treasury that a new bill would be brought in which would adequately provide for that proposition.

I myself was not one who was willing to yield even upon that assurance. I think the most important part of this relief should go to the depositors of the closed banks which will not be reopened. They are the ones which need relief the most. I do not mean by that that they should be guaranteed their deposits, but if we are going into the money-lending business by the Government they should have a loan on all assets which are good. I myself all the time strongly stood for that, regardless of the assurance of a new bill. I can not get the idea of this new bill. Are we going to have a new board and a new commission to handle this matter, and a new set-up? As to all this talk about it being difficult of administration I do not see any more difficulty in handling that kind of a proposition than in handling one of these banks to be reopened. In fact, it is not as particular a job as the reopening of a bank. A simple amendment which would include loans to receivers or to liquidators of banks, giving this corporation the power to make such loans, would be all that would be necessary to meet the situation, instead of postponing it, as the Secretary of the Treasury wants to do, for some other bill, which may meet the situation and may not.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. I yield.

Mr. WAGNER. I merely desired to say, in regard to what the Senator from Michigan has stated as to what took place

in the full committee meeting, that the intent of the committee in inserting the language which appears in the proposed act undoubtedly was to give authority to this corporation to advance money upon adequate security to closed banks which had not definitely decided to go into final liquidation. In other words, so long as there was a hope of reopening, we intended to give the authority to this corporation to advance money for such reorganization.

Mr. WALSH of Montana. Mr. President, will the Senator from Connecticut yield to me?

Mr. WALCOTT. I yield.

Mr. WALSH of Montana. I inquire of the Senator from Connecticut whether the bill provides for any geographical limitation. Is the country divided into districts, or is the board authorized to lend anywhere?

Mr. WALCOTT. There is no geographical limitation.

Mr. WALSH of Montana. Then, if the Senator will pardon me, I desire to remark that we can not fail to take notice of the very widespread conviction that the banks of the city of New York are loaded up with securities, stocks and bonds, which they accepted as collateral to loans made in the time of great inflation, and there is an apprehension that an undue portion of this great fund may be utilized for the purpose of helping out those banks, and that the remainder of the country will get very little benefit from it.

We were assured by the officers of the banks who came here some time ago—and it was a very comforting assurance—that none of those banks are in need of aid; at least, that none belonging to the clearing-house association are.

The occasion reminds me of a time some 20 years ago when the banks of the country were in rather troubled condition, and the President of the United States took unto himself considerable credit for having averted a panic by having sold Panama Canal bonds and deposited the proceeds in the banks of the South and West, where the funds could be utilized for the movement of crops.

That gave rise to an interesting discussion in the Senate at the time, participated in by our esteemed friend the junior Senator from Oklahoma [Mr. GORE], who made a speech under date of May 30, 1908, from which I quote as follows:

> But, sir, the President says that he indorsed the proposed issue and that the proceeds should be placed where most needed, especially in the South and West, where the crops were being moved. Of the $25,000,000 of Panama bonds, where were the proceeds deposited? Six million eight hundred thousand dollars, more than one-fourth, were deposited in that "Southern State" of New York. More than three and a quarter million dollars were deposited in the "Western State" of Pennsylvania. It is said that the late distinguished Senator from Massachusetts, Mr. Hoar, whose demise subtracted vastly from the intelligence and patriotism and glory of this body, was asked on one occasion if he had ever been West, and it is said that he replied that he had—that he had visited Pittsburgh. Perhaps it was the same sense of geography and of latitude and longitude which inspired the conduct of the Secretary of the Treasury.
>
> More than a million and a half was deposited in Ohio, nearly half a million in the State of Illinois, and half of the proceeds of the Panama bond issue were deposited in the four "Southern and Western States," where the crops were moving—New York, Pennsylvania, Ohio, and Illinois—and a mere trifle was deposited in Oklahoma, which had at that time hardly been discovered, and in the great State of Texas, which produces one-third of the cotton crop of the entire earth.

I wonder if the Senator from Connecticut can give us any sort of assurance that any part of this fund will go "out West"? [Laughter.]

Mr. NORRIS. Mr. President, let me suggest to the Senator, since he has referred to Pittsburgh as being West, that the Senator will run no risk whatever, because undoubtedly some of it will go as far west as Pittsburgh.

Mr. WALCOTT. I thank the Senator from Nebraska for his suggestion, but I am willing to go farther and say that if the first board does not go away beyond Pittsburgh and as far as the Pacific coast with some of its funds, we should discharge the board and get another.

Mr. BROOKHART. Mr. President, I would like to ask the Senator if he does not divorce his proposition entirely from the Federal reserve system? The Federal reserve system has nothing to do with it, and the securities will not be rediscounted.

Mr. WALCOTT. That is the intent.

Mr. BROOKHART. That is the intent, but still the bill leaves the governor of the Federal Reserve Board as a member of the board.

Mr. WALCOTT. Only ex officio.

Mr. BROOKHART. If he is a member of the board, that is pretty good assurance that the big New York banks will be taken care of and little of the fund will go out west.

Mr. WALCOTT. Mr. President, if there are no further questions——

Mr. BLAINE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. I yield.

Mr. BLAINE. I want to invite the attention of the Senator from Michigan to the language on page 19:

> No director of the corporation shall, directly or indirectly, or through any other corporation or otherwise, be the beneficiary of any loan made under this act.

Is it assumed that if one of the directors of the corporation is a stockholder in some institution eligible to this loan, that institution shall not receive any assistance?

Mr. WALCOTT. That is the intent.

Mr. BLAINE. I am afraid the Senator's intent is not carried into the language of the bill.

Mr. WALCOTT. We were afraid we had made it so strict that we could not get anybody to serve.

Mr. BLAINE. The stockholder of a corporation might not be the beneficiary of a loan. I think there are repeated decisions to the effect that inhibitions of this kind do not go to the extent of excluding the stockholder, as the stockholder is not the beneficiary, but the corporation is the beneficiary. The stockholder may be remotely benefited, but he is not at all directly the beneficiary.

Mr. WALCOTT. It was the belief of the members of the committee when this matter was discussed that the stockholder was a beneficiary and that to qualify for membership on the board the appointee would have to sell his stock or bonds or securities if the corporation in which he had securities, whether bonds or stocks or notes or any other obligation, was or might be an applicant for a loan.

Mr. BLAINE. I have discovered the viewpoint of the Senator, but it does not seem to me, even though a corporation is the beneficiary of any advancement made under the terms of this bill, that a creditor would necessarily be a beneficiary, and a stockholder is as remotely removed from the benefits to the corporation as is a creditor of the corporation.

Mr. COUZENS. To carry out the intention of the committee, so far as I am concerned, I would be glad to have the lawyers and technicians of the Senate redraft the language so as to include all stockholders and all others, which was the intent of the committee when it inserted this language.

Mr. WALCOTT. That was the unanimous intent of the committee.

Mr. COUZENS. If the Senator from Wisconsin thinks the language not sufficiently adequate, let him change it and I think there will be no trouble in getting an agreement.

Mr. BLAINE. My attention has been called to the language because of the charge made that Mr. Mellon is disqualified to hold the office of Secretary of the Treasury. I am not sufficiently interested in the bill to concern myself very much regarding these amendments, but I thought that the question ought to be raised; and that if it is the intention of the Senate to apply the inhibition to the stockholder, the Senate would want to make such a provision.

Mr. GLASS. Mr. President, I may say to the Senator that the language in the bill has been regarded as so exclusive by, may I say, the administration as that the suggestion has been made that we alter the language so as to permit a stockholder in a company to be made a member of the board of directors. It seems to me it is severely exclusive, but God only knows what the English language means when it gets into the hands of you lawyers! [Laughter.]

Mr. BLAINE. May I suggest to the Senator from Virginia that the courts have the last say on these propositions?

Mr. COUZENS. But they are lawyers! [Laughter.]

Mr. SHIPSTEAD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Minnesota?

Mr. WALCOTT. I yield.

Mr. SHIPSTEAD. I want to ask the Senator to explain why this bill gives broad general powers to the corporations. A great many things may be done by the officials of the corporation within these broad general powers. Very often when it comes to the interpretation of what they can or can not do or will or will not do, resort is had to the CONGRESSIONAL RECORD to find out what was the specific intent of Congress.

There is one thing in this country that has had a great deal to do with the closing of a great many banks. I have had complaints from very many States that examiners of national and State banks have favored commercial paper, stocks and bonds and all character of commercial paper, not only foreign bonds but also domestic corporation and other bonds; that they have discriminated against, in fact almost excommunicated, farm paper from these banks. Now, we find that the best possible securities in the banks are farm mortgages, and banks are going broke in many instances because of the amount of corporate bonds and stocks carried. In giving aid to these institutions would it be well to make it plain that the intention of Congress is that no such discrimination shall be made against banks holding agricultural paper, bearing in mind that there were floated by the bankers of this country in the last 10 years $70,000,000,000 of new stock and bond issues; that it is not only foreign bonds that are in the banks that are excluded in this bill but also the domestic stocks and bonds that have very doubtful value?

It is not the intention and should not be the intention of Congress to give relief through the administration of this measure by giving preference to banks that have been loaded up with all of these "cat and dog" stocks and bonds to the elimination of agricultural paper. It should be the intention to go into an agricultural community and help the small independent banker who may need aid and who carries agricultural securities.

Mr. WALCOTT. The answer to that is, of course, that the men who are going to operate this enormous corporation must be men of standing, of integrity, of great ability and experience as bankers. If they discriminate unjustly or unwisely in the matter of accepting collateral that is not adequate or that tends toward class legislation, they will have to be replaced. We can not insure or state in advance who will operate this corporation, but it is so large and it is so important and the emergency is so great that we must find the best talent in the United States to operate it, and trust that talent.

Mr. SHIPSTEAD. That is what gives me concern, if the Senator will permit me, because some of the people who will be officials of this corporation were making statements in 1929 that the stocks and bonds selling at that time were not too high, but that they only reflected the permanent fundamentally strong prosperity of the country. As a result people lost millions of dollars because they had faith in the ability and integrity of some of those who will be officials of this corporation. That is why I wanted the opinion of the Senator as to why the Congress should not make it plain that any discrimination in favor of corporate bonds and stocks should not be carried out in the administration of the bill as it is in the administration of the national and State bank acts.

Mr. WALCOTT. I may remind the Senator from Minnesota that the appointments by the President, consisting of four directors, have to be confirmed by the Senate, so we shall have something to say about it.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. WALCOTT. I yield now to the Senator from Illinois.

Mr. LEWIS. I thought the Senator had announced that he yielded the floor.

Mr. WALCOTT. I am glad to say to the Senator from Illinois that I will yield the floor at this time.

The PRESIDENT pro tempore. The Senator from Illinois is recognized.

Mr. WHEELER. Mr. President, I would like to ask the Senator from Connecticut a question before he yields the floor.

Mr. WALCOTT. I have yielded the floor.

The PRESIDENT pro tempore. The Senator from Illinois has the floor. Does he yield for the purpose of enabling the Senator from Montana to propound a question to the Senator from Connecticut?

Mr. LEWIS. I yield for that purpose.

Mr. WHEELER. The question I am about to ask may have been answered, but, if so, it was done when I had been called out of the Chamber. I was curious to know why it was that the committee did not specify in the bill the amount of interest that should be charged.

Mr. WALCOTT. I tried to explain that question quite fully in the Senator's absence.

Mr. WHEELER. If the Senator has already explained it, I will not ask him to do so again but will read his explanation in the RECORD. There is, however, one other question I should like to ask. Why was it that the bill accepts securities of the Dominion of Canada? Has the Senator also answered that question?

Mr. WALCOTT. That question has not been raised. The bill provides that securities of the Dominion of Canada may be accepted because of Canada's geographical propinquity as much as anything else; and further, because Canada, in a way, is a sister republic; we believe in her integrity and in her securities and we are dealing with her every business hour of the day.

Mr. WHEELER. The same thing might be said of many republics on the American Continent. I see no reason why we should accept Canadian securities and not accept the securities of other countries. It seems to me, as a matter of fact, that we should not accept foreign securities of any kind or character. I think, as a matter of fact, if we exempt Canada from the provisions of the act, it is a reflection upon other countries with which we are doing business.

Mr. COSTIGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Colorado?

Mr. LEWIS. If the Senator from Colorado desires to address an inquiry to the chairman of the subcommittee, I yield.

Mr. COSTIGAN. I wish to make an inquiry.

Mr. LEWIS. I yield to the Senator from Colorado.

Mr. COSTIGAN. Mr. President, before the courteous Senator from Connecticut concludes, I wish to ask whether there would be objection on his part to an amendment of the last sentence of the first paragraph on page 19 so as to provide that no pecuniary advantage shall accrue either to directors or to members of the directors' families. The United States Tariff Commission some years ago found that it did not suffice to object to personal profit in the case of members of the commission; and the Congress finally included an item in successive appropriation acts condemning pecuniary interest in the outcome of proceedings before the commission, whether on the part of members of the commission or their families.

Mr. WALCOTT. We tried to cover that as explicitly as it was possible. If the Senator will refer to the top of page 19 he will find there a provision which reads in this way:

> No director of the corporation shall directly or indirectly, or through any other corporation, or otherwise, be the beneficiary of any loan made under this act.

Does that answer the Senator's question?

Mr. COSTIGAN. The language referred to by the Senator from Connecticut does not appear to me to reach some of the difficulties expressed this afternoon. If the act operates as intended by its authors, it is to be assumed that we shall all be beneficiaries; therefore a provision that a director shall not be an indirect beneficiary of the act suggests that courts must put a different construction on the lan-

guage than that which the chairman of the committee obviously intends. I therefore suggest that the language be more carefully drafted before the bill is finally passed.

Mr. LEWIS. Mr. President, I tender an amendment which I ask to have read, printed, and lie on the table, and at an available and appropriate moment I purpose addressing the Senate upon it.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the amendment intended to be proposed by the Senator from Illinois [Mr. LEWIS] was ordered to lie on the table and to be read.

The CHIEF CLERK. At the appropriate place it is proposed to insert a new section, as follows:

SEC. 18. It is hereby authorized to any court of equity jurisdiction of the United States or of any State of the United States, to order continuance or suspend any action seeking judgment and levy and execution; or to restrain, enjoin, or forbid any judgment and execution or foreclosure or sale or dispossession or ejectment from premises, as to all or any person or company, corporation, or association that could by this act be within its benefits, its provisions, or by construction directly or indirectly; could be the beneficiary of any provisions or privileges granted by this measure. That such court acting may grant relief as herein provided for such time as the circumstances and conditions shown before the court warrant for the exercise of equity.

Mr. BROOKHART. I desire to offer two amendments to be printed and lie on the table. On page 17, line 18, I desire to move to strike out the words "The governor of the Federal Reserve Board" and insert in lieu thereof the words "chairman of the Interstate Commerce Commission."

On page 21, in line 5, I desire also to strike out the words "whose assets are adequate to permit of restoration to solvency."

The PRESIDENT pro tempore. The amendments intended to be proposed by the Senator from Iowa will be printed and lie on the table.

Mr. BLAINE. Mr. President, while we are discussing some minor matters, I want to call the attention of the chairman of the committee to section 16a, on page 33 in the penal provisions. We find in that section this language:

Whoever makes any statement knowing it to be false, * * * shall be punished by a fine of not more than $5,000 or by imprisonment—

And so forth.

Surely that is not the purpose intended by the committee. The language is so broad that anyone who made any statement, for instance, a slanderous statement, against the proposed corporation would be subject to a fine and penalty. I assume that was intended to mean whoever makes any statement knowing it to be false in regard to any financial transaction with the corporation.

Mr. GLASS. It says "for the purpose of obtaining for himself or for any applicant any loan."

Mr. WALCOTT. I thank the Senator from Virginia. It says, "for the purpose of obtaining for himself or for any applicant any loan, or extension thereof," and so forth. Is not that adequate?

Mr. BLAINE. But the language does not bear out that construction. It says:

Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security—

And so forth.

The first provision, "Whoever makes any statement knowing it to be false," has no reference whatever to the language "whoever willfully overvalues any security."

Mr. GLASS. It comprehends it; it means for the purpose of obtaining a loan.

Mr. WALCOTT. Yes; it says for the purpose of obtaining any loan or extension thereof or the acceptance, release, or substitution of security therefor, and finally, "for the purpose of influencing in any way the action of the corporation."

Mr. BLAINE. That would be very well if it were not for the language "or whoever willfully overvalues any security," and so forth, intervening between the original paragraph and the condition.

Mr. WALCOTT. I should like to ask the Senator if he would be satisfied if, in line 15, we strike out——

Mr. BLAINE. I am not particularly dissatisfied. I merely think the language is awkward and ought to be corrected in the interest of accuracy of legal construction.

Mr. WALCOTT. Suppose we strike out the comma in line 15 and the word "or."

Mr. BLAINE. I was suggesting that it should read, "Whoever makes any statement, knowing it to be false in any financial transaction with the corporation or whoever willfully overvalues," and so forth. Then we would have definite and proper language.

Mr. WALCOTT. I think that would be satisfactory.

Mr. LA FOLLETTE. I desire to offer an amendment and ask to have it read, printed, and lie on the table.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the amendment was ordered to lie on the table and to be read.

The CHIEF CLERK. On page 23, line 15, before the period, it is proposed to insert a colon and the following:

Provided further, That the corporation shall not make any such acceptances growing out of transactions involving the sale or shipment of armaments, munitions, or other war materials, or the sale or shipment into countries which are at war of any merchandise or commodities except food and supplies for the actual use of noncombatants.

Mr. LA FOLLETTE. I offer another amendment, which I would like to have read, printed, and lie on the table.

The PRESIDENT pro tempore. It will be so ordered. The amendment will be read.

The CHIEF CLERK. On page 21, line 1, it is proposed to strike out the words "or other bona fide financial institution."

Mr. McNARY. I desire to ask the Senator from Connecticut if he desires to proceed further with the measure tonight?

Mr. WALCOTT. I am entirely willing to stop now.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded with the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) laid before the Senate messages from the President of the United States transmitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. Reports of committees are in order.

REPORTS OF POST-OFFICE NOMINATIONS

Mr. MOSES. From the Committee on Post Offices and Post Roads I report sundry nominations for the calendar.

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

TREATIES

The Chief Clerk announced Executive E, Seventy-first Congress, third session, an international convention relating to the treatment of prisoners of war, signed at Geneva July 27, 1929, as first in order on the calendar.

Mr. MOSES. Mr. President, in the absence of the chairman of the Committee on Foreign Relations, I ask that both treaties on the calendar may go over.

The PRESIDING OFFICER. Without objection, it is so ordered.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of W. Roderick Dorsey to be consul general.

The PRESIDING OFFICER. The question is on confirming the nomination just read. [Putting the question.] The nomination is confirmed.

The Chief Clerk read the nomination of Emil Sauer to be consul general.

The PRESIDING OFFICER. The question is on confirming the nomination. [Putting the question.] The nomination is confirmed.

The Chief Clerk read the nomination of Stephen E. Aguirre to be Foreign Service officer, unclassified, vice consul of career and secretary in the Diplomatic Service.

The PRESIDING OFFICER. The question is on confirming the nomination. [Putting the question.] The nomination is confirmed.

The Chief Clerk read the nomination of Overton G. Ellis to be Foreign Service officer, unclassified, vice consul of career and secretary in the Diplomatic Service.

The PRESIDING OFFICER. The question is on confirming the nomination. [Putting the question.] The nomination is confirmed.

THE JUDICIARY

The Chief Clerk read the nomination of Leroy M. Sullivan, of Alaska, to be United States attorney, district of Alaska, division No. 2.

The PRESIDING OFFICER. The question is on confirming the nomination. [Putting the question.] The nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry post-office nominations.

Mr. MOSES. I ask that all post-office nominations on the calendar may be confirmed en bloc, with the exception of Calendar No. 58, which I ask to have recommitted to the Committee on Post Offices and Post Roads, and Calendar No. 294, which I ask may go over.

The PRESIDING OFFICER. Is there objection?

Mr. BARKLEY. Mr. President, just a moment. I should like to look at the list before the nominations are confirmed en bloc.

Mr. MOSES. I will say to the Senator from Kentucky that, so far as I know in my capacity as acting chairman of the committee, the nominations have all been passed upon by the Senators from the respective States.

Mr. BARKLEY. It will take me but a moment to look at the list.

Mr. MOSES. There are no nominations from Kentucky.

Mr. BARKLEY. I have no objection.

Mr. MOSES. Very well.

The PRESIDING OFFICER. Without objection, the request of the Senator from New Hampshire is granted and the post-office nominations are confirmed en bloc, with the exception of Calendar No. 53, which is recommitted to the committee, and Calendar No. 294, which goes over. That completes the calendar.

Mr. McNARY obtained the floor.

TREATY TREATMENT OF PRISONERS OF WAR

Mr. BORAH. Mr. President——

Mr. McNARY. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, I inquire if the two treaties on the calendar have been disposed of?

The PRESIDING OFFICER. They were temporarily laid aside.

Mr. BORAH. It will take but a moment, I think, to dispose of them.

The PRESIDING OFFICER. Is there objection to recurring to the treaties? The Chair hears none, and lays before the Senate the first treaty on the calendar.

The Senate, as in Committee of the Whole, proceeded to consider the treaty, Executive E, Seventy-first Congress, third session, an international convention relating to the treatment of prisoners of war signed at Geneva July 27, 1929, which was read as follows:

To the Senate:

With a view to receiving the advice and consent of the Senate to ratification I transmit herewith a certified copy of an international convention, with an English translation thereof, relating to the treatment of prisoners of war, signed at Geneva, on July 27, 1929, by the respective plenipotentiaries of the United States of America and 45 other countries represented at an international conference held at the call of the Swiss Government for the purposes of revising the Geneva convention of 1906 for the amelioration of the condition of the wounded and sick of armies in the field and of formulating a code relating to the treatment of prisoners of war. The convention submitted is intended to supplement and extend the regulations annexed to The Hague convention of 1907 relating to the laws and customs of war on land in the light of the experiences gained in the World War.

The convention has received the approval of the Secretary of State, the Secretary of War, and the Secretary of the Navy, all of whom have recommended its transmission to the Senate, as appears in the accompanying report of the Secretary of State.

HERBERT HOOVER.

THE WHITE HOUSE, *December 15, 1930.*

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification of the convention, if his judgment approve thereof, a certified copy of an international convention, with an English translation thereof, relating to the treatment of prisoners of war, signed at Geneva on July 27, 1929, by the respective plenipotentiaries of the United States of America and forty-five other countries represented at the international conference held at Geneva at the call of the Swiss Government for the twofold purpose of revising the Geneva convention of 1906 for the amelioration of the condition of the wounded and sick of armies in the field and of formulating a code relating to the treatment of prisoners of war.

The object of the convention submitted is to mitigate the hardships of prisoners of war by developing the principles which inspired the international conventions of The Hague, particularly the convention relative to the laws and customs of war on land and the regulations annexed thereto. The present convention is not intended to replace The Hague regulations, but it supplements and extends those regulations in the light of the experiences gained in the World War. Where two belligerents are bound both by The Hague regulations and by the present convention, the provisions of the latter are to prevail. The convention is not only applicable to persons belonging to the armed forces of belligerent parties captured by the enemy in the course of military operations on land, but its provisions are extended to include also persons belonging to the armed forces of belligerent parties captured by the enemy in the course of military operations at sea or in the air.

The delegates of the United States to the Geneva conference were ably assisted by experts of the United States Army and Navy, and the convention has the approval of the Secretary of War and of the Secretary of the Navy, both of whom have recommended its transmission to the Senate. In this approval and recommendation the undersigned joins.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,
Washington, December 12, 1930.

[Translation]

CONVENTION OF JULY 27, 1929, RELATIVE TO THE TREATMENT OF PRISONERS OF WAR

The President of the German Reich, the President of the United States of America, the Federal President of the Republic of Austria, His Majesty the King of the Belgians, the President of the Republic of the United States of Brazil, His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, His Majesty the King of the Bulgarians, the President of the Republic of Chile, the President of the Republic of China, the President of the Republic of Cuba, His Majesty the King of Denmark and Iceland, the President of the Dominican Republic, His Majesty the King of Egypt, His Majesty the King of Spain, the President of the Republic of Estonia, the President of the Republic of Finland, the President of the French Republic, the President of the Hellenic Republic, His Serene Highness the Regent of Hungary, His Majesty the King of Italy, His Majesty the Emperor of Japan, the President of the Republic of Latvia, Her Royal Highness the Grand Duchess of Luxemburg, the President of the

United States of Mexico, the President of the Republic of Nicaragua, His Majesty the King of Norway, Her Majesty the Queen of the Netherlands, His Imperial Majesty the Shah of Persia, the President of the Republic of Poland, the President of the Portuguese Republic, His Majesty the King of Rumania, His Majesty the King of the Serbs, Croats, and Slovenes, His Majesty the King of Siam, His Majesty the King of Sweden, the Swiss Federal Council, the President of the Czechoslovak Republic, the President of the Turkish Republic, the President of the Oriental Republic of Uruguay, [and] the President of the Republic of the United States of Venezuela,

recognizing that in the extreme case of a war, it will be the duty of every power to diminish, so far as possible, the unavoidable rigors thereof and to mitigate the fate of prisoners of war;

desirous of developing the principles which inspired the international conventions of The Hague, in particular the Convention relative to the laws and customs of war and the regulations annexed thereto;

have decided to conclude a Convention to that end, and have appointed the following as their plenipotentiaries, namely:

The President of the German Reich:
His Excellency Herr Edmund Rhomberg, Doctor of Law, Minister unassigned;

The President of the United States of America:
The Honorable Eliot Wadsworth, former Assistant Secretary of the Treasury,
His Excellency The Honorable Hugh R. Wilson, Envoy Extraordinary and Minister Plenipotentiary of the United States of America at Berne;

The Federal President of the Republic of Austria:
Herr Marc Leitmaier, Doctor of Law, Ministerial Counsellor at the Federal Chancellery, Department of Foreign Affairs;

His Majesty the King of the Belgians:
Mr. Paul Demolder, Surgeon General, Chief of the Medical Corps of the First Military District,
M. Joseph de Ruelle, Juris-consult of the Ministry of Foreign Affairs;

The President of the Republic of Bolivia:
His Excellency Señor Alberto Cortadellas, Minister Resident of Bolivia at Berne;

The President of the Republic of the United States of Brazil:
His Excellency Sr. Raoul de Rio-Branco, Envoy Extraordinary and Minister Plenipotentiary of Brazil at Berne;

His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the seas, Emperor of India:
For Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations:
The Right Honorable Sir Horace Rumbold, G. C. M. G., M. V. O., Ambassador of His British Majesty at Berlin;
For the Dominion of Canada:
Mr. Walter Alexander Riddell, Permanent Counsellor of the Canadian Government near the League of Nations;
For the Commonwealth of Australia;
His Excellency Mr. Claud Russell, Envoy Extraordinary and Plenipotentiary of His Britannic Majesty at Berne;
For the Dominion of New Zealand:
His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;
For the Union of South Africa:
Mr. Eric Hendrik Louw, High Commissioner of the Union of South Africa at London;
For the Irish Free State:
Mr. Sean Lester, Representative of the Irish Free State near the League of Nations;
For India:
His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;

His Majesty the King of the Bulgarians:
M. Dimitri Mikoff, Chargé d'Affaires of Bulgaria at Berne, Permanent Representative of the Bulgarian Government near the League of Nations,
M. Stéphane N. Laftchieff, Member of the Administrative Council of the Bulgarian Red Cross;

The President of the Republic of Chile:
Sr. Guillermo Novoa-Sepulveda, Colonel, Military Attaché at the Legation of Chile at Berlin,
Sr. Dario Pulgar-Arriagada, Captain of the Medical Corps;

The President of the Republic of China:
Mr. Chi Yung Hsiao, Chargé d'Affaires ad interim of China at Berne;

The President of the Republic of Colombia:
His Excellency Sr. Francisco José de Urrutia, Envoy Extraordinary and Minister Plenipotentiary of Colombia at Berne;

The President of the Republic of Cuba:
His Excellency Sr. Carlos de Armenteros y de Cardenas, Envoy Extraordinary and Minister of Cuba at Berné,
Sr. Carlos Blanco y Sanchez, Secretary of Legation, attached to the Delegation of Cuba near the League of Nations;

His Majesty the King of Denmark and Iceland for Denmark:
His Excellency Mr. Harald de Scavenius, Chamberlain, Envoy Extraordinary and Minister Plenipotentiary of Denmark in Switzerland and in the Netherlands, and former minister of Foreign Affairs,
Mr. Gustave M. Rasmussen, Chargé d'Affaires ad interim of Denmark at Berne;

The President of the Dominican Republic:
Sr. Charles Ackermann, Consul of the Dominican Republic at Geneva;

His Majesty the King of Egypt:
M. Mohammed Abdel Moneim Riad, Avocat au Contentieux de l'Etat,[1] Professor of International Law at the Military School of Cairo,
M. Henri Wassif Simaika, Attaché of the Royal Legation of Egypt at Rome;

His Majesty the King of Spain:
His Excellency the King of Spain:
His Excellency the Marquis de la Torrehermosa, Envoy Extraordinary and Minister Plenipotentiary of Spain at Berne;

The President of the Republic of Estonia:
Mr. Hans Leesment, M. D., President of the Estonian Red Cross;

The President of the Republic of Finland:
Mr. A. E. Martola, Lieutenant-Colonel, Military Attaché near the Legation of Finland at Paris;

The President of the French Republic:
His Excellency M. Henri Chassain de Marcilly, Ambassador of France at Berne;
M. Jean Du Sault, Counsellor of the Embassy of France at Berne;

The President of the Hellenic Republic:
M. Raphael Raphael, Chargé d'Affaires ad interim of Greece at Berne,
M. Sophocle Venizelos, Lieutenant-Colonel, Military Attaché at the Legation of Greece at Paris;

His Serene Highness the Regent of Hungary:
His Excellency M. Paul de Hevesy, Minister Resident, Permanent Delegate of the Royal Government near the League of Nations;

His Majesty the King of Italy:
M. Giovanni Ciraolo, Senator of the Kingdom;

[1] Counsellor of the State Legal Department.

His Majesty the Emperor of Japan:
His Excellency Mr. Isaburo Yoshida, Envoy Extraordinary and Minister Plenipotentiary of Japan at Berne,
Mr. Sadamu Shimomura, Lieutenant-Colonel,
Mr. Seizo Miura, Commander, Naval Attaché at the Embassy of Japan at Paris;

The President of the Republic of Latvia:
His Excellency Mr. Charles Duzmans, Envoy Extraordinary and Minister Plenipotentiary of Latvia near His Majesty the King of the Serbs, Croats, and Slovenes, Permanent Delegate near the League of Nations,
His Excellency Mr. Oskar Voit, Envoy Extraordinary and Minister Plenipotentiary of Latvia in Switzerland, in Hungary, and in the Netherlands;

Her Royal Highness the Grand Duchess of Luxemburg:
M. Charles Vermaire, Consul of the Grand Duchy at Geneva;

The President of the United States of Mexico:
His Excellency Sr. Francisco Castillo Najera, Surgeon General, Envoy Extraordinary and Minister Plenipotentiary of Mexico at Brussels;

The President of the Republic of Nicaragua:
Sr. Antoine Sottile, Doctor of Law, Permanent Delegate of Nicaragua near the League of Nations;

His Majesty the King of Norway:
His Excellency Mr. Johannes Irgens, Envoy Extraordinary and Minister Plenipotentiary of Norway at Berne, Rome, and Athens,
Mr. Jens Christian Meinich, Infantry Commander, Secretary General of the Norwegian Red Cross;

Her Majesty the Queen of the Netherlands:
His Excellency Mr. Willem Isaac Doude van Troostwijk, Envoy Extraordinary and Minister Plenipotentiary of the Netherlands at Berne,
Mr. Johan Carl Diehl, Surgeon General of the Medical Corps of the Army, Vice President of the Netherlands Red Cross,
Mr. Jacob Harberts, Major in the General Staff, Professor at the War Academy;

His Imperial Majesty the Shah of Persia:
His Excellency M. Anouchirevan Khan Sepahbodi, Envoy Extraordinary and Plenipotentiary of Persia at Berne;

The President of the Republic of Poland:
Mr. Joseph Gabriel Pracki, Surgeon Colonel,
Mr. W. Jersey Babecki, Lieutenant-Colonel;

The President of the Portuguese Republic:
His Excellency Sr. Vasco de Quevedo, Envoy Extraordinary and Minister Plenipotentiary of Portugal at Berne,
Sr. Francisco de Calheiros e Menezes, First Secretary of Legation;

His Majesty the King of Rumania:
His Excellency M. Michel B. Boeresco, Envoy Extraordinary and Minister Plenipotentiary of Rumania at Berne,
M. Eugene Vertejano, Colonel, Staff Officer;

His Majesty the King of the Serbs, Croats, and Slovenes:
His Excellency M. Ilija Choumenkovitch, Envoy Extraordinary and Minister Plenipotentiary of the Kingdom of the Serbs, Croats, and Slovenes, at Berne, Permanent Secretary near the League of Nations;

His Majesty the King of Siam:
His Highness, Prince Varnvaidya, Envoy Extraordinary and Minister Plenipotentiary of Siam at London;

His Majesty the King of Sweden:
His Excellency Mr. Karl Ivan Westman, Envoy Extraordinary and Minister Plenipotentiary of Sweden at Berne;

The Swiss Federal Council:
M. Paul Dinichert, Minister Plenipotentiary, [and] Chief of the Division of Foreign Affairs of the Federal Political Department,
M. Carl Hauser, Colonel of the Sanitary Troops, Surgeon General of the Army,
M. Anton Züblin, Infantry Colonel, unassigned, Attorney,
M. Roger de la Harpe, Lieutenant-Colonel of the Sanitary Troops, Surgeon,
M. Dietrich Schindler, Major in the Judge Advocate General's Department, Professor of International Law at the University of Zurich;

The President of the Czechoslovak Republic:
His Excellency M. Zdenek Fierlinger, Envoy Extraordinary and Minister Plenipotentiary of Czechoslovakia at Berne;

The President of the Turkish Republic:
His Excellency Hassan Bey, Vice President of the Grand National Assembly of Turkey, Vice President of the Turkish Red Crescent,
His Excellency Nusret Bey, President of the Council of State of the Republic,
Prof. Akil Moukhtar Bey, M. D.,
Dr. Abdulkadir Bey, Lieutenant-Colonel, Military Surgeon, Professor at the School of Application and at the Hospital of Gulhane;

The President of the Oriental Republic Uruguay:
His Excellency Sr. Alfredo de Castro, Envoy Extraordinary and Minister Plenipotentiary of Uruguay at Berne;

The President of the Republic of the United States of Venezuela:
His Excellency Sr. Caracciolo Parra-Perez, Envoy Extraordinary and Minister Plenipotentiary of Venezuela at Rome,
Sr. Ivan Manuel Hurtado-Machago, Charge d'Affaires ad interim of Venezuela at Berne;

Who, after having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

TITLE I. GENERAL PROVISIONS

ARTICLE 1

The present Convention shall apply, without prejudice to the stipulations of Title VII:

1) to all persons mentioned in Articles 1, 2 and 3 of the regulations annexed to the Hague Convention respecting the laws and customs of war on land, of October 18, 1907, and captured by the enemy.[1]

2) to all persons belonging to the armed forces of belligerent parties, captured by the enemy in the course of military operations at sea or in the air, except for such derogations as might be rendered inevitable by the conditions of capture. However, such derogations shall not infringe upon the fundamental principles of the present Convention; they shall cease from the moment when the persons captured have rejoined a prisoners of war camp.

ARTICLE 2

Prisoners of war are in the power of the hostile Power, but not of the individuals or corps who capture them.

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[1]Annexed Regulations:

ART. 1. The laws, rights, and duties of war apply not only to armies, but also to militia and volunteer corps fulfilling the following conditions: 1. To be commanded by a person responsible for his subordinates; 2. To have a fixed distinctive emblem recognizable at a distance; 3. To carry arms openly; and 4. To conduct their operations in accordance with the laws and customs of war. In countries where militia or volunteer corps constitute the army, or form part of it, they are included under the denomination "army."

ART. 2. The inhabitants of a territory which has not been occupied, who, on the approach of the enemy, spontaneously take up arms to resist the invading troops without having had time to organize themselves in accordance with Article 1, shall be regarded as belligerents if they carry arms openly and if they respect the laws and customs of war.

ART. 3. The armed forces of the belligerent parties may consist of combatants and noncombatants. In the case of capture by the enemy, both have a right to be treated as prisoners of war.



They must at all times be humanely treated and protected, particularly against acts of violence, insults and public curiosity.

Measures of reprisal against them are prohibited.

ARTICLE 3

Prisoners of war have the right to have their person and their honor respected. Women shall be treated with all the regard due to their sex.

Prisoners retain their full civil status.

ARTICLE 4

The Power detaining prisoners of war is bound to provide for their maintenance.

Difference in treatment among prisoners is lawful only when it is based on the military rank, state of physical or mental health, professional qualifications or sex of those who profit thereby.

TITLE II. CAPTURE

Every prisoner of war is bound to give, if he is questioned on the subject, his true name and rank, or else his regimental number.

If he infringes this rule, he is liable to have the advantages given to prisoners of his class curtailed.

No coercion may be used on prisoners to secure information relative to the condition of their army or country. Prisoners who refuse to answer may not be threatened, insulted, or exposed to unpleasant or disadvantageous treatment of any kind whatever.

If, because of his physical or mental condition, a prisoner is unable to identify himself, he shall be turned over to the Sanitary Service.

ARTICLE 6

All effects and objects of personal use—except arms, horses, military equipment and military papers—shall remain in the possession of prisoners of war, as well as metal helmets and gas masks.

Money in the possession of prisoners may not be taken away from them except by order of an officer and after the amount is determined. A receipt shall be given. Money thus taken away shall be entered to the account of each prisoner.

Identification documents, insignia of rank, decorations and objects of value may not be taken from prisoners.

TITLE III. CAPTIVITY

SECTION I. EVACUATION OF PRISONERS OF WAR

ARTICLE 7

Prisoners of war shall be evacuated within the shortest possible period after their capture, to depots located in a region far enough from the zone of combat for them to be out of danger.

Only prisoners who, because of wounds or sickness, would run greater risks by being evacuated than by remaining where they are may be temporarily kept in a dangerous zone.

Prisoners shall not be needlessly exposed to danger while awaiting their evacuation from the combat zone.

Evacuation of prisoners on foot may normally be effected only by stages of 20 kilometers a day, unless the necessity of reaching water and food depots requires longer stages.

ARTICLE 8

Belligerents are bound mutually to notify each other of their capture of prisoners within the shortest period possible, through the intermediary of the information bureaus, such as are organized according to Article 77. They are likewise bound to inform each other of the official addresses to which the correspondence of their families may be sent to prisoners of war.

As soon as possible, every prisoner must be enabled to correspond with his family himself, under the conditions provided in Articles 36 *et seq.*

As regards prisoners captured at sea, the provisions of the present article shall be observed as soon as possible after arrival at port.

SECTION II. PRISONERS OF WAR CAMPS

ARTICLE 9

Prisoners of war may be interned in a town, fortress, or other place, and bound not to go beyond certain fixed limits. They may also be interned in enclosed camps; they may not be confined or kept in except as an indispensable measure of safety or sanitation, and only while the circumstances which necessitate the measure continue to exist.

Prisoners captured in unhealthful regions or where the climate is injurious for persons coming from temperate regions, shall be transported, as soon as possible, to a more favorable climate.

Belligerents shall, so far as possible, avoid assembling in a single camp prisoners of different races or nationalities.

No prisoner may, at any time, be sent into a region where he might be exposed to the fire of the combat zone nor used to give protection from bombardment to certain points or certain regions by his presence.

CHAPTER 1. *Installation of Camps*

ARTICLE 10

Prisoners of war shall be lodged in buildings or in barracks affording all possible guarantees of hygiene and healthfulness.

The quarters must be fully protected from dampness, sufficiently heated and lighted. All precautions must be taken against danger of fire.

With regard to dormitories:—the total surface, minimum cubic amount of air, arrangement and material of bedding,—the conditions shall be the same as for the troops at base camps of the detaining Power.

CHAPTER 2. *Food and Clothing of Prisoners of War*

ARTICLE 11

The food ration of prisoners of war shall be equal in quantity and quality to that of troops at base camps.

Furthermore, prisoners shall receive facilities for preparing, themselves, additional food which they might have.

A sufficiency of potable water shall be furnished them. The use of tobacco shall be permitted. Prisoners may be employed in the kitchens.

All collective disciplinary measures affecting the food are prohibited.

ARTICLE 12

Clothing, linen and footwear shall be furnished prisoners of war by the detaining Power. Replacement and repairing of these effects must be assured regularly. In addition, laborers must receive work clothes wherever the nature of the work requires it.

Canteens shall be installed in all camps where prisoners may obtain, at the local market price, food products and ordinary objects.

Profits made by the canteens for camp administrations shall be used for the benefit of prisoners.

CHAPTER 3. *Sanitary Service in Camps*

ARTICLE 13

Belligerents shall be bound to take all sanitary measures necessary to assure the cleanliness and healthfulness of camps and to prevent epidemics.

Prisoners of war shall have at their disposal, day and night, installations conforming to sanitary rules and constantly maintained in a state of cleanliness.

Furthermore, and without prejudice to baths and showers with which the camp shall be as well provided as possible, prisoners shall be furnished a sufficient quantity of water for the care of their own bodily cleanliness.

It shall be possible for them to take physical exercise and enjoy the open air.

ARTICLE 14

Every camp shall have an infirmary, where prisoners of war shall receive every kind of attention they need. If necessary, isolated quarters shall be reserved for the sick affected with contagious diseases.

Expenses of treatment, including therein those of temporary prosthetic equipment, shall be borne by the detaining Power.

Upon request, belligerents shall be bound to deliver to every prisoner treated an official statement showing the nature and duration of his illness as well as the attention received.

It shall be lawful for belligerents reciprocally to authorize, by means of private arrangements, the retention in the camps of physicians and attendants to care for prisoners of their own country.

Prisoners affected with a serious illness or whose condition necessitates an important surgical operation, must be admitted, at the expense of the detaining Power, to any military or civil medical unit qualified to treat them.

ARTICLE 15

Medical inspections of prisoners of war shall be organized at least once a month. Their purpose shall be the supervision of the general state of health and cleanliness, and the detection of contagious diseases, particularly tuberculosis and venereal diseases.

CHAPTER 4. *Intellectual and Moral Needs of Prisoners of War*

ARTICLE 16

Prisoners of war shall enjoy complete liberty in the exercise of their religion, including attendance at the services of whatever Church they may belong to, on the sole condition that they comply with the measures of order and police issued by the military authorities.

Ministers of a religion, prisoners of war, whatever their religious denomination, shall be allowed to minister fully to members of the same religion.

ARTICLE 17

So far as possible, belligerents shall encourage intellectual diversions and sports organized by prisoners of war.

CHAPTER 5. *Internal Discipline of Camps*

ARTICLE 18

Every camp of prisoners of war shall be placed under the command of a responsible officer.

Besides the external marks of respect provided by the regulations in force in their armies with regard to their nationals, prisoners of war must salute all officers of the detaining Power.

Officers who are prisoners of war are bound to salute only officers of a higher or equal rank of that Power.

ARTICLE 19

The wearing of insignia of rank and of decorations shall be permitted.

ARTICLE 20

Regulations, orders, notices and proclamations of every kind must be communicated to prisoners of war in a language which they understand. The same principle shall be applied in examinations.

CHAPTER 6. *Special Provisions regarding Officers and Persons of Assimilated Status [Assimilés]*

ARTICLE 21

Upon the beginning of hostilities, belligerents shall be bound to communicate to one another the titles and ranks in use in their respective armies, with a view to assuring equality of treatment between officers and *assimilés* of equivalent ranks.

Officers and *assimilés* who are prisoners of war shall be treated with the regard due their rank and age.

ARTICLE 22

In order to assure service in officers' camps, soldiers of the same army who are prisoners of war and, wherever possible, who speak the same language, shall be assigned thereto, in sufficient numbers, considering the rank of the officers and *assimilés*.

The latter shall secure their food and clothing from the pay which shall be granted them by the detaining Power. Administration of the mess-fund by the officers themselves must be facilitated in every way.

CHAPTER 7. *Financial resources of Prisoners of War*

ARTICLE 23

Subject to private arrangements between belligerent Powers, and particularly those provided in Article 24, officers and *assimilés* who are prisoners of war shall receive from the detaining Power the same pay as officers of corresponding rank in the armies of that Power, on the condition, however, that this pay does not exceed that to which they are entitled in the armies of the country where they have served. This pay shall be granted them in full, once a month if possible, and without being liable to any deduction for expenses incumbent on the detaining Power, even when they are in favor of the prisoners.

An agreement between the belligerents shall fix the rate of exchange applicable to this payment; in the absence of such an agreement, the rate adopted shall be that in force at the opening of hostilities.

All payments made to prisoners of war as pay must be reimbursed, at the end of hostilities, by the Power which they have served.

ARTICLE 24

Upon the outbreak of hostilities, the belligerents shall, by common agreement, fix the maximum amount of ready money which prisoners of war of various ranks and classes shall be allowed to keep in their possession. Any surplus taken or withheld from a prisoner shall be entered to his account, the same as any deposit of money effected by him, and may not be converted into another currency without his consent.

Pay to the credit of their accounts shall be given to prisoners of war at the end of their captivity.

During their imprisonment, facilities shall be granted them for the transfer of these amounts, in whole or in part, to banks or private persons in their country of origin.

CHAPTER 8. *Transfer of Prisoners of War*

ARTICLE 25

Unless the conduct of military operations so require, sick and wounded prisoners of war shall not be transferred as long as their recovery might be endangered by the trip.

ARTICLE 26

In case of transfer, prisoners of war shall be officially notified of their new destination in advance; they shall be allowed to take with them their personal effects, their correspondence and packages which have arrived at their address.

All due measures shall be taken that correspondence and packages addressed to their former camp may be forwarded to them without delay.

Money deposited to the account of transferred prisoners shall be transmitted to the competent authority of their new place of residence.

The expenses occasioned by the transfer shall be charged to the detaining Power.

SECTION III. LABOR OF PRISONERS OF WAR

CHAPTER 1. *Generalities*

ARTICLE 27

Belligerents may utilize the labor of able prisoners of war, according to their rank and aptitude, officers and *assimilés* excepted.

However, if officers or *assimilés* request suitable work, it shall be secured for them so far as is possible.

Non-commissioned officers who are prisoners of war shall only be required to do supervisory work, unless they expressly request a remunerative occupation.

Belligerents shall be bound, during the whole period of captivity, to allow to prisoners of war who are victims of accidents in connection with their work the enjoyment of the benefit of the provisions applicable to laborers of the same class according to the legislation of the detaining Power. With regard to prisoners of war to whom these legal provisions might not be applied by reason of the legislation of that Power, the latter undertakes to recommend to its legislative body all proper measures equitably to indemnify the victims.

CHAPTER 2. *Organization of the Labor*

ARTICLE 28

The detaining Power shall assume entire responsibility for the maintenance, care, treatment and payment of wages of prisoners of war working for the account of private persons.

ARTICLE 29

No prisoner of war may be employed at labors for which he is physically unfit.

ARTICLE 30

The length of the day's work of prisoners of war, including therein the trip going and returning, shall not be excessive and must not, in any case, exceed that allowed for the civil workers in the region employed at the same work. Every prisoner shall be allowed a rest of twenty-four consecutive hours every week, preferably on Sunday.

CHAPTER 3. *Prohibited Labor*

ARTICLE 31

Labor furnished by prisoners of war shall have no direct relation with war operations. It is especially prohibited to use prisoners for manufacturing and transporting arms or ammunition of any kind, or for transporting material intended for combatant units.

In case of violation of the provisions of the preceding paragraph, prisoners, after executing or beginning to execute the order, shall be free to have their protests presented through the mediation of the agents whose functions are set forth in Articles 43 and 44, or, in the absence of an agent, through the mediation of representatives of the protecting Power.

ARTICLE 32

It is forbidden to use prisoners of war at unhealthful or dangerous work.

Any aggravation of the conditions of labor by disciplinary measures is forbidden.

CHAPTER 4. *Labor Detachments*

ARTICLE 33

The system of labor detachments must be similar to that of prisoners of war camps, particularly with regard to sanitary conditions, food, attention in case of accidents or sickness, correspondence and the receipt of packages.

Every labor detachment shall be dependent on a prisoners' camp. The commander of this camp shall be responsible for the observation, in the labor detachment, of the provisions of the present Convention.

CHAPTER 5. *Wages*

ARTICLE 34

Prisoners of war shall not receive wages for work connected with the administration, management and maintenance of the camps.

Prisoners utilized for other work shall be entitled to wages to be fixed by agreements between the belligerents.

These agreements shall also specify the part which the camp administration may retain, the amount which shall belong to the prisoner of war and the manner in which that amount shall be put at his disposal during the period of his captivity.

While awaiting the conclusion of the said agreements, payment for labor of prisoners shall be settled according to the rules given below:

a) Work done for the State shall be paid for in accordance with the rates in force for soldiers of the national army doing the same work, or, if none exists, according to a rate in harmony with the work performed.

b) When the work is done for the account of other public administrations or for private persons, conditions shall be regulated by agreement with the military authority.

The pay remaining to the credit of the prisoner shall be delivered to him at the end of his captivity. In case of death, it shall be forwarded through the diplomatic channel to the heirs of the deceased.

SECTION IV. EXTERNAL RELATIONS OF PRISONERS OF WAR

ARTICLE 35

Upon the outbreak of hostilities, belligerents shall publish the measures provided for the execution of the provisions of this section.

ARTICLE 36

Each of the belligerents shall periodically determine the number of letters and postal cards per month which prisoners of war of the various classes shall be allowed to send, and shall inform the other belligerent of this number. These letters and cards shall be transmitted by post by the shortest route. They may not be delayed or retained for disciplinary reasons.

Within a period of not more than one week after his arrival at the camp, and likewise in case of sickness, every prisoner shall be enabled to write his family a postal card informing it of his capture and of the state of his health. The said postal cards shall be forwarded as rapidly as possible and may not be delayed in any manner.

As a general rule, correspondence of prisoners shall be written in their native language. Belligerents may allow correspondence in other languages.

ARTICLE 37

Prisoners of war shall be allowed individually to receive parcels by mail, containing foods and other articles intended to supply them with food or clothing. Packages shall be delivered to the addresses upon a receipt.

ARTICLE 38

Letters and consignments of money or valuables, as well as parcels by post intended for prisoners of war or dispatched by them, either directly, or by the mediation of the information bureaus provided for in Article 77, shall be exempt from all postal duties in the countries of origin and destination, as well as in the countries they pass through.

Presents and relief in kind for prisoners shall be likewise exempt from all import and other duties, as well as of payments for carriage by the State railways.

Prisoners may, in cases of acknowledged urgency, be allowed to send telegrams, paying the usual charges.

ARTICLE 39

Prisoners of war shall be allowed to receive shipments of books individually, which may be subject to censorship.

Representatives of the protecting Powers and duly recognized and authorized aid societies may send books and collections of books to the libraries of prisoners' camps. The transmission of these shipments to libraries may not be delayed under the pretext of censorship difficulties.

ARTICLE 40

Censorship of correspondence must be effected within the shortest possible time. Furthermore, inspection of parcels post must be effected under proper conditions to guarantee the preservation of the products which they may contain and, if possible, in the presence of the addressee or an agent duly recognized by him.

Prohibitions of correspondence promulgated by the belligerents for military or political reasons, must be transient in character and as short as possible.

ARTICLE 41

Belligerents shall assure all facilities for the transmission of instruments, papers or documents intended for prisoners of war or signed by them, particularly of powers of attorney and wills.

They shall take the necessary measures to assure, in case of necessity, the authentication of signatures made by prisoners.

SECTION V. PRISONERS' RELATIONS WITH THE AUTHORITIES

CHAPTER 1. *Complaints of Prisoners of War because of the Régime of Captivity*

ARTICLE 42

Prisoners of war shall have the right to inform the military authorities in whose power they are of their requests with regard to the régime of captivity to which they are subjected.

They shall also have the right to address themselves to representatives of the protecting Powers to indicate to them the points on which they have complaints to formulate with regard to the régime of captivity.

These requests and complaints must be transmitted immediately.

Even if they are recognized to be unfounded, they may not occasion any punishment.

CHAPTER 2. *Representatives of Prisoners of War*

ARTICLE 43

In every place where there are prisoners of war, they shall be allowed to appoint agents entrusted with representing

them directly with military authorities and protecting Powers.

This appointment shall be subject to the approval of the military authority.

The agents shall be entrusted with the reception and distribution of collective shipments. Likewise, in case the prisoners should decide to organize a mutual assistance system among themselves, this organization would be in the sphere of the agents. Further, they may lend their offices to prisoners to facilitate their relations with the aid societies mentioned in Article 78.

In camps of officers and *assimilés*, the oldest officer, prisoner of war, in the highest rank shall be recognized as intermediary between the camp authorities and the officers and *assimilés* who are prisoners. For this purpose he shall have the power to appoint a prisoner officer to assist him as an interpreter during the conferences with the camp authorities.

ARTICLE 44

When the agents are employed as laborers their activity as representatives of prisoners of war must be counted in the compulsory duration of labor.

All facilities shall be accorded the agents for their intercourse with the military authorities and with the protecting Power. This intercourse shall not be limited.

No representative of the prisoners may be transferred without the necessary time being allowed him to bring his successors up to date about affairs under consideration.

CHAPTER 3. *Penalties applicable to Prisoners of War*

1. GENERAL PROVISIONS

ARTICLE 45

Prisoners of war shall be subject to the laws, regulations, and orders in force in the armies of the detaining Power.

An act of insubordination shall justify the adoption towards them of the measures provided by such laws, regulations and orders.

The provisions of the present chapter, however, are reserved.

ARTICLE 46

Punishments other than those provided for the same acts for soldiers of the national armies may not be imposed upon prisoners of war by the military authorities and courts of the detaining Power.

Rank being identical, officers, non-commissioned officers or soldiers who are prisoners of war undergoing a disciplinary punishment, shall not be subject to less favorable treatment than that provided in the armies of the detaining Power with regard to the same punishment.

Any corporal punishment, any imprisonment in quarters without daylight and, in general, any form of cruelty, is forbidden.

Collective punishment for individual acts is also forbidden.

ARTICLE 47

Acts constituting an offense against discipline, and particularly attempted escape, shall be verified immediately; for all prisoners of war, commissioned or not, preventive arrest shall be reduced to the absolute minimum.

Judicial proceedings against prisoners of war shall be conducted as rapidly as the circumstances permit; preventive imprisonment shall be limited as much as possible.

In all cases, the duration of preventive imprisonment shall be deducted from the disciplinary or judicial punishment inflicted, provided that this deduction is allowed for national soldiers.

ARTICLE 48

Prisoners of war may not be treated differently from other prisoners after having suffered the judicial or disciplinary punishment which has been imposed on them.

However, prisoners punished as a result of attempted escape may be subjected to special surveillance, which, however, may not entail the suppression of the guarantees granted prisoners by the present Convention.

ARTICLE 49

No prisoner of war may be deprived of his rank by the detaining Power.

Prisoners given disciplinary punishment may not be deprived of the prerogatives attached to their rank. In particular, officers and *assimilés* who suffer punishment involving deprivation of liberty shall not be placed in the same quarters as non-commissioned officers or privates being punished.

ARTICLE 50

Escaped prisoners of war who are retaken before being able to rejoin their own army or to leave the territory occupied by the army which captured them shall be liable only to disciplinary punishment.

Prisoners who, after having succeeded in rejoining their army or in leaving the territory occupied by the army which captured them, may again be taken prisoners, shall not be liable to any punishment on account of their previous flight.

ARTICLE 51

Attempted escape, even if it is a repetition of the offense, shall not be considered as an aggravating circumstance in case the prisoner of war should be given over to the courts on account of crimes or offenses against persons or property committed in the course of that attempt.

After an attempted or accomplished escape, the comrades of the person escaping who assisted in the escape, may incur only disciplinary punishment on this account.

ARTICLE 52

Belligerents shall see that the competent authorities exercise the greatest leniency in deciding the question of whether an infraction committed by a prisoner of war should be punished by disciplinary or judicial measures.

This shall be the case especially when it is a question of deciding on acts in connection with escape or attempted escape.

A prisoner may not be punished more than once because of the same act or the same count.

ARTICLE 53

No prisoner of war on whom a disciplinary punishment has been imposed, who might be eligible for repatriation, may be kept back because he has not undergone the punishment.

Prisoners to be repatriated who might be threatened with a penal prosecution may be excluded from repatriation until the end of the proceedings and, if necessary, until the completion of the punishment; those who might already be imprisoned by reason of a sentence may be detained until the end of their imprisonment.

Belligerents shall communicate to each other the lists of those who may not be repatriated for the reasons given in the preceding paragraph.

2. DISCIPLINARY PUNISHMENTS

ARTICLE 54

Arrest is the most severe disciplinary punishment which may be imposed on a prisoner of war.

The duration of a single punishment may not exceed thirty days.

This maximum of thirty days may not, further, be exceeded in the case of several acts for which the prisoner has to undergo discipline at the time when it is ordered for him, whether or not these acts are connected.

When, during or after the end of a period of arrest, a prisoner shall have a new disciplinary punishment imposed upon him, a space of at least three days shall separate each of the periods of arrest, if one of them is ten days or more.

ARTICLE 55

Subject to the provisions given in the last paragraph of Article 11, food restrictions allowed in the armies of the detaining Power are applicable, as an increase in punishment, to prisoners of war given disciplinary punishment.

However, these restrictions may be ordered only if the state of health of the prisoners punished permits it.

ARTICLE 56

In no case may prisoners of war be transferred to penitentiary establishments (prisons, penitentiaries, convict prisons, etc.) there to undergo disciplinary punishment.

The quarters in which they undergo disciplinary punishment shall conform to sanitary requirements.

Prisoners punished shall be enabled to keep themselves in a state of cleanliness.

These prisoners shall every day be allowed to exercise or to stay in the open air at least two hours.

ARTICLE 57

Prisoners of war given disciplinary punishment shall be allowed to read and write, as well as to send and receive letters.

On the other hand, packages and money sent may be not delivered to the addressees until the expiration of the punishment. If the packages not distributed contain perishable products, these shall be turned over to the camp infirmary or kitchen.

ARTICLE 58

Prisoners of war given disciplinary punishment shall be allowed, on their request, to be present at the daily medical inspection. They shall receive the care considered necessary by the doctors and, if necessary, shall be removed to the camp infirmary or to hospitals.

ARTICLE 59

Excepting the competence of courts and higher military authorities, disciplinary punishment may be ordered only by an officer provided with disciplinary powers in his capacity as commander of a camp or detachment, or by the responsible officer replacing him.

3. JUDICIAL SUITS

ARTICLE 60

At the opening of a judicial proceeding directed against a prisoner of war, the detaining Power shall advise the representative of the protecting Power thereof as soon as possible, and always before the date set for the opening of the trial.

This advice shall contain the following information:

a) civil state and rank of prisoner;

b) place of sojourn or imprisonment;

c) specification of the count or counts of the indictment, giving the legal provisions applicable.

If it is not possible to mention in that advice the court which will pass upon the matter, the date of opening the trial and the place where it will take place, this information must be furnished to the representative of the protecting Power later, as soon as possible, and at all events, at least three weeks before the opening of the trial.

ARTICLE 61

No prisoner of war may be sentenced without having had an opportunity to defend himself.

No prisoner may be obliged to admit himself guilty of the act of which he is accused.

ARTICLE 62

The prisoner of war shall be entitled to assistance by a qualified counsel of his choice, and, if necessary, to have recourse to the services of a competent interpreter. He shall be advised of his right by the detaining Power, in due time before the trial.

In default of a choice by the prisoner, the protecting Power may obtain a counsel for him. The detaining Power shall deliver to the protecting Power, on its request, a list of persons qualified to present the defense.

Representatives of the protecting Power shall be entitled to attend the trial of the case.

The only exception to this rule is the case where the trial of the case must be secret in the interest of the safety of the State. The detaining Power should so advise the protecting Power.

ARTICLE 63

Sentence may be pronounced against a prisoner of war by the same courts and according to the same procedure as in the case of persons belonging to the armed forces of the detaining Power.

ARTICLE 64

Every prisoner of war shall have the right of appeal against any sentence rendered with regard to him, in the same way as individuals belonging to the armed forces of the detaining Power.

ARTICLE 65

Sentences pronounced against prisoners of war shall be communicated to the protecting Power immediately.

ARTICLE 66

If the death penalty is pronounced against a prisoner of war, a communication setting forth in detail the nature and circumstances of the offense shall be sent as soon as possible to the representative of the protecting Power, for transmission to the Power in whose armies the prisoner served.

The sentence shall not be executed before the expiration of a period of at least three months after this communication.

ARTICLE 67

No prisoner of war may be deprived of the benefit of the provisions of Article 42 of the present Convention as a result of a sentence or otherwise.

TITLE IV. TERMINATION OF CAPTIVITY

SECTION I. DIRECT REPATRIATION AND HOSPITALIZATION IN A NEUTRAL COUNTRY

ARTICLE 68

Belligerents are bound to send back to their own country, regardless of rank or number, seriously sick and seriously injured prisoners of war, after having brought them to a condition where they can be transported.

Agreements between belligerents shall accordingly settle as soon as possible the cases of invalidity or of sickness, entailing direct repatriation, as well as the cases entailing possible hospitalization in a neutral country. While awaiting the conclusion of these agreements, belligerents may have reference to a model agreement annexed, for documentary purposes, to the present Convention.

ARTICLE 69

Upon the outbreak of hostilities, belligerents shall come to an agreement to name mixed medical commissions. These commissions shall be composed of three members, two of them belonging to a neutral country and one appointed by the detaining Power; one of the physicians of the neutral country shall preside. These mixed medical commissions shall proceed to the examination of sick or wounded prisoners and shall make all due decisions regarding them.

Decisions of these commissions shall be by majority and carried out with the least possible delay.

ARTICLE 70

Besides those who are designated by the camp physician, the following prisoners of war shall be inspected by the mixed medical Commission mentioned in Article 69, with a view to their direct repatriation or their hospitalization in a neutral country:

a) prisoners who make such a request directly of the camp physician;

b) prisoners who are presented by the agents provided for in Article 43, acting on their own initiative or at the request of the prisoners themselves;

c) prisoners who have been proposed by the Power in whose armies they have served or by an aid society duly recognized and authorized by that Power.

ARTICLE 71

Prisoners of war who are victims of accidents in connection with work, except those voluntarily injured, shall enjoy the benefit of the same provisions, as far as repatriation or possible hospitalization in a neutral country are concerned.

ARTICLE 72

Throughout the duration of hostilities and for humane considerations, belligerents may conclude agreements with a view to the direct repatriation or hospitalization in a neutral country of able-bodied prisoners of war who have undergone a long period of captivity.

ARTICLE 73

The expenses of repatriation or of transportation to a neutral country of prisoners of war shall be borne, from the frontiers of the detaining Power, by the Power in whose armies the prisoners have served.

ARTICLE 74

No repatriated person may be utilized in active military service.

SECTION II. RELEASE AND REPATRIATION UPON CESSATION OF HOSTILITIES

ARTICLE 75

When belligerents conclude a convention of armistice, they must, in principle, have appear therein stipulations regarding the repatriation of prisoners of war. If it has not been possible to insert stipulations in this regard in such convention, belligerents shall nevertheless come to an agreement in this regard as soon as possible. In any case, repatriation of prisoners shall be effected with the least possible delay after the conclusion of peace.

Prisoners of war against whom a penal prosecution might be pending for a crime or an offense of municipal law may, however, be detained until the end of the proceedings and, if necessary, until the expiration of the punishment. The same shall be true of those sentenced for a crime or offense of municipal law.

On agreement between the belligerents, commissions may be established for the purpose of searching for dispersed prisoners and assuring their repatriation.

TITLE V. DEATH OF PRISONERS OF WAR

ARTICLE 76

Wills of prisoners of war shall be received and drawn up in the same way as for soldiers of the national army.

The same rules shall be observed regarding death certificates.

Belligerents shall see that prisoners of war dying in captivity are honorably buried and that the graves bear all due information, are respected and properly maintained.

TITLE VI. RELIEF AND BUREAUS OF INFORMATION CONCERNING PRISONERS OF WAR

ARTICLE 77

Upon the outbreak of hostilities, each of the belligerent Powers, as well as the neutral Power which have received belligerents, shall institute an official information bureau for prisoners of war who are within their territory.

Within the shortest possible period, each of the belligerent Powers shall inform its information bureau of every capture of prisoners effected by its armies, giving it all the information regarding identity which it has, allowing it quickly to advise the families concerned, and informing it of the official addresses to which families may write to prisoners.

The information bureau shall immediately forward all this information to the interested Powers, through the intervention, on one hand, of the protecting Powers and, on the other, of the central agency provided for in Article 79.

It is the function of the information bureau to reply to all inquiries about prisoners of war. It shall receive from the various services concerned full information respecting internments and transfers, releases on parole, repatriations, escapes, stays in hospitals, deaths, as well as other information necessary to enable it to make out and keep up to date an individual return for each prisoner of war.

The bureau shall state in this return, in so far as is possible and subject to the provisions of Article 5: the regimental number, given names and surname, date and place of birth, rank and unit of the interested party, the given name of the father and the name of the mother, the address of the person to be advised in case of accident, wounds, date and place of capture, internment, wounding and death, as well as any other important information.

Weekly lists containing all new information likely to facilitate the identification of each prisoner shall be transmitted to the interested Powers.

At the conclusion of peace the individual return of the prisoner of war shall be delivered to the Power which he served.

The information bureau shall further be bound to receive all objects of personal use, valuables, letters, pay vouchers, identification marks, etc., which are left by prisoners of war who have been repatriated, released on parole, have escaped or died, and to transmit them to the countries interested.

ARTICLE 78

Relief societies for prisoners of war, which are properly constituted in accordance with the laws of their country and with the object of serving as the channel for charitable effort, shall receive from the belligerents, for themselves and their duly accredited agents, every facility for the efficient performance of their humane task within the bounds imposed by military necessities. Agents of these societies may be admitted to the camps for the purpose of distributing relief, as also to the halting places of repatriated prisoners, if furnished with a personal permit by the military authorities, and on giving an undertaking in writing to comply with all measures of order and police which the latter may issue.

ARTICLE 79

A central information agency for prisoners of war shall be created in a neutral country. The International Committee of the Red Cross shall propose the organization of such an agency to the interested Powers, if it considers it necessary.

The function of this agency shall be to centralize all information respecting prisoners, which it may obtain through official or private channels; it shall transmit it as quickly as possible to the country of origin of the prisoners or to the Power which they have served.

These provisions must not be interpreted as restricting the humanitarian activity of the International Committee of the Red Cross.

ARTICLE 80

Information bureaus shall enjoy the privilege of free postage on postal matter, as well as all exemptions provided in Article 38.

TITLE VII. APPLICATION OF THE CONVENTION TO CERTAIN CLASSES OF CIVILIANS

ARTICLE 81

Individuals who follow armed forces without directly belonging thereto, such as newspaper correspondents and reporters, sutlers and contractors, who fall into the enemy's hands and whom the latter thinks expedient to detain, shall be entitled to be treated as prisoners of war, provided they are in possession of a certificate from the military authorities of the armed forces which they are accompanying.

TITLE VIII. EXECUTION OF THE CONVENTION

SECTION I. GENERAL PROVISIONS

ARTICLE 82

The provisions of the present Convention must be respected by the High Contracting Parties under all circumstances.

In case, in time of war, one of the belligerents is not a party to the Convention, its provisions shall nevertheless remain in force as between the belligerents who are parties thereto.

ARTICLE 83

The High Contracting Parties reserve the right to conclude special conventions on all questions relative to prisoners of war, on which it seems to them expedient to have particular regulations.

Prisoners of war shall receive the benefit of these agreements until the completion of repatriation, except in the case of express stipulations to the contrary contained in the above-mentioned agreements or in later agreements, or also except in the case of more favorable measures taken by one or the other of the belligerent Powers respecting the prisoners which they hold.

In order to assure the reciprocal application, of the stipulations of the present Convention, and to facilitate the conclusion of the special conventions provided for above, belligerents may, upon the commencement of hostilities, authorize meetings of representatives of the respective authorities charged with the administration of prisoners of war.

ARTICLE 84

The text of the present Convention and of the special conventions provided for in the foregoing article, shall be posted, wherever possible in the native language of the prisoners of war, in places where it may be consulted by all the prisoners.

The text of these conventions shall be communicated to prisoners who find it impossible to get the information from the posted text, upon their request.

ARTICLE 85

The High Contracting Parties shall communicate to one another, through the Swiss Federal Council, the official translations of the present Convention, as well as of the laws and regulations which they may come to adopt to assure the application of the present Convention.

SECTION II. ORGANIZATION OF CONTROL

ARTICLE 86

The High Contracting Parties recognize that the regular application of the present Convention will find a guaranty in the possibility of collaboration of the protecting Powers charged with safeguarding the interests of belligerents; in this respect, the protecting Powers may, besides their diplomatic personnel, appoint delegates from among their own nationals or from among the nationals of other neutral Powers. These delegates must be subject to the approval of the belligerent near which they exercise their mission.

Representatives of the protecting Power or its accepted delegates shall be permitted to go to any place, without exception, where prisoners of war are interned. They shall have access to all places occupied by prisoners and may interview them, as a general rule without witnesses, personally or through interpreters.

Belligerents shall so far as possible facilitate the task of representatives or accepted delegates of the protecting Power. The military authorities shall be informed of their visit.

Belligerents may come to an agreement to allow persons of the same nationality as the prisoners to be permitted to take part in inspection trips.

ARTICLE 87

In case of disagreement between the belligerents as to the application of the provisions of the present Convention, the protecting Powers must, in so far as possible, lend their good offices for the purpose of settling the difference.

For this purpose, each of the protecting Powers may, in particular, suggest to the interested belligerents a meeting of representatives thereof, possibly upon a neutral territory suitably chosen. Belligerents shall be bound to accede to proposals in this sense which are made to them. The protecting Power may, if occasion arises, submit for the approval of the Powers concerned a person belonging to a neutral Power or a person delegated by the International Committee of the Red Cross, who shall be summoned to take part in this meeting.

ARTICLE 88

The foregoing provisions are not an obstacle to the humanitarian activity which the International Committee of the Red Cross may use for the protection of prisoners of war, with the consent of the interested belligerents.

SECTION III. FINAL PROVISIONS

ARTICLE 89

In the relations between Powers bound by the Hague Convention respecting the Laws and Customs of War on Land, whether it is a question of that of July 29, 1899, or that of October 18, 1907, and who participate in the present Convention, this latter shall complete Chapter II of the Regulations annexed to the said Hague Conventions.

ARTICLE 90

The present Convention, which will bear this day's date, may be signed up to February 1, 1930, on behalf of all the countries represented at the Conference which opened at Geneva July 1, 1929.

ARTICLE 91

The present Convention shall be ratified as soon as possible.

The ratifications shall be deposited at Berne.

A record of the deposit of each instrument of ratification shall be prepared, a duly certified copy of which shall be forwarded by the Swiss Federal Council to the Governments of all the countries on whose behalf the Convention has been signed or notification of adhesion made.

ARTICLE 92

The present Convention shall become effective six months after the deposit of at least two instruments of ratification.

Subsequently, it shall become effective for each High Contracting Party six months after the deposit of its instrument of ratification.

ARTICLE 93

From the date on which it becomes effective, the present Convention shall be open for adhesions given on behalf of any country in whose name this Convention was not signed.

ARTICLE 94

Adhesion shall be given by written notification addressed to the Swiss Federal Council and shall take effect six months after the date of their receipt.

The Swiss Federal Council shall communicate adhesion to the Governments of all the countries on whose behalf the Convention was signed or notification of adhesion made.

ARTICLE 95

A state of war shall give immediate effect to ratifications deposited and to adhesions notified by belligerent Powers prior to or after the outbreak of hostilities. The communication of ratifications or adhesions received from Powers at war shall be made by the Swiss Federal Council by the most rapid method.

ARTICLE 96

Each of the High Contracting Parties shall have the right to denounce the present Convention. The denunciation shall not take effect until one year after notification has been made in writing to the Swiss Federal Council. The latter shall communicate such notification to the Governments of all the High Contracting Parties.

The denunciation shall have effect only with respect to the high Contracting parties which gave notification thereof.

Moreover, such denunciation shall not take effect during a war in which the denouncing Power is involved. In this case, the present Convention shall continue in effect, beyond the period of one year, until the conclusion of peace, and, in any event, until the processes of repatriation are completed.

ARTICLE 97

A duly certified copy of the present Convention shall be deposited in the archives of the League of Nations by the Swiss Federal Council. Likewise, ratifications, adhesions and denunciations of which the Swiss Federal Council shall be notified, shall be communicated by it to the League of Nations.

In faith whereof, the Plenipotentiaries named above have signed the present Convention.

Done at Geneva, the twenty-seventh of July, one thousand nine hundred and twenty-nine, in a single copy, which shall remain in the archives of the Swiss Confederations and duly certified copies of which shall be forwarded to the Governments of all the countries invited to the Conference.

For Germany:
EDMUND RHOMBERG

For the United States of America:
ELIOT WADSWORTH
HUGH R. WILSON

For Austria:
LEITMAIER

For Belgium:
DR. DEMOLDER
J. DE RUELLE

For Bolivia:
A. CORTADELLAS

For Brasil:
RAUL DO RIO-BRANCO

For Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations:
HORACE RUMBOLD

For Canada:
W. A. RIDDELL

For Australia:
CLAUD RUSSELL

For New Zealand:
CLAUD RUSSELL

For the Union of South Africa:
SEAN LESTER

For the Irish Free State:
SEAN LESTER
For India:
CLAUD RUSSELL
For Bulgaria:
D. MIKOFF
STEPHAN N. LAPTCHIEFF
For Chile:
GUILLERMO NOVOA
D. PULGAR
For China:
C. Y. HSIAO
For Colombia:
FRANCESCO JOSE URRUTIA
For Cuba:
CARLOS DE ARMENTEROS
CARLOS BLANCO
For Denmark:
HARALD SCAVENIUS
GUSTAV RASMUSSEN
For the Dominican Republic:
CH. ACKERMANN
For Egypt:
MOHAMMED ABDEL MONEIM RIAD
For Spain:
Ad Referendum
MAURICIO LOPEZ ROBERTS Y TERRY,
Marquis de la Torrehermosa
For Estonia:
DR. LEESMENT
For Finland:
A. E. MARTOLA
For France:
H. DE MARCILLY
J. DU SAULT
For Greece:
R. RAPHAEL
S. VENISELOS
For Hungary:
PAUL DE HEVESY
For Italy:
GIOVANNI CIRAOLO
For Japan:
ISABURO YOSHIDA
S. SHIMOMURA
S. MIURA
For Latvia:
CHARLES DUZMANS
DR. OSKAR VOIT
For Luxemburg:
CH. G. VERMAIRE
For Mexico:
FRANCISCO CASTILLO NAJERA
For Nicaragua:
A. SOTTILE
For Norway:
J. IRGENS
JENS MEINICH
For The Netherlands:
W. DOUDE VAN TROOSTWIJK
DR. DIEHL
J. HARBERTS
For Persia:
ANOUCHIREVAN SEPAHEODI
For Poland:
JOZEF G. PRACKI
W. JERZY BABECKI
For Portugal:
VASCO DE QUEVEDO
F. DE CALHEIROS E. MENEZES
For Rumania:
M. B. BOERESCO
COLONEL E. VERTEJANO
For the Kingdom of the Serbs, Croats, and Slovenes:
I. CHOUMENKOVITCH
For Siam:
VARNVAIDYA
For Sweden:
K. I. WESTMAN
For Switzerland:
PAUL DINICHERT
DE LA HARPE
HAUSER
ZUBLIN
SCHINDLER
For Czechoslovakia:
ZDENEK FIERLINGER
For Turkey:
HASSAN
DR. ABDULKADIR
M. NUSRET
DR. AKIL MOUKHTAR
For Uruguay:
ALFREDO DE CASTRO
For Venezuela:
C. PARRA-PEREZ
I. M. HURTADO-MACHADO

Certified to be a true copy:
(Signed) PAUL DINICHERT,
The Chief of the Division of Foreign Affairs of the Federal Political Department.

Mr. BORAH. Mr. President, this treaty deals with the question of the treatment of prisoners of war and is an extension of the provisions which were made at The Hague some years ago. The treaty has the unanimous report of the committee.

Mr. WALSH of Montana. Mr. President, will the Senator tell us briefly just exactly what the change is?

Mr. BORAH. There are practically no changes, but there are enlarged terms and conditions. I will read a few of the provisions so as to show the Senator what they are:

Prisoners of war are in the power of the hostile power, but not of the individuals or corps who capture them.

They must at all times be humanely treated and protected, particularly against acts of violence, insults, and public curiosity.

Measures of reprisal against them are prohibited.

Prisoners of war have the right to have their person and their honor respected. Women shall be treated with all the regard due to their sex.

Prisoners retain their full civil status.

The power detaining prisoners of war is bound to provide for their maintenance.

Difference in treatment among prisoners is lawful only when it is based on the military rank, state of physical or mental health, professional qualifications, or sex of those who profit thereby.

Every prisoner of war is bound to give, if he is questioned on the subject, his true name and rank, or else his regimental number.

Mr. WALSH of Montana. I was curious to know just what additional safeguards were made for the liberty of prisoners.

Mr. BORAH. I have not in mind the terms of The Hague conference; but the treaty itself states that this is an extension of those terms. I suppose it is an amplification of these methods of treatment, and that is all.

The treaty was reported to the Senate without amendment.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the ratification of the treaty? [Putting the question.] Two-thirds of the Senators present concurring therein, the Senate advises and consents to the ratification of the treaty.

INTERNATIONAL CONVENTION FOR THE AMELIORATION OF THE CONDITION OF THE WOUNDED AND SICK OF ARMIES IN THE FIELD

The Senate, as in Committee of the Whole, proceeded to the consideration of Executive F, international convention for the amelioration of the condition of the wounded and sick of armies in the field, which was read, as follows:

To the Senate:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a certified copy of an international convention, with an English translation thereof, signed at Geneva on July 27, 1929, by the respective plenipotentiaries of the United States of America and 46 other nations, for the amelioration of the condition of the wounded and sick of armies in the field, revising the

Red Cross convention of July 6, 1906, so as to meet the need therefor as shown by experiences in the World War.

The convention has the approval of the Secretary of State, the Secretary of War, and the Secretary of the Navy, all of whom have recommended its transmission to the Senate, as appears in the accompanying report of the Secretary of State.

HERBERT HOOVER.

THE WHITE HOUSE, *December 15, 1930.*

The PRESIDENT.

Experiences in the World War made apparent the need of a revision of the convention for the amelioration of the condition of the wounded and sick of armies in the field, signed at Geneva on July 6, 1906. The initiative for such revision was taken by the tenth and eleventh international conferences of the Red Cross held in Geneva in 1921 and 1923, which suggested a series of amendments and alterations to the 1906 text. These proposed changes were brought by the Government of Switzerland to the attention of the governments parties to the 1906 convention for comments. These comments were assembled and communicated by the Swiss Government to all interested governments, to whom a formal invitation was extended by the Swiss Government to send representatives with plenary powers to a conference in Geneva in July, 1929, to negotiate a new convention.

As a result of this conference a convention revising the Red Cross convention of July 6, 1906, was signed on July 27, 1929, by the respective plenipotentiaries of the United States of America and 46 other nations represented at the conference. In the consideration of this convention the delegates of the United States in the conference were ably assisted by expert officers of the Army and of the Navy of the United States. The convention has the approval of the Secretary of War and of the Secretary of the Navy, both of whom have recommended its submission to the Senate.

The undersigned, the Secretary of State, joining in this approval and recommendation, has the honor, therefore, to lay before the President a certified copy of the said convention, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification of the convention if his judgment approve thereof.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,
Washington, December 12, 1930.

[Translation]

CONVENTION OF GENEVA OF JULY 27, 1929, FOR THE AMELIORATION OF THE CONDITION OF THE WOUNDED AND SICK OF ARMIES IN THE FIELD

The President of the German Reich, the President of the United States of America, the Federal President of the Republic of Austria, His Majesty the King of the Belgians, the President of the Republic of Bolivia, the President of the Republic of the United States of Brazil, His Majesty the King of Great Britain, Ireland, and the British Dominions Beyond the Seas, Emperor of India, His Majesty the King of the Bulgarians, the President of the Republic of Chile, the President of the Republic of China, the President of the Republic of Colombia, the President of the Republic of Cuba, His Majesty the King of Denmark and Iceland, the President of the Dominican Republic, His Majesty the King of Egypt, His Majesty the King of Spain, the President of the Republic of Estonia, the President of the Republic of Finland, the President of the French Republic, the President of the Hellenic Republic, His Serene Highness the Regent of Hungary, His Majesty the King of Italy, His Majesty the Emperor of Japan, the President of the Republic of Latvia, Her Royal Highness the Grand Duchess of Luxemburg, the President of the United States of Mexico, the President of the Republic of Nicaragua, His Majesty the King of Norway, Her Majesty the Queen of the Netherlands, His Imperial Majesty the Shah of Persia, the President of the Republic of Poland, the President of the Portuguese Republic, His Majesty the King of Rumania, His Majesty the King of the Serbs, Croats, and Slovenes, His Majesty the King of Siam, His Majesty the King of Sweden, the Swiss Federal Council, the President of the Czechoslovak Republic, the President of the Turkish Republic, the President of the Oriental Republic of Uruguay, the President of the United States of Venezuela,

equally desirous of diminishing, so far as lies within their power, the evils inseparable from war, and wishing to perfect and complete, for this purpose, the provisions agreed upon at Geneva, August 22, 1864 and July 6, 1906 to ameliorate the condition of the wounded and the sick of armies in the field,

have decided to conclude a new Convention for this purpose, and have appointed the following as their plenipotentiaries, namely:

The President of the German Reich:
His Excellency Mr. Edmund Rhomberg, Doctor of Laws, Minister, unassigned;

The President of the United States of America:
The Honorable Eliot Wadsworth, former Assistant Secretary of the Treasury,
His Excellency the Honorable Hugh R. Wilson, Envoy Extraordinary and Minister Plenipotentiary of the United States of America at Berne;

The Federal President of the Republic of Austria:
Mr. Marc Leitmaier, Doctor of Laws, Ministerial Counsellor at the Federal Chancellery, Department of Foreign Affairs;

His Majesty the King of the Belgians:
M. Paul Demolder, Surgeon General, Chief of the Medical Corps of the First Military District,
M. Joseph de Ruelle, Juris-consult of the Ministry of Foreign Affairs;

The President of the Republic of Bolivia:
His Excellency Mr. Alberto Cortadellas, Minister Resident of Bolivia at Berne;

The President of the Republic of the United States of Brazil:
His Excellency Mr. Raoul de Rio-Branco, Envoy Extraordinary and Minister Plenipotentiary of Brazil at Berne;

His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the seas, Emperor of India:
For Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations:
The Right Honorable Sir Horace Rumbold, G. C. M. G., M. V. O., Ambassador of His Britannic Majesty at Berlin;
For the Dominion of Canada:
Mr. Walter Alexander Riddell, Permanent Counselor of the Canadian Government near the League of Nations;
For the Commonwealth of Australia:
His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;
For the Dominion of New Zealand:
His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;
For the Union of South Africa:
Mr. Eric Hendrik Louw, High Commissioner of the Union of South Africa at London;
For the Irish Free State:
Mr. Sean Lester, Representative of the Irish Free State near the League of Nations;
For India:
His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;

His Majesty the King of the Bulgarians:
M. Dimitri Mikoff, Chargé d'Affaires of Bulgaria at Berne, Permanent Representative of the Bulgarian Government near the League of Nations,
M. Stéphane N. Laftchieff, Member of the Administrative Council of the Bulgarian Red Cross;

The President of the Republic of Chile:
Mr. Guillermo Novoa-Sepulvede, Colonel, Military Attaché near the Legation of Chile at Berlin,
Mr. Dario Pulgar-Arriagada, Captain in the Medical Corps;
The President of the Republic of China:
Mr. Chi Yung Hsiao, Chargé d'Affaires ad interim of China at Berne;
The President of the Republic of Colombia:
His Excellency Mr. Francisco José de Urrutia, Envoy Extraordinary and Minister Plenipotentiary of Colombia at Berne;
The President of the Republic of Cuba:
His Excellency Mr. Carlos de Armenteros y de Cardenas, Envoy Extraordinary and Minister Plenipotentiary of Cuba at Berne,
Mr. Carlos Blanco y Sanchez, Secretary of Legation, attached to the Delegation of Cuba near the League of Nations;
His Majesty the King of Denmark and Iceland for Denmark:
His Excellency Mr. Harald de Scavenius, Chamberlain, Envoy Extraordinary and Minister Plenipotentiary of Denmark in Switzerland and in the Netherlands, former Minister of Foreign Affairs,
Mr. Gustave M. Rasmussen, Chargé d'Affaires ad interim of Denmark at Berne;
The President of the Dominican Republic:
Mr. Charles Ackermann, Consul of the Dominican Republic at Geneva;
His Majesty the King of Egypt:
Mr. Mohammed Abdel Moneim Riad, Avocat au Contentieux de l'État,[1] Professor of International Law at the Military School of Cairo,
Mr. Henri Wassif Simaika, Attaché of the Royal Legation of Egypt at Rome;
His Majesty the King of Spain:
His Excellency the Marquis de la Torrehermosa, Envoy Extraordinary and Minister Plenipotentiary of Spain at Berne;
The President of the Republic of Estonia:
Mr. Hans Leesment, Doctor of Medicine, President of the Estonian Red Cross;
The President of the Republic of Finland:
Mr. A. E. Martola, Lieutenant-Colonel, Military Attaché at the Legation of Finland at Paris;
The President of the French Republic:
His Excellency Mr. Henri Chassain de Marcilly, Ambassador of France at Berne,
Mr. Jean Du Sault, Counselor of the Embassy of France at Berne;
The President of the Hellenic Republic:
Mr. Raphael Raphael, Chargé d'Affaires ad interim of Greece at Berne,
Mr. Sophocle Venizelos, Lieutenant-Colonel, Military Attaché at the Legation of Greece at Paris;
His Serene Highness the Regent of Hungary:
His Excellency Mr. Paul de Hevesy, Minister Resident, Permanent Delegate of the Royal Government near the League of Nations;
His Majesty the King of Italy:
Mr. Giovanni Ciraolo, Senator of the Kingdom;
His Majesty the Emperor of Japan:
His Excellency Mr. Isaburo Yoshida, Envoy Extraordinary and Minister Plenipotentiary of Japan at Berne,
Mr. Sadamu Shimomura, Lieutenant-Colonel,
Mr. Seizo Miura, Commander, Naval Attaché at the Embassy of Japan at Paris;
The President of the Republic of Latvia:
His Excellency Mr. Charles Duzmans, Envoy Extraordinary and Minister Plenipotentiary of Latvia near His Majesty the King of the Serbs, Croats, and Slovenes, Permanent Delegate near the League of Nations,
His Excellency Mr. Oskar Voit, Envoy Extraordinary and Minister Plenipotentiary of Latvia in Switzerland, in Germany, in Hungary, and in the Netherlands;
Her Royal Highness the Grand Duchess of Luxemburg:
M. Charles Vermaire, Consul of the Grand Duchy at Geneva;
The President of the United States of Mexico:
His Excellency Mr. Francisco Castillo Nájera, Surgeon General, Envoy Extraordinary and Minister Plenipotentiary of Mexico at Brussels;
The President of the Republic of Nicaragua:
Sr. Antoine Sottile, Doctor of Laws, Permament Delegate of Nicaragua near the League of Nations;
His Majesty the King of Norway:
His Excellency Mr. Johannes Irgens, Envoy Extraordinary and Minister Plenipotentiary of Norway at Berne, Rome, and Athens,
Mr. Jens Christian Meinich, Commandant of Infantry, Secretary General of the Norwegian Red Cross;
Her Majesty the Queen of the Netherlands:
His Excellency Mr. Eillem Isaac Doude van Troostwijk, Envoy Extraordinary and Minister Plenipotentiary of the Netherlands at Berne,
Mr. Johan Carl Diehl, Major General, Surgeon General of the Medical Corps of the Army, Vice President of the Netherlands Red Cross,
Mr. Jacob Harberts, Commandant on the General Staff, Professor at the Superior School of War;
His Imperial Majesty the Shah of Persia:
His Excellency Mr. Anouchirevan Khan Sepahbodi, Envoy Extraordinary and Minister Plenipotentiary of Persia at Berne;
The President of the Republic of Poland:
Mr. Joseph Gabriel Pracki, Surgeon Colonel,
Mr. W. Jersey Babecki, Lieutenant-Colonel;
The President of the Portuguese Republic:
His Excellency Mr. Vasco de Quevedo, Envoy Extraordinary and Minister Plenipotentiary of Portugal at Berne,
Mr. Francisco de Calheiros e Menezes, First Secretary of Legation;
His Majesty the King of Rumania:
His Excellency Mr. Michel B. Boeresco, Envoy Extraordinary and Minister Plenipotentiary of Rumania at Berne,
Mr. Eugene Vertejano, Colonel, Staff Officer;
His Majesty the King of the Serbs, Croats, and Slovenes:
His Excellency Mr. Ilija Choumenkovitch, Envoy Extraordinary and Minister Plenipotentiary of the Kingdom of the Serbs, Croats, and Slovenes, at Berne, Permanent Delegate near the League of Nations;
His Majesty the King of Siam:
His Highness, Prince Varnvaidya, Envoy Extraordinary and Minister Plenipotentiary of Siam at London;
His Majesty the King of Sweden:
His Excellency Mr. Karl Ivan Westman, Envoy Extraordinary and Minister Plenipotentiary of Sweden at Berne;
The Swiss Federal Council:
Mr. Paul Dinichert, Minister Plenipotentiary, Chief of the Division of Foreign Affairs of the Federal Political Department,
Mr. Carl Hauser, Colonel of the Sanitary Troops, Surgeon General of the Army,
Mr. Anton Züblin, Infantry Colonel unassigned, Counselor,
Mr. Roger de la Harpe, Lieutenant-Colonel of the Sanitary Troops, Surgeon,
Mr. Dietrich Schindler, Major in the Judge Advocate General's Department, Professor of International Law at the University of Zurich;

[1] Counselor of the State Legal Department.

President of the Czechoslovak Republic:

His Excellency Mr. Zdenek Fierlinger, Envoy Extraordinary and Minister Plenipotentiary of Czechoslovakia at Berne;

The President of the Turkish Republic:

His Excellency Hassan Bey, Vice President of the Grand National Assembly of Turkey, Vice President of the Turkish Red Crescent,

His Excellency Nusret Bey, President of the Council of State of the Republic,

Professor Akil Moukhtar Bey, Doctor of Medicine,

Dr. Abdulkadir Bey, Lieutenant-Colonel, Military Surgeon, Professor at the School of Application and at the Hospital of Gulhane;

The President of the Oriental Republic of Uruguay:

His Excellency Mr. Alfreda de Castro, Envoy Extraordinary and Minister Plenipotentiary of Uruguay at Berne;

The President of the Republic of the United States of Venezuela:

His Excellency Mr. Caracciolo Parra-Pérez, Envoy Extraordinary and Minister Plenipotentiary of Venezuela at Rome,

Mr. Ivan Manuel Hurtdo-Machado, a Chargé d'Affaires ad interim of Venezuela at Berne;

Who, after having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

CHAPTER I. THE WOUNDED AND SICK

ARTICLE 1

Officers, soldiers, and other persons officially attached to the armies who are wounded or sick shall be respected and protected in all circumstances; they shall be humanely treated and cared for without distinction of nationality by the belligerent in whose power they are.

A belligerent, however, when compelled to leave his wounded or sick in the hands of his adversary, shall leave with them, so far as military exigencies permit, a portion of the personnel and matériel of his sanitary service to assist in caring for them.

ARTICLE 2

Subject to the care that must be taken of them under the preceding article, the wounded and sick of an army who fall into the power of the other belligerent shall become prisoners of war, and the general rules of international law in respect to prisoners of war shall become applicable to them.

The belligerents shall remain free, however, to agree upon such clauses to the benefit of the wounded and sick prisoners as they may deem of value over and above already existing obligations.

ARTICLE 3

After every engagement, the belligerent who remains in possession of the field of battle shall take measures to search for the wounded and the dead and to protect them from robbery and ill-treatment.

A local armistice or cessation of fire to enable the removal of wounded left between the lines shall be arranged whenever circumstances permit.

ARTICLE 4

Belligerents shall mutually forward to each other as soon as possible the names of the wounded, sick and dead taken in charge or discovered by them, as well as all indications which may serve for their identification.

They shall draw up and forward to each other death certificates.

They shall collect and likewise forward to each other all objects of personal use found on the field of battle or on the dead, especially one-half of their identity plaque, the other half remaining attached to the body.

They shall see that a careful examination, if possible, medical, is made of the bodies of the dead prior to their interment or cremation, with a view to verifying their death, establishing their identity, and in order to be able to furnish a report thereon.

They shall further see that they are honorably buried and that the graves are treated with respect and may always be found again.

For this purpose, and at the outbreak of hostilities, they shall officially organize a service of graves in order to render any later exhumation possible and to make certain of the identity of bodies even though they may have been moved from grave to grave.

Upon the termination of hostilities, they shall exchange lists of graves and of dead buried in their cemeteries and elsewhere.

ARTICLE 5

The military authority may make an appeal to the charitable zeal of the inhabitants to receive and, under its supervision, to care for, the wounded or sick of the armies, granting to persons responding to such appeals special protection and certain facilities.

CHAPTER II. SANITARY FORMATIONS AND ESTABLISHMENTS

ARTICLE 6

Mobile sanitary formations, i. e., those which are intended to accompany armies in the field, and the fixed establishments belonging to the sanitary service shall be protected and respected by the belligerents.

ARTICLE 7

The protection due to sanitary formations and establishments shall cease if they are used to commit acts injurious to the enemy.

ARTICLE 8

A sanitary formation or establishment shall not be deprived of the protection accorded by Article 6 by the fact:

1. that the personnel of a formation or establishment is armed and uses its arms in self-defense or in defense of its wounded and sick;

2. that in the absence of armed hospital attendants the formation is guarded by an armed detachment or by sentinels;

3. that hand firearms or ammunition taken from the wounded and sick and not yet turned over to the proper authorities are found in the formation or establishment;

4. that there is found in the formation or establishment personnel or matériel of the veterinary service which does not integrally belong to it.

CHAPTER III. PERSONNEL

ARTICLE 9

The personnel charged exclusively with the removal, transportation, and treatment of the wounded and sick, as well as with the administration of sanitary formations, and establishments, and the chaplains attached to armies, shall be respected and protected under all circumstances. If they fall into the hands of the enemy, they shall not be treated as prisoners of war.

Military personnel which has received special instructions to be used when necessary as auxiliary attendants or litter bearers in the removal, transportation and treatment of the wounded and sick, and bearing an identification document, shall benefit by the same conditions as the permanent sanitary personnel if they are captured at the moment when they are fulfilling these functions.

ARTICLE 10

The personnel of volunteer aid societies, duly recognized and authorized by their Government, who are employed in the same functions as the personnel contemplated in Article 9, paragraph 1, are assimilated to that personnel upon condition that the said societies shall be subject to military laws and regulations.

Each High Contracting Party shall make known to the other, either in time of peace or at the opening or during the progress of hostilities, and in any case before actual employment, the names of the societies which it has authorized to render assistance, under its responsibility, in the official sanitary service of its armies.

ARTICLE 11

A recognized society of a neutral country may only lend the services of its sanitary personnel and formations to a

belligerent with the prior consent of its own Government and the authority of such belligerent.

The belligerent who has accepted such assistance shall be required to notify the enemy before making any use thereof.

ARTICLE 12

The persons described in Article 9, 10 and 11 may not be detained after they have fallen into the power of the adversary.

Unless there is an agreement to the contrary, they shall be sent back to the belligerent to whose service they are attached as soon as a way is open for their return and military exigencies permit.

While waiting to be returned, they shall continue in the exercise of their functions under the direction of the adversary; they shall be assigned preferably to the care of the wounded and sick of the belligerent to whose service they are attached.

At the time of their departure they may carry with them such effects, instruments, arms and means of transport as belong to them.

ARTICLE 13

While they remain in their power, belligerents shall secure to the personnel mentioned in Articles 9, 10 and 11, the same maintenance and quarters, pay and allowances, as to persons of corresponding rank in their own armies.

At the outbreak of hostilities the belligerents shall reach an understanding on the corresponding ranks of their sanitary personnel.

CHAPTER IV. BUILDINGS AND MATÉRIEL

ARTICLE 14

If mobile sanitary formations, whatever may be their nature, fall into the power of the adversary, they shall retain their matériel, their means of transportation, and their conducting personnel.

The competent military authority, however, shall have the right to employ them in caring for the wounded and sick; restitution shall take place in accordance with the conditions prescribed for the sanitary personnel and as far as possible at the same time.

ARTICLE 15

Buildings and matériel pertaining to fixed sanitary establishments of the army shall remain subject to the laws of war, but may not be diverted from their use so long as they are necessary for the wounded and sick.

However, commanders of troops engaged in operations may use them in case of urgent military necessity if, before such use, the wounded and sick treated there have been provided for.

ARTICLE 16

The buildings of aid societies admitted to the benefits of the Convention shall be regarded as private property.

The matériel of these societies, irrespective of its location, shall likewise be regarded as private property.

The right of requisition recognized to belligerents by the laws and customs of war shall be exercised only in case of urgent necessity and after the wounded and sick have been provided for.

CHAPTER V. SANITARY TRANSPORTS

ARTICLE 17

Vehicles equipped for sanitary evacuation travelling singly or in convoy shall be treated as mobile sanitary formations subject to the following special provisions:

A belligerent intercepting sanitary transportation vehicles, traveling either singly or in convoy, may, if required by military necessity, stop them and break up the convoy, charging himself in all cases with the care of the wounded and sick whom it contains. He may only utilize such vehicles in the sector wherein they were intercepted and exclusively for sanitary needs. When their local mission is at an end, these vehicles must be returned under the conditions stipulated in Article 14.

Military personnel assigned by competent orders for sanitary transportation purposes shall be returned under the conditions stipulated in Article 12 for sanitary personnel, and subject to the provisions of paragraph 6 of Article 18.

All means of transportation especially organized for evacuation purposes, as well as their appurtenances attached to the sanitary service, shall be returned in conformity with the provisions of Chapter IV.

Military means of transportation and their teams, other than those belonging to the sanitary service, may be captured.

The civil personnel and all means of transportation obtained by requisition shall be subject to the general rules of international law.

ARTICLE 18

Aircraft used as a means of sanitary transportation shall enjoy the protection of the Convention during such time as they are exclusively reserved for the evacuation of wounded and sick and for the transportation of sanitary personnel and matériel.

They shall be painted in white and shall bear clearly visible the distinctive sign mentioned in Article 19 alongside of the national colors on their upper and lower surfaces.

Excepting with special and express permission, a flight over the firing-line, as well as over the zone situated in front of the major medical dressing stations, and in general over any territory under the control of or occupied by the enemy shall be forbidden.

Sanitary aircraft must comply with all summons to land.

In the case of a landing thus required or made accidentally upon territory occupied by the enemy, the wounded and sick, as well as the sanitary personnel and matériel, including the aircraft, shall benefit by the provisions of the present Convention.

The pilot, mechanics, and wireless operators who have been captured shall be returned on condition of only being utilized in the sanitary service until the termination of hostilities.

CHAPTER VI. THE DISTINCTIVE SIGN

ARTICLE 19

Out of respect to Switzerland the heraldic emblem of the red cross on a white ground, formed by the reversal of the Federal colors, is continued as the emblem and distinctive sign of the sanitary service of armies.

However, for countries which already use, as a distinctive sign, in place of the red cross, the red crescent or the red lion and sun on a white field, these emblems shall likewise be recognized within the meaning of the present Convention.

ARTICLE 20

The emblem shall appear on flags and brassards, as well as upon all matériel, appertaining to the sanitary service, with the permission of the competent military authority.

ARTICLE 21

The personnel protected in virtue of the first paragraph of Article 9 and Articles 10 and 11 shall wear attached to the left arm a brassard bearing the distinctive sign, issued and stamped by a competent military authority.

The personnel mentioned in Article 9, paragraphs 1 and 2, shall be furnished with an identification paper consisting either of an inscription in their military booklet or a special document.

Persons mentioned in paragraphs 10 and 11 who do not wear military uniform shall be furnished by competent military authority with a certificate of identity containing their photograph and attesting to their sanitary status.

Identification documents must be uniform and of the same type in each army.

The sanitary personnel may in no case be deprived of their insignia nor of their own identification papers.

In case of loss they shall have the right to obtain duplicates.

ARTICLE 22

The distinctive flag of the Convention may only be displayed over the sanitary formations and establishments which the Convention provides shall be respected, and with the consent of the military authorities. In fixed establishments it shall, and in mobile formations it may, be accompanied by the national flag of the belligerent to whose service the formation or establishment is attached.

Sanitary formations which have fallen into the power of the enemy, however, shall fly no other flag than that of the Convention as long as they continue in that situation.

The belligerents, in so far as military exigencies allow, shall take such measures as may be necessary to render the distinctive emblems marking sanitary formations and establishments plainly visible to the land, air and sea forces of the enemy, with a view to preventing the possibility of any aggressive action.

ARTICLE 23

The sanitary formations of neutral countries which, under the conditions set forth in Article 11, have been authorized to render their services, shall fly with the flag of the convention, the national flag of the belligerent to which they are attached.

They shall have the right during such time as they are rendering service to a belligerent to fly their own national flag also.

The provisions of the second paragraph of the preceding article are applicable to them.

ARTICLE 24

The emblem of the red cross on a white ground and the words *Red Cross* or *Geneva Cross* may only be used, whether in time of peace or war, to protect or designate sanitary formations and establishments, the personnel and matériel protected by the Convention.

The same shall apply with respect to the emblems mentioned in the second paragraph of Article 18 for such countries as use them.

Moreover, the volunteer aid societies provided for under Article 10 may, in conformity with their national legislation, employ the distinctive emblem for their humanitarian activities in time of peace.

As an exceptional measure and with the specific authorization of one of the national Red Cross Societies, (Red Crescent, Red Lion and Sun) the use of the emblem of the Convention may be allowed in peace time to designate the location of relief stations reserved exclusively to giving free assistance to wounded or sick.

CHAPTER VII. THE APPLICATION AND EXECUTION OF THE CONVENTION

ARTICLE 25

The provisions of the present Convention shall be respected by the High Contracting Parties under all circumstances.

If, in time of war, a belligerent is not a party to the Convention, its provisions shall nevertheless remain in force as between all the belligerents who are parties to the Convention.

ARTICLE 26

It shall be the duty of the commanders-in-chief of the belligerent armies to provide for the details of execution of the foregoing articles, as well as for unforeseen cases, in accordance with the instructions of their respective Governments, and conformably to the general principles of this Convention.

ARTICLE 27

The High Contracting Parties shall take the necessary steps to acquaint their troops, and particularly the protected personnel, with the provisions of this Convention, and to make them known to the people at large.

CHAPTER VIII. THE REPRESSION OF ABUSES AND INFRACTIONS

ARTICLE 28

The Governments of the High Contracting Parties whose legislation may not now be adequate shall take or shall recommend to their legislatures such measures as may be necessary at all times:

a) to prevent the use by private persons or by societies other than those upon which this Convention confers the right thereto, of the emblem or of the name of the *Red Cross* or *Geneva Cross*, as well as any other sign or designation constituting an imitation thereof, whether for commercial or other purposes;

b) by reason of the homage rendered to Switzerland as a result of the adoption of the inverted Federal colors, to prevent the use, by private persons or by organizations, of the arms of the Swiss Confederation or of signs constituting an imitation thereof, whether as trademarks, commercial labels, or portions thereof, or in any way contrary to commercial ethics, or under conditions wounding Swiss national pride.

The prohibition mentioned in subparagraph (a) of the use of signs or designations constituting an imitation of the emblem or designation of the *Red Cross* or *Geneva Cross*, as well as the prohibition mentioned in subparagraph (b) of the use of the arms of the Swiss Confederation or signs constituting an imitation thereof, shall take effect from the time set in each act of legislation and at the latest five years after this Convention goes into effect. After such going into effect it shall be unlawful to take out a trademark or commercial label contrary to such prohibitions.

ARTICLE 29

The Governments of the High Contracting Parties whose penal laws may not be adequate, shall likewise take or recommend to their legislatures the necessary measures to repress in time of war all acts in contravention of the provisions of the Convention.

They shall communicate to one another through the Swiss Federal Council the measures taken with a view to such repression, not later than five years from the ratification of the present Convention.

ARTICLE 30

At the request of a belligerent, an investigation must be held, in such manner as shall be agreed upon by the interested parties, concerning any alleged violation of the convention; whenever such a violation is proved, the belligerents shall put an end to it and repress it as promptly as possible.

FINAL PROVISIONS

ARTICLE 31

The present Convention, which will bear the date of this day, may be signed up to February 1, 1930, on behalf of all the countries represented at the Conference which opened at Geneva on July 1, 1929, as well as by the countries not represented at the Conference which are parties to the Conventions of 1864 or of 1906.

ARTICLE 32

The present Convention shall be ratified as soon as possible.

The ratifications shall be deposited at Berne.

A record of the deposit of each instrument of ratification shall be prepared, a duly certified copy of which shall be forwarded by the Swiss Federal Council to the Governments of all the countries on whose behalf the Convention has been signed or notification of adhesion made.

ARTICLE 33

The present Convention shall become effective six months after the deposit of at least two instruments of ratification.

Subsequently, it shall become effectitve for each High Contracting Party six months after the deposit of its instrument of ratification.

ARTICLE 34

The present Convention shall replace the Conventions of August 22, 1864 and of July 6, 1906, in the relations between the High Contracting Parties.

ARTICLE 35

From the date on which it becomes effective, the present Convention shall be open for adhesions given on behalf of any country in whose name this Convention was not signed.

ARTICLE 36

Adhesions shall be given by written notification addressed to the Swiss Federal Council and shall take effect six months after the date of their receipt.

The Swiss Federal Council shall communicate adhesions to the Governments of all the countries on whose behalf the Convention was signed or notification of adhesion made.

ARTICLE 37

A state of war shall give immediate effect to ratifications deposited or adhesions notified by belligerent Powers prior to or after the outbreak of hostilities. The communication of ratifications or adhesions received from Powers at war shall be made by the Swiss Federal Council by the most rapid method.

ARTICLE 38

Each of the High Contracting Parties shall have the right to denounce the present Convention. The denunciation shall not take effect until one year after notification has been made in writing to the Swiss Federal Council. The latter shall communicate such notification to the Governments of all the High Contracting Parties.

The denunciation shall have effect only with respect to the High Contracting Party which gave notification of it.

Moreover, such denunciation shall not take effect during a war in which the denouncing Power is involved. In this case, the present Convention shall continue in effect, beyond the period of one year, until the conclusion of peace.

ARTICLE 39

A duly certified copy of the present Convention shall be deposited in the archives of the League of Nations by the Swiss Federal Council. Likewise, ratifications, adhesions, and denunciations of which the Swiss Federal Council has been notified shall be communicated by it to the League of Nations.

In faith whereof, the Plenipotentiaries named above have signed the present Convention.

Done at Geneva, the twenty-seventh of July, one thousand nine hundred and twenty-nine, in a single copy, which shall remain in the archives of the Swiss Confederation and duly certified copies of which shall be forwarded to the Governments of all the countries invited to the Conference.

For Germany:

EDMUND RHOMBERG

For the United States of America:

ELIOT WADSWORTH
HUGH R. WILSON

For Austria:

LEITMAIER

For Belgium:

DR. DEMOLDER
J. DE RUELLE

For Bolivia:

A. CORTADELLAS

For Brazil:

RAUL DO RIO-BRANCO

For Great Britain and Northern Ireland and all parts of the British Empire, which are not separate members of the League of Nations:

I declare that the signature which I affix to this Convention for Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations is given with the reservation that His Britannic Majesty interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this article may provide that the individuals, associations, firms or societies that shall, before the present Convention goes into effect, have used, the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to employ such arms or signs for the same purpose.

HORACE RUMBOLD

For Canada:

I declare that the signature which I affix to this Convention for Canada is given with the reservation that the Government of the Dominion of Canada interprets Article 28 of the Convention to mean that the legislative provisions contemplated in this article may provide that the individuals, associations, and societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to employ such arms or signs for the same purpose.

W. A. RIDDELL

For Australia:

I declare that the signature which I affix to this Convention for Australia is given with the reservation that the Government of the Commonwealth of Australia interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this article may provide that the individuals, associations, firms and societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to use such arms or signs for the same purpose.

CLAUD RUSSELL

For New Zealand:

I declare that the signature which I affix to this Convention for New Zealand is given with the reservation that the Government of New Zealand interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this Article may provide that the individuals, associations, firms or societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to use such arms or signs for the same purpose.

CLAUD RUSSELL

For South Africa:

ERIC H. LOUW

For the Irish Free State:

I declare that the signature which I affix to this convention for the Irish Free State is given with the reservation that it interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this article may provide that the individuals, associations, firms or societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to use such arms or signs for the same purpose.

SEAN LESTER

For India:

I declare that the signature which I affix to this Convention for the Government of India is given with the reservation that the Government of India interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this article may provide that the individuals, associations, firms or societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to use such arms or signs for the same purpose.

CLAUD RUSSELL

For Bulgaria:

D. MIKOFF
STEPHAN N. LAFTCHIEFF

For Chile:

GUILLERMO NOVOA
D. PULGAR

For China:

C. Y. HSIAO

For Colombia:

FRANCISCO JOSE URRUTIA

For Cuba:

CARLOS DE ARMENTEROS
CARLOS BLANCO

For Denmark:

HARALD SCAVENIUS
GUSTAV RASMUSSEN

For the Dominican Republic:
CH. ACKERMAN
For Egypt:
MOHAMMED ABDEL MONEIM RIAD
H. W. M. SIMAIKA
For Spain:
Ad Referendum
MAURICIO LOPEZ ROBERTS Y TERRY,
Marquis de la Torrehermosa
For Estonia:
DR. LEESMENT
For Finland:
A. E. MARTOLA
For France:
H. DE MARCILLY
J. DU SAULT
For Greece:
R. RAPHAEL
S. VENISELOS
For Hungary:
PAUL DE HEVESY
For Italy:
GIOVANNI CIRAOLO
For Japan:
While accepting in principle the provisions of Article 28, Japan makes reservations as to the date of enforcing the interdiction provided for under letter b of the said article. Japan understands that this interdiction does not apply to arms and signs which may have been in use or registered before it goes into effect. The delegates of Japan sign the present Convention with the above mentioned reservations.
ISABURO YOSHIDA
S. SHIMOMURA
S. MIURA
For Latvia:
CHARLES DUZMANS
DR. OSKAR VOIT
For Luxemburg:
CH. G. VERMAIRE
For Mexico:
FRANCISCO CASTILLO NAJERA
For Nicaragua:
A. SOTTILE
For Norway:
J. IRGENS
JENS MEINICH
For the Netherlands:
W. DOUDE VAN TROOSTWIJK
DR. DIEHL
J. HARBERTS
For Persia:
ANOUCHIRVAN SEPAHBODI
For Poland:
JÓSEF G. PRACKI
W. JERZY BABECKI
For Portugal:
VASCO DE QUEVEDO
F. DE CALHEIROS E MENEZES
For Rumania:
M. B. BOERRESCO
COLONEL E. VERTEJANO
For the Kingdom of the Serbs, Croats, and Slovenes:
I. CHOUMENKOVITCH
For Siam:
VARNVAIDYA
For Sweden:
K. I. WESTMAN
For Switzerland:
PAUL DINICHERT
DE LA HARPE
HAUSER
ZÜBLIN
SCHINDLER
For Czechoslovakia:
ZDENEK FIERLINGER
For Turkey:
HASSAN
DR. ABDULKADIR
N. NUSRET
DR. AKIL MOUKHTAR
For Uruguay:
ALFREDO DE CASTRO
For Venezuela:
C. PARRA-PÉREZ
I. M. HURTADO-MACHADO

Certified to be a true copy:

PAUL DINICHERT,
Chief of the Division of Foreign Affairs of the Federal Political Department.

Mr. BORAH. Mr. President, this treaty is along the same lines as the other, except that it deals with the wounded and sick instead of with prisoners.

The treaty was reported to the Senate without amendment.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the ratification of the treaty? [Putting the question.] Two-thirds of the Senators present concurring therein, the Senate advises and consents to the ratification of the treaty.

RECESS

Mr. McNARY. As in legislative session, I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 4 o'clock and 32 minutes p. m.) the Senate took a recess until to-morrow, Friday, January 8, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 7, 1932

UNITED STATES MARSHALS

James A. Stafford, of Alabama, to be United States marshal, southern district of Alabama. (He is now serving in this position under an appointment which expires January 16, 1932.)

Charles N. Hildreth, jr., of Florida, to be United States marshal, southern district of Florida. (He is now serving in this position under an appointment by the court.)

APPOINTMENTS IN THE REGULAR ARMY

To be major general

Brig. Gen. Edgar Thomas Collins, from June 1, 1932, vice Maj. Gen. John L. Hines, to be retired from active service May 31, 1932.

To be brigadier generals

Col. Julian Robert Lindsey, Cavalry, from January 1, 1932, vice Brig. Gen. Henry J. Hatch, died December 31, 1931.

Col. Perry Lester Miles, Infantry, from February 1, 1932, vice Brig. Gen. William P. Jackson, to be retired from active service January 31, 1932.

Col. Louis Meredith Nuttman, Infantry, vice Brig. Gen. Campbell King, to be appointed major general, May 1, 1932.

Col. Harry Burgess, Corps of Engineers, vice Brig. Gen. Edgar T. Collins, nominated for appointment as major general, from June 1, 1932.

Col. Robert Swerston Abernethy, Coast Artillery Corps, from October 1, 1932, vice Brig. Gen. William S. McNair, to be retired from active service September 30, 1932.

Col. Alfred Theodore Smith, Infantry, from January 1, 1933, vice Brig. Gen. Paul A. Wolf, to be retired from active service December 31, 1932.

To be Chief of Finance, with the rank of major general, for a period of four years from date of acceptance, with rank from April 23, 1932

Col. Frederick William Coleman, Finance Department, vice Maj. Gen. Roderick L. Carmichael, Chief of Finance, whose term of office expires April 22, 1932.

To be Assistant to the Chief of the Air Corps, with the rank of brigadier general, for a period of four years from date of acceptance, with rank from December 22, 1931

Lieut. Col. Oscar Westover, Air Corps, vice Brig. Gen. Benjamin D. Foulois, Assistant to the Chief of the Air Corps, appointed Chief of the Air Corps, December 22, 1931.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 7, 1932

CONSULS GENERAL

W. Roderick Dorsey to be consul general.

Emil Sauer to be consul general.

FOREIGN SERVICE OFFICER, UNCLASSIFIED, VICE CONSUL OF CAREER AND SECRETARY IN THE DIPLOMATIC SERVICE

Stephen E. Aguirre to be Foreign Service officer, unclassified, vice consul of career and secretary in the Diplomatic Service.

Overton G. Ellis to be Foreign Service officer, unclassified, vice consul of career and secretary in the Diplomatic Service.

UNITED STATES ATTORNEY

Leroy M. Sullivan to be United States attorney, district of Alaska, division No. 2.

POSTMASTERS

ALASKA

Earl T. Stannard, Latouche.

ARIZONA

Leonard D. Redfield, Benson.
Harry G. White, Glendale.
Luther Cadwell, Holbrook.
Henry M. Hall, Mesa.
Myrtle Prophet, Oatman.
George H. Staiger, Ray.
James R. Welker, Safford.
Anna M. Hall, San Simon.
Dilworth Baird, Tempe.
Lwella L. Reneer, Thatcher.
Charles G. Montgomery, Whiteriver.
Chester A. Williamson, Willcox.
Warren O. Perkins, Williams.
Alfred R. Kleindienst, Winslow.

GEORGIA

Ralph A. Waters, Alpharetta.
Lucius Hannon, Atco.
James A. Brackett, Blairsville.
Elizabeth H. Quinn, Barnesville.
Floy D. Walker, Blue Ridge.
William B. King, Bluffton.
Joseph D. Long, Bremen.
Martha C. Aultman, Byron.
Jesse S. Weathers, Cairo.
Robert H. Ridgway, Canon.
Alexander Davidson, Cleveland.
Fred Fitts, Dahlonega.
Horace T. George, Eatonton.
James H. McCowen, Forsyth.
William C. Chambers, Fort Gaines.
Charles H. Crumbley, Greensboro.
Lois Horton, Guyton.
John H. Cash, Hapeville.
Sara B. Fox, Harlem.
Joseph O. Rodgers, Homerville.
George D. Griffith, Kinderlou.
James C. Perry, Kingsland.
Vennie M. Jones, Lavonia.
Kate Harris, Leesburg.
Clifton O. Lloyd, Lindale.
Theron E. Watson, Lithonia.
Christine P. Hankinson, McDonough.
Benjamin N. Walters, Martin.
Huram R. Hancock, Maysville.
Effie Hambleton, Meigs.
Rois A. Martin, Milner.
Marcus G. Keown, Mount Berry.
Minnie P. Abt, Mount Vernon.
J. Stanley Newton, Norman Park.
May Mixon, Patterson.
Marie E. Harrell, Pearson.
Joe B. Saunders, Ringgold.
Baxter Sutton, Rochelle.
Eugene H. Wood, Roswell.
Gordon G. Ridgway, Royston.
Isaac F. Arnow, St. Marys.
Watson K. Bargeron, Sardis.
James M. Wright, Screven.
Arthur F. West, Shannon.
William V. Cobb, Smyrna.
Claude M. Proctor, Summit.
Morine Allgood, Temple.
William B. Smith, Tennille.
Halton L. Dayton, Thomaston.
Paul J. Ridgway, Toccoa.
Frank H. Moxley, Wadley.
Rebie I. Corbin, Warrenton.
Walter A. Seaman, Waycross.

HAWAII

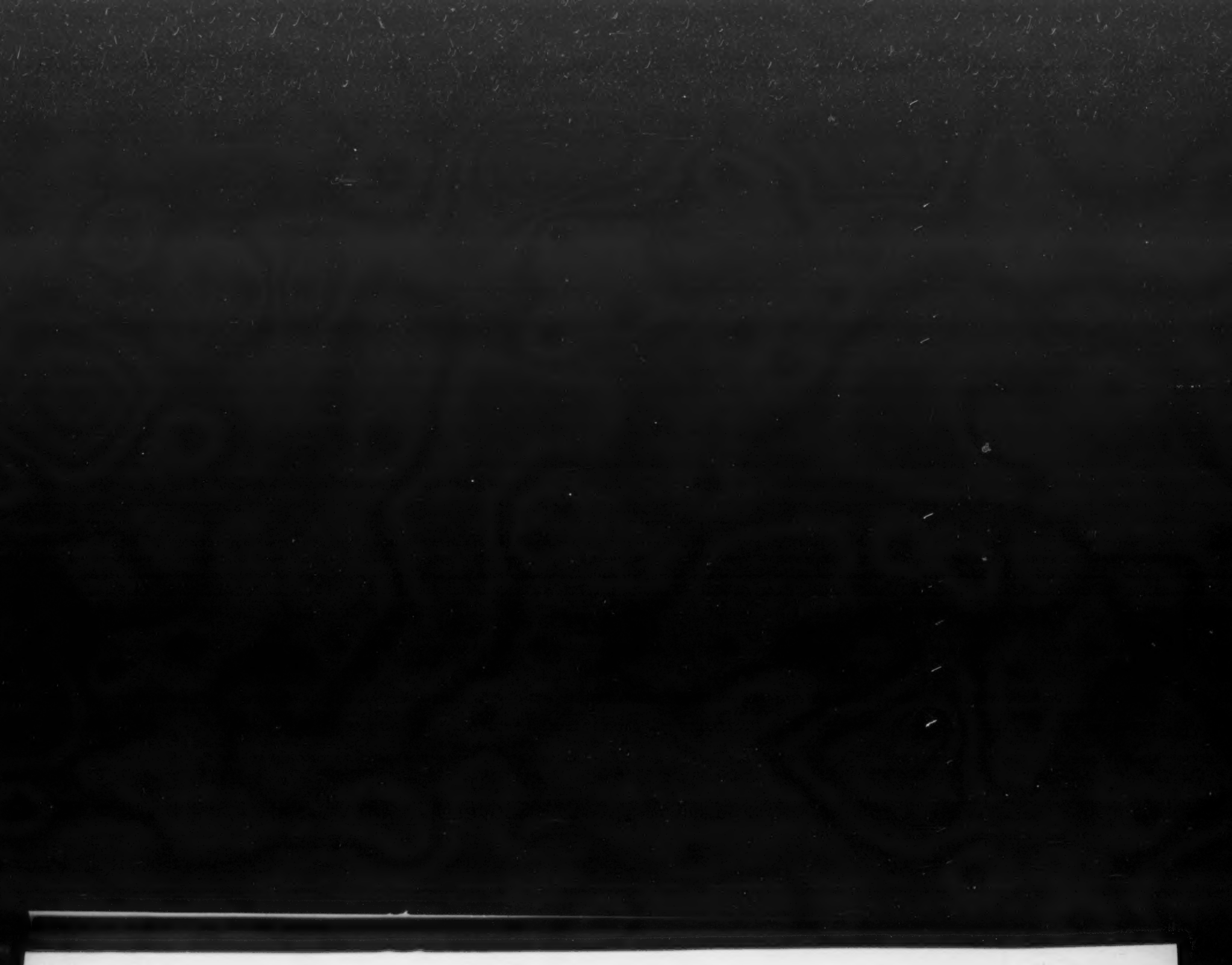
Charles S. Ishii, Kamuela.
Antone Fernandez, Kekaha.
Arthur W. Carlson, Lanai City.
Virginia S. Mathias, Waiakoa.
Antone F. Costa, Wailuku.
Louis P. Lino, Waipahu.

IDAHO

Iva F. Madden, Cascade.
Arthur D. Kelley, Challis.
Ward Evans, Craigmont.
Benjamin H. Thomas, Dubois.
Vida I. Perry, Elk City.
Herbert L. Spencer, Paris.
Carrie M. Shortlidge, Peck.

ILLINOIS

Wilbur G. Black, Aledo.
Raymond C. Moon, Annawan.
Nancy Michael, Argo.
H. Melville Potter, Ashley.
Earl W. Nichols, Assumption.
Claude I. Miller, Atlanta.
Joseph J. Janda, Berwyn.
George W. Mockmore, Camp Point.
Harold B. Hamilton, Carlock.
Charles H. Collins, Casey.
Charles V. Champion, sr., Catlin.
Richard Tyer, Cave in Rock.
Clarence Duckles, Chesterfield.
Clarence L. Kiger, Cisne.
Jessie L. Wilson, Dalton City.
William C. Lewman, Danville.
Ruby R. Remick, Earlville.
Edith M. Tuxhorn, Edwardsville.
Eldon P. Fleming, Fairfield.
William F. Temple, Fairmount.
William M. Karr, Flora.
Walter J. Fagan, Flossmoor.
William W. Ramsey, Galatia.
John J. Lord, Galva.
August F. Kietzman, Gilman.
Claire A. Harlan, Girard.
George F. Sutton, Harvey.
Earl Cory, Hazel Crest.
Ralph K. Munro, Heyworth.
George H. Bargh, Kinmundy.
Allen C. Stoltz, Lawrenceville.
Frank E. Fairlamb, Leaf River.
Fred C. Whisler, Mackinaw.
William L. Beebe, Manito.
Mode Morrison, Manteno.
William H. Blakely, Milan.





John W. Meierhofer, Minonk.
Alonzo M. Spaeth, Mount Carmel.
Henry J. Troeger, Mount Olive.
William E. Tharp, Nashville.
James H. Cawthon, Oakwood.
Lawrence P. Ready, Odell.
Wales S. Stamper, Olympia Fields.
Bernie N. Griffin, Patoka.
Ulysses S. G. Blakely, Plainfield.
Alice G. Dunbar, Prairie City.
Henry L. Haynes, Ramsey.
Florence Roseberry, Riverton.
Leverett E. Phelps, Shelbyville.
Albert L. Pickel, Springfield.
Margaret O. Wolff, Steger.
Bond B. Blackman, Stonefort.
Harold M. Lathrop, Sumner.
Herman A. Eisenmayer, Trenton.
William C. Karr, Vermont.
Ernest L. Crain, Villa Ridge.
Henry Zobel, Warsaw.
Walter W. Lesch, Washburn.
Vernon G. Keplinger, Waverly.
Lloyd R. Winn, White Hall.
Herbert Tucker, Williamsfield.
Nathan S. Doty, jr., Williamsville.

MAINE

Asa H. Hodgkins, Bar Harbor.
Ernest L. Harmon, Biddeford.
Cleveland P. Curtis, Bowdoinham.
Everett E. Brown, Brooks.
Leslie D. Ames, Camden.
Mark W. McGown, Carmel.
Fred A. Pitts, Damariscotta.
Everett M. Vannah, East Boothbay.
Sarah J. Jordan, Ellsworth Falls.
Harry B. Brown, Farmington.
John E. Sargent, Fryeburg.
Stephen H. Ward, Kennebunk Port.
George D. Vose, Kingfield.
Charles E. Perry, Kittery Point.
Walter B. Stone, Lovell.
Mary G. Kennison, Madison.
Bernice E. Morse, North Jay.
Clarice O. Small, Ridlonville.
Alice C. Havener, Searsport.
Earle R. Clifford, South Paris.
George H. Hopkins, Stockton Springs.
Frank O. Wellcome, Yarmouth.

MICHIGAN

Maurice Kenel, Ahmeek.
Roy W. Maddock, Benzonia.
Joseph L. Gotta, Bessemer.
Claud E. Ford, Caledonia.
Hilda M. Hammer, Carney.
Martin Donahue, Center Line.
Lew E. Davy, Clare.
Gladys E. Daniells, Coleman.
Robert D. Gifford, Eaton Rapids.
George H. Florian, Grand Junction.
Frank E. Darby, Kalkaska.
Arthur O. Drevdahl, Manistique.
Cornelius G. Schuur, Marne.
Kate Turner, Michigan Center.
Victor Gustafson, Nahma.
Gwendolyn E. Stockman, Oscoda.
John F. Reed, Ravenna.
Mattie D. Read, Richland.
Napoleon Valrance, Rockwood.
Theodore C. Bruning, Rogers City.
Louis A. Lowen, Roseville.

NEW HAMPSHIRE

Willard R. Heath, Concord.
Louis T. Pike, Pike.

NORTH DAKOTA

Leo Rolle, Brinsmade
James Taylor, Cando.
Martin Olsen, Devils Lake.
Earl M. Sanness, Enderlin.
Louis Hansen, Esmond.
Hugh H. Parsons, Fessenden.
Otto Gackle, Fredonia.
William D. Sinclair, Hannaford.
Clarence O. Abrahamsen, Kathryn.
Louie L. Gardner, Langdon.
Nellie E. Gagner, Lignite.
Alice Stewart, Linton.
Francis R. Cruden, McHenry.
Jens B. Dyrud, Maddock.
Albert M. Marchand, Rolla.
Ralph H. McKean, Sanborn.
Carl L. George, Searles.
Bridget A. Hennessy, Tolna.
Albert J. Drake, Westhope.

OHIO

Thomas D. Ziggafoos, Albany.
Edwin E. Foster, Amherst.
Mark E. Miller, Ashtabula.
Henry J. Snyder, Ashville.
Harold E. Simon, Barberton.
Robert O. Cady, Bay Village.
Ambrose B. Wingate, Beach City.
Ralph P. Crane, Bowling Green.
Matthew C. Morrison, Bradner.
Effie W. Mansfield, Brilliant.
Carl A. Brown, Bucyrus.
Henry A. Taylor, Cleveland.
Starling F. Trimble, Crestline.
Arthur M. Eidson, Cygnet.
Lawrence W. Hall, East Sparta.
John W. Darling, Elmore.
Robert B. Lersch, Elyria.
Florence Hilgefort, Fort Loramie.
Guy W. Reuter, Fort Recovery.
James G. Lewis, Girard.
Fred Brockmeyer, Glendale.
Charles S. Brown, Glenmont.
Bertha M. Rising, Grafton.
Edward L. Jones, Granville.
Fred B. Reed, Green Springs.
Warren H. Noble, Greenwich.
Jennie Pfeiffer, Grover Hill.
William H. Tracy, Harrison.
Wilber S. Bush, Jeffersonville.
Alpheus E. Huls, Logan.
Lincoln A. Slusser, Louisville.
Garnet E. Sharp, McArthur.
Francis M. Fletcher, McComb.
Elmyra L. Griswold, Macedonia.
Charles E. Penquite, Mason.
Harry E. Coil, Mendon.
Anna Heise, Middle Bass.
Pearl C. Brown, Middlefield.
French C. Stillings, Milford Center.
Elmer W. Armstrong, Monroeville.
Edwin S. Randolph, Newark.
Harry M. Day, New Richmond.
Albert S. Nye, New Washington.
John M. Harmon, Oakwood.
Marshall O. Brooke, Peebles.
Charles E. Morris, Philo.
Victor Ferrari, Piney Fork.
George A. Fisher, Port Clinton.
Harry A. Doerr, Portsmouth.
Lema M. Collins, Proctorville.
Clarence R. Seymour, Ravenna.
Lloyd B. Folk, Rawson.
Harry W. Hayes, Reynoldsburg.
Helen M. McGuire, Rudolph.

Fred O. Foster, Seville.
Charles M. Sauder, Smithville.
M. Margaret Searl, South Webster.
Elmer E. Weaver, Sugarcreek.
Oral H. Hilborn, Tiro.
Raymond M. Swank, Trotwood.
Karl H. Hale, Upper Sandusky.
Ralph L. Stamm, Versailles.
George P. Ewing, Vinton.
George W. Hassenier, Wapakoneta.
Robert D. Fisher, Warrensville.
Dora A. Kramer, West Alexandria.
Elva L. Gauch, West Manchester.
John A. Gatchell, Wharton.
Edward T. Siddens, Winchester.

TENNESSEE

Berry L. Morgan, Dayton.
Edgar H. Miller, Jellico.
Lee R. Griffitts, Philadelphia.

VERMONT

Mabel W. Roberts, East Poultney.
Ralph Gaul, North Bennington.
Earl R. Sheldon, Rupert.
Jessie E. Dyer, Salisbury.
George E. Carpenter, Waterbury.

UTAH

Wallace L. Holst, Brigham.
James C. Hill, Elsinore.
Will C. Barton, Garfield.
John H. Hall, Hurricane.
Alta A. Dayton, Magna.
Henry C. Jacobs, Mount Pleasant.
George G. Rosevear, Park City.
Porter A. Clark, Parowan.
Mary Cooper, Pleasant Grove.

WEST VIRGINIA

Enoch L. Ellison, Beckley.
John K. Quick, Cedar Grove.
Stewart S. Stepp, Chattaroy.
Levi Gay, Eccles.
James T. Jarrell, Edwight.
Harison G. Vicars, Fort Gay.
Harry O. Lockman, Helen.
James G. Meadows, Hinton.
Crafton S. Stidger, Littleton.
Ethel M. Zimmerman, McMechen.
Cecil H. Kirby, Minden.
Godfrey B. Beebout, New Cumberland.
Thomas C. Scott, Philippi.
George A. Brooks, Pineville.
Thomas C. Bond, Powellton.
Joseph D. Brown, Renick.
Rex Michael, Rivesville.
Ira W. Folden, Ronceverte.
Sylvester V. Riggs, St. Marys.
Emmett W. Williams, Stotesbury.
George L. Wilcoxon, Tams.
William H. Snedegar, Ward.
Willard E. Hatfield, Williamson.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 7, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

As selected servants of all the people, Heavenly Father, may we do with our might the work which has been given us to do, advancing step by step in the rugged pathway of duty, strong in purpose, resolutely fulfilled. We ask Thee to give us strength among men; may we cheer them, encourage them, to help them and give wisdom to those who lack it. Exalt all nations; make the weak strong and keep the strong from impetuous pride and domination, and show forth those signs and tokens that shall give hope to all men. O Thou who art the great Life Giver, give spiritual life to us, and may we discern more than thought can find and more than language can express. Bless us with that hope and faith which overcome and bring out of life all things sweet and pleasant. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 14. Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

THE GOLD STANDARD

Mr. LANKFORD of Virginia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the gold standard.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. LANKFORD of Virginia. Mr. Speaker, this country, like a mighty giant arising groggy and unsteady from the knockout delivered it by the great depression, is becoming dimly and vaguely conscious of the fact that one of the main troubles it has had to contend with is the rising value of the dollar, and that probably the solution of its difficulties will be in reducing the value of the dollar to somewhere near its commodity value.

Nations, States, cities, railroads, corporations of all kinds, and individuals are staggering beneath a load of debt that it is impossible to carry. With the rapid rise of the value of the dollar and the decline of commodity and all other values, it is impossible to meet these staggering obligations.

There is no possibility of bonds or obligations being reduced or canceled voluntarily, and unless the value of the dollar with which these obligations must be paid is decreased, no solution appears save universal bankruptcy, which will wipe them all out and allow us to start over again.

Certainly no one wants to contemplate such a dire remedy for existing conditions, but it seems to me that it is time for the country to give the most careful and painstaking attention to this question, and especially the holders of bonds, mortgages, and securities of all kinds, who would generally oppose any deflation in value of the dollar, for unless some relief is given they may wake up some fine morning to find their securities valueless.

The value of the dollar has risen so rapidly in the last two years that commodities which were worth $1 three years ago are now worth about 25 cents. In other words, commodity values have declined compared to the value of the gold dollar approximately 75 per cent, or the value of the dollar has risen 75 per cent. Either way it is an unhappy and unhealthy situation. This is true of real estate, cotton, wheat, tobacco, as well as of manufactured products.

Money—dollars—seems to be the only thing left that has value and in which the people have confidence. Farm products are worth next to nothing; farms and city real estate are invariably sold to the holder of the mortgage, for neither farms nor city real estate, nor commodities can compete with the dollar for the confidence of the man who has money to invest.

The result is the greatest era of hoarding in the history of the country—billions of idle capital hoarded, useless because the owners have more confidence and faith in dollars than anything they can buy with them; hence they save them and keep them out of the channels of trade where they would be beneficial to all.

The only way, therefore, it seems to me to bring them out of hiding and to put them into circulation is to decrease their value, so that they will seek investment in commodities, using this term in its broadest sense. As long as they have the high value placed on them to-day they will stay in hiding and not be exchanged for any commodity, real, personal, or mixed.

And yet it is with these same high-value dollars that the immense debts which burden States, cities, railroads, corporations, and individuals must be paid.

Business is gone, but the debts remain. All ambition, hope, enterprise is destroyed by the individual or group laboring under these impossible conditions.

Internationally what do we see? Practically every other large nation but the United States and France has abandoned the gold standard. It requires so much more of the goods, wares, and merchandise of these nations which have left the gold standard in exchange for our gold dollar that they are greatly hampered in selling to us, and our goods produced on a gold standard are so high in comparison with their commodity value that they can not buy from us.

The result may well be that our customers may soon seek other nations on a similar money standard with themselves with which to do business, and this trade, once established and connections once made, will be difficult, if not impossible, to recover.

I do not advocate abandoning the gold standard, neither do I believe in permitting the business and people of the United States to be strangled by the gold standard if such proves to be the case.

My suggestion is to reduce the value of the dollar as the only possible means by which the staggering load of debts can be paid, so that the vast amounts now in hiding will have to seek more profitable investment, and so that we in the United States can compete in foreign markets on a more equitable basis with the other nations who have abandoned the gold standard before it is too late and our foreign trade has sought other channels, and let the result be what it may to the gold standard. If it is sound and stands the strain in this time of great need, so well and good. If not, we had better seek another principle of exchange; and now that this question has reached a crisis, it is very well, it seems to me, for the leading economists of the country to study this question as never before to determine whether this is the best we can expect in our high state of enlightenment, or is there a better plan.

THE MENACE OF LOSSES FROM THE GRASSHOPPER INFESTATION

Mr. SELVIG. Mr. Speaker, I ask unanimous consent to extend my remarks on a bill introduced by myself in regard to the agricultural situation.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SELVIG. Mr. Speaker, I desire to call to the attention of my colleagues, and especially those from the Middle West, that unless very favorable weather intervenes next May and June large areas in 15 States are likely to be overrun by a very severe grasshopper infestation. I do this now in order that my colleagues may have the information which I have been able to secure in regard to this matter, and that they may have time to verify this and secure further information on this important matter.

According to Dr. A. G. Ruggles, Minnesota State entomologist, infestations of grasshoppers sufficient to "change the face of nature by turning luxuriantly growing fields into deserts" are foreseen in 1932. In his report to the Minnesota State department of agriculture Mr. Ruggles says the potential grasshopper crop for next year is now in the soil in the egg stage.

The only thing that can save us from devastating hordes of these pests in 1932—

He says—

is a cold and wet May and June. Even if we have these weather conditions the Canadian expert in this field, Norman Griddle, asserts that we in Minnesota are bound to have an excessive number of these insects.

In a survey recently completed by Federal and State entomologists the eggs of the hoppers were found to be in perfect condition for hatching next spring, even though deep snow had to be shoveled off the egg beds and the frozen soil broken with a pickax. All the States infested must be prepared to meet the emergency. Poisoned bait must be on hand in sufficient quantities to protect at least 9,898,044 acres of grasshopper-infested crop land in 1932. Applications of this bait must be started by the middle of June at the latest. Unless nature intervenes in behalf of the farmers in the infested areas $150,000 will be needed to prevent a calamitous grasshopper plague in Minnesota. The farmers in the badly infested territory have no funds with which to buy poison; Government agencies must help them. Action must be taken at once to make available necessary funds.

At a conference meeting on grasshoppers held at Sioux City, Iowa, December 5, 1931, the following estimates of the funds needed to repel this expected insect invasion of the eight States chiefly affected have been worked out by the United States Bureau of Entomology and the State authorities:

	Acreage to be protected	Cost of protection
South Dakota	4,050,381	$506,136
North Dakota	3,108,838	388,191
Minnesota	1,394,581	150,017
Iowa	672,000	100,000
Colorado	308,922	40,694
Montana	188,661	23,578
Wyoming	154,661	18,059
Oregon	20,000	5,000
Total	9,898,044	1,231,576

This it is figured will be the cost of a single application of the poisoned bait over known infested areas. As more than one application may be required in spots, Congress is requested in my bill H. R. 5117—and also S. 2509, by Senator SHIPSTEAD—to appropriate $2,000,000. If poisoning is delayed until the pests are equipped with wings, a field may be infested a second time or even more by the insects flying in from other localities. This points to the necessity of community action, and our State entomologist says there should be a law to compel cooperative effort and also to empower county commissioners to make appropriations for insect control.

Field studies of the scientists revealed that in places in the infested area there are 20 to 180 egg packets or pods to the square foot. Every pod contains 20 to 70 eggs. If all these eggs hatch next May or June, it will mean anywhere from 1,000 to 8,500 young grasshoppers per square foot. The eggs were laid for the most part along the borders of fields, by roadsides, on ditch banks and railroad rights of way, and in waste land and pastures. Only a comparatively small number are laid in loose soil in fields, and these can be disposed of by cultivation. The infestation next year will start, therefore, on the edges of fields and progress into and over the crops as the season goes on.

In Doctor Ruggles's report on the Minnesota infestation (from letter to C. G. SELVIG, dated October 31, 1931) he states:

The most badly infested parts of Minnesota last year were Kittson and Marshall Counties. Other counties infested were Polk, Norman, Clay, Wilkin, Otter Tail, Roseau, Pennington, Wadena, Stearns, and Hennepin. In all of these counties the State helped out in buying and distributing without cost to the farmers the poison bran mash.

In a survey recently made by a number of our men we have found that the eggs for next year's crop have been laid in great abundance. In some of the most badly infested areas last summer we found anywhere from 25 to 150 grasshopper egg pods to the square foot. If all eggs hatched, it would mean 750 to 5,000 hoppers to the square foot in that particular area.

The number of these that will hatch will depend entirely upon the kind of weather we have next May and June during the regular hatching season. If the weather is favorable, like it was last spring and a year ago, practically all of these eggs will hatch. If, on the other hand, we have cold rains or rains long continued during the hatching season, thousands of the young hoppers will be killed.

As far as we can find, the winter conditions will have no effect on the eggs already in the soil. My prediction is that in spite of the worst winter conditions for the insects, there will be a plentiful supply of grasshoppers this coming season.

I sincerely trust that the coming Congress will appropriate money for buying materials for the poison bran mash. I know that the United States Department of Agriculture in Washington is getting ready for the emergency, as we have just been cooperating with them on the grasshopper-egg survey in the part of the country that I have already mentioned to you.

At the conference recently held at Sioux City, the entomologists present agreed upon the following commercially prepared poison bait for grasshoppers:

	Pounds
Coarse wheat bran free from shorts	80
Hot blackstrap molasses (cane)	15
White arsenic	5

To the above, 9 to 10 gallons of water are to be added and 3 ounces of amyl acetate. The white arsenic should be crude, finely divided, and contain 96 or 97 per cent arsenic trioxide. After further discussion it was decided to have Doctor Larrimer, of the United States Department of Agriculture, specify requirements of white arsenic that should be used. It was recommended that the prepared bait be put up in 100-pound bags. It was further recommended that the bait be manufactured under the supervision of a capable Federal chemist and that samples of the bait be analyzed periodically. The bait should be shipped as grasshopper bran, with poison labels, in separate packages, to avoid high freight rates. The conference went on record as condemning the artificial use of any fungus disease for the purpose of killing off grasshoppers on the grounds that such control is not effective.

I am taking the liberty of presenting this data to my colleagues in the House, as it appears these eight States and several others face a serious situation, unless the weather conditions during next May and June come to our rescue.

EXTENSION OF REMARKS

Mr. ALLEN. Mr. Speaker, I ask unanimous consent to insert in the RECORD some telegrams from constituents of mine in Illinois asking the Congress to take immediate steps favorable to the recommendation of the President in his message of January 4.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. UNDERHILL. Mr. Speaker, I object.

PROPOSED CONSTITUTIONAL AMENDMENT FIXING THE COMMENCEMENT OF THE TERMS OF PRESIDENT AND VICE PRESIDENT AND MEMBERS OF CONGRESS AND FIXING THE TIME OF THE ASSEMBLY OF CONGRESS

Mr. LAGUARDIA. Mr. Speaker, may I propound a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. There has just been messaged from the other body a joint resolution seeking an amendment to the Constitution, commonly known as the "lame-duck" amendment. I desire to inquire to what committee that resolution will probably be referred by the Speaker?

The SPEAKER. The practice for the last 10 years in the consideration of this and similar resolutions has been to refer such resolutions to the Committee on Election of President, Vice President, and Representatives in Congress. Similar resolutions have been introduced by Members of the House at this session, and such resolutions have been referred to that committee.

The Senate, however, refers such resolutions to the Committee on the Judiciary.

In the opinion of the Chair, inasmuch as it has been the practice for the past 10 years to refer such resolutions to the Committee on Election of President, Vice President, and Representatives in Congress, the Chair thinks the resolution should go to that committee.

Mr. LAGUARDIA. Does the Speaker think that under the rules it should go to that committee?

The SPEAKER. Under the precedents it would go to the Committee on Election of President, Vice President, and Representatives in Congress.

Mr. LAGUARDIA. May we hope that the gentleman from Georgia [Mr. RUTHERFORD] can get some action on that real soon?

Mr. RUTHERFORD. Yes. It will be taken up promptly.

PUBLIC QUESTIONS

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent to extend my remarks by incorporating some remarks of my colleague [Mr. CROWE] made at a dinner in his home city.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, my colleague, EUGENE B. CROWE, representing the third Indiana district, was recently tendered a testimonial dinner by his friends and constituents of his home city of Bedford, Ind. This was upon the occasion of his departure to assume his duties at the convening of the Seventy-second Congress. His friends paid many generous tributes to the high qualities of Mr. CROWE as a neighbor and citizen.

Upon that occasion Mr. CROWE responded in an address in which he outlines his views upon public questions, and I am extending his address in the RECORD:

Mr. Chairman and friends, I would have a heart of stone if I would not be moved by this wonderful assemblage of people from my home, my county, and my district, and by their genuine expressions of respect and esteem for me.

This overflow meeting of friends of mine who put on the "good-will dinner," where more than 400 were served with dispatch by the Ludeon Society of the First Christian Church with such splendid, wholesome food, causes my heart to swell with emotion and fills me with thankfulness and gratitude.

This wonderful gathering of hundreds of my fellow townsmen to this dinner and to the many more here who were unable to be fed because there was no more seating room. Such an outpouring of Democrats and Republicans, joined here unselfishly and without regard to political affiliations to pay me honor on the eve of my departure for Washington to take up my duties in Congress, which is the high spot of my life, causes me more and more to realize the high responsibility now resting on my shoulders, and accordingly I covet your help and your guidance during my term of office.

Many fine things have been said of me here this evening. I am grateful and thankful for them all. This meeting, being composed of those from all parties, being a spontaneous gathering of those near me and those I have learned to love, is why I have addressed you as friends.

My office is open to you; I am at your command. My very competent secretaries are doing and will continue to do all possible for the people of this district. I have adopted the policy of keeping my Washington office open continually so that anything needing to be done in Washington, even when Congress is in recess, can be cared for, accordingly, my secretary, Mr. Hewitt J. Wolfe, has been placed in charge, and my office is open every week day throughout the year. My other secretary, Capt. Roy Huckleberry, has been busily engaged throughout the year in the district, working tirelessly and unselfishly for the interests of my constituents.

As for myself, I have given every possible moment to the needs of my constituents. I desire to serve all irrespective, and the most humble in my district will be given the best of attention.

I have grouped some points which I desire to offer you for consideration, and they are things which I shall stand for. That I may not be misunderstood or misquoted I will read from manuscript, and I have given copies of same to the press, and they are as follows:

1. UNEMPLOYMENT

I consider the unemployment situation the paramount issue in our country to-day. I shall do everything in my power to assist in restoring the country to normal business conditions.

2. TARIFF

When the time arrives I will stand for a lowering of the tariff. I believe a great part of our loss of foreign trade is caused by a resentment of our Hawley-Smoot tariff and because of it other nations are setting up tariff barriers in retaliation.

This condition has been the cause of the loss of most of our foreign trade and has tended to augment our unemployment, which is widespread and reaching alarming proportions.

I do not believe the war, which ended 13 years ago, caused or is responsible for our troubles to-day. I am not one who professes to believe that.

I know of no labor organization nor laboring man who demanded this tariff. Labor was already protected, as it must be. I know of no farmer, small business man, nor tradesman who demanded this tariff. I am forced to the conclusion that the beneficiaries were the special interests who demanded this high tariff and got what they wanted.

3. UTILITIES

I propose to stand for utility legislation to protect the people from the encroachments of the powerful utilities and power combines. In these days of stress when nearly all commodities have made rapid declines, utilities continue at the old rates obtained during the inflation following the war. I propose to lend my support and vote to reduce costs of service rendered by utilities in keeping with other necessities and commodities. I stand with Senator NORRIS, of Nebraska, and Gov. Franklin D. Roosevelt, of New York, and other Progressives of many sections of the country, including the West and Middle West.

4. INCOME TAX

I believe that an increase of income tax in the higher brackets is the proper method of relieving the tax burden and Treasury deficit. A sale tax would put an increased burden on the small tradesman, who is already overburdened, which would force countless thousands into bankruptcy. In addition to this a great amount of this burden would be passed on to the laboring man, who is already penniless. I shall vote for an increase in tax for those who have, "the protected special interest class." I am positively against the sales tax. I shall do everything right and reasonable in my power to bring about a more equal distribution of wealth.

5. FARMER

I do not believe this country will return to prosperity until the farmer is relieved of his heavy burdens and there is greater equality between what he has to sell and what he has to buy. I shall stand for any legislation which I believe will aid the farmer.

6. VETERANS

I have inaugurated a service in my district which is new and, as I know, is without precedent.

I have selected for one of my secretaries Capt. Roy Huckleberry, of Salem, Washington County, Ind., who goes from county to county rendering service to ex-service men and their dependents. This service applies not only to veterans of the World War but to veterans of the Mexican border, Spanish-American, and to the thinning ranks of Civil War veterans and their dependents, to those of any and all wars—soldiers, sailors, and marines. I shall favor more adequate hospitalization for veterans. I am opposed to any interest charge to veterans who have borrowed on their adjusted-compensation certificates. The money is theirs. They should not pay interest on their own money.

7. LABOR

I believe the greatest service I can perform is relief of unemployment, providing work to be done—make jobs. Those who are able, who have work to be done, do it now. I believe this country should be so organized that every man who desires to work could have work at more than a living wage. It is said that this country emerges from each panic or depression stronger than before, yet this depression is said to be the worst of all depressions since the founding of our Government. That being true, something is fundamentally wrong. There should be brains enough in this country to make it panic proof. Our system of centralization of wealth aids in making our panics more devastating. I believe a bond issue at this time of from $2,000,000,000 to $5,000,000,000 would bring money out of hiding from those who are frightened, spend it for Federal road building, public improvement, etc., and this would, I believe, break the back of this depression or panic.

8. LIMESTONE

I expect to foster the use of Indiana limestone whenever I can, and my office will be open to any and all limestone companies at all time. I am interested in Indiana limestone, not individual companies, but as a whole, including the entire belt, and from the least company to the greatest, they can count on my individual support. In serving them I serve my town, my county, my district, and my State.

9. MORATORIUM

There has been much discussion and publicity given the moratorium, or debt extension, which was accorded the European nations who borrowed money from us during the World War, and also concerning the reparations owing by Germany to other nations, and an extension of time of one year has been accorded them. I am not opposed to this extension for one year, if it will in any way aid in restoring prosperity. I am, however, opposed to further extension of the moratorium beyond one year, if and unless: First, that those nations should be found to be entirely unable to pay, and, second, that the nations of Europe forego any further armaments expenditures during the time of the moratorium.

I am and shall continue to be forever opposed to any further cancellation of any European debts to the United States. While I extend to them my sympathies, I always believe in that old writing which says: "He that cares not for his own household has denied the faith and is worse than an infidel." I am thinking of our own countrymen. Our conditions at home are thus: Our Government last year lacked $1,000,000,000 in round figures of balancing their Budget. This year they will lack $2,000,000,000. We need these several hundred million dollars that are due us from Europe to pay on our bills and help to relieve our farmers, merchants, and laboring men of some of their heavy tax burdens.

If a moratorium is in order for European countries, why not a moratorium for our farmers, who are losing their farms to the Government by the foreclosing of Federal farm banks? Why not have a moratorium for the farmers of the drought-stricken area, who were given loans last spring to put in a crop; and now that they have raised that crop, they are compelled to sell it at to-day's market prices? They are unable and do not have enough to sell to pay the loans. Let's give them a chance to benefit by a higher market. What our farmers need more than credit is a market at a living price.

To make myself plain, I can not and will not stand for measures which will further enhance and fill the coffers of our privileged class while the man in whatever line he follows, whether it be cleaning the streets, clerking in the store, working in a mill, farming, or whatever his calling may be, I am for what is known as the under dog.

EXTENSION OF REMARKS

Mr. TARVER. Mr. Speaker, I ask unanimous consent to have printed in the RECORD as an extension of my remarks a portion of the report of the Social Service Commission of the Georgia Baptist Convention, representing 400,000 citizens of my State.

Mr. UNDERHILL. Reserving the right to object, following my usual procedure in all other cases, I shall have to object to this.

Mr. TARVER. Will the gentleman reserve his objection for a moment?

Mr. UNDERHILL. Yes. I will reserve it.

Mr. TARVER. I do not think the gentleman's usual procedure has been to object to publication in the RECORD of matter of this character. This is a report from a great church, representing almost a half million people, touching some of the most important social problems of the day. I had not understood it was the gentleman's purpose to keep matter of that character out of the RECORD.

Mr. UNDERHILL. Still further reserving the right to object, the gentleman proposes to object to the insertion of all matters that have no immediate connection with Government activities. The gentleman does not object to insertion of remarks of Members, no matter where they may be made, here or elsewhere.

Mr. TARVER. May I state that the report in question has reference to pending Government questions of great importance. For example, the question of national prohibition and the advisability of its modification or not.

Mr. UNDERHILL. I do not think the RECORD is any place to carry on a debate on prohibition, Mr. Speaker, and I object.

The SPEAKER. Objection is heard.

PETITION OF THE JOBLESS

Mr. KELLY of Pennsylvania. Mr. Speaker, I ask unanimous consent to proceed for one minute out of order.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. KELLY]?

There was no objection.

Mr. KELLY of Pennsylvania. Mr. Speaker, under the Constitution of the United States every American and every assembly of Americans has the right peaceably to assemble and present petitions to the Congress of the United States. I have just come from a gathering where many thousands of American citizens marching under the American banner presented a resolution to be placed before the House of Representatives. The leader, Father James R. Cox, pastor of Old St. Patrick's Church in Pittsburgh, led the great gathering in pledging allegiance to the flag of the United States. He is a kindly priest and a brave warrior. He served in the World War on behalf of justice and democracy and is serving in peace with exactly the same purpose in view. The men he leads ask only for a chance to live as honest men should live, earning a livelihood for themselves and their families by the toil of hand and brain.

Mr. Speaker, I present this petition and ask unanimous consent that it may be read by the Clerk.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. KELLY]?

There was no objection.

The Clerk read as follows:

Whereas in this land of ours, the United States of America, the soil is rich, the earth is bursting with abundance, the bins are filled with grain, the storehouses are laden with goods, the shelves are overflowing with merchandise, the vaults are stacked with bars of gold, and the very channels of trade are choked by

the undistributed surplus of the products of mill and mine and farm; and

Whereas at the same time eleven millions of men and women offer their brawn and brain to the masters of work, but in vain; and

Whereas these men and women, having exhausted their meager resources, with strength wasted, their bodies ravished by slow starvation, their spirits broken by despair, now lack shelter, are exposed to the cold, the rain, and the snow, and stand hungry in bread lines—mute symbols of an economic order out of joint; and

Whereas their children, undernourished, deprived of milk, often without shoes and without winter clothing, their development arrested, and their growth stunted, are prey to the blighting diseases of malnutrition; and

Whereas evictions abound, families break up, and the foundation of ordered society is being undermined; and

Whereas the colossal wealth of these United States has been gathered into the hands of but a few, who own or control not only industry but the natural treasures of the earth—coal and oil, copper and iron, and even the power generated by the fall of waters; and

Whereas the individual merchant and artisan are being driven from the market place, from behind the counter, and the work bench by huge organizations which add unit on unit to their endless chains; and

Whereas a handful of men in control of vast wealth are strengthening their hold upon the governments of the States and of the Nation and evermore directing the course of legislation; and

Whereas fearing that liberty and equality will perish in this land, that free men will be replaced by wage slaves, that monopolistic trusts will rule this country, and that these intolerable hardships will breed bloody uprisings and arouse armed revolts, the people of these United States are determined to reconsecrate this country to a true democracy, where every person, poor or rich, shall have an equal opportunity to work and to earn a decent livelihood, so that all may attain a standard of life which will assure individual contentment and a peaceful society: Now, therefore, be it

Resolved by the army of jobless marching under the leadership of Father Cox—

First. That Congress appropriate $5,000,000,000, to be raised by the issue and sale of bonds and to be expended for the creation of work in public construction, including highways, public buildings, hospitals in rural districts, reforestation, flood control, and water-power conservation.

Second. That Congress immediately appropriate to the several States and municipalities, according to their need and number of unemployed, sufficient sums of money to be distributed, through agencies now functioning, for the purpose of providing food, clothing, and shelter to the needy and hungry who are out of work.

Third. That Congress appropriate sufficient sums of money for loans to reestablish the farmer, the backbone of a free nation.

Fourth. That the money for these appropriations be raised by the increase, up to 60 per cent, of the surtaxes on large incomes, effective on incomes earned in the year 1931; by the immediate raising of the Federal inheritance taxes on large estates up to 70 per cent; and by the levying of a large gift tax to prevent the evasion of the inheritance taxes, an evil now so flagrantly practiced. And be it further

Resolved, That a copy of this resolution be delivered by the Rev. Father James R. Cox to the President of the United States, to the Vice President, as Presiding Officer of the Senate, and to the Speaker of the House.

Rev. JAMES R. COX.

ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, there is nothing ready for the House to-day from the committees, and at present it is my purpose to move to adjourn in order to give the committees an opportunity to complete their work as rapidly as possible.

Mr. SNELL. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. SNELL. I appreciate the fact that under the conditions there is probably nothing better to do than to adjourn at the present time, but I want to call the attention of the majority to the fact that we are waiting on them to present the reconstruction program to Congress. We all appreciate the great importance to the country of getting this program out. The business world to-day is waiting breathlessly for some constructive program from Congress which will help the situation, and I hope such a program will not be delayed any longer than possible. I believe that if the business world can understand that the Government is squarely behind it, business conditions will improve immediately, so I hope we may have that program brought to us for consideration as quickly as possible. [Applause.]

Mr. RAINEY. I agree with the gentleman.

Mr. STEAGALL. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. STEAGALL. I will say to the gentleman from New York that the Committee on Banking and Currency of the House has been working with utmost diligence and unusual haste in the consideration of the legislation to which the gentleman refers, and while a number of gentlemen interested in the legislation and favorable to it are still asking to be heard further before our committee, it is our hope and reasonable expectation that we shall be able to begin to-day the consideration of the bill for amendment, and we hope to conclude it to-morrow. [Applause.]

Mr. SNELL. I appreciate the situation, and if the Democratic majority would use the same haste in connection with the reconstruction program it has used in preparing the tariff measure it would be better for the interests of the whole country.

Mr. STEAGALL. I will not make the answer to the gentleman that naturally occurs to me, but I will say to the gentleman that his statement and the precipitation of that sort of discussion is not calculated to hasten the completion of efforts to facilitate the reconstruction corporation legislation. [Applause.]

Mr. CRISP. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. CRISP. I want to say to my friend from New York that I thoroughly agree with him that it is of the greatest importance to bring out this reconstruction bill, but I do want to say to my friend that the Democrats who now control the House have acted with great expedition on public matters. Congress did not convene until the 7th of December. It took over a week for the two parties to prepare the committees, and what has been done in the House? We have passed the President's moratorium bill, which he said was a part of his reconstruction stabilizing program.

Mr. SNELL. I appreciate that and am pleased that we have done it.

Mr. CRISP. We have also passed the President's proposed plan for aiding the Federal land banks in just this short time. We have passed two general deficiency appropriation bills and three important bills dealing with the fiscal relations of the United States and the District of Columbia. We have disposed of these important matters and will shortly dispose of the tariff matter, and to-day the Ways and Means Committee agreed to start hearings at 10 o'clock next Wednesday morning on a tax plan to balance the Budget. [Applause.]

We are cooperating in every way possible and we are trying to expedite matters. I am just as anxious as the gentleman or anyone else to have the reconstruction program come up.

Mr. SNELL. And I am thankful for what you have done.

Mr. CRISP. We have been very diligent and very prompt in disposing of public matters.

Mr. SNELL. I am thankful for what you have done so far and for the good of the country I want you to continue.

Mr. POU. Mr. Speaker, I would like to call the attention of my friend from New York to the fact that these conditions have been known for months. [Applause.] Why, in God's name, did not the President see fit to call us together a little while in advance? If he had done this, the plan would be on the statute books now.

Mr. SNELL. If there were need for calling the Congress in session earlier, there is all the more need now for quick action.

Mr. UNDERHILL. Mr. Speaker, will the gentleman from Illinois yield to me?

Mr. RAINEY. I yield.

Mr. UNDERHILL. May I say to the gentleman from North Carolina [Mr. POU] we want to be fair in this matter? If the President had called us together earlier or a short time before the present session began, we might have disposed of these matters; but it is also true that if we had stayed in session for the nine days during which we had an adjournment for the Christmas holidays, we could also have passed it.

Mr. BLANTON. That has always been done.

Mr. UNDERHILL. It does not make any difference whether it has always been done or not, that is the fact.

Mr. LOZIER. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. LOZIER. I was on my feet seeking recognition when the gentleman from Illinois yielded to the gentleman from North Carolina [Mr. POU], who took out of my mouth the words I intended to say and as was to be expected, he made a much better statement than I could hope to present. But I will supplement his remarks by saying to the gentleman from New York [Mr. SNELL] that it does not lie in the mouth of President Hoover or the Republican Party to complain that a Democratic Congress is not acting with expedition in passing relief legislation. The President must have known, and the gentleman from New York and his party leaders must have known six months ago that this unprecedented depression and economic distress was nationwide, and that conditions were rapidly growing worse, but with a contempt for the legislative branch of the Government, and seemingly indifferent to the appeals of millions and unwilling or unable to act, the President stood mute and helpless, while economic conditions were cracking from ocean to ocean and fortunes were being dissipated like frost before the uprising sun. This great superman waited until Congress assembled in regular session as provided by the Constitution. After months of inaction the President sees a great light and suddenly gets in a big hurry to have relief measures passed.

This is another illustration of the contempt in which the bureaucratic classes hold the American Congress. They do not realize that our Constitution, Government, and institutions are built around Congress and not around the President. Ours is a congressional form of government. It was so designed by our constitutional fathers and so provided in our organic laws. Nowhere in our scheme of government can you find even a faint suggestion that ours is a government by the President or Executive authority and not a government by the Congress. Nowhere in the Constitution can you find a line intimating that the President shall frame our laws or determine our national policies. That is essentially a prerogative of the Congress. The President may recommend legislation, but Congress alone can enact laws and establish national policies. The President proposes, but under our system of constitutional government the Congress disposes.

I will say to the gentleman from New York that if his President and his party had shown the proper foresight and interest in remedying the economic distress of the Nation he would months ago have called into extra session the only body we have in America that can pass relief measures. [Applause.]

Mr. RAINEY rose.

Mr. HORR. Will the gentleman answer a question, please? Is it not a fact that if we had organized six months ago the Republicans would have had control?

Mr. RAINEY. Mr. Speaker, I do not yield further. The tariff bill we expect to have ready for consideration in the House to-morrow, and in order that committees may have this afternoon to go ahead with the important work in which they are engaged, I propose to move to adjourn after submitting a request.

Mr. Speaker, I ask unanimous consent that the chairman of the Ways and Means Committee may have until 12 o'clock to-night to submit a report on the tariff bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. SABATH. Mr. Speaker, reserving the right to object, as I understand, the gentleman proposes that we adjourn to-day at this time for the purpose of giving the various committees that have before them these important measures time and opportunity to go into session immediately to act upon them so that they may report the measures very promptly.

Mr. RAINEY. The gentleman has expressed better than I can my purpose at the present time.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, may I ask the gentleman if it is his plan to take the bill up to-morrow under the 5-minute rule or whether it will go over until Saturday?

Mr. RAINEY. We hope to take it up for consideration. It is a short bill, and when we get under the 5-minute rule, we can speedily dispose of it; but if there is any prolonged discussion of the bill, we expect to continue its consideration.

Mr. LAGUARDIA. The bill is subject to amendment on the floor?

Mr. RAINEY. Yes.

Mr. MICHENER. Reserving the right to object, Mr. Speaker, when will the bill be printed so that we may know what it is?

Mr. RAINEY. Just as soon as we can report it out.

Mr. MICHENER. And it will be reported out to-night?

Mr. RAINEY. I have asked that the chairman may have until 12 o'clock to-night.

Mr. MICHENER. When will we get the printed hearings?

Mr. RAINEY. We hope to have them available to-morrow, but, of course, I can not tell definitely about that.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THOMAS A. EDISON AND THE ELECTRICAL INDUSTRY

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating an address of our colleague, Hon. CHARLES A. EATON, of New Jersey, delivered before the Electrical Club of Louisville, Ky., on November 17, 1931, on the subject of "Thomas A. Edison and the Electrical Industry."

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. THATCHER. Mr. Speaker and Members of the House, on the evening of November 17 last, in my home city of Louisville, our distinguished and able colleague, Hon. CHARLES A. EATON, of New Jersey, delivered a splendid address upon the subject of "Thomas A. Edison and the Electrical Industry." Under leave granted me therefor, I am incorporating this address in the RECORD.

The address is as follows:

Thomas A. Edison was born in Milan, Ohio, February 11, 1847. He died at his home in Llewellyn Park, N. J., at 3.24 o'clock on the morning of October 18, 1931. Tributes to his greatness as a man and his immeasurable service to his fellows poured into his home from every part of the world and from every walk of life. President Hoover summed up his work as "a precious asset to the whole world." Marconi called him "one of the world's greatest benefactors." Henry Ford, his life-long friend, said that "Edison has changed the face of the world in his lifetime, and everything he had achieved was beneficial to mankind." In the language of Nikola Tesla, "Edison was the most successful and probably the last exponent of the purely empirical method of investigation. He achieved his almost miraculous results by persistent trials and experiments." The New York Times, in a remarkable editorial, referred to Mr. Edison as "the wondersmith of the world, the universal lamplighter who set men and women to new work, transformed the world in a generation, and who will live forever in sound, light, and electric power."

It is recorded that in his early childhood Edison was so dull a pupil in school that his teacher described him as "addled." At the age of 10, aided by his mother, he began to work with chemicals in the basement of his modest home. He had a wonderful mother and an even more wonderful wife, who probably kept him alive for many years by her wise care, in spite of his absolute disregard of every rule of health, in his passion for work.

At the age of 12 or 13 we find the boy peddling newspapers on the Grank Trunk Railroad between Port Huron and Detroit. Already his active mind far outran his duties as a newsboy. He set up in the baggage car a chemical laboratory. He bought a printing press and edited, printed, and distributed a weekly newspaper which reached a circulation of around 400. One day some of his chemicals exploded and set fire to the car. The outraged conductor boxed Edison's ears and threw him and his chemicals off the train. There is a tradition that this rough treatment at the hands of the irate conductor was the beginning of Edison's deafness.

About that time a kindly station agent, the life of whose child Edison had saved, taught him telegraphy, in which he soon became amazingly expert. Using his skill as a telegrapher as a means of livelihood, he began wandering about the country, all the time carrying on experiments in chemistry and electricity on

the side. He lost one job as a telegrapher in a characteristic manner. There was a ruling that each operator every half hour had to tap out a signal to show that he was awake and present at his post. Edison invented a machine with a notched wheel and left it to tap out his half-hour signal while he attended to his experiments. The machine worked with such precision that it aroused the suspicions of his superiors and he lost his job.

At the age of 22 Edison was in New York in the telegraph office of the stock exchange. One day the ticker service broke down. Everybody failed who tried to repair it. Then young Edison took charge, had it running perfectly in a short time, and was immediately hired at $300 a month. This marked the beginning of his amazing rise to fame and fortune. In a short time he invented a special ticker which he sold for $50,000. From that time on his inventions were given to the world on an average of one every two weeks for 52 years. He had issued to himself more than 1,500 patents.

In 1928 he received the congressional gold medal. His contributions to the welfare of mankind at that time were estimated as worth in money more than fifteen and one-half billions of dollars. Caring little or nothing for money himself, he never became a very rich man.

Among his outstanding inventions are listed the sixfold transmission system for telegraphy, the carbon telephone transmitter, a machine for measuring smallest changes in temperature, the megaphone, the phonograph, the alkaline storage battery, the magnetic ore separator; the electric trolley car. Of these inventions, it is said the phonograph sold for a million dollars. In 1891 he invented the motion-picture machine. On the day of his funeral it was announced that his experiments for the production of rubber from goldenrod had been successful.

It is an interesting fact that among the first electrical inventions of Edison was a machine to record the votes in Congress. It was rejected by that august body for reasons more political than scientific.

The great outstanding achievement of Edison was his invention of the electric lamp. On October 21, 1879, he succeeded in producing the first electric lamp that proved itself commercially useful. Backed by a syndicate of New York business men who contributed $300,000 to the enterprise, he opened in lower Manhattan the first electric power plant for lighting purposes. From that humble beginning, with less than 500 consumers, has grown the vast and beneficent lighting industry which with an investment of over $11,000,000,000 now supplies over 20,000,000 of homes in America alone; which has revolutionized the professions, industry, and farm life; which has made possible the automobile and airplane industries; which has been a tremendous instrument of peace and war, and which has illumined the pathway of material progress for all mankind beyond any force in all preceding history.

Fifty years from the successful lighting of the first electric lamp in the old laboratory in Menlo Park, N. J., Henry Ford staged a great celebration at Dearborn, Mich. Mr. Ford removed from Menlo Park and rebuilt at Dearborn the entire plant in which Mr. Edison did his work. He even transported a spot of the Jersey soil and spread it around the old buildings at Dearborn.

I had the honor of being Mr. Ford's guest at that celebration. When our train arrived some distance from the Menlo Park reproduction at Dearborn we were met by Mr. Ford and Mr. Edison and transferred to a little train of wooden cars with wood-burning engine, an exact reproduction of the train from which the boy Edison had been thrown by the irate conductor 70 years before. The little baggage car was fitted up with the boy Edison's chemical laboratory and printing press. As we moved slowly over to the Menlo Park headquarters Mr. Edison peddled a basket of apples and a bundle of Detroit newspapers of 70 years ago. The weather was very bad, Mr. Edison had not fully recoved from a serious attack of pneumonia, but he went through the trying ordeal of the celebration with the fortitude and enthusiasm of a boy. Over in the laboratory, with the assistant who had been with him 50 years ago, he demonstrated before Mr. Ford and President Hoover the creation of the first electric lamp. In the evening the greatest gathering of business, financial, engineering, and scientific leaders ever assembled in the world met to do Edison honor at a great dinner.

America has never produced and perhaps never will produce a more unique and useful character than Thomas A. Edison. To the end of time countless generations will enjoy the gifts of his genius and find happiness and comfort in the work which he accomplished. He died as he lived; joyous, intrepid, dauntless in mind and heart. Outspoken and courageous in the expression of his opinions, he exhibited a remarkable reticence as to his beliefs concerning the spiritual realities of life. As he was slipping away into the final sleep it is recorded that his face became illumined as from an inner light. Opening his eyes he said to those about him, "It is very beautiful over there." It would seem that this greatest of all apostles of light had caught a foregleam of that splendor which lies beyond the shadows of earth.

The Cincinnati Enquirer of November 16, 1931, carried a record of Mr. Edison's views on many subjects expressed in almost axiomatic form as set down from time to time by Mr. John F. O'Hagan, one of his fellow workers.

"ON RELIGION

"The greatest monument of all time was the Cross of Calvary. It has had a greater effect on more people for a longer time than any other thing erected by man. I am not an atheist. Some people call me an agnostic. You know I have always dealt with material things and it is hard to expect me to believe things I can not see, smell, taste, or touch. It is impossible to measure the spiritual by the material.

"ON MEN AND THEIR MUTUAL RELATIONS

"I have friends in overalls whose friendship I would not swap for the favor of kings. The greatest of all studies is human nature. The world owes nothing to any man but every man owes something to the world. Friendship is the leaven of life. Ingratitude is the most unforgivable of human weaknesses. Until man duplicates a blade of grass nature can laugh at his scientific knowledge. From his neck down a man is worth a couple of dollars a day. From his neck up he is worth anything that his brain can produce. Reverses should prove an incentive to great accomplishment. The thing with which I lose patience most is the clock. Its hands move too fast. The only time I become discouraged is when I think of all the things I would like to do and the little time in which I have to do them."

To evaluate the life and work of Thomas Edison one would have to write the economic and social history of the last half century. He was the supreme pathfinder and leader for a space of two generations in which mankind achieved more complete mastery over the forces and resources of nature than in all the preceding ages.

He stands as the shining symbol of America, the land of equal opportunity for all. He was the prophet of the machine age, and by his creative genius he helped to bring our civilization face to face with its most searching test. He solved problems and created problems, economic and social, which society as a whole must solve or perish. Having devised almost miraculous ways and means for saving labor, Edison has left to his successors the task of saving the laborers from the curse of unemployment and its attendant horrors of economic dependence.

If he could speak to us to-night, I am convinced his message would be "Keep America American. Do not falter in your loyalty to those principles of personal initiative, private ownership of property, free cooperation among all classes of citizens for the good of all which have made our country the hope of the world."

In June of this year Mr. Edison sent a message to the electrical industry, then in convention in New Jersey.

"I appreciate your greetings. My message to you is to be courageous. I have lived a long time. I have seen history repeat itself again and again. I have seen many depressions in business. Always America has come out stronger and more prosperous. Be brave as your fathers before you. Have faith. Go forward."

The electrical industry, largely through the genius of Thomas Edison, pioneering far in advance of all his contemporaries in the realm of discovery and invention, has become the greatest single material service ever rendered mankind. The humblest worker in the electrical industry has reason for pride and thankfulness that he is associated with so great a human service. The electrical industry has lifted drudgery from the weary backs of millions in home and factory and farm. It has lighted the pathway of art and science and industry in these ever-widening services of mankind. It is still in its infancy. I congratulate those present who are associated in this great service and would join in the exhortation of our fallen leader and say to one and all, "In spite of clouds and darkness and difficulties, have faith. Go forward."

CAPT. NATHAN O'BERRY

Mr. ABERNETHY. Mr. Speaker, I take this opportunity to pay tribute to a distinguished citizen of my district and State, who has just answered the great call, Capt. Nathan O'Berry, who would have been 76 years of age on the 26th of this month.

Mr. Speaker, I ask unanimous consent to extend my remarks on the life and public character of this very estimable gentleman and constituent of mine, who was buried this morning.

The SPEAKER. Is there objection?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, Capt. Nathan O'Berry was born in Tarboro, N. C., on January 26, 1856. He was the son of Thomas and Cinderella (Pope) O'Berry. His early opportunities were meager, and it was only an innate ambition and ability that enabled him to equip himself for the battle of life.

He moved to Goldsboro in 1887, and there became a leader in the civic and industrial life of the city. In 1882 he was married to Miss Estelle Moore, of New Hanover County. He is survived by his widow; a son, Thomas O'Berry, of Goldsboro; and a daughter, Mrs. Ross EcElwee, of Statesville.

Captain O'Berry was one of the pioneers in developing the lumber industry in eastern North Carolina. He was closely associated with every enterprise that had to do with the upbuilding of Goldsboro and the surrounding section. His long business activities brought to him hosts of friends who will ever cherish the associations had with him.

He had a rugged character and led a life of immaculate purity. His dealings with his fellow men were tempered with gentleness of spirit. He was ever willing to help those less fortunate than himself, and had a keen insight into the problems of his fellow citizens. His was a life of dignity and simplicity. Never a seeker of public office or acclamation, he always sought the good will and esteem of his fellow man. This was ever his. There is little of the details of his long life that is not already well known to the people of his State. Those who were privileged to come in contact with him, learned to love him. It was a fitting tribute to a life already well spent that upon the death of our State treasurer, Ben Lacy, without solicitation, he was appointed treasurer of our great State; not merely as an honor to him as a man, but as a tribute to his great ability. Thus, at the age of 73, when he had already retired from the active duties of business, he accepted this high position of honor and trust, which he filled capably to the last hour. His generosity knew no bounds, yet he was never pretentious in doing good for those around him. He never rose above the ranks of his neighbors, he preferred more to walk with them. He was truly a great spirit who walked humbly with his God. His State and Nation have lost a good man, a splendid citizen.

SENATE BILLS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 159. An act for the relief of R. B. Miller; to the Committee on Claims.

S. 458. An act for the relief of C. M. Williamson, Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased, Lottie Redman, and H. N. Smith; to the Committee on Claims.

S. 971. An act for the relief of Milburn Knapp; to the Committee on Claims.

S. 1037. An act to amend the radio act of 1927, approved February 23, 1927, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

S. J. Res. 14. Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress; to the Committee on Election of President, Vice President, and Representatives in Congress.

S. J. Res. 60. Joint resolution authorizing the distribution of Government-owned wheat to the American National Red Cross and other organizations for the relief of people in distress; to the Committee on Agriculture.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 28 minutes p. m.) the House adjourned until to-morrow, Friday, January 8, 1932, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DRIVER: Committee on the Territories. H. R. 309. A bill to amend section 4 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900; without amendment (Rept. No. 26). Referred to the House Calendar.

Mr. GIBSON: Committee on the Territories. H. R. 310. A bill to amend section 100 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900; with amendment (Rept. No. 27). Referred to the House Calendar.

Mr. LEAVITT: Committee on Irrigation and Reclamation. H. R. 5649. A bill to extend the life of "An act to permit a compact or agreement between the States of Washington, Idaho, Oregon, and Montana respecting the disposition and apportionment of the waters of the Columbia River and its tributaries, and for other purposes"; with amendment (Rept. No. 28). Referred to the House Calendar.

Mr. COLLIER: Committee on Ways and Means. H. R. 6662. A bill to amend the tariff act of 1930, and for other purposes; with amendment (Rept. No. 29). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 6229) granting a pension to Belle Hockensmith, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ENGLEBRIGHT: A bill (H. R. 7182) authorizing appropriations for the construction and maintenance of improvements necessary for protection of the national forests from fire, and for other purposes; to the Committee on Agriculture.

By Mr. HARLAN: A bill (H. R. 7183) to provide that certain veterans not honorably discharged shall be admitted to Veterans' Administration homes; to the Committee on World War Veterans' Legislation.

By Mr. WOLVERTON: A bill (H. R. 7184) to authorize the donation of obsolete Army rifles and accessories to organizations of war veterans, and for other purposes; to the Committee on Military Affairs.

By Mr. JOHNSON of Washington: A bill (H. R. 7185) to establish a national cemetery within the Fort Lewis Military Reservation, State of Washington; to the Committee on Military Affairs.

Also, a bill (H. R. 7186) to authorize the erection of a 300-bed addition to the United States Veterans' Administration hospital at American Lake, Wash.; to the Committee on World War Veterans' Legislation.

By Mr. BOILEAU: A bill (H. R. 7187) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. CROWE: A bill (H. R. 7188) to provide for the establishment of a term of court at Bedford and to abolish term of court at New Albany, Ind.; to the Committee on the Judiciary.

By Mr. HOWARD (by request): A bill (H. R. 7189) to authorize an issue of bonds to meet expenditures for aiding the unemployed and others to establish homes on 5 to 40 acre tracts of land; to the Committee on Ways and Means.

By Mr. HOOPER: A bill (H. R. 7190) to authorize the erection of a 362-bed addition to the United States Veterans' Administration hospital at Camp Custer, Mich.; to the Committee on World War Veterans' Legislation.

By Mr. COCHRAN of Missouri: Resolution (H. Res. 93) proposing an amendment to paragraph 34 of Rule XI of the House of Representatives; to the Committee on Rules.

By Mr. KNUTSON: Resolution (H. Res. 94) authorizing the Speaker to appoint a select committee to investigate stock transactions of banks and trust companies; to the Committee on Rules.

By Mr. GIFFORD: Joint resolution (H. J. Res. 183) proposing an amendment to the Constitution of the United States; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. LONERGAN: Joint resolution (H. J. Res. 184) providing for the ratification of constitutional amendments by popular elections; to the Committee on the Judiciary.

By Mr. AMLIE: Joint resolution (H. J. Res. 185) to amend the Constitution of the United States; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LAMNECK: A bill (H. R. 7191) for the relief of Albert G. Dawson; to the Committee on Military Affairs.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 7192) granting a pension to James J. Lenhart; to the Committee on Invalid Pensions.

By Mr. PARSONS: A bill (H. R. 7193) granting a pension to Susan Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7194) granting a pension to Clara K. Brandon; to the Committee on Pensions.

By Mr. SABATH: A bill (H. R. 7195) granting a pension to Joseph Kotrsal; to the Committee on Pensions.

Also, a bill (H. R. 7196) for the relief of Tony Krenc; to the Committee on Claims.

Also, a bill (H. R. 7197) for the relief of Joseph Sustowski; to the Committee on Claims.

Also, a bill (H. R. 7198) for the relief of the Boston Store Co., a corporation, Chicago, Ill.; to the Committee on Claims.

Also, a bill (H. R. 7199) for the relief of Frank Martin; to the Committee on Claims.

Also, a bill (H. R. 7200) for the relief of William Chinsky; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H. R. 7201) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products in the District of Columbia; to the Committee on the District of Columbia.

By Mr. SWICK: A bill (H. R. 7202) granting an increase of pension to Amanda Estep; to the Committee on Invalid Pensions.

By Mr. WEST: A bill (H. R. 7203) granting a pension to Julius W. Meade; to the Committee on Pensions.

By Mr. KNIFFIN: A bill (H. R. 7204) granting an increase of pension to Catherine Brown; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 7205) for the relief of H. D. Henion, Harry Wolfe, and R. W. McSorley; to the Committee on Claims.

By Mr. HOOPER: A bill (H. R. 7206) granting an increase of pension to Lydia Woodey; to the Committee on Invalid Pensions.

By Mr. HORR: A bill (H. R. 7207) for the relief of William Smith; to the Committee on Claims.

Also, a bill (H. R. 7208) for the relief of Christian F. M. Nelson, D. S. C.; to the Committee on Claims.

By Mr. GAMBRILL: A bill (H. R. 7209) for the relief of John W. Disney and Bertha A. B. Disney; to the Committee on Claims.

Also, a bill (H. R. 7210) for the relief of John G. Schulz; to the Committee on the District of Columbia.

By Mr. GILCHRIST: A bill (H. R. 7211) for the relief of John C. Harker; to the Committee on Military Affairs.

By Mr. FISH: A bill (H. R. 7212) for the relief of Charles Wellesley Berrington; to the Committee on Naval Affairs.

By Mr. FOSS: A bill (H. R. 7213) granting an increase of pension to Lillian R. Hills; to the Committee on Invalid Pensions.

By Mr. EVANS of California: A bill (H. R. 7214) granting an increase of pension to Armenia Magann; to the Committee on Invalid Pensions.

By Mr. COYLE: A bill (H. R. 7215) for the relief of May Weaver; to the Committee on Claims.

By Mr. CRAIL: A bill (H. R. 7216) for the relief of Elijah C. LeCount; to the Committee on Military Affairs.

Also, a bill (H. R. 7217) granting a pension to Adelaide E. Frieseke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7218) for the relief of Herman W. Bensel; to the Committee on Military Affairs.

By Mr. JOHNSON of Washington: A bill (H. R. 7219) for the relief of Kate R. Nelson; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

293. By Mr. AMLIE: Memorial of State Legislature of Wisconsin, urging enactment of legislation to prohibit the manufacture and sale of oleomargarine; to the Committee on Agriculture.

294. Also, memorial of Kenosha Trades and Labor Council, urging emergency tax on high incomes and inheritances for relief purposes; to the Committee on Ways and Means.

295. By Mr. BARBOUR: Resolution adopted by the Fresno County Farm Bureau, Fresno, Calif., indorsing the provisions of the Federal marketing act and the activities of the Federal Farm Board; to the Committee on Agriculture.

296. Also, telegram containing resolution by board of directors of the Kern County Chamber of Commerce, of Bakersfield, Calif., urging immediate action on legislation providing a tariff on oil; to the Committee on Ways and Means.

297. By Mr. BOHN: Petition of the board of directors of the Detroit Engineering Society, in favor of Dr. Henry W. Temple's proposal to revise the wording of the item for topographic surveys in the Interior Department appropriation bill to make the Temple Act more effective, to permit a more equitable distribution of public funds appropriated for topographic surveys, and to utilize effectively all the funds made available by Congress for that purpose; to the Committee on Appropriations.

298. Also, petition of Licensed Tugmen's Protective Association of America, urging that all licensed officers of all documented vessels of the United States holding a license issued by the United States steamboat inspectors be entitled to all benefits of the United States Public Health Service and Marine Hospital Division, and that presentation of such license by the person to whom issued, and being affirmed by oath, shall be good and sufficient evidence that the holder of such license is entitled to all benefits of the United States Public Health Service and Marine Hospital Division; to the Committee on Interstate and Foreign Commerce.

299. Also, petition of Calumet Woman's Club, Calumet, Mich., petitioning the President of the United States of America, the United States Senators and Representatives in Congress, to do their utmost in establishing a protective tariff sufficiently high to enable the domestic copper producers to equitably compete with foreign copper producers; to the Committee on Ways and Means.

300. Also, petition of members of Morley S. Oates Post, No. 701, Veterans of Foreign Wars of the United States, in favor of the national-defense program as sponsored by their national organization in convention assembled at Kansas City, Mo., on August 31 to September 5, 1931; to the Committee on Military Affairs.

301. By Mr. SHOTT: Memorial of Smokeless Coal Operators Association, of West Virginia, urging a tariff or embargo on foreign oils; to the Committee on Ways and Means.

302. By the SPEAKER: Petition of the army of the jobless, under the leadership of the Rev. Father James R. Cox, asking for legislation for the relief of the unemployed; to the Committee on Ways and Means.

303. By Mr. SWEENEY: Petition of Cleveland Motion Picture Exhibitors Association; to the Committee on Ways and Means.

304. By the SPEAKER: Petition of P. M. Cushing, asking enactment of nonpartisan relief legislation; to the Committee on Ways and Means.

SENATE

FRIDAY, JANUARY 8, 1932

(Legislative day of Thursday, January 7, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY (H. DOC. NO. 46)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments to pay claims for damages to privately owned property in the sum of $9,690.90, that have been considered and adjusted under the provisions of law

and requiring appropriations for their payment, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DRAFT OF PROVISION PERTAINING TO THE APPROPRIATION "GENERAL AND SPECIAL CLAIMS COMMISSIONS, UNITED STATES AND MEXICO, 1932" (S. DOC. NO. 45)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to an existing appropriation for the Department of State for the General and Special Claims Commissions, United States and Mexico, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

LAWLESSNESS IN LAW ENFORCEMENT

The VICE PRESIDENT laid before the Senate a communication from the Attorney General, transmitting, in further compliance with Senate Resolution 116 (agreed to December 21, 1931), two printed pamphlets, one entitled "Draft of Mooney-Billings Report," and the other entitled "Appendix Containing Official Documents," and stating "These have just been received from the Hon. George W. Wickersham," which, with the accompanying pamphlets, was referred to the Committee on the Judiciary.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Sheppard
Austin	Davis	Kean	Shipstead
Bailey	Dickinson	Kendrick	Shortridge
Barbour	Dill	Keyes	Smith
Barkley	Fess	King	Smoot
Bingham	Fletcher	La Follette	Steiwer
Black	Frazier	Lewis	Thomas, Idaho
Blaine	George	Logan	Thomas, Okla.
Borah	Glass	McGill	Townsend
Bratton	Glenn	McKellar	Trammell
Brookhart	Goldsborough	McNary	Tydings
Bulkley	Gore	Metcalf	Vandenberg
Bulow	Hale	Morrison	Wagner
Byrnes	Harris	Moses	Walcott
Capper	Harrison	Neely	Walsh, Mass.
Caraway	Hastings	Norbeck	Walsh, Mont.
Carey	Hatfield	Norris	Waterman
Connally	Hawes	Nye	Watson
Coolidge	Hayden	Patterson	Wheeler
Copeland	Hebert	Pittman	White
Costigan	Howell	Reed	
Couzens	Hull	Robinson, Ark.	
Cutting	Johnson	Robinson, Ind.	

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is necessarily detained from the Senate on official business. I ask that this announcement may stand as to all roll calls during the day.

PETITIONS AND MEMORIALS

Mr. BLAINE presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Finance:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to enact legislation to credit income-tax payments made to the several States in payment of Federal income taxes

Whereas under the Federal inheritance tax law payments of inheritance taxes to the several States are credited in payment of the Federal inheritance tax up to 80 per cent of its amount; and

Whereas this provision of the Federal inheritance tax law has operated to prevent the dodging of State inheritance taxes by removal to other States; and

Whereas a similar situation exists with reference to State income taxes, these taxes being rendered very difficult of administration through the fact that some States do not have such taxes; and

Whereas these difficulties could easily be relieved through a provision in the Federal income tax law similar to the provision in the Federal inheritance tax law; and

Whereas this is a matter of great urgency, affecting all States having a State income tax: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin hereby again respectfully memorializes the Congress of the United States to amend the Federal income tax law so as to provide that payments of income taxes made to any State shall be credited as an offset against the Federal income taxes due up to 80 per cent of the Federal income taxes assessed; be it further

Resolved, That properly attested copies of this resolution be transmitted upon adoption to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

Mr. BARBOUR presented resolutions of Alpha Chapter of the Phalanx Fraternity of the Madison (N. J.) Y. M. C. A. and the New Jersey Association of Congregational Christian Churches favoring the ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

DEMOCRATIC PARTY EMBLEM

Mr. NORRIS. Mr. President, I understand that this evening the National Democratic Committee is to meet, and I have been told that one of the things that will be brought before the committee will be the selection of a slogan or a change of emblem for the next presidential campaign. I want to submit to them a suggestion made by one of the great Democrats of the United States, one of our colleagues here, the senior Senator from Arizona [Mr. ASHURST]. I send to the Clerk's desk and ask that the Clerk may read an extract from a speech delivered by the senior Senator from Arizona before the Women's National Democratic Club on October 12, 1931.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

I have recently received letters, some of them evidently written in a serious vein and some of them obviously written in bitter irony, urging that the Democratic Party abandon the donkey as its emblem, as such emblem and symbol, so say some of the writers, would appear more appropriately to belong to another political party; but I have replied to the letters that I hoped the Democratic Party would never abandon the donkey as its emblem and symbol, for the donkey is a braying compendium of stately dignity, stanch endurance, fortitude, and patience. In our quadrennial presidential campaign there is more music in his raucus hee-haw than in the midnight minstrel of a nightingale. The donkey is a serio-comic philosopher whose stamina and stoicism conquered the wilderness and cheered the lonely pioneer; the donkey is a sure-footed creature of epicurean taste and Gargantuan appetite, but whose appetite and taste, happily enough, may be assuaged and satisfied by a nibble at a desert cactus and he is then ready for another long and arid journey.

REPORTS OF COMMITTEES

Mr. HARRIS, from the Committee on Military Affairs, to which was referred the bill (S. 2684) for the relief of F. P. Case, reported it without amendment and submitted a report (No. 40) thereon.

Mr. NYE, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 476) for the relief of certain purchasers of lots in Harding Townsite, Fla., reported it without amendment and submitted a report (No. 41) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 187) to authorize the Secretary of War to grant a right of way for street purposes upon and across the San Antonio Arsenal, in the State of Texas, reported it without amendment and submitted a report (No. 42) thereon.

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 428) to provide for the payment of awards by the Patents and Design Board, reported it with amendments and submitted a report (No. 43) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 315. An act for the relief of Lemuel Simpson (Rept. No. 48);

S. 542. An act for the relief of Denton L. Sims (Rept. No. 49);

S. 1440. An act for the relief of August R. Lundstrom (Rept. No. 44); and

S. 1891. An act to amend the military record of John F. Walker (Rept. No. 45).

Mr. REED, also from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 461. An act to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," approved June 21, 1930, so as to give class B officers of the Army the benefits of such act (Rept. No. 46); and

S. 2179. An act for the relief of Alexander M. Proctor (Rept. No. 47).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KENDRICK:

A bill (S. 2754) to authorize the issuance of an unrestricted patent to Joseph F. Sheaman; to the Committee on Public Lands and Surveys.

A bill (S. 2755) granting a pension to Nancy C. Knapp; and

A bill (S. 2756) granting a pension to Mearon W. Thomas; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 2757) to amend the Code of Laws for the District of Columbia, in relation to providing security against old-age want; to the Committee on the District of Columbia.

By Mr. BRATTON:

A bill (S. 2758) granting a pension to Frank Hartman; to the Committee on Pensions.

By Mr. BLAINE:

A bill (S. 2759) for the relief of Edward J. Ostrander; to the Committee on Claims.

By Mr. BINGHAM:

A bill (S. 2760) relative to the admission under the immigration laws of wives of American citizens; to the Committee on Immigration.

By Mr. SMOOT:

A bill (S. 2761) for the relief of the Zion's Savings Bank & Trust Co., of Salt Lake City, Utah; to the Committee on Claims.

A bill (S. 2762) to prohibit any charge for admission to national parks and national monuments; to the Committee on Public Lands and Surveys.

By Mr. WALSH of Massachusetts:

A bill (S. 2763) to provide for adjustment of rank and grade of warrant and commissioned warrant officers of the United States Navy; to the Committee on Naval Affairs.

By Mr. KING:

A bill (S. 2764) to provide for the protection of watersheds in and adjacent to national forests; to the Committee on Agriculture and Forestry.

By Mr. WAGNER:

A bill (S. 2765) for the relief of Clara E. Wight; to the Committee on Claims.

By Mr. DILL:

A bill (S. 2766) for the relief of Wm. K. Beldin; and

A bill (S. 2767) for the relief of William F. White; to the Committee on Military Affairs.

A bill (S. 2768) granting a pension to Luna Packwood;

A bill (S. 2769) granting a pension to Emma F. Branagan;

A bill (S. 2770) granting a pension to Margaret E. Brown (with accompanying papers);

A bill (S. 2771) granting a pension to Minnie H. Goddard (with accompanying papers); and

A bill (S. 2772) granting a pension to Stephen S. Floe (with accompanying papers); to the Committee on Pensions.

By Mr. SWANSON:

A bill (S. 2773) for the relief of the Virginia Engineering Co. (Inc.), a Virginia corporation; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 2774) to amend an act to increase the efficiency of the Veterinary Corps of the Regular Army, approved June 28, 1930; to the Committee on Military Affairs.

A bill (S. 2775) to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended; to the Committee on the District of Columbia.

By Mr. ROBINSON of Indiana:

A bill (S. 2776) to amend section 4 of the Legislative Pay Act of 1929; to the Committee on Appropriations.

By Mr. WALSH of Montana:

A bill (S. 2777) for the relief of certain entrymen on lands within the Flathead Indian Reservation, State of Montana; to the Committee on Indian Affairs.

A bill (S. 2778) to extend term of patents numbered 980356, 980357, 980358, and 980359; to the Committee on Patents.

By Mr. KEAN:

A bill (S. 2779) for the relief of Woodhouse Chain Works;

A bill (S. 2780) for the relief of the Paterson Savings Institution, of Paterson, N. J.; and

A bill (S. 2781) for the relief of the Morristown Trust Co., of Morristown, N. J.; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2782) granting a pension to Henry P. Haynie; to the Committee on Pensions.

By Mr. JONES:

A bill (S. 2783) for the relief of H. D. Henion, Harry Wolfe, and R. W. McSorley; to the Committee on Claims.

By Mr. FESS:

A bill (S. 2784) granting an increase of pension to Amanda Marsh (with accompanying papers); to the Committee on Pensions.

By Mr. TYDINGS:

A bill (S. 2785) authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission of Maryland for park purposes; to the Committee on Agriculture and Forestry.

A bill (S. 2786) granting Clarence M. Dow the privilege of filing application for benefits under the emergency officers' retirement act; to the Committee on Military Affairs.

A bill (S. 2787) granting a pension to Howard E. Tolson;

A bill (S. 2788) granting a pension to Mary Amanda Jones; and

A bill (S. 2789) granting a pension to Minnie Eaton; to the Committee on Pensions.

By Mr. BULKLEY:

A bill (S. 2790) for the relief of Albert G. Dawson; and

A bill (S. 2791) for the relief of Garrett M. Martin; to the Committee on Military Affairs.

A bill (S. 2792) granting a pension to Mary Ida Cox (with accompanying papers); to the Committee on Pensions.

By Mr. COUZENS:

A bill (S. 2793) to regulate the transportation of persons and property in interstate and foreign commerce by motor carriers operating on the public highways, and for other purposes; to the Committee on Interstate Commerce.

By Mr. McKELLAR:

A bill (S. 2794) for the relief of John W. Hollifield; to the Committee on Military Affairs.

A bill (S. 2795) granting an increase of pension to Martha Odell (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 2796) for the relief of S. H. Fortner (with accompanying papers); to the Committee on Claims.

A bill (S. 2797) to provide for the restoration of forfeited rights under the World War veterans' act, 1924, and for other purposes; to the Committee on Finance.

A bill (S. 2798) granting a pension to Joe W. George (with accompanying papers); to the Committee on Pensions.

By Mr. BROOKHART:

A bill (S. 2799) increasing the number of copies of the CONGRESSIONAL RECORD furnished gratuitously to the Vice President, Senators, and Representatives; to the Committee on Printing.

A bill (S. 2800) to establish a Board of Civil Service Appeals and to amend an act entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field service," approved March 4, 1923 (42 Stat., ch. 265, p. 1488), and for other purposes; to the Committee on Civil Service.

A bill (S. 2801) to incorporate the Army and Navy Union of the United States of America; to the Committee on the Judiciary.

By Mr. KING:

A joint resolution (S. J. Res. 78) to provide that the present period of two years, during which owners of real property sold for taxes in the District of Columbia may redeem same, shall be extended to three years; to the Committee on the District of Columbia.

AMENDMENTS TO RECONSTRUCTION FINANCE CORPORATION BILL

Mr. BLAINE and Mr. COSTIGAN each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 1) to provide emergency financing facilities for banks and other financial institutions, and for other purposes, which were ordered to lie on the table and to be printed.

AMERICAN CONSERVATION WEEK

Mr. WAGNER submitted the following concurrent resolution (S. Con. Res. 6), which was referred to the Committee on Public Lands and Surveys:

Whereas under the inspiring leadership of President Cleveland it became the settled policy of this Nation to conserve its natural resources; and

Whereas the establishment of an American conservation week will have the desired effect of bringing the American people to realize in the words of that great conservationist, President Roosevelt, that "the conservation of our natural resources and their proper use constitute the fundamental problem which underlies almost every other problem of our national life": Therefore be it

Resolved by the Senate (the House of Representatives concurring), That the President of the United States is requested to issue each year a proclamation designating the first week in April as American conservation week and inviting the people of the United States to observe that week in schools, churches, museums, parks, and other suitable places, with ceremonies appropriate to the occasion.

HEARINGS BEFORE THE COMMITTEE ON PATENTS

Mr. HEBERT submitted a resolution (S. Res. 130), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Patents or any subcommittee thereof be, and hereby is, authorized, during the Seventy-second Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee or any subcommittee thereof may sit during the sessions or recesses of the Senate.

LEGISLATIVE INFORMATION CLERK

Mr. McNARY submitted the following resolution (S. Res. 131), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate is authorized and directed to employ permanently an additional assistant in the office of the Secretary of the Senate, to be paid at the rate of $2,400 per annum out of the contingent fund of the Senate until otherwise provided by law. It shall be the duty of such clerk to inform by written notice the author of every Senate bill or resolution and, upon request, any other Senator or Representative, as to the progress of such bill or resolution, or any other bill or resolution that may come before the Senate, through its various legislative stages to final passage, including all actions thereon by any Senate committee. The clerks of Senate committees shall promptly notify such clerk of any action taken by their respective committees on any bill or resolution. The assistant herein provided for shall be known as the legislative information clerk and may be assigned to other duties in the office of the Secretary of the Senate.

PUBLICITY AGENTS AND INFORMATION BUREAUS

Mr. KING submitted a resolution (S. Res. 132), which was ordered to lie on the table, as follows:

Resolved, That the heads of the several executive departments, independent establishments, and other executive agencies of the Government are requested to furnish to the Senate as soon as practicable full and complete information with respect to (1) the employment by them of publicity agents, the duties of such agents, the salaries paid them, and the amount of any incidental expenditures made in connection with their work; (2) the maintenance by them of bureaus of information and the total cost thereof, the number and kinds of publications emanating from such bureaus, and the annual cost of such publications; and (3) the annual cost to them of sending representatives of such publicity agencies or bureaus of information to conferences and meetings throughout the United States and foreign countries.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting several nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

RECOMMITTAL OF SENATE CONCURRENT RESOLUTION 3

Mr. COUZENS. Mr. President, I ask unanimous consent to have recommitted to the Interstate Commerce Committee Senate Resolution No. 3.

The VICE PRESIDENT. The concurrent resolution will be stated for the information of the Senate.

The CHIEF CLERK. Senate Concurrent Resolution 3, by Mr. COUZENS, establishing a joint congressional committee to make a general investigation and study of railroad problems.

The VICE PRESIDENT. Is there objection to the request of the Senator from Michigan?

Mr. COUZENS. Mr. President, prior to the request being put I desire to make a brief statement.

The VICE PRESIDENT. The Senator is recognized.

Mr. COUZENS. At the time the resolution was submitted and referred to the Committee on Interstate Commerce no plan had been formulated for looking after the financing of the railroads. Since the introduction of the resolution, and its consideration by the Interstate Commerce Committee, however, there has been formed what is known as the railroad pool, which will contain something over a hundred million dollars. Since that time, also, the Committee on Banking and Currency has reported the so-called Reconstruction Finance Corporation bill, which is the unfinished business of the Senate. Both those actions seem to preclude any immediate necessity for further consideration of the financing of the railroads as the result of any investigation which may be had. Therefore the Committee on Interstate Commerce, at its meeting this morning, decided it would be better to have the resolution recommitted to the committee for consideration. I therefore make that request.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution is recommitted to the Committee on Interstate Commerce.

HEARINGS BEFORE THE INTERSTATE COMMERCE COMMITTEE

Mr. FESS. On behalf of the chairman of the Committee to Audit and Control the Contingent Expenses of the Senate, I report from that committee Senate Resolution 105, to which I call the attention of the Senator from Michigan [Mr. COUZENS], who is the author of the resolution.

The VICE PRESIDENT. Let the resolution be read for the information of the Senate.

The resolution (S. Res. 105) submitted by Mr. COUZENS on December 17, 1931, was read, as follows:

Resolved, That the Committee on Interstate Commerce, or any subcommittee thereof, is authorized, during the Seventy-second Congress, to send for persons, books and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

Mr. COUZENS. I ask unanimous consent for the present consideration of the resolution.

There being no objection, the resolution was considered and agreed to.

THE SILVER STANDARD

Mr. WHEELER. Mr. President, I ask leave to have printed in the RECORD a poem published in the Federation News, written by Eva M. Stewart, entitled "A Blunder Far Worse Than Deliberate Crime."

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

[From the Federation News]

A BLUNDER FAR WORSE THAN DELIBERATE CRIME

By Eva M. Stewart

It was in eighteen ninety-eight
That silver's cause was laid away,
And farmers saw the hand of fate
And felt the dread of judgment day.
But who should heed a country skate
With flowing whiskers full of hay?

Wise men in Wall Street laughed him down,
From millionaire to junior clerk,
The haughty, brainy men of town
Who view the farmer with a smirk,
Though sorry for the country clown,
The poor old sap who does the work.

What should he know of high finance,
Who ne'er was in the banking biz?
There were no creases in his pants,
No silken socks were ever his;
And brokers well might look askance
At horny hand and sunburned phiz.

Good people everywhere might doubt
If hicks should more than bankers know,
Why gold was sound beyond a doubt—
The bankers always told us so—
They took it in and let it out
And made the wheels of commerce go.

And so the money power held sway
And all the world adopted gold,
And things were booming anyway,
And banks were full as they could hold;
Until there came the reckoning day
With all the woes the hicks foretold.

Now as we view the broken banks,
And all the wrecks along the street,
We ought to seek a new finance
Based on the phrase, "as good as wheat,"
And try to give the hicks a chance
Who give us all a chance to eat.

Perhaps the farmer knew his stuff,
Who cried for silver long ago;
He was a diamond in the rough,
His thinking tank was not so slow,
For fate has called the banker's bluff
And hicks may cry, "I told you so."

Where all things grow is wisdom grown,
The things that cities rot and spoil;
George Washington did acres own
And Lincoln was a son of toil.
The wisest statesmen we have known
Have been a product of the soil.

Long whiskered pops again arise,
And from your banners shake the dust!
The scales have fallen from our eyes,
In silver as "in God we trust,"
Until a standard men devise
That's scientific, wise, and just.

RECONSTRUCTION FINANCE CORPORATION

The Senate resumed the consideration of the bill (S. 1) to provide emergency financing facilities for banks and other financial institutions, and for other purposes.

The VICE PRESIDENT. The amendment of the Committee on Banking and Currency to the pending bill is before the Senate and is open to amendment.

Mr. BLAINE. Mr. President, I have been receiving a number of telegrams and letters from various parts of the United States with respect to the bill now before the Senate. I take the liberty of reading from some of those telegrams and letters. I find one from a gentleman in Indiana, who, I am informed, is a man of substantial wealth, a manufacturer, and very vitally interested in proper legislation. At the risk of sacrificing modesty, I will read all the telegram. The sender of the telegram states:

JANUARY 7, 1932.

My father always said, "Anyone can follow the crowd; it takes courage to stand alone." You had that courage yesterday, notwithstanding the pressure from even those Senators who should have stood by your side because of their knowledge of what is being attempted through the enactment of this so-called reconstruction corporation. It is in reality legislation sponsored by those international bankers whose sales of billions of foreign bonds at large profits to themselves is responsible for the necessity to pass such a bill now when the condition of the banks everywhere that these bonds were unloaded on has become critical. By refusing to call Congress in special session and deliberately waiting until our financial house is on fire you are placed in the position of being compelled to vote to save those who have reaped the benefits and suffered no loss through the enactment of this bill, which will require raising vast sums from the Federal Treasury or appear unpatriotic. This corporation unfortunately will not do what its sponsors claim any more than the National Credit Corporation did, but it will enable those gentlemen who should be called to account to pass the buck to Congress and the American people, whose business is being bankrupt daily because of their greed for profits in the sale of these foreign securities. Failure to pass this bill will not have the consequences ascribed to it, as the damage is here already, but it will have another effect, and that is to place the responsibility where it belongs. Most people have been and are continuing to suffer. Are you going to pass legislation that will enable those who are in large measure responsible for this condition to go on making more money through the aid of this proposed corporation and make no sacrifice whatever? I am sure you will not.

Another telegram from Maryland, sent to me by a very responsible person, reads:

JANUARY 8, 1932.

Substitute jobless plea of Rev. James R. Cox, of Pittsburgh, for President's $2,000,000,000 corporation release bill. Your action on latter bill is courageous and commendable.

Another telegram from New York, sent by a gentleman who, I understand, is a very substantial citizen of the great Empire State, reads:

This depression has affected the value of all assets in this country. Why should not the present possessors, regardless of the kind of wealth they hold, be made to stand their share of the loss? I congratulate you in your stand. This reconstruction bill should not pass.

Turning to the agricultural area of the West, I have a letter from a banker in South Dakota. I understand from inquiry that he is a very excellent banker, that he understands the bankers' problems and the farmers' problems in South Dakota. I wish to call attention to the fact that not a single man, not a single witness, was called who was directly or indirectly interested in agriculture and agricultural finance in the West; not a single small banker, not a single banker who has provided credit for the farmers, was called before the Committee on Banking and Currency. The testimony before that committee is the testimony of persons interested financially in their own welfare and the welfare of the large institutions which they represent.

Now, let us see what this South Dakota banker says. This letter probably has been sent to every Senator—I do not know as to that—but the writer has gone to the trouble and expense of having printed an analysis of the situation, and I wish to read a few paragraphs from his analysis. He says:

On the other hand, if the Reconstruction Credit Corporation is used to bolster up commercial and industrial credits, it may do more harm than good. It may simply postpone the time of ultimate adjustment.

And note this statement—

The Government can not peg the price of bonds any more than it could the price of wheat.

This gentleman understands exactly the purpose of this so-called reconstruction bill and he appreciates that the Government can not now peg the price of bonds any more than the Farm Board could peg the price of wheat.

Frozen assets can not be thawed out simply by being taken over by the Government.

That is an obvious fact. These frozen assets, as this banker states, are not thawed out when the Government puts those assets into its portfolio.

Further quoting:

It will take a revival of business to do this.

Suppose this Government corporation takes over railroad bonds. What good will it do? What the railroads need is more freight to haul. They need to have the interchange of products between agriculture and industry resumed.

Further quoting:

The trouble with industrial bonds is that the industries are locked up. The trouble with city mortgages is that the mortgagor is out of a job. The trouble with farm mortgages is that the farmer is selling his products at a loss. Bolstering up bonds and mortgages will do no good. It will simply prolong the agony.

To produce results with this new financing project one thought should be uppermost: All new financing at this time should be directed toward increasing consumption. It must help to restore buying power or it will be of no avail. The products of farm and factory must be used that both may prosper. Consumption can be started by relieving the rural credit stringency. It must be started somewhere. The vicious circle must be broken.

To be effective the Reconstruction Finance Corporation must not be fashioned after the old War Finance Corporation.

And yet it is fashioned almost to the design made for the War Finance Corporation; it is substantially the same type of organization. Further quoting—

That corporation relieved the larger banks of heavy lines, but it was so "hard-boiled" with farm credits that it was of little value to the country banks.

Mr. President, in the course of my remarks later on I expect to discuss in detail exactly what this gentleman reports and to speak in confirmation of what he says.

Even the Federal reserve banks were more liberal. If this new corporation will take only such paper as the Federal reserve banks and the intermediate credit banks accept, it will be simply another useless Government appendage.

Mr. President, this is a most thoughtful article, intelligently written, with an understanding on the part of the writer of the exact condition of agriculture. The country banker has as keen an insight into economic movements as has the keenest doctor of economics in any of our universities. He is in close touch with the situation; he knows the banking problem; he knows the credit problem. This article is so valuable from the standpoint of information that I ask unanimous consent that it may be printed in full in the RECORD following my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article referred to is as follows:

A SHORT-SIGHTED POLICY

For 10 years agriculture and country banks have suffered deflation and bankruptcy. They were told, however, that they had mismanaged their business and that deflation was wholesome.

Now that deflation has attacked commerce and industry and their banking institutions they are not so highly impressed with its wholesomeness and are appealing to the Government for help.

They might be told that they have mismanaged their business. They loaned billions to Europe which they are virtually asking the American taxpayer to pay. They have overcapitalized and overbonded their industries. Their railroads, while pleading for help, are paying their engineers and conductors three and four hundred dollars per month.

To relieve the situation a Government finance corporation is asked for. With it, it is proposed to assist banks, building-and-loan associations, trust companies, savings banks, insurance companies, and railroads.

If this proposed Reconstruction Finance Corporation, however, is used principally to sustain commerce and industry it will be a short-sighted policy.

Forty-eight per cent of the Nation's population depends directly upon agriculture. In the agricultural areas hundreds of banks have closed. Confidence has been shaken. Millions of dollars have gone into postal-savings banks or have been withdrawn from circulation. This, with the unprecedented drop in farm-product prices, has produced a most acute credit stringency.

Country banks faced with a shrinkage of deposits have been forced to reduce their loans. While this reduction came from all debtors, it came principally from those best able to pay—men whom the banks ordinarily would have been glad to carry.

The result has been that the proceeds from the sale of farm products have gone to pay debts rather than to buy things people ordinarily use. The rural population has been forced to go without things its people need or would buy. Sixty million people, therefore, are buying only the bare necessities of life. When 60,000,000 people stop buying the factories close. When factories close farm-product prices decline. Deflation moves in a vicious circle.

If credit relief is to be given it should be to country banks. If this were done the pressure for payment would be removed and the rural population would buy things they need. When so large a portion of the Nation's population starts buying, the factories will open and farm-product prices in turn will rise again. Business recuperation will be set in motion.

On the other hand, if the Reconstruction Credit Corporation is used to bolster up commercial and industrial credits, it may do more harm than good. It may simply postpone the time of ultimate adjustment. The Government can not peg the price of bonds any more than it could the price of wheat. Frozen assets can not be thawed out simply by being taken over by the Government. It will take a revival of business to do this.

Suppose this Government corporation takes over railroad bonds. What good will it do? What the railroads need is more freight to haul. They need to have the interchange of products between agriculture and industry resumed.

The trouble with industrial bonds is that the industries are locked up. The trouble with city mortgages is that the mortgagor is out of a job. The trouble with farm mortgages is that the farmer is selling his products at a loss. Bolstering up bonds and mortgages will do no good. It will simply prolong the agony.

To produce results with this new financing project one thought should be uppermost. All new financing at this time should be directed toward increasing consumption. It must help to restore buying power or it will be of no avail. The products of farm and factory must be used that both may prosper. Consumption can be started by relieving the rural credit stringency. It must be started somewhere. The vicious circle must be broken.

To be effective the Reconstruction Finance Corporation must not be fashioned after the old War Finance Corporation. That corporation relieved the larger banks of heavy lines, but it was so "hard-boiled" with farm credits that it was of little value to country banks. Even the Federal reserve banks were more liberal. If this new corporation will take only such paper as the Federal reserve banks and the intermediate credit banks accept, it will be simply another useless Government appendage.

If the commercial and industrial interests selfishly and short-sightedly appropriate this new credit corporation to their own use, they can remember this—they will sit with their declining bonds, their closed factories, and their bread lines. Business is largely the interchange of products between agriculture and industry through the medium of commerce. Industry and commerce are not self-sufficient. They need agriculture to complete the circle.

When this Reconstruction Finance Corporation act is passed the needs of the country population must be included. Here are some things that should be insisted on:

A board of directors without Wall Street affiliations who are not chiefly concerned in pulling their own chestnuts out of the fire. The agricultural States and country banks should be adequately represented.

That the larger part of the fund be used to relieve the agricultural stringency. Agriculture represents the largest investment in the Nation, it directly supports nearly half the Nation's population, and it has suffered 10 years of deflation.

That, in view of present prices, its loan policy be liberal and broad enough to cover the class of loans the country bank usually carries. The Government sunk a few billions trying to save Europe. Let it risk a few dollars trying to save the United States.

Mr. LEWIS. Mr. President, if I am not interrupting any Senator who desires to present amendments, I beg the indulgence of the Senate to express some views in support of the amendment I tendered last night. The amendment is as follows:

SEC. 18. It is hereby authorized to any court of equity jurisdiction of the United States or of any State of the United States to order continuance or suspend any action seeking judgment and levy and execution; or to restrain, enjoin, or forbid any judgment and execution or foreclosure or sale or dispossession or ejectment from premises, as to all or any person or company, corporation, or association that could by this act be within its benefits, its provisions, or by construction, directly or indirectly, could be the beneficiary of any provisions or privileges granted by this measure. That such court acting may grant relief as herein provided for such time as the circumstances and conditions shown before the court warrant for the exercise of equity.

I do not know exactly how my amendment reads on the record by number, but by myself it is characterized as section 18. I should like the Senators who can find it convenient to do so to read the amendment, that they may be acquainted with its content and import.

Mr. President, at the outset, as this is the first expression in the form of an address to the Senate that I have assumed to impose upon them since my reentry into this body, I beg to express my appreciation of the many courtesies which have been extended me through my service in this body in the past by the Members. Many of those associates are still remaining here. As to all, I would have them know that I am conscious of my indebtedness.

The amendment that I have proposed is an amendment in which I set forth that pending the creation of the machinery necessary to execute this bill, and while it is being administered, those who are subject to its provisions, those who may be the beneficiaries of its policy, those who are assumed

to be they whose protection is being guaranteed by its provisions, shall be protected while the process is being developed.

In simple phrase I propose that the courts of equity, both Federal and State, shall by section 18 be granted the jurisdiction to enjoin and restrain any proceeding now existing in the courts or later tendered to the courts that in the meantime could ripen into judgment against any person, corporation, or individual engaged in business. I would have enjoined and stayed the judgment from being issued and entered pending the administration of this measure. I would have the courts, on proper grounds, forbid the ejectment of a farmer from his farm, the business man from his business house or being foreclosed out of his business. I would have the court restrain the corporation from being passed into the hands of a receiver and enjoin receivers of now existing institutions from closing up upon the mortgage and liquidating the particular institution or undertaking involved. In the meantime it is the purpose of the amendment to rescue, if possible, those—many as they are—who are upon the eve of being ejected from their homes and farms and sent to the chill winter with no shelter above them other than the weeping wintry skies. I would have the courts prevent that army of human beings in any walk of life who are within the purpose of this bill's favors from being squeezed at this time by those who are to be the beneficiaries of this measure. I refer to the powerful or favored of the situation, who, being entitled to foreclose by strict law, would seize the properties by purchase or otherwise and then claim, under this measure, the benefits to themselves by pointing to these instrumentalities or interests which they have appropriated as being those calling for the aid provided in the measure.

I invite you to the fact that the eminent Senator from Virginia [Mr. GLASS], in response to the query of the Senator from Wisconsin [Mr. BLAINE], replied that the measure would have for its purpose the granting of such relief as would pass on to the lesser individuals, and, in the words of the Senator from Wisconsin, feed the hungry and shelter the homeless. If this be the object of the measure in terms and in spirit, it would be of little value to us if, while this machinery is being set in operation and the measure is being administered, those who have the favor of the courts or the power to invoke them could foreclose upon the large institutions that are helpless, could put their grip and vise upon those who are powerless, and, seizing their property under the apparent forms of the law, leave thousands upon thousands hopeless to obtain relief under the bill, as they would stand helpless before the law.

I have tendered this amendment giving jurisdiction to the courts. I ask you to pause and note that I do not tender a moratorium. Senators, I do not exactly know the meaning of the term "moratorium" as frequently used here. I saw something transpire but a short while ago that took the name of a moratorium, that had for its delusive promise aid to Germany, and, out of something of sympathy for her prostrate condition, received the votes of this honorable body. But as I watched it in its terms, and saw ultimately its effect in its final result, I could not help but conclude to myself the real meaning of "moratorium"; and, reverting to a bit of Latin of college days, I pause to analyze in that particular instance the definition of "moratorium"—"mori" meaning "death," "torium" from "taurus" or "taura," a bull, or "the dead bull"—such a development, alas and unhappily, to be all that is to be realized both for those who hoped much from it and for those who dared to promise much from it.

I do not tender my amendment as any moratorium. I wish now to confess to the Senators that this amendment that I am tendering I can not claim as original in thought. I would have you know that I have copied partly its form from the act of the English Parliament passed during the war, looking to the suspension by equity of all proceedings that would have foreclosed liens, destroyed business, ejected individuals, bankrupted the defenseless, left homeless countless thousands while the war was pending, and stop the "carrying on" of proceedings in the courts. I invite your attention, when it suits your convenience, to the opinion of Lord Haldane, the lord high chancellor of the English equity tribunal, confirming this statute and giving its construction.

I have changed the verbiage of the provision to some extent by making it applicable to our own laws and to the procedure of our own country and our methods of procedure as distinguished from that which obtained under the English judicature. To the eminent gentlemen of this body who are lawyers, it is but permitted to add that as we have taken our whole system of equity judicature from the ancient English law and its system—particularly is this true in the Federal courts—most applicable, therefore, is any statute or ruling from the high court of equity of England touching a question as to which we have something of respected precedent.

I now bring to your attention the query, Of what avail would this law be to those who now most need it, who are in extremis in every possible conception, from the small tenant who is being ejected from his home, unable to pay his rent; from the farmer who is being taken from his farm, unable to restrain the foreclosure of his mortgage; from the business man who is being presented just now to assignment or bankruptcy; to the corporation that is being subjected to receivership or already in receivership and about to be liquidated; to the large railroad to which the distinguished Senator from Pennsylvania [Mr. REED] and the other Senators referred as being in extremis, in the possibility of a immediate receivership, its bonds to be sunken to a valueless condition and its stock to ashes, if all of these can be proceeded with in the manner in which I point out to the disaster which we all see can follow, and within the space of time that this bill is to be put into operation, or its board of managers can be named of the most eminent gentlemen, as the distinguished Senator from Connecticut [Mr. WALCOTT] said, to be found in America, needing much time in a long search? When these have been selected who completely fill the rôle of the desire, and they then organize themselves with their aides and set themselves into motion, and then receive the applications of those whose purpose it is to serve, and a long time expires before a final result shall follow, all of these of whom I spoke, Mr. President, those for whom we profess care and guardianship, will have passed from judgment, execution, and sale into nothingness. This measure will be of no avail to save and succor those. It is such we profess at this hour to be the object of our conserving and protecting consideration.

To accent and emphasize the detail of my fears, read, sir, the figures for the collection of which I can not take credit. Hear them as Government records speak—45,000 foreclosure proceedings pending at this hour in the larger cities, treating only of large enterprises; 200,000 liens and judgments on money claims; 700,000 evictions—speaking in round numbers—awaiting the execution of judgment; 1,435,000 proposals of bankruptcy and insolvency pending in the courts; 225,000 farmers about to lose their homes under mortgages, and many of them wandering the highways, their children lost in the purlieus of the great cities. These are those about us, supposed to be those whom we are now to consider, whose guardianship and protection is professed to be the object of this bill. In what manner can they enjoy its benefits if, in the meantime, while the measure is passing into operation there be no method devised and no system provided that shall guard and protect the announced beneficiaries from destruction?

Mr. President, I but speak to the memory of many Members of this body who with myself joined in relief to the farmers in what was known, as the Senator from Montana described the other day in reading some extracts to the Senator from Connecticut, as the farm loan bill. While that farm loan bill was being put into operation, in the long time that was necessary to arrange it, thousands of farmers were ejected from their homes, mortgages were foreclosed, the small financial institutions availed themselves of the privilege to foreclose the liens upon the small farmers and



transfer them to the larger financial interests, and thus thousands became homeless and hopeless. Are we to repeat this desolating tragedy?

Mr. President, you will notice that I do not ask that all proceedings be stayed in whatever form such is undertaken or pending—as to litigants generally existing. I am asking that the courts be open where the investigations may be had if application is being made under the law; and if the applicant is within its favor, and wherever it is righteous for injunction and remedial processes to be issued, that such shall follow and avoid those involved from being foreclosed out of property and emacerated from existence pending their efforts to secure relief under the measure.

Shall we overlook the procession which came before us but a day past and rested in tented form from their marches in the open spaces of the park plaza fronting this great and distinguished tribunal—the Halls of American Congress? Shall we now overlook the fact that the men in that gathering were but representatives of that number which equally represents countless millions of their kind throughout all this land?

At this moment I pause to pay tribute to the great toiling millions, whom we speak of as laborers. Behold how in hours like this, in days just past, they have had their backs bent in distress, seeing daily their beloved ones hungry, shelter being denied them. With every conceivable form of misery that could be visited upon these helpless, borne to the hearts of these afflicted, yet these toilers of farm and factory have remained loyal to their country. They have not protested against its laws. They have raised no voice against the officials of their Government, and against every cry to revolt and riot they have turned in resentment, echoing ever the sentiment, from their hearts and from their lips—

> My Nation bowed under burdens, still you
> Are my country, and 'tis of thee—
> Sweet land of liberty,
> I sing.

To these we pay tribute, when in an hour like this we recognize the noble character possessed by them, the farmer from the furrow and the toiler in the city, who, as the evening comes on, finds no home in which to succor himself and his children, still remaining the example to patriots, to be honored ever in the history of our sublime hereafter. It is these we seek to find a way to protect by tendering each to the justice of the courts to give him his opportunity for salvage and rescue.

Mr. President, a final word. My purpose was not to speak on the amendment but only to explain its purport as I meant it.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. LEWIS. Surely.

Mr. KING. I am interested to know, and therefore rise for information, by what authority the Federal Government may grant to State courts the right to issue injunctions to restrain the enforcement of contracts.

Mr. LEWIS. The Senator from Utah, Mr. President, propounds one of the troubling questions which must be considered in matters of conflicting jurisdiction, and being himself but lately an eminent member of the Supreme Court of the State of Utah, and with distinction, it is a very natural thing that those doubtful distinctions of law would arise in his mind. I answer him. We provided an amendment to the Constitution, and the prohibition law, which authorized the States, with the concurrent jurisdiction in their courts, to enforce the law with the Federal Government in the State courts. The Supreme Court of the United States sustained the Federal Government authorizing the States in their courts to enforce the quarantine law and the immigration law whenever violated in any locality where the courts of the State prevail.

I answer my friend that it is the authority of which he has doubt that I am now vesting by law. Without the law there would have been none. It is because there was none for the protection of these that I tender one; that there shall be one.

I stand in this matter rather in the position the Senator will recall in history, when the great Irish lawyer, Daniel O'Connell, stood before the equity courts and sought relief for ejected tenants. When the names of the eminent owners of great lands who were evicting the helpless were mentioned the lord justice said to him, "But his Lordship So-and-so and So-and-so is not before the court," when Mr. O'Connell said, "Your lordship, I bring him before the court." I answer there was no law; it may be said that was without doubt. I bring one before the Senate.

Mr. KING rose.

Mr. LEWIS. Does the Senator desire to interrupt further?

Mr. KING. I would be very glad to, with the permission of the Senator.

It is a pleasure to affirm my regard for the legal learning of my distinguished friend from Illinois. I remember also that he is a distinguished member of the Democratic Party. That party has professed for years—although it has been too much of a profession—that there were States in the Union, 48 in number, and that they were sovereign and had control over their domestic affairs.

My distinguished friend recalls that in the Constitutional Convention efforts were made to enlarge the jurisdiction and power of the Federal Government. That was the view of Hamilton. Wiser counsels prevailed, and it was determined, following Madison and other great men, that we should have a republic of republics, and that the States—13 then—should have exclusive jurisdiction of all matters except those which they committed by the Constitution to the Federal Government.

My friend knows that the control of property within the States and the right to enter into contracts are matters within the jurisdiction of the States. Much as I deplore the economic condition and the sorrow and poverty my friend has so eloquently depicted, I can not support a measure which impinges upon the rights of the States and strikes at the jurisdiction and power of the State courts to handle those matters which, under our form of government, belong exclusively to the States.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Arkansas?

Mr. LEWIS. Will the Senator from Arkansas tolerate me for a second to reply to our friend from Utah?

Mr. ROBINSON of Arkansas. Certainly.

Mr. LEWIS. Mr. President, in the long ago, when States were very far apart, and when they looked upon each other in some spirit of enmity, there was regarded that of which my learned friend speaks—the sovereignty of the States—and I would delight if that still continued. At that time so distant to each other were they regarded that when we lawyers sought the removal of a case from a State court into the Federal courts we used the striking expression now in the old law of one State being "foreign" to another. States were regarded as foreign by virtue of the removal clause by which a citizen of one State being sued by the citizen of another State could remove to the Federal courts upon the ground that his State was a foreign State to the other.

I answer my friend that here we have a Federal act which is supposed to exercise its jurisdiction within the States, and within the States upon the banks of the States, upon the financial institutions of the States, upon the individuals of the States, and there is no provision to operate upon the people of the States, those who are in need within the States. That can not be. It is a myth—being presented as a promise it is a delusion to the people.

Now, sir, as to the final question. We have passed the day, regrettable as it may be to scholars of fundamental and early distinctions, like my eminent friend from Utah, when there shall be drawn the line of demarcation and prohibition against the individual enforcing his rights as the rights of man—by a construction born of ancient theory—of the relative rights of a political locality compared with the relative rights of another political locality. We are not fighting for shadows of form but for bodies of

men. I remind my eminent friend that exercising eminent statesmanship in this body saw put into effect here the measure which authorized the State courts to seize a building in which it was alleged there was a violation of the Volstead Act.

Mr. KING. I want to assure the Senator that I did not aid in framing the Volstead Act. I opposed it and voted against it.

Mr. LEWIS. The Senator need not fear. I know he opposed that act. I trust he will continue to oppose the act. There never was an assault so great on individual human liberty as that law in its provisions struck against American citizenship. It is a blister upon the Republic that festers as a nauseous tumor sucking the body politic. The crime of this offense calls for a religious temperance to be trusted to the States and to the homes. But I revert to the parallel—I proffer.

Now, I say to my friend that he sat here and witnessed the passing of a law which allows a State court to seize a building in any State upon the pretense that there is whisky or some form of intoxicating beverage sold in that place—an alleged violation of some municipal ordinance—the door nailed up, and the property taken by confiscation, while the man himself and his family are dishonored for life.

In the meantime, answering my friend the Senator from Utah more to the point, I reply that the Federal law provided the same invasion into the State, into the city, against which my good friend inveighs, but, unhappily, in the language used by a past President, "it is a condition, not a theory" which confronts us.

Therefore, within the law, violative as it may be of ancient doctrines, if it be so, this measure under our consideration to-day goes into the State and enters into the private undertakings of the citizen, the financial undertakings of the community; and since it does, I demand that the laws shall be executed in behalf of the humble and miserable who are powerless as well as in behalf of the selected few who are powerful. I ask that the millions be rescued from the destruction of the little they have; that this be done under the law, through the courts, and by the legitimate processes of the tribunals of the law under the Constitution sanctified by the oaths of the judges.

I now yield to the leader from Arkansas, than whom there was never a superior leader [Mr. ROBINSON].

Mr. ROBINSON of Arkansas. Mr. President, I do not like to find myself out of accord with the brilliant and able Senator from Illinois. I feel that I would be remiss in the performance of what is conceived to be my duty if I did not point out a very clear distinction between the principle involved in the case to which has referred and the principle involved in the Senator's amendment.

In undertaking to make that distinction, which evidently the Senator from Illinois has not made, I find myself under considerable embarrassment, because of sympathy with some of the purposes he has in mind and because of recognition of his distinction and learning in connection with the profession to which we are both attached.

The decision in the prohibition case to which he referred extends to the recognition of the power of the Federal Government to authorize the exercise of jurisdiction by a State court in the enforcement of a Federal law. At this time I do not make objection to the principle underlying that decision in view of the Constitution. But the amendment of the Senator from Illinois is not confined to the conferring of jurisdiction on State courts to enforce Federal laws. It is an interference with the enforcement of State laws by Federal statutes.

The Federal Government can not confer on a State court the power to restrain the enforcement of a State statute, and in most of the cases which would arise under this amendment the jurisdiction would grow out of the State laws and constitutions rather than out of the Federal law, although instances might arise and would arise in which the Federal statute would be involved.

If you recognize as vested in the Federal Government the power to authorize State courts to restrain or enjoin the enforcement of State laws, you destroy completely the power and jurisdiction of the States. When you confine your action to authorizing State courts to enforce Federal laws you merely exercise the power which inheres in the Federal Government to choose its instrumentality.

When you undertake to authorize State courts to enjoin the enforcement of State laws, you do interfere notably with State jurisdiction.

I want to point out to the Senator a further fact which applies to the policy of the amendment. I do not believe that it is possible to determine in advance of the litigation which, or in what cases, litigants would be entitled to a moratorium under the amendment. It would, therefore, throw the whole subject into confusion. It would create consternation in the minds of creditors and of debtors and it might result in serious difficulty. This could happen: A financial institution borrowing from the Reconstruction Finance Corporation might be enjoined from the collection of debts due it. There is nothing in the amendment to permit the institution seeking to collect its debts against a receivership on the part of its creditors, for it is a well-known principle of law, which the Senator from Illinois knows much better than I, that all statutes of this character must be strictly construed. They will not be construed liberally.

The language of the amendment is limited to ordering a continuance or suspending any action seeking judgment and levy and execution. So the moratorium proposed by the amendment would not be general, but it would be somewhat indefinite; and if a creditor of a corporation which is a beneficiary of the Reconstruction Finance Corporation bill should seek to do so, he might obtain a receiver for the very reason that the corporation, or the individual, for that matter, was denied the privilege of collecting debts.

I think this is a very important matter. I think the provision would have to be studied very carefully. I must say very regretfully that I can not give support to the amendment proposed by the Senator from Illinois, much as I would like to do so.

Mr. LEWIS. Mr. President, I respect greatly the views of the eminent leader of the minority, and I reply to say that he has laid his finger upon one of the delicate and difficult situations in the amendment. Frankness and justness compel me to say that the Senator from Utah and the Senator from Arkansas have found the one place in the amendment that gave me considerable doubt; that is, doubt as to the innovation of Federal power being given to courts of the States. I do not mean doubt in my own mind, but confusion to a degree of uncertainty as to public understanding. That is why I confessed at the outset that I had patterned my amendment after the English act and confided to the Senate that there were some features about it which I had added as to which I had some considerable degree of tremulous anxiety and doubt as to how far that particular phase could be said to be parallel to the English act.

I now answer definitely, and I trust pertinently, our friend from Arkansas. First, quite true it is that there are statutes in the different States, and that most of the actions in some of the States, particularly at common law, would be under the statute; but the theory of the equity court in every State is to lay its hands upon the statute, to restrain its enforcement wherever the conditions justify that that statute should be restrained of its literal application, if you please, in the contemplation of the Scriptural injunction proclaiming that "The spirit maketh, the letter killeth the law." Sirs, it is the province of the court of equity which I have defined in the amendment to restrain action under any statute wherever that action would be so inequitable as to work a deliberate injustice to the citizen in the form of confiscation of property and destruction of his rights.

The lawyers sitting about me on both sides of the Chamber recall with interest that the students of the law were oftentimes confronted with the thought and expression from eminent writers on the law that the most complete definition of equity was that which was handed to us by Grotius which, if I recall it, recites that equity is "the correction of that wherein the law by reason of its universality is deficient." It is because the statutes are deficient in anticipating just such emergencies of personal suffering, losses of

property, and suicide of hopes that the equity court is possessed of the power of restraint under all circumstances that would in righteousness invoke them.

The Senator from Arkansas says we would not know at the outset whether the individual was within the provision of the law. I answer that affirmatively and accept his proposition. But the court's duty would be, upon every application, to ascertain then whether the conditions were such that the applicant was either within the law or, in the nature of things, could be within its purpose as intended by the law. It is assumed that a court would exercise such industry as would be appropriate under the circumstances to advise the litigants of what would be right in the premises.

Here I invite my learned friend from Arkansas to consider that while it is true there would be great uncertainty, I likewise reply that, in any of the 15,000 applications for receivership for now large institutions pending in but one great city of one great State, it is also uncertain as to whether the facts justify the courts to grant those receiverships. It could not be decided until the facts were before the court by which it could determine whether a receivership was wise or whether it would be disastrous to the property, and would not be the salvation of the debtor. In all these instances, each case would call for examination under the statute to which my learned friend alluded, under equity practice, under the general practice of the Federal court, or under the amendment proposed by me that merely vests in the court the privilege to determine whether or not the process should continue that meant the destruction, the foreclosure of the property, the maceration out of material existence of a human being seeking relief, while the machinery promising such was being prepared in his behalf.

Therefore I answer my friend, to say, I confess there are the difficulties, but long ago Aristotle left to us the observation that "Every great measure of advantage has its measure of disadvantage." Therefore if this amendment contains matter that is indefinite, if it contains something to be eliminated, or if by some addition it can be made clear and exact in its purpose, eminent Senators who are in sympathy with some change can by amendment cure this error, and we could possibly move on to perfection of the amendment, or, as it is, we could adopt the philosophy of Portia, "Better do a little wrong in order to do a great good."

Mr. BRATTON. Mr. President——

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Illinois yield to the Senator from New Mexico?

Mr. LEWIS. I yield.

Mr. BRATTON. Preliminary to the question I desire to propound to the distinguished Senator from Illinois, permit me to say that the authority of Congress to confer equity jurisdiction upon a State court troubles me. I think the case the Senator from Illinois cites respecting searches and seizures under the prohibition act is distinguishable, because the eighteenth amendment contains a provision that the Congress and the several States shall have concurrent power to enforce the article by appropriate legislation. Of course, when the requisite number of States ratified the amendment they gave their assent to that concurrent authority. The States have not consented to such concurrence here. Consequently, it seems to me that the case which the Senator cites is not parallel.

The United States district courts now exercise general equity jurisdiction. Practically every State has a court with general equity jurisdiction. In some States they are called district courts, in some they are called circuit courts, and in some courts of chancery. But they are courts administering equity jurisdiction. It seems to me that a court of general equity jurisdiction has power now to do everything contemplated by the Senator's amendment. In other words, a Federal court exercising general equity jurisdiction or a State court exercising general equity jurisdiction has unlimited power now to do everything that the Senator's amendment undertakes to provide.

I wonder if the Senator has in mind a hypothetical case where a court of equity jurisdiction would not have authority and yet under this amendment it would have authority?

Mr. LEWIS. Mr. President, I seem to be confronted to-day with something of a barrage of eminent ex-judicial officers of distinguished service. Among them is the eminent Senator from New Mexico who interrogates me. He was an honor to his State while serving upon the supreme bench of that State. In that Senator, as in the Senator from Utah [Mr. King], I recognize that assurance of a knowledge of technical procedure quite superior to what I possess, leading me to conclude that my views are in contest from high sources in my own party.

I wish to answer my friend from New Mexico, conscious that his view is born of his fears. The law as now existing in the States, where a judge sits in equity in a State court, would authorize him to restrain procedure. But this could not apply as to a matter under the Federal act, for under the statute the power is limited to the law of that State defining it.

I reply further to the Senator from New Mexico to say that, as the Senator from Arkansas said, if it was enforcing a statute of the State, the statute of the State would be the guide. While that State would have a right to restrain within that State certain procedure, it would only have that right in the exercise of an ordinary equity. It could not restrain the proceedings under this act. It could only act where the act provided that the person had the right to have the delay until he could enjoy the provisions and not be foreclosed out, despite the acts of the legislature or of procedure while the matter was pending and his application was hanging and awaiting action.

Second, I now answer my friend further. Without this provision I invite the learned former justice and eminent Senator from New Mexico to this thought: A State court would have no jurisdiction unless there was some provision granting it that authority. The Federal courts would have no jurisdiction unless the plaintiff was a citizen of one State and the defendant a citizen of another, or unless there was a charge somewhere that was violative of a Federal statute or of the Constitution. I am giving the very basis which my eminent friend from New Mexico says is needed under the Federal statute as a basis by which, going into the Federal court without regard to citizenship, he can contend his right under the Federal statute, this law, and that bases jurisdiction in the Federal court. Without it there would be none to give that individual relief in any tribunal, as I understand it.

Mr. BRATTON. Mr. President, may I ask the Senator a further question?

The PRESIDING OFFICER. Does the Senator from Illinois yield further to the Senator from New Mexico?

Mr. LEWIS. Certainly.

Mr. BRATTON. Is it the concept of the Senator that under this amendment a citizen of his own State could go into the Federal court of Illinois and enjoin another citizen of Illinois from enforcing a judgment of $500 or from suing upon a note for a thousand dollars? Does the Senator entertain the view that this amendment would give a new jurisdiction to the United States district court?

Mr. LEWIS. To the contrary, it gives a new jurisdiction to the United States ccurt in matters where the Federal court takes jurisdiction by virtue of the residence of the citizen. This amendment gives to the State courts a jurisdiction by which a citizen of the State can obtain from the State court relief pending his effort to obtain the privileges created for him by the bill. This process prevents his property from being destroyed by foreclosure or himself evicted from his premises while those in his behalf are applying for the advantages provided for in the pending bill.

Now, sir, I come to a conclusion. I have occupied the Senate longer than was my intention. I have yielded, of course, willingly, to eminent Senators who have interrupted me, and I am glad to have their views on some aspects of the matter where perhaps mine are somewhat deficient; but I bring this thought to the attention of the Senate: If we do not adopt a measure such as I offer or something similar, in what manner are we going to protect individuals who are assumed to be the cestui que trustents, as we lawyers would speak of it, who are assumed to be the benefi-

ciaries under the act during the time when it is being constructed for action and results? What will you do during that time, while money is being prepared to go forth to the smaller institutions through the larger ones to find its way to those who mostly need it? How are we to protect the threatened and imperiled from being foreclosed out of existence and a repetition of the calamity and tragedy which followed the creation and enforcement of the farm loan act between the time of its passage and the time of its administration?

If we do not adopt some measure such as that tendered here, or something similar in its spirit, in what way are we offering them any protection or guardianship at all? Has it come to the point that Senators are to be of those of whom Macbeth speaks?—

> The juggling fiends no more to be believed,
> That palter in a double sense;
> That keep the word of promise to the ear
> And break it to the hope.

Have we reached the point that under the pretense of relief we merely invite confidence to betray it? Sir, have we not examples around us to warn us that we may go too far in weakening the public confidence? At a time like this, when an opportunity is really afforded to help those in distress, shall we permit it to be pointed out that, while we allow $240,000,000 in a single payment to be released to those outside our land and of foreign citizenry, we will not give $2.40 of relief to the unhappy individual at home or give any form of protection, nor afford him even the advantage to go to the courts, of which we ever boast such surety and power, ever bespeak before the multitudes the great regard the citizen has for their sanctity under the Constitution and of the sure relief they afford to each individual however high or however low?

I merely offer this amendment that the spirit of it may submit itself to the consideration of the eminent Senators, to be changed in any form necessary in order to accomplish the purpose, if the purpose be worthy; and if it not be this, then where else may we turn?

Mr. President, let me speak frankly to my confrères. I can not be unconscious of the atmosphere of suppressed discontent that surrounds this Government. I can not be oblivious to the fact that all around the United States of America throughout the nations of the world there is insurrection and revolution. I can not be blind to the spectacle of other lands shattering their constitutions to remnants, dissolving their institutions into chaos; I must see all respect lost for law and note the defiance shouted at government. We see the crumbling of crowns, the melting of empires, and before the world we shudder at the parade of anarchy on the one hand and the procession of communism on the other. Shall I flatter myself that my dear and beloved country, though blest by Providence in so many ways beyond description, shall be exempt from the influences, sir, of the circle of conflagration that surrounds it in the multiplying fires? Well do we recall the words of him who wrote: "Landlords and Law Lords and Trade Lords * * * the spectres you conjure have arisen. Behold strikers and rebels shout defiance. Behold the anarchist with his bombs—the commune with the torch. They are the fruit of the tree you have planted. You sowed the dragon's teeth and planted the wind, and you shall reap the whirlwind as surely as the stream flows seaward."

It is a moment when millions of eyes in America will be turned to this honoroable tribunal. They will see that a humble Member presented to this tribunal the aspect of the thousands who would be destroyed and the offer of method or demand for some action by which they could be rescued. They will note that every form of specious technicality under the ancient cry of unconstitutionality or violation of the letter of the law has again been resorted to in order to obviate and avoid a duty which they feel should be performed in an emergency like this as a right to humanity—the inheritance of salvation to citizenship.

I grant to these eminent Senators deep sincerity in all the objections they make; but we are living in an emergency that does not fit the ordinary course of events. It is an emergency we must meet with valor and invention; we must meet one of danger with another that is rescue. I demand it to-day as the right of man, as justice to the State, as salvation to constitutional freedom. I hope to meet the conscience of the eminent gentlemen who serve under their oaths, but I, as an ancient one, declare that "there is a justice higher than the law."

We are at times charmed to recall, sir, with Bishop Hooker that "of the law there can be no less said than that her seat is in the bosom of God; all mankind acknowledge her the mistress of their joys and happiness—the least as feeling her care, the greatest as not exempt from her power."

I tender to my colleagues the opportunity to discover and to afford the refuge and security to our countrymen who are suffering from no wrong of theirs but of the neglect or oppression of their Government. I demand that as the powerful are granted in this measure righteous rescue from the emergency that bows them down in embarrassment, the humble, the powerless, and the helpless shall likewise be remembered and may rejoice to recall that it was the United States Senate of America that called them to relief and assured them the Nation's justice. I thank you.

Mr. KING. Mr. President, the Senator from Illinois [Mr. LEWIS] has, in eloquent language, discussed his amendment and portrayed the tragic situation of a large number of the people of the United States. I pay tribute to the generosity of his heart and to his sincere desire to ameliorate the condition of millions who are in destitution. We can not close our eyes to the serious situation prevailing in the United States—to the industrial depression; the closing of mills and mines, factories and plants; and to the millions who are unemployed; and to the overhanging clouds which weigh so heavily upon the people. But there are some things which governments may not do, and there are situations which can not be cured by legislation.

If I were disposed to be partisan—and I am not—I might attribute the disastrous conditions throughout the United States, the poverty and want and unemployment, to the mistaken and unsound policies of the party which has controlled the Government for a number of years last past. But I shall not enter into a discussion of the causes of the present deplorable condition throughout the country. It is sufficient to say there is want and hunger and unemployment in every State of the Union. This condition is in part due to the unwise, and, indeed, extravagant expenditures made by Federal and State Governments as well as the political subdivisions of the States, and by a large number of the people in the United States. The country accepted the philosophy that prosperity resulted from mass production and enormous expenses by individuals as well as by governmental instrumentalities. The old virtues of thrift and saving and economy were forgotten. Stocks and bonds, amounting to billions of dollars according to their face value, were issued by the States and their political subdivisions, as well as by corporations, and they were unloaded upon the people by high-powered salesmanship methods. Many of these stocks and bonds were improvidently issued, and the purchasers have sustained losses the extent of which it is difficult to ascertain; but it is not inaccurate to say the aggregate losses reach astronomical figures. Not only the Federal Government and the States and municipalities and corporations have incurred enormous indebtedness, but there are billions of dollars of obligations resting upon the people themselves. In my opinion the total obligations of the Federal Government and the States and municipalities, corporations, and individuals will exceed $200,000,000,000.

The people are now brought face to face with this colossal weight of indebtedness. It is a powerful enemy in the way of progress and liberation from industrial servitude. Many of the financial and banking institutions have grievously erred in contributing to the mountain of debt resting upon the American people; they have encouraged stock and bond issues and loans and expenditures, and some industrial leaders have unwisely expanded their activities and have brought

trouble upon themselves, hardships upon their employees as well as upon the people. In my opinion, the agriculturists of the United States have borrowed too much. Credit has been too liberally provided and too eagerly accepted. The result is that mortgages rest upon farms and real estate totaling approximately $40,000,000. The financial condition of the country is so serious that it is claimed that the Federal Government must enact legislation which its proponents admit finds justification only because of the lack of money and credit and the inability of the banking and financial institutions of the United States to supply imperatively needed credit. I might say in passing that the gold basis upon which rests the currency and credit in the United States is inadequate to meet the needs of the hour.

The proposition involved in this bill is to authorize the Federal Government to borrow $500,000,000 with which the capital stock of the corporation to be created by this bill will be acquired, and also to authorize the issuance at par value of a billion and a half dollars of securities, guaranteed by the Government in order that loans may be made and credit extended to banks, financial institutions, and various corporations. Of course, the Government has no money. It will be compelled to borrow from the people. As Senators know, it already has outstanding bonds aggregating more than $17,000,000,000 and is confronted with deficits which will call for more bond issues amounting to perhaps two and a quarter billions of dollars. It will be observed that this bill furnishes no new money; that no more gold or gold certificates or silver certificates are to be put into circulation. Broadly stated, it means that the Government is to borrow additional sums in order to furnish credit to the institutions to which I have just referred. It is unfortunate that it is regarded as necessary that the powers of the Federal Government must be employed in order to aid in relieving the country from the consequences of unwise and unsound policies, both national, State, and individual.

My learned and eloquent friend has intimated that the foundations of our country are in danger and that there are revolutionary forces operating in the United States. May I be permitted to express dissent from that view? Notwithstanding the economic depression and the want and destitution existing in various parts of our country, I have no doubt as to the patriotism and loyalty of the American people. They have faith in our form of government and in our institutions; they regard with sincere devotion the Constitution of the United States and have no apprehension as to the perpetuity of this Republic. I believe the people desire the States to be preserved and are unwilling to have them destroyed—absorbed by an all-powerful Federal Government.

My distinguished friend finds a model for the amendment which he has offered and which he has just discussed in an English statute. I may be pardoned if I state that in my opinion it should be no precedent to guide the Congress of the United States. Obviously Parliament may enact laws which are valid in Great Britain, but if similar measures received the approval of Congress and the President of the United States they would be unconstitutional. Our form of government is different from that of Great Britain. Great Britain has no written constitution and Parliament is practically omnipotent in dealing with legislative matters pertaining to Great Britain. We have a written Constitution which limits the authority and power of the Federal Government. The English statute referred to by the Senator has no application in Australia or Canada or the Dominions within the British Commonwealth of Nations. Parliament might enact a valid law the operation of which was confined to Great Britain, but beyond the limits of Great Britain and within the Dominions it would be wholly invalid. The States of the Union may enact laws which the Federal Government has no authority to enact. The Federal Government's power is limited, as I have stated, by the Constitution, and within the enumerated powers Congress may act, but beyond the authority conferred upon it by the States, it may not validly act. States have supreme and undisputed authority to deal with their internal and domestic affairs, but Congress may not lay its hands upon the States or interfere with the rights reserved to the States or to the people.

I might add that what was known as the British Empire has undergone remarkable political and governmental changes in the past few years, while in the United States there is a powerful centralizing movement which menaces the integrity and sovereignty of the States. Demands are made that the Federal Government take over many of the functions of the States and assume a sort of guardianship over them upon the theory that they are inert or so atrophied that they may not discharge the duties devolving upon them.

The British Dominions for years have been demanding a greater liberty and power. This has resulted in a strong decentralizing movement in the British Empire, and to-day substantially all of the British Dominions are sovereign and independent states. The Dominions are bound to the mother country by silken bonds of affection and by tradition, rather than by legalistic forms. Only within the past few days the King signed a measure which practically strips the courts of Great Britain of authority to pass upon judicial questions arising within the British Commonwealths. They interpret their constitutions and the laws of their respective legislative bodies. Great Britain could not pass a law of the character indicated by the Senator which would have any application to the Commonwealths of Great Britain.

Neither can Congress pass a law along the lines of the amendment offered by my friend which would have any validity in any State in this Union. The States have the right to set up such judicial tribunals as they may see fit, and adopt such judicial procedure as they may deem suitable. Louisiana has adopted the Napoleonic Code. The civil law there is recognized and, broadly speaking, is the basis of the judicial system there prevailing. In many of the States the code system has been adopted. In some States courts have equitable jurisdiction and are separate from the tribunals that have what is commonly called common-law jurisdiction. But the courts are creatures of the States, and their jurisdiction and authority are determined by the statutes of the States. In many of the States laws are enacted defining the authority of the courts of equity and prescribing under which circumstances injunction relief or other so-called extraordinary relief may be granted. The States determine the property rights of individuals, prescribe the manner in which property may be transferred, define contracts and provide the forms of mortgages and liens and the manner of their enforcement. The Federal Government may not enter the States and interfere with their sovereignty and authority. Under the guise of equity neither the States nor the Federal Government may interfere with contracts, and certainly the Federal Government may not obtain authority to interfere with contracts or foreclosure proceedings within the States resting upon State laws, even under the pretext of an act passed by Congress which seeks to confer so-called equity jurisdiction for such purpose. The State courts may exercise equitable jurisdiction, and when any person is entitled to equitable relief, the State courts, under their general equity powers and under the statutes of the States, may hear and determine controversies and grant such relief as the facts and the law warrant.

I am unwilling to support any measure that will submerge the States or interfere with their rights and prerogatives or will aggrandize the Federal Government at the expense of the States. There is too much Federal authority. There are too many Federal usurpations. There is too much of a subsidence of the spirit of local self-government; and not infrequently periods of stress are seized upon as justification for the enactment of laws that may not stand the test of time nor the test of constitutional authority.

The lamentable condition existing in the United States, in my opinion, should not be seized upon as a pretext for unconstitutional legislation. And, as I sincerely believe, if this law were passed and were constitutional, it would be

unavailing. Certainly, the State courts, in the exercise of their equity powers, may protect all legal rights of debtors or creditors or persons within their respective boundaries.

Mr. President, as I understand my distinguished friend, he is not entirely satisfied with our Constitution. Perhaps, if he had the power, he would amend it. It may be that it does not meet present conditions—economic and political. However, it is the Constitution, and he and I and all the officials of the Government have taken an oath to uphold and defend it against all enemies foreign and domestic. In my opinion it marked a departure from the past and was one of the greatest achievements of the human mind. Certainly it gave to the New World not one but many republics, and the spirit, if not the letter, of the Constitution of the United States, penetrated all lands and climes and gave inspiration to millions who coveted liberty and who were strengthened to combat despotism and to win the prize of freedom under just laws.

The learned Senator in referring to the observations which I made a few moments ago, speaks of ancient times. Certainly, the Constitution of the United States is not ancient. It is a new evangel in an old world. It has been the guardian of this Republic, and under its benign influence there has arisen a Government, the most liberal and progressive that has ever existed in the memory of man. Who would exchange our dual form of Government for the governmental institutions and political forms found among any people on earth? There are some things that never grow old; there are some things that are eternal. The wisdom of man has discovered no greater political truths than those embodied in the Constitution of the United States and developed under our political institutions.

Mr. President, every Senator regrets the deplorable conditions existing in our country and will be glad to join with the able Senator from Illinois in adopting any measure, within the authority of Congress to enact, that will ameliorate conditions and alleviate the sorrow and sufferings of the people of the United States. Believing, as I do, that the amendment offered by the Senator will not accomplish the results which he anticipates and that it is not within the authority of Congress to enact, I shall feel constrained to vote against it.

The VICE PRESIDENT. The Chair desires the attention of the Senator from Connecticut. Does the Senator from Connecticut desire to perfect his amendment before it is amended from the floor?

Mr. WALCOTT. I do, Mr. President. May I call the attention of the Senate to two printer's errors in the bill which I should like to have changed?

The VICE PRESIDENT. The amendment has not been agreed to. The Senator may modify it, if he desires, before it is submitted for a vote or for further amendment.

Mr. WALCOTT. I do. I thank the Chair.

On page 23, line 9, the word "is" after the word "corporations" has been omitted by the printer. It should be inserted.

Mr. KING. Will the Senator state the amendment again?

Mr. WALCOTT. On page 23, line 9, insert the word "is" after the word "corporations." It is an incomplete sentence. The verb has been omitted.

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to.

Mr. WALCOTT. And the word "corporations" is now plural. It should be singular. It should read "the corporation is." The letter "s" should be taken out.

The VICE PRESIDENT. Without objection, the amendment to the amendment will be agreed to.

Mr. WALCOTT. On page 31, lines 20 and 21, the word "Treasurer" is used. It should be "Treasury."

The amendment to the amendment was agreed to.

Mr. WALCOTT. The word "in" should be "into." Instead of "in the Treasurer," it should be "into the Treasury." Both are printer's errors.

The amendment to the amendment was agreed to.

Mr. WALCOTT. That is all, Mr. President.

Mr. ROBINSON of Arkansas. Mr. President, while the Senator is making mere verbal amendments, may I suggest his consideration of one on page 31? I am not sure that my suggestion is correct; but, having given some thought to it, I think the change should be made.

In line 13, I believe the word "deposit" should be "payment."

Mr. FESS. On what page?

Mr. ROBINSON of Arkansas. On page 31, line 13. It appears to have some importance in view of the language that precedes the use of the word "deposit."

Mr. WALCOTT. Mr. President, I accept that suggestion. It should be changed. The word "deposit" should be "payment."

The amendment to the amendment was agreed to.

Mr. WALCOTT. Mr. President, the paragraph at the bottom of page 28, in view of modifications made in the bill, is irrelevant and does not belong here. It does not add to or detract from the bill and has no part in the bill. I am speaking now of page 28, lines 20 to 25, inclusive, and on page 29, lines 1 to 3, inclusive. They refer to the Federal reserve act in error. That subsection (f) does not belong there, and I move that it be stricken out.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The bill is before the Senate, and the question is on agreeing to the amendment reported by the committee as amended.

Mr. SHIPSTEAD obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, was the principal amendment offered by the Senator from Connecticut agreed to?

The VICE PRESIDENT. It was.

Mr. ROBINSON of Arkansas. Was an explanation made of that amendment—the amendment striking out quite a material part of the text of the bill?

The VICE PRESIDENT. The Senator from Connecticut explained it. Does the Senator from Arkansas desire a reconsideration in order to have it explained further?

Mr. ROBINSON of Arkansas. No; I do not desire a reconsideration. I just wanted to know what the explanation of the amendment is.

Mr. WALCOTT. I shall be glad to explain it, Mr. President.

Mr. GLASS. Mr. President, if the Senator will pardon me, the explanation is that the subcommittee first had under consideration the question of making these debentures of the corporation eligible for rediscount and eligible for purchase by the Federal reserve bank. We always agreed unanimously that they should not be eligible for rediscount, and we tentatively agreed that they should be eligible for purchase. We afterwards unanimously agreed that they should be eligible for neither rediscount nor purchase; and this paragraph was inadvertently left in the bill, and should have been stricken out.

Mr. ROBINSON of Arkansas. Very well. I am satisfied with that explanation.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 20, line 23, after the first comma, insert the following:

to any State for use in operating a system of rural credits established and maintained by such State, or.

On page 21, line 8, before the period, insert a colon and the following:

Provided, That loans to a State may be made upon the bonds thereof pledging the credit of such State. For the purpose of consummating a loan to a State, the corporation may submit a bid for the purchase of the bonds of such State where the law thereof requires such bonds to be sold upon competitive bids.

On page 21, line 21, after "loan," insert a comma and the following: "except a loan to a State."

The VICE PRESIDENT. The clerk will state the first amendment proposed by the Senator from Minnesota to the amendment of the committee.

The LEGISLATIVE CLERK. On page 20, line 23, after the first comma, insert:

to any State for use in operating a system of rural credits established and maintained by such State, or.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment of the committee.

Mr. KING. Mr. President, I should like to inquire what is the purpose of the amendment.

Mr. SHIPSTEAD. I will say to the Senator from Utah that in the debate which took place on this bill yesterday it was said that certain provisions and benefits of this law could be extended to certain bona fide financial institutions. I have talked over the matter with the Senator who is in charge of the bill, and he says that it does not add to or take away from the provisions of the bill, except that it makes the intention of the bill more specific.

The VICE PRESIDENT. The question is on agreeing to the first amendment offered by the Senator from Minnesota to the amendment of the committee.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. Without objection, the other amendments to the committee amendment, which are along the same line, will be agreed to.

Mr. REED. Mr. President, there are a number of corrections that it seems to me should be made in the bill.

On page 21, line 17, obviously the word "with" is a mistake and ought to be the word "upon," so as to read:

No loans or advancements shall be made upon foreign securities—

And so forth.

I move that amendment, to strike out the word "with" and put in the word "upon."

I take it there is no objection to it.

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to.

Mr. KING. Mr. President, may I make an inquiry at this point? Perhaps the explanation was made yesterday. I was attending a committee meeting most of the day, and could not be here.

I am curious to learn of the reason for making an exception in behalf of Canada. While I have the greatest admiration for Canada—and her fine and progressive people—I am at a loss to know why we are singling her out and taking her from under the operations of the bill.

Mr. REED. I should rather that the Senator in charge of the bill would explain that.

The VICE PRESIDENT. Will the Senator from Connecticut give his attention?

Mr. WALCOTT. Mr. President, I heard what the Senator said. I think not, Mr. President. It certainly is not our intention to injure Canada in any way.

Mr. KING. I know that.

Mr. WALCOTT. It is a friendly gesture. I personally had other views with reference to using the word "foreign," but it was the consensus of the majority of the committee that it should remain as it was, the idea being that no foreign securities should be accepted as collateral other than Canadian securities. It might have been turned around, and the language might easily be "only United States securities," but the committee approved this wording, and we left it alone.

Mr. KING. May I say to my friend that I fear some conclusions may be drawn that may be unfounded or unjust. It is known that the American people entertain for Canada not only profound respect but, indeed, a deep affection, and are willing always to do something more than make a gesture to evidence the fraternal feeling and the high regard that we entertain for Canada and her people. I do not think that Canada would ask to have inserted in this legislation a provision that singles her out and seeks to give her a preference over other countries.

I do not wish to go contrary to the wishes of the committee; and yet it occurs to me that the committee, upon further consideration of this matter, will upon their own motion move to eliminate the provision.

Mr. WHEELER. Mr. President, I hold exactly the same views as the Senator from Utah with reference to this matter; and I propose to strike out the words "except those of the Dominion of Canada and of Canadian corporations," so that it will refer to all foreign corporations alike.

As a matter of fact, if this bill has any purpose at all, it is for the purpose of helping American corporations, or helping their securities, and not Canadian or foreign securities. The minute we go ahead and put in here "excepting Canada," we give a preference to Canada and Canadian corporations, and put Canadian corporation securities exactly on a par with United States securities.

Mr. ROBINSON of Arkansas. And we invite resentment from every other country in the world.

Mr. WHEELER. Exactly; we can not help but do it. It seems to me it is unjust to our own institutions. It is unfair that this Government of ours should be helping foreign corporations. That is what it is doing. It is helping foreign corporations by placing their securities on a par with those of the United States, and making them so that loans can be made upon them.

I move to strike out the portion beginning on page 21 with the words "except those," on line 18, to and including the words "Canadian corporations."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Montana to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Has the Senator from Pennsylvania other amendments?

Mr. REED. I have other amendments, but I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The Senator from Pennsylvania was courteous enough to yield to me. I wish to submit an amendment, and invite the attention of the Senator from Connecticut. The amendment arises out of a discussion that occurred yesterday.

I propose on line 2, page 22, commencing with the word "except," to strike out all the language down to and including the word "act," in line 7, so as to eliminate the provision which limits the power of the Reconstruction Finance Corporation to making loans based on banking credit extended prior to the adoption of the act. Some amendment of the section will be necessary, because of amendments already adopted. The amendment of the Senator from Minnesota seems inconsistent with this provision; and, since the corporation is not compelled to make loans for any purposes, I believe that the object which I had in mind in the discussion of yesterday will be accomplished by the elimination of this language. I ask for the consideration of the amendment to the amendment.

Mr. WALCOTT. Mr. President, that was considered at some length by the committee. The feeling of the committee, as well as of the Federal reserve authorities, is that without that language the new corporation would or might be put into the banking business, which we wanted expressly to prohibit.

The amendment just proposed by the Senator from Minnesota, in my opinion, does not add to or detract from the authority contained in the bill. I agree with the Senator from Arkansas that these words may nullify the amendment of the Senator from Minnesota, and I so told that Senator this morning. But I do not believe there is any objection to the amendment offered by the Senator from Minnesota, because of the broad powers left to the board. They can, in their wisdom, determine whether they can lend to a State, provided that State assumes the functions of a financial institution. But if we took out the lines which the Senator from Arkansas suggests be eliminated, we would then give to the board the authority to deliberately go into the banking business, and as the corporation is to be only a lending corporation, we want to stop them from doing that.

Mr. ROBINSON of Arkansas. Mr. President, if the purposes of this measure are to be conserved, it may not be wise to restrict the activities or the loans of the board to the re-

financing of loans which have already been made by banking institutions.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. WALSH of Montana. This is a very important matter——

Mr. ROBINSON of Arkansas. It is a very important matter, and I may say that I have no disposition to treat it in a perfunctory manner. I want it fully discussed and considered, if there is opposition to it by the Senator in charge of the bill.

Mr. WALSH of Montana. I was going to suggest to the Senator that if the Senator intended to indulge in any discussion of the matter we ought to have a larger number present, and I was about to suggest the absence of a quorum.

Mr. ROBINSON of Arkansas. I yield for that purpose.

Mr. WALSH of Montana. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Sheppard
Austin	Davis	Kean	Shipstead
Bailey	Dickinson	Kendrick	Shortridge
Barbour	Dill	Keyes	Smith
Barkley	Fess	King	Smoot
Bingham	Fletcher	La Follette	Steiwer
Black	Frazier	Lewis	Thomas, Idaho
Blaine	George	Logan	Thomas, Okla.
Borah	Glass	McGill	Townsend
Bratton	Glenn	McKellar	Trammell
Brookhart	Goldsborough	McNary	Tydings
Bulkley	Gore	Metcalf	Vandenberg
Bulow	Hale	Morrison	Wagner
Byrnes	Harris	Moses	Walcott
Capper	Harrison	Neely	Walsh, Mass.
Caraway	Hastings	Norbeck	Walsh, Mont.
Carey	Hatfield	Norris	Waterman
Connally	Hawes	Nye	Watson
Coolidge	Hayden	Patterson	Wheeler
Copeland	Hebert	Pittman	White
Costigan	Howell	Reed	
Couzens	Hull	Robinson, Ark.	
Cutting	Johnson	Robinson, Ind.	

The VICE PRESIDENT. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, I believe it is entirely possible to modify my amendment in a way that will meet with the approval of those in charge of the bill and, at the same time, conserve the purposes of those who are in sympathy with the object which I have. With the assistance and at the suggestion of the junior Senator from Virginia [Mr. GLASS], I modify my amendment so as to strike out the language commencing with the word "except" in line 2, page 22, and extending down to and including the word "act," on line 7, and inserting in lieu thereof—and I ask particularly the attention of the Senator from Montana to this—the words:

Provided, That said corporation shall not in any event engage in commercial banking business in competition with existing banking institutions.

That amendment is intended to accomplish the purpose which I am told the committee had in mind when it incorporated this limitation I am seeking to strike out on the power of the reconstruction finance corporation. It will still leave the corporation at liberty to make loans which are within the class I designated yesterday.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. BARKLEY. It is the understanding of all of us that the object of this language which is proposed to be stricken out was to prevent corporations or financial institutions of any sort from freezing up their assets in the future and then making application for this reconstruction finance corporation to unfreeze them by making a loan, and that the object of this bill was to limit its operations very largely to thawing out situations which already existed. Would the language suggested in substitution, as now proposed by the Senator, leave it possible for corporations to do that thing and then go to the reconstruction corporation with an application for a loan on the ground that banks ordinarily engaged in the business of lending money were unable to accommodate them, and therefore that there would be no competition in this corporation making a loan if a bank could not?

Mr. ROBINSON of Arkansas. Mr. President, I am unable to answer completely the question of the Senator from Kentucky. I think this is an extraordinary statute. It is intended to meet an emergency condition. With respect to the purposes of the loans which are in contemplation, the powers of the board are practically unlimited. It is rather unduly restrictive, I think, to say that no loans shall be made for any purpose except to refinance an operation which already has established banking credit. I think that if that provision remained in the measure and should be applied literally, it would in many instances unduly impair the effect of the operation of the statute, and I do believe that the limitation suggested by the Senator from Virginia meets, for the most part, the objections which the Senator has in mind.

I would not want the board to be precluded from authorizing a loan to an agricultural credit corporation merely because the agricultural credit corporation had not already established the indebtedness upon which to base the loan.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from California?

Mr. ROBINSON of Arkansas. I yield.

Mr. SHORTRIDGE. I listened to the reading of the Senator's suggested amendment to the amendment as originally proposed. That does not, of course, make it mandatory upon the corporation to make the loan, but gives it the discretionary power to do so.

Mr. ROBINSON of Arkansas. It does broaden the power of the corporation. Otherwise, I would not seek it.

Mr. SHORTRIDGE. I understand.

Mr. ROBINSON of Arkansas. I think if we are to rely on this measure as the great reconstruction act which is to dispel gloom, bring back sunshine, cheer us up, and revive our confidence and our credit, there is no occasion for making it impossible for those who most need assistance to secure it. There will be many instances in which they can not obtain it, no matter what provisions we write into the law. But it is our duty to make it as liberal and as fair and as impartial as possible.

I think that in incorporating the modification of my amendment suggested by the Senator from Virginia, I am accomplishing the purpose which the committee primarily had in mind.

Mr. THOMAS of Idaho. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. THOMAS of Idaho. I am in entire accord with the amendment of the Senator from Arkansas, if it goes far enough. The particular thing in which I am interested is the provision relating to livestock companies and agricultural associations. This provision was written into the bill by the committee at my suggestion.

Most of the livestock companies are defunct. I am not asking for capital to organize new companies. But unless some provision is made in order to take care of these livestock and agricultural communities this bill will be of no value whatever to the West.

Mr. ROBINSON of Arkansas. That is exactly the view I take, that without the amendment proposed loans which the Senator has in mind could not be made, however meritorious and necessary they might be. With the amendment adopted they could be made and the making of the loans would be in the discretion of the board.

Mr. THOMAS of Idaho. Would a strict interpretation of the Senator's amendment, in his judgment, preclude the operation of a new livestock company?

Mr. ROBINSON of Arkansas. It would not preclude loans to a new livestock corporation. It would not preclude loans to any agricultural credit institution. It would leave in the discretion of the board the making of such loans, so long as they did not fall within the class of commercial loans which, as the Senator knows, have a technical and well-

defined meaning. It would leave them to the discretion of the board.

Mr. THOMAS of Idaho. The question arises in the West. In many of our banks livestock loans are carried, but in many other communities we have to resort to livestock-loan companies, because the banks are not able to carry the livestock loans. Many of those livestock corporations are in distress and we must have new corporations; we must have a new place to float the paper. It is the same debt the farmers and stockmen now owe.

Mr. ROBINSON of Arkansas. I think those loans could be made under the terms of the amendment.

Mr. WALSH of Montana. Mr. President, my attention was distracted for the moment and I do not know what the subject matter now being discussed is.

Mr. ROBINSON of Arkansas. The amendment to the amendment is to strike out all language on page 22, commencing with the word "except," in line 2, and extending down to and including the word "act," in line 7, and to insert in lieu thereof the following:

Provided, That said corporation shall not in any event engage in commercial banking business in competition with existing banking institutions.

Mr. WALSH of Montana. To what does the language "said corporation" refer?

Mr. ROBINSON of Arkansas. It refers to the Reconstruction Finance Corporation, the corporation created by this bill. If the Senator would prefer to say so, I have no objection to modifying it to read, "*Provided*, That the Reconstruction Finance Corporation shall not in any event," and so forth. I will modify it in that way if the Senator is in doubt, so that it shall read: "*Provided*, That the Reconstruction Finance Corporation shall not in any event," and so forth. There is an express provision in the bill that the word "corporation" means the Reconstruction Finance Corporation, but I do not care to make a point of it.

Mr. WALSH of Montana. I think that makes it more specific, because the word "corporation" is used in other connections as well as for designating the Reconstruction Finance Corporation.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Iowa?

Mr. ROBINSON of Arkansas. I yield.

Mr. BROOKHART. It seems to me the Senator's amendment prohibiting the corporation from going into any business in competition with banks, or into the banking business, practically nullifies its power. I do not think any of these loans which are contemplated are prohibited to banks. The bank could come in and say, "That is competition with us, and it would be illegal."

Mr. ROBINSON of Arkansas. The Senator evidently did not hear or did not correctly grasp the meaning of the language that is employed. It is commercial banking. Commercial banking has a pretty well defined meaning. It relates to the acceptance and rediscount of what is known as commercial paper—that is, short-term paper, 30 or 60 or 90 day paper, and so forth.

Mr. BROOKHART. But it also includes a good many other kinds of loans.

Mr. ROBINSON of Arkansas. Not commercial banking.

Mr. BROOKHART. I do not know of such a definition as that in the law.

Mr. ROBINSON of Arkansas. It is not in the law, but it is well established in the business world. "Commercial banking" has a very well defined meaning.

Mr. BROOKHART. The Federal reserve system is a commercial banking system and it rediscounts other lines of credit and paper.

Mr. WALCOTT. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. Certainly.

Mr. WALCOTT. I wish to reemphasize my first statement in reply to the Senator from Arkansas justifying the committee's attitude in inserting these lines. We were very much opposed to the danger or the possibility of creating a large central bank that could go into broad banking business. If the Senator's proviso excludes all institutions or prevents competition with existing banking institutions on the part of this corporation, then I see no particular objection. We want to guard against this corporation acting as a great central bank and going into competition with existing financial institutions.

Mr. BULKLEY. Mr. President, I want to ask the Senator from Connecticut if it is not a fact that the adoption of this amendment would open the way to invite the very sort of transactions that have frozen up these banks, by the assurance that the Government stands there to unfreeze them as soon as they have made their errors.

Mr. WALCOTT. I think that is true unless we insert the provision which the Senator from Arkansas has offered. I may say for the benefit of Senators interested in this matter that I personally am in favor and I believe every member of the committee is in favor of bringing the relief that is wanted, but I hope we can do it with a proviso that will not jeopardize the rest of the bill and not bring this corporation into competition with existing legitimate bona fide commercial banks.

Mr. ROBINSON of Arkansas. Of course, if we put in an express provision stating that it shall not engage in competition with existing commercial banking institutions, we will accomplish that end. By striking out the limitation there will be no necessity for a specific reference to the exception which was inserted in the bill at the instance of the Senator from Florida [Mr. FLETCHER].

I do not believe that this great board and corporation, designed as a reconstruction agency at a time when conditions are disturbed as they are now, should be limited so that under no possible condition can it make any loan except to take up a loan that has already been made with some bank. If its power is limited in that way, we will prevent for the most part the very purposes which are in contemplation in the enactment of the legislation. Why deny to a livestock association that is in need of funds, that already has performed its duties, or why deny to an agricultural association likewise, the power to obtain funds under this bill if the board finds that it is essential in promoting the public welfare? Why limit it to old loans made to banks?

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I yield.

Mr. BARKLEY. I am in full sympathy with what the Senator from Arkansas has in mind with reference to agricultural credit, but the language offered in the amendment and the language which we propose to strike out has no reference to agricultural credit and livestock associations or any other agricultural organizations. It leaves it entirely open for all sorts of corporations, commercial and otherwise, to make new loans hereafter in banks, which then may become frozen and they can not make any other loans through any other bank or can not refinance that loan through the bank where it has been made. They can then go to this corporation under this language and say, "We admit this is a new financial transaction. It is a loan that has been made originally since the enactment of this law. But we have got to have this credit because no bank will make us any further loan, and therefore a loan made now would not be in competition with any commercial bank, because they are not making any such loans."

Mr. ROBINSON of Arkansas. That would be a consideration which would permit the board to reject the loan.

I want to be entirely frank. I am a stockholder and an officer in a joint-stock land bank. I do not feel at liberty to offer an amendment which expressly makes provision for joint-stock land banks. I do not feel that the Senate ought to commit itself to a policy of restricting these loans so that those who worst need assistance can not secure it. I believe we ought to be liberal in extending powers to the board, for at last we have got to rely on the exercise of

discretion by the board in making the loans. If we deny the insertion of such terms as will permit loans to agricultural credit and livestock associations we will be compelled to pass another bill in a very short time. This will result in mere piecemeal legislation.

I am not saying that any particular loan ought to be granted. That is in the discretion of the board just as particular loans to railroads and banking institutions are in the discretion of the board. But the power ought to exist. I do not believe that there could be any substantial objection to the amendment as modified at the suggestion of the Senator from Virginia [Mr. GLASS].

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Montana?

Mr. ROBINSON of Arkansas. Certainly.

Mr. WALSH of Montana. There is a very strong sentiment in my State and in the West generally in favor of this legislation upon the assumption that it is a revival of the War Finance Corporation. Under the provisions of the War Finance Corporation act, as it was amended in 1921, loans could be made to "any person engaged in the United States in dealing in or marketing any such products or to any association composed of persons engaged in producing such products, for the purpose of assisting them in carrying such products until they could be exported or sold for export in an orderly manner." Note that loans could be made to an individual "dealing in or marketing" such products, but could not be made to an individual "engaged in producing" such products. Loans could be made only to associations engaged in the production of such products. Accordingly, aid was extended under the provisions of the War Finance Corporation act to the producers by inducing them to organize themselves into associations to which loans were made. A great deal of relief was extended and the livestock industry, particularly in the West, was preserved by the organization of such associations to which loans were made by the War Finance Corporation.

The trouble to-day is that under the bill as it is now before us we are providing that loans shall not be made to new enterprises, so it would be quite impossible to pursue that policy and to organize new associations to which loans could be made. Since that time the intermediate credit act was passed, and livestock loan associations have been organized under the provisions of that law, borrowing from the intermediate credit banks or negotiating their securities with that institution; but, as pointed out by the Senator from Idaho, many of those associations, by reason of adverse conditions, have practically failed and have suspended business or are in process of suspension. It is hoped that associations will be organized to take over the assets of those failed agricultural livestock credit associations and, taking them over, will make additional loans to associations to which loans would be made under the provisions of this proposed act as they were made under the War Finance Corporation act as it was originally instituted. Accordingly, Mr. President, those of us who represent those sections are dissatisfied with this provision which excepts from the operations of the proposed act any new enterprises or projects.

Mr. BULKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Ohio?

Mr. WALSH of Montana. I yield.

Mr. BULKLEY. Does not the Senator think it would be wiser to prepare an amendment which would make an exception in favor of the specific transactions that he wants to admit rather than throw open this act to any and every sort of a promotion that might be suggested anywhere?

Mr. WALSH of Montana. If the Senate should, in its wisdom, conclude to retain this provision in the bill, it was my purpose to offer a proviso following this particular exception, reading as follows:

Provided, however, That this exception shall not extend to agricultural livestock credit corporations.

That would meet all the necessities of our case.

Mr. BULKLEY. Mr. President, I should like to ask the Senator from Arkansas if that would not be quite satisfactory?

Mr. ROBINSON of Arkansas. My amendment is under consideration, and I will say the language proposed is not at all satisfactory to me, because it does not reach the cases of agricultural credit corporations; it does not reach the case of land banks; it does not reach numerous other cases that ought to be recognized.

Mr. WALSH of Montana. Let me say to the Senator that it expressly provides for livestock credit associations.

Mr. ROBINSON of Arkansas. But it does not expressly enumerate the other associations.

Mr. WALSH of Montana. No.

Mr. COUZENS. Mr. President, I should like to ask the Senator from Arkansas if the bill does not cover the ground he has in mind, how he interprets the words "loan association" which are found in line 24, on page 20? Do not those loan associations cover the ones to which he refers?

Mr. ROBINSON of Arkansas. I think the Senator from Michigan has missed the point. There is in this bill, on page 22, commencing at line 2, the following language——

Mr. COUZENS. I understand that. What I am trying to get at is, with the amendment proposed by the Senator from Montana, would not the provisions the Senator from Arkansas proposes be covered under the words "loan association" as found on page 20? I do not understand what the meaning of the words "loan association" is if they do not incorporate the very activities to which the Senator from Arkansas makes reference.

Mr. ROBINSON of Arkansas. I still think the Senator from Michigan has not grasped the phase of this controversy that is of controlling importance. There is in the bill a provision which my amendment seeks to strike out limiting loans to the purpose of refinancing loans that already exist in banks, so that if this bill shall retain that form there can be no loans to agricultural credit associations, livestock associations, joint-stock or Federal land banks for any other purpose than to take up old loans. My amendment, if agreed to, would strike out that language, impose a restriction to the effect that the reconstruction finance corporation could not engage in commercial banking, and leave the board of directors free to make any loans outside that limitation that it should find necessary and essential. I believe it will be found in the long run that if we desire this act to become effectual that end will be more readily accomplished by liberalizing than by restricting the language respecting loans and other purposes.

Mr. BULKLEY. Would not that leave it open to every sort of promotion scheme that may be conceived of?

Mr. ROBINSON of Arkansas. If the Senator conceives that the corporation is likely to go into promotion enterprises, some limitation of the nature he suggests might be inserted; but what I am insisting on is it is proposed to insert here, deliberately, a limitation that if observed—and I assume it will be observed—will prevent making any loans that are just as essential to the revitalization of industry in this country as are any of the loans that are going to be made, although they will not be so large in volume.

Mr. BULKLEY. Of course the Senator knows that I am in sympathy with the adoption of some amendment at that point.

Mr. ROBINSON of Arkansas. Yes; I understand that perfectly.

Mr. BULKLEY. But the Senator's amendment goes too far.

Mr. ROBINSON of Arkansas. I call the attention of the Senator from Ohio to this language, which could be inserted:

Provided, That this limitation shall not apply to livestock credit associations, agricultural credit corporations, Federal or joint-stock land banks.

Mr. WALSH of Montana. Mr. President, I should have no objection at all to that. I used the language of the bill itself as found at the bottom of page 20—"agricultural or livestock credit corporations." I merely except those as they

are enumerated in the act. However, let me inquire of the Senator whether the relief of the land banks would not be more appropriate in the legislation which we are presently to consider for the relief of the Federal land banks.

Mr. ROBINSON of Arkansas. I do not know, of course, whether the amendment that I am suggesting will be adopted on some other bill or not; I have no assurance of that. It was suggested to the committee and the committee did not report it, and I am taking a chance just as the Senator from Montana is. It might be that the amendment he has in mind would better be incorporated in the land bank bill.

Mr. BLAINE and Mr. COUZENS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON of Arkansas. I yield first to the Senator from Wisconsin.

Mr. BLAINE. I merely wish to suggest to the Senator that the committee expressly excluded joint-stock land banks from the bill.

Mr. ROBINSON of Arkansas. Yes.

Mr. BLAINE. They acted expressly against the inclusion of those land banks.

Mr. ROBINSON of Arkansas. Yes. Mr. President, I shall ask for a record vote on my amendment.

Mr. COUZENS and Mr. STEIWER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON of Arkansas. I yield to the Senator from Michigan, who first rose.

Mr. COUZENS. Mr. President, I want to say, as a member of the committee, speaking for myself only, that, as I understand, the intent of the committee when it put in this provision was that it was not intended that this corporation should finance new undertakings. For example, I am in receipt of a communication suggesting that this bill should incorporate a provision so that the New York Central Railroad, for example, might electrify its system and borrow $150,000,000 for that purpose, and whereby under another proposal there might be built a fast motor highway out of funds to be advanced by this corporation. As I understand the intent of the committee, it was that no money should be provided by the proposed corporation to finance any new undertaking, such as new buildings, new construction, new enterprises. If the Senator from Arkansas can devise language which will exclude new undertakings and cover the purposes which he has in mind, I think there will be less objection to his amendment.

Mr. STEIWER. Mr. President, will the Senator from Arkansas yield to me?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. Certainly.

Mr. STEIWER. I should like to make a suggestion upon the point which has been raised. It seems to me that there is some confusion in some minds with respect to the provisions beginning in section 5, which limits or defines the purposes for which loans may be made, and the language which the Senator from Arkansas seeks to change, which does not in terms limit the associations or define the borrowers, but defines the purposes for which the loans may be made. It seems to me that the purpose of the Senator from Arkansas is a very wise one, and I am wondering if he can not accomplish that purpose merely by specifying in the bill at the beginning of section 5 all of those agencies to which he thinks loans ought to be made, and then, at the place where he is now offering his amendment, merely by exception excluding them, so that the limitation on new operations would not extend to those agricultural groups but would extend only to the other groups to which the Senator from Michigan just now referred in his illustration. It occurs to me if we will separate in our consideration the agency to which we are making the loans from the purpose of the loans as defined at the bottom of page 22 that we can relieve this situation very readily.

Mr. ROBINSON of Arkansas. I have not any doubt that under the provisions of this bill loans may be made to agricultural credit corporations and to the other classes of associations that have been mentioned here. I think the Senator from Ohio agrees to that. But the purpose for which the loans must be made is limited to the refinancing of old debts, and that would not be adequate in the case of an agricultural credit corporation and some others; it might not be adequate in the case of the other classes of associations to which reference has been had. If it is generally acceptable, I will modify the amendment in line with the suggestion made by the Senator from Ohio [Mr. BUCKLEY], but I shall not withdraw it and take the chance of incorporating it in a bill from which the committee having jurisdiction of the bill deliberately excluded it.

Mr. BULKLEY. If the Senator will yield, I should like to say further that, speaking for myself and not for the committee, I am definitely in favor of such an exception as the Senator has in mind to provide for the agricultural situation, and I do not recommend to the Senator that he wait for the farm loan bill. I would like to see such a provision put on this bill, but what I am anxious to avoid is opening the whole thing up to every sort of promotion that may be undertaken.

Mr. ROBINSON of Arkansas. If I may have the attention of the Senator from Connecticut [Mr. WALCOTT], the Senator from Michigan [Mr. COUZENS], and the Senator from Montana [Mr. WALSH], I will ask leave for the present to withdraw the amendment that has been under discussion and propose a new amendment in the nature of a substitute for the former amendment by inserting, on line 7, page 22, after the word "act," the following language:

Provided, That the foregoing limitation shall not apply to agricultural or livestock credit associations, or Federal or joint-stock land banks.

Mr. FLETCHER. Mr. President, may I say to the Senator from Arkansas that I think the language he has just proposed is preferable to the other proposition, and I hope that it may be accepted, because it seems to cover the whole ground.

Mr. THOMAS of Idaho. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. ROBINSON of Arkansas. I yield.

Mr. THOMAS of Idaho. I wish to say to the Senator from Arkansas that I think the amendment he has now suggested would take care of the situation. In the Western States we have been getting along and have been feeding our livestock; but we have now several million sheep out in the snow and we have several hundred thousand cattle to feed, and unless something is done at this time our banking facilities will break down and we will be called upon to relieve real distress. The amendment now proposed will avoid that by taking care of the situation. Simply to renew old notes for a stockman will not do him any good. It is necessary to furnish feed for that livestock every day during the winter. The amendment now proposed, as I understand it, will take care of that situation.

The VICE PRESIDENT. Does the Senator from Arkansas withdraw his former amendment?

Mr. ROBINSON of Arkansas. Oh, yes; I have already done that.

Mr. BULKLEY. May we have the amendment stated again?

The VICE PRESIDENT. The amendment to the amendment will be restated.

The CHIEF CLERK. On page 22, line 7, after the word "act," it is proposed to insert the following:

Provided, That the foregoing limitation shall not apply to agricultural or livestock credit corporations or Federal or joint-stock land banks.

Mr. BULKLEY. Mr. President, I should like to suggest to the Senator to insert there the words "loans made to," so that the limitation shall not apply to loans made to such organizations as are suggested.

Mr. ROBINSON of Arkansas. Let the amendment be stated again.

The VICE PRESIDENT. The amendment to the amendment will be restated.

The Chief Clerk read as follows:

Provided, That the foregoing limitation shall not apply to agricultural or livestock credit——

Mr. ROBINSON of Arkansas. Yes; I think that suggestion is a good one—" shall not apply to loans made to," and so forth.

The VICE PRESIDENT. That modification will be made. The question now is upon agreeing to the amendment, as modified, to the amendment of the committee.

Mr. WALCOTT. Mr. President, I personally am in favor of accepting that language as it now reads. I see no objection to it. I think I have made it perfectly clear how the committee felt, and the reason for these lines. I think I also appreciate the necessity for making the modification, and I accept it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. The Senator from Minnesota. If the Senator from Minnesota does not desire to address himself to this amendment, may the question be put on it first?

Mr. SHIPSTEAD. I desire to ask the Senator from Connecticut a question before the amendment of the Senator from Arkansas is adopted.

The VICE PRESIDENT. The Senator will give his attention.

Mr. SHIPSTEAD. Is it the understanding of the Senator from Connecticut that the benefits, whatever they may be, of this corporation are limited solely to enterprises which have extended banking credit prior to the adoption of this act? Is it the intention to limit them to loans already made, with the exception provided by the amendment of the Senator from Arkansas?

Mr. WALCOTT. I think not; because on page 21 you find, after the broad provisions in section 5:

All such loans shall be fully and adequately secured in such manner as the corporation shall require.

I think that takes care of everything, and gives the board enough leeway to do any legitimate commercial lending.

Mr. SHIPSTEAD. Then I should like to ask the Senator from Arkansas a question. The Senator made the statement some time ago on the floor that he thought the provision he has referred to, beginning on line 2, page 22, with the word " except," down to the period in line 7, was inconsistent with an amendment that was adopted at my suggestion some time ago. Does the Senator still believe that with his amendment this provision is still inconsistent?

Mr. ROBINSON of Arkansas. The Senator must have misunderstood me. I expressed no opinion as to the inconsistency of my amendment with any amendment of his own.

Mr. SHIPSTEAD. I realize that; but I understood the Senator to say that this provision that he has just amended—not his amendment, but the provision that he amended—was inconsistent with the amendment of the Senator from Minnesota.

Mr. ROBINSON of Arkansas. I think I did say that the amendment of the Senator from Minnesota would require modification of that provision; but I should say that the amendment of the Senator from Minnesota, having been adopted, accomplishes the modification that is implied in its language.

Mr. SHIPSTEAD. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas, as modified.

The amendment, as modified, was agreed to.

Mr. REED. Mr. President, on page 29, line 6, after the word " taxation," I move to amend by inserting, in parenthesis, the words "(except estate and inheritance taxes)."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

Mr. BROOKHART. Mr. President, should not the word " gifts " also be inserted there?

Mr. REED. There is no such thing as a gift tax in the States that I know of. There certainly is no Federal gift tax.

Mr. BROOKHART. There was in the 1924 law. Was not that included in the 1926 law?

Mr. REED. No; that has been repealed.

Mr. BROOKHART. There is no gift tax?

Mr. REED. There is no gift tax at all.

Mr. BLAINE. Mr. President, may the amendment be stated?

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 29, line 6, after the word " taxation," it is proposed to insert "(except estate and inheritance taxes)," so that it will read:

Any and all obligations issued by the corporation shall be exempt both as to principal and interest from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States.

Mr. REED. The words should be in parenthesis, Mr. President.

Mr. WALSH of Montana. Mr. President, I think serious consideration ought to be given to the suggestion of the Senator from Iowa that gift taxes should be included. It by no means follows because there is no gift tax now that there may not be. Indeed, it is not at all unlikely that at this session of the Congress the gift tax imposed by the act of 1924, or something similar, may be restored. Otherwise, the purpose of those who desire to restore the gift tax might easily be circumvented by liberal investments in bonds of this corporation.

I suggest to the Senator, in view of the possibility, that it might be very proper to put in that language.

Mr. REED. Mr. President, I recognize that the suggestion of a gift tax will be urged at this session, in all likelihood. I hope it will not be urged successfully, because I think the experience with the 1924 act proved that it is not a successful tax. Nevertheless, we can debate that when we come to that question; and I see no objection to the suggestion of putting gift taxes in here. So I will withdraw the amendment that I offered and make it read "(except estate, inheritance, and gift taxes)."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. REED. Mr. President, I have one more amendment which I think also is a matter of substance. I am going to move to strike out all of section 5a, and the reason for doing so is that it seems to me to be wholly inconsistent with the whole plan of the bill.

The Senate knows that the intention of the bill is to furnish relief to the country generally through its banking system; that is to say, to furnish relief to banks which have made loans to various types of industries; and the only provision for direct loans outside of section 5a is for loans to railroads, about which we have the fullest sort of information readily obtainable by this finance corporation.

In section 5a appears a provision designed to facilitate our export trade. Of course, that is praiseworthy enough in itself, but note how it will work out. If an American exporter sends a shipment of his goods to Siam, let us say, or to Germany, or to any distant foreign country, under this section he would draw a bill of exchange upon the vendee of those goods. He would take that bill of exchange to this corporation, whose duty it would be to discount it, and obviously they would do so upon the credit of the purchaser.

A bank doing a foreign business is in a position to buy those acceptances only because it has correspondents abroad upon whom it can rely for information of the credit of the drawee of that bill of exchange; but this corporation has

no such establishment. It has no agents abroad, and it ought not to be compelled to establish any. From the standpoint of bringing immediate relief to industry this would be useless, because it would take many months to establish such an organization of dependable people in foreign countries from whom the corporation could get information about the soundness of the drawees of these bills of exchange.

It seems to me, therefore, that it would put the corporation into the banking business in the most undesirable way. It would put it into foreign banking, actually making loans which are as much for the benefit of citizens of foreign countries as they are for the benefit of American citizens.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED. I yield to the Senator.

Mr. COPELAND. The Senator recognizes that there is that great difficulty in our transactions with relation to export business. The competition of the British and the Germans and others makes it extremely difficult for our people to operate successfully.

Mr. REED. Yes.

Mr. COPELAND. I was not a member of the committee, but I read the hearings carefully and I was much impressed by what was said in the hearings regarding the importance of having some sort of machinery so that we might go ahead with this business.

When our banks were active and had money which they could use, they could do these things, and did them; but now we have reached a situation where these exporters can not get the money for this purpose. It seemed to me as I read the bill, I may say to the Senator, that this was a conspicuous exception to the general rule, but a very desirable one. Can the Senator suggest any other way by which these export transactions may be carried on if this provision should be stricken from the bill?

Mr. REED. The Senator from Connecticut has just shown me an amendment that has been suggested to him that perhaps would realize what is in the mind of the Senator from New York. He suggests, or it is suggested by somebody, that we strike out, beginning in line 18, all of the balance of the paragraph, and put in this language in its place:

> All drafts or other instruments accepted under this section shall be in terms payable in the United States in currency of the United States, and in addition to the export draft shall at all times be fully collateraled by American securities other than the security arising out of the original export transaction, or shall be guaranteed by an American bank or banker of undoubted solvency.

I think that would accomplish the same purpose.

Mr. COPELAND. I should be entirely satisfied with that.

Mr. REED. What I want to do is to place the responsibility for making the investigation of the drawee upon some bank or somebody else than this corporation.

Mr. COPELAND. That is entirely reasonable.

Mr. REED. Because it would take many months to set up an organization competent to do that. I am in full sympathy with what the Senator has in mind in trying to encourage export business.

Mr. COPELAND. I think that if the Senator will modify his amendment by the inclusion of the language read, the objection I would have would disappear at once.

The VICE PRESIDENT. Does the Senator modify his amendment?

Mr. FLETCHER. Mr. President, I understand the Senator's amendment proposes to strike out section 5a. Now he offers a language in lieu of that.

Mr. REED. I have not done so yet, but with one or two slight corrections in the language, I will offer it.

Mr. FLETCHER. When we get to it, I will deal with it. I do not accept any proposition of that sort, either to strike it out or to amend it. When the Senator has his amendment prepared, I propose to discuss it.

If the amendment as read by the Senator is offered by him in lieu of section 5a as it stands now, or as an amendment to section 5a, I think that will be entirely satisfactory, and might save all debate about it.

Mr. REED. That is what I propose to do. I withdraw my amendment now pending.

The VICE PRESIDENT. The Senator withdraws his amendment.

Mr. REED. I want to change the wording of this amendment very slightly before offering it, if that is acceptable to the Senator.

Mr. COPELAND. As I understand it, may I say to the Senator from Florida, the Senator from Pennsylvania does not take out all of section 5a under his arrangement now offered. He leaves in section 5a down to line 18.

Mr. FLETCHER. Yes.

Mr. COPELAND. He wipes out the rest of the paragraph and substitutes the language which he read, which, it would seem to me, would cover the matter we have in mind.

Mr. President, if I may have the attention of the Senator from Connecticut. Yesterday I asked him some questions relative to the insurance-company provision on page 20, when he assured us that that covers fire, life, casualty, guaranty companies, and so forth.

I should like to say this preliminary to asking two questions: Many of the mortgage companies throughout the country, as everybody knows, sold notes and bonds, and the money was used in financing homes of people of moderate circumstances, homes costing from $5,000 to $15,000. For instance, the National Surety Co. guaranteed the payment of the principal and interest on such notes and bonds.

Due to the depression and the decreased income of people who occupied those homes the borrowers were unable in thousands of cases to keep up their payments. Many of them had to give up title to their homes and many others had to have a refinancing arrangement made which would permit of smaller payments due to their decreased incomes. The income of the mortgage companies has been decreased, naturally, and institutions like the National Surety Co. have been called on to pay the interest on the notes and bonds held throughout the country in accordance with its agreement.

If the mortgage companies, whose assets are ample but frozen, are given the benefit of this bill, they will be permitted to continue loans, thus in turn being in a position to be more lenient with those who occupy the homes.

In the event that the Reconstruction Finance Corporation in the exercise of its broad powers regards the collateral as insufficient, then the National Surety Co. would secure the corporation by a surety bond. Of course, the bond would be a very safe kind of a guaranty. The business of every surety company doing business with the Government is under the strictest supervision of the Treasury Department and its financial condition is known to the Treasury Department from alpha to omega.

The reason for desiring loans direct to the mortgage companies is because they do not wish to put up an undue amount of collateral. With the tremendous decrease in the value of securities and the amount of collateral now up, they wish to avoid the necessity of using any more of these securities, because every time they use collateral for a loan it reduces the amount of business they are permitted to write by the Treasury Department.

May I ask, assuming that their assets are ample, would mortgage companies which finance the homes of people of small incomes, homes ranging in value from $5,000 to $15,000, be eligible to receive the benefits of the bill? I assume that they would, of course.

Mr. WALCOTT. I think so, provided they are construed as financial institutions.

Mr. COPELAND. The next question is, in the event that the corporation is of the opinion that its assets are not ample, would the corporation be authorized to accept a surety bond guaranteeing the payment of the loan when due?

I assume that it would, because I find this language on page 21—

Whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation.

So I assume that in a case like this, a guaranty bond, if acceptable to the corporation, would be eligible under the terms of the bill.

Mr. BLAINE. Mr. President——

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from New York yield to the Senator from Wisconsin?

Mr. COPELAND. I yield.

Mr. BLAINE. Let me suggest to the Senator that this bill provides that we must lend money to surety companies, casualty companies, liability companies, and so on. Why accept bonds as a substitute for cash and other good securities? Does not the Senator understand that the bill will take care of all these surety companies and casualty companies and bonding companies, and lend them money, and extend them credit? Why take their bonds?

Mr. COPELAND. I would expect, of course, that the corporation would use its sound business sense. But I want to know exactly what the language means. If they consider that the guaranty bond of such company were backed up with assets and collateral sufficient to justify it, I suppose they would accept this as additional credit.

Mr. BORAH. Mr. President, I have been listening to the discussion of this matter for two days. The able Senator from Connecticut [Mr. WALCOTT], who has charge of the bill, has been asked some 500 times, more or less, what the bill means. Of course, if anyone knows what it means, the Senator does. But in the last analysis, this bill is to be construed according to the language which is found in it.

Mr. COPELAND. I think it is very important that it should be plain, and, furthermore, that Senators thoroughly understand it, because this is a bill which we must defend when we go home.

Mr. BORAH. I have no intention of undertaking to do that. If I succeed in getting my consent to vote for it, I will be content to let the matter go its own way. If I vote for it, it will be solely because of the crisis before us and in the hope—I say hope—that it may possibly avert a still greater crisis.

Mr. COPELAND. The Senator could not be quite content if he gives his vote for it. He has to help sell these bonds, because we have not the money yet, after we pass the bill.

Mr. BORAH. What disturbs me is that this bill is being interpreted; there is being stated what some one thinks it means. Of course, unless the language bears out the interpretations it will be no protection to us that some one thought it meant thus and so while we were passing it.

Mr. COPELAND. No; but on page 21 is this language, referring to other financial institutions, "having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation," and so forth.

Mr. BORAH. Of course, what the bill does is to establish a financial dictatorship, and that language, together with the discretionary power of the board, would make it possible for them to do almost anything they wanted to do.

Mr. COPELAND. I think that is true.

Mr. BORAH. So what we are doing here really is giving to this board a wide discretion to construe language, necessarily broad and to some extent ambiguous.

Mr. COPELAND. My purpose is to try to find out what was in the minds of the committee as to how wide that discretion is. Does the Senator think it is too wide?

Mr. BORAH. The committee which reported this bill is an exceedingly able committee, but it has, nevertheless, given such wide discretion to this board that the board alone will make the construction, and the interpretation which we put upon language here will not control at all.

Mr. COPELAND. No; but this is a reasonable question.

Mr. BORAH. That is true; I concede that.

Mr. COPELAND. The board is authorized to accept the guaranty. What I want to know is this: If that guaranty took the form of a mortgage bond from some solvent institution, would it be acceptable or not to the board, in the opinion of the committee?

Mr. GLASS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. GLASS. How may we use more definite phrasing than this, if we are going to depend upon the banking instinct and the judgment of this corporation? The Senate can not tell whether any explicit application for a loan is properly secured or not. The Senate itself, without investigation in each individual case, can not possibly tell whether the corporation or the institution seeking the loan has substantial resources.

Mr. BORAH. I agree entirely with the Senator.

Mr. GLASS. We are setting up, as the Senator from Idaho says, a czaristic financial corporation, and practically, with the possible exception of a few limitations, we are giving it almost unlimited power. The Senate can not attend to these matters in detail. This corporation must determine whether an applying institution has a substantial right to the credit. The Senate can not determine that. If we go on in this way, all of them will fail before we pass a remedial measure.

Mr. COPELAND. Mr. President, I submit that if the Senators framing a law have no conception as to what it means, then certainly no board could determine what should be done.

What I want to know, I say once more, is this: Does the chairman of the committee believe that if a financial institution seeking a loan had not collateral of its own which was satisfactory, but was backed up by the guaranty bond of some other solvent institution, that would be acceptable for the purpose of the loan?

Mr. WALCOTT. Mr. President, in my opinion that would not contravene the language of the bill, but it would still entirely depend on the judgment of the board of directors as to whether bonds which are offered are adequate collateral to fully secure the loans.

Mr. COPELAND. Assuming that they are, and that the corporation discovers that the institution writing the bond is a reliable institution, would they be acceptable?

Mr. WALCOTT. I think that if the bonds which are brought in to back a loan as collateral are entirely adequate fully to secure that loan, the language of the bill provides that the corporation may accept such security.

Mr. COPELAND. I thank the Senator.

Mr. REED. Mr. President, if I may add my answer to that, I should have no doubt that such a bond could be and would be accepted as full and adequate security.

Mr. COPELAND. I agree with the Senator, of course, but I was desirous of knowing whether the committee had given thought to that, and whether or not it would be acceptable, as the Senator from Pennsylvania said.

Mr. REED. Mr. President, I move the following amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 23, line 18, to strike out the following: "No acceptances shall be made," and so forth, down to and including the word "act," in line 7, on page 24, and substitute therefor the following:

All drafts and bills of exchange accepted under this section shall be in terms payable in the United States, in currency of the United States, and in addition to the draft or bill of exchange shall at all times be fully secured by American securities deposited as collateral or shall be guaranteed by an American bank or trust company of undoubted solvency.

Mr. REED. I have submitted this to the Senator in charge of the bill and to the Senator from Florida [Mr. FLETCHER], who is very much interested. I understand it is satisfactory to both of them.

Mr. COPELAND. Are we to understand that the Senator proposes to insert new language at line 18?

Mr. REED. Yes. Strike out everything, beginning in line 18, down to the end of the paragraph, and insert new language in its place.

Mr. TRAMMELL. Mr. President, I desire to make an inquiry with reference to the amendment of the Senator from Pennsylvania. In his comment previously made he criticized the idea of the corporation being allowed to make advances on account of not having the necessary machinery set up for that purpose except upon inquiry and investigation.

Mr. REED. That is correct.

Mr. TRAMMELL. Is not the amendment proposed by the Senator subject to the same criticism?

Mr. REED. No; because the draft has American collateral, or else it has the guaranty of an American bank. In the first case no investigation is necessary of the credit of the foreign buyer, and in the second case the investigation is made by the bank which gives the guaranty. The Finance Corporation is absolved from the necessity of making inquiries abroad. I think it would obviate the objection in that way.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Pennsylvania.

Mr. BLAINE. Mr. President, may we have the amendment again stated?

The PRESIDING OFFICER. The amendment will be stated again.

The Chief Clerk again stated the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMITH and Mr. BULKLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. SMITH. Does the Senator from Ohio desire to offer an amendment?

Mr. BULKLEY. Yes.

Mr. SMITH. I prefer to have the bill as nearly perfected as possible before I discuss an amendment which I desire to offer. I yield, therefore, to enable the Senator from Ohio to offer his amendment.

Mr. BULKLEY. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 27, after line 19, insert the following:

Such obligations shall not be eligible for discount or purchase by any Federal reserve bank.

Mr. BULKLEY. Mr. President, there has been no doubt about the intention of the committee that the obligations of the Reconstruction Finance Corporation should not be eligible for purchase or rediscount by Federal reserve banks. There has been a good deal of argument as to the best way to make that intention effective in the bill. The bill as reported provided for an amendment to the Federal reserve act to accomplish the purpose which is intended by the amendment which I am now proposing.

After consultation to-day with members of the committee and with the secretary of the Federal Reserve Board, we have reached the conclusion that the simplest and best way to accomplish the purpose is by the amendment which I have sent to the desk. If that amendment is adopted, I am going to propose another amendment to strike out all the rest of the section on page 27 and all that has not already been stricken out on page 28, which is the alternative method of accomplishing the same end.

Mr. FLETCHER. Mr. President, may we have the amendment again stated?

The PRESIDING OFFICER. The amendment will be again stated.

The Chief Clerk again stated the amendment.

Mr. GLASS. Mr. President, I may say to the Senate that that simply does in a sentence what was proposed to be done in two pages.

Mr. BLAINE. Mr. President, I made inquiry of the Senator from Connecticut [Mr. WALCOTT] yesterday respecting two proposed amendments to the Federal reserve act. I understand that this amendment has the same effect as though the two amendments to the Federal reserve act proposed were made.

Mr. BULKLEY. We had a rather long argument and discussion as to just how this purpose could be best accomplished. I feel that the amendment which has now been offered will accomplish in a simple and direct and clearly understandable way what was intended to be accomplished by the two paragraphs, the first beginning in line 20, page 27, and the other in line 10, page 28.

Mr. BLAINE. Then, if those two sections of the committee bill be stricken out, the reconstruction bonds or any notes, drafts, or bills of exchange secured or collaterated by these reconstruction bonds are not eligible for rediscount?

Mr. BULKLEY. I understand they would not be.

Mr. BLAINE. That is my understanding. Am I correct?

Mr. BULKLEY. The Senator is correct.

Mr. BLAINE. The Federal reserve notes could not be issued against that character of security?

Mr. BULKLEY. No; they could not.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BUCKLEY. I offer the following amendment, which I send to the desk.

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. Strike out, on page 27, lines 20 to 25, both inclusive, and on page 28, lines 1 to 19, both inclusive, in the following language:

Section 13 of the Federal reserve act is hereby amended by adding after the words: "Any Federal reserve bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days at rates to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this act or by the deposit or pledge of bonds or notes of the United States" the words "but no reconstruction bonds issued under the act of 1932, entitled 'An act to provide emergency financing facilities for banks and other financial institutions and other purposes,' shall be used as such security."

Section 13a of the Federal reserve act is amended by adding after the words: "*Provided*, That notes, drafts, and bills of exchange with maturities in excess of six months shall not be eligible as a basis for the issuance of Federal reserve notes unless secured by warehouse receipts or other such negotiable documents conveying and securing title to readily marketable staple agricultural products or by chattel mortgage upon livestock which is being fattened for market" the words "nor shall notes, drafts, and bills of exchange secured or collateraled by reconstruction bonds be so eligible."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BRATTON. Mr. President, I offer the following amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 20, line 23, after the first comma, insert the following: "to any reclamation or irrigation district, association, or corporation organized under the laws of any State or of the United States, or," so as to make the paragraph read:

SEC. 5. The corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any reclamation or irrigation district, association, or corporation organized under the laws of any State or of the United States, or to any bank, saving bank, trust company, building and loan association, insurance company, agricultural or livestock credit corporation—

And so forth.

Mr. GLASS. Mr. President, it causes me great personal discomfort to have to oppose anything suggested by the Senator who presents this amendment. But it does seem to me an extraordinary thing, when we have appropriated half a billion dollars and confided it to the administration of the Farm Board to take care of the prevailing surplus, which has not been done, that now we are to make available

irrigation schemes to create a further surplus. I should dislike very much to see the amendment put on the bill.

Mr. BRATTON. Mr. President, I, too, am distressed very much when I am compelled to disagree with the Senator from Virginia. The very high regard in which I regard him causes me to feel that way, especially when we disagree on legislation of this character. This is an emergency measure designed to deal with an emergency situation. I realize perfectly well that it will be thought by the Senator from Virginia, and perhaps others, that the amendment departs from the major purpose and concept of the bill, yet the amendment is designed to aid industry in this country that is worthy of consideration. While it is intended here to stimulate railroad corporations and insurance companies and banking associations, we may well give some consideration to an industry a part of which forms the economic life of the West.

The amendment simply makes an industry of this character eligible for consideration under the terms of the bill. We have already adopted an amendment which makes State bonds eligible under the measure. By what process of reasoning can it be urged that that sort of an amendment should have been adopted and that a reclamation corporation organized under a State law should be precluded?

Mr. GLASS. I may respond to my friend right there by saying there is no reason why, but there is very great reason why we should reconsider the action of this body in making State bonds eligible for loans from this corporation. With all due respect to other Senators, it seems to me that we are making ourselves ridiculous to talk about organizing a corporation here with $2,000,000,000 to make loans to the 48 States on their bonded indebtedness. I intend to move to reconsider that proposition.

Mr. BRATTON. Very well. I shall not quarrel with my friend from Virginia about that. I think it is worthy of consideration. That sort of industrial activity in this country is on a par with banks and railroad companies and others which are specified in the bill. It is proposed to take $500,000,000 out of the Treasury supposedly to stimulate and vitalize industry in the country. The amendment speaks for itself. What I may say will not add to it. I submit to the judgment of the Senate that the amendment to a measure of this kind, designed to accomplish the purposes which undergird the legislation, is relevant. It is not an undue departure from the scope of the legislation nor the purposes sought to be attained.

Mr. BORAH. Mr. President, I would like to have the amendment read again if the Senator has concluded.

The VICE PRESIDENT. Let the amendment be again reported for the information of the Senate.

The CHIEF CLERK. On page 20, line 23, after the word "determine," it is proposed to strike out the comma and to insert "to any reclamation or other irrigation district, association or corporation organized under the laws of any State or of the United States, or," so as to make the clause read:

SEC. 5. The corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any reclamation or other irrigation district, association, or corporation organized under the laws of any State or of the United States, or to any bank, savings bank, trust company, building and loan association—

And so forth.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from New Mexico.

Mr. BROOKHART. Mr. President, I wish now to refer to the remarks of the Senator from Virginia [Mr. GLASS]. He has called attention to the fact that we have appropriated $500,000,000 to handle agricultural surpluses and then he suggests that we are now making ourselves ridiculous. I want to call his attention to the fact that then was the time we made ourselves ridiculous instead of now. Agricultural surpluses amount to $1,800,000,000 or to $2,000,000,000 a year, and yet we merely appropriated $500,000,000 to handle and finance them. The Senator from Virginia now objects to any further assistance to agriculture.

Mr. President, I do not think the Federal Farm Board has used the $500,000,000 as it ought to have used it. It had about enough to handle cotton and wheat alone if it handled those commodities properly, but, in addition to handling surpluses as the law provided, it organized cooperatives, and the Farm Board used a large part of the appropriation for purposes of that kind. Instead of handling surpluses, the board has gambled in surpluses. The manager of the wheat corporation testified in the committee that he was general manager, first, of a Delaware corporation for stabilizing wheat prices, and at the same time he was general manager of another Delaware corporation, which was called the National Grain Co., for cooperative marketing both at home and abroad. He further testified that on the same day he was, with the money loaned him by the Farm Board, buying wheat on the Chicago Board of Trade for one of those corporations and selling it for the other.

So, Mr. President, I do not wish the Senate to get the impression that it has done its duty to agriculture by the appropriation of merely $500,000,000. That appropriation was wholly inadequate to meet the problem.

The Senator from Virginia voted for the Esch-Cummins railroad law, and in that law he voted for a guaranty to the railroads of the United States of their war-time profits for six months after they had been turned back into private ownership.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Virginia?

Mr. BROOKHART. I yield.

Mr. GLASS. I will say to the Senator from Iowa that I was not a Member of the Senate, as I recall, when the Esch-Cummins bill was passed.

Mr. BROOKHART. As I remember, the Senator told me it was one of the first things he voted for when he came to the Senate. I had a conversation with him about it, as I recollect. If the Senator did not do so, I do not want to charge it against him, and we will correct it in the RECORD. I do not want to charge anybody with voting for that law unless it is absolutely true; but in that law, passed by Democratic votes, and more Republican votes, we guaranteed to the railroads of the United States their war-time profits for six months after they had been turned back into private ownership on the first day of March, 1920. When that six months' period ended, about two years after war was over, that guaranty went into the law, and then the railroads, by padding their accounts in the most outrageous manner ever known in the history of the world, made a deficit in that guaranty, and we wrote checks then on the Treasury for $529,000,000 to pay that deficit, and we paid it.

I have never heard anybody come forward and argue that we have done enough for the railroads because of that transaction. Here we are now with another $2,000,000,000 bill—$2,000,000,000 more to be taken out of the Treasury of the United States—and the first thing we are to do with a part of that money is to make loans again to railroads. Then, after that, the Senator from Virginia, forgetting these facts, and forgetting this situation, comes up and denounces a little amendment that will protect some of these very needed agricultural projects in the West, some of which, as the Senator from New Mexico has truthfully said, are the very life of the West.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. BROOKHART. I yield.

Mr. FESS. Am I mistaken in assuming that the bill does give opportunity to assist farmers' associations and livestock associations?

Mr. BROOKHART. It does that, but does not propose to afford assistance to any reclamation project.

Mr. FESS. No. The point was this: The Senator from Virginia announced the view, for which I have very much sympathy, that any assistance that is designed to increase the surplus, which is the problem with which the farmers are struggling, is inconsistent.



For that reason, while I am very strongly in favor of the bill, including every feature which proposes to aid agriculture, I would not want to appropriate voluntarily more money out of the National Treasury to add further to the problem which we already face. Does not such a proposal strike the Senator as being somewhat inconsistent?

Mr. BROOKHART. I am very glad the Senator from Ohio asked that question, and now I want to answer it quite specifically. I want to call the attention of the Senator from New Mexico to my answer. The Senator from Virginia and the Senator from Ohio claim that aiding irrigation projects will increase the agricultural surplus and thus add to the difficulty which we are trying to obviate under the Federal Farm Board act. I have heard that argument, and have met it many times. The Chicago Tribune particularly has hauled me over the coals regularly about once a month for that same inconsistency. So I had an analysis made—and I am going to ask the Senator from New Mexico when I shall have stated it if it does not set forth the facts—of all the irrigation projects in the United States. From that analysis I found that every one of them developed a greater demand for agricultural products than it supplied. Those projects develop cities and communities which would not have existed but for reclamation and yet, while in some cases the commodities produced might have more than supplied the immediate needs, on the whole, the projects themselves created a market for other agricultural products in my section of the country and in Ohio, which is the home of the Senator who has just interrupted me.

Mr. BRATTON. Mr. President, let me say that I agree with the Senator. The products of irrigation projects do not come in competition with the heavy commodities produced in other States, especially in the eastern part of the country, and there is no overproduction in that broad sense created by those sparsely located reclamation projects in the West. So that it is wholly incorrect to say that the encouragement of reclamation projects adds to overproduction throughout the country.

Mr. BROOKHART. I think in New Mexico, California, and Arizona and other sections where they have irrigation, including southern Texas, most of the products are different from those produced elsewhere or they are produced at a different time of the year than the crops produced in the Middle West, so that instead of being in competition with us they are supplementary to and of assistance to us.

I wish the farmers in my section of the country had sufficient income so that they could buy and use some of these winter products of the southern sections. I do not believe they do because they have not the income that would justify that sort of living at this time. So, Mr. President, in conclusion I will say that I hope the amendment of the Senator from New Mexico will prevail.

Mr. TRAMMELL. Mr. President, I think the Senator from New Mexico has brought to the attention of the Senate a very important subject and has mentioned an enterprise which really needs some assistance. In my State we have reclamation by drainage. I know that some of the drainage districts are very much hampered for the want of funds due to the depression. They had no trouble in negotiating and securing ample means to carry on reclamation work or to maintain it while the country was more prosperous than at the present time. I should like very much to see this session of Congress write into some measure such a policy as that suggested by the amendment offered by the Senator from New Mexico. I would, of course, want it to be sufficiently broad so as to include reclamation not only by irrigation but by drainage.

In my State, as I have said, our projects are all drainage-reclamation projects, and heretofore we have never had any assistance in carrying on that great enterprise either in Florida or in any of the other Southern States.

I do not know just how far we should go in adopting an amendment to this bill; I do not know as to the wisdom of the adoption of an amendment of this character to the pending measure; but I do wish to indorse most heartily the proposition presented by the Senator from New Mexico, and I hope that we will secure some legislation along this line at this session, if not on this particular measure.

Mr. FLETCHER. Mr. President, I suggest to my colleague, in view of what he has said with regard to this proposal, that he suggest an amendment to the amendment offered by the Senator from New Mexico by adding the words "drainage districts," so as to include them as well as irrigation districts.

Mr. TRAMMELL. Mr. President, at the suggestion of my colleague, I will propose an amendment to the amendment. I have conferred with the Senator from New Mexico. He thought drainage districts were included, but in order to make assurance doubly sure I propose an amendment to the amendment.

The VICE PRESIDENT. The Senator from Florida proposes an amendment to the amendment of the Senator from New Mexico.

Mr. BRATTON. I accept the amendment suggested by the Senator from Florida.

The VICE PRESIDENT. The Senator from New Mexico modifies his amendment. The question now is on agreeing to the amendment of the Senator from New Mexico as modified, which will be stated.

The CHIEF CLERK. On page 20, line 23, after the word "determine" and the comma, it is proposed to insert "to any reclamation, drainage, or irrigation district, association, or corporation organized under the laws of any State or of the United States or."

Mr. GLASS. Mr. President, I think it vastly more important to expedite the consideration and passage of the pending bill than to respond to the rather tart animadversions of the Senator from Iowa [Mr. BROOKHART] who has not any vision that extends 3 feet beyond the State limits of Iowa. He is always talking about the farmer, but his idea of relief to the farmer is relief exclusively for the corn and wheat growers of Iowa. He has never since he has been in the Senate voted for any measure designed to take care, for example, of the great orchard and fruit interests of the country, the output of which exceeds in value the combined crop of wheat and corn produced in all the States, not merely in Iowa alone. He has never voted anything on earth to relieve the dairy interests of this country, but has voted here to put impositions and burdens and harassments upon the dairy interests and to tax them. I might go on and enumerate other agricultural interests greater than those of Iowa to which the Senator has never given any attention at all.

So far as irrigation is concerned, there is in my State the great Dismal Swamp area that ought to be drained, but I am not here advocating the formation of some corporation and making its bonds available for loans at the hands of the proposed emergency Reconstruction Finance Corporation.

As I have said, I think it vastly more important to consider the general requirements involved in the speedy passage of this bill than to engage in this sort of criminations and recriminations.

I have not denounced the measure proposed by the Senator from New Mexico. I am incapable of denouncing anything that a Senator of such dignity and good sense would advocate. I have simply expressed the conviction that irrigation projects not more than many other projects that we might name should be included in this bill, and I hope they will not be.

Mr. BARKLEY. Mr. President, in many of the States we have drainage districts which are operating under State laws, in many cases against the wishes of the owners of the real estate involved, the creation of which resulted in the drainage of creeks and small streams and lakes and sloughs and various other bodies of water. Many of those bonds have defaulted, and they are, therefore, frozen.

Would there be any more reason for including the bonds of a drainage district or an irrigation district, simply because the Government of the United States authorized it,

than there would for the inclusion of defunct bonds upon which interest has not been paid and upon which amortizations have defaulted of drainage districts located all over the United States, organized under some State law, and revive their value on the stock or bond market by making them eligible for loans under this bill? And would there be any greater reason for even doing that than for reviving a lot of defunct railroad bonds that counties issued under a vote of the people years ago, in the hope that they might obtain, in the early history of our country, railroads many of which were not even built but which the people have been paying taxes upon for years and years in order to meet their obligations to some innocent bond buyer?

If we are going into the thawing-out of everything that is frozen in the world now, it seems to me we will destroy the very effect of this bill and make it wholly worthless to the interests that need emergency relief in the form which we propose.

Mr. GLASS. Mr. President, the Senator knows, because he participated in all of these deliberations, that what this bill is intended to do primarily is to arrest the deflation of the country and the consequent unemployment in the country. It was not intended to take care of new enterprises and of every conceivable defaulted enterprise. Unless we have that in mind, and expedite this general purpose, the institutions and the corporations and the industries that we propose to help will go into bankruptcy before they can be reached.

Mr. BROOKHART. Mr. President, I am really glad the Senator from Virginia [Mr. GLASS] brought up this question in his usual keen way. I should like to have him really read some of the things I have said and done in the Senate. I think this is the first time he has ever given them any attention. I do not think he really knows what I have said or what I have stood for, or why, or he would not come back at me in that way.

In the first place, I am an orchard farmer myself, and I am as keenly interested in orchard products and prices as he is, or as any orchard farmer can be.

In the next place, the Senator said my only interest was in corn and wheat. I am not a wheat farmer, and my State is not a wheat State. We are twentieth in wheat production. Virginia is away ahead of us. We could produce more wheat than any other State in the Union, but we prefer, of course, to produce corn and oats. We produce 475,000,000 bushels of corn, 300,000,000 bushels of oats, 2,000,000 calves, and 11,000,000 pigs; but we do not get enough for them to pay our expenses and taxes, and we have not since 1920.

So far as I am concerned, I am strongly for the bill that the Senator from Wisconsin [Mr. LA FOLLETTE] has offered here for the relief of labor. It is worth a hundred times, a thousand times, this bill we are working on now for the relief of railroads and the Wall Street banks. It is a real bill.

There are just about three things that would relieve this situation and relieve it right. One of them is the bill of the Senator from Wisconsin [Mr. LA FOLLETTE]. Another is a bill like that passed by the Democratic administration in 1919, after the war was over, on the 1st of March. That bill was recommended by Herbert Hoover, then by Democratic appointment the head of the Food Administration, and by his assistant, Julius H. Barnes, who is now the prosperity adviser for the President of the United States. If we could pass the La Follette bill, and if we could pass a farm bill like that which the Democratic administration passed—I am afraid the Senator from Virginia is not "listening in" on me.

Mr. GLASS. Yes, Mr. President; I heard everything the Senator said.

Mr. BROOKHART. This is not the kind of a bill that was——

Mr. GLASS. I know; but if the Senator will just let us pass this bill, we may come to the bill of the Senator from Wisconsin. The Senator is deferring action on that bill now.

Mr. NORRIS. But, Mr. President, if we pass this bill there will not be any money or taxing power left to pass any other bill.

Mr. BROOKHART. I think that answers the suggestion very well, so I believe we had better hold this bill off a little while to see how much money we really have.

I know the Senator from Virginia is not much more enthusiastic for this bill than I am. I know what he thinks about it, too. He is just going along with the committee because he does not want to stand in the way of this so-called "reorganization of prosperity," or whatever it may be. But here is what the Democratic administration did in 1919, after the war was over: I might go back to a little history in that regard.

Mr. Hoover had written President Wilson on the 10th day of July, 1917. He said, "England and France and Italy have combined together and appointed one buyer for all their wheat, for the whole three countries; and they have decided to bid $1.50 a bushel for No. 1 northern, Chicago." They were the only bidder we had under those war conditions; and the farmers could not afford to produce wheat at $1.50 a bushel in those war times. He pointed out that in 1916 the farmers got $1.51 on an average for their wheat, and that the speculators sold it at $3.25, and the price of flour was fixed on the basis of the $3.25 figure, and that that speculation must be stopped. He said, "We must have a Government corporation with money enough and authority enough to buy in all of this wheat."

President Wilson got that law passed on the 10th of August, 1917. Four days later he appointed the Wheat Board. They proceeded right along when the Democrats were running these things, and 16 days later the Wheat Board completed its deliberations and fixed the price of wheat at $2.20 a bushel, No. 1 northern, raising this foreign bid 70 cents a bushel; and Mr. Hoover bid that price for all the wheat that was offered the same day. He did not gamble in the market, as this Farm Board has been doing now; and the price went to that level, and the board of trade went out of business the same day. It never sold another bushel of wheat on futures while the Wheat Corporation lasted during the 1917, 1918, and 1919 crops.

Nineteen hundred and eighteen came along, and President Wilson said, "Bread will win the war; sow more wheat," and we sowed more. Mr. President, out in Iowa we sowed a good deal more. Eighteen million acres more were sowed in the whole country, and then the armistice was signed after that winter wheat was in, and then the war was over, and it was realized that we might not need that wheat.

That crop went through the winter in good condition; and in February Mr. Hoover and Mr. Barnes got scared about their ability to finance the crop with the funds provided by Congress. Congress had appropriated $150,000,000, but with authority to borrow more if they needed it, and they needed $385,000,000 more; and with that which they borrowed and with the $150,000,000 they bought and held $535,000,000 worth of wheat. I should like to have the Senator from Virginia make a special note of that point. The Democratic administration bought and held $535,000,000 worth of wheat alone in the 1917 and 1918 crops.

They got scared about their ability to finance the big prospective crop in 1919. The farmers had sowed 18,000,000 acres more. The department was predicting a twelve hundred million bushel crop, when the average crop was only about 800,000,000 bushels. So Mr. Barnes then came before the House committee—and I have the report of that—and he recommended that Congress pass this Democratic bill that I am talking about now, in 1919, after the war was over. He recommended that we appropriate a billion dollars for wheat alone, a thousand million dollars; and then he recommended that if that was not enough they be authorized to borrow more money, so there would be no question about the ability of the Government to handle this surplus wheat. He also recommended an export and import embargo power, and he recommended that this corporation have power to deal in foodstuffs, foreign or domestic, at home or abroad, anywhere

in the world, that they have power to license the dealers and the millers and the elevators, and that they have control of the exchanges.

All of that was recommended and all of it was passed in that Democratic bill on the 1st of March, 1919. Then the crop came along. It was not good. There was a low yield—963,000,000 bushels when they were expecting 1,200,000,000 bushels—but that was still more than the average crop of 800,000,000 bushels; and Mr. Barnes then bought 138,000,000 bushels at $2.26 a bushel. They had put on 6 cents more in the meantime for the railroads, because they did not neglect the railroads anywhere in this picture, and that maintained the price; and then the price went higher, and finally they sold this surplus wheat for $59,000,000 of profit, turned it into the Treasury of the United States, and it is there to-day.

I say to the Senator from Virginia that if we can get back on that old Democratic platform of 1919, if we can pass Senator LA FOLLETTE'S bill for the relief of labor, and if we can pass a farm bill like that and take care of cotton and of corn and of oats and of wheat and of livestock products, we can bring back prosperity to this country at once, and it will be a genuine prosperity from the bottom up, and not a prosperity hanging down, suspended in the air, like this bill here at this time.

That is what I have stood for. I have not at any time stood for a discrimination against any agricultural product. I have stood as firmly for the products of the South as I have for those of the West. I have looked upon the rights of the farmers in the East just the same as the rights of the farmers of the South and the West, and I have spoken to the farmers of New York and of New England, too—yes; in the State where Senator MOSES can not elect a standpatter any more. [Laughter.] I find these farmers everywhere just like the farmers of Iowa. I have spoken to the farmers of Virginia. I have spoken to the University of Virginia itself at Charlottesville, where Thomas Jefferson lived and founded that great institution; and everywhere I have met the same response.

The trouble is that a lot of Senators have not found out what is going on in their own States and in the farms of their own communities. The farmers of Virginia are coming across the line now; they were in my office yesterday to talk to me, because they said the junior Senator over there was not enough interested in this farm problem. I think it is time that even the Senator from Virginia should get interested in this farm problem. It is the basic industry of this country. A third of the people of this country are directly interested in it, and perhaps 45 per cent of them get their living from it.

Mr. President, I am not ashamed to put agriculture first, but I am ashamed to see the Congress of the United States come in on a bill like this and lay down to a bunch of Wall Street financiers, who brought us to this condition, who put us into this depression, who ruined agriculture in 1920 and have kept it down ever since, and now come in with a cooked-up bill, in which nobody believes, when we get down to plain talk. This bill is not for the relief of agriculture, which has been down since 1920. That bill is first for the relief of the railroads, which, as shown in the rate case just finished, still have a net income of 2.24 per cent upon the value fixed by the commission, and that value has $7,000,000,000 of water at this time.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. WHEELER. The Senator said something about the Wall Street bankers favoring this bill. What evidence has he of that fact?

Mr. BROOKHART. I have some information on that proposition. I know a little bit about what has been happening here. I know how Barney Baruch came down and rounded up the Democrats and told them that unless this bill passed before Monday we would have a blow up in the Wall Street country; that the Democrats must get busy and put it right through. Then I know how Mitchell and Lamont came down and rounded up the Republican statesmen, the standpatters. They did not get any of us Republicans. They told us the same story. There is no politics in that Wall Street outfit, no politics at all. They are absolutely nonpartisan all the time.

Mr. WHEELER. Mr. President, referring to what the Senator says with reference to these Wall Street bankers favoring this bill, I notice that most of those who are advocating the passage of the bill are the same Senators who have stood on the floor of the Senate opposing any bill which would tend to put the Government into business, as they have said. The thing I am worried about in regard to this bill is this: Though Mr. Mitchell and Mr. Lamont are for it, I am afraid that if it is enacted it will destroy their "rugged individualism." As a matter of fact, Senators have stood on the floor of the Senate time in and time out talking about the Government going into business, and stating that if it did, and we did something for the farmers, and did something for the laborers, what a terrible thing it would be, because of the fact that it would destroy the "rugged individualism" of the farmers and of the laborers. So, Mr. President, I am worried for fear that if this bill shall be passed, it will destroy the "rugged individualism" of the railroads of the country and of the bankers of the country, and of all these little businesses, which, the Senator from Virginia has just told us, would absolutely go into bankruptcy if it was not passed. I can not believe that the Senator from Virginia is correct, that all of the great business interests of this country are going to be destroyed, are going into bankruptcy, unless the Government of the United States goes into business and actually comes to their rescue and lends them money. I just do not believe that this country is in that state, and I have not seen any evidence and have not heard any evidence on the floor of the Senate that would warrant the assertion which has been made that these great banks and these great business interests were going to be destroyed unless this bill were passed.

If information has been given to individual Senators privately to the effect that these big banks are going to be destroyed, if evidence has been imparted to some individual Senators to the effect that the railroads could not stay out of the hands of the receivers unless this bill were passed, then I think that every Member of the Senate is entitled to have that information.

Mr. BROOKHART. Mr. President, in the interrogatory he has propounded the Senator has raised a great fundamental question. Of course, this is a bolshevik bill, there is no doubt about that. It is putting the Government into business. The same big bankers who howl about putting the Government into business never hesitate to put it in for their own benefit. But a great Democrat is coming to the rescue to keep us from getting into business. I was reading a speech delivered by Governor Ritchie last night, in which he said:

> I believe the collective wisdom of the American people is against our appalling extension of government into almost every field of private enterprise. The years of triumphant but self-serving and scandal-ridden Republicanism have been responsible for this, and for mobilizing 150 bureaus and endless commissions.

Mr. President, I think that if this distinguished Democratic candidate for President were here he would choke off some of the Democratic enthusiasm for the pending bill.

Mr. WHEELER. Mr. President, I thought the Senator was reading from a speech of President Hoover. From whose speech was he reading?

Mr. BROOKHART. I can not remember Hoover's speech.

Mr. NORRIS. There is no difference.

Mr. BROOKHART. There is no difference between the speeches of standpatters, whether they come from this side or the other side. In fact, they are all the same and their battles are sham battles.

Mr. WHEELER. I thought the Senator was reading from a speech of President Hoover. Will he tell me from whose speech he was reading?

Mr. BROOKHART. This was a speech of Governor Ritchie delivered last night in the announcement of his candidacy for the Presidency of the United States. And here we are now putting the Government into the money-lending business clear up to the hilt.

Mr. President, I remember, when reading in the newspapers about the Bolsheviks of Russia going to the piece plan of paying their workers, how the Wall Street bankers all said they were abandoning their communism and adopting the methods of capitalism, recognizing the difference in men. But here are the great bankers of the United States and the great railroads of the United States abandoning the capitalistic system and going over to communism, and everybody on both sides of the aisle enthusiastic for it and afraid that if we do not pass this communistic measure at once the country will go to the bow wows. Perhaps it will. I think some of it ought to. I think that financial crowd which has kited stocks up in the air in New York ought to go to the bow wows.

I have listened with remarkable interest to the statement of facts surrounding this bill. What are the facts? What is it we know about this situation? Just one thing—that is, that we are in an awful fix. That is the only fact that has been presented to either the subcommittee or the full committee or to the Senate. Who has told the causes of this fix or where it came from? We have no facts before us.

Mr. President, I am going to read to the Senate an article about the causes of this situation, which states some of the facts which produced the condition, and which suggests something about the remedy.

WAGE CUTS AGGRAVATE DEPRESSION

W. R. Hearst

Several of the greatest corporations in the United States have cut the salaries of their employees 10 per cent, and by so doing have contributed their utmost towards the aggravation of the depression and the accentuation of the injustice already inflicted upon the wage earners of the country and the elements dependent on the welfare of these workers.

The immediate cause for this cut in wages to workers is the present difficulty that the corporations have in paying dividends on their stock, but the actual and elemental cause is the issuance by these corporations of more stock than they are capable of paying dividends on.

It may be taken as an axiomatic fact that if corporations issue stock to the limit of their capacity to pay dividends upon in good times, they will not be able to pay dividends upon it in bad times.

Periods of inflation and depression alternate, and it is obvious that if you capitalize to the utmost on the crest of the wave of prosperity you will have to pass dividends on this watered stock in the trough of the wave of depression.

One of the fundamental causes of the present period of depression in the United States is overspeculation plus overcapitalization. A number of inexcusable and unpardonable evil practices have been perpetrated upon the community.

First, advantage was taken of the speculative complex on the part of the public to unload upon the community an enormous amount of utterly worthless so-called securities.

This was pure and simple swindling of the Ponzi variety, and the perpetrators of these frauds have not gone to jail as Ponzi did simply because they operated upon a scale large enough and impressive enough to be considered respectable, and, second, because many of these great firms have been engaged in the business of swindling the public long enough to have the sanctity of custom and convention behind them.

These worthless stocks have depreciated to practically no value at all, and the money of all the little speculators has been gathered into the pockets of the big promoters.

Another kind of inflation, while not criminal, is nevertheless entirely evil and wholly unjust, not only to the investing public but to the laboring masses. This evil practice consists of the overcapitalization of a legitimate business.

The extensive invention of labor-saving machinery has in the last few years greatly decreased the cost of production and increased the profits of enterprise.

It is quite clearly evident that some part of the advantage of labor-saving machinery should go to the consumer in reduced prices for products, and some part of the advantage should go to the wage earners in increased wages and shorter hours, and that under no standards of equity and national advantage should the capitalist class, meaning thereby the owners of enterprise and the employers of labor, absorb all the benefits of these increased profits.

But these owners and employers have not only absorbed practically all the benefits of increased profits created by labor-saving machinery and improvements in production, but they have devised a means of permanently depriving the working classes of their legitimate share in these benefits.

The method is to capitalize industry to the full extent of its increased profits. That is to say, if a business making 8 per cent has by labor-saving machinery and other improvements in production increased its profits to 25 per cent, this business, instead of allowing labor participation in the increased profits, proceeds to triple its captalization and thereby to reduce profits again to 8 per cent per share on account of the threefold stock issue.

Furthermore, if this high capitalization is made at a time of high prosperity, the dividends on that overcapitalization can not be paid adequately, if at all, in periods of depression.

As a consequence, not only has the workingman been deprived of his share of the benefits of modern methods and machinery, but if dividends are not maintained on the inflated securities, the investor is deprived of his just return on his investment.

Now comes the "last scene of all, that ends this strange eventful history." The overcapitalized stock depreciates and earnings decrease and finally dividends are passed.

And then the working people, who were not allowed to participate in the advantages of large earnings, are made to participate in the disadvantages due to overcapitalization and maladministration.

So wages are cut, thus placing the whole burden of overspeculation, overcapitalization, maladministration, and the resultant depression on the already strained backs of an element which was in no way responsible for these evil conditions.

But not only does the working man suffer from this injustice but so do the shops where he spends his money and so do the factories from which the shops buy their goods to sell to the masses, and so do the farms and the mines which produce the raw materials to supply the factories.

And so do all the workers in shops and factories and mines and farms.

Mr. Swope, of the General Electric Co., has lately evolved a remedy for depression which remedies nothing. It is not a cure. It is at best a palliative. It does not assume to prevent a calamity. It merely endeavors to minimize the evils of the calamity.

It merely informs you how you may suffer the least of discomfort and inconvenience when the Empire State Building falls upon you. It does not provide any effective means to prevent the Empire State Building from falling on you.

An ounce of prevention is worth a pound of palliative, especially when the palliative shrewdly contains added latitude, laxity, and license for the very corporations which are already responsible for many of the evils which created the depression to repeat the evils on a greater scale and precipitate another and greater depression.

Our fine American scientists who accomplished their historic triumph over yellow fever did not discover merely how to endure yellow fever, or even how eventually to recover from yellow fever after you once had it. They discovered how to prevent yellow fever.

What scientific finance must discover now is not merely how to endure depression and not merely how eventually to get over each depression by the loss of most of one's peace of mind and most of one's property, and by the payment of high taxes and the practice of severe economies.

The thing for scientific American finance to discover, and for scientific statesmanship to provide, is how to prevent depressions.

And that means how to prevent the plunder of the public through overspeculation and through overcapitalization.

I am sorry the Senator from Virginia [Mr. GLASS] has gone because in a moment I shall be up to his remedy for this situation.

And it means, too, a system to provide the working masses with proper participation in increased profits due to labor-saving machinery and modern methods.

And that means shorter hours as well as better wages for the workers.

And that means more joy of life for the masses of the people and greater consuming power in the community and greater prosperity for the shops and the factories and the mines and the farms.

It means a better and juster distribution of wealth, and a higher standard of living and more health and happiness for every human being in the Nation.

And the whole object of society and civilization is to accomplish just these benefits.

We do not want communism in this country, and, what is more, we do not intend to have it; but the way to prevent communism is to make capitalism perform its full duty to the public, and that is what scientific American finance and patriotic American statesmanship must proceed promptly to do.

That is a signed editorial by Mr. William Randolph Hearst on September 24, 1931.

Mr. President, as I said, I am very sorry that the Senator from Virginia could not sit out this seance, because he proposed the best remedy that has ever been proposed for this overcapitalization and overspeculation. He proposed it as an amendment to the tariff act. It was a simple little bill that provided a 5 per cent sales tax—and that is the only sales tax I favor—on all resales of stock in stock exchanges where the resale is made within 60 days of the date of purchase. It was that short and that simple. That little bill would first stop this overcapitalization and overspeculation, and it would next bring a considerable portion of legitimate revenue into the Treasury of the United States.

If we could have those three measures—the bill of the Senator from Wisconsin [Mr. LA FOLLETTE] for the relief of

labor, that old Democratic bill for the relief of agriculture, and Senator GLASS's own bill for striking down this monster of speculation in Wall Street—we would have done something for the American people, and we would have done something to end the depression. But instead, what are we doing? Here is this little bolshevik measure for the banks and for the railroads. What bank is going to buy a bushel of corn, or a pound of cotton, or a peck of apples? What railroad is going to employ any more labor as the result of this bill? No one can point out a single direct benefit to the two great elements that are in depression—the 7,000,000 men who are out of work and the six and a half million men on the farms who are being destroyed by the lowest prices in 40 years.

Mr. President, it is a commentary upon the statesmanship of the Senate and of the Congress that after this depression, brought on by these same speculating and financial elements that have ruined the country, we see this statesmanship back away from any efficient remedy and take up and force through a so-called remedy turning into the hands of the very men who brought this situation upon us, $2,000,000,000 out of the Treasury of the United States to further fortify themselves and further fix themselves so they can create another inflation in the country that will be as certainly followed by a worse deflation than exists now.

Mr. President, I have on the wall a chart, a picture of American business for the last 50 years. It is represented by the dark line at the lower end of the chart. That chart was made by Col. Leonard P. Ayers, the statistician of big business in the United States, the statistician of the United States Army during the war. There is no doubt about his ability to make the chart. He is with the Cleveland Trust Co. now. Along the middle of the chart will be seen the semblance of a straight line. That represents the normal level of American business. When we are in inflation and speculation American business is above the line, and when we are in depresion it is below the line.

If Senators will count the depressions below that line, they will find that in the last 50 years we have been in eight major depressions. At the end of the line is a part of the one in which we are now engaged. Then there are seven little depressions along there thrown in for good measure. If Senators will measure along that line they will find that during the last 50 years we spent nearly half our time either getting into or getting out of depressions, and not 30 minutes of the whole time was normal. We were either going into the sky of speculation and inflation or dropping down into the ocean of depression.

Up to 1920 agriculture got out of these depressions first and best. Agriculture brought other business out with its buying power and constantly good credit. During all the period up to 1920 agriculture was the best basis of credit in the United States. In 1920 something happened. A change came. We got a deflation out of the Federal reserve banking system of my dear friend from Virginia. It knocked agriculture down. There never was such a panic in farm prices in all the history of agriculture as that which followed the late days of 1920 and the early days of 1921, unless the present deflation in the last few months surpasses it. I have not been able to compare the two accurately yet.

The farmers got their land in the beginning for $1.25 an acre, except what they got from the railroads. The railroads got the equivalent of four and one-half States as big as the State of Iowa. We have always been bona fide bolsheviks when it came to the railroads. We have always given them subsidies and assistance. The farmers had to pay $10 or $12 an acre for that railroad land. From those low prices land advanced up until 1920. It was a constantly advancing price throughout the entire Middle West. This kept the credit and buying power of agriculture up, and agriculture continued to buy, and brought other business back as its speculations and inflations had sent us down. But in 1920 land values turned backward, and they are going backward now. There has been more decrease in land values since the first of last year than in any like period since 1920.

I invite attention to another chart which shows how land values have gone down. That is a map of one township in Iowa, Highland Township, in Wapello County. The president of the Farm Bureau testified that it was a typical township in Iowa. The dark-colored part of the plat shows the farms that have been foreclosed and transferred by foreclosure or settlement of foreclosure since 1920. The red-colored part shows the farms that are in distress now due to foreclosure on the 1st of March, when our farm loans are due. The lighter yellow-covered portion, a small fraction of that township, shows the other farms that have mortgages on them. The white part is the only part that was not mortgaged at all, though a banker in my office recently said he had taken a mortgage on an 80-acre farm in that white space since that plat was made for me a few days ago.

That means that 31 per cent of that township was foreclosed since 1920, and about 20 per cent more now in default. That township contains the best land in the world. It is a corn township, the best township in the county, in one of the best parts of the State. There is no land on the earth that produces better than that township. We have had a good crop every year on that identical land since 1920. That is only a sample of the whole State of Iowa.

What are we going to do to meet that situation? Pass a farm bill to help the Chase National Bank in New York! Pass a bill to make the Government loan to the New York Central Railroad or the Pennsylvania Railroad. They admit they had a return of 2.24 per cent. That was their showing in their 15 per cent rate case up to the first of last July. These farms not only have had no 2.24 per cent return since 1920, but three-fifths or perhaps more of their value has gone out in this deflation and depression.

Coming back to the general line of American business, because of this breaking down of farm prices agriculture has not been able to help other business get out of this depression, and that is why all our prophets, from the White House and Wall Street on down everywhere, keep saying that prosperity is just around the corner, and yet when we get around that corner there is no prosperity there.

Mr. GORE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. BROOKHART. I yield.

Mr. GORE. Does the Senator from Iowa mean to tell the Senate and the country that prosperity is not "Hoovering" just around the corner?

Mr. BROOKHART. The Senator has me there. I can not figure that out.

I want Senators to look again at the upper part of the chart to which I have been inviting their attention. That is by Irving Fisher. It goes back to 1872. The farther chart to the left covers the same ground and is prepared by the Federal Reserve Board itself. I sent down and got that chart about the 15th of December. That shows the way industrial-stock values have ranged back to 1872.

From either of those plats—they are drawn on a different scale, but they tell the story quite well—it will be noticed that in 1914, just before the World War, stock values in this country reached a high level, 33 per cent above the level in 1904, 10 years previously. It was a big advance. Then the war came on.

The war being over, in 1921 the stock price levels were pretty nearly back to those of 1914. Then Wall Street obtained full control of the economic situation by controlling the credit of the country, by using the Federal reserve bank system for its private purposes, and, contrary, I know, entirely to the ideas of the Senator from Virginia, for I know he is as deeply offended by the use that has been made of that great system as I myself am. Beginning with 1921 Senators will notice from that plat what started. Then the levels of stock prices went to the sky.

In all the years from 1872 there was nothing like the stock inflation that occurred after the first war period of deflation. It was after that period, in 1920, that this gigantic rise occurred in stock prices.

The Federal reserve plat over here [indicating] shows the drop in stock values up to the 15th of December; that is about where values are to-day, although this bill has started

another boom that has covered the losses probably since the 15th of December.

Now, I desire Senators to notice what the larger plat discloses.

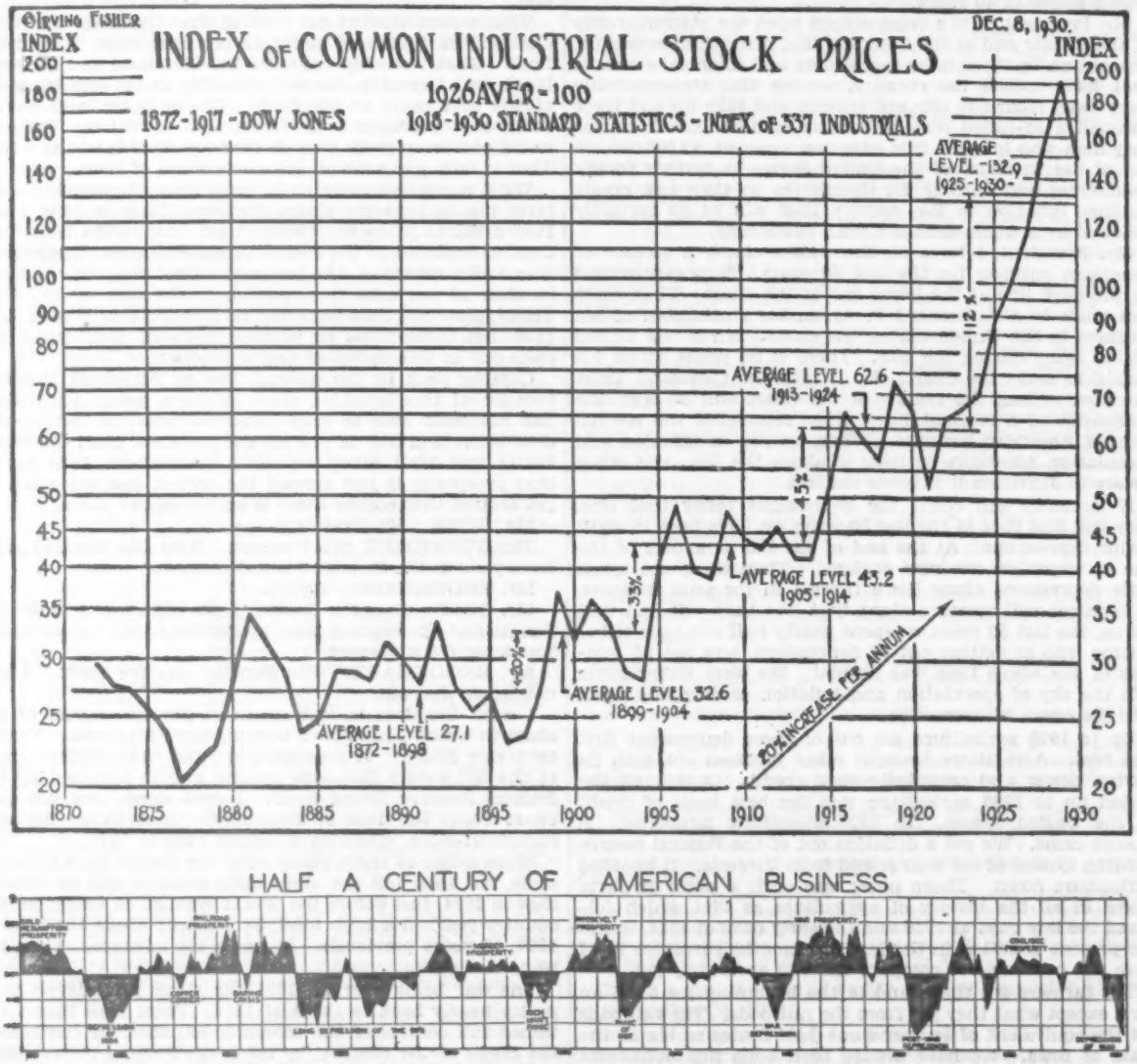
Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. BROOKHART. I yield.

Mr. NORRIS. I desire to correct the Senator. The boom which he calls the boom of December 15 was the moratorium boom, which has nothing to do with the pending bill.

Mr. BROOKHART. Well, the moratorium had several booms. If I do not forget to do so, I will explain that a little later; but I do not want to jump from this question back to the moratorium.



I have placed a star on Fisher's plat just before the 70, just opposite the level of war-time speculation. That is the level where stocks now are. They are not back to the 1914 level; they are back to the period of high speculation. That is where they stand at this moment on this chart from the Federal Reserve Board. They are 50 per cent or more above the 1914 level at this time. Yet with all that water and wind in them, even at this moment, we are proposing to pass a bill to give those stocks relief through loans to banks that are loaded up with stocks and bonds behind them. That is the principal purpose of the bill, to check the stock decline, although the present level is 50 per cent above the 1914 level, and that was much too high. One-third of the present values ought to be squeezed out in order to get them down even to the high level of 1914, where commodity prices went long ago.

Mr. President, that is what the statesmanship of the United States Senate is now called upon to meet; that is what the nerve of the United States Senate is called upon to meet, and it has no nerve. It is lying down in the face of this situation and saying we will pass the bill, whatever it may be. The committee has not called in any farmers or considered the farm situation involving an industry comprising one-third of the American people, formerly a third of American capital, but now less than one-seventh of American capital. It has not considered the 7,000,000 men who are unemployed and out of jobs, with nothing to do and nothing to eat. Other elements have not been considered. It has not considered that eminently practical and effective proposition of the Senator from Virginia himself, who would tax speculation out of existence by one of the most effective little bills ever introduced in the Congress.

Mr. President, I think this bill had better not pass. I think the Senate had better awaken and look this situation straight in the face. I think the Senate had better send the

Bernard Baruchs, the Mitchells, and the Lamonts back to their business to attend to its own business. If it will do those things, it will defeat this bolshevik bill, which is in the interest of Wall Street, and pass a real bolshevik bill in the interest of the people of the United States.

I ask unanimous consent that the plat prepared by Mr. Fisher and the Cleveland Trust Co. plat may be inserted in the RECORD. The plat was once before printed, and is available, I think, at the Printing Office.

The PRESIDENT pro tempore. That is not a matter for unanimous consent; but it may be done by the Joint Committee on Printing and will be attended to.

Mr. BROOKHART. Very well.

Mr. McNARY. I ask unanimous consent that when the Senate shall have concluded its session to-day it recess until 12 o'clock to-morrow.

The PRESIDENT pro tempore. Is there objection?

Mr. BLAINE. I ask the Senator to withhold the request until I may offer an amendment.

Mr. McNARY. I am merely asking that when the Senate shall conclude its business to-day it recess until to-morrow; I am not asking that the Senate take a recess at this time.

Mr. ROBINSON of Arkansas. Mr. President, the suggestion has been made by some Senators that perhaps the Senate should adjourn over to-morrow so as to afford the Members on this side of the Chamber an opportunity of attending a political meeting of importance to be held in the city of Washington to-morrow. It is the concurrence of opinion on this side, in view of the stage of the pending legislation, that no such action should be taken. I therefore concur in the request of the Senator from Oregon.

Mr. McNARY. I am very happy to hear the remarks made by the able Senator from Arkansas. I believe the same sentiment is held practically unanimously on this side of the Chamber.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Oregon? The Chair hears none, and the unanimous-consent agreement is entered into.

Mr. MORRISON. Mr. President, those who object to the pending measure seem to base their objection largely upon the ground that the bill is in the interest of Wall Street and of certain vicious financial elements. The bill by its terms carries its benefits, whatever they may be—

> To any bank, savings bank, trust company, building and loan association, insurance company, agricultural or livestock credit corporation, or other bona fide financial institution in the United States having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation * * * including any closed bank whose assets are inadequate to permit of restoration to solvency.

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Iowa?

Mr. MORRISON. I yield.

Mr. BROOKHART. I call the Senator's attention to the fact that if he will examine the hearings he will find that most of the insurance companies and savings banks said they did not need this measure, and would not use it if passed. So that part of it may be eliminated as of any practical value.

Mr. MORRISON. I do not agree with the Senator from Iowa that the institutions named may be eliminated. They are within the provisions of the proposed law. The objection that the benefits of this measure may help certain evil financial institutions does not seem to me to be a sufficient reason to deprive the whole financial fabric of this Republic of its benefits.

The trouble with attacking groups is that there is not any group in which evil people may not be found, and there is not any group in which good people may not be found; and, in my opinion, the objection that, because this measure may be advocated in part by or carry some benefit to some financial institutions that have merited the disfavor of the people of the United States, it ought not to be enacted, is not well founded.

Mr. President, well nigh all financial institutions in this Republic are in distress because they have securities, most of which are good, but under the restricted discount power of the regional banking system there is not anywhere they can go with their good securities, discount them, and receive money with which to proceed with their business.

Senators talk as if no benefit would flow from this bill to anybody except certain evil bankers in Wall Street. All the banks of the agricultural sections of this country are staggering to-day under a load of farm loans, most of which are good; in fact, I may say a higher percentage of them will be ultimately good and collectible than in the case of any other class of securities held by the banks of this country; yet they are not eligible for discount in the Federal reserve banking system, and there is not anywhere these banks, with this load they are carrying for the farmers of this Republic, can resort and find relief. This bill in its terms carries relief to all of them, and, in my humble opinion, there is much more benefit carried in it to the farmers and the dwellers in the villages and small towns of this Republic than is carried to anybody in Wall Street, because they need it less there than anywhere else.

Mr. President, in North Carolina and the other States of the South—and I am sure it is also true of many States of the West—we have very little collateral and very few loans of a type and character which can be used in the great Federal reserve banking system. Therefore, in this emergency this bill very wisely provides a temporary reservoir to which these banks, largely in difficulty because of accommodations extended by them to those engaged in agriculture, can resort for relief. I shall certainly not withhold my support of it either because it emanates from a Republican administration or because it may benefit somebody who has been practicing some deviltry in New York or somewhere else.

Mr. President, the Federal reserve system is a great system. It provides for the discount of certain specified notes and for business in process. It is a great system; but it not only does not provide for any other character of credit except those therein enumerated but the very superiority which it gives to credit of that character discredits all other credits, and makes it more difficult, without some additional legislation and some addition instrumentality in connection with our banking system, for the credit not embraced in the Federal reserve system to be employed by the banks without danger.

I want to say, in reply to the gentlemen who say this measure is in the interest of Wall Street, that I believe every financial institution in my State—most of them run by Democrats—is earnestly waiting for the enactment of this measure; and I want to express the hope that it will not be hampered even with meritorious propositions that can be enacted in other bills. I do hope that this measure will not be weakened even by good propositions like that of the Senator from New Mexico [Mr. BRATTON]; but that this measure, embodying the best thought of the statesmanship and business genius of this Republic, without regard to party, shall be enacted into law as speedily as possible, in order that every little financial institution in this Republic with good securities may have a place to resort for the credit which it so sorely needs.

Why, Mr. President, well-nigh all the solvent financial institutions in the agricultural sections of this country are afraid to go forward with their ordinary business, making ordinary loans, because if their depositors wanted their money there is not any place anywhere to which they could go, even with State bonds, and get rediscounts or loans upon their securities as collateral to relieve their difficulties. All the good banks, the solvent ones, are practically out of business so far as accommodating the people goes; and I was struck with the remark of the great authority upon these matters, the Senator from Virginia [Mr. GLASS] about loaning States money. There is not any provision in here to loan any State money; but where a bank has State bonds as a part of its collateral, while it can not use them at the Federal reserve system for the purposes of discount, there is some provision under which that bank can take good collateral like State bonds and go and get temporary relief.

I say that the benefits of this measure will go into every community in this Republic and bless peculiarly and particularly the great agricultural sections of this country; and I think it is a pity that the measure was not enacted in a special session of this Congress a year ago. If it had been, I am satisfied there would be no such prostration throughout this Republic as there is to-day.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New Mexico [Mr. BRATTON] to the amendment of the committee.

Mr. REED. May the amendment be stated?

The PRESIDENT pro tempore. The amendment to the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 20, line 23, after the first comma, insert:

To any reclamation, drainage, or irrigation district, association, or corporation organized under the laws of any State of the United States, or

Mr. BRATTON. Mr. President, I inquire of the Senator from Oregon at what time he expects to take a recess.

Mr. McNARY. Mr. President, I was on my feet to suggest that proposition, if there is to be a record vote on this amendment.

Mr. BRATTON. I should prefer to have this amendment go over until to-morrow.

Mr. McNARY. Very well.

Mr. McNARY obtained the floor.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Wisconsin?

Mr. McNARY. I yield.

Mr. LA FOLLETTE. I desire to propose a unanimous-consent request: That Senate bill No. 1 be printed in such a way as to indicate the amendments which have thus far been adopted, so that in the further consideration of the bill we may have the advantage of having before us the amendments which thus far have been agreed to.

Mr. WATSON. Mr. President, I shall have no objection to that, provided the print can be made to-night. If it can not be made to-night, I think we had better not delay the consideration of the measure.

Mr. LA FOLLETTE. I am not asking that the consideration of the bill shall be deferred; but, if the order can be entered, if it is possible to furnish it by to-morrow it can be furnished; and if not, if the bill has not been disposed of before that time, it can be furnished on Monday.

The PRESIDENT pro tempore. The Chair is of the opinion that the print may be made to-night.

Mr. WALCOTT. I have made some inquiries, and I find that the bill can be reprinted to-night; and I heartily approve the suggestion of the Senator from Wisconsin.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and the order is entered.

Mr. ASHURST. Mr. President——

Mr. McNARY. I yield to the Senator from Arizona.

Mr. ASHURST. I offer the amendment which I send to the desk, and ask that it be read and printed.

The PRESIDENT pro tempore. The amendment will be read, printed, and lie on the table.

The LEGISLATIVE CLERK. On page 23, line 8, after the word "section," it is proposed to add a new paragraph, as follows:

Further, within the foregoing limitations of this section, the corporation may also make loans to or aid in the temporary financing of any person who is a citizen of the United States, when in the opinion of the board of directors of the corporation such citizen is unable to obtain funds upon reasonable terms through banking channels or from the general public, and whose prospective earning power or income, together with the character and value of the security offered by such person are such as to furnish adequate assurance of his ability to repay such loan within the time fixed therefor and to meet his other obligations in connection therewith.

Mr. ASHURST. Mr. President, so many Senators have stigmatized the bill as purely a corporation, Wall Street bill, that I offer an amendment which proposes that any citizen of the United States who has security of indubitable value—security that will easily repay the amount he seeks to borrow—may obtain relief under this bill.

Mr. BLAINE. Mr. President——

Mr. McNARY. I yield to the Senator from Wisconsin.

Mr. BLAINE. I offer an amendment, which I ask to have printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. THOMAS of Oklahoma. Mr. President——

Mr. McNARY. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. I desire to propose an amendment fixing the salaries of the commissioners under this bill. I ask that it be read, printed, and lie upon the table.

The PRESIDENT pro tempore. Without objection, the clerk will read the amendment, which will be printed and lie upon the table.

The LEGISLATIVE CLERK. On page 18, line 21, after the word "salaries," strike out the balance of said line and insert "in like amounts drawn by Members of Congress per annum, each, payable monthly;"

Also, on page 19, line 3, strike out the figures and words as follows "12,000 per annum," and insert "the amount provided herein."

Mr. COSTIGAN. I offer an amendment, which I ask to have printed and lie upon the table.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie upon the table.

THE MONETARY QUESTION

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution of the three major farm organizations, passed yesterday, on the monetary question.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

SOUND MONETARY PROGRAM DEMANDED BY AMERICAN AGRICULTURE

At the joint meeting of officers of the three national farm organizations—the National Grange, the American Farm Bureau Federation, and the Farmers Educational and Cooperative Union—empowered to act for 2,000,000 farm members in 48 States, who in turn represent 15,000,000 farm population, a monetary program for the United States, prepared in collaboration with outstanding monetary authorities, was demanded of the President, the Federal reserve system, and Congress. The meeting took place at 630 Indiana Avenue.

As a result of this demand a caucus of 100 Congressmen has been called, and at this meeting on Saturday morning at the Capitol, presided over by Congressman HENRY B. STEAGALL, chairman of the Banking and Currency Committee, these demands will be finally presented. E. A. O'Neal, president of the American Farm Bureau Federation; L. J. Taber, master of the National Grange; and John A. Simpson, president of the Farmers Union, were in attendance at the meeting, together with other leaders of the three organizations.

The demands are based on the fact that deflation of prices and the general contraction of credit have gone to disastrous lengths and that credit contraction must be stopped and credit expansion inaugurated. To accomplish these objectives the joint groups representing their constituencies demand an active Federal reserve liberal open-market policy designed to produce these results. Such purchases, the resolution states, will expand credit, creating excess reserves for the member banks. It will firm prices of commodities and securities, will develop markets for secondary bonds, will restore hoarded currency to the banks, and through the general restoration of confidence will help bring about the return of normal business and employment.

"A stable price level is paramount to prosperity. We can not exist with rubber money and iron debts. The drastic sudden decline in the level of commodity and property prices has been a wicked spiral of deflation, selling, hoarding, bank failures, contracted credit, unemployment, and misery. It is producing disastrous conditions among all groups of the population—agriculture, labor, industry, and capital.

"The Federal reserve system has failed in the purpose for which it was founded—to act as stabilizer in just such situations as this. By its own words it is taking a passive policy when the most disinterested and most expert opinion is urging the contrary.

"The Glass report recently issued asserts that credit expansion to be normal must be 4 per cent a year * * * and nothing is done about it."

The statement said that the farm groups would actively engage in using all the weapons a democracy permits in translating their thoughts into concrete action on the part of responsible government.

The resolution reads:

"We the authorized representatives of the three national farm groups in meeting assembled * * * the American Farm Bureau Federation, the National Grange, the Farmers' Union—

"'Believing that the general contraction of credit and the deflation of prices of commodities and property have gone to disastrous lengths;

"'Believing further that the United States does not have to wait on Europe for a solution of its problems;

"'Believing further that the United States recovery can take place by recourse only to the soundest monetary plans;

"'Believing further that the United States depression will not cure itself, but that deliberate action must be taken by its leaders;

"'Request of the President, the Federal reserve system, and of Congress'—

"That the Federal reserve system stop credit contraction and deflation and inaugurate credit expansion to affect the price level favorably by such liberal open-market operations as will bring about this result. This is demanded so that credit contraction, bank failures, hoarding, and the other disastrous results of deflation may be halted and that the whole trend of economic affairs may be turned. Such action, in the opinion of the soundest economists is necessary and will be effective in stopping the fall of prices, hoarding, in restoring normal values, and bringing the return of normal business and employment. Unless such action is initiated we believe that even such measures as the reconstruction corporation are doomed to failure, for with continued contraction of credit on the part of the banking system they can not be successful.

"That in addition to these demands for immediate action consideration be given to the readjustment of the entire banking and fiscal policies and structures of the United States, to the end that they may function in accord with present-day knowledge and needs and the Constitution of the United States."

This statement was signed by L. J. Taber for the National Grange; E. A. O'Neal, for the American Farm Bureau Federation; and John A. Simpson, for the Farmers' Union.

At the same time as this statement was issued it was pointed out that the joint conference of farm organization representatives was considering other important matters of interest to these groups, and having to do with legislation now before Congress and to be presented before Congress, including amendments to the Federal marketing act, rural credits, taxation, Philippine independence, and tariff.

Among those present at the joint conference of the three national farm groups were: L. J. Taber, Ohio; E. A. O'Neal, Illinois; A. S. Goss, Washington; W. H. Settle, Indiana; C. R. White, New York; F. J. Freestone, New York; Charles E. Hearst, Iowa; R. W. Blackburn, California; E. A. Eckert, Illinois; George M. Putnam, New Hampshire; L. E. Freudenthal, New Mexico; John A. Simpson, Oklahoma; Chester H. Gray, Washington, D. C.

JACKSON DAY ADDRESS BY SENATOR WALSH OF MASSACHUSETTS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD an instructive and interesting address on the Democratic opportunity by the senior Senator from Massachusetts [Mr. WALSH] at the Jackson Day banquet held in Maltimore, Mr., Thursday evening, January 7.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

We are on the threshold of a new era in the affairs of business and finance and in the affairs of government. We have had the greatest deflation of property values this country has ever known, whether the property be stocks and bonds or commodities or lands. With it we have witnessed an equally drastic deflation of the ruling political party.

The Republican Party in the short space of three years has experienced a perpendicular decline from fat prosperity and power to the very brink of bankruptcy. Its diminished and disillusioned stockholders, after the fashion of a creditors' committee, are casting about for new capital in the shape of issues and ideas, for new management, and for new sales methods. Whatever else results from the present business and political debacle, recent events have forever annihilated the myth that the Republican Party is the promoter and guarantor of good times.

It is possible to trace the origin of many of our present difficulties directly to Republican preachments, omissions, and policies; to frenzied finance and the orgy of speculation upon which those in authority in our Government bestowed a blessing; to unsound and discriminatory Republican tariff and taxation rates. But it is not necessary to debate the events which preceded and the causes which precipitated the business debacle. The Republican Party is being turned out of office now not as much for its glaring mistakes and misdeeds before the panic as for its incapacities, its false promises, and its failures in dealing with the ensuing crisis.

It is not my purpose on this occasion to deal with the shortcomings and the blunders of the administration. It is poor sportsmanship to hit a man when he is down, and poor citizenship in such critical times as these merely to assail those in high places.

Nor is it my purpose to discuss the campaign we are now entering upon, except as it bears upon the future of the Democratic Party in the long range. Our party is on the threshold of the greatest opportunity in its history. It has already come into a position of large responsibility in Congress. In little more than another 12 months, unless all signs fail, it will succeed to complete responsibility for the conduct of our Government.

If we are so shortsighted and so shallow as to think only of winning the election this year, then so widespread is the Republican revolt, so hostile to the present administration are the great army of independent voters, that I am inclined to believe that we may win with almost any candidate and almost any platform. In that very fact lies our greatest danger. Surely we owe it to our country and to our party to place in office able and fearless and purposeful men, pledged to sound policies of government and competent to cope with the stupendous problems which will be the heritage of the succeeding administration.

Winning the presidential election this year is the least of our problems. It will be our job so to administer the affairs of Government that the Nation may once again enjoy peace and plenty at home, respect and good will abroad, and our citizens a new opportunity and a new birth of freedom.

At the moment we are engaged in dealing with emergency measures to meet a situation at home and abroad of the greatest gravity. The foreign-debt moratorium and the proposed cash and credit advances to the railroads and to the banking system—and through the banks to hard-pressed and individual borrowers—are dictated by the exigencies of the times, to avert complete financial collapse and to restore wavering public confidence in the integrity of our entire credit structure. What the Congress is now doing in a wholly nonpartisan and wholly patriotic manner is to avert fresh disaster, but the extent to which these measures will contribute to revival of business and trade, to the increasing of consumer demand and with it increased employment, is largely problematical and, in my judgment, somewhat exaggerated. It is as if, at the moment, we are engaged in fighting a great conflagration. When the fire is under control and extinguished the ruins remain and the rebuilding must be undertaken.

Thus, under the most favorable circumstances, the Democratic Party in the four years just ahead will be confronted with stupendous problems of government. It is a "reconstruction era" upon which we are soon to enter. Accordingly, as we legislate and administer wisely and successfully, or unwisely and unsuccessfully, so shall we stand or fall, not this year, but four years hence.

A Republican friend, in private conversation this week, discoursing gloomily on the present low estate of his party and conceding the virtual certainty of a Democratic landslide next November—made this significant observation and prophecy: "All our lives our stock argument has been that the Democratic Party was not competent to govern the Nation, that Democratic policies are unsound and its candidates for office inexperienced, or visionary, or radical, but now, at a most critical time, the Democrats are coming into full control of the National Government. What if it should turn out that they are competent to govern, that they can successfully guide the country out of the valley of despair in which we are now traveling? What happens to the Republican Party then? We have lost our biggest argument with the independent voter—and there are more independent voters to-day than there are Republican Party voters—we Republicans will be out of office not for 4 years, but for the next 20 years."

It is that thought which is uppermost in my own mind as we gather here to-night in the presence of many national Democratic leaders and the Democratic Governor of the valiant free State of Maryland, a man whose policies and record in public office give the lie to the Republican claim that the Democratic Party is not competent to wisely administer the affairs of government. It is the thought that we are soon to be put to the supreme test—the administration of the affairs of the entire Nation—and as we meet the test, so will our party destiny for the next two decades or longer be determined.

In legislating judiciously and administering wisely our domestic problems group themselves almost automatically into two major divisions.

In one division are the problems of Government finance and the relations between Government and business, foreign and domestic commerce, questions of national defense, and the like.

In the other major division are our social problems, the relations of the Government to individual welfare, problems of education, unemployment insurance, and national industrial planning, public health, old-age pensions, and, last, but not least, prohibition—which, in the final analysis, is principally a social problem.

The foremost task on the business side of the Government, with which we must courageously and successfully cope, is the business of balancing the Federal Budget. On the one hand, it is a question of Government economy, and, on the other hand, a question of Federal taxation. Closely allied with it is the tariff. "Economy in government" has been a Republican shibboleth—a catchword, but nothing else. "By your works shall ye be judged"—and Federal expenditures from Harding to Hoover have risen to unprecedented levels. Not emergency expenditures, of which we have so much at the moment, but expenditures embedded in the permanent fabric of the Government. The extravagant business and social era which we have now left behind was duplicated in all respects in the Federal Government under Republican control. It is without parallel in this or any country.

To-day, with our revenues cut in half and more almost overnight, the present administration seems to be unable to effect any appreciable retrenchment in the cost of Government. We must balance our Budget at all costs and at any sacrifice. That means drastic curtailment of Federal expenditures in many different

directions, together with such revision of our taxes as will procure greatly increased revenues.

To accomplish this will require a high order of sagacity and courage. The present session of Congress will make some progress toward a balanced Budget. We shall certainly make some immediate and emergency revision in the income-tax law and shall increase some present tax levies, and impose some additional taxes at once. But no balanced Budget is in sight yet. And none possible, so long as the affairs of the Government are administered through present Republican leadership.

Unless we decrease our expenditures and substantially increase our income the Treasury deficit, already so large as to be almost unmanageable, will soon attain proportions that will put the United States Government in the same financial jeopardy which England faced six months ago when there came a day when national bankruptcy stared the English Parliament in the face.

The Democratic taxation program should be one that will be just to all, to big business and to small business, a program that will recognize that all taxes are burdensome, for they lay a toll on all business and on all production of labor—and hence that taxes should be levied as lightly and as equitably as it is humanly possible to devise. I realize that that is easy to say and difficult to execute, but I am confident that the Democratic Party leadership is equal to the task.

On the vital question of tariff revision our party is making an excellent beginning in promptly presenting to the Congress a carefully defined plan for reshaping the administrative features of the tariff act as a prerequisite to later revision in tariff rates along lines of the minimum special favor and congressional logrolling, and the maximum of fair and accurate determination of rates to give to American industry the degree of protection to which it is legitimately entitled, and no more. It is intimated that the President intends to veto the Democratic tariff bill now before the House if it reaches him. If that be so, he poorly serves the interests of the country but well serves the fortunes of the Democratic Party.

Revision of our antitrust laws is another vital and troublesome question with which we must deal constructively. We are suffering little to-day from monopolies as such. We are suffering from overproduction; and in the case of our basic industries, such as coal, oil, and lumber, ruinous competition. Yet we can not relax the safeguards of the antitrust laws to permit restriction of output and pooling and price fixing without substituting some new safeguard against profiteering and extortion.

These subjects of budget and taxes and tariffs and trusts are only the most immediate and challenging, as I view it, in the complex relations between public business and private business. Certainly we can not expect private business to move forward until we restore confidence in Government and reestablish public business on a sound basis.

The social problems confronting us are equally tremendous, but in the main they are the problems of the community and the State rather than those of the Federal Government. The vast expansion of the activities of the Federal Government in local and personal and social concerns which accompanied the adoption of the eighteenth amendment, and which has been the outstanding phenomenon of the past 12 years of Republican rule, is progress in the wrong direction. We must do a right-about face—and under Democratic leadership we will do so. The Federal Government must retrench rather than further expand in the fields of welfare work and in the regulation of social habits, education, and the home. These problems are of vital concern to our welfare; they are the concern of every right-spirited citizen, but they are not the concern of the Federal Government unless we are prepared to embark on a Federal system of paternalism repugnant to our whole theory of the separation of the State and Federal functions.

It has been well said that prohibition is a social question rather than a political question. So, indeed, it is. Prohibition, to be sure, has corrupted the Government, broken down our courts, encouraged racketeering and lawlessness, overcrowded our jails, deprived the State and Nation of a potent source of tax revenue, and required heavy outlays of public funds in wholly abortive efforts at enforcement. These misfortunes, great as they are, are as nothing in comparison with the demoralizing consequences to our citizens and officials in their relationship to and respect for law and constituted authority.

The prohibition question ought not to be a party issue. But no party will long survive which fails to come to grips with the prohibition question. It is an issue that has divided both parties. Both parties should be willing and all fair-minded persons, regardless of their personal convictions, ought to be willing to submit the question of repeal of the eighteenth amendment to popular referendum and agree to await the result, which will be, I feel confident, an overwhelming repudiation of national prohibition. Pitting a wet candidate against a dry candidate is not the way to hold a national referendum on prohibition. Vital as is this question, there are too many other grave questions in the life and affairs of our Nation to-day to warrant or permit determining the presidency primarily in terms of the eighteenth amendment. Everything our forebears have toiled for, sacrificed for, and accumulated is threatened by the present debacle in our political, industrial, cultural, and economic life.

I have said nothing to-night about unemployment. Yet unemployment, with its accompanying want and misery—more widespread than ever before in our history—is our most acute social problem. However, we must come to the realization that there is but one real remedy for unemployment, and that is employment. Doles and charity alleviate suffering. They do not create jobs. Employment which will end unemployment depends upon infusing business without delay with that confidence that will revive it with new energy, and that in turn depends primarily and inevitably upon the strengthening of public and private credit, upon balanced budgets, and equitable taxes and tariffs. This is the governments' (National, State, and local) present job. When this has been accomplished—and every special election indicates that the Democratic Party is being commissioned by the country to accomplish it—then it will be our task in this reconstruction era ahead to work for a permanent state of social justice.

The vital measure of unemployment insurance which also demands prompt attention is illustrative of our many social problems. Yet with business and financial conditions most seriously maladjusted no unemployment insurance will be acceptable to industry or can be made effective immediately. We must first extend the financial relief which is most imperative if business and financial credit are to be placed on a stabilized basis and employment increased rather than further curtailed. Industry, not the Government, must accept the principal burden of unemployment insurance. In my opinion, it must be considered in connection with the extension of the employees' compensation laws of the several States. I repeat, the present heroic task is to stop further destructive economic crises. Social justice too long delayed must go forward with reconstruction plans.

Let not Democrats be content with merely holding the ground already won, with digging in and fighting for mere temporary triumph. We should lay hold on a new and truly ambitious and achievable program for the substantial betterment of economic conditions and our social life. We should retain in our thoughts not merely the fact that there is a great prize ahead, but that we have the determination and intelligence to win and hold it. I can not, perhaps, do better to help arouse you to real service to country and party than to quote, in closing, the lines of a great English poem by William Blake, made applicable to America:

"Bring me my bow of burning gold!
Bring me my arrows of desire!
Bring me my spear: O clouds, unfold!
Bring me my chariot of fire!
I will not cease from mental fight,
Nor shall my sword sleep in my hand,
Till we have built Jerusalem
In [America's] green and pleasant land."

RELIEF OF UNEMPLOYMENT—LETTER OF GOVERNOR RUSSEL, OF GEORGIA

Mr. GEORGE. Mr. President, I ask unanimous consent to have inserted in the RECORD a letter from the Hon. Richard B. Russell, jr., Governor of the State of Georgia. The letter has to do with the general condition now existing in the country, and particularly emphasizes the fact that relief to those who are most needy may be secured probably through a road-building program upon an extensive scale more than through any other measure that the Federal Government might be able to adopt.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF GEORGIA,
EXECUTIVE OFFICE,
Atlanta, January 6, 1932.

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: For the past several weeks I have been undertaking to conduct a comprehensive survey of the State of Georgia in an effort to ascertain the effects of the present economic depression and to arrive at some idea as to ways and means whereby the State government might render some assistance in alleviating the suffering now being experienced by our people. Questionnaires were mailed to county commissioners or ordinaries of every county and the mayors of every municipality of the State. In addition to this I have conferred with representative citizens of every section on this trying problem and have also sought to receive the benefit of their thought.

As you are doubtless informed, Georgia, in common with the rest of the Nation, is passing through a most trying period. In the past we have experienced times of depression and financial stress, but I do not believe that our agricultural population has ever been faced with quite so serious a crisis. Cotton is selling far below the cost of production and there is practically no market for any other product of our farms. For over a hundred years our large population of tenant farmers and share croppers has been able to call upon the landlord to tide them over the bad years. The Georgia landlord inherited a feeling of responsibility toward his tenants and croppers from slavery days, and no class of creditors on earth has been as generous in advancing the means of a livelihood and assuming such hazardous risks as have the supply merchants and landlords of Georgia.

Unfortunately, however, the landlords and supply merchants of this State have reached the breaking point and are themselves unable to respond to the cry of these unfortunate ones who have nowhere else to turn for food and raiment during the winter. There are thousands of cases in Georgia where every article raised on the farm, as well as the livestock of the farmer and his tools,

has been insufficient to pay the mortgage or bill of sale rendered necessary to obtain funds with which to purchase fertilizer and make the 1931 crop. In addition to this, the severe drought which obtained in certain sections cut the food crops of the farmers below that required to sustain man and beast until another crop can be produced.

It is therefore apparent that there will be actual and unusual suffering among the poorer people of the State, and thousands of honest men, who are anxious and willing to work if afforded an opportunity, are likely to see their families suffer unless some immediate steps are taken to help remedy present conditions.

I grant that, on the whole, the citizens of Georgia are no worse off than in other sections of the Nation. In fact, conditions in certain sections are, perhaps, above the average for the United States, as we have some sections in which the people have made bountiful food crops, and, though they have little or no money, they will be able to take care of themselves for the time being. The most unusual feature of the present depression is the extraordinary condition prevailing in some of our rural sections which have been able to weather the various financial storms of the past.

At the present time the condition of the State treasury is such that it is next to impossible for the State government to embark upon any comprehensive undertaking to provide employment or afford relief for those who need it. Furthermore, there is a widespread feeling that the policies of our National Government are largely responsible for the present crisis and there is a general feeling that the National Government should evince some real interest in the plight of the average citizen of the Nation.

In the answers to practically every questionnaire the opinion was expressed that the most feasible and practical method of providing employment and making work is through a road-building program for the purpose of affording employment to unskilled labor. The State of Georgia taxes her citizens approximately $14,000,000 a year for roads, and, in view of the present financial condition of the State and the limitations on securing immediate funds contained in our constitution, with which you are thoroughly familiar, it is impossible for the State to obtain any considerable amount of money for any employment program.

It is therefore my thought, and the opinion of everyone in Georgia with whom I come in contact, that one of the first efforts of the National Congress should be to provide a substantial fund for unemployment relief, to be distributed for the building of roads and highways in the Nation and that such funds should be expended so as to afford employment and a livelihood to the maximum number of citizens. While, of course, the greatest possible value for every dollar should be obtained, the expenditure of this fund should not be surrounded with useless conditions and red tape. So long as the money is honestly expended and reaches the hands and pockets of people who are ready to exchange honest work for a small amount of money it will accomplish its purpose.

It is my idea that in the expenditure of this money the use of machinery should be eliminated as much as possible in order to utilize and benefit the astounding number of unemployed, particularly farmers, who have no work to do during the winter season and who have no means of support for their families.

The National Government is carrying on a comprehensive building program in erecting public buildings. This is doing much to relieve the unemployment problem in cities and centers of population. In the main, however, this work can only give employment to skilled artisans, and does not benefit the man who is suffering most and who has the least hope of employment for the next 12 months—the tenant farmer whose landlord is bankrupt and who in many instances, like his tenant, is unable to buy shoes for his wife and children.

It is my opinion that if necessary it should be permissible to spend a part of the funds allotted for this purpose, say 25 per cent, on State roads which are feeders to the through Federal-aid roads. Some of the sections where the suffering is most acute are not available to Federal-aid roads.

I would not employ any of this fund in the nature of a dole or for extravagant waste. There are sections of Georgia now where day labor can be obtained at a very low figure and where the expenditure of a few thousand dollars on a road project of grading would carry many families through the winter without causing them to suffer any material privation.

I hope that you and the other members of the Georgia delegation will not rest nor desist from your efforts until this Congress has appropriated a substantial amount, not less than $200,000,000 for the Nation, for this purpose and has provided that this money shall be spent in such a manner as will best serve the greatest number of the present unemployed.

I appreciate fully the need for economy in governmental affairs at this time, but to my mind the National Government could use its credit for no finer purpose than to render available immediately for road-building purposes such a sum of money, and it will benefit those who are suffering most and are in the greatest need. The deficit in the National Treasury is staggering, and the need for reduction in the expense of conducting the National Government is paramount; but if our Government is able to grant moratoriums to foreign countries, special privileges to vested interests (through the medium of the tariff), and make sure the expenditure of vast sums in the future for the protection of the railroads and to relieve the frozen assets of banks it can certainly afford to spend a paltry two or three hundred million dollars to provide for the immediate relief of the suffering poor of this Nation, who are unable to raise their voices or to protect themselves in this time of stress.

Not only will such expenditure give employment to thousands of those in need, revive their hopes and keep them from crime, singly or in dangerous combinations, but it will result in an investment of permanent value in the improvement of one important feature of modern transportation, our highways.

I fully believe that I am safe in saying, and am conservative in the statement, that 90 per cent of the people of Georgia are heartily in favor of the National Congress immediately taking action along the line indicated in this letter. It is regarded as being of more immediate importance than any measure now before the Congress. I hope that you will be able to see your way clear to lend your valuable assistance in this direction.

With highest regards, I am sincerely yours,

RICHARD B. RUSSELL, Jr.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The PRESIDENT pro tempore. Reports of committees are in order.

Mr. McNARY, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the calendar.

Mr. REED, from the Committee on Military Affairs, reported favorably sundry nominations of general officers of the Army, which were placed on the calendar.

THE CALENDAR

The PRESIDENT pro tempore. If there be no further reports of committees, the calendar is in order.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. FESS. I ask unanimous consent that the nominations of postmasters be considered and confirmed en bloc.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the nominations of postmasters upon the calendar are confirmed en bloc. That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. McNARY. I move that the Senate carry out the unanimous-consent agreement and take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 4 o'clock and 42 minutes p. m.) the Senate, under the unanimous-consent order previously entered, took a recess until to-morrow, Saturday, January 9, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 8 (legislative day of January 7), 1932

UNITED STATES CIRCUIT JUDGES

Charles C. Simons, of Michigan, to be United States circuit judge, sixth circuit, to succeed Arthur C. Denison, resigned.

Kenneth Mackintosh, of Washington, to be United States circuit judge, ninth circuit, to succeed Frank H. Rudkin, deceased.

UNITED STATES DISTRICT JUDGE

Charles G. Briggle, of Illinois, to be United States district judge, southern district of Illinois. (Additional position.)

UNITED STATES MARSHAL

Theodore W. Hukriede, of Missouri, to be United States marshal, eastern district of Missouri. (He is now serving in this position under an appointment which expires February 21, 1932.)

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

First Lieut. Ewing Hill France, Infantry (detailed in Quartermaster Corps), with rank from May 6, 1929.

TO FIELD ARTILLERY

Second Lieut. Arthur Layton Cobb, Infantry, with rank from June 14, 1927, effective June 10, 1932.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lieut. Col. Carl Henry Muller, Cavalry, from January 1, 1932.

Lieut. Col. Charles Burnett, Cavalry, from January 1, 1932.

Lieut. Col. Claude Ernest Brigham, Chemical Warfare Service, from January 1, 1932.

Lieut. Col. Walter Herbert Smith, Field Artillery, from January 1, 1932.

Lieut. Col. George Hathaway Baird, Cavalry, from January 1, 1932.

Lieut. Col. Frank Keller, Cavalry, from January 1, 1932.

To be lieutenant colonels

Maj. Albert Lawrence Loustalet, Coast Artillery Corps, from January 1, 1932.

Maj. Richard Donovan, Coast Artillery Corps, from January 1, 1932.

Maj. Robert Clive Rodgers, Cavalry, from January 1, 1932.

Maj. Homer Havron Slaughter, Infantry, from January 1, 1932.

Maj. Sanderford Jarman, Coast Artillery Corps, from January 1, 1932.

Maj. Clair Warren Baird, Coast Artillery Corps, from January 1, 1932.

Maj. Edward Willis Putney, Coast Artillery Corps, from January 1, 1932.

To be majors

Capt. Eugene Nelson Slappey, Infantry, from January 1, 1932.

Capt. Stephen Garrett Henry, Infantry, from January 1, 1932.

Capt. Harwood Christian Bowman, Field Artillery, from January 1, 1932.

Capt. Laurence Henry Hanley, Field Artillery, from January 1, 1932.

Capt. Rosenham Beam, Air Corps, from January 1, 1932.

Capt. Harry McCorry Henderson, Infantry, from January 1, 1932.

Capt. Robert Van Kleeck Harris, jr., Field Artillery, from January 1, 1932.

Capt. Pleas Blair Rogers, Infantry, from January 1, 1932.

Capt. Richard Grant Hunter, Field Artillery, from January 1, 1932.

Capt. Schaumburg McGehee, Field Artillery, from January 3, 1932.

To be captains

First Lieut. Bovey Mozart Hall, Infantry, from December 25, 1931.

First Lieut. Leonard Murphy, Infantry, from January 1, 1932.

First Lieut. Edgar Baldwin Heylmun, Infantry, from January 1, 1932.

First Lieut. Thomas Welch Blackburn, Air Corps, from January 1, 1932.

First Lieut. Grover Cleveland Brandt, Infantry, from January 1, 1932.

First Lieut. Thomas Hayden Davies, Infantry, from January 1, 1932.

First Lieut. Lewis Andrus Day, Infantry, from January 1, 1932.

First Lieut. Claude Weaver Feagin, Cavalry, from January 1, 1932.

First Lieut. Harry Francis Hanson, Infantry, from January 1, 1932.

First Lieut. Lee Vyvian Harris, Field Artillery, from January 1, 1932.

First Lieut. Harry Anton Johnson, Air Corps, from January 1, 1932.

First Lieut. Bob Edward Nowland, Air Corps, from January 1, 1932.

First Lieut. Barney McKinney Giles, Air Corps, from January 1, 1932.

First Lieut. Roy Travis McLamore, Infantry, from January 1, 1932.

First Lieut. Bernard Joseph Tooher, Air Corps, from January 1, 1932.

First Lieut. Claude Edward Duncan, Air Corps, from January 1, 1932.

First Lieut. Albert Francis Hegenberger, Air Corps, from January 3, 1932.

First Lieut. Wendell Holzworth Brookley, Air Corps, from January 5, 1932.

First Lieut. Joseph Rudolph Wessely, Quartermaster Corps, from January 5, 1932.

To be first lieutenants

Second Lieut. Clair McKinley Conzelman, Coast Artillery Corps, from December 25, 1931.

Second Lieut. Samuel Pickens Collins, Field Artillery, from January 1, 1932.

Second Lieut. John Cline Strickler, Field Artillery, from January 1, 1932.

Second Lieut. Oscar James Levin, Coast Artillery Corps, from January 1, 1932.

Second Lieut. Edwin Howard Feather, Infantry, from January 1, 1932.

Second Lieut. Theodore Charles Wenzlaff, Cavalry, from January 1, 1932.

Second Lieut. William Jesse Deyo, jr., Infantry, from January 1, 1932.

Second Lieut. Benjamin Peter Heiser, Field Artillery, from January 1, 1932.

Second Lieut. John Lawrence Ryan, jr., Cavalry, from January 1, 1932.

Second Lieut. Egon Rowland Tausch, Cavalry, from January 1, 1932.

Second Lieut. Alexander Randolph Sewall, Field Artillery, from January 1, 1932.

Second Lieut. Prentice Edward Yeomans, Cavalry, from January 1, 1932.

Second Lieut. Paul Hamilton, Infantry, from January 1, 1932.

Second Lieut. Charles Clifford Sloane, jr., Infantry, from January 1, 1932.

Second Lieut. Charles Winchell McGeehan, Coast Artillery Corps, from January 1, 1932.

Second Lieut. James Russell Wheaton, Field Artillery, from January 1, 1932.

Second Lieut. Basil Littleton Riggs, Cavalry, from January 1, 1932.

Second Lieut. Malcolm Hobson Harwell, Coast Artillery Corps, from January 1, 1932.

Second Lieut. Henry Raymond Baxter, Air Corps, from January 3, 1932.

Second Lieut. Roy Silverman, Infantry, from January 4, 1932.

Second Lieut. Tyler Calhoun, jr., Field Artillery, from January 5, 1932.

Second Lieut. Richard Hanson Grinder, Coast Artillery Corps, from January 5, 1932.

DENTAL CORPS

To be major

Capt. Forest Vernon Bockey, Dental Corps, from January 6, 1932.

CHAPLAINS

To be chaplains with the rank of major

Chaplain Thomas Joseph Lennan (captain), United States Army, from December 28, 1931.

Chaplain Claude Skene Harkey (captain), United States Army, from December 28, 1931.

APPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, reserve

Brig. Gen. Thomas Stevens Hammond, Illinois National Guard, from January 8, 1932.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 8 (legislative day of January 7), 1932

POSTMASTERS

KANSAS

Frederick H. Dodd, Altoona.
John G. Hyde, Beloit.
James R. Galyon, Burden.
Linnihan M. Kelleher, Burlingame.
Claude W. Simpson, Cawker City.
Elwood M. Jones, Council Grove.
Alfred N. Parrish, Dunlap.
Reuben H. Funk, Durham.
James W. Way, Elmdale.
Harry A. Osborn, Emporia.
William L. Oliver, Erie.
Delle Duncan, Esbon.
David A. Nywall, Formoso.
John F. Mitchell, Fort Dodge.
Jessie I. Cramer, Galva.
Edward M. Brown, Greensburg.
Bessie M. Achenbach, Hardtner.
Ferdinand Scharping, Hillsboro.
Kirby L. Griffith, Kanopolis.
Charles S. Smith, Lakin.
John A. Bryan, Leoti.
Harold R. Starbuck, Lincoln.
Eben Carlsson, McPherson.
John O. Rodgers, Mankato.
William C. Loveless, Marion.
Clarence L. Keith, Menlo.
Josiah Foltz, Newton.
Charles P. Stevenson, Oberlin.
Herman F. Kiesow, Osage City.
Karl O. Ranney, Osawatomie.
Charlie Gray, Pretty Prairie.
Leslie Fitts, Reading.
Earl R. Ipson, Rolla.
Albert E. Kerns, St. Marys.
Guy E. Woodhouse, jr., Sharon Springs.
Etta M. Hall, Solomon.
Viola E. Stauffer, Valley Center.
Mary O. Bittmann, Wamego.
Charles E. Painter, Waverly.
Clarence E. Swanson, Weskan.
John F. Allen, Yates Center.

OHIO

George H. Metheany, Lima.

TEXAS

George W. Ragland, Abernathy.
Lindsey C. Payton, Abilene.
Roberta G. Sterrett, Albany.
Edgar W. Burkett, Andrews.
Mack M. Pittman, Annona.
John R. Martin, Anson.
Joel A. Reese, Ballinger.
Fred A. Mansfield, Bandera.
Frederick W. Guffy, Belton.
Vina Johnson, Bertram.
George J. Skarda, Bloomington.
John K. Ford, Bogata.
Flora G. Bowers, Borger.
Jeptha G. Flato, Bovina.
Pearl G. Boynton, Bronte.
Charles S. Myers, Bryan.
Sallie C. Milburn, Bryson.
Ray C. Kelley, Caddo.
Hester Thomason, Centerville.
Alfred A. Thomas, Chandler.
John J. Crockett, Chapel Hill.
Millard T. Jones, Chillicothe.
Viola L. Harris, Christoval.
Etta Varley, Collinsville.
Claude H. Martin, Crane.
Wilson I. Lawler, Deport.
Frederick V. Blesse, Dilley.
Wiley Fox, Dumas.
Grady C. Edmonds, Elsa.
Charles H. Cmajdalka, Fayetteville.
Gladys Arnold, Forsan.
Ferman Carpenter, Franklin.
Charles W. Silliman, Ganado.
James P. Hewitt, Giddings.
Virgil G. Pritchett, Gladewater.
Emma J. Cleveland, Grand Prairie.
William I. Rodgers, Gunter.
James M. Everett, Hedley.
Lillie Brinkley, Howe.
Walter S. Street, Humble.
Charles F. Adams, Jacksonville.
Helen M. Peel, Jourdanton.
Annie D. Barker, Kilgore.
James T. Davis, Kopperl.
Nicholas C. Nail, Krum.
Helen C. Wallace, Kyle.
Alex E. Jungmann, Lacoste.
James D. Dyer, Lamesa.
William R. Wagle, Lampasas.
John H. Anderson, Lawn.
Raymond I. Gabbert, Los Fresnos.
Jessie L. Kay, Lytle.
Tryon Lewis, McCamey.
Iona Cooke, Mart.
Paul Fomley, Maud.
Oscar J. Adcock, Merkel.
William H. Spratt, Mingus.
Santford P. Rosette, Mission.
Mollie A. Hough, Montgomery.
Wenzel K. Richter, Moulton.
William C. Simmons, Murchison.
Henry A. Williamson, Nacogdoches.
Elmer J. Mayo, Nevada.
Fannie H. Miller, Newton.
James R. Kersey, Ozona.
Bessie E. Fairless, Palo Pinto.
Hattie M. Culpepper, Palmer.
David E. Cecil, Pampa.
Ida B. Gilliland, Paradise.
Charles B. Myers, Poteet.
Andrew J. Sitton, Pyote.
Jasper W. Blount, Quinlan.
Arthur N. Brown, jr., Richland.
Henry L. Goodwin, Roaring Springs.
Efren M. Ramirez, Roma.
Gayle T. Snedecor, Rosenberg.
John W. Ledbetter, Round Rock.
Kelsey R. Dort, St. Jo.
Atheniar Wade, San Augustine.
Archie C. Saxon, Saratoga.
Walter Kurz, Somerset.
Thomas C. Murray, Sonora.
Nobye Hamilton, Stanton.
Turner H. Perry, Stephenville.
Nelson L. Yates, Stratford.
Winfred C. Wilson, Sunset.
Daniel G. Shields, Sweetwater.
John E. Kimsey, Texon.
Miles B. Earnheart, Trenton.
Bertha M. Nicholson, Trinidad.
Ralph D. Gilbert, Trinity.
Vera Butler, Troup.
Thomas W. McCormick, Tuscola.
Alfred S. Maddox, Valley View.

Robert H. Rhodes, Waelder.
Mary J. Lovely, Weslaco.
Laura E. Tidwell, Whittenburg.

WASHINGTON

Joseph L. Milner, Almira.
Walberg Tonstad, Auburn.
Augusta Hunt, Burton.
Donald M. Mitchell, Camas.
Isaac Knutsen, Chinook.
Ruth Monroe, Clearlake.
Inez G. Spencer, Creston.
Alonzo E. Emerson, Ellensburg.
Charles C. King, Entiat.
Clarence W. Fisk, Ferndale.
William F. Byars, Goldendale.
Lynn P. Hart, Hunters.
John H. Gibson, Issaquah.
Henry T. Bennett, Monroe.
Zelda Ellis, Morton.
Jennie A. Smith, Peshastin.
Rachel A. M. Hilstad, Port Blakely.
Orien L. Renn, Touchet.
Arthur W. Calder, Vancouver.
Anna C. Dowling, Vashon.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 8, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who dwellest in love unspeakable, we praise Thee. In our choicest experiences we can never understand the greatness, the height and the depth, the length and the breadth of divine love. We do rejoice that Thy government is thus established against which all things else may roll their ceaseless waves in vain. Be pleased, O God, to remember our whole land, with all its classes and conditions and vicissitudes. Remember those who are broken up in life and are in despondency. O may all causes of offense, dislike, and hate be purged away. Father of mercies allow justice, love longing, and a common patriotism to be ushered—uniting all citizens inseparably so that the Nation may abide in peace, plenty, and prosperity. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

PENSIONS

Mr. UNDERWOOD. Mr. Speaker, I call up the bill (H. R. 6596) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war, and I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the bill.

This bill is a substitute for the following House bills referred to the Committee on Invalid Pensions:

H. R. 518. Prudence M. A. Burton.
H. R. 519. Nancy P. Conrad.
H. R. 520. Harriet E. Dutton.
H. R. 521. Melissa E. Gibson.
H. R. 522. Elizabeth Harrison.
H. R. 523. Johanna S. W. Micksch.
H. R. 530. Josephine Hatcher.
H. R. 543. Margaret E. Wilt.
H. R. 544. Nancy A. West.
H. R. 557. Lillie M. Price.
H. R. 575. Elizabeth Wells.
H. R. 577. Ophelia Roseberry.
H. R. 578. Patsy Clark.
H. R. 582. Mollie M. Merrill.
H. R. 583. Lula M. McCoy.
H. R. 595. Clara Hoard.
H. R. 701. Arvilla R. Penfield.
H. R. 714. Elizabeth Nye.
H. R. 716. Alma Niedhammer.
H. R. 717. Eliza J. Arthur.
H. R. 738. Edith L. Johnson.
H. R. 774. Caroline Gorgas.
H. R. 837. Louisa Hiskett.
H. R. 839. Serena E. Merryman.
H. R. 840. Emeline Scott.
H. R. 841. Mary E. Benson.
H. R. 842. Lydia A. Cary.
H. R. 850. Sarah E. Burton.
H. R. 877. Isabel Guffey.
H. R. 878. Alton Frazier Cowan.
H. R. 896. Nancy J. McWilliams.
H. R. 897. Sarah M. Martin.
H. R. 898. Elizabeth Caslow.
H. R. 903. Mary Ann McCabe.
H. R. 978. Octavia Partlow.
H. R. 980. Eliza Lagoy.
H. R. 982. Jane Groves.
H. R. 983. Melissa M. Day.
H. R. 985. Maria F. West.
H. R. 989. Mary R. Wilcox.
H. R. 990. Agnes Daniels.
H. R. 992. Mary Stearnes.
H. R. 1015. Malinda J. Messenger.
H. R. 1016. Nancy Jane Shafer.
H. R. 1020. Malinda House.
H. R. 1021. Leanna E. Blair.
H. R. 1023. Dora Etta Miller.
H. R. 1045. Tempie Farley.
H. R. 1046. Mary French.
H. R. 1066. Frances J. Coffey.
H. R. 1089. Elizabeth Lloyd.
H. R. 1108. Lucinda C. Rowe.
H. R. 1110. George Rush.
H. R. 1116. William B. Smith.
H. R. 1149. Frances E. Miller.
H. R. 1161. Nancy C. Mostoller.
H. R. 1163. Rachel Walter.
H. R. 1186. Laura E. Deits.
H. R. 1210. Sarah A. Chandler.
H. R. 1217. Sarah J. McHenry.
H. R. 1220. Rachel E. Phelps.
H. R. 1241. Ida I. Secor.
H. R. 1249. Catherine R. Forbes.
H. R. 1268. Lottie McKelvey.
H. R. 1331. Fannie Hoover.
H. R. 1343. Marie Ludwig.
H. R. 1344. Cora Cath.
H. R. 1357. Harriet A. Skinner.
H. R. 1358. Frances E. Tilton.
H. R. 1425. Mary C. Plunkett.
H. R. 1443. Elizabeth R. Backus.
H. R. 1444. Julia A. Hofflicker.
H. R. 1505. Frances Ross.
H. R. 1512. Mary E. Downer.
H. R. 1516. Thana Hope.
H. R. 1597. Ellen Kintner.
H. R. 1598. Jennie M. K. Banner.
H. R. 1600. Eva Louise Elberlin.
H. R. 1603. Angeline Davis.
H. R. 1641. Mary Snyder.
H. R. 1644. Tiney Vass.
H. R. 1645. Harriet Wilson.
H. R. 1658. Nancy E. Cahoon.
H. R. 1682. Mary E. Johnson.
H. R. 1722. Pearl Rounds.
H. R. 1726. Amanda Brown.
H. R. 1728. Mary J. Crawford.
H. R. 1732. Margaret Kingery.
H. R. 1733. William M. Mitchell.
H. R. 1743. Mattie L. Bennett.
H. R. 1745. Dorleskia J. Starbuck, now known as Dorleskia J. White.
H. R. 1797. Frances M. Nelson.
H. R. 1867. Ary J. Warner.
H. R. 1870. Catherine Summers.
H. R. 1872. Harriet F. Skinnin.
H. R. 1873. Eliza J. Simmers.
H. R. 1877. Hulda Patch.
H. R. 1879. Caddie Nichols.
H. R. 1881. Gilley Melott.
H. R. 1884. Matilda Larimer.
H. R. 1891. Emily S. Davis.
H. R. 1910. Emil Yates.
H. R. 1952. Catharina Mayer.
H. R. 1953. Maria E. Kelly.
H. R. 1954. Margaret J. Kerr.
H. R. 1955. Susan E. Shelton.
H. R. 1956. Martha J. Beal.
H. R. 1957. Peoria A. Mattox.
H. R. 1959. Truman A. Wedge.
H. R. 1960. Mattie J. Otis.
H. R. 1961. Joanna L. Canfield.
H. R. 2198. Martha J. Doty.
H. R. 2226. Nancy A. Scribner.
H. R. 2252. Elizabeth Canfield.
H. R. 2348. Eva Calvert.
H. R. 2349. Louisiana Butcher.
H. R. 2356. Veturia H. Dugan.
H. R. 2368. Elizabeth F. Rader.
H. R. 2372. Martha J. Stephenson.
H. R. 2374. Maria Thompson.
H. R. 2376. Adah Wilson.
H. R. 2380. Rosa Ralph.
H. R. 2390. Chester Jones.
H. R. 2398. Florence Cordell.
H. R. 2412. Frances Bryant.
H. R. 2486. Maud A. Robinson.
H. R. 2488. Abbie H. Putnam.
H. R. 2491. Emma D. Busher.
H. R. 2498. Effie L. Van Namee.
H. R. 2500. Martha J. Reese.
H. R. 2501. Clara A. Stuart.
H. R. 2502. Jane Ferguson.
H. R. 2503. Eugene Roberts.
H. R. 2504. Emma L. Clark.
H. R. 2506. Hannah E. Holbrook.
H. R. 2507. Fannie V. Gunnell.
H. R. 2508. Mary A. Smith.
H. R. 2509. Dora Peterson.
H. R. 2510. Gertrude Warren.
H. R. 2511. Frances Prosser.
H. R. 2512. Catherine Burris.
H. R. 2513. Minnie J. Hodge.
H. R. 2540. Lottie L. Day.
H. R. 2541. Francies M. Emery.
H. R. 2542. Ellen Foster.
H. R. 2543. Pauline Hartman.
H. R. 2544. Elizabeth W. Ogden.
H. R. 2545. Mercy S. Richards.
H. R. 2546. Emma J. Rimback.
H. R. 2547. Helen Vreeland.
H. R. 2550. May F. Waite.
H. R. 2586. Laura E. Gerow.
H. R. 2587. Elizabeth Hays.
H. R. 2613. Rebecca C. Turney.
H. R. 2618. Eliza Mauk.
H. R. 2621. Margaret A. Johnston.
H. R. 2623. Nellie Crawford.
H. R. 2736. Sarah G. Black.
H. R. 2739. Sarah C. Daisey.
H. R. 2747. Rebecca Harris.
H. R. 2772. Mary Josephine Blain.
H. R. 2773. Sarah Alice Hane.
H. R. 2774. Katharine K. Burns.
H. R. 2796. Clara P. Rickard.
H. R. 2797. Elizabeth Berger.
H. R. 2807. Samaria C. Fischer.
H. R. 2877. Eliza A. Waggoner.
H. R. 2944. Bessie Lancaster.
H. R. 2946. Adeline Emery.
H. R. 2948 Sarah A. Griffith.
H. R. 2957. Sallie Day.
H. R. 2985. Mary E. Wise.
H. R. 2987. Jennie Webster.
H. R. 2990. Anna B. Sheplar.
H. R. 2994. Ellen Maurer.
H. R. 3017. Adga S. Plummer.
H. R. 3018. Lizzie E. Goodrich.
H. R. 3025. Jane A. Campbell.
H. R. 3039. Henrietta V. Reed.
H. R. 3041. Hannah M. Garver.
H. R. 3051. Mary E. Cheney.
H. R. 3058. Isabella N. Frye.
H. R. 3138. Tryphena Grier.
H. R. 3175. Mary E. Leach.
H. R. 3492. Margaret Miller.
H. R. 3493. Racheal Corl.
H. R. 3494. Amanda Walker.
H. R. 3519. Irene Dick.
H. R. 3520. Rachel Ickes.
H. R. 3549. Lucinda K. Duncan.
H. R. 3589. Allice D. Janes.
H. R. 3656. Emily Brown.
H. R. 3729. Ruth E. Colvin.
H. R. 3748. Mary J. Pillsbury.
H. R. 3814. Rachel A. Gallt.
H. R. 3815. Adelia B. Folsom.
H. R. 3821. Henry Dewitt.
H. R. 3830. Elizabeth C. Falconer.
H. R. 3832. Emma V. Bateman.
H. R. 3861. Cynthia A. Merrill.
H. R. 3864. Blanche A. Sheldon.
H. R. 3865. Elizabeth Garnsey.
H. R. 3873. Bridget Owens.
H. R. 3878. Sarah J. Adsit.
H. R. 3881. Martha House.
H. R. 3884. Ellen M. Stowell.
H. R. 3886. Frances M. Hayden.
H. R. 3894. Mary Blair.
H. R. 3907. Julia B. Goodrich.
H. R. 3973. Annie C. Eldridge.
H. R. 3977. Priscilla A. Craine.
H. R. 3978. Jacob L. Glenn.
H. R. 3984. Amanda M. Case.
H. R. 3999. Sophronia Austin.
H. R. 4024. Mary E. Boyd.
H. R. 4060. Cornelia Shoemaker.
H. R. 4164. Sarah E. Miller.
H. R. 4171. Kate Pasch.
H. R. 4194. Sarah E. Lane.
H. R. 4216. Minnie S. Rushton.
H. R. 4219. Christiana Rodarmel.

H. R. 4224. Angeline Klinger.
H. R. 4282. Nannie B. Kenty.
H. R. 4283. Myra E. Bilyeu.
H. R. 4284. Avarilla C. Culler.
H. R. 4285. Mary F. Gregg.
H. R. 4302. Bridget Sheppard.
H. R. 4316. Lida F. Holmes.
H. R. 4341. Liza Crabtree.
H. R. 4342. Anna E. Shoemaker.
H. R. 4343. Tabitha B. Rader.
H. R. 4344. Mary A. Nighswonger.
H. R. 4346. Minnie C. Winters.
H. R. 4347. Mary E. Ranson.
H. R. 4367. Effie Spencer.
H. R. 4411. Hannah A. Taylor.
H. R. 4460. Martha Friz.
H. R. 4775. Carrie E. McGown.
H. R. 4777. Mary A. Cozier.
H. R. 4778. Anna Smith.
H. R. 4779. Millie A. Washington.
H. R. 4780. Flora Willhide.
H. R. 4781. Deborah Fent.
H. R. 4782. Susie A. Clifton.
H. R. 4783. Dora A. Stephenson.
H. R. 4784. Mariah Green.
H. R. 4785. Sarah J. Ripley.
H. R. 4786. Julia Johnson.
H. R. 4787. Mary C. Allen.
H. R. 4788. Margaret Speakman.
H. R. 4789. Kate Glover.
H. R. 4790. Belle Butters.
H. R. 4867. Mary A. Briggs.
H. R. 4871. Sarah A. Mullen.
H. R. 4883. Melinda A. Heltzel.
H. R. 4945. Christine Pedderson.
H. R. 4959. Margaret C. Lloyd.
H. R. 4960. Charlotte McMillen.
H. R. 4961. Elizabeth Ovens.
H. R. 4965. Sarah J. Underhill.
H. R. 5275. Minnie Eaton.
H. R. 5299. Charlotte Hammond.
H. R. 5366. Rebecca A. Helms.
H. R. 5398. Mary C. Davis.
H. R. 5400. Hester A. Devaughn.
H. R. 5402. Martha Dorsey.
H. R. 5413. Elizabeth Brooks.
H. R. 5414. Laura L. Dow.
H. R. 5432. Margaret Dicks.
H. R. 5528. Victoria A. Martin.
H. R. 5565. Ellen C. Hyers.
H. R. 5567. Esther M. Amey.
H. R. 5568. Edeth Pealing.
H. R. 5569. Mary L. Hamilton.
H. R. 5589. Mary L. Beers.
H. R. 5590. Clarissa Strait.
H. R. 5591. Rebecca A. Decker.
H. R. 5752. Mary V. Calderwood.
H. R. 5783. Ruvira Jerolaman.
H. R. 5784. Emma Middleton.
H. R. 5918. Prudence K. Clair.
H. R. 5934. Caroline Forrest.
H. R. 6217. Emma F. Vallandingham.

Mr. UNDERWOOD. Mr. Speaker, I offer the following amendments, which I send to the Clerk's desk.

The Clerk read as follows:

Page 8, strike out lines 9 to 12 inclusive, "the proposed beneficiary Melissa M. Day having died."

Page 8, strike out lines 17 to 20 inclusive, "the proposed beneficiary Mary R. Wilcox having died."

Page 33, strike out lines 11 to 14, inclusive, "the proposed beneficiary Henrietta V. Reed having died."

Page 42, strike out lines 16 to 23 inclusive, "the proposed beneficiaries Anna E. Shoemaker and Tabitha B. Rader having died."

Mr. UNDERWOOD. Mr. Speaker, these four amendments reduce the number of items in the bill to 278 and the annual estimated cost of the bill $840; the estimated annual cost of the bill as now reported is $52,212.

The SPEAKER. The question is on the amendments.

The amendments were agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. UNDERWOOD, a motion to reconsider the vote by which the bill was passed was laid on the table.

CHANGE OF REFERENCE

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that the bill H. R. 7014 referred to the Committee on Public Buildings and Grounds be rereferred to the Committee on Military Affairs. This bill authorizes the restoration and occupation of the houses and grounds known as Belvoir on the former Lord Fairfax estate upon the Fort Humphreys military reservation in Fairfax County, Va., appropriating $40,000 for such uses and for other purposes. It seems fair that this should go to the Military Affairs Committee inasmuch as it has to be passed upon by the Secretary of War.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. FINLEY. Mr. Speaker, I ask unanimous consent to print in the RECORD a telegram received by me this morning from a constituent of mine referring to the communist propaganda throughout the country.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. UNDERHILL. I object.

THE TARIFF

Mr. POU. Mr. Speaker, I offer the following privileged resolution.

The Clerk read as follows:

House Resolution 87

Resolved, That immediately upon the adoption of this resolution the House shall proceed under the general rules of the House to the consideration of H. R. 6662, entitled "A bill to amend the tariff act of 1930, and for other purposes." This special order shall be a continuing order, and the bill shall be considered from day to day until finally disposed of.

Mr. POU. Mr. Speaker, I ask unanimous consent that the debate on the rule be confined to one hour, of which one-half hour will be controlled by myself, and one-half hour by the gentleman from Indiana, to be yielded by him as he sees fit; that at the end of that time the previous question be considered as ordered on the resolution.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. POU. Mr. Speaker, the rule speaks for itself. I venture the observation that this is the only special rule providing for consideration of a tariff bill we have had in a long time which is not susceptible of criticism. It leaves the bill open to amendment. There is no suggestion of gag rule about it. Even debate is not limited. It seems to me that nothing more need be said concerning the resolution and I reserve the remainder of my time. I yield one minute to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, ladies and gentlemen of the House, I rise to give notice that in the near future, as soon as the time of the House will permit, I shall ask unanimous consent to speak on the life of the foremost American philanthropist and humanitarian, Julius Rosenwald, whose body was laid to eternal rest yesterday, but whose deeds will live in the hearts of men for generations, and I hope may be emulated by others. I am certain that so long as philanthropy remains one of mankind's cardinal virtues, his name will be enshrined with those of the greatest benefactors of all time. [Applause.]

Mr. PURNELL. Mr. Speaker, I ask the attention of the gentleman from North Carolina [Mr. POU]. Evidently it is not his intention to introduce any speaker to explain the bill which this resolution makes in order.

Mr. POU. That will be more proper, I imagine, when the bill comes before the House. We are merely discussing the rule at this time.

Mr. PURNELL. But in discussing the rule we must necessarily discuss the bill which it makes in order.

Mr. POU. It may be that gentlemen on this side will desire to submit some observations. I have had requests for some time.

Mr. PURNELL. In view of the fact that we shall oppose the resolution on this side, I thought perhaps the House ought to be made acquainted with the purpose of the bill which it makes in order.

Mr. BLANTON. We on this side know what is in the bill.

Mr. PURNELL. Then you are much brighter than those on this side.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. Yes.

Mr. O'CONNOR. I call the gentleman's attention to the fact, if he has not already observed it, that this tariff bill is brought in under a rule providing for consideration under the general rules of the House. I do not believe that in the history of this Congress a tariff bill ever came in here under the general rules of the House wide open for debate and amendment.

Mr. PURNELL. The gentleman certainly does not regard this as a tariff bill.

Mr. O'CONNOR. I am talking about the rule under which we are going to consider the bill.

Mr. PURNELL. Not a schedule or a rate is mentioned in the bill.

Mr. O'CONNOR. I repeat that every tariff bill that ever came into this House was sewed up, sealed, and hog-tied under some kind of a gag rule so that no Member had a chance to amend it or offer any suggestions in connection with it. The fair manner in which the majority party is now handling this important legislation ought to set a precedent for all time.

Mr. PURNELL. Mr. Speaker, the gentleman from New York surely realizes that he is very seriously begging the

question. This is in no sense a tariff bill. There are no schedules or tariff rates mentioned in it, and until a few moments ago we were not permitted to see a printed copy of it, and I repeat, if the gentleman from Texas [Mr. BLANTON] knows what this is all about he is much smarter than those who sit on this side of the aisle.

Mr. CLARKE of New York. And he is willing to admit it.

Mr. PURNELL. I had hoped that some one would rise on the Democratic side and explain what this bill means.

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. Yes.

Mr. CLARKE of New York. Does the gentleman not think it naturally follows that a guilty conscience needs no acoustics?

Mr. PURNELL. Well, words to that effect. It is true that the immediate thing before us is the resolution which makes this so-called tariff bill in order, but I hope that those of you who believe in orderly procedure, those who believe in a protective tariff, will vote down this resolution. At best it is a mere gesture.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. To use the gentleman's own language, not just now. We ought not to make gestures knowingly, and we ought not to play politics with a great national emergency. [Applause on the Republican side.] This is not only a gesture but it is a very vague and uncertain one; and I say frankly to the gentlemen on the Democratic side of the House that even your own political enemies in this House, if we may be so regarded, are disappointed with this measure that you have brought in, just as the country will be disappointed when it learns of this meaningless effort. Spellbinders have gone over this country in the last few months and some in this House have arisen to charge the present Republican tariff law with all of the ills with which this Nation and the nations abroad have been beset.

Mr. COLLIER. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. Not now; in a few minutes I shall be glad to yield. If this is not a gesture, if the tariff law enacted by a Republican Congress is responsible for the depression in which this country finds itself to-day, then I ask gentlemen on the Democratic side of the House if it would not have been better to point out specifically wherein certain rates are excessive in order that we might meet the issue directly and not through a circuitous route such as is proposed in this bill. Questions have been repeatedly asked of gentlemen who have laid our ills at the door of the tariff as to what specific rates they would raise or lower, and to those questions have come the same silence that I have received time and time again when I have said to critics of President Hoover, "Please point out what this man has done that you would not have done; please point out specifically what he has not done that you would have done." The answer is always the same—nothing but silence. There is vague, general talk against the tariff, with no direct specification. I say to you that the Republican Party believes in a protective tariff. We are its friends. It is one of the tenets of our political creed, because we know it has brought throughout all these years that measure of prosperity and protection [laughter on the Democratic side]—I mean just that, gentlemen, and I shall come closer to your side of the Chamber so that you may hear me better. Throughout its long years, save but for circumstances such as these, over which no man or party has control, it has brought prosperity to American farmers, to American manufacturers, to American laboring men, and has preserved the American markets for American products. [Applause on the Republican side.] I thank God that we on the Republican side of this House stand to-day exactly where we have stood from the beginning on the tariff question.

We have not changed our position one iota, but God knows it would be hard to follow the meandering course you gentlemen on the Democratic side have pursued from free trade up until you have almost adopted the tariff as your own child, especially as it affects those products which are produced in your own States. I say the Members of the House on the Republican side are its friends, and we are jealous of it. Therefore it borders upon sacrilege to see our Democratic friends tinker with the tariff. [Laughter.] To paraphrase a statement once made by old Uncle Joe Cannon, or at least credited to him, "It is about all we Republicans can do to take care of the tariff question."

Mr. O'CONNOR. Will the gentleman yield?

Mr. PURNELL. In just a minute I will.

I think, ladies and gentlemen of the House, that this effort here to-day is a very fitting prologue to the great dinner to be given in this city to-night in honor of Andrew Jackson. It is worthy of note that this day of all others has been chosen to make this gesture, this day when Washington is filled with hopeful and politically hungry leaders of the great "unterrified" who have assembled here to make preparation for that march up the hill, which shall inevitably result in marching down again in November. [Applause.]

Let the country understand that notwithstanding all the abuse and criticism that have been heaped upon the head of Herbert Hoover, his is the only constructive program presented by any government in all the world looking toward our own rehabilitation or the reestablishment of world stability [applause], and let the country further understand that this new Moses who comes now to lead us out of the wilderness of world despair has no definite program. [Applause.] Let all the world understand that.

Ladies and gentlemen, we love all of you on that side as individuals. There is not a thing in the world we would not do for you as individuals, but your party has not had enough experience [laughter], not enough training, to formulate sound legislation, particularly that dealing with the tariff.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield myself five additional minutes.

Gentlemen, it is one thing to oppose and view with alarm, and quite another thing to initiate constructive and helpful legislation. [Applause.] I repeat, we love you as individuals, but you are not yet majority minded. [Laughter and applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. PURNELL. I will in just a moment.

You are still thinking in terms of the minority, because you have occupied that position through nearly all of the many years of your party's existence. I find no fault with you about that, but I do complain of your lack of training and experience.

Mr. BLANTON. Now, will the gentleman yield for a question?

Mr. PURNELL. In just a minute.

Now, what is this foolish piece of legislation that you gentlemen propose to bring in under this rule? I confess that I have read it over and over again and am unable to grasp its meaning.

Mr. O'CONNOR. Will the gentleman yield?

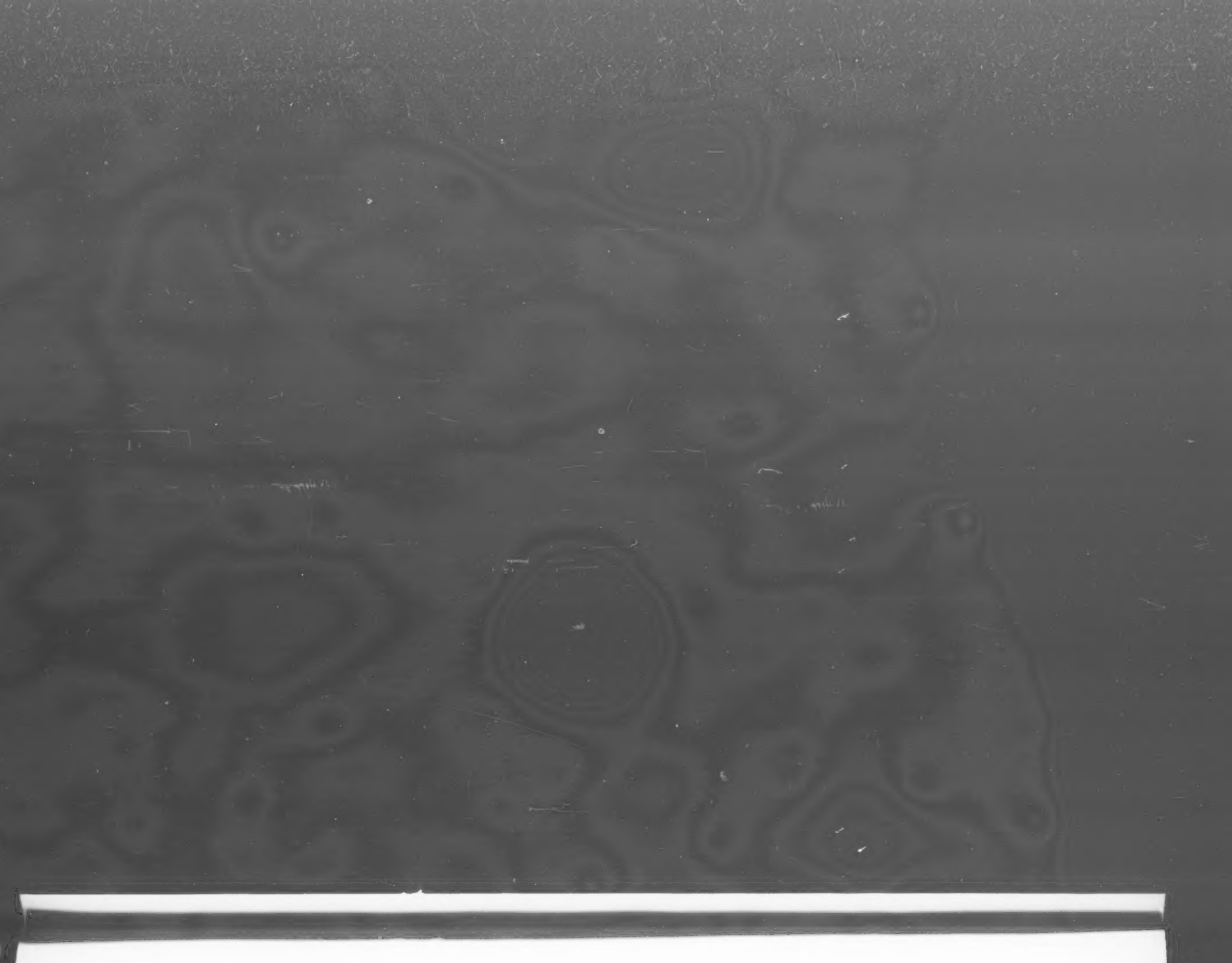
Mr. PURNELL. I will in just a minute.

You seek to do three things: First, destroy the flexible provision of our present tariff law. [Applause.] That seems to meet, pretty generally, approval on that side of the aisle. Under the new arrangement which is proposed you provide that the Tariff Commission shall conduct an investigation and shall make a recommendation to the President, who now, under existing law, may make certain increases or reductions within a 50 per cent limit. You now propose that the President shall pass that report on to the Congress of the United States—to the House of Representatives—to be used, as it certainly will be in many instances, as a political football.

Mr. MAY. Will the gentleman yield?

Mr. PURNELL. Not now.

That can only mean unnecessary delay to helpful and needed legislation affecting commodities which may be entitled to an immediate increase of rates. It means, also, long, drawn-out debates on the floor of this House. I submit further to the gentlemen who drafted it that under



directions, together with such revision of our taxes as will procure greatly increased revenues.

To accomplish this will require a high order of sagacity and courage. The present session of Congress will make some progress toward a balanced Budget. We shall certainly make some immediate and emergency revision in the income-tax law and shall increase some present tax levies, and impose some additional taxes at once. But no balanced Budget is in sight yet. And none possible, so long as the affairs of the Government are administered through present Republican leadership.

Unless we decrease our expenditures and substantially increase our income the Treasury deficit, already so large as to be almost unmanageable, will soon attain proportions that will put the United States Government in the same financial jeopardy which England faced six months ago when there came a day when national bankruptcy stared the English Parliament in the face.

The Democratic taxation program should be one that will be just to all, to big business and to small business, a program that will recognize that all taxes are burdensome, for they lay a toll on all business and on all production of labor—and hence that taxes should be levied as lightly and as equitably as it is humanly possible to devise. I realize that that is easy to say and difficult to execute, but I am confident that the Democratic Party leadership is equal to the task.

On the vital question of tariff revision our party is making an excellent beginning in promptly presenting to the Congress a carefully defined plan for reshaping the administrative features of the tariff act as a prerequisite to later revision in tariff rates along lines of the minimum special favor and congressional logrolling, and the maximum of fair and accurate determination of rates to give to American industry the degree of protection to which it is legitimately entitled, and no more. It is intimated that the President intends to veto the Democratic tariff bill now before the House if it reaches him. If that be so, he poorly serves the interests of the country but well serves the fortunes of the Democratic Party.

Revision of our antitrust laws is another vital and troublesome question with which we must deal constructively. We are suffering little to-day from monopolies as such. We are suffering from overproduction; and in the case of our basic industries, such as coal, oil, and lumber, ruinous competition. Yet we can not relax the safeguards of the antitrust laws to permit restriction of output and pooling and price fixing without substituting some new safeguard against profiteering and extortion.

These subjects of budget and taxes and tariffs and trusts are only the most immediate and challenging, as I view it, in the complex relations between public business and private business. Certainly we can not expect private business to move forward until we restore confidence in Government and reestablish public business on a sound basis.

The social problems confronting us are equally tremendous, but in the main they are the problems of the community and the State rather than those of the Federal Government. The vast expansion of the activities of the Federal Government in local and personal and social concerns which accompanied the adoption of the eighteenth amendment, and which has been the outstanding phenomenon of the past 12 years of Republican rule, is progress in the wrong direction. We must do a right-about face—and under Democratic leadership we will do so. The Federal Government must retrench rather than further expand in the fields of welfare work and in the regulation of social habits, education, and the home. These problems are of vital concern to our welfare; they are the concern of every right-spirited citizen, but they are not the concern of the Federal Government unless we are prepared to embark on a Federal system of paternalism repugnant to our whole theory of the separation of the State and Federal functions.

It has been well said that prohibition is a social question rather than a political question. So, indeed, it is. Prohibition, to be sure, has corrupted the Government, broken down our courts, encouraged racketeering and lawlessness, overcrowded our jails, deprived the State and Nation of a potent source of tax revenue, and required heavy outlays of public funds in wholly abortive efforts at enforcement. These misfortunes, great as they are, are as nothing in comparison with the demoralizing consequences to our citizens and officials in their relationship to and respect for law and constituted authority.

The prohibition question ought not to be a party issue. But no party will long survive which fails to come to grips with the prohibition question. It is an issue that has divided both parties. Both parties should be willing and all fair-minded persons, regardless of their personal convictions, ought to be willing to submit the question of repeal of the eighteenth amendment to popular referendum and agree to await the result, which will be, I feel confident, an overwhelming repudiation of national prohibition. Pitting a wet candidate against a dry candidate is not the way to hold a national referendum on prohibition. Vital as is this question, there are too many other grave questions in the life and affairs of our Nation to-day to warrant or permit determining the presidency primarily in terms of the eighteenth amendment. Everything our forebears have toiled for, sacrificed for, and accumulated is threatened by the present debacle in our political, industrial, cultural, and economic life.

I have said nothing to-night about unemployment. Yet unemployment, with its accompanying want and misery—more widespread than ever before in our history—is our most acute social problem. However, we must come to the realization that there is but one real remedy for unemployment, and that is employment. Doles and charity alleviate suffering. They do not create jobs. Employment which will end unemployment depends upon infusing business without delay with that confidence that will revive it with new energy, and that in turn depends primarily and inevitably upon the strengthening of public and private credit, upon balanced budgets, and equitable taxes and tariffs. This is the governments' (National, State, and local) present job. When this has been accomplished—and every special election indicates that the Democratic Party is being commissioned by the country to accomplish it—then it will be our task in this reconstruction era ahead to work for a permanent state of social justice.

The vital measure of unemployment insurance which also demands prompt attention is illustrative of our many social problems. Yet with business and financial conditions most seriously maladjusted no unemployment insurance will be acceptable to industry or can be made effective immediately. We must first extend the financial relief which is most imperative if business and financial credit are to be placed on a stabilized basis and employment increased rather than further curtailed. Industry, not the Government, must accept the principal burden of unemployment insurance. In my opinion, it must be considered in connection with the extension of the employees' compensation laws of the several States. I repeat, the present heroic task is to stop further destructive economic crises. Social justice too long delayed must go forward with reconstruction plans.

Let not Democrats be content with merely holding the ground already won, with digging in and fighting for mere temporary triumph. We should lay hold on a new and truly ambitious and achievable program for the substantial betterment of economic conditions and our social life. We should retain in our thoughts not merely the fact that there is a great prize ahead, but that we have the determination and intelligence to win and hold it. I can not, perhaps, do better to help arouse you to real service to country and party than to quote, in closing, the lines of a great English poem by William Blake, made applicable to America:

"Bring me my bow of burning gold!
Bring me my arrows of desire!
Bring me my spear: O clouds, unfold!
Bring me my chariot of fire!
I will not cease from mental fight,
Nor shall my sword sleep in my hand,
Till we have built Jerusalem
In [America's] green and pleasant land."

RELIEF OF UNEMPLOYMENT—LETTER OF GOVERNOR RUSSEL, OF GEORGIA

Mr. GEORGE. Mr. President, I ask unanimous consent to have inserted in the RECORD a letter from the Hon. Richard B. Russell, jr., Governor of the State of Georgia. The letter has to do with the general condition now existing in the country, and particularly emphasizes the fact that relief to those who are most needy may be secured probably through a road-building program upon an extensive scale more than through any other measure that the Federal Government might be able to adopt.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF GEORGIA,
EXECUTIVE OFFICE,
Atlanta, January 6, 1932.

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: For the past several weeks I have been undertaking to conduct a comprehensive survey of the State of Georgia in an effort to ascertain the effects of the present economic depression and to arrive at some idea as to ways and means whereby the State government might render some assistance in alleviating the suffering now being experienced by our people. Questionnaires were mailed to county commissioners or ordinaries of every county and the mayors of every municipality of the State. In addition to this I have conferred with representative citizens of every section on this trying problem and have also sought to receive the benefit of their thought.

As you are doubtless informed, Georgia, in common with the rest of the Nation, is passing through a most trying period. In the past we have experienced times of depression and financial stress, but I do not believe that our agricultural population has ever been faced with quite so serious a crisis. Cotton is selling far below the cost of production and there is practically no market for any other product of our farms. For over a hundred years our large population of tenant farmers and share croppers has been able to call upon the landlord to tide them over the bad years. The Georgia landlord inherited a feeling of responsibility toward his tenants and croppers from slavery days, and no class of creditors on earth has been as generous in advancing the means of a livelihood and assuming such hazardous risks as have the supply merchants and landlords of Georgia.

Unfortunately, however, the landlords and supply merchants of this State have reached the breaking point and are themselves unable to respond to the cry of these unfortunate ones who have nowhere else to turn for food and raiment during the winter. There are thousands of cases in Georgia where every article raised on the farm, as well as the livestock of the farmer and his tools,

has been insufficient to pay the mortgage or bill of sale rendered necessary to obtain funds with which to purchase fertilizer and make the 1931 crop. In addition to this, the severe drought which obtained in certain sections cut the food crops of the farmers below that required to sustain man and beast until another crop can be produced.

It is therefore apparent that there will be actual and unusual suffering among the poorer people of the State, and thousands of honest men, who are anxious and willing to work if afforded an opportunity, are likely to see their families suffer unless some immediate steps are taken to help remedy present conditions.

I grant that, on the whole, the citizens of Georgia are no worse off than in other sections of the Nation. In fact, conditions in certain sections are, perhaps, above the average for the United States, as we have some sections in which the people have made bountiful food crops, and, though they have little or no money, they will be able to take care of themselves for the time being. The most unusual feature of the present depression is the extraordinary condition prevailing in some of our rural sections which have been able to weather the various financial storms of the past.

At the present time the condition of the State treasury is such that it is next to impossible for the State government to embark upon any comprehensive undertaking to provide employment or afford relief for those who need it. Furthermore, there is a widespread feeling that the policies of our National Government are largely responsible for the present crisis and there is a general feeling that the National Government should evince some real interest in the plight of the average citizen of the Nation.

In the answers to practically every questionnaire the opinion was expressed that the most feasible and practical method of providing employment and making work is through a road-building program for the purpose of affording employment to unskilled labor. The State of Georgia taxes her citizens approximately $14,000,000 a year for roads, and, in view of the present financial condition of the State and the limitations on securing immediate funds contained in our constitution, with which you are thoroughly familiar, it is impossible for the State to obtain any considerable amount of money for any employment program.

It is therefore my thought, and the opinion of everyone in Georgia with whom I come in contact, that one of the first efforts of the National Congress should be to provide a substantial fund for unemployment relief, to be distributed for the building of roads and highways in the Nation and that such funds should be expended so as to afford employment and a livelihood to the maximum number of citizens. While, of course, the greatest possible value for every dollar should be obtained, the expenditure of this fund should not be surrounded with useless conditions and red tape. So long as the money is honestly expended and reaches the hands and pockets of people who are ready to exchange honest work for a small amount of money it will accomplish its purpose.

It is my idea that in the expenditure of this money the use of machinery should be eliminated as much as possible in order to utilize and benefit the astounding number of unemployed, particularly farmers, who have no work to do during the winter season and who have no means of support for their families.

The National Government is carrying on a comprehensive building program in erecting public buildings. This is doing much to relieve the unemployment problem in cities and centers of population. In the main, however, this work can only give employment to skilled artisans, and does not benefit the man who is suffering most and who has the least hope of employment for the next 12 months—the tenant farmer whose landlord is bankrupt and who in many instances, like his tenant, is unable to buy shoes for his wife and children.

It is my opinion that if necessary it should be permissible to spend a part of the funds allotted for this purpose, say 25 per cent, on State roads which are feeders to the through Federal-aid roads. Some of the sections where the suffering is most acute are not available to Federal-aid roads.

I would not employ any of this fund in the nature of a dole or for extravagant waste. There are sections of Georgia now where day labor can be obtained at a very low figure and where the expenditure of a few thousand dollars on a road project of grading would carry many families through the winter without causing them to suffer any material privation.

I hope that you and the other members of the Georgia delegation will not rest nor desist from your efforts until this Congress has appropriated a substantial amount, not less than $200,000,000 for the Nation, for this purpose and has provided that this money shall be spent in such a manner as will best serve the greatest number of the present unemployed.

I appreciate fully the need for economy in governmental affairs at this time, but to my mind the National Government could use its credit for no finer purpose than to render available immediately for road-building purposes such a sum of money, and it will benefit those who are suffering most and are in the greatest need. The deficit in the National Treasury is staggering, and the need for reduction in the expense of conducting the National Government is paramount; but if our Government is able to grant moratoriums to foreign countries, special privileges to vested interests (through the medium of the tariff), and make sure the expenditure of vast sums in the future for the protection of the railroads and to relieve the frozen assets of banks it can certainly afford to spend a paltry two or three hundred million dollars to provide for the immediate relief of the suffering poor of this Nation, who are unable to raise their voices or to protect themselves in this time of stress.

Not only will such expenditure give employment to thousands of those in need, revive their hopes and keep them from crime, singly or in dangerous combinations, but it will result in an investment of permanent value in the improvement of one important feature of modern transportation, our highways.

I fully believe that I am safe in saying, and am conservative in the statement, that 90 per cent of the people of Georgia are heartily in favor of the National Congress immediately taking action along the line indicated in this letter. It is regarded as being of more immediate importance than any measure now before the Congress. I hope that you will be able to see your way clear to lend your valuable assistance in this direction.

With highest regards, I am sincerely yours,

RICHARD B. RUSSELL, Jr.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The PRESIDENT pro tempore. Reports of committees are in order.

Mr. McNARY, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the calendar.

Mr. REED, from the Committee on Military Affairs, reported favorably sundry nominations of general officers of the Army, which were placed on the calendar.

THE CALENDAR

The PRESIDENT pro tempore. If there be no further reports of committees, the calendar is in order.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. FESS. I ask unanimous consent that the nominations of postmasters be considered and confirmed en bloc.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the nominations of postmasters upon the calendar are confirmed en bloc. That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. McNARY. I move that the Senate carry out the unanimous-consent agreement and take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 4 o'clock and 42 minutes p. m.) the Senate, under the unanimous-consent order previously entered, took a recess until to-morrow, Saturday, January 9, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 8 (legislative day of January 7), 1932

UNITED STATES CIRCUIT JUDGES

Charles C. Simons, of Michigan, to be United States circuit judge, sixth circuit, to succeed Arthur C. Denison, resigned.

Kenneth Mackintosh, of Washington, to be United States circuit judge, ninth circuit, to succeed Frank H. Rudkin, deceased.

UNITED STATES DISTRICT JUDGE

Charles G. Briggle, of Illinois, to be United States district judge, southern district of Illinois. (Additional position.)

UNITED STATES MARSHAL

Theodore W. Hukriede, of Missouri, to be United States marshal, eastern district of Missouri. (He is now serving in this position under an appointment which expires February 21, 1932.)

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

First Lieut. Ewing Hill France, Infantry (detailed in Quartermaster Corps), with rank from May 6, 1929.

TO FIELD ARTILLERY

Second Lieut. Arthur Layton Cobb, Infantry, with rank from June 14, 1927, effective June 10, 1932.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lieut. Col. Carl Henry Muller, Cavalry, from January 1, 1932.

Lieut. Col. Charles Burnett, Cavalry, from January 1, 1932.

Lieut. Col. Claude Ernest Brigham, Chemical Warfare Service, from January 1, 1932.

Lieut. Col. Walter Herbert Smith, Field Artillery, from January 1, 1932.

Lieut. Col. George Hathaway Baird, Cavalry, from January 1, 1932.

Lieut. Col. Frank Keller, Cavalry, from January 1, 1932.

To be lieutenant colonels

Maj. Albert Lawrence Loustalet, Coast Artillery Corps, from January 1, 1932.

Maj. Richard Donovan, Coast Artillery Corps, from January 1, 1932.

Maj. Robert Clive Rodgers, Cavalry, from January 1, 1932.

Maj. Homer Havron Slaughter, Infantry, from January 1, 1932.

Maj. Sanderford Jarman, Coast Artillery Corps, from January 1, 1932.

Maj. Clair Warren Baird, Coast Artillery Corps, from January 1, 1932.

Maj. Edward Willis Putney, Coast Artillery Corps, from January 1, 1932.

To be majors

Capt. Eugene Nelson Slappey, Infantry, from January 1, 1932.

Capt. Stephen Garrett Henry, Infantry, from January 1, 1932.

Capt. Harwood Christian Bowman, Field Artillery, from January 1, 1932.

Capt. Laurence Henry Hanley, Field Artillery, from January 1, 1932.

Capt. Rosenham Beam, Air Corps, from January 1, 1932.

Capt. Harry McCorry Henderson, Infantry, from January 1, 1932.

Capt. Robert Van Kleeck Harris, jr., Field Artillery, from January 1, 1932.

Capt. Pleas Blair Rogers, Infantry, from January 1, 1932.

Capt. Richard Grant Hunter, Field Artillery, from January 1, 1932.

Capt. Schaumburg McGehee, Field Artillery, from January 3, 1932.

To be captains

First Lieut. Bovey Mozart Hall, Infantry, from December 25, 1931.

First Lieut. Leonard Murphy, Infantry, from January 1, 1932.

First Lieut. Edgar Baldwin Heylmun, Infantry, from January 1, 1932.

First Lieut. Thomas Welch Blackburn, Air Corps, from January 1, 1932.

First Lieut. Grover Cleveland Brandt, Infantry, from January 1, 1932.

First Lieut. Thomas Hayden Davies, Infantry, from January 1, 1932.

First Lieut. Lewis Andrus Day, Infantry, from January 1, 1932.

First Lieut. Claude Weaver Feagin, Cavalry, from January 1, 1932.

First Lieut. Harry Francis Hanson, Infantry, from January 1, 1932.

First Lieut. Lee Vyvian Harris, Field Artillery, from January 1, 1932.

First Lieut. Harry Anton Johnson, Air Corps, from January 1, 1932.

First Lieut. Bob Edward Nowland, Air Corps, from January 1, 1932.

First Lieut. Barney McKinney Giles, Air Corps, from January 1, 1932.

First Lieut. Roy Travis McLamore, Infantry, from January 1, 1932.

First Lieut. Bernard Joseph Tooher, Air Corps, from January 1, 1932.

First Lieut. Claude Edward Duncan, Air Corps, from January 1, 1932.

First Lieut. Albert Francis Hegenberger, Air Corps, from January 3, 1932.

First Lieut. Wendell Holzworth Brookley, Air Corps, from January 5, 1932.

First Lieut. Joseph Rudolph Wessely, Quartermaster Corps, from January 5, 1932.

To be first lieutenants

Second Lieut. Clair McKinley Conzelman, Coast Artillery Corps, from December 25, 1931.

Second Lieut. Samuel Pickens Collins, Field Artillery, from January 1, 1932.

Second Lieut. John Cline Strickler, Field Artillery, from January 1, 1932.

Second Lieut. Oscar James Levin, Coast Artillery Corps, from January 1, 1932.

Second Lieut. Edwin Howard Feather, Infantry, from January 1, 1932.

Second Lieut. Theodore Charles Wenzlaff, Cavalry, from January 1, 1932.

Second Lieut. William Jesse Deyo, jr., Infantry, from January 1, 1932.

Second Lieut. Benjamin Peter Heiser, Field Artillery, from January 1, 1932.

Second Lieut. John Lawrence Ryan, jr., Cavalry, from January 1, 1932.

Second Lieut. Egon Rowland Tausch, Cavalry, from January 1, 1932.

Second Lieut. Alexander Randolph Sewall, Field Artillery, from January 1, 1932.

Second Lieut. Prentice Edward Yeomans, Cavalry, from January 1, 1932.

Second Lieut. Paul Hamilton, Infantry, from January 1, 1932.

Second Lieut. Charles Clifford Sloane, jr., Infantry, from January 1, 1932.

Second Lieut. Charles Winchell McGeehan, Coast Artillery Corps, from January 1, 1932.

Second Lieut. James Russell Wheaton, Field Artillery, from January 1, 1932.

Second Lieut. Basil Littleton Riggs, Cavalry, from January 1, 1932.

Second Lieut. Malcolm Hobson Harwell, Coast Artillery Corps, from January 1, 1932.

Second Lieut. Henry Raymond Baxter, Air Corps, from January 3, 1932.

Second Lieut. Roy Silverman, Infantry, from January 4, 1932.

Second Lieut. Tyler Calhoun, jr., Field Artillery, from January 5, 1932.

Second Lieut. Richard Hanson Grinder, Coast Artillery Corps, from January 5, 1932.

DENTAL CORPS

To be major

Capt. Forest Vernon Bockey, Dental Corps, from January 6, 1932.

CHAPLAINS

To be chaplains with the rank of major

Chaplain Thomas Joseph Lennan (captain), United States Army, from December 28, 1931.

Chaplain Claude Skene Harkey (captain), United States Army, from December 28, 1931.

APPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, reserve

Brig. Gen. Thomas Stevens Hammond, Illinois National Guard, from January 8, 1932.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 8 (legislative day of January 7), 1932

POSTMASTERS

KANSAS

Frederick H. Dodd, Altoona.
John G. Hyde, Beloit.
James R. Galyon, Burden.
Linnihan M. Kelleher, Burlingame.
Claude W. Simpson, Cawker City.
Elwood M. Jones, Council Grove.
Alfred N. Parrish, Dunlap.
Reuben H. Funk, Durham.
James W. Way, Elmdale.
Harry A. Osborn, Emporia.
William L. Oliver, Erie.
Delle Duncan, Esbon.
David A. Nywall, Formoso.
John F. Mitchell, Fort Dodge.
Jessie I. Cramer, Galva.
Edward M. Brown, Greensburg.
Bessie M. Achenbach, Hardtner.
Ferdinand Scharping, Hillsboro.
Kirby L. Griffith, Kanopolis.
Charles S. Smith, Lakin.
John A. Bryan, Leoti.
Harold R. Starbuck, Lincoln.
Eben Carlsson, McPherson.
John O. Rodgers, Mankato.
William C. Loveless, Marion.
Clarence L. Keith, Menlo.
Josiah Foltz, Newton.
Charles P. Stevenson, Oberlin.
Herman F. Kiesow, Osage City.
Karl O. Ranney, Osawatomie.
Charlie Gray, Pretty Prairie.
Leslie Fitts, Reading.
Earl R. Ipson, Rolla.
Albert E. Kerns, St. Marys.
Guy E. Woodhouse, jr., Sharon Springs.
Etta M. Hall, Solomon.
Viola E. Stauffer, Valley Center.
Mary O. Bittmann, Wamego.
Charles E. Painter, Waverly.
Clarence E. Swanson, Weskan.
John F. Allen, Yates Center.

OHIO

George H. Metheany, Lima.

TEXAS

George W. Ragland, Abernathy.
Lindsey C. Payton, Abilene.
Roberta G. Sterrett, Albany.
Edgar W. Burkett, Andrews.
Mack M. Pittman, Annona.
John R. Martin, Anson.
Joel A. Reese, Ballinger.
Fred A. Mansfield, Bandera.
Frederick W. Guffy, Belton.
Vina Johnson, Bertram.
George J. Skarda, Bloomington.
John K. Ford, Bogata.
Flora G. Bowers, Borger.
Jeptha G. Flato, Bovina.
Pearl G. Boynton, Bronte.
Charles S. Myers, Bryan.
Sallie C. Milburn, Bryson.
Ray C. Kelley, Caddo.
Hester Thomason, Centerville.
Alfred A. Thomas, Chandler.
John J. Crockett, Chapel Hill.
Millard T. Jones, Chillicothe.
Viola L. Harris, Christoval.
Etta Varley, Collinsville.
Claude H. Martin, Crane.
Wilson I. Lawler, Deport.
Frederick V. Blesse, Dilley.
Wiley Fox, Dumas.
Grady C. Edmonds, Elsa.
Charles H. Cmajdalka, Fayetteville.
Gladys Arnold, Forsan.
Ferman Carpenter, Franklin.
Charles W. Silliman, Ganado.
James P. Hewitt, Giddings.
Virgil G. Pritchett, Gladewater.
Emma J. Cleveland, Grand Prairie.
William I. Rodgers, Gunter.
James M. Everett, Hedley.
Lillie Brinkley, Howe.
Walter S. Street, Humble.
Charles F. Adams, Jacksonville.
Helen M. Peel, Jourdanton.
Annie D. Barker, Kilgore.
James T. Davis, Kopperl.
Nicholas C. Nail, Krum.
Helen C. Wallace, Kyle.
Alex E. Jungmann, Lacoste.
James D. Dyer, Lamesa.
William R. Wagle, Lampasas.
John H. Anderson, Lawn.
Raymond I. Gabbert, Los Fresnos.
Jessie L. Kay, Lytle.
Tryon Lewis, McCamey.
Iona Cooke, Mart.
Paul Fomley, Maud.
Oscar J. Adcock, Merkel.
William H. Spratt, Mingus.
Santford P. Rosette, Mission.
Mollie A. Hough, Montgomery.
Wenzel K. Richter, Moulton.
William C. Simmons, Murchison.
Henry A. Williamson, Nacogdoches.
Elmer J. Mayo, Nevada.
Fannie H. Miller, Newton.
James R. Kersey, Ozona.
Bessie E. Fairless, Palo Pinto.
Hattie M. Culpepper, Palmer.
David E. Cecil, Pampa.
Ida B. Gilliland, Paradise.
Charles B. Myers, Poteet.
Andrew J. Sitton, Pyote.
Jasper W. Blount, Quinlan.
Arthur N. Brown, jr., Richland.
Henry L. Goodwin, Roaring Springs.
Efren M. Ramirez, Roma.
Gayle T. Snedecor, Rosenberg.
John W. Ledbetter, Round Rock.
Kelsey R. Dort, St. Jo.
Atheniar Wade, San Augustine.
Archie C. Saxon, Saratoga.
Walter Kurz, Somerset.
Thomas C. Murray, Sonora.
Nobye Hamilton, Stanton.
Turner H. Perry, Stephenville.
Nelson L. Yates, Stratford.
Winfred C. Wilson, Sunset.
Daniel G. Shields, Sweetwater.
John E. Kimsey, Texon.
Miles B. Earnheart, Trenton.
Bertha M. Nicholson, Trinidad.
Ralph D. Gilbert, Trinity.
Vera Butler, Troup.
Thomas W. McCormick, Tuscola.
Alfred S. Maddox, Valley View.

Robert H. Rhodes, Waelder.
Mary J. Lovely, Weslaco.
Laura E. Tidwell, Whittenburg.

WASHINGTON

Joseph L. Milner, Almira.
Walberg Tonstad, Auburn.
Augusta Hunt, Burton.
Donald M. Mitchell, Camas.
Isaac Knutsen, Chinook.
Ruth Monroe, Clearlake.
Inez G. Spencer, Creston.
Alonzo E. Emerson, Ellensburg.
Charles C. King, Entiat.
Clarence W. Fisk, Ferndale.
William F. Byars, Goldendale.
Lynn P. Hart, Hunters.
John H. Gibson, Issaquah.
Henry T. Bennett, Monroe.
Zelda Ellis, Morton.
Jennie A. Smith, Peshastin.
Rachel A. M. Hilstad, Port Blakely.
Orien L. Renn, Touchet.
Arthur W. Calder, Vancouver.
Anna C. Dowling, Vashon.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 8, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who dwellest in love unspeakable, we praise Thee. In our choicest experiences we can never understand the greatness, the height and the depth, the length and the breadth of divine love. We do rejoice that Thy government is thus established against which all things else may roll their ceaseless waves in vain. Be pleased, O God, to remember our whole land, with all its classes and conditions and vicissitudes. Remember those who are broken up in life and are in despondency. O may all causes of offense, dislike, and hate be purged away. Father of mercies allow justice, love longing, and a common patriotism to be ushered—uniting all citizens inseparably so that the Nation may abide in peace, plenty, and prosperity. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

PENSIONS

Mr. UNDERWOOD. Mr. Speaker, I call up the bill (H. R. 6596) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war, and I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the bill.

This bill is a substitute for the following House bills referred to the Committee on Invalid Pensions:

H. R. 518. Prudence M. A. Burton.
H. R. 519. Nancy P. Conrad.
H. R. 520. Harriet E. Dutton.
H. R. 521. Melissa E. Gibson.
H. R. 522. Elizabeth Harrison.
H. R. 523. Johanna S. W. Micksch.
H. R. 530. Josephine Hatcher.
H. R. 543. Margaret E. Wilt.
H. R. 544. Nancy A. West.
H. R. 557. Lillie M. Price.
H. R. 575. Elizabeth Wells.
H. R. 577. Ophelia Roseberry.
H. R. 578. Patsy Clark.
H. R. 582. Mollie M. Merrill.
H. R. 583. Lula M. McCoy.
H. R. 595. Clara Hoard.
H. R. 701. Arvilla R. Penfield.
H. R. 714. Elizabeth Nye.
H. R. 716. Alma Niedhammer.
H. R. 717. Eliza J. Arthur.
H. R. 738. Edith L. Johnson.
H. R. 774. Caroline Gorgas.
H. R. 837. Louisa Hiskett.
H. R. 839. Serena E. Merryman.
H. R. 840. Emeline Scott.
H. R. 841. Mary E. Benson.
H. R. 842. Lydia A. Cary.
H. R. 850. Sarah E. Burton.
H. R. 877. Isabel Guffey.
H. R. 878. Alton Frazier Cowan.
H. R. 896. Nancy J. McWilliams.
H. R. 897. Sarah M. Martin.
H. R. 898. Elizabeth Caslow.
H. R. 903. Mary Ann McCabe.
H. R. 978. Octavia Partlow.
H. R. 980. Eliza Lagoy.
H. R. 982. Jane Groves.
H. R. 983. Melissa M. Day.
H. R. 985. Maria F. West.
H. R. 989. Mary R. Wilcox.
H. R. 990. Agnes Daniels.
H. R. 992. Mary Stearnes.
H. R. 1015. Malinda J. Messenger.
H. R. 1016. Nancy Jane Shafer.
H. R. 1020. Malinda House.
H. R. 1021. Leanna E. Blair.
H. R. 1023. Dora Etta Miller.
H. R. 1045. Tempie Farley.
H. R. 1046. Mary French.
H. R. 1066. Frances J. Coffey.
H. R. 1089. Elizabeth Lloyd.
H. R. 1108. Lucinda C. Rowe.
H. R. 1110. George Rush.
H. R. 1116. William B. Smith.
H. R. 1149. Frances E. Miller.
H. R. 1161. Nancy C. Mostoller.
H. R. 1163. Rachel Walter.
H. R. 1186. Laura E. Deits.
H. R. 1210. Sarah A. Chandler.
H. R. 1217. Sarah J. McHenry.
H. R. 1220. Rachel E. Phelps.
H. R. 1241. Ida I. Secor.
H. R. 1249. Catherine R. Forbes.
H. R. 1268. Lottie McKelvey.
H. R. 1331. Fannie Hoover.
H. R. 1343. Marie Ludwig.
H. R. 1344. Cora Cath.
H. R. 1357. Harriet A. Skinner.
H. R. 1358. Frances E. Tilton.
H. R. 1425. Mary C. Plunkett.
H. R. 1443. Elizabeth R. Backus.
H. R. 1444. Julia A. Hofflicker.
H. R. 1505. Frances Ross.
H. R. 1512. Mary E. Downer.
H. R. 1516. Thana Hope.
H. R. 1597. Ellen Kintner.
H. R. 1598. Jennie M. K. Banner.
H. R. 1600. Eva Louise Elberlin.
H. R. 1603. Angeline Davis.
H. R. 1641. Mary Snyder.
H. R. 1644. Tiney Vass.
H. R. 1645. Harriet Wilson.
H. R. 1658. Nancy E. Cahoon.
H. R. 1682. Mary E. Johnson.
H. R. 1722. Pearl Rounds.
H. R. 1726. Amanda Brown.
H. R. 1728. Mary J. Crawford.
H. R. 1732. Margaret Kingery.
H. R. 1733. William M. Mitchell.
H. R. 1743. Mattie L. Bennett.
H. R. 1745. Dorleskia J. Starbuck, now known as Dorleskia J. White.
H. R. 1797. Frances M. Nelson.
H. R. 1867. Ary J. Warner.
H. R. 1870. Catherine Summers.
H. R. 1872. Harriet F. Skinnin.
H. R. 1873. Eliza J. Simmers.
H. R. 1877. Hulda Patch.
H. R. 1879. Caddie Nichols.
H. R. 1881. Gilley Melott.
H. R. 1884. Matilda Larimer.
H. R. 1891. Emily S. Davis.
H. R. 1910. Emil Yates.
H. R. 1952. Catharina Mayer.
H. R. 1953. Maria E. Kelly.
H. R. 1954. Margaret J. Kerr.
H. R. 1955. Susan E. Shelton.
H. R. 1956. Martha J. Beal.
H. R. 1957. Peoria A. Mattox.
H. R. 1959. Truman A. Wedge.
H. R. 1960. Mattie J. Otis.
H. R. 1961. Joanna L. Canfield.
H. R. 2198. Martha J. Doty.
H. R. 2226. Nancy A. Scribner.
H. R. 2252. Elizabeth Canfield.
H. R. 2348. Eva Calvert.
H. R. 2349. Louisiana Butcher.
H. R. 2356. Veturia H. Dugan.
H. R. 2368. Elizabeth F. Rader.
H. R. 2372. Martha J. Stephenson.
H. R. 2374. Maria Thompson.
H. R. 2376. Adah Wilson.
H. R. 2380. Rosa Ralph.
H. R. 2390. Chester Jones.
H. R. 2398. Florence Cordell.
H. R. 2412. Frances Bryant.
H. R. 2486. Maud A. Robinson.
H. R. 2488. Abbie H. Putnam.
H. R. 2491. Emma D. Busher.
H. R. 2498. Effie L. Van Namee.
H. R. 2500. Martha J. Reese.
H. R. 2501. Clara A. Stuart.
H. R. 2502. Jane Ferguson.
H. R. 2503. Eugene Roberts.
H. R. 2504. Emma L. Clark.
H. R. 2506. Hannah E. Holbrook.
H. R. 2507. Fannie V. Gunnell.
H. R. 2508. Mary A. Smith.
H. R. 2509. Dora Peterson.
H. R. 2510. Gertrude Warren.
H. R. 2511. Frances Prosser.
H. R. 2512. Catherine Burris.
H. R. 2513. Minnie J. Hodge.
H. R. 2540. Lottie L. Day.
H. R. 2541. Francies M. Emery.
H. R. 2542. Ellen Foster.
H. R. 2543. Pauline Hartman.
H. R. 2544. Elizabeth W. Ogden.
H. R. 2545. Mercy S. Richards.
H. R. 2546. Emma J. Rimback.
H. R. 2547. Helen Vreeland.
H. R. 2550. May F. Waite.
H. R. 2586. Laura E. Gerow.
H. R. 2587. Elizabeth Hays.
H. R. 2613. Rebecca C. Turney.
H. R. 2618. Eliza Mauk.
H. R. 2621. Margaret A. Johnston.
H. R. 2623. Nellie Crawford.
H. R. 2736. Sarah G. Black.
H. R. 2739. Sarah C. Daisey.
H. R. 2747. Rebecca Harris.
H. R. 2772. Mary Josephine Blain.
H. R. 2773. Sarah Alice Hane.
H. R. 2774. Katharine K. Burns.
H. R. 2796. Clara P. Rickard.
H. R. 2797. Elizabeth Berger.
H. R. 2807. Samaria C. Fischer.
H. R. 2877. Eliza A. Waggoner.
H. R. 2944. Bessie Lancaster.
H. R. 2946. Adeline Emery.
H. R. 2948. Sarah A. Griffith.
H. R. 2957. Sallie Day.
H. R. 2985. Mary E. Wise.
H. R. 2987. Jennie Webster.
H. R. 2990. Anna B. Sheplar.
H. R. 2994. Ellen Maurer.
H. R. 3017. Adga S. Plummer.
H. R. 3018. Lizzie E. Goodrich.
H. R. 3025. Jane A. Campbell.
H. R. 3039. Henrietta V. Reed.
H. R. 3041. Hannah M. Garver.
H. R. 3051. Mary E. Cheney.
H. R. 3058. Isabella N. Frye.
H. R. 3138. Tryphena Grier.
H. R. 3175. Mary E. Leach.
H. R. 3492. Margaret Miller.
H. R. 3493. Racheal Corl.
H. R. 3494. Amanda Walker.
H. R. 3519. Irene Dick.
H. R. 3520. Rachel Ickes.
H. R. 3549. Lucinda K. Duncan.
H. R. 3589. Allice D. Janes.
H. R. 3656. Emily Brown.
H. R. 3729. Ruth E. Colvin.
H. R. 3748. Mary J. Pillsbury.
H. R. 3814. Rachel A. Gallt.
H. R. 3815. Adelia B. Folsom.
H. R. 3821. Henry Dewitt.
H. R. 3830. Elizabeth C. Falconer.
H. R. 3832. Emma V. Bateman.
H. R. 3861. Cynthia A. Merrill.
H. R. 3864. Blanche A. Sheldon.
H. R. 3865. Elizabeth Garnsey.
H. R. 3873. Bridget Owens.
H. R. 3878. Sarah J. Adsit.
H. R. 3881. Martha House.
H. R. 3884. Ellen M. Stowell.
H. R. 3886. Frances M. Hayden.
H. R. 3894. Mary Blair.
H. R. 3907. Julia B. Goodrich.
H. R. 3973. Annie C. Kidridge.
H. R. 3977. Priscilla A. Craine.
H. R. 3978. Jacob L. Glenn.
H. R. 3984. Amanda M. Case.
H. R. 3999. Sophronia Austin.
H. R. 4024. Mary E. Boyd.
H. R. 4060. Cornelia Shoemaker.
H. R. 4164. Sarah E. Miller.
H. R. 4171. Kate Pasch.
H. R. 4194. Sarah E. Lane.
H. R. 4216. Minnie S. Rushton.
H. R. 4219. Christiana Rodarmel.

H. R. 4224. Angeline Klinger.
H. R. 4282. Nannie B. Kenty.
H. R. 4283. Myra E. Bilyen.
H. R. 4284. Avarilla C. Culler.
H. R. 4285. Mary F. Gregg.
H. R. 4302. Bridget Sheppard.
H. R. 4316. Lida F. Holmes.
H. R. 4341. Liza Crabtree.
H. R. 4342. Anna E. Shoemaker.
H. R. 4343. Tabitha B. Rader.
H. R. 4344. Mary A. Nighswonger.
H. R. 4346. Minnie C. Winters.
H. R. 4347. Mary E. Ranson.
H. R. 4367. Effie Spencer.
H. R. 4411. Hannah A. Taylor.
H. R. 4460. Martha Friz.
H. R. 4775. Carrie E. McGown.
H. R. 4777. Mary A. Cozier.
H. R. 4778. Anna Smith.
H. R. 4779. Millie A. Washington.
H. R. 4780. Flora Willhide.
H. R. 4781. Deborah Fent.
H. R. 4782. Susie A. Clifton.
H. R. 4783. Dora A. Stephenson.
H. R. 4784. Mariah Green.
H. R. 4785. Sarah J. Ripley.
H. R. 4786. Julia Johnson.
H. R. 4787. Mary C. Allen.
H. R. 4788. Margaret Speakman.
H. R. 4789. Kate Glover.
H. R. 4790. Belle Butters.
H. R. 4867. Mary A. Briggs.
H. R. 4871. Sarah A. Mullen.
H. R. 4883. Melinda A. Heltzel.
H. R. 4945. Christine Pedderson.
H. R. 4959. Margaret C. Lloyd.
H. R. 4960. Charlotte McMillen.
H. R. 4961. Elizabeth Ovens.
H. R. 4965. Sarah J. Underhill.
H. R. 5275. Minnie Eaton.
H. R. 5299. Charlotte Hammond.
H. R. 5366. Rebecca A. Helms.
H. R. 5398. Mary C. Davis.
H. R. 5400. Hester A. Devaughn.
H. R. 5402. Martha Dorsey.
H. R. 5413. Elizabeth Brooks.
H. R. 5414. Laura L. Dow.
H. R. 5432. Margaret Dicks.
H. R. 5528. Victoria A. Martin.
H. R. 5565. Ellen C. Hyers.
H. R. 5567. Esther M. Amey.
H. R. 5568. Edeth Pealing.
H. R. 5569. Mary L. Hamilton.
H. R. 5589. Mary L. Beers.
H. R. 5590. Clarissa Strait.
H. R. 5591. Rebecca A. Decker.
H. R. 5752. Mary V. Calderwood.
H. R. 5783. Ruvira Jerolaman.
H. R. 5784. Emma Middleton.
H. R. 5918. Prudence K. Clair.
H. R. 5934. Caroline Forrest.
H. R. 6217. Emma F. Vallandingham.

Mr. UNDERWOOD. Mr. Speaker, I offer the following amendments, which I send to the Clerk's desk.

The Clerk read as follows:

Page 8, strike out lines 9 to 12 inclusive, "the proposed beneficiary Melissa M. Day having died."

Page 8, strike out lines 17 to 20 inclusive, "the proposed beneficiary Mary R. Wilcox having died."

Page 33, strike out lines 11 to 14, inclusive, "the proposed beneficiary Henrietta V. Reed having died."

Page 42, strike out lines 16 to 23 inclusive, "the proposed beneficiaries Anna E. Shoemaker and Tabitha B. Rader having died."

Mr. UNDERWOOD. Mr. Speaker, these four amendments reduce the number of items in the bill to 278 and the annual estimated cost of the bill $840; the estimated annual cost of the bill as now reported is $52,212.

The SPEAKER. The question is on the amendments.

The amendments were agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. UNDERWOOD, a motion to reconsider the vote by which the bill was passed was laid on the table.

CHANGE OF REFERENCE

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that the bill H. R. 7014 referred to the Committee on Public Buildings and Grounds be rereferred to the Committee on Military Affairs. This bill authorizes the restoration and occupation of the houses and grounds known as Belvoir on the former Lord Fairfax estate upon the Fort Humphreys military reservation in Fairfax County, Va., appropriating $40,000 for such uses and for other purposes. It seems fair that this should go to the Military Affairs Committee inasmuch as it has to be passed upon by the Secretary of War.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. FINLEY. Mr. Speaker, I ask unanimous consent to print in the RECORD a telegram received by me this morning from a constituent of mine referring to the communist propaganda throughout the country.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. UNDERHILL. I object.

THE TARIFF

Mr. POU. Mr. Speaker, I offer the following privileged resolution.

The Clerk read as follows:

House Resolution 87

Resolved, That immediately upon the adoption of this resolution the House shall proceed under the general rules of the House to the consideration of H. R. 6662, entitled "A bill to amend the tariff act of 1930, and for other purposes." This special order shall be a continuing order, and the bill shall be considered from day to day until finally disposed of.

Mr. POU. Mr. Speaker, I ask unanimous consent that the debate on the rule be confined to one hour, of which one-half hour will be controlled by myself, and one-half hour by the gentleman from Indiana, to be yielded by him as he sees fit; that at the end of that time the previous question be considered as ordered on the resolution.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. POU. Mr. Speaker, the rule speaks for itself. I venture the observation that this is the only special rule providing for consideration of a tariff bill we have had in a long time which is not susceptible of criticism. It leaves the bill open to amendment. There is no suggestion of gag rule about it. Even debate is not limited. It seems to me that nothing more need be said concerning the resolution and I reserve the remainder of my time. I yield one minute to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, ladies and gentlemen of the House, I rise to give notice that in the near future, as soon as the time of the House will permit, I shall ask unanimous consent to speak on the life of the foremost American philanthropist and humanitarian, Julius Rosenwald, whose body was laid to eternal rest yesterday, but whose deeds will live in the hearts of men for generations, and I hope may be emulated by others. I am certain that so long as philanthropy remains one of mankind's cardinal virtues, his name will be enshrined with those of the greatest benefactors of all time. [Applause.]

Mr. PURNELL. Mr. Speaker, I ask the attention of the gentleman from North Carolina [Mr. POU]. Evidently it is not his intention to introduce any speaker to explain the bill which this resolution makes in order.

Mr. POU. That will be more proper, I imagine, when the bill comes before the House. We are merely discussing the rule at this time.

Mr. PURNELL. But in discussing the rule we must necessarily discuss the bill which it makes in order.

Mr. POU. It may be that gentlemen on this side will desire to submit some observations. I have had requests for some time.

Mr. PURNELL. In view of the fact that we shall oppose the resolution on this side, I thought perhaps the House ought to be made acquainted with the purpose of the bill which it makes in order.

Mr. BLANTON. We on this side know what is in the bill.

Mr. PURNELL. Then you are much brighter than those on this side.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. Yes.

Mr. O'CONNOR. I call the gentleman's attention to the fact, if he has not already observed it, that this tariff bill is brought in under a rule providing for consideration under the general rules of the House. I do not believe that in the history of this Congress a tariff bill ever came in here under the general rules of the House wide open for debate and amendment.

Mr. PURNELL. The gentleman certainly does not regard this as a tariff bill.

Mr. O'CONNOR. I am talking about the rule under which we are going to consider the bill.

Mr. PURNELL. Not a schedule or a rate is mentioned in the bill.

Mr. O'CONNOR. I repeat that every tariff bill that ever came into this House was sewed up, sealed, and hog-tied under some kind of a gag rule so that no Member had a chance to amend it or offer any suggestions in connection with it. The fair manner in which the majority party is now handling this important legislation ought to set a precedent for all time.

Mr. PURNELL. Mr. Speaker, the gentleman from New York surely realizes that he is very seriously begging the

question. This is in no sense a tariff bill. There are no schedules or tariff rates mentioned in it, and until a few moments ago we were not permitted to see a printed copy of it, and I repeat, if the gentleman from Texas [Mr. BLANTON] knows what this is all about he is much smarter than those who sit on this side of the aisle.

Mr. CLARKE of New York. And he is willing to admit it.

Mr. PURNELL. I had hoped that some one would rise on the Democratic side and explain what this bill means.

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. Yes.

Mr. CLARKE of New York. Does the gentleman not think it naturally follows that a guilty conscience needs no acoustics?

Mr. PURNELL. Well, words to that effect. It is true that the immediate thing before us is the resolution which makes this so-called tariff bill in order, but I hope that those of you who believe in orderly procedure, those who believe in a protective tariff, will vote down this resolution. At best it is a mere gesture.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. To use the gentleman's own language, not just now. We ought not to make gestures knowingly, and we ought not to play politics with a great national emergency. [Applause on the Republican side.] This is not only a gesture but it is a very vague and uncertain one; and I say frankly to the gentlemen on the Democratic side of the House that even your own political enemies in this House, if we may be so regarded, are disappointed with this measure that you have brought in, just as the country will be disappointed when it learns of this meaningless effort. Spellbinders have gone over this country in the last few months and some in this House have arisen to charge the present Republican tariff law with all of the ills with which this Nation and the nations abroad have been beset.

Mr. COLLIER. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. Not now; in a few minutes I shall be glad to yield. If this is not a gesture, if the tariff law enacted by a Republican Congress is responsible for the depression in which this country finds itself to-day, then I ask gentlemen on the Democratic side of the House if it would not have been better to point out specifically wherein certain rates are excessive in order that we might meet the issue directly and not through a circuitous route such as is proposed in this bill. Questions have been repeatedly asked of gentlemen who have laid our ills at the door of the tariff as to what specific rates they would raise or lower, and to those questions have come the same silence that I have received time and time again when I have said to critics of President Hoover, "Please point out what this man has done that you would not have done; please point out specifically what he has not done that you would have done." The answer is always the same—nothing but silence. There is vague, general talk against the tariff, with no direct specification. I say to you that the Republican Party believes in a protective tariff. We are its friends. It is one of the tenets of our political creed, because we know it has brought throughout all these years that measure of prosperity and protection [laughter on the Democratic side]—I mean just that, gentlemen, and I shall come closer to your side of the Chamber so that you may hear me better. Throughout its long years, save but for circumstances such as these, over which no man or party has control, it has brought prosperity to American farmers, to American manufacturers, to American laboring men, and has preserved the American markets for American products. [Applause on the Republican side.] I thank God that we on the Republican side of this House stand to-day exactly where we have stood from the beginning on the tariff question.

We have not changed our position one iota, but God knows it would be hard to follow the meandering course you gentlemen on the Democratic side have pursued from free trade up until you have almost adopted the tariff as your own child, especially as it affects those products which are produced in your own States. I say the Members of the House on the Republican side are its friends, and we are jealous of it. Therefore it borders upon sacrilege to see our Democratic friends tinker with the tariff. [Laughter.] To paraphrase a statement once made by old Uncle Joe Cannon, or at least credited to him, "It is about all we Republicans can do to take care of the tariff question."

Mr. O'CONNOR. Will the gentleman yield?

Mr. PURNELL. In just a minute I will.

I think, ladies and gentlemen of the House, that this effort here to-day is a very fitting prologue to the great dinner to be given in this city to-night in honor of Andrew Jackson. It is worthy of note that this day of all others has been chosen to make this gesture, this day when Washington is filled with hopeful and politically hungry leaders of the great "unterrified" who have assembled here to make preparation for that march up the hill, which shall inevitably result in marching down again in November. [Applause.]

Let the country understand that notwithstanding all the abuse and criticism that have been heaped upon the head of Herbert Hoover, his is the only constructive program presented by any government in all the world looking toward our own rehabilitation or the reestablishment of world stability [applause], and let the country further understand that this new Moses who comes now to lead us out of the wilderness of world despair has no definite program. [Applause.] Let all the world understand that.

Ladies and gentlemen, we love all of you on that side as individuals. There is not a thing in the world we would not do for you as individuals, but your party has not had enough experience [laughter], not enough training, to formulate sound legislation, particularly that dealing with the tariff.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield myself five additional minutes.

Gentlemen, it is one thing to oppose and view with alarm, and quite another thing to initiate constructive and helpful legislation. [Applause.] I repeat, we love you as individuals, but you are not yet majority minded. [Laughter and applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. PURNELL. I will in just a moment.

You are still thinking in terms of the minority, because you have occupied that position through nearly all of the many years of your party's existence. I find no fault with you about that, but I do complain of your lack of training and experience.

Mr. BLANTON. Now, will the gentleman yield for a question?

Mr. PURNELL. In just a minute.

Now, what is this foolish piece of legislation that you gentlemen propose to bring in under this rule? I confess that I have read it over and over again and am unable to grasp its meaning.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PURNELL. I will in just a minute.

You seek to do three things: First, destroy the flexible provision of our present tariff law. [Applause.] That seems to meet, pretty generally, approval on that side of the aisle. Under the new arrangement which is proposed you provide that the Tariff Commission shall conduct an investigation and shall make a recommendation to the President, who now, under existing law, may make certain increases or reductions within a 50 per cent limit. You now propose that the President shall pass that report on to the Congress of the United States—to the House of Representatives—to be used, as it certainly will be in many instances, as a political football.

Mr. MAY. Will the gentleman yield?

Mr. PURNELL. Not now.

That can only mean unnecessary delay to helpful and needed legislation affecting commodities which may be entitled to an immediate increase of rates. It means, also, long, drawn-out debates on the floor of this House. I submit further to the gentlemen who drafted it that under

the provisions of this bill report might be sent along by the President to the House of Representatives late in February of a short session, with the result that the report could not be acted upon by the Congress until the following December. Thus, the business of the country might be kept in constant turmoil. That, gentlemen, is not calculated to help a return of normal prosperity, which is so much to be desired.

Mr. PARSONS. Will the gentleman yield?

Mr. PURNELL. I can not. Other gentlemen want time, and I have already taken too much myself.

I only point out a few of these high spots in passing, because if this resolution is adopted, I am sure those on both sides of the Ways and Means Committee will have ample opportunity to go into the details of the many provisions in the bill.

Secondly, it creates a consumers' counsel. Well, that means a new office, a new salary of $10,000 per year, and, of course, if adopted, is the opening wedge for the creation of a new Federal bureau in Washington. Every Member of this House knows what happens when a new office is created. It will be continually enlarged until it will be one of the great offices in our Government. I hope during the course of the debate, if this resolution is adopted, somebody will point out what the duties of this consumers' counsel will be. Whom does he represent? Who are the consumers of this country? The railroad companies use steel and therefore they are consumers. Will this consumers' counsel represent the railroad companies? A contractor or builder who buys stone, who buys brick, who buys glass, who buys cement, is a consumer. Will this consumers' counsel be called upon to represent all of the contractors and all of the builders of this country? I could go on indefinitely with illustrations of that kind and character. I want to know from somebody just whom this counsel will represent. Gentlemen, this is nothing but play to the gallery; a play to the country for popular favor.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield myself five additional minutes.

Further, gentlemen, it impugns the integrity of the present Tariff Commission. If you want to weaken the commission, one sure way to do it is to write into this bill this section which provides for a consumers' counsel. So far, as far as I have heard, there have been no complaints against the Tariff Commission. There has been no suggestion by anyone that they have acted unfairly in any matter, and, as we all know, it is a nonpartisan body.

Now, we come to the third section, which nobody seems to understand, and that is the creation of an international economic commission, a perpetual, everlasting commission, created to deal with like representations from other nations of the world. How many of them will there be? What salaries will they receive? What are their duties? I have been unable to learn from anybody just what the proposed duties of those who shall serve on this international economic commission are.

There already exists such an organization within the League of Nations. Is it proposed that we shall join the League of Nations and become a part of it in order to get into this international economic commission? I say to you that the Republican Party and the people of this country have spoken with respect to the League of Nations. [Applause.]

There is another injunction written into this bill which provides that the members of the commission from the United States shall not discuss debt settlements. In other words, our representatives may go to this international commission; they may sit down and be part of it, but when the time comes to discuss debt settlements or any matter affecting them they can not open their mouths. I wish somebody would point out how our representatives on that commission, if they be selected, can possibly sit in such a conference and not be cognizant of or affected by the proposal to reduce or cancel our debts. It is perfectly natural that these foreign nations will say to our representatives, "Well, gentlemen, you are keeping our goods out of your country and until we make some arrangements about that we can not pay our debts." It is, I repeat, a proposal that is vague and indefinite. It is so indefinite as to render it absolutely dangerous.

I want to say in conclusion, gentlemen, that the Republican Party is proud of its record on the tariff. We are proud of our tariff policy. [Applause.] It is distinctly a Republican policy, and for that reason we on this side of the Chamber are unwilling that that policy shall be fixed, modified, or rewritten in any international conference. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. POU. Mr. Speaker, I yield 10 minutes to the gentleman from Alabama [Mr. BANKHEAD]. [Applause.]

Mr. BANKHEAD. Mr. Speaker, ladies and gentlemen of the House, it had not been my purpose to indulge in any remarks with reference to the adoption of the resolution which has been reported from the Committee on Rules. The distinguished and able chairman of that committee in a very brief statement asserted it did not appear necessary to engage in any extensive argument with reference to the purpose of the rule. I think that fact is absolutely apparent to any gentleman who will read the rule as offered. It was merely the purpose of our committee to bring up for the consideration of the House, under a most liberal and fair rule as to the opportunity for a full, free, and fair discussion, the items involved in this proposed legislation; but inasmuch as the distinguished ranking member of the minority upon the Rules Committee has made somewhat vigorous complaint that he and others were denied the privilege of knowing what was in this bill, which they seem to think they had the right to demand—although it is absolutely apparent that as far as the gentleman from Indiana is concerned he has made a very minute study himself of the bill, and subsequently undertook to severely criticize its several items—I feel like accepting, in just a few words, the invitation of the gentleman from Indiana to give at least my impression of the major purposes of the bill that has been presented by the Committee on Ways and Means.

The gentleman says this is merely a gesture with reference to the adoption of some real tariff legislation. He complains most bitterly that it fails to bring in for the consideration of the Congress or the country any specific recommendations with reference to changes in the schedules of the existing law, but the gentleman from Indiana, as a practical politician thoroughly familiar with the political situation here in Washington, knows that as far as the Democratic Party is concerned, with only a bare majority in the House of Representatives with an adverse Republican majority at the other end of the Capitol, and with a President in the White House who has committed himself unalterably to any change in the tariff schedules—the gentleman from Indiana knows and the American people know that the Democratic Party can not be legitimately charged with failing to bring in, under those circumstances a general tariff revision law. [Applause.]

It may be that in the conception of my distinguished friend from Indiana this is a mere gesture, but it is the only legitimate gesture that our party, in its wisdom, could make at this time.

And, now, what is the proposal? The first section of this bill deals with an amendment to the existing law creating the Tariff Commission and defining its jurisdiction and functions. Under the present set-up of the administration of that ineffective body—and I am not speaking personally with reference to its membership but with reference to the practical effect of its functioning—we know how little, if anything, it has accomplished with reference to the real consideration of the tariff schedules as they now exist. Under the existing law the Tariff Commission may make investigations, but it can only report those investigations to the President of the United States and not to the Congress of the United States, which is made up of the representatives of the American people. [Applause.]

Here in this body and in the body at the other end of the Capitol, under the Constitution, are vested the powers to devise and frame legislation affecting the revenues of this country, and its domestic and foreign economic policies as far as they are affected by the tariff.

This bill is brought in by the Democratic Committee on Ways and Means and proposes a substantial change in the existing law with reference to the Tariff Commission. It provides they shall not only report their findings to the President but that they shall report them to the Congress of the United States and give us the opportunity to make changes. In other words, gentlemen, it is but a return to the Congress of the United States of that original power and jurisdiction affecting these measures which, in my opinion, should never have been taken away from it and vested exclusively in the Executive of this country. [Applause.]

Moreover, under the existing law as it affects the Tariff Commission the President can not change articles from the dutiable to the free list and vice versa, however apparent it may be from the evidence submitted by the commission that such changes should be made. The proposed law vests in the Congress of the United States this power under this language:

> Any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, a change in the form of duty, or a change in classification.

In short, gentlemen, without going into any elaborate discussion of details, these are the major changes with reference to the jurisdiction of the Tariff Commission.

Now, the gentleman seems to express great anxiety about the provision contained in section 3 of the proposed act which relates to the appointment of the consumers' counsel. The gentleman seems to be very apprehensive that the office set up here in this section may result in there being before the Ways and Means Committee, when they go to frame tariff bills, some special representative of the vested interests, some representative of the great corporations of the country that he recited in his statement.

Gentlemen, this is not the purpose of the provision. Upon the contrary, the very reverse is the purpose of it. In times past when the great Committee on Ways and Means, under Republican control and domination, was having its hearings over here in the House Office Building sometimes I would go by and look in and stand for a little while to see the character of representatives who were there making arguments before that committee as to the levying of these duties. I saw there the executives of these great corporations. I saw there men of the highest type of quality as auditors and special pleaders, experts in the juggling of figures and in the concealment of facts; and as I looked upon them and saw the absence of any real representative of the consumers and of the multitudes of America, I felt in my heart that the plain people of this country, who are most hurt by the provisions of these exorbitant rates, had no pleader there, no articulate voice, to represent their interests before this great committee.

The Democratic Party, in its anxiety to carry out its belief that all the people of this country should be represented in the preparation of tariff bills affecting their pocketbooks and earnings, believe they should be entitled to have as their spokesman upon these great issues some man appointed because of his recognized lack of any entangling commercial alliance, a man appointed for his ability, for his honesty, and, if you please, for his humanity, to stand up there as a well-qualified man to present in the preparation of these schedules the interests of the plain people of this country.

[Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield the gentleman two more minutes.

Mr. BANKHEAD. And I will say to my friend from Indiana [Mr. PURNELL] and all his associates on that side, that this is the real purpose of this provision, and its purpose can not be distorted by any false interpretation of its language.

We are asking the President—I think it is a vain thing, because we know his mind on this question as related to the present tariff situation—to call, if he sees fit to do so, an international economic conference at which these questions may be raised and considered: The lowering of excessive tariff duties, eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade and finance; the preventing of retaliatory tariff measures and economic wars, and promoting fair, equal, and friendly trade and commercial relations between nations; and if this resolution passes, I trust the President of the United States may find in his heart and mind to comply with this request of the Congress.

Ah, gentlemen, I have not the time—others will do it—to go into the results of the present tariff law as affecting our international trade, and the effect of the retaliatory tariff walls that have been built up, and of the exodus of American money to other countries to set up there competing factories with our own commerce.

The gentleman from Indiana says that the Democratic Party is not as yet majority minded. Well, we have not very much of a majority yet, but as the returns continue to trickle in, especially from up in the old, rock-ribbed State of New Hampshire, this majority continues to increase. [Applause.]

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. P. T. Barnum, a famous showman, is quoted as having said the American people like to be fooled.

It must be something in harmony with this expression which prompted the Democratic "big wigs" to inject this tariff proposal into Congress at a moment when the country anxiously awaits legislation which will ease credit and define what must be expected in the way of new taxes.

These great questions, upon which business depends, are delayed, and to the forefront is pushed a tariff bill which can not be enacted into law and which can have but one effect and that is to disturb business.

Think of the spectacle here unfolded. In a great business crisis, much of which is caused by fear and lack of confidence, the leadership of a party which seeks to rule the country pushes to the forefront a bill which will add to confusion and instability.

What is the reason for this bewildering move? I do not believe it is made with the deliberate purpose of delaying better days. I am sure no one would intentionally thus play with human misery. Why a tariff threat at this time? It can be interpreted only as a political move.

Ever since the Hawley-Smoot bill was enacted into law the Democratic orators have joined in the anvil chorus with the international bankers, the patriotic importers of foreign goods, and the officials of foreign countries in denunciation of the protective features of the bill. "As soon as we get into power," was the chant of the Democratic national leaders in 1930, "we will correct these inequities." They came into power and this evasive bill is their contribution.

Where are these inequities? Surely if they were as bad as they have been painted, they should be quite obvious to the membership of a committee which has been studying tariff bills for many years. If obvious, why not name them? Can it possibly be that the bold Democratic warriors have lost their courage? Why not be frank with the people? Why not tell them what items you think need correction, so the people of the country will know what to expect.

What is the real situation as to the tariff. It is a fact that in many instances the additional tariff granted through the Hawley bill has been lost through depreciation of the currency in leading manufacturing countries, and in a greater lowering of costs in foreign countries than in the United States.

Why, then, this demand for tariff revision? Who seeks it with greater avidity than the same group of international bankers who clamor also for a cancellation of public debts. Do these men demand America buy more foreign goods because they wish to help the American business man and the

American worker, or can it be they are thinking of these same foreign investments which profit them to demand the shifting of the great burden of the debts accumulated after the World War from foreign to American taxpayers. I leave it to you to answer that question.

Every internationalist will rejoice at the Democratic proposal of a tariff conference to determine tariff rates. One of the great objections advocated against American entry into the League of Nations was a fear we would be forced to submit purely domestic questions to an international forum. The tariff was specifically named. It was denied, of course, but lo and behold, here it is, coming through the rear door.

A conference of the 64 nations of the world would be held and they would all tell us what to do about the American tariff.

What a gathering this would be! The mind can easily visualize from our past conference experiences how unselfishly and disinterestedly our needs would be considered by the diplomats of other countries. England, with her great Manchester and Oldham textile mills, would, of course, be anxious to see the mills of Fall River, New Bedford, and North Carolina fully protected. [Applause.]

That smart, progressive nation, sometimes called the "Yankees of Europe," Czechoslovakia, would be most considerate of American shoe manufacturers, jewelers, plate-glass makers, and so forth. [Applause.] Germany, fighting to stage a comeback, would be most solicitous for the American dyer, china and silverware manufacturers, and toy makers. So it would continue all along the line. One would be obliged to be a superoptimist to expect an agreement.

Talk about international amity and good will! Turn the representatives of all the world in such a conference, all sorely pressed to provide a livelihood for their people, and you will unleash more hatred and enmity than can be removed by a century of silent, constructive work. [Applause.]

They tell you lower American tariffs are necessary to expand our foreign trade. That can be true of only a few items at present, and it will not include these many years hence, as every industrial nation strives for self-sufficiency. Lower the tariff and you will make the greatest contribution to more unemployment that it is possible to make.

Lower the tariff, increase the imports of goods manufactured abroad, and there can be but one result. The output of American factories will be diminished and countless additional American factory workers will be without a job.

Let us not become hysterical over our foreign trade as we read and hear the paid propaganda that comes from the international bankers and the international debtors. Our foreign trade, both imports and exports, has, of course, declined, as must be expected in a period of depression and falling commodity prices. But there is no indication of the exports being materially affected by the Hawley-Smoot bill. We can rely on the solid premise that no foreign country is going to buy anything from us unless it is advantageous to do so. Neither will they refrain from buying if they can buy here advantageously.

All of us, I am sure, are devoted to the purpose of putting the American people back to work. This will never be done by chasing too absorbingly the 9 or 10 per cent of our volume of trade which is catalogued as foreign. We are not going to get any help from Europe in achieving business normalcy. That must come from our efforts in building up our own enterprises.

The era of devoting our money and efforts to stimulating enterprises which will eventually compete with our own people is gone. It is estimated we are working at about 58 per cent of the 90 per cent total of domestic business. Let us give these home enterprises consideration, and as the figures of home production and home consumption climb we will have the satisfaction of seeing happiness and contentment return again to the American people.

I trust that the House will reject this resolution now proposed, because it can not help but make for instability and uncertainty. [Applause.]

Mr. PURNELL. Mr. Speaker, how does the time stand?

The SPEAKER. The gentleman from Indiana has consumed all of his time, the gentleman from North Carolina has 15 minutes remaining.

Mr. PURNELL. Mr. Speaker, obviously two or three minutes were charged to me in a colloquy between myself and the gentleman from North Carolina. Will the gentleman from North Carolina yield me a few minutes more?

Mr. POU. Mr. Speaker, I ask unanimous consent that the time of the gentleman from Indiana be extended five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. PURNELL. I thank the gentleman, and I yield five minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, the mountain labored and it brought forth a mouse. [Laughter.] The bill which this rule makes in order is in no way a tariff bill, as that term is generally accepted in the country. Not a single tariff rate is affected, nor can, under any conditions, be affected for months if not years, provided, of course, the bill is enacted into law. Our Democratic friends have always complained about what they call excessive rates in Republican tariff laws. I remember during the consideration of the Fordney-McCumber tariff bill we were told that the rates in that law would destroy our foreign trade, and the rates in the Smoot-Hawley bill were condemned as unconscionable, prohibitive, and unjust. During the last campaign and since that time our Democratic friends, through the press and from the rostrum, have in most vitriolic terms condemned the Smoot-Hawley law and have promised the people that if they were given the power, that the first thing they would do would be to change these rates and do away with what they term this "robber tariff." I returned to Congress this winter appreciating that the Democrats would control the House and firmly believing that at least an effort would be made to keep their promise to the people and lower the Smoot-Hawley rates. I happen to be one of those who do not believe that any rate is infallible, and I am ready to assist in lowering or raising any rates which are shown to be improper and inequitable. However, the bill which we are to consider does not pretend to affect the tariff rates at this time, and, in my judgment, it would be two or three years before any change in existing rates could become effective, and the effect of the bill would be to destroy any work already done by the Tariff Commission looking toward the lowering of existing rates, and I challenge anyone, including the gentleman from Mississippi [Mr. COLLIER], who knows the facts, to show that if this bill is enacted there can be any change in existing rates until the machinery set up in this bill is put into operation.

The flexible provision of the Smoot-Hawley bill provides a scientific means of ascertaining proper tariff rates in accordance with a protective-tariff policy. The bill which we are to consider recognizes the principle of the flexible clause, but destroys its very purpose. The tariff is a political issue to the extent that the policy of a protective tariff is political, and the policy must be declared by the Congress. The question of rates should not be political. If it is the policy of the Congress to adopt a protective tariff bill, well and good, but the Congress does not have the machinery, the time, or qualification properly to determine rates, and this matter should be left entirely in the hands of experts like the Tariff Commission. Under existing law the Congress has determined upon the policy. Tentative rates have been made effective, and if this scientific commission finds that as a matter of fact they are too low or too high, and this fact is reported to the President, the President automatically may lower or raise the rates in accordance with the report of the commission. The principal change proposed at this time is that the commission reports to the Congress in each case and that the Congress then proceeds in the usual political way to fix the rate. To this method I am absolutely opposed, and I believe that the American people want the tariff

taken out of politics in so far as possible, and the adoption of this bill would be a step backward.

I challenge any Member who is familiar with the writing of tariff bills to say that any tariff rate can or should be written in Congress. It was the policy of the Smoot-Hawley bill to remove tariff making as far as possible from logrolling and political turmoil which accompany the consideration of tariff bills in Congress. This bill, if effective at all, would require Congress to be debating tariff schedules three-fourths of the time. Indeed, there would be a continuous session of Congress, a continuous disturbance of business, and a general unsettled economic uncertainty throughout the country.

As a new feature in a tariff law it is proposed to set up a "consumers' counsel," so called. Now, as a matter of fact, it will be very difficult to ascertain just who the consumers and the producers of the country are. This section is framed on the theory that the Ways and Means Committee, the President of the United States, and the Tariff Commission, which is nonpartisan, do not represent the consumers, but are the personal representatives of those seeking tariffs. This is at least a reflection upon the Ways and Means Committee which reports the bill, and I for one am not ready to concede that this body does not represent the people.

In providing for a consumers' counsel, a new job is created. This individual is to receive $10,000 of the taxpayers' money a year, and he is given more power and more authority in his bureau than has ever been given to the head of any commission or bureau. Without limitation, except in the way of appropriations, this individual may employ such help as suits his own notions. There is no limit to the number of employees or the salaries to be paid. When appointed he shall serve for four years and can only be removed by impeachment. He would represent the "people" before the Ways and Means Committee and before the Tariff Commission. He would be permitted to hold such hearings and make such investigations as to him seemed wise and prudent. Even the Tariff Commission is placed at his disposal, and the latter part of subsection (b) of section 3 of the bill provides that upon the request of this counsel this commission shall promptly conduct any investigation requested by the counsel. Indeed, the whole matter of determining rates is placed under the direction of this individual. It is also interesting to note that no person shall be eligible for appointment as counsel if he has any knowledge about tariff matters or has ever had any experience in connection with legislative enactments. Like the proverbial juryman, his mind must be a blank on all the matters with which he is expected to deal. It seems to me that the President will have some difficulty in locating and surely the Senate will take time in selecting such an individual.

Section 4 provides for an "International Economic Conference." In short, 60 or 70 nations of the world are to be asked to join in a permanent conference for the express purpose of lowering our tariff duties and to remove "economic barriers" between the nations.

The section provides, however, that the conference must be careful and not discuss the cancellation or the reduction of the intergovernmental debts. Thank God, some of us are trying to be just a little bit American. We believe in nationalism at least once in a while; and while possibly the World War has brought us into such international relations that we must go further than we should like, yet I am sure that the American people will never sanction any law which places in the hands of any league, be it the League of Nations or an economic league—call it what you will—the power to say what the United States shall do so far as her tariff policies are concerned. You here proposed that Europe write our tariff rates for us. We have a different standard of living; we have a different people, and it is just as reasonable to ask that the President call another conference the purpose of which is to strike down our restrictive immigration laws. The American wage earner, the American farmer, and the American manufacturer demand an American protective tariff.

We are told that the rule which makes this bill in order is not a "gag" rule; that debate will be free and open and that every opportunity has been given to permit consideration of this measure. As a matter of fact, this rule was reported out by the Rules Committee before the Ways and Means Committee had commenced consideration of the bill.

It has not been possible to get a copy of the bill as reported by the committee until about an hour ago, and it has not been possible to get a report of the committee until within the last 15 minutes, and this rule makes the consideration of the bill continuous until a vote is had. Those who are opposed to the bill should vote against the rule giving consideration to the bill, and, possibly, if two days' time are not taken in the consideration of this bill, we might proceed with the President's reconstruction program. It seems to me vastly more important that the House proceed with legislation looking toward immediate relief from our present economic conditions rather than setting up some new bureaus and calling conferences to discuss tariffs, which can not under any conditions become effective for months, and possibly years. It seems to me that, so far as the tariff is concerned, this is much ado about nothing. If the present tariff rates are too high, let us lower them; but let us not deceive the people by leading them to believe that we are passing tariff legislation. It is the rates that the American people are interested in, and meaningless language, even though it be called a tariff bill, will not satisfy them.

Mr. POU. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, for 60 years the Republican Party has been not "laboring," but it has been logrolling on tariff bills, and instead of a "mouse" they have brought forth a Frankenstein which has ruined America. [Applause on Democratic side.] I was amused to hear the gentleman from Massachusetts [Mr. MARTIN], coming as he does from that territory which was the original beneficiary of the high protective tariff, defend the Hawley-Smoot tariff. I wonder, when he goes home this week-end, whether he will see any more mills closed on account of the high protective tariff; whether he shall see any more cities in bankruptcy on account of the high protective tariff.

The gentleman from Indiana [Mr. PURNELL] was greatly concerned because he feared the people of the country might be disappointed with this measure. I do not know what else could possibly happen in this Nation that could further disappoint the American people. Why all this pretended surprise at the Democratic majority bringing forth this proposal? Why, it is in the Democratic national platform of 1928 almost word for word. Since Woodrow Wilson the Democratic Party has stood for the proposition of taking the tariff out of politics and against the other extreme of putting it up there in the Executive Mansion. We have demanded it be taken out of politics, under the supervision of a quasi-judicial fact-finding commission. I commend the reading of the Democratic platform to some of the gentlemen on the other side of the aisle. Furthermore, in every speech made by the Democratic candidate for President in 1928 in which he talked about the tariff he advocated the identical proposal we have before us to-day, that a real, untrammeled body be created to examine into the facts and report them back to Congress, one rate at a time. The last is the biggest feature of the whole proposal. The Republicans never dared to bring in one rate at a time. You all will recall the days when the Hawley-Smoot tariff was jammed through this House—when the Members from the Northwest and from the West, who were interested in lumber and shingles and cement, wanted a separate vote on these items. The Republican machine by a gag rule made it certain that they never could get a vote on any individual item, because if they had permitted such a vote the rates on many items in the present bill just would not be there.

The chief purpose of this measure is to correct that abuse. It is an honest attempt, and the first honest attempt, to enact a tariff without logrolling, to keep it in the control of the Congress and not under the political domination of the Executive, with his partisanship, whatever party he may represent.

Oh, I would like to read to you the Republican campaign speeches made in 1928. The gentleman from Indiana [Mr. PURNELL] said that the Republican Party still stood for

every principle and detail of the protective tariff that it did in the past. I wonder if it still stands by those old slogans it used, sometimes so effectively, to deceive the electorate as to how the country had profited and "prospered" solely and only because of the protective tariff.

I sought to interrupt him to ask him if he still stood by those old bromides as to what the tariff had done for the American farmer. Let us just take one of their shibboleths—listen while I read: "No Republican tariff ever mortgaged a farm." Did you hear it? Well, there are certainly a lot of mortgages on farms to-day.

For 60 years the Republican Party has been electing itself to office by deceiving the farmers of the country with the statement that a high protective tariff was their salvation, and only within a few years have the farmers awakened to the fact that the Republican tariff, rather than being of any benefit to them, has ruined them—has been the chief cause of the condition of the farmers in the Nation to-day. You Republicans can not be sincere when you express "surprise" at this measure. You are not sincere when you say that we are trying to do something that will not amount to anything. This proposal constitutes, undeniably, the first forward step to deal with the tariff one schedule at a time, and by Congress, where the power belongs, and not at the other end of the Avenue, where the interests so well described by the gentleman from Alabama [Mr. BANKHEAD] have a standing invitation.

A consumers' counsel! So that shocks you! It is about time we had one. We should have had one 50 years ago. You would never let the consumer in on a tariff bill at all. We are. We are inviting him in and providing him aid and assistance to present his side of the case. Not only was he never represented but he was never even thought of. The tariff was written not in the committee room, not in the open. It was written in Pennsylvania or in New York or in Chicago, wherever the chief beneficiaries happened to arrange their meetings. Let us be fair about the matter. Grundy and Mellon wrote the Hawley-Smoot tariff bill.

Duly elected Members of Congress had no hand in it. They took what was handed to them by the chief contributors to the campaign funds of the Republican Party and swallowed, maybe hard at times, but they took their medicine.

Ladies and gentleman, those days are over forever, let us hope. That is what hurts you ladies and gentlemen on the other side. You can not understand such a Democratic proposal could come after all these years. It may be some time before you get over the shock. The Republican method of dealing with the tariff has been the outstanding scandal of our Government for 60 years. This will be the end of it. [Applause.]

Mr. POU. Mr. Speaker, I yield nine minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, ladies and gentlemen, I trust that the House will adopt this resolution for this rule, because it is a liberal rule that allows discussion of this important subject and allows amendment, and it is an honest effort on the part of the majority of this House to provide legislation concerning the administration of the tariff law.

There are many features in its administration of the present tariff law that are open to criticism. In the first place, this bill will make of the Tariff Commission a fact-finding commission as the servant of the Congress. Congress created the Tariff Commission for the purpose of gaining information in order to legislate intelligently. The travesty in any tariff law, I think, has been to delegate the authority with reference to the creation of tariff duties and tax legislation, to the executive department. I think it is contrary to the traditions of our Government, although the Supreme Court may have ruled that it is constitutional; still, as a traditional policy of our country, I, as one Democrat, and I think I voice the sentiment of the majority of my party, am opposed to the President of the United States enacting tariff duties or tariff schedules.

The Tariff Commission, under this law, will report to the Congress, and it can arrange those reports so that the Congress can legislate intelligently, following the report in their regular session. In my judgment, this will repeal, by implication, the flexible features of the tariff law. This bill will establish a consumers' counsel. The Tariff Commission is a judicial body, to hear the facts upon which legislation and rates shall be based. The manufacturer is always adequately represented before the commission, presenting statistics, data, and facts, but that great forgotten class, the consumers of America who pay the increased prices because of the tariff, not in the way of revenue that goes into the Treasury of the United States but in the way of tribute that goes into the pockets of those who enjoy the privilege of high protection—this great unforgotten class of consumers will have a representative there to present facts that are gathered by the various organizations throughout the country that are interested in questions of tariff legislation. This is a concrete feature that is fair, that is just, and that will improve the administration of the law before the Tariff Commission. This law proposes to establish an international economic conference. When we are cognizant of the fact that following the Hawley-Smoot bill some 30 nations have enacted retaliatory tariffs because of our high duties, and, facing those barriers with our export trade and knowing that if we lower our duties we are opening the way for those nations who may not reciprocate upon a mutual basis, appreciating this entanglement of our export trade, what more can be done than provide that the President shall call such a conference to consider those facts in order that when the duties are lowered they shall be lowered upon a fair basis for most nations, so that reciprocal trade can be enjoyed and so that mutuality will exist?

We are not responsible for this present world situation with reference to the barriers in restraint of trade, but we are calling upon the President of the party who has created this situation to appoint an international conference that will help adjust the situations for which the present administration is responsible. If the President is sincere and if his party is sincere, he will appoint this conference with the idea of adjusting these rates between nations, and not, as my friend from Michigan says, allow Europe to have a right to say what our rates shall be, but Europe shall come into a conference around the table and shall reach an agreement under a treaty initiated by the President of the United States and ratified not only by the Senate of the United States but I believe also by this House in this kind of legislation which pertains to revenue. Is that allowing Europe to adjust our rates or is it taking it up under the proper treaty-making powers of the Constitution in order to adjust matters?

My friend from Indiana [Mr. PURNELL] threw this debate into political channels. He said it had been the traditional policy of the minority party to build its prosperity upon a high protective-tariff basis. God forbid that we shall have any more degrees of prosperity measured by that kind of standard in view of the present situation of our country. [Applause.] If this be the measure of your prosperity, based upon superprotection, then give us some administration of the law that will look to a lowering of these rates.

Ladies and gentlemen of the House, this does not forestall the taking up of any tariff duty or tariff schedule. This provision looks to the administration of the law and those iniquities that have grown up through years in the enactment of laws such as those now upon the statute books. It is to adjust those iniquities that we are providing these administrative features.

They speak about the flexible feature taking the tariff out of politics. The flexible clause in the tariff law has existed for almost 10 years. During the administration of Mr. Coolidge, he used the flexible feature a few times, but did we find, as the gentleman from Michigan says, that it took it out of politics?

When Mr. Hoover called a special session of Congress to enact a tariff law which would be for the benefit of the farmers, and which took up all of the industrial rates and schedules, for every dollar of benefit which they gave the farmer in the way of duties they took $5 out of his pocket in increases of rates on manufactured commodities, and

under that logrolling process that we all observed when the Hawley-Smoot bill was under consideration, can we say that the flexible feature of the tariff law has ever taken the tariff out of politics?

Mr. ALLGOOD. Is it not true that the only effect it had was to "effect" it up all the time instead of down?

Mr. GREENWOOD. Certainly. If there should be a rate on any particular commodity that should be adjusted, it should be done by Congress after hearing the fact-finding report of the Tariff Commission, which commission is the creature of Congress itself, and it should not alone report to the President.

If this bill contained no other feature except the repeal, by implication, of the flexible clause of the present tariff law, I would be glad to vote for it, because under the Constitution I do not believe that it is a function of the President to create or alter tariff duties, but it is a function which ought to be exercised by the representatives of the people, as the Constitution provides. [Applause.]

[Here the gavel fell.]

The SPEAKER. The question is on the adoption of the resolution.

Mr. PURNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 214, nays 174, answered "present" 1, not voting 44, as follows:

[Roll No. 8]

YEAS—214

Abernethy	DeRouen	Johnson, Tex.	Pettengill
Allgood	Dickinson	Jones	Polk
Almon	Dickstein	Karch	Pou
Amlie	Dies	Keller	Prall
Arnold	Dieterich	Kelly, Ill.	Ragon
Auf der Heide	Disney	Kemp	Rainey
Ayres	Dominick	Kennedy	Ramspeck
Bankhead	Doughton	Kleberg	Rankin
Barton	Douglas, Ariz.	Kniffin	Rayburn
Beam	Douglass, Mass.	Kvale	Reilly
Black	Doxey	LaGuardia	Romjue
Bland	Drane	Lambertson	Rudd
Blanton	Drewry	Lambeth	Sabath
Bloom	Driver	Lamneck	Sanders, Tex.
Boehne	Eslick	Lanham	Sandlin
Boland	Evans, Mont.	Lankford, Ga.	Schneider
Boylan	Fiesinger	Larrabee	Schuetz
Brand, Ga.	Fishburne	Larsen	Shallenberger
Briggs	Fitzpatrick	Lewis	Shannon
Browning	Flannagan	Lichtenwalner	Sinclair
Brunner	Fulbright	Lindsay	Sirovich
Buchanan	Fuller	Linthicum	Smith, Va.
Bulwinkle	Fulmer	Lonergan	Smith, W. Va.
Burch	Gambrill	Lozier	Spence
Busby	Garrett	Ludlow	Stafford
Byrns	Gasque	McClintic, Okla.	Steagall
Canfield	Gavagan	McCormack	Stevenson
Cannon	Gilchrist	McKeown	Stewart
Carden	Gillen	McReynolds	Sullivan, N. Y.
Carley	Glover	McSwain	Sumners, Tex.
Cartwright	Goldsborough	Major	Sutphin
Cary	Granfield	Mansfield	Swank
Celler	Green	May	Sweeney
Chapman	Greenwood	Mead	Tarver
Chavez	Gregory	Miller	Taylor, Colo.
Christgau	Griffin	Milligan	Tierney
Clark, N. C.	Griswold	Mitchell	Tucker
Cochran, Mo.	Haines	Montague	Underwood
Cole, Md.	Hall, Miss.	Moore, Ky.	Vinson, Ga.
Collier	Hancock, N. C.	Morehead	Vinson, Ky.
Collins	Hare	Nelson, Mo.	Warren
Condon	Harlan	Norton, Nebr.	Weaver
Connery	Hart	Norton, N. J.	West
Cooper, Tenn.	Hastings	O'Connor	Whittington
Corning	Hill, Ala.	Oliver, Ala.	Williams, Mo.
Cox	Hill, Wash.	Oliver, N. Y.	Williams, Tex.
Crisp	Hornor	Owen	Wilson
Cross	Howard	Palmisano	Wingo
Crosser	Huddleston	Parker, Ga.	Wood, Ga.
Crowe	Igoe	Parks	Woodrum
Crump	Jacobsen	Parsons	Wright
Cullen	Jeffers	Patman	Yon
Davis	Johnson, Mo.	Patterson	
Delaney	Johnson, Okla.	Peavey	

NAYS—174

Adkins	Bacon	Brand, Ohio	Cavicchia
Aldrich	Baldrige	Brumm	Chindblom
Allen	Barbour	Burdick	Chiperfield
Andresen	Beck	Burtness	Christopherson
Andrew, Mass.	Beedy	Butler	Clague
Andrews, N. Y.	Beers	Cable	Clancy
Arentz	Bolleau	Campbell, Pa.	Clarke, N. Y.
Bacharach	Bolton	Carter, Calif.	Cochran, Pa.
Bachmann	Bowman	Carter, Wyo.	Cole, Iowa
Colton	Hartley	McLaughlin	Simmons
Connolly	Haugen	Mass	Smith, Idaho
Cooper, Ohio	Hawley	Magrady	Snell
Coyle	Hess	Mapes	Snow
Crail	Hoch	Martin, Mass.	Sparks
Crowther	Hogg, Ind.	Michener	Stalker
Culkin	Holaday	Millard	Strong, Kans.
Curry	Hollister	Moore, Ohio	Strong, Pa.
Dallinger	Holmes	Mouser	Sullivan, Pa.
Darrow	Hooper	Murphy	Summers, Wash.
Davenport	Hope	Nelson, Me.	Swick
De Priest	Horr	Nelson, Wis.	Taber
Doutrich	Houston, Del.	Niedringhaus	Temple
Dowell	Hull, Morton D.	Nolan	Thatcher
Eaton, N. J.	Hull, William E.	Parker, N. Y.	Timberlake
Englebright	James	Partridge	Tinkham
Erk	Jenkins	Perkins	Treadway
Estep	Johnson, S. Dak.	Person	Turpin
Evans, Calif.	Johnson, Wash.	Pratt, Harcourt J.	Underhill
Finley	Kading	Pratt, Ruth	Vestal
Foss	Kahn	Purnell	Wason
Free	Kelly, Pa.	Ramseyer	Weeks
French	Ketcham	Ransley	Welch, Calif.
Garber	Kinzer	Reed, N. Y.	White
Gibson	Knutson	Reid, Ill.	Whitley
Gifford	Kopp	Rich	Wigglesworth
Golder	Lankford, Va.	Robinson	Williamson
Goodwin	Leavitt	Rogers	Wolcott
Goss	Leech	Sanders, N. Y.	Wolfenden
Guyer	Lehlbach	Schafer	Wolverton
Hadley	Loofbourow	Seger	Wood, Ind.
Hall, Ill.	Luce	Seiberling	Wyant
Hall, N. Dak.	McClintock, Ohio	Selvig	Yates
Hancock, N. Y.	McFadden	Shott	
Hardy	McGugin	Shreve	

ANSWERED "PRESENT"—1

Woodruff, Mich.

NOT VOTING—44

Bohn	Freeman	McDuffie	Somers, N. Y.
Britten	Gilbert	McLeod	Stokes
Buckbee	Grannta	McMillan	Swanson
Campbell, Iowa	Hogg, W. Va.	Maloney	Swing
Chase	Hopkins	Manlove	Taylor, Tenn.
Cooke	Johnson, Ill.	Martin, Oreg.	Thomason
Dyer	Kendall	Montet	Thurston
Eaton, Colo.	Kerr	Overton	Tilson
Fernandez	Kurtz	Pittenger	Watson
Fish	Lea	Quin	Welsh, Pa.
Frear	Lovette	Rutherford	Withrow

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. McDuffie (for) with Mr. Dyer (against).
Mr. Maloney (for) with Mr. Kendall (against).
Mr. Montet (for) with Mr. Swing (against).
Mr. Kerr (for) with Mr. Manlove (against).
Mr. Somers of New York (for) with Mr. Tilson (against).
Mr. Overton (for) with Mr. Chase (against).
Mr. Quin (for) with Mr. Buckbee (against).
Mr. Thomason (for) with Mr. Fish (against).
Mr. Martin of Oregon (for) with Mr. Pittenger (against).
Mr. Fernandez (for) with Mr. Britten (against).
Mr. McMillan (for) with Mr. Hogg of West Virginia (against).
Mr. Gilbert (for) with Mr. Welsh of Pennsylvania (against).
Mr. Withrow (for) with Mr. McLeod (against).
Mr. Lea (for) with Mr. Hopkins (against).
Mr. Rutherford (for) with Mr. Watson (against).

Mr. WOODRUFF. Mr. Speaker, I desire to ask if the gentleman from Oregon, Mr. MARTIN, voted?

The SPEAKER. The name of the gentleman from Oregon appears in the list of pairs announced by the Clerk.

Mr. WOODRUFF. Mr. MARTIN and I have a general pair. I voted "nay" on this roll call, but as Mr. MARTIN did not vote I desire to withdraw my vote and vote "present."

Mr. DOUGHTON. Mr. Speaker, my colleague, Mr. KERR, is detained from the Chamber on account of illness. If he were present, he would vote yea.

The result of the vote was announced as above recorded.

EXTENSION OF REMARKS

Mr. PURNELL. Mr. Speaker, I ask unanimous consent that all Members who spoke on this resolution may have five legislative days in which to revise and extend their remarks.

The SPEAKER. Is there objection?

There was no objection.

AMENDMENT TO THE TARIFF ACT OF 1930

Mr. COLLIER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

The SPEAKER. The gentleman from Mississippi moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6662, which the Clerk will report by title.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, I reserve a point of order, and if I decide later to make the point of order it will be for the following reason: That bill H. R. 6662 does not comply with provision 2 (a) of Rule XIII, generally referred to as the Ramseyer rule, which reads as follows:

Whenever a committee reports a bill or a joint resolution repealing or amending any statute or part thereof it shall include in its report or in an accompanying document—

(1) The text of the statute or part thereof which is proposed to be repealed; and

(2) A comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions proposed to be made.

I notice from the language of the bill that it amends section 336 of the tariff act of 1930. I do not find in either the report or in any accompanying document any provision that complies with the provisions of the rule.

Of course, I appreciate the fact that if I pressed the point of order at this time I would defeat the purpose of this side of the House by delaying, to a certain extent, some of the legislative proposals which we are very anxious to have considered at this time, but I want to call the attention of the majority to the fact that this is not in accordance with the rules and is subject to the point of order, and the only reason I do not press it at this time is on account of my intense interest to promote the reconstruction program that I am assured will follow this bill.

Mr. CRISP. Mr. Speaker, will the gentleman yield?

Mr. SNELL. I yield to the gentleman from Georgia.

Mr. CRISP. I very freely concede that the report does not comply with the provisions of the Ramseyer rule, and when I saw the report at about 12 o'clock to-day——

Mr. SNELL. That was when I first saw it.

Mr. CRISP. I recognized this and proceeded at once to have a new, supplemental report prepared which does comply with the Ramseyer rule, and under the rulings of Speaker Longworth it would be in order to submit this supplemental report the same day that the bill was called up. It was my purpose, if this point of order were made and insisted upon, to move that the House resolve itself into the Committee of the Whole House on the state of the Union for further consideration of the President's message, and that the Ways and Means Committee would immediately be called together to submit a supplemental report.

Of course, I regret this; but we are not the only ones that have overlooked this rule. Frequently in the last Congress, as well as in other Congresses, the gentleman who is now in the minority made the same mistake, as evidenced by the fact that Speaker Longworth ruled that it was in order to bring in such a supplemental report.

I know the gentleman is very anxious to have consideration of the President's reconstruction bill, but no more so than I am or the other Members on this side of the House, and it is the hope and expectation to dispose of this measure to-morrow, hoping we may be able to go ahead on Monday with the other program.

I hope the gentleman will not insist on his point of order, and I think I can assure the gentleman, at least so far as the Ways and Means Committee is concerned, that when any other reports come in they will comply with the Ramseyer rule.

Mr. SNELL. I am pleased that the gentleman from Georgia [Mr. CRISP] has made the statement he has just made, and the reason I shall not press the point of order at this time is because I am so earnestly anxious to get the President's reconstruction finance program before the House and before the country. For this reason I shall withdraw the point of order.

The SPEAKER. May the Chair inquire of the gentleman from Mississippi [Mr. COLLIER] and the gentleman from Oregon [Mr. HAWLEY] whether there is any disposition at this time to agree upon limiting the time for general debate and providing how the time shall be controlled?

Mr. COLLIER. I would like to ask the gentleman from Oregon whether or not we can agree about time now?

Mr. HAWLEY. If the gentleman from Mississippi [Mr. COLLIER] is agreeable, I suggest that the debate run along without any limit, the time on his side to be controlled by himself and the time on this side to be controlled by myself, the time to be equally divided.

Mr. COLLIER. That will be perfectly agreeable to me, provided we have an understanding that we will vote on the bill before the expiration of to-morrow's session.

Mr. HAWLEY. That is entirely in the hands of the majority.

Mr. SNELL. I think we may have a general understanding that before we adjourn to-morrow night we will vote on this measure.

Mr. COLLIER. That is what I want. I know it is in the control of the majority, but let us see if we can not do this by unanimous consent. It is likewise in the control of one Member or any number of Members to initiate tactics which may prevent that course. I am perfectly willing now, as I have been from the start, to have the widest latitude in regard to debate, but I do want to have it understood that we are going to vote on this bill to-morrow.

Mr. CRISP. Mr. Speaker, would it not be satisfactory to all to agree that we will have general debate to-day, the time to be equally controlled by the gentleman from Mississippi [Mr. COLLIER] and the gentleman from Oregon [Mr. HAWLEY], and to-morrow, when the House meets, pending the motion to go into Committee of the Whole House on the state of the Union for further consideration of the bill, see if we can not agree as to closing general debate? If we can not, then before the House goes into committee it is in order under the rules to move to close general debate. In this way we could have an agreement that to-day's session will be consumed in general debate.

Mr. BANKHEAD. Will the gentleman from Georgia yield, if the gentleman has the floor?

Mr. CRISP. I will.

Mr. SNELL. When the time comes to-morrow we can see if we can not reach an agreement.

Mr. CRISP. Yes.

Mr. BANKHEAD. I would suggest that we fix some hour of adjournment to-day, otherwise it will be difficult to control the division of the time. In other words, I think it should be agreed that debate shall run until a certain hour to-night.

Mr. SNELL. I think it would be rather difficult to fix a definite hour to close to-night.

Mr. BANKHEAD. It will be difficult to divide the time equally unless we do that.

Mr. COLLIER. I will say to the gentleman from Alabama that I understand what he wants, and I suggest we let the debate run along for a while, and then we can figure out how it is best to handle that proposition.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that the time for general debate be equally divided and controlled by himself and the gentleman from Oregon. Is there objection?

There was no objection.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6662, with Mr. BANKHEAD in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read the title of the bill, as follows:

A bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. COLLIER. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement entered into, debate will proceed under the control of the gentleman from Mississippi and the gentleman from Oregon, each controlling one-half the time. The Chair recognizes the gentleman from Mississippi [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman and ladies and gentlemen of the committee, my good friend the gentleman from Indiana [Mr. PURNELL], in his fiery denunciation of the bill before the House, accuses us of playing politics. I want to say to you, my friends, that I made the statement in the press some time ago that whenever a bill which I believed to be good came before me I would disregard the source from which it came. Furthermore, that I did not believe it to be good party policy, I did not believe it to be good American policy, and I knew that it was not my policy, for the majority in this House to attempt to pile up a great mass of undigested bills which we had every reason to believe from the views of the administration as expressed in his messages would not become a law. On the other hand, we reserved the right, because the party in power had strayed so far from the tenets of good government and what we believe was necessary and essential to the happiness and prosperity of the American people—we reserved the right to bring in these matters of abstract principles which we deemed necessary and essential and let the responsibility rest where it may.

It will not be long before the responsibility will be determined. We take the responsibility for this bill; the responsibility for its failure in other places after it passes this House will be that of the administration and not ours.

We are going to have a tribunal to act on this responsibility in a short time. We are going to have the greatest tribunal in the world to pass on this responsibility, and that tribunal will be the American people in the next November election. [Applause.]

If we wanted to play politics we would have brought in a bill on the tariff which would have embarrassed you. We could take some of the high, prohibitive rates on clothing and wearing apparel and many other articles which would have been of tremendous importance to the people and would have embarrassed you considerably to vote against.

We did not do that. Why? Because we knew that in one end of the Capitol, and because of the administration's attitude, that we would be piling up useless legislation, legislation we could not enact into law. Instead of that we have brought in this bill, and we are surprised that it has met with the comments it has on the other side of the aisle.

I am almost as much surprised as my good friend from New Jersey [Mr. BACHARACH] was when this bill came up in the committee. Notwithstanding the fact that he and I had discussed it for weeks during its consideration before the conference committee on the Hawley-Smoot tariff bill, you would have thought that this was the first time that the gentleman from New Jersey ever heard of these propositions. I was surprised in about the same way when the bill met with the criticism it has to-day.

Mr. MICHENER. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. MICHENER. The gentleman stated that the rates on clothing were highly prohibitive.

Mr. COLLIER. Oh, I have not the time, and the House has not the time, with the 20,000 items in that bill, to enumerate those different things which have so oppressed trade and prosperity in America.

Mr. MICHENER. Oh, that is not my question at all.

Mr. COLLIER. I am sorry that I anticipated the gentleman.

Mr. MICHENER. The gentleman stated that there was to be a moratorium on friendship until Monday.

Mr. COLLIER. Yes; friendly relations will be resumed next Monday.

Mr. MICHENER. The gentleman has stated that the rates on clothing and other articles he indicated are prohibitive—in substance, that they are injurious to the country. That being true, I ask the gentleman why he did not bring in a bill to remedy those rates as was suggested from the stump he would do rather than bring in a bill that simply delays action by anyone on those prohibitive rates for months to come.

Mr. COLLIER. The gentleman's question is a pertinent one, but the answer is obvious. The country is now in such a state that it does not make any difference whether the not buy anything no matter what the rate was. That is one answer. Another is because we know on the face of it, by reason of the messages which have come from the Chief Executive, by reason of the complexion of another great legislative body, that that sort of a bill would have no kind of a chance of passing, and we have brought in a bill which we believe will appeal to your intelligence.

Mr. CHINDBLOM. Does the gentleman have any assurance that this bill will become a law?

Mr. COLLIER. Oh, I have seen so many bills become laws in the last two years that ought not to have become laws, and I have seen so many fail that ought to become laws that I do not undertake to prophesy any more; I have quit prophesying. A man can not phophesy during this administration upon anything, because to-day he might be talking about some great manufactory or other industry, and before he gets time to revise his remarks there comes over the wire a telegram that that great industry is in the hands of a receiver. A man does not know how to prophesy, and I am not doing any prophesying.

I want now to go on to some further remarks made by my good friend from Indiana [Mr. PURNELL]. He said that the people are going to be disappointed in this bill. That may be true, but I asked my friend to yield to me at that time and he declined to do so. I simply wanted to ask him Hawley-Smoot bill was going to bring the greatest possible prosperity to this country. He also said that it is sacrilege for a Democrat to tinker with the tariff. I think my good if he was as sure of the truth and verity of what he was stating, that the people were going to be disappointed in the bill, as he was sure at the time he made the statement a year and a half ago, or a little over, that the passage of the friend will find, not only in this case but throughout all the ages, that whenever special privileges are given to certain interests, they always think it sacrilege for anyone to have rates are prohibitive or not. The country is broke, and could the effrontery to attempt to take away those privileges. He also stated that the Democratic Party did not have the sense and did not have the experience to legislate in tariff matters. As far as having sense is concerned, we will leave that to the American people, and from the returns which have been received in the last four or five months, as was stated by the gentleman from Alabama [Mr. BANKHEAD], now Chairman of this Committee of the Whole, the people seem to think that the sense of the Democratic Party is all right. Now, with respect to experience, I may say for my Democratic colleagues that perhaps the gentleman in this regard may be right, because the Democrats have never had any experience in these bills which rob the American people. The gentleman from Indiana spoke of the great army of Democrats that are in Washington to-day. They are here to jubilate over the election of a Democratic President next November. We may have an army of Democrats in Washington to-day, but when my good friend was speaking of the great prosperity we have had under this Smoot-Hawley Act, I wondered if it would not have been more comforting and consoling, instead of talking to us about the prosperity and referring to the army of Democratic leaders, I wonder if it had not been more comforting if he had gone out and spoken to that great army of hungry, unemployed marchers who yesterday, under this wonderful prosperity, advanced upon the Capital.

Mr. Chairman, at the outset I want to say that something happened in the Committee on Ways and Means yesterday which I have never seen in that committee during the 18 years that I have been a member. For the first time in the history of at least my legislative experience in the Congress opportunity was given to the minority to participate throughout every stage of the proceedings of a tariff bill. When the Underwood bill was brought into the House, it was taken up in such way that every Member of the minority

had a right and opportunity to offer an amendment. Something over 100 amendments were offered by the minority. That those amendments did not pass was certainly no fault of ours and it was not any fault of yours, it was simply the fault of the amendment. But you had what has been consistently and continually denied to us, an opportunity on the floor of the House to make your record where it would appear in cold print the following day and show the people at home and the American people generally the stand and the motives which actuated you in offering amendments. When we took up the Hawley-Smoot bill after weeks of hearing, the Democrats were then told that their services would be no longer required. Then after three or four weeks, or perhaps longer, in which various subcommittees worked on the bill, a bill that has more than 20,000 items and 694 different sections, it was presented to the committee. We met at 10.30 o'clock in the morning and at 11.30 o'clock of the same morning the bill was passed and we were all out of the committee. Not one line of it was read to the committee and not one member of the minority was given an opportunity to present an amendment to it. When it was taken up on the floor of the House, my friend, the gentleman from Indiana [Mr. PURNELL] who spoke so glowingly of the beauty of the Hawley-Smoot tariff bill, did not have an opportunity himself, and could not, under the rules that you passed, offer an amendment to that bill. They not only deprived every Democratic Member of an opportunity to offer an amendment but they deprived every Republican Member of the House of an opportunity to offer an amendment by the rule which was adopted. Under that rule no one could offer an amendment to that bill save the majority members of the Committee on Ways and Means, and yet, my friends, you should have seen the shocked expression on the honest face of my good friend from Oregon [Mr. HAWLEY].

You should have seen the pained look on the face of my friend "IKE" BACHARACH when we brought in the bill. My good friend from New York, Doctor CROWTHER, was actually bristling. He was ready to go after us. You should have seen the sorrowful expression on the faces of those gentlemen when I told them, speaking for my colleagues, that what we had criticized in the past we did not intend to follow, now that we were in power, and that we invited the minority to sit with us in the hearings during the participation of the bill.

There were a number of amendments offered to this bill in the committee yesterday. There were a number which were adopted and a number which were not adopted. I thank my good friends on the minority side of this Chamber for the way they came and helped us put some of the amendments in this bill. I am willing to give credit where credit is due. This is a Democratic bill and we take full responsibility, but we believe in giving credit, and we thank you gentlemen on the minority side who helped us put some of these amendments in the bill.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. COLLIER. Certainly.

Mr. CHINDBLOM. Would the gentleman be in a position now to tell us what the attitude of himself as chairman of the committee, and of his committee and his party would be in the event they brought out a complete tariff bill, with rates? Will the gentleman then permit the minority to help in framing the bill, the rate structure, and all the administrative features?

Mr. COLLIER. We surely will permit you to do it; but we will not promise to take your amendments, because you fooled the American people by your amendments, and we are not going to let you fool us with them.

Mr. CHINDBLOM. Will the gentleman and his party change the plan which they pursued last time when they did not invite the minority to sit in on the writing of the tariff bill?

Mr. COLLIER. I am only one member of the committee. I can only state what I would do. All 14 of my colleagues on the committee agreed with me yesterday. I do not know whether I will be overruled or not, but I want the country to know the difference between what we call gag rule and the way that we do things. There is more of a difference, my friends, than you think. Here is a Member on one side who is not permitted to express the views of his constituents in an amendment. When the Underwood bill was being considered, and when we bring up a tariff bill as we will do next year, I say to you members of the minority that no matter how small the minority may be we will give each and every one of you an opportunity to at least express your sentiments and offer any amendment you desire to the bill.

Mr. MICHENER. Will the gentleman yield right there?

Mr. COLLIER. Certainly. I yield.

Mr. MICHENER. The gentleman has just suggested that his party would bring in a tariff bill dealing with rates next year. The gentleman just said that next year his party would bring in a tariff bill. This bill, of course, is in no sense a tariff bill.

Mr. COLLIER. Unless there is a great change in public sentiment in this country the Democratic Party will bring in all sorts of bills next year. [Applause and laughter.]

Mr. MICHENER. That is just the point. I want to know if the Democratic Party will bring in a tariff bill affecting rates, or does it mean that it will do the same thing that it is doing now and bring in a bill which is in no sense a tariff bill?

Mr. COLLIER. I am only one member of the committee. I do not know how many members will be on this side next year, and I can not speak for them, but as one member of the Democratic Party, if I have the good fortune to be a Member of the next House, which, of course, I may not be, no matter what we may bring in, there is one thing we will take out, and that will be this Hawley-Smoot tariff bill.

Mr. MICHENER. Why is it not taken out now?

Mr. COLLIER. How can we? Next year we will be able to take it out. We are going to be over there and we are going to be in the White House, but we are not there now. That is the reason we are not taking it out. [Applause and laughter.] Does that answer the gentleman's question?

Mr. McGUGIN. Will the gentleman yield?

Mr. COLLIER. I yield to my good friend from Kansas.

Mr. McGUGIN. In this bill the Ways and Means Committee has brought in no schedules. Do I understand the gentleman to say that the committee does not intend to bring in any tariff schedules during the present session of Congress?

Mr. COLLIER. Certainly the gentleman did not understand me to say that, because I did not say it.

Mr. McGUGIN. Is that the policy of the committee?

Mr. COLLIER. I do not know what we will do now. We can not, in about 30 days, undo everything you people have been doing for 12 years. We have hardly had 30 days. Give us a little time, brother. Give us a little time. We can not do it all in a day. [Laughter and applause.]

Mr. McGUGIN. At this time the chairman of the Committee on Ways and Means does not want to say whether it will be the policy of his committee to bring in any tariff bill during this session of Congress.

Mr. COLLIER. I do not know. We do not put our policies out in advance. The trouble with you people has been "policy." It is "policy" that has got us into all this trouble now.

Mr. SIROVICH. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. SIROVICH. One of the gentlemen on the other side accused the Democratic Party of tinkering with the tariff.

Is it not a matter of fact that all the tinkering that was done with the tariff was only done by the Republican side, because all we could do here was to vote against it.

Mr. COLLIER. Yes. We are trying to untinker some of their tinkering if we can do it.

Mr. GREENWOOD. Will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Indiana.

Mr. GREENWOOD. This bill proposes to deal only with the administrative features of the law and does not close the

doors to the consideration of schedules at any time the committee and the House sees fit, as I understand it.

Mr. COLLIER. The passage of this bill would mean that some rates will be very materially changed. Do not let us deceive ourselves on that.

I have a few more political observations to make, because I understand the truce is to be over next Monday. I want to get them out of my system, and then I will go on and explain this bill.

I was very much amused at the newspaper announcement of my good friend, Mr. SNELL. Now, Mr. SNELL, the minority leader, is a man whom we all like. In talking about the consumers' counsel, the gentleman from New York said that what we needed was not a consumers' counsel but some lawyer who would tell us what was in this bill. As I say, we all like our good friend. He is always likeable; he is always smiling; he is always cheerful; he is always delightful, but he is always wrong. [Laughter.] If he can not understand the plain and simple provisions of this bill—which really in only four essentials differs from the law that he used to so heartily defend upon the stump, but about which, I understand, he is now as silent as the Sphinx of Egypt—then I do not know of any language in which a bill could be put which would enable him to understand it.

Before making any other statements I will give you the essential differences between this bill and the existing law. Under the existing law the Tariff Commission is to report its recommendations to the President of the United States. The President can approve those recommendations, and then 30 days after his approval they go into effect. That approval may mean as much as a 50 per cent increase over the present rates, although the President has the right to approve an increase or a decrease. That section is changed, so that the Tariff Commission upon the request of the President, upon its own motion, or upon the motion of any responsible party in interest may conduct an investigation. Then, after it has made its investigation, it reports to the President and the President reports to the Congress. That is one change. The report is made to Congress instead of to the President.

Then there is another thing. The President is to promptly report to the Congress or send to the Congress the reports he receives, together with any recommendations he may see fit to make. That is the first essential change. What does that mean when it is boiled down? That means that we will be carrying out the provisions and plain intent of the Constitution of the United States, to which no one can object. I am not saying that it was unconstitutional to delegate our authority to the President; but that change means that the reports of the Tariff Commission, after its investigations, shall be referred to the Congress, the representatives of the American people, and not to the President of the United States. [Applause.] That is one change.

Here is another change we make. In section 336 of the existing law there is a provision to the effect that no article now on the dutiable list can by recommendation of the Tariff Commission be placed upon the free list, nor can any article now upon the free list be placed upon the dutiable list. We have repealed subsection (g), I believe it is, of section 336 of the tariff act.

Then what is the third change? The third material change is the appointment of a consumers' counsel.

Mr. CRISP. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. CRISP. My friend was giving the changes as to the flexible clause, and I think did it well. There was one other change which I thought it might be well for the House to have now. In the formula for arriving at the difference in the cost of production here and abroad we have inserted "efficient production," so as not to permit the tariff to equal the difference in inefficient production, such as production in an obsolete plant, and so on, but that production both here and abroad shall be on a basis of efficient production.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. COLLIER. Yes.

Mr. MORTON D. HULL. When a change is recommended by the commission and reported to the House as well as to the President, is legislative action required to make that change in the law, or does it go into effect in some automatic way?

Mr. COLLIER. It will require action on the part of this Congress to put life into any recommendation made by the Tariff Commission.

Mr. MORTON D. HULL. Under the present law it goes into effect automatically, does it not?

Mr. COLLIER. Oh, no. There have been a great many cases that have not been acted upon at all, and I have a list of a great many here.

Mr. MORTON D. HULL. But the recommendation goes into effect upon the proclamation of the President, does it not?

Mr. COLLIER. It goes into effect 30 days after the proclamation of the President.

Mr. MORTON D. HULL. But under the proposed change action will be required by Congress?

Mr. COLLIER. Yes; the representatives of the people.

Mr. BURTNESS. Will the gentleman yield?

Mr. COLLIER. Yes.

Mr. BURTNESS. Has the gentleman had confidence in the findings of fact made by the Tariff Commission in the past?

Mr. COLLIER. I think the Tariff Commission is an honest commission, and I know nothing to the contrary. I assume they are, and I assume they have done the very best they could, and I have no criticism to offer of the Tariff Commission.

Mr. BURTNESS. As a whole, their findings and recommendations are, in effect, the result of the findings they make following an extensive investigation?

Mr. COLLIER. We have not changed their findings.

Mr. BURTNESS. I understand, but if the gentleman does have confidence in the findings made by a bipartisan commission of that sort I take it he would also have confidence in the conclusions which they reach, and if that is so, does not the gentleman think that the sooner the recommendations made by the commission can be put into effect the better it is for the country in order to do away with the injustice that exists with reference to the tariff schedule they have been investigating?

Mr. COLLIER. I do. That is the reason we brought in this bill.

Mr. BURTNESS. But instead of getting an unjust rate, a rate that is unjust because it is too high or, conversely, one that is unjust because it is too low, changed promptly by the President, would not the enactment of this legislation mean there would often be delay, especially if the recommendation were made soon after the end of a session of the Congress? Would not there be delays of months and months before the change recommended by the commission could go into effect, and would not such delay be harmful to the country rather than helpful?

Mr. COLLIER. I am not going to indulge now in anything humorous or partisan, and I will say to the gentleman that if he will examine the records of cases that the Tariff Commission has reported on since the Fordney-McCumber tariff bill was passed in 1922 and find how many have been acted upon and how many have not been acted upon he will have an answer to his question. I am not here to criticize anyone, especially anyone holding high and exalted positions, and I am not going to do that. I do not know but what there may have been splendid reasons why it was not done; but if the gentleman will do as I have suggested, I think the gentleman will agree with me that the Congress itself is the one to make such changes. After all, who is looking after the business of your district? They sent you here to look after it. When the Tariff Commission makes a report to us, we are the people's representatives and the ones who should act. We have got to come up for reelection every two

years, when our acts and our motives are weighed by our constituents. I think this is a matter that can safely be left to the Congress. I can not see how anyone can object to leaving such matters to the representatives of the people, as is so plainly set forth in the Constitution.

I thought the gentleman was going to follow up his questions with the suggestion that has been made so often—if you have confidence in the Tariff Commission, if you believe that the Tariff Commission is an honest board, why do you want a consumers' counsel?

This does not mean we have no confidence in the Tariff Commission because we provide a consumers' counsel. We have confidence in our judges, but we have people's attorneys in the various States and counties of the Union to look after whose business? To look after the public business, because everybody's business is nobody's business.

When I visualize this matter of tariff making, my friends, every manufacturing industry that comes before the Tariff Commission is animated by selfish desire to get their rates changed. Every producer that comes before them is animated by the same desire; and when they get together, the finest counsel that can be found in the United States represents them. The Tariff Commission in taking up these matters has its mind on many other rates. Now, the individual consumer only pays a few dollars here and there, and he is invisible in the matter. It is true he has the right to appear, but his interest individually is not so great. So when the manufacturer and the producer with their intellectual and powerful counsel come there, I do not care how honest and how strong the Tariff Commission may be, yet, the consumer who has not been represented heretofore ought to have a man there to present his case to the commission; and it is for this reason we provide representation for those who heretofore have never had any representation, because, I repeat, what is everybody's business is nobody's business.

Mr. COLTON. Will the gentleman yield?

Mr. COLLIER. I am pleased to yield to my friend from Utah.

Mr. COLTON. My question refers to the subject matter that the gentleman was discussing a few moments ago. Does the gentleman believe that as a practical proposition you could ever get a bill providing for an increase of tariff passed by the House on an article that is produced in a limited area of the United States? For instance, the gentleman is interested in the production of long-staple cotton, as we in my State are interested in sugar; does the gentleman actually believe, as a practical proposition, you could take either one of those items standing alone and get a bill providing for an increase of tariff passed by Congress?

Mr. COLLIER. I do not know why it could not be if the Congress wanted to do its duty and carry out the recommendation of the Tariff Commission. I am not going to indict this Congress or any future Congress with dereliction of its duty. It would be the duty of the Congress to do it, and why would it not do it?

Mr. COLTON. It has been tried several times and we have always failed.

Mr. COLLIER. When was it ever tried? Ever since I have been a Member of this House there has been a standing rule that no matter what mistakes were made in one of these great tariff bills—and I may say that this rule has operated on my side the same as on yours—no matter what mistake was made in such a tariff measure the rule has been that we would not correct it, because we would be opening up the whole matter again. We have tried to correct that in this measure by putting in an amendment which may or may not do it, because, of course, one Congress can not bind another.

Mr. COLTON. We have tried to lay before the Congress the necessity for a tariff on coal, copper, and oil and other articles, and I may say that we have always been unsuccessful.

But this is the point I had in mind, that if you attempt to change the rates that were established by vote of the majority and—some votes of the minority—if you attempt to change those rates, as a matter of practical common sense legislation, I think you will find that you can not and will not get through tariff bills which take up items singly and individually.

Mr. COLLIER. Does the gentleman mean to say that Congress will not do its duty?

Mr. COLTON. No; but it will result in doing nothing. Congress will not do it. It is a matter of compromise. Sometimes they yield here and yield there. You can not take it item by item and legislate a tariff bill.

Mr. SIROVICH. Will the gentleman yield for me to ask a question of the gentleman from Utah?

Mr. COLLIER. I will permit the gentleman to interrogate the gentleman from Utah if he does not take too much time.

Mr. SIROVICH. I would like to ask the gentleman from Utah if he would compromise on a fundamental principle?

Mr. COLTON. That is not involved in a tariff bill. It is a question of judgment whether the rates are too high or too low.

Mr. SIROVICH. The gentleman would not compromise on a fundamental principle?

Mr. COLTON. No; certainly not.

Mr. SCHAFER. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. SCHAFER. I want to see if my understanding of the bill is correct. Our farmers in Wisconsin and our State legislature went on record for an increase in the tariff rates on farm products. Our great malt industries have practically been driven into a position of bankruptcy by reason of Canadian importations. Do I understand that if we ask the Tariff Commission for an increase of tariff, and it conducts an investigation and makes a favorable report to Congress, we would have to wait until the next year to get relief?

Mr. COLLIER. If they made a recommendation when Congress was not in session, the gentleman means?

Mr. SCHAFER. Yes.

Mr. COLLIER. I presume that if they made the report after the Congress adjourned on March 4 they would have to wait until the following December. But let me say to the gentleman from Wisconsin that the reason we bring in this bill is because under this we can secure relief on these rates in many cases more quickly than under the present law. Of course, you can figure out some instance where the commission might make a report just after Congress adjourned, and where it might work some hardship. But our belief is that this is for the purpose of giving quicker relief. I am in sympathy with the gentleman from Wisconsin.

Mr. SCHAFER. Is it not a fact that under the existing law any Member of Congress can request the Tariff Commission to make an investigation and determine whether a rate is too high or too low, and I would like to know, if the gentleman can tell me, how many specific rates the gentleman from Mississippi has requested the Tariff Commission to reduce?

Mr. COLLIER. Does the gentleman want to know how many I have asked for?

Mr. SCHAFER. Yes.

Mr. COLLIER. None.

Mr. SCHAFER. Then the gentleman is not sincere in crying against exorbitant rates when he has had an opportunity to obtain relief.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. VINSON of Kentucky. The gentleman from Wisconsin states a hypothetical case and says that something might happen. I call the gentleman's attention to certain conditions that have actually existed with reference to the recommendations of the Tariff Commission under the present law as to certain commodities used throughout the whole United States, and the President of the United States has failed to act upon them and has not acted to this day.

Mr. COLLIER. And I might say that some of them are agricultural commodities.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. O'CONNOR. Is it not a fact that the complaint of the gentleman from Wisconsin that we would have to wait until Congress is in session before we could act on a tariff schedule applies to all legislation of every kind?

Mr. COLLIER. Certainly.

Mr. O'CONNOR. It applies to appropriations, no matter where they may be needed, nor how much, and it applies to Government projects, to taxes, and to everything else.

Mr. COLLIER. Since my good friend from Wisconsin is supposing matters, then let us suppose that one of the bridges over one of the streams, the bridge being very important, in his State should fall down the day after Congress adjourned. It is absolutely necessary to replace that bridge, but Congress has adjourned, and you would have to wait until Congress convened before you could do so. The gentleman could find a great many isolated instances here and there, but we are looking at this matter as a whole. We may be wrong, but we think that we are right.

Mr. SCHAFER. The malt industry is practically paralyzed and if we would have to wait seven or eight months when Congress is not in session, have to wait for Congress to convene and for the House and the Senate to logroll, by that time the malt manufacturing plants will have gone into bankruptcy, and the employees would be out of work.

Mr. COLLIER. There are cases that have been pigeonholed in the executive branch for months and months, and what are you going to do about that? The gentleman asked me a question. Has he gone down there and asked them to take them out? If the matter were referred to the Congress, it would be a privileged matter, and every Member would have a right to call it up.

Mr. SCHAFER. I do not know how many have been pigeonholed.

Mr. COLLIER. I do not use that phrase in any offensive sense, because I assume when the President does not act on one of these recommendations that he has good and sufficient reasons for not acting. A condition exists up there. The gentleman may think the reason sufficient and that the President has proper warrant for not acting, but if the matter were here it would be a privileged matter, and as a Member of the House he would have a right to have the matter considered. What is the industry that the gentleman was talking about?

Mr. SCHAFER. The malt industry.

Mr. COLLIER. Suppose the malt industry should have a report made by the Tariff Commission and it should be sent to the President under existing law, and the President should in his wisdom and judgment feel that the best thing for him and for the country would be to put that report in some pigeonhole and leave it there, what remedy has the gentleman got? Yet if we sent those things to the Congress and the Congress did not bring them up, the gentleman as a Member of the House could get action upon it, that being a privileged matter.

Mr. SCHAFER. Then, since the gentleman criticizes the President for not acting upon some of the reports of the Tariff Commission, would it not be better to amend the bill before us and provide that revision of rates recommended by the Tariff Commission shall be operative until Congress acted otherwise?

Mr. COLLIER. Oh, Congress can never pass a bill unless the Congress is in session itself.

Mr. SCHAFER. The gentleman does not get the point. I suggest that he amend the bill so that if the Tariff Commission after investigation reaches a decision that a certain rate should be lowered or raised its recommendation shall go into effect and shall continue in effect until Congress shall take some other action.

Mr. COLLIER. I want to yield now to the gentleman from Iowa [Mr. RAMSEYER], because I fear the gentleman will think I am angered with him on account of that Ramseyer rule that bothers so many chairmen. I yield to him.

Mr. RAMSEYER. Oh, the gentleman has always been courteous to me. The gentleman from Kentucky [Mr. VINSON] referred to the fact that in some cases the President had not acted on the commission's findings. There are only two such cases which he referred back to the commission. That amounted practically to disapproval. There are 72 articles which the Tariff Commission had acted upon. Under this bill if it became a law, of course, the Tariff Commission instead of sending the 72 articles to the President to act upon separately would send them to the House. They would go to the Committee on Ways and Means, and that committee would report them to the House. If the committee carried out the spirit of the bill, they would report separate bills and act upon them one at a time. As a practical proposition, with 100 or 200 items coming up a year, does not the gentleman realize that would bring about an unusual blocking of the business of the Congress? Does he think it is practical? I have in mind the same thing that the gentleman from Utah [Mr. COLTON] spoke of. We must consider human nature.

Mr. COLLIER. The gentleman from Utah is interested in a matter that has been hanging fire for a long time before the Tariff Commission. The Tariff Commission made its report on that, too.

Mr. RAMSEYER. The gentleman is presenting a proposition that is impracticable of execution. Right along that line may I ask a question, and then I will desist? As a matter of fact, the Senate directed the Tariff Commission to make a report on copper. The House passed a resolution asking the Tariff Commission to investigate oil. The Tariff Commission has made a report on both of those commodities.

I think they found on copper that the difference in cost of production here and abroad was 2 or 2½ cents a pound. On oil they found it was something like a dollar a barrel. Now, if the gentleman's party believes in the principles of this bill, let me ask the gentleman whether his committee intends to report to the House a separate bill recommending a duty on copper of 2½ cents and a separate bill recommending a duty on oil of $1 a barrel?

Mr. COLLIER. How can I tell what the House is going to do with reference to the duty on copper?

Mr. RAMSEYER. I am asking about the gentleman's committee.

Mr. COLLIER. Well, I do know what my committee will do. I have not discussed the duty on copper. I never could have in mind a half dozen different items at the same time. That has been the trouble with the Republican Party. You put 20,000 items in one bill, and look at the situation the country is in. We would rather take them up one at a time.

Mr. RAMSEYER. Congress always has done it that way. It is not a matter of the Republican Party or the Democratic Party doing it a certain way.

Mr. COLLIER. Oh, I know we are not quite as bad as the Republicans, but we are not altogether without blame.

Mr. RAMSEYER. Now, there are these reports before the gentleman's committee, and the gentleman's committee can put into operation the very thing he is contending for.

Mr. COLLIER. Does the gentleman mean to ask, if the Tariff Commission makes a report, will we act upon it?

Mr. RAMSEYER. I am asking this question: The Tariff Commission has made a report on copper and a report on oil. Is it the intention of the gentleman, as chairman of the Committee on Ways and Means, to bring out bills carrying out the recommendations of the Tariff Commission as to copper and as to oil?

Mr. COLLIER. I am surprised at the gentleman asking a question like that. Suppose we do it, in view of the President saying he will veto any bill on rates, does the gentleman believe that if we bring out bills affirming that rate or some other rate along with it that they would pass the presidential veto? The President has not said it in exact words, but, in view of his messages along that line and reading between the lines, that is what it means.

Mr. RAMSEYER. There is a greater chance of a bill of that kind becoming a law than there is for this bill now before the House ever getting the approval of the President.

Mr. COLLIER. Well, why does not the Tariff Commission report to the President and let the President put it into effect?

Mr. RAMSEYER. Under the present law he can not do that, because it removes an article from the free list to the dutiable list.

Mr. COLLIER. That is true in that case.

Mr. RAMSEYER. I will not press it any further, but I want to say that the gentleman has an opportunity now with reference to copper and oil to carry into effect the very policy he is contending for.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. LaGUARDIA. I would like to ask the gentleman this question: In the event the Tariff Commission would recommend a decrease in the tariff on steel, and the Committee on Ways and Means reported out a bill carrying that recommendation, would an amendment to reduce the tariff on plows, or any other article manufactured of steel, be germane?

Mr. COLLIER. The gentleman has asked a very pertinent question. What was the illustration the gentleman just gave?

Mr. LaGUARDIA. Let us take leather and shoes, for instance.

Mr. COLLIER. Where there would be a decrease or an increase in the raw material that would be sufficiently large to be reflected one way or the other in the finished product, I would certainly be astonished if the Tariff Commission, when they made their report, did not take all those things into consideration; and if there was a decrease or an increase in the tariff on leather, they would follow that through its various phases and report to the Congress some corresponding increase or decrease on the finished product.

Mr. LaGUARDIA. If I may follow that up, if the gentleman has as much confidence in the Tariff Commission being logical, we would not have a bill like this, but let us assume that the Tariff Commission would recommend a reduction on leather, for instance, and neglected to recommend on shoes; or suppose they recommended a lowering of the duty on sugar and failed to recommend on candy or the products of sugar, what is troubling me is whether this House, or any Member of it, will be precluded from offering an amendment, because I was shocked at the provision of the limitation written into the bill.

Mr. COLLIER. The gentleman from New York has discussed the rules of this House in a very able manner a great many times, and the gentleman knows what the word "germane" is, and it strikes me first that the Tariff Commission would be very derelict in its duty if it took the duty off a raw material and left the finished product as it was; but if the finished product was composed of constituent parts on which we had just raised the duty, I do know as much about germaneness as the gentleman from New York, but if I were sitting in the chair as presiding officer I would declare that that amendment was germane.

Mr. LaGUARDIA. The precedents are against it.

Mr. GARBER. Will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Oklahoma, and then I will yield to the gentleman from New York [Mr. CELLER], and that is all.

Mr. GARBER. My question is purely for information. I am addressing it to the recognized authority of the House.

Mr. COLLIER. I thank the gentleman.

Mr. GARBER. The gentleman was discussing section 3, which creates a consumers' counsel. That appears very plausible in the first instance, but it occurs to me that we have two classes of people. We have consumers and producers. The people of my district are consumers of steel and all the products of manufacture, but at the same time they are producers as well, producers in a diversified agriculture, producers of poultry, eggs, milk, butter, beef, cattle, hogs, cotton, wheat, and oil. Under the provisions of section 3 you provide for a special counsel to appear before the commission, with power to subpœna witnesses and have hearings, in order to specially represent the consumers, but here is a class of people who are equally interested as producers. Now, does not the same reason exist for a producers' counsel as exists for a consumers' counsel, because the producers are just as much interested in the preservation of adequate protection for their specified industries as the consumers.

Mr. COLLIER. I do not think so.

Mr. GARBER. Here is the point I want to bring to the gentleman's attention: Take, for instance, the products of the dairy and diversified agriculture. In the great cities of the country there is a demand for lower rates and for cheaper consumption. Who would protect the producers out in the great stretches and vast reaches of the country in adequate rates for their products?

Mr. COLLIER. Well, I will say to the gentleman—and I think the gentleman's experience has been like mine—that while the producers ought to be represented, that whenever a great matter comes before the Ways and Means Committee, ever since I have been a member, in regard to a manufactured product the manufacturers have had the benefit of skilled attorneys. The same is true of agriculture in that they are represented by their organizations. Agriculture should have no fault to find with the manner in which its representations have presented its case to the committee and to the Congress. The difficulty with agriculture lies not in the manner in which it presented its case but the manner in which it was acted upon here in the House after it had been presented. The gentleman knows that as well as I do.

Mr. GARBER. Will the gentleman recognize this distinction which militates against a consumers' counsel greater than it does against a producers' counsel? On a committee you have representatives who are protecting the rights of the people, but on a Tariff Commission you have independent men who are responsible to nobody and who are guided solely by the rules they may lay down. Now they are there and they have no responsibility in protecting the producers.

Mr. COLLIER. I can not go any further, because I have already taken too much time.

Mr. GARBER. Will the gentleman permit me to ask one more question?

Mr. COLLIER. If it is a brief one.

Mr. GARBER. It will be a very brief one and purely for information. The gentleman has emphasized the importance of keeping the power relative to the fixing of tariff rates in the Representatives in Congress. Under section 4 it is provided:

> That the President is respectfully requested to initiate a movement for a permanent international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade and finance—

And so on. Is not this a broad delegation of power from the Congress to an economic council influenced by association with representatives of different nations?

Mr. COLLIER. I wish I had the time to answer that question in detail. I would love to show you the situation which exists in this country. There are a great many people in the United States, I want to say to the gentleman, whose opinions are worthy of the highest credence who believe that by reason of the prohibitive and high, outrageous, and unequal rates of the present tariff law we have incurred the hostility of nearly all the world and that the hand which heretofore was held out to us in a friendly grasp is now turned the other way.

The CHAIRMAN. The gentleman from Mississippi has consumed one hour.

Mr. COLLIER. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Without objection, it is so ordered.

Mr. COLLIER. We feel we have been incurring the hostility of the nations of the world, and this has resulted in what? It has resulted in retaliatory tariffs which have had what effect? They have had the effect, in part, to decrease our exports nearly $3,000,000,000. They have had the effect, in part, of decreasing our imports almost as much. One country would get mad with us about something and would pass prohibitive tariff laws whereby we could not sell our exports in that country, and our exports are piling up

in this country. This is what is the matter with the country to-day.

Another thing that these retaliatory tariffs have done is that they have permitted and forced—I will not use the word "permitted"—they have forced American manufacturers to take a few key men from their factories and settle in foreign countries and manufacture with foreign labor thousands and millions of dollars' worth of machinery that heretofore was manufactured in this country, and this has caused thousands of American workingmen to be thrown out of employment and to see the work they were doing the year before now being done in foreign countries.

It was for these reasons that we hoped we could bring about some kind of conference among the nations of the earth that would relieve this condition and would abolish these economic measures and would lesson these retaliatory tariffs and bring about friendly trade relations with the United States. This is the reason we incorporated this provision in the bill. [Applause.]

Mr. GARBER. But does that justify such a transfer of the powers of Congress to an economic counsel in foreign countries?

Mr. COLLIER. No economic counsel could do more than agree to submit the suggestions when they got back here, because every tariff law has got to be passed by the Congress of the United States. We have had this provision in practically every treaty; and while I do not mean any disrespect to the gentleman, I thought the gentleman knew that similar provisions had been inserted in such treaties.

Mr. GARBER. But I would like to have the gentleman's interpretation of that particular section.

Mr. COLLIER. That does not give them power to do anything but to get together and make agreements among themselves and try to work out the best thing we can get considering the situation we are in now.

Mr. GARBER. Would that agreement be referred back to the House of Representatives?

Mr. COLLIER. Could any tariff bill be passed unless the House of Representatives passed it?

Mr. CELLER rose.

Mr. COLLIER. I am going to yield now to the gentleman from New York and then I must stop, because I have used more time than I intended.

Mr. CELLER. I thank the gentleman very much for yielding. I just want to get something clear in my own mind and probably in the minds of some of the other Members. I notice in the bill there are stricken out by the committee the last four lines of the bill which authorize the President at as early a date as may be convenient to negotiate with foreign governments reciprocal trade agreements. I noticed in the public prints this morning—and this was the only information I was able to secure up to this time—the reason the committee struck out these lines was that there was a probability or likelihood that such a clause might violate the most-favored-nation clause of existing treaties that we have with foreign countries. May I get some enlightenment on that subject from the gentleman?

Mr. COLLIER. It was partly because it would lead to many controversies and would delay action considerably because we would have to look into all these favored-nation treaties, and it was for that reason we thought it was best to strike that from the bill.

Mr. CELLER. If the gentleman will bear with me a moment, I was interested in this question and looked up some of the Supreme Court cases on this very item, and I find the case of Bartram *v.* Robertson, reported at the October term of the United States Supreme Court in 1886 (122 U. S. 116), which held quite to the contrary; and there are a number of other cases to the same effect, the Bartram case being the leading case, and these cases were followed in the various circuit courts of appeal and in the United States district courts, holding that reciprocal treaties, like, for example, the reciprocal treaty we had in 1875 with the Hawaiian Government, did not, because of its reciprocal nature, violate the most-favored-nation clauses in the treaty with Denmark, and that the Canadian reciprocity treaty which we had from 1852 to 1866 likewise was not violative. Did the committee consider this decision?

Mr. COLLIER. We had that decision before us, and while that may be true, nevertheless it would lead to controversy, and we wanted this measure to go into operation now without getting into any controversy in regard to such matters.

I do not want to be discourteous to any Member. I would love to yield to all, but I have taken up more time than I should have taken. We want to get through with this measure to-morrow. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield to myself 15 minutes. Mr. Chairman and gentlemen of the committee, I intend to comment on the provisions of the bill. There are three matters contained in it. In the first part it destroys the flexibility of the present flexible tariff. It also contains the creation of a new and, I believe, expensive office in the consumers' counsel. The third is the creation of a permanent international economic conference, by which we will inject our trade and tariff affairs into the general affairs of the world.

Much has already been said concerning the provisions of the flexible tariff, and I will not repeat except to make a few comments. Under the present law the Tariff Commission, upon application from an interested party or the Congress, or others, makes an investigation through a corps of experts that have been assembled during a considerable period of time, who are said to be the best-informed people upon the general workings of the tariff in the country.

This corps of experts are sent into the field to ascertain the facts, not wishes; not to subserve any opinions or influence, but to find what are the facts in particular cases.

Having found them from all available sources, traveling around the world in some instances and verifying the information by every available means, they report the facts to the commission. The commission then examines the data so assembled and comes to certain conclusions thereon which it finds justified by its information. This commission consists of six persons, three of one party and three of another party, and is intended to act without reference to political affiliations.

From the information I now have, I have no information that any member of the Tariff Commission so far has acted in a political way. Each has acted on his best judgment.

The commission then reports their findings to the President, and the facts on which they base their recommendations. The President can either approve and put them into effect after 30 days, or he can reject them; or if he believes that action would be injurious to the country under existing conditions, he can let the proposal remain unacted upon. Because some circumstances may change or conditions may alter, the President may not approve. That is a safeguard against doing any injustice to the country or to any producers or consumers.

For instance, the Tariff Commission might make a recommendation for an increase in the duty on a certain commodity that is used for the further manufacture. The President might find from later information that to put that duty into effect without altering the compensatory duty might do an injustice to the further manufacture. Therefore he would decline to approve of the proposed change.

The present proposal is that as soon as the Tariff Commission has made an investigation upon its own motion, the instance of the President, or on request of some interested party it shall be reported to the President and to the Congress, and Congress is not to act until after the President has submitted the proposal, with such recommendations as he may wish to make.

The Congress can not under the pending bill ask the Tariff Commission to make an investigation. It seems that Congress is not sufficiently interested or competent to know when tariff rates ought to be changed. Gentlemen on the other side have urged that all changes be made by Congress. But, as the bill is drawn, it does not allow us to ask the Tariff Commission to make any particular investi-

gation. I would be willing to trust either side of the House to make such a request. The bill is inconsistent. If we have the ability to legislate, we certainly ought to be capable of asking for information.

When the proposal comes to Congress it is to be referred naturally to the Committee on Ways and Means. That committee can act or not act, as it pleases. It may hold hearings or not, as it may wish, but in any event this takes necessary tariff changes out of the hands of an impartial judicial body and puts them into the hands of a political organization, because the tariff will always be a political question in my judgment. At least it has been for 100 years. It puts the tariff back into politics and makes every change a political question.

Mr. SIROVICH. Is it not in politics now?

Mr. HAWLEY. In so far as it was taken out, I mean, by the flexible provision. It takes away that one step that we took to make it a nonpolitical issue. Tariff considerations have always consumed a great deal of time. There is always a conflict of interest between those favoring an increase and those demanding a decrease, and, in my judgment, if the Tariff Commission should send down at any time within a year 30 or 40 proposals to amend the tariff act, if we did anything with them at all that was sensible and well considered it would take a very considerable portion of the time of Congress. Or if the proposed increase in duty was on a commodity used in further manufacture, then several schedules or paragraphs might need to be amended.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. VINSON of Kentucky. How many recommendations were made to the Tariff Commission by the President under the 1922 act, in the eight years of its existence?

Mr. HAWLEY. I have not those figures in mind at this moment. The information is given in the report.

Mr. VINSON of Kentucky. I think it is 56 different reports.

Mr. HAWLEY. Congress is in session about half the time. The President is in session all of the time. Therefore an action upon the report of the Tariff Commission has, so far as time is concerned, twice the opportunity of being considered by the President as compared with the chance of its consideration by Congress. He is one man. He can act on his own initiative as soon as he may wish so to do. Congress is an organization consisting of two bodies, which must act concurrently and exactly agree, with further action by the President approving or disapproving of our action. That is to say, in brief, this proposal will cause infinite delay, great distress in business, uncertainty, and instability of affairs because of a continual agitation in this body upon the question of the tariff. The present flexible provision has been upheld as constitutional by the Supreme Court of the United States, and in that respect we are on certain ground.

The second point is the consumers' counsel. Here there is created an office carrying a very good salary, $10,000 a year, for some person with a very shadowy duty. There is somewhere, apparently not yet discovered, a body of people called consumers that are hidden from the rest of us, separate and distinct from the general body of the people. We all are producers and consumers. We produce articles to be exchanged with our fellows or render services to others, and in turn we purchase articles made by others or employ their services. We are all consumers and we are producers if we are worthwhile American citizens. Let us take the matter of iron ore. It is made into pig iron, then into malleable iron, and later into steel. Process succeeds process in great number. The first user is a producer and the next is a consumer, and then he becomes a producer and the next in turn is a user, and consequently everyone in turn is alternately a producer and a consumer. Where along the line will this consumers' counsel appear?

Mr. SIROVICH. The ultimate consumer.

Mr. HAWLEY. Who is the ultimate consumer?

Mr. SIROVICH. The public.

Mr. HAWLEY. We, all of the people, are the public. Everyone in the district I have the honor to serve, whether he raises wheat or hogs or sheep or grain or makes a manufactured article or renders a service, is an ultimate consumer. There is no such thing as an ultimate consumer who is not also a producer, because he must produce in order to consume. Where along the line will this expensive public servant come in? He is to have a staff of officials such as he may wish to select. He is to advise the Tariff Commission about the making of investigations. Since when has anybody found that the Tariff Commission does not understand its own business and does not know where, how, when, and by whom to have the necessary investigations made? Of this great body of ultimate consumers referred to, when has any one of them appeared to you or to the committee or to anyone else to ask for such an official? Who has demanded that they be given this kind of assistance before the Tariff Commission? We heard nothing of that at all. It is a piece of legislation taken out of the blue sky, to create an office that nobody has asked for, nobody has demanded heretofore, and for which nobody has heretofore found any need.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Briefly.

Mr. SIROVICH. If the Tariff Commission is infallible in its findings and in the honor and integrity of getting at facts, why is it necessary for the President to change its finding when he gets this information from the Tariff Commission?

Mr. CHINDBLOM. But he does not change its findings; he has no right to change its findings under the present law.

Mr. SIROVICH. I mean under the old law.

Mr. CHINDBLOM. We are discussing the law in existence now.

Mr. SIROVICH. I am discussing the Hawley rate.

Mr. HAWLEY. The President must approve or disapprove the findings of the commission as they are. He can not change them. The last observation I wish to make concerns the proposed permanent international economic conference.

Mr. MOUSER. Since the enactment of the so-called Hawley-Smoot bill, do the statistics show that the prices to the consumer of foodstuffs, and so forth, have gone up?

Mr. HAWLEY. Under present conditions they have gone down, speaking generally. There may be some exceptions.

Mr. MOUSER. If that be true, why is it necessary to create a $10,000 job at this time of retrenchment for the employment of the so-called consumers' counsel?

Mr. HAWLEY. The Republicans who voted against the bill found no such necessity?

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield myself five additional minutes.

The last provision in the bill seems to me to be a very dangerous one. Here is a permanent commission. Its character, organization, and powers are sketchy, to say the least. Does it intend that when a person is once appointed to that commission he remains upon it during his lifetime? The bill does not state. Does it mean that if he does not represent the country in the proper way he can be removed? The bill does not state. It does not state how much he shall receive, how long he shall serve, what his powers are, or what the total cost will be.

Representatives from this country are to join the representatives of different nations in a permanent international economic conference. They will set the stage as much as we, and, because of their numbers, probably have a greater influence in determining how that conference shall operate.

The bill contains one worthy provision. I am glad to find one; that is, that our conferees shall not discuss the debt question. The Republican Party is irrevocably pledged not to submit the debt settlements again to consideration, to scale them down, or to rescind them. [Applause.] But let us see what will happen. The conference is to discuss international economic questions. Revenue is an economic question for every state. The sources of revenue are economic questions for every state. The conditions under which trade can be carried on, exchanges of goods, and the settlement of trade balances are economic questions. The payment of

indebtedness is a very painful economic question, I think you all will agree.

There is no question that has so engrossed the minds of the people of Europe as relief from taxation; and the proposal they have in mind, although their governments have never officially presented that to us, is that they can secure relief from taxation by obtaining some arrangement with the United States to either rescind or diminish the payments they are to make to us. Do you think that any European representative sitting in an economic conference with our representatives would courteously abstain from mentioning that most important matter? He dare not. His people demand it. The people of France almost prevented, by their action toward their Premier, the conclusion of certain agreements in which we and the world were very much interested. The people would demand of their representatives, and they in turn would demand of ours, that we take into consideration this debt question. Our members would have to sit there dumb and silent, hearing but not answering. The situation would be intolerable. The Americans would be confronted with arguments and resolutions concerning the debt settlements which they must decline to consider. To make no reply would be considered unkind. Yet, at the same time, it is we who have asked this international conference and set this kind of a stage for the embarrassment of the American people and the American Government. [Applause.]

What is the wisdom of that action? The proposal makes special and repeated mention concerning the making of treaties on trade and tariff. It is to put our trade and tariff questions in the hands of this economic conference. We have always insisted that the protective tariff is a domestic question.

Of course, the United States, by legislation or otherwise, may not agree, but if we invite a conference and then on every proposition which the conference makes we say, "No, no," we isolate ourselves from the rest of the world by the ill-advised action that inaugurated such a condition.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield myself one minute more.

Under present conditions no treaty contains any provision affecting tariff rates. Tariff rates are not included in any treaty, but by this proposal we submit them to the world, and that submission will be made to the organizations of the League of Nations, because they already have an organization like this and need not create another. Thus we enter into a conference with the official organization of the countries of the world, known as the League of Nations, for the consideration of our domestic questions. Our people have consistently opposed our association with the League of Nations.

Washington said, in substance, "Let us mind our own affairs and wish well to all the world." To-day our line of safety with the present condition in the economic world is to continue to mind our own business, which we have so successfully done in years gone by. Americans alone have at heart the best interests of this country and her people. [Applause.]

Mr. CELLER. Will the gentleman yield?

Mr. HAWLEY. I am sorry, but my time has expired.

Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. BACHARACH].

Mr. BACHARACH. Mr. Chairman, ladies and gentlemen of the committee, I would like to say, in the first place, that if there is any merit in this bill this is certainly no time for the Congress of the United States to consider it. This country is going through a terrible period of depression and the adoption of this legislation can only result in retarding the normal functioning of industry. To disturb our tariff law in any manner at this time, to my mind, will be attended with serious difficulties.

As I say, this is a period of depression. We Republicans who were here during the last period of depression, when the great World War was on, did not question what the Democratic President of the United States asked us to do. As a unit we supported the President of the United States, and to-day I say to you that, in my judgment, even if there is any merit in this bill, it should not be considered at this time.

Now, I want to call attention to some of the things which I do not believe have been considered to-day. This afternoon the gentleman from Oklahoma asked the chairman of the committee with reference to the consumers' counsel. As I view the consumers' counsel, he would represent, if he were named, the consumer. Now, just assume an article such as was mentioned this afternoon—butter—which has received some protective tariff. Naturally the consumers' counsel would not be in favor of the farmer who was producing the butter, but he would be in favor of the consumer.

We import butter from 10 different countries of the world. It is well known that but for the protective tariff that was given in the present tariff law there would be but very little butter produced in this country. At one time we were great exporters of butter. Now that has been taken away from us almost entirely.

I do not want to touch on other matters of an agricultural nature, but I think that shows the uselessness of having a consumers' counsel unless it would be to cloud the issues before the Tariff Commission.

I do not believe there is a Member of this House who believes that if we were to carry out the purpose of this bill there would ever be any tariff adjustments by the Tariff Commission, and we might as well dispose of the Tariff Commission altogether. The existing tariff law would practically be permanent law, because if the Congress of the United States should be forced to act upon the recommendations of the Tariff Commission we would be doing nothing else but discussing tariff on the floor of this House.

I heard the chairman of the Ways and Means Committee say to-day that he had never asked for any action on the part of the Tariff Commission or had he ever initiated any movement to secure any changes in rates by the Tariff Commission. I would like to ask my Democratic colleagues if any of them have ever asked the Tariff Commission to make an investigation covering any schedule or item in this "iniquitous" tariff act, as it is termed by the Democratic Party. I would like to ask any Democratic Member of this House if he has ever, on his own initiative, gone before the Tariff Commission and asked for an investigation to be made by the commission on any items contained in the present tariff law?

Mr. CONNERY. I am happy to inform the gentleman that I went before the Tariff Commission last June and asked for an increase of 50 per cent on shoes, and that 50 per cent was granted by both the Democratic and Republican members of the Tariff Commission. [Applause.]

Mr. CHINDBLOM. But the gentleman from Massachusetts is a Republican on the tariff.

Mr. CONNERY. No. The gentleman will find——

Mr. BACHARACH. I will do the talking in my time. I want to call attention to the fact that on this side of the House there are 220 Members and but one of them states that he appeared before the Tariff Commission to ask for a change in any of the rates contained in the present tariff law, and that one Member, by reason of having a meritorious case, says he secured an increase in the duty on shoes amounting to 50 per cent.

Mr. CELLER. Will the gentleman yield?

Mr. BACHARACH. I will not yield unless the gentleman qualifies.

Mr. CELLER. I qualify in the other way. I appeared before the Tariff Commission in support of a recommendation of the Tariff Commission submitted to the President to reduce the tariff on cherries 50 per cent, which report the President held up and finally returned to the commission asking them to make another report. I asked the Tariff Commission to act on that report again, but they have refused to do so.

Mr. BACHARACH. I am going to take the gentleman's statement at 100 per cent; but I called up the Tariff Commission, and they do not seem to have any record of the gentleman's having requested an investigation.

Mr. CELLER. I have a letter written to Mr. Fletcher, chairman of the Tariff Commission.

Mr. BACHARACH. A letter written to him; but that was not the question. That was not the question I asked.

Mr. CONNERY. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. CONNERY. The gentleman certainly has a record of my appearance before the Tariff Commission, because, as I remember, the Associated Press carried the story.

Mr. BACHARACH. If the gentleman had paid careful attention to what I said, he would know that I did not say the gentleman did not appear before the Tariff Commission. The gentleman makes the statement that he did appear before the Tariff Commission, and that is sufficient for me. I take his statement at 100 per cent. However, I do want to say that the Democrats have not taken advantage of their opportunity to appear before the Tariff Commission and ask for an investigation on any item in the law about which they so loudly complain. But they tell us the Tariff Commission is not functioning; that it is not doing anything at all of any value for the people of this country. I have a memorandum here, if I can find it, which shows the number of cases they have handled since the last act was passed. I do not seem able to find the memorandum, and will ask the gentleman from Kentucky to tell me how many cases were handled by the Tariff Commission.

Mr. VINSON of Kentucky. Under the present law 138 different investigations were sought; 39 investigations were made, and rates were increased on 12 commodities and decreased on 17. That is under the 1930 act.

Mr. BACHARACH. I thank the gentleman for the information. Now, my friends, just consider what would happen if we had to handle in this House 100 cases coming from the Tariff Commission, whether to raise rates or lower them. Do you suppose the Congress of the United States could function with reference to any other business? As you all know, tariff matters come from the Ways and Means Committee as privileged matters and would have the right of way over anything else that it might be desirable to bring before the House.

I think this particular legislation is ill-advised; I can not see the value of it, and in addition to that I think it is a mighty poor time for the Democratic Party to be playing politics, when there is so much important business to attend to, in which Members on both sides of the aisle are interested and about which they are just as patriotic. The Democrats are just as patriotic as the Republicans at all times and have always shown it except in connection with this particular matter where they have let partisan politics creep in. Instead of working on piecemeal tariff legislation we should be giving our time to the enactment of a new revenue bill looking towards a balancing of the Budget and the adoption of the Reconstruction Finance Corporation for which the President has pleaded as a means to help the country out of its financial difficulties.

Furthermore, I see no reason why we should allow an international economic council to tell us what tariff rates we should put on American merchandise manufactured and used by American workmen.

I am opposed to this bill in every respect, and in my opinion it should be defeated. At this time it is the plain duty of the Members of the Congress of the United States to stand back of the President and give him the help that he asks for. If we want to play politics, and I suppose we probably will on both sides of the aisle, let us wait until after the June conventions and then let us go to the mat like real people and not try to get through this Congress piecemeal legislation which would be of no benefit to the people who are really in need of the protective tariff.

Mr. SIROVICH. Mr. Chairman, may I ask the gentleman a question?

Mr. BACHARACH. I yield to the gentleman.

Mr. SIROVICH. There is no moratorium on friendship, so far as I am concerned, because I do not know any Member on either side of the House for whom I entertain a greater degree of love and respect than you, Congressman BACHARACH; but in fairness to the Democracy on this side, the gentleman asked how many Members on our side went before the Tariff Commission to ask for an increase or reduction of tariff rates. Will the gentleman be kind enough to tell the membership of the House how many Republicans on his side went to the Tariff Commission to ask for an increase or decrease in rates?

Mr. BACHARACH. I will be very pleased to answer that question. The Republicans are in favor of a protective tariff and I know of no Republican Member of the House who because of dissatisfaction with any of the rates of the present law asked the Tariff Commission to make an investigation into the rate on any item or schedule. The Democrats have gone all over the country telling the people what a vicious piece of legislation it is and how high the duties are and how it is affecting the business people of this country. The Republicans have not done this. They have not had any reason to go before the Tariff Commission, because they think, in all fairness, we have a very, very good act in the Hawley-Smoot law. [Applause.] We did not go around the country saying what a vicious law it is and at the same time not have the nerve to go before the Tariff Commission and ask for investigations into rates and then come before the Congress of the United States and say what a terrible Tariff Commission, that justice can not be had through the present commission and the flexible provision of the law under which the President and the commission operates, and for that reason the flexible provision and the usefulness of the commission must be destroyed.

Mr. VINSON of Kentucky. If the gentleman will permit, I want to be technically accurate in my statement to the gentleman. There were 39 reports that went to the President, 17 reduced and 12 increased, and there were 18 recommendations that went to the President under the new law upon which he took no action. There were 57 recommendations in all that went to the President.

Mr. BACHARACH. I thank the gentleman. I have found the statement I had since I asked the gentleman about it, and I shall put the statement in the RECORD.

The statement referred to follows:

Summary of activities of the Tariff Commission under the tariff act of 1930

UNITED STATES TARIFF COMMISSION,
Washington, January 7, 1932.

SECTION 331

Investigations instituted	10
Investigations completed	7
Investigations pending	2
Investigations dismissed	1
Surveys published	4

SECTION 336

Applications:	
Total number of applications received	131
Number of applications in response to which investigations have been instituted	56
Number of applications withdrawn	7
Number of applications dismissed	32
Number of applications pending	36
Investigations:	
Total number of investigations instituted	66
Number of investigations completed	39
Number of investigations dismissed	9
Number of investigations pending	18

SECTION 337

Total number of complaints received	3
Number of complaints dismissed	2
Number of investigations instituted	1

SECTION 340

Work on the investigation concerning domestic values—conversion of rates has been in progress for about a year and field work is nearing completion.

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, the haste with which this bill is being crowded to consideration in the House seems to me very unfortunate, because there has been only one real argument made in connection with it before the Ways and Means Committee. The chairman of the Ways and Means Committee requested the appearance of three department Secretaries—State, Treasury, and Commerce. As a result of that request the Under Secretary of the Treasury, Mr. Mills, appeared before the committee yesterday morning and said that in an official way he represented all three of the departments asked to appear. He made a most interesting and illuminating speech, analyzing the bill with great care.

One of the serious drawbacks to considering the bill to-day is the fact that his statement is not before us. I therefore, Mr. Chairman, ask unanimous consent to incorporate in my remarks the address delivered by the Under Secretary of the Treasury yesterday morning before the Ways and Means Committee. I have a photostatic copy of this address.

Mr. BLANTON. Mr. Chairman, I want to ask a question under a reservation of objection. Of course, I am not going to object. What authority, if any, did Mr. Mills give for assuming to represent not only the Treasury Department but the Department of Commerce and the Department of State?

Mr. TREADWAY. I will read to the gentleman the Under Secretary's own words in that connection.

Mr. BLANTON. The gentleman from Massachusetts is quite a profound follower of precedents and the law; is there any law in this Government that permits an Under Secretary of the Treasury to appear and assume to represent three different departments of Government?

Mr. TREADWAY. Let me answer the gentleman, inasmuch as he is taking up a good deal of my time with his questions by reading the very words that Mr. Mills used.

Mr. BLANTON. I am not asking about his words. He, Mr. Mills, has assumed many positions here and then has had to retract some of them.

Mr. TREADWAY. All I can do is to read the gentleman what Mr. Mills said to us:

> Mr. MILLS. Mr. Chairman, I understand the Secretary of State will not be present this morning, and I may say I am authorized in a general way to speak for the three departments that have been invited to appear.

In reply the chairman, Mr. COLLIER, said:

> I do not know of anyone they could have selected who is more capable. We will be very glad to hear the honorable Under Secretary of the Treasury.

[Applause.]

Mr. BLANTON. Just this further observation under my reserving the right to object: That authority to Mr. Mills came from Mr. Secretary Mellon, who has assumed to speak not only for all 10 departments but for the White House through the administration of three Presidents.

Mr. TREADWAY. I prefer not to have the gentleman make extended remarks in my time, particularly when he refers in a disparaging manner to the distinguished Secretary of the Treasury.

The CHAIRMAN (Mr. MCCORMACK). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The testimony before the Ways and Means Committee was as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D. C., January 7, 1932.

The committee met at 10 o'clock a. m., Hon. JAMES W. COLLIER (chairman) presiding.

The CHAIRMAN. We will continue hearings on H. R. 6662, a bill to amend the tariff act of 1930, and for other purposes. We will be glad to hear you, Mr. Mills, in any way you desire. I had meant to call the Secretary of State first, if he is present in person or by representatives.

Mr. MILLS. Mr. Chairman, I understand the Secretary of State will not be present this morning, and I may say I am authorized in a general way to speak for the three departments that have been invited to appear.

The CHAIRMAN. I do not know of anyone they could have selected who is more capable. We will be very glad to hear the Honorable Under Secretary of the Treasury, Mr. Mills.

STATEMENT OF HON. OGDEN L. MILLS, THE UNDER SECRETARY OF THE TREASURY

Mr. MILLS. Mr. Chairman, I do not know that this committee needs a great deal of advice as to this particular measure, and I am perfectly confident, of course, that such criticisms as I may make will be accepted by the committee in the spirit in which they are made.

The Treasury Department does not approve of this measure and sees no occasion for the enactment of this legislation. I desire to point out, in the first instance, that in the early part of the bill the intent apparently is to deprive the President of such authority as he possesses under the existing tariff law. This bill even goes to the extent of depriving him of the right to request the Tariff Commission to investigate any particular schedule, leaving a situation where any man or group representing a selfish interest may request the Tariff Commission to make an investigation, but the President of the United States, who represents the whole people and who probably has a more comprehensive knowledge than any one individual of economic conditions, at home and abroad, is to be deprived of the right to make this request. It seems to me that is going quite a way, and the necessity of it is not apparent on the face of the legislation, or from any facts which have come to my attention.

In the second place, the first part of this bill, which may be called the administrative part, raises a question which was debated, we all know, at length some two years ago, and it certainly would be a waste of your time to rehash all of the arguments that were urged at that time against the procedure of having the Tariff Commission report to Congress, rather than to the Executive, the latter having authority to make the changes by proclamation. Suffice it to say that in the opinion of the Treasury Department the effect of these provisions is, for all practical purposes, to remove whatever flexibility exists in the present law and to freeze existing tariff rates for an indefinite period of time, or at least until the Congress is prepared to make a general revision. It seems to me that of necessity this must be so; because, if the Tariff Commission reports as to a comparatively minor matter in days such as these, when the Congress is overwhelmed with important business of all kinds, it is hardly likely it will have time to consider a comparatively unimportant schedule. If, on the other hand, the report of the Tariff Commission should involve a question of major importance, or a schedule which necessarily has all kinds of ramifications and affects large sections of the country, directly, or indirectly, it is inevitable not only that it will give rise to prolonged debate, but almost certainly, Mr. Chairman, amendments will be offered amending other sections of the law. And while you have attempted to cover that contingency by a provision which forbids the offering of any amendment not germane to any amendment pending before either House, it can not be denied that you can not bind future Congresses. Nor indeed do I see how you can prevent the offering of an amendment or amendments that would raise the entire tariff question from top to bottom, to the exclusion of all other public business for weeks at a time.

Therefore it seems to me the effect of the first part of this bill is irrevocably to freeze existing tariff rates for an indefinite period of time, make of the Tariff Commission an ineffective body, and remove whatever flexibility there exists under the present system. I say nothing of the provision with reference to the consumers' counsel; but if the Tariff Commission is to be an organization functioning with no markets for its goods, it would seem undesirable to me to increase its overhead expenses by employing an expensive counsel at $12,000 a year. Indeed, if I may say, Mr. Chairman, without, of course, giving offense, in reading this entire bill, and particularly the first parts of it, I was somewhat reminded of the story, you will remember, of Alice Through the Looking-glass, when she and the Red Queen had been running very fast for a number of minutes. Alice was getting very tired and suddenly noted they were in exactly the same place where they started, and, turning to the Red Queen, said, "In our country, when we run as fast as we have been running and as long as we have been running, we get somewhere." The Red Queen said, "Ah! yours is a very slow country. In ours we have to run very fast in order to stay just where we are." It seems to me, Mr. Chairman, this particular legislation invites us to run very fast to stay just where we are.

Now we come to the section providing for an international conference. I should like to point out that this part of the bill seems to me to be inconsistent with the first part. In the first part all authority is taken away from the Chief Executive, even to the extent of depriving him of the right to request an investigation by the Tariff Commission, whereas in the second part of the bill, where he has to deal with foreign nations and to call an international conference, he apparently is given unlimited authority without any policy whatsoever laid down for his guidance. And whereas the first part of the bill inevitably results in freezing existing tariff rates, the second part of the bill would indicate a desire to change them. But what expectation can we have that other nations will be willing to consider this proposal with an open mind when we ourselves at the very outset have indicated our intention to keep our present tariff structure completely inflexible and unchanged? And I am a little puzzled at the use of the word "permanent" in connection with the word "conference." I do not know what is meant by "permanent conference," unless it be

intended to create a permanent organization to study the whole question of foreign trade and national tariffs in so far as they may constitute a barrier to international trade. But if that be the purpose, Mr. Chairman, there already exists such an organization, operating under the auspices of the League of Nations, which has been in existence for a number of years, which is thoroughly well organized, which works continuously, and which has made available a great mass of detailed information relating to these and kindred problems. It can hardly be expected that the other nations of the world, merely at our suggestion, will create another organization precisely similar in character to duplicate the work of one that is already in existence.

If, however, you do not mean to create a permanent organization—and I do not believe you can, because I see no reason why other nations should cooperate in duplicating work that is already being well performed—but merely to call an international conference, it is a fair question to ask, at the outset, what is the purpose of this conference. Is the purpose of this conference to indicate indirectly that we believe our own tariff rates at present are too high? If that be the purpose, Mr. Chairman, then this body and not an international body is the one to initiate action to reduce them. If the members of this committee and the Members of the House of Representatives, whose constitutional duty it is to initiate tariff legislation, believe that our present tariff structure is too high in the interest of the people of the United States, then I submit it is their duty to act on that belief and not refer this matter, without instructions, to an international body.

Mr. LEWIS. Suppose it was desired to lower our tariffs reciprocally by a quid pro quo proceeding?

Mr. MILLS. If the gentleman will bear with me, I will come to that point in a minute. If, however, that is not the purpose of the committee and of the Congress, but it is our purpose firmly to adhere to the principle upon which the present tariff act is based, namely, that we shall levy tariff duties adequate to cover the difference in cost of production at home and abroad, then it seems to me, in calling this conference and in instructing the President to call it and name delegates, you ought to lay down some such principle for his guidance and for the guidance of others who are to attend this conference.

I do not believe in calling international conferences, Mr. Chairman, unless you know pretty definitely what you hope to accomplish by calling the international conference. And while I have a very distinct impression that tariff barriers in a good many countries are altogether too high and are based on no definite principle save that of excluding to the maximum extent foreign goods—that is not the case in this country—and that those tariffs ought to be reconsidered, it is not clear to me what is to be gained by calling an international conference by this Government, unless this Government decides beforehand what policy is to guide its representatives at such a conference. And may I submit again that in connection with tariff policy, the laying down of such a policy is the duty of the House of Representatives in the first instance, rather than that of the President.

Now, by the action of the committee yesterday, I understand, the last four lines of this bill were stricken out.

Mr. HAWLEY. They were not stricken out; it was only moved to strike out.

Mr. CRISP. Mr. Mills, I offered an amendment, and, of course, we did not act on it in open session, but I stated, frankly, the majority members of the committee were going to vote to strike out and I proposed an amendment, at the request of the majority members of the committee.

Mr. MILLS. I so understood, Mr. CRISP, from the chairman, and that we might, for the purpose of the discussion this morning, consider that the last four lines were out of the bill. But to you I suggest that whatever faults might be contained in those last four lines, with those last four lines in, this bill at least headed somewhere. Personally, I would not have approved of the procedure, I would not have approved of the authority granted, but at least, with those last four lines in, you had a very definite program.

And what was that program? That program was to call an international conference, and presumably on the basis of the recommendation of that international conference the President of the United States was to negotiate separate treaties with different nations and those treaties, when ratified, would have become the law of the land, and willingly or unwillingly the House of Representatives would have been deprived of its right, indeed its constitutional duty, to initiate revenue legislation. Now, it may be urged (and doubtless the gentlemen who drafted the bill had very definitely in mind) that the House of Representatives could not waive such constitutional right. I do not believe it could, save by its own act, but this would have been legislation originating in the House and laying down the principle that after this international conference reciprocity treaty should be negotiated by the President. In other words, in negotiating those tariff treaties he would, under the terms of this bill, have been acting under general legislative authority granted him by the House and Senate. Therefore it might fairly be argued—certainly I should not want to take that risk—that the House of Representatives had deprived itself of the right to pass on those reciprocity treaties, which inevitably would affect tariff rates in this country.

Mr. TREADWAY. Following what Mr. CRISP has just said, there was a little passage between him and the gentleman from Illinois [Mr. CHINDBLOM] in which it was practically admitted those four lines would be restored to the bill when it reached the Senate.

Mr. MILLS. Well, let me suggest that if they are restored a reservation should be made in this bill that has been made in a few bills of a similar character passed in the past, reserving the right of the House to pass on any treaty; in other words, that any treaty amending our tariff rates should not simply be approved by the Senate, but should be made the subject of general legislation.

Now, it appears, Mr. Chairman, that prior to 1890 there were only two treaties, so-called reciprocity treaties, that were actually negotiated and approved—one with Canada, I think, and one with Hawaii. In 1890, under the Dingley bill, a provision was made for the negotiation of treaties with other countries along certain definite lines laid down by the Congress; but of the great number of treaties negotiated under that act, few were subsequently approved by the Congress, showing that in this matter, as a matter of tradition and actual practice, all tariff legislation in this country has really been initiated in the House of Representatives and not by Executive or treaty action, even under general legislative authority.

Now, it is interesting to note, in connection with an act of this character passed in 1903, I think, approving a treaty with Cuba, the following language was used:

"*And provided further*, That nothing herein contained shall be held or construed as an admission on the part of the House of Representatives that custom duties can be changed otherwise than by an act of Congress originating in the said House."

That reservation was specifically made, and in the last Democratic tariff—the Underwood tariff of 1913—in section 4, paragraph (a), the following language appears:

"*Provided, however*, That said trade agreements before becoming operative shall be submitted to the Congress of the United States for ratification or rejection."

So that if you are going to restore that section, I think you should put in that reservation so that it can never be claimed, here or abroad, that the House of Representatives has deprived itself of the right to pass on a treaty altering tariff rates.

The general policy involves the respective merits of what I think I may fairly call the American policy of endeavoring, in all possible ways, to see that American citizens or businesses are not discriminated against, but, on the other hand, of according equal treatment to all nations under our laws, as contrasted with the so-called bargaining principle of separate treaties with different nations and unequal treatment of different nationals. Frankly, it seems to me we would be wiser to stick to our historic policy. It has been our policy, departed from only on one or two occasions, to impose such tariff rates as we deem necessary for the protection of our own interests, and then make those tariff rates uniformly applicable to the goods of all countries, rather than by special bargaining seek to give certain countries special advantages as contrasted with others.

I should like in this connection to offer for the record a quotation from a great Republican and progressive, Theodore Roosevelt, and one from the then head of the Tariff Commission contained in the report of the Tariff Commission of December 4, 1918, and signed by Professor Taussig. President Roosevelt said:

"Reciprocity must be treated as the handmaiden of protection. Our first duty is to see that the protection granted by the tariff in every case where it is needed is maintained, and that reciprocity be sought for so far as it can safely be done without injury to our home industries. Just how far this is must be determined according to the individual case, remembering always that every application of our tariff policy to meet our shifting national needs must be conditioned upon the cardinal fact that the duties must never be reduced below the point that will cover the difference between the labor cost here and abroad. The well-being of the wageworker is a prime consideration of our entire policy of economic legislation."

And may I say, Mr. Chairman, at this time I know of no more inappropriate moment to make the reduced purchasing power of the American people available for relieving unemployment abroad, rather than at home, by reducing tariff duties below the point where they cover the difference between the cost of production at home and abroad. Now what did Professor Taussig say—and certainly his views are opposed, I may say, to Republican doctrine; but on the question of reciprocity he agrees with the principle which I have attempted to enunciate this morning. He says:

"Finally, it can not be too much emphasized that any policy adopted by the United States should have for its object, on the one hand, the prevention of discrimination and the securing of equality of treatment for American commerce and for American citizens, and, on the other hand, the frank offer of the same equality of treatment to all countries that reciprocate in the same spirit and to the same effect. The United States should ask no special favors and should grant no special favors. It should exercise its powers and should impose its penalties, not for the purpose of securing discrimination in its favor, but to prevent discrimination to its disadvantage."

That, I think, Mr. Chairman, is sound doctrine.

My general conclusion is that the bill in its present form is most unnecessary and inadvisable, and that there is altogether too much real work to be done at this time to do a lot of running in order to stand in the same place.

Mr. CRISP. Mr. Mills, if this bill should become a law, what would be your reaction to an amendment of this character, that when the Tariff Commission, under the terms of the bill, should report to the President suggesting changes, and the President, under the terms of this bill, should transmit that report to the Congress, for the bill to contain a provision that the recommenda-

tion of the Tariff Commission should go into force and effect and become law, unless within a specified period, say, 30, 60, or 90 days, the Congress should disapprove that recommendation? In other words, we would leave the report of the Tariff Commission effective, unless Congress within a specified time negatived that act.

Mr. MILLS. Judge, I think that would be much better than the present provisions; but I have always felt that having laid down certain definite limits within which the Tariff Commission should work, you could obtain greater flexibility—and I think flexibility is needed—by trusting that impartial body and granting the President the necessary authority, rather than coming back to the Congress. I recognize there is real room for a difference of opinion, and there has been in the Congress, but my own opinion is that we can get the necessary and desirable adjustment more readily and without unnecessary risk by relying upon an impartial body such as the Tariff Commission. And if at any time abuses arise, then it will be time enough to deprive them of that power and report everything back to the Congress. The complaint up to the present time has been not that they have gone too far, not that they have done too much, but that they do not work fast enough. Now, when you make the machinery more cumbersome, you of necessity will just get fewer results, rather than more.

Mr. CRISP. Under the existing law, from my viewpoint, the Congress has delegated to the President, within the limits laid down in the law for the Tariff Commission to make this investigation and report to the President, the right for the President by proclamation to make effective the findings by the Tariff Commission by increasing or decreasing tariff duties within a limit of 50 per cent. Congress has no check whatever on that under existing law. Under the plan of this bill, with the proposed amendment about which I asked you, of course that power will be taken away from the President to make effective the recommendation, but Congress then would retain that power; and if it contained that provision, then when it was reported to Congress, if Congress took no action, it would acquiesce and it would be Congress giving its approval to that change. If Congress did not approve it, Congress would still have a check on it and by passing legislation could prevent that recommendation from becoming law, whereas under existing conditions Congress has no power over the matter at all, but it is left to the President.

Mr. MILLS. I fully appreciate the force of your argument and the sincerity of your convictions; but I still feel, Judge, that what we need here is greater flexibility and more expedition, and, to the extent you make the machine more cumbersome, from my standpoint at least, you make it less effective.

Mr. CRISP. I wanted your views, because I respect your opinions.

Mr. DICKINSON. Suppose the four last lines of this proposed bill are left in, could not the President proceed to attempt to modify certain treaties with certain nations that apparently would be in conflict with this provision?

Mr. MILLS. Yes.

Mr. DICKINSON. And thereby bring them in accord, if they could be modified?

Mr. MILLS. Yes; but he can also go a great deal further under this bill as originally drafted. It would not lay it down flatly, because I think it is debatable, but I think the bill is open to the interpretation that it would give the President authority to negotiate a series of bargaining treaties with different countries, altering our present tariff structure, and those treaties might come into effect when ratified by the Senate and without consultation with the House. I certainly should want to see a reservation put in, if the last four lines are to go back, and, knowing as I do the feeling of this committee as to the rights and prerogatives of the House, I believe that will be the feeling of the committee. Certainly there is no objection to putting that reservation in. But I go further. I think if you are going to entrust the President of the United States with such vast authority to deal with foreign nations it is the duty of this committee and of the House of Representatives to lay down the policy which they desire him to follow in negotiating with those nations. And I can not read any policy into this bill; it does not give any indication of what you expect. Do you want him to make bargaining treaties? Do you want him to revise our tariff rates downward? Precisely what is sought to be accomplished by this international conference and these series of treaties? I think not only the President but the country ought to know. That seems to me to be the weakness of this bill.

Mr. DICKINSON. What I was trying to do was to get at your thought about the apparent conflict between these proposed lines and certain existing treaties, as to whether or not they would not seek to modify those treaties.

Mr. MILLS. Well, Judge, I do wish we could ask that of the State Department. I am not sufficiently familiar with the eight of nine treaties which, I understand, are in existence, to say how this bill would conflict with them. If the committee desires definite information as to that point, I think it will be necessary to call on a representative of the State Department.

Mr. DICKINSON. I will just say to the gentleman I was taking it for granted that the witness, Mr. Mills, was speaking for all the departments.

Mr. LEWIS. I am reading from section 4, Mr. Mills. You have just stated that the weakness of the section is, it indicates no policy that the President shall apply. The section reads:

"That the President is respectfully requested to initiate a movement for a permanent international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade and finance, (b) preventing retaliatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations," and so forth.

Are not those clauses indicative of definite policies that shall be pursued?

Mr. MILLS. I think I would say they are pious aspirations rather than definite policies. In so far as unfair trade practices are concerned, I think there was a conference held under the auspices of the League of Nations in 1927, and a convention was prepared which covered some undesirable practices and, as a matter of fact, signed and ratified by our Government. The real point is, what do we mean by excessive tariffs? Are we referring to our own? Do we mean by the adoption of this legislation that our own tariff rates are excessive? Is that the message that the President of the United States is to carry to other nations? Everyone would agree that excessive rates are undesirable. The great question is in each particular case whether or not rates are excessive.

Mr. LEWIS. Well, do you recognize no retaliatory tariffs as resulting from our last tariff act?

Mr. MILLS. Well, we have certain provisions which impose additional duties if rates on particular articles of commerce are increased in foreign countries—countervailing duties. But I do not think it was intended in any sense as retaliation. We have provisions relating to dumping, but I should look upon those measures as protective rather than retaliatory.

Mr. LEWIS. You are speaking, on our side of the ocean?

Mr. MILLS. Yes.

Mr. LEWIS. Do you recognize no retaliatory tariffs on the other side?

Mr. MILLS. Yes; and I think it is the duty of the President and of the State Department to use all their influence and power to do away with any discrimination that may exist against the commerce of the United States. But the thing that puzzles me about this resolution is that the Congress of the United States is not expressing any opinion as to what the President ought to know when he goes into this conference. What is the attitude of the United States toward its own tariff? That is the first thing we have to determine before we start discussing other tariffs with other peoples. The only specific thing in that section is the reference to governmental debts, and presumably that was put in here because whoever drafted the bill thought that any governmental debts were a barrier to international commerce. I express no opinion as to whether or not they are, but whoever drafted the bill put that in because he must have thought they constituted a barrier. And having recognized them as constituting a barrier, the only definite instruction in the bill is that is one barrier that must not be touched.

Mr. HADLEY. Mr. Secretary, I was unfortunate in missing your original statement, on account of another engagement outside. I am much interested in it. I wanted to ask whether you commented upon the effect of the pendency of a law—as provided in section 4, if enacted, in view of the uncertainty of its meaning and effect and the ultimate action that will be taken under it, as you have just disclosed and discussed—I wanted to ask whether you commented upon the effect that would have on American business if negotiations were pending under section 4.

Mr. MILLS. No; I have not. My objections go deeper. I believe it is the duty of the House of Representatives to lay down, in the first instance, the tariff policy of the United States.

Mr. HADLEY. I recognize that, and that is the ultimate thought I have. But incidentally in the condition we are now in, in this country, how can we ever hope to come out of it and meet the changing conditions otherwise arising, with the pendency of indeterminate negotiations of this kind—if you care to express an opinion upon the effect of it?

Mr. MILLS. Frankly I think they would be so indeterminate, Mr. HADLEY, that they would not constitute a threat.

Mr. HADLEY. Would not what?

Mr. MILLS. I think as the measure stands now they would be so indeterminate that they would not constitute a threat. I have not got the feeling that this bill—drafted as it is at present, with the thought we will just call a conference without any idea as to what we hope we will accomplish by that conference, or without any policy in going into the conference—will get us anywhere. And I, for one, do not want to sit across the table and trade with foreign nations unless I know very definitely, before I sit down, just where I am going and what I have in mind.

Mr. HADLEY. Do you think American capital will seek investment and take the ordinary steps in expansion of business it otherwise might do, facing such a condition as this, until it is determined?

Mr. MILLS. Well, I do not want to go quite as far as that; because I think there is quite a lot to be accomplished by conference in the world to-day as to world problems affecting all nations.

Mr. HADLEY. Yes.

Mr. MILLS. The idea of conferring certainly does not shock me. I think I like the idea, personally.

Mr. HADLEY. Yes; but we now have a definite, known standard of protective rates by existing law. It is proposed here to enact a statute which provides primarily for lowering excessive duties, and, as you suggested, it is not known whether that relates to our own duties or to the duties of some foreign country, or a number of foreign countries, and I assume any man in business would assume that ours were involved with all the rest until it was determined or proposed to strike down duties which may or may not be excessive, according to the judgment of men as they differ. Now, I can not conceive how men who are deeply interested in protective rates are going to proceed to expand and develop business in the face of that. I would regard that, if not a threat, at least as an incumbrance and hindrance.

Mr. MILLS. Well, if I thought the real intention of this bill was to reopen the whole tariff question at this time, I should consider it most unfortunate.

Mr. HADLEY. Well, how can it be otherwise, under the language of this bill, with the view to lowering excessive tariff duties, and so forth?

Mr. MILLS. Because I do not believe that such a conference on any such basis, without a definite policy laid down by the United States, can get anywhere.

Mr. HADLEY. I do not, either.

Mr. MILLS. And unless Congress declares what its policy is, what good does it do for the Executive to negotiate when the Congress ultimately has to approve. I do not think it would get anywhere.

Mr. HADLEY. I do not, either.

Mr. HAWLEY. Mr. Secretary, I would like you to comment upon this proposition in connection with the suggestion made by Judge CRISP. Suppose the Tariff Commission is authorized to put into effect a rate, if, after a certain period of time, Congress has not acted—and that involves the power of the commission that is given here to change articles from the dutiable to the free list and from the free to the dutiable list—would the Supreme Court hold that the failure of Congress to act was assent to the proposed rates? The commission might increase the rates double or treble; they might put an article on the free list now that has traditionally been on the dutiable list. Would the failure of the Congress to act be considered by the Supreme Court equivalent to its assent?

Mr. MILLS. Well, I do not know, Mr. HAWLEY. I have not looked at the decisions for a long time. My impression is that the Supreme Court went a long way in its last decision upholding these flexible provisions.

Mr. HAWLEY. But the Congress had expressed itself as willing, if it fixed 50 per cent lower than a given rate or 50 per cent higher than a given rate, to agree to the rate; that we had before given our express consent to that.

Mr. MILLS. I understand that as soon as you include the free list you go a step further, and whether or not the Supreme Court will go with you or not I do not know.

Mr. HAWLEY. Let me ask another question: The bill provides that upon the application of any interested party, with sufficient reasons presented therefor, it shall consider the difference in cost of production at home and abroad of any domestic article—just one single article. Now, take as an illustration long-staple cotton is in section 7 of the present tariff act; articles manufactured from long-staple cotton can be in section 9 or in the sundry list. Now, suppose they make a change in the duty on long-staple cotton, increasing it, we will say, to 14 cents a pound, and it is now 7, what would be the effect upon articles made from long-staple cotton? I take it there could be many instances of this kind cited. They apparently are confined to that one article, if that is all that is asked to be considered, and it might disrupt any schedule unless the compensatory duties or proper arrangements were made in all other schedules affected by that one change; that is, it would necessitate quite a large revision, or general revision, of various other schedules, and might entirely disrupt the tariff arrangements and greatly damage business and industry and dislocate labor engaged in manufacturing articles from long-staple cotton, or any other particular item.

Mr. MILLS. Mr. HAWLEY, you may be right; but Captain Eble and Doctor Turney, who went over these administrative sections of the bill very carefully, in such time as they had—and of course there was not a great deal of time—reported to me that they did not find the changes made from existing law were material, except those intended to accomplish the major purpose of referring the matter back to the Congress. Now, I do not think there would be any such narrow interpretation, Mr. HAWLEY, given to that particular language.

Mr. TURNEY. I think Mr. HAWLEY is speaking of Judge CRISP'S proposal, rather than this bill.

Mr. MILLS. Are you speaking of the bill as drawn or of Judge Crisp's proposal?

Mr. HAWLEY. Of the bill as drawn.

Mr. MILLS. You did not find anything like that in it, did you?

Mr. TURNEY. It is no more true of the proposed bill than it is of the old law.

Mr. CHINDBLOM. The language there is the same.

Mr. HAWLEY. But it is true, to this extent at least, that if the Tariff Commission should overlook the fact that a change in a particular item greatly affected other schedules and other industries than the one particularly involved, the President still has the right to deny the increase in rates.

Mr. MILLS. But I can not believe, Mr. HAWLEY, that the Tariff Commission——

Mr. HAWLEY. Under this proposal the President has no such authority.

Mr. CRISP. But Congress has.

Mr. HAWLEY. The Congress might fail to act. As we know, very important legislation frequently dies on the calendar, even where both Houses desire its passage, but in the closing days of a session they are unable to reach it.

Mr. RAGON. Would not this have the highest advancement on the calendar? Would not this take the status of privileged legislation?

Mr. HAWLEY. Yes; but privileged legislation does not always get through both Houses.

Mr. MILLS. Of course, I can not conceive, Mr. HAWLEY, frankly, the Tariff Commission changing the tariff on a raw material and leaving the manufactured article where it stood before. I think that is too remote a danger to worry about.

Mr. HAWLEY. Do not you know, then, if one article is asked to be considered—take the instance I cited, and, as I said before, there could be numberless instances cited, of long-staple cotton—that where there has been an investigation asked for that, they could consider every other schedule and every other tariff rate affected by it and make a general report on the whole subject?

Mr. MILLS. I think they must of necessity consider the articles manufactured from long-staple cotton that are subject to duty. Mind you, that is my interpretation of the present law. That is one of the reasons why I believe it would be so difficult to refer it back to the Congress, without raising a good many schedules in the law, because it is very rare when you deal with a single article that it does not touch other articles.

Mr. HAWLEY. There is another point in this bill that is connected with this: It provides an amendment from the floor of the House must be germane. Would not an amendment to any paragraph in Schedule 9, or the sundry schedule, which I think is Schedule 16, be in order when an amendment of section 7 was proposed?

Mr. MILLS. Mr. HAWLEY, I am not enough of a parliamentarian to pass on that. I would rather have Judge CRISP'S opinion.

Mr. CRISP. I would like to answer that, as to what would be my judgment about it. Take your illustration: If the Tariff Commission was to recommend the change of duties that are to be consistent and equitable and just, they would have to recommend changes in other schedules affecting the raw materials, etc. And when that report came to Congress, if the Ways and Means Committee were going to pass a bill, in that bill would be provisions dealing with all of the schedules that were at all involved in that change, and all of those matters affecting that item, whether they were in 1 schedule or 4 or 5 schedules, would be in the bill and it would be up for consideration. And if the Congress acquiesced in it and the Tariff Commission recommended changes in a different schedule and Congress acquiesced, without taking action all of the changes and all schedules involved in the change would become law, as recommended by the Tariff Commission.

Mr. CHINDBLOM. In other words, you are of the opinion those would be germane amendments?

Mr. CRISP. Yes. I think they would be included in the bill, Mr. CHINDBLOM.

Mr. CHINDBLOM. Let me add right there that they could not be included, even by the Committee on Ways and Means, in a bill based upon the report of the Tariff Commission unless they were germane.

Mr. CRISP. No; but if the Tariff Commission recommends a change in a tariff on some finished product, the reduction of the tariff on some finished product, then, of course, the manufacturer would know about some changes that would be necessary in the cost of his machinery or raw material, etc. All of those things would be set out in the report of the Tariff Commission, and any bill passed would include all of those necessary changes to make effective the recommendations of the Tariff Commission, and they would all be in that same bill before the House at the same time.

Mr. HAWLEY. Suppose what the judge has just stated would happen—but it so occurs that there is omitted some adjustment, by oversight or otherwise, that ought to have been made—would an amendment to take care of that particular item be germane on the floor?

Mr. CRISP. I would say—of course all human beings make errors—but I would think if there was one omission that was absolutely necessary to carry out the purpose of the recommendation of the Tariff Commission, it would be germane, relating to those particular items involved in that bill, and would be in order.

Mr. CROWTHER. There are one or two questions I would like to ask Mr. CRISP. Suppose the limitation of 90 days were put in and if action was not taken, the legislation automatically would become effective. Now, suppose 88 days of that time are consumed in the House, only permitting two days for action in the Senate, would not that create considerable disturbance?

Mr. CRISP. Mr. CROWTHER, I have thought of that, and it seems to me as tariff measures must originate in the House it might be wise, if you are going to adopt that suggestion, that the House must pass the bill or resolution within a specified time, to prevent the recommendation from going into effect; because tariff legislation must originate in the House. Now, I can see where the Senate might figure that was taking away from them certain powers; but they have not any power anyhow unless the House originates it.

Mr. CROWTHER. That is true.

Mr. CRISP. And practically that sort of provision would not be depriving the Senate of any of the powers which they now have; because, unless the House originates a tariff bill, they can not act.

Mr. HAWLEY. Judge CRISP will recall, I think, that in the consideration of tariff measures the Senate always takes more time than the House.

Mr. CRISP. Yes. It is a body of unlimited debate.

Mr. HAWLEY. Now, the limit on the power might easily run beyond the specified period, while Congress might not be in session.

Mr. CRISP. I have thought of that suggestion.

Mr. CROWTHER. I would like to say to the Under Secretary of the Treasury, Mr. Mills, that I certainly think his suggestion is a fine one as regards the President having a definite policy before entering upon or making any preliminary preparations for an

international or permanent conference. I think the people of the country have an idea we have never emerged from one of those conferences with any great advantage to ourselves. Do you not think it might be possible, unless our representatives went into such a conference regarding tariffs with a definite policy, that they might emerge from that conference, so far as Uncle Sam is concerned, dressed in less clothes than Gandhi wears. I think they would even steal the safety pin. [Laughter.]

Mr. VINSON. Do not you think that is the motivating force behind the inclusion of the language there with reference to the cancellation and reduction of governmental debts?

Mr. MILLS. That is the real reason for putting it in?

Mr. VINSON. Yes.

Mr. MILLS. Yes; I take it, that was the reason for putting it in, but the thing that rather puzzled me was the only trade barrier mentioned was international debts, and then that was the one barrier that was not to be touched.

Mr. VINSON. You refer to it as a barrier. Do not you think the draftsman of that proviso might have been thinking of the burden of international debts being shifted to the back of the American taxpayer?

Mr. MILLS. No. I think it found its place in this bill because of the argument that has repeatedly been made, but which I for one have never acquiesced in, I may say in passing, that foreign debts could not be paid unless the present tariff law was amended. I think it was recognition of the validity of that argument and a determination not to recognize it, that is the reason this provision is incorporated in this bill. There comes the question repeatedly, you know—particularly from Europe, How can you expect us to pay out debts when you won't let us sell you our goods?

Mr. CRISP. I had nothing to do with the drafting of this bill, but I think I know what this provision was put in there for. Under the formula laid down by the President in this conference for negotiating trade agreements and removing tariff barriers, it was put in there that they could not give away or make any change in investments due us for the purpose of getting concessions with foreign governments in tariff agreements. I think it was planned to make those agreements be based on actual trade agreements as to tariff duties and other matters, and not for us to get changes in tariffs by giving up a part of the money that a government owed us under these debt settlements.

Mr. MILLS. In other words, we were not to use any of the blue chips?

Mr. CRISP. Yes. That is what I think it was put in there for.

The CHAIRMAN. You stated, as far as section 4 was concerned, by reason of its being so indefinite, and so forth, you could not understand what the intention of the Congress was—the purpose of the Congress was, I believe, were the words you used—for inserting section 4. I want to say there were many purposes which prompted the insertion of that section. There is a widespread belief among the American people, among many whose opinions are worthy of credence, that by reason of certain rates in the tariff act of 1930 we have incurred the hostility of many nations, and this hostility has been reflected by retaliatory tariffs, which have had many disastrous results in this country, one of which—I will not enumerate them all—is to accumulate in the warehouses and other places in this country an immense surplus of both manufactured articles and agricultural commodities, because there is no market for these articles and commodities to date. A glance at the immense and alarming decrease of our exports since this tariff act was enacted—whether it was due to the tariff act or not, this alarming decrease in our exports goes to prove the assertion that whether the tariff act itself was to blame there are piling up in this country great surpluses of manufactured articles and, by reason of this surplus, agricultural products are selling far below the cost of their production. Again, another result of this, I will state, in the opinion of many is that our manufacturers, by taking a few key men with them, have gone abroad and are manufacturing articles which prior to 1930 were made and manufactured in the United States, with the result that, having taken with them only a few of their key men, these manufactured articles are now being made, at least, by employees who do not live in this country, with the attendant result that hundreds of thousands of American employees are now out of employment because of the manufacturing that is being done in other countries. I could go on and illustrate that by the fact that in one town I was in, in one day, I saw two groups selling stocks of a certain American manufacturer in France, and another one was selling stock of a certain manufacturing plant which had gone into Italy because of the fact that the tariff on the articles had been increased 100 per cent, which had made it absolutely impossible for the American manufacturers to hold that market over there by sending the articles from America. The consequence was that plants of the same name as the plant here in America were established in those foreign countries, and the thousands of American workingmen who heretofore had been manufacturing those articles were out of employment and joined the great army of four or five or six million men unemployed that we hear so much about, and that work was being done in foreign countries.

Now it was in the hope—we may not reach it, but I will say to the Under Secretary of the Treasury it was with the hope that some of these tariffs which so many of us, and I am one of the number, believe are retaliatory tariffs enacted against us—it was with the hope that by some kind of conference, whether it be a permanent or temporary one, we could get together and relieve the situation, which the Secretary of the Treasury and the Under Secretary himself knows is reaching an extent in this country that is causing uneasiness and alarm to all thoughtful persons.

I just say to my good friend from the Treasury that what I have stated were some of the purposes which we sought and which we are seeking to accomplish by the insertion of section 4, although we may not be able to accomplish them.

Mr. MILLS. Mr. Chairman, I do not want you to misunderstand me. I am not contending that excessive tariff barriers are not a very real part of the picture in the present dislocated economy of the world. I am not contending some of them are not discriminatory. But I still maintain that, even with the praiseworthy objectives which you have mentioned, the place to lay down the tariff policy of the United States Government is in the House of Representatives and not in an international conference. Now, if you want to lay down your policy, and will tell your representatives what principles they are to follow at that conference, why then some good may come of it. But I dislike the idea of having the tariff policy of the United States initiated at an international conference.

Mr. RAINEY. Mr. Mills, is not this section 4 simply a method of getting at the facts and getting the recommendations of the international conference that may be held in the manner provided in this bill back to the House, so that the House can enact the affirmative legislation?

Mr. MILLS. Mr. RAINEY, if that is the purpose, those results and reports are already available; because they will unquestionably follow the lines taken by two of these conferences that have been had in the course of the last four years.

Mr. RAINEY. I know, but they change overnight their tariffs; they can do it much more quickly than we can, and the effect is disastrous upon our exports, and some of us could think of no other way of doing it except by an international conference of this kind. Of course the tariffs which competing commercial nations are establishing and making higher all the time, some of them have bargaining tariffs and they are bargaining with each other and we are left entirely outside of the wall; even though this bargaining is occurring, none of them are bargaining with us, and we had the thought that this might get us in on this bargaining, so that we would get some benefits out of it for our interests. That was the motive.

Mr. MILLS. Of course the bargaining method I think is a reversal of the traditional policy of this country. It is a very big question.

Mr. RAINEY. We have reversed the traditional policy of this country in the present world crisis. The policies of a hundred years ago do not apply now, and we have the world's condemnation, even of such places as Great Britain.

Mr. MILLS. Mr. RAINEY, even admitting the validity of such a policy, I for one would still insist that the policy to be followed by the delegates of the United States should be laid down by the Congress of the United States.

Mr. BACHARACH. I just want to ask the chairman, speaking of excessive rates, whether the orderly procedure would not be for him at this particular time to complain to the Tariff Commission and ask for a lowering of rates on commodities of his own State, or the raising of them. It would seem to me that would be the orderly procedure and, as far as my observation goes, and as far as my knowledge goes, and I think the witness will bear this out, long prior to the passage of the recent tariff American manufacturers were maintaining plants abroad in all parts of Europe. Probably some few have been started since, but I doubt whether they have been very successful. As I say, it would seem to me that the orderly procedure in this matter would be for Members, who think the tariff is too high or too low, to complain to the Tariff Commission. Then, if they do not give them redress, we are justified in passing a little legislation.

The CHAIRMAN. Does the gentleman address that question to the chairman?

Mr. BACHARACH. I addressed that question to the chairman.

The CHAIRMAN. I would like to say to the gentleman from New Jersey, in regard to my going up there and settling all these great international matters, I appreciate the compliment he has implied by suggesting that I go and take the tremendous responsibility on my shoulders; but I want to say, further, by reason of the tariffs here and there, we have incurred the hostility of other countries to the extent that they have placed prohibitory tariffs on articles which were not raised by the tariff act of 1930, and in which Americans did a tremendous business at the time over there. And where they had those retaliatory tariffs, the purpose of this was—there are two tariffs involved in this, our tariff and the retaliatory tariff that the other nation has placed on our goods, and in order for us to get the retaliatory tariff removed, I do not believe, with all deference to the gentleman from New Jersey, that either the chairman or this committee, or the Tariff Commission would have anything to do with the tariff of Great Britain, France, Italy, or somewhere else.

Mr. BACHARACH. Then, if I understood the chairman correctly, he believes the other tariff countries should settle our tariff laws and tell us what duties we should have on merchandise.

The CHAIRMAN. No. What the chairman believes is this: There have been certain prohibitive rates that never should have been put in the tariff act of 1930, which have so incurred the hostility of other nations that they have picked out in many instances and selected those articles of American manufacture where they thought they could show their retaliation in a certain way, with the result that we here in America have thousands of men out of employment that heretofore were employed, and the further

result that we have surpluses piling up that we can not dispose of.

Mr. LEWIS. Mr. Chairman, I would like to ask a question of Mr. Mills. You speak of a permanent organization, and say if it needs an organization, as a substitute or an additional organization, that the nations are already organized for this purpose. I do not want you to answer this question if you think it requires more consideration; but have you any objection to the United States participating with the existing organization for the purposes of this resolution?

Mr. MILLS. Well, as a matter of fact we have. We attended the conference in 1927.

Mr. LEWIS. As a member?

Mr. LIVESEY. It did not discuss the tariff rates. We attended a world economic conference under the auspices of the League of Nations.

Mr. MILLS. We attended an economic conference under the auspices of the League of Nations in 1927?

Mr. LIVESEY. It was not members of our Government who attended, but their expenses were paid under an appropriation authorized by Congress.

Mr. LEWIS. As a member, to make proposals and receive proposals?

Mr. MILLS. Not officially as representatives of the Government but under an appropriation provided for by the Congress.

Mr. LEWIS. Well, were you there as a full-fledged representative of the United States, as a member, prepared to make proposals, negotiations, and to receive them in turn?

Mr. MILLS. They did make proposals, and they drafted a convention which we subsequently ratified. Certainly, they made proposals, and my impression, subject to later correction, is that they drafted a convention relating to export duties and discriminatory trade practices which subsequently were ratified by our Government. Mr. Livesey shakes his head, but that is my impression.

Mr. LIVESEY. The convention I mean negotiated by the international conference under the auspices of the League of Nations was an import and export prohibition convention. They did not deal with tariff rates.

Mr. LEWIS. Were you there as members, or as observers?

Mr. MILLS. We had representatives there. They were not Government representatives; they were not officially appointed to represent the Government but went there with their expenses paid by an appropriation made by Congress. Subsequently we were officially represented on a committee which drafted the convention relating to import and export prohibitions and certain technical tariff matters—a convention which subsequently was ratified by this Government. But the point is that there is a permanent, full-fledged organization with subcommittees and a permanent staff that is constantly engaged in studying these problems, and that their information has been made available to the international conference in which we participated, and resulting, in one instance at least, in a convention which we have adopted.

Mr. LEWIS. If the Under Secretary can do it without inconvenience and without impropriety by the disclosure of a State procedure, I would like to have filed in the record a statement of the participations and the character of the participations of our Government in this organization to which you refer.

Mr. MILLS. We will be glad to do that. But I may say, Mr. Chairman, in reference to that question and the one asked by Judge Dickinson, that Mr. Livesey, of the State Department, is here now and better prepared to answer these questions as to treaties, conventions, and international conferences than I am.

Mr. WATSON. If your suggestion is serious, to permit the League of Nations to write the tariffs of the world, I would like to suggest that this League of Nations has failed to stop wars up to the present time.

Mr. MILLS. Oh, Mr. WATSON, I never suggested—please bear with me—I never suggested that the League of Nations should write our tariffs.

Mr. WATSON. What did you suggest?

Mr. MILLS. If I suggested anything like that, or anything that remotely resembled it, it was far from my thought. I stated the place to write the tariff act of the United States was in the House of Representatives and not in an international conference.

Mr. WATSON. No; I beg your pardon. You said it would have to be an international conference, and why not let the League of Nations do it? Was not that what you said?

Mr. MILLS. No. Addressing myself to the word "permanent," to create a permanent organization to study international trade problems, I pointed out a permanent organization was already in existence, which was completely organized and made available currently all information on this subject, and I doubted whether foreign nations, simply at our invitation, would be willing to duplicate an organization already in existence to serve that precise purpose. That was directed to the word "permanent" in the bill.

Mr. WATSON. Then if there would have to be a permanent organization, you favor the League of Nations? Was not that it?

Mr. MILLS. No. I am very sorry, Mr. WATSON, but you can not wish that on me.

Mr. WATSON. If we were to permit the United States and Europe to write a tariff bill, then, and fail, why should we have any reason to think that the nations of the world would join an international conference?

Mr. MILLS. I do not know. This is not my bill; I am here opposing it.

Mr. WATSON. So am I; but I am trying to get the information of why you oppose it, so as to make it all the stronger for the people who are already against it.

The CHAIRMAN. We thank you very much for your appearance, Mr. Secretary.

Mr. TREADWAY. Now, coming back to the bill. This is recognized as the first child of the so-called Democratic policy committee. It is not expected that an infant just born shall show much sense or judgment. But the parents of the newborn babe watch its growth and development and look for anything showing intelligence in the little child. The parents seem to be delighted with its development, and if this first-born child is any indication of what we may expect in the future from the Democratic policy committee, the Republican side may safely congratulate the parents of this infant. [Applause.]

It seems to me that there are two outstanding features in connection with this so-called policy bill. The first is the utter lack of necessity for its introduction, and the second is the utter lack of evidence of its merit.

The method in which this bill has been put through reminds one of the old-time hackneyed cry of the Democrats about Republican gag rule. At the hearing on this bill on Tuesday last it was very interesting to be informed that the Republicans would have every opportunity to sit in, offer amendments, and have witnesses and departmental officials attend, but that, irrespective of evidence, irrespective of need, irrespective of anything, the Democratic steam roller was operating, and the bill would be passed practically as introduced before Saturday night. We are now witnessing the rapid accomplishment of that purpose.

Some of us look forward with anticipation to a return of the Republican Party to power in this House. When that happy day comes I hope some of us will not be so forgetful as to overlook the manner in which this bill has come before the House. It was introduced on January 4, hearings completed, the bill considered in executive session, reported to the House, and on its way to passage before Saturday night, January 9—five days from birth to maturity.

Now, I greatly enjoyed the remarks of the gentleman from New York [Mr. O'CONNOR] when he said in effect that this set a precedent for the future in the handling of bills. Well, Members of the House, ladies and gentlemen, if this sets a precedent of the future manner in which a tariff bill is to be handled by Congress, the Lord help us from the gag rule, to which the Democrats so fondly refer when Republicans were reporting a tariff bill requiring two years to prepare and present to this body. Set a precedent, doing away with politics, taking the tariff out of politics! Why, it does nothing but put it into politics from the time the gavel falls in the House until we adjourn, providing you adopt the present bill, which provides that all findings of the Tariff Commission must be referred back to Congress. That is old Democratic stuff when that party was in the minority. Our genial present Speaker fathered that proposition some time ago, and it was buried deep by Republican doctrine where it belongs. That is one way the Democratic Party wanted to get the tariff into politics—introducing the idea that every item must come back to Congress. You will never have freedom from the tariff, no permanency of the tariff law, if that system is to be adopted by Congress.

No; there is absolutely no reason for the introduction of that clause, and there has been no evidence submitted that it should be adopted.

Much has been said about an emergency. There must be a tremendous unknown emergency existing to require our traveling at the rate of speed we are going in passing this bill. Some States have laws governing speed limits. The Democratic policy committee would be arrested in about every State in the Union if it indulged in this sort of speed with its automobiles.

The majority have not considered the merits of this bill, and of course are not expecting to make any arguments in support of it, so possibly it is not up to us to debate the subject at any length. The fact is that very brief debate will care for the merits and very much longer statements would be necessary to show its demerits.

An observation made yesterday by the chairman of the Ways and Means Committee, a part of the record which, of course, is unavailable, was as follows:

What the chairman believes is this: There have been certain prohibitive rates that never should have been put in the tariff act of 1930, which have so incurred the hostility of other nations that they picked out in many instances and selected those articles of American manufacture where they thought they could show their retaliation in a certain way with the result that we here in America have thousands of men out of employment that heretofore were employed and the further result that we have surpluses piling up that we can not dispose of.

Now, our good chairman made that statement extemporaneously. I think if he had stopped to think and exercised the gray matter with which he is so well supplied, he never would have said it. Why, he says, there has been certain prohibitive rates that never should have been put in the tariff act. A few days ago the gentleman from Kansas [Mr. STRONG] and myself asked specifically for answers to the direct question, "What rates in the act of 1930 do you say are too high?"

Have you heard it answered? No. I have been asking that question for a year of these people who tell about the 1930 tariff having too high rates and there has never been any specific reply made to that inquiry. Why? Because if any Member of Congress or any organization has any idea of the rate being too high or too low, he or it can appeal to the Tariff Commission, a fact-finding body. Just a few minutes ago my genial colleague and intimate friend from Massachusetts [Mr. CONNERY] stated that he was the only Member of Congress who had applied to the Tariff Commission, and he got exactly what he wanted. In fact, he got so much in the original 1930 act that he voted for it. He has always been proud of it ever since, and we have been proud of him that he so voted.

Mr. CONNERY. Will my colleague permit an observation?

Mr. TREADWAY. Yes.

Mr. CONNERY. I hope to follow the gentleman in his remarks now, and I am then going to tell him and the Members of the House that I was not glad to vote for that bill, but that I had to vote for that bill to get my tariff on shoes.

Mr. TREADWAY. The gentleman had so much in the bill, that he could not help voting for it, after we gave him so much as we did on the shoe schedule. The gentleman made two applications to the Tariff Commission for changes, one of them on turned boots and shoes of leather not specially provided for. He asked for a decrease from 20 to 10 per cent ad valorem. That was granted. The hearing was held and the date of the proclamation was December 2, and it was effective as of January 1, 1932.

He also asked for a change increasing from 20 to 30 per cent the ad valorem duty on McKay sewed boots and shoes of leather. This also was granted and was proclaimed December 2, 1931, and became effective January 1, 1932. In one he wanted a decrease and in the other an increase, and through the action of the Tariff Commission the two things that he applied for were granted. Still, we are asked by this child of the Democratic policy committee to provide a "consumers' counsel." Who ever heard of such an absurd thing as providing such a counsel? Nobody knows who the consumer is, as the gentleman from Oregon [Mr. HAWLEY] so aptly stated. A Member of the House, irrespective of party, can go before the Tariff Commission and secure a decision absolutely in accordance with his requests, provided they are found to be based upon facts. Is the consuming public being very seriously injured under such circumstances as these? There is another feature that I think we should touch upon: For whom does the American Congress legislate? I would like my Democratic friends to answer that question. I conceive that we are sent here representing the American people, and not some foreign nation that does not like our style of legislation or the kind of laws that we enact. Altogether too much reference and ridiculous statements have been made about our tariff and what it is doing in foreign countries. Let us investigate that a little bit. When the Smoot-Hawley bill was in conference several foreign countries, I think nearly 20, protested against certain changes that had been suggested through the official channels of the State Department.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HAWLEY. I yield the gentleman two additional minutes.

Mr. TREADWAY. All I shall say in that connection is this, that in spite of such a protest as we speak of, one of the representatives of the Treasury Department investigating tariff subjects abroad was offered a decoration by the Italian Government. That does not show any very great hard feelings on the part of the very country that we raise more duties upon than on any other in Europe. The Swiss Government protested officially against the watch schedule. I claim that our American watch factories can make just as good a timepiece as can be made anywhere in the world, the only difference being that if you want the timepiece combined with a little jewelry for your wife or sweetheart, the hand labor in Switzerland can do it more cheaply than we can. Therefore, I say that when we rewrote the watch schedule and protected American industry, we were doing a duty by the employee and the employer. That we succeeded is evidenced by the fact that in the past six months the number of Swiss watches imported was less than one-quarter of the number imported in the first six months of 1930. That is the whole matter of this international relationship, and until we establish what is our own policy here at home, as Mr. Mills so well said in his testimony before us yesterday, how can we enter into international negotiations having to do with a change in tariff rates?

Mr. VINSON of Kentucky. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, ladies and gentlemen of the committee, it is a real privilege for me to-day to be able for the first time since the passage of the tariff act to express my feelings on the floor of this House with reference to my vote upon that bill and about the situation in respect to the tariff on shoes. When the tariff bill was under consideration I was talking, dreaming, and thinking about shoes all day long—so much so that my distinguished colleague from New York [Mr. O'CONNOR] used to call me Kid Boots, after the character that Eddie Cantor appeared in in a Broadway production. The distinguished gentleman from New Jersey [Mr. BACHARACH] said that he did not see how I could go along with this bill specifically with reference to the provision about an economic conference. I am going along with this bill, and I say to the gentleman and to my dear friend and colleague from Massachusets [Mr. TREADWAY] that when I voted for the tariff bill I voted for it because after my nine years' experience in Congress I knew that under our present tariff laws the only way to get something for your district was to trade when a tariff bill came up for action. Every time I vote I would like to be able to legislate for the entire American people as well as for my district, but in my time in Congress I have not yet met any Member of Congress who will vote against the interests of his district if he can possibly help it. Naturally the people back home come first in his regard, and that seems to me proper in a Representative.

Mr. McGUGIN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. McGUGIN. Was the tariff on the gentleman's shoes wrong against the Nation and only of benefit to his district?

Mr. CONNERY. Oh, no. If the gentleman will listen a few moments, I will tell him. This bill which we are considering to-day is the first bill in reference to the tariff that I have seen since I have been a Member of Congress that would allow me the privilege of voting against protection for Andrew Mellon's aluminum trust and the Chemical Trust and other big combines in the United States, and at the same time vote for really meritorious products like pottery, farm products, shoes, and glassware, and other industries which had real cases and were in vital need of protection.

Mr. McGUGIN. Why does the gentleman not bring in a bill to repeal the tariff on aluminum instead of the bill we are now considering?

Mr. CONNERY. I am not a member of the Ways and Means Committee, but I would certainly be glad of a chance to vote to repeal the tariff on aluminum.

Mr. SCHAFER. Will the gentleman yield?

Mr. CONNERY. If the gentleman will wait a moment, I will be glad to yield.

I voted for the Hawley-Smoot bill because I know what goes on in Congress. When that bill came out of the Committee on Ways and Means it did not contain a tariff on shoes. Do not forget that it was only after pressure was brought by labor in the United States that a tariff on shoes was put back in the bill. Do not forget that when it went to the Senate shoes were put back on the free list again, and then it came back to the House, and in the conference the House stood by its guns, and we got a tariff on shoes.

I make no apologies to anybody in the United States with reference to the case which the shoe manufacturers and workers had before the Tariff Commission or before Congress, a good case, and a good reason why a tariff should be put on shoes. You gentlemen will remember the arguments we used. We had 6,000,000 pairs of shoes a year coming in from Czechoslovakia which were underselling our American products. When I went before the Tariff Commission last June and recommended a 50 per cent increase in the tariff on shoes I explained all of those things to the commission. They put up the tariff 50 per cent on the McKay-stitched shoe and they put it down 50 per cent on the turn shoe. I think that was right. All I ask is that the Congress of the United States be able to legislate, item by item; and when we have the Aluminum Trust before us, which does not need any protection, and to which every housewife in the United States pays tribute, we could vote against it. When we have the Chemical Trust rates before us we could vote against them. When we had the Ohio pottery industry or shoes from Massachusetts or Missouri, or any place else, any industry that had a really good case, we could vote for it. The shoe industry is highly competitive all through the United States, and there are no combines in this industry, because every shoe manufacturer in the United States is in active competition with another manufacturer somewhere.

Mr. TREADWAY. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. TREADWAY. If that question of having a tariff on shoes was submitted to this international conference which this bill seeks to establish and Czechoslovakia is represented there, would the gentleman approve of a tariff being considered by such an international conference?

Mr. CONNERY. Yes. I would allow it to go to an economic conference. That conference has no power to set rates of duty on any commodity. [Laughter.] It must come back to Congress. Congress alone could set rates.

Mr. McCORMACK. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. McCORMACK. I would like to call the attention of the gentleman and the other Members of the House to the fact that we have already had our representative officially representing the United States in an international economic conference called by the League of Nations, reporting to the League of Nations, and the present Republican administration sent official representatives of the United States Government to represent this Government at that conference, when we are not members of the League of Nations.

Mr. CONNERY. We are not bound by anything they do. We will not be bound by anything they do in a conference, as suggested in this bill, unless the Congress passes on it.

Mr. SCHAFER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. SCHAFER. I agree with the gentleman's position on shoes and leather, but I go a little further. I voted for a protective tariff on products which are not manufactured or raised in my district, because I did not think I could consistently say I would vote for a protective tariff to protect the workers and industries in my district and not vote for a tariff to protect those in other parts of the country.

Mr. CONNERY. So did I. I would not ask the farm group to vote for a tariff on shoes and leave them out in the cold on their products, and I did not. I voted with them. But I did not like to be obliged to vote for industries which did not need protection in order to get protection for industries which did need it.

Mr. SCHAFER. Now, the gentleman has talked about Andy Mellon's Aluminum Trust and several other exorbitant tariffs. The gentleman exercised his right as a Member of Congress and appeared before the Tariff Commission in favor of an increase in certain tariffs in which he was interested.

Mr. CONNERY. One tariff—the tariff on shoes.

Mr. SCHAFER. And the Tariff Commission granted the gentleman's request.

Mr. CONNERY. They put the rate up 50 per cent on one product and down 50 per cent on another.

Mr. SCHAFER. But it was satisfactory to the gentleman.

Mr. CONNERY. Perfectly.

Mr. SCHAFER. Why did not the gentleman go before the Tariff Commission and ask it to reduce some of the tariff rates of the trusts which he complains about instead of coming here and trying to demagogue on the floor of the House? [Laughter and applause.]

Mr. CONNERY. If I ever had any idea that the Tariff Commission of the United States would reduce the tariff on aluminum, I would have been before them long before this.

Mr. SCHAFER. The gentleman must have had faith in the commission or he would not have taken the time to appear before them asking for a tariff on shoes. Do not beat around the bush.

Mr. CONNERY. The gentleman remembers all about the Coolidge report on sugar, and the gentleman knows how much chance there would be to reduce the tariff on aluminum.

Mr. SCHAFER. I voted for the tariff on sugar and sugar is cheaper to-day than it has ever been in the history of our country. [Laughter and applause.]

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. COOPER of Ohio. I feel much pleased that the gentleman from Massachusetts was able to go before the Tariff Commission and get a 50 per cent increase in the tariff on a certain make of shoe. I think they are entitled to it. The gentleman did some fine work and it was fast work. The gentleman spoke about the fight that was made against the tariff on shoes in the House and Senate. How long does the gentleman think he would have had to wait if that question had been left to the House, before he got a 50 per cent increase?

Mr. CONNERY. I will say to my distinguished friend from Ohio who did so much to get a tariff placed on shoes and finished leather that I will take my chances with this House any time on a fair proposition.

Mr. COOPER of Ohio. The gentleman knows the great fight he had to make to get a 50 per cent duty on shoes in this House.

Mr. CONNERY. The gentleman knows also, because the gentleman and I were in his office when that bill came out of the Ways and Means Committee, that the bill came out without any tariff on shoes, and the gentleman knows well how we finally got a tariff on shoes, and it was not due to any sympathy on the part of the Republican administration.

Mr. BLANTON. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. BLANTON. I wonder if the gentleman could get our high protective tariff friends on the other side to explain to the country why they have refused continually to give the independent oil companies of the United States a tariff on crude petroleum? My high-tariff friend from New York, Doctor CROWTHER, can not explain that, because his entire committee was in favor of it until Mr. Andy Mellon sent opposition up there and gummed the cards.

Mr. CONNERY. I believe this bill, especially that portion dealing with the consumers' counsel, will help materially in doing away with logrolling. At any rate, I am in favor of giving it a try. It will be well worth while if it will give us a chance to vote our convictions and allow us to legislate for the little fellow who needs protection and free Congress from the influence of the big combines. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. DALLINGER]. [Applause.]

Mr. DALLINGER. Mr. Chairman, ladies and gentlemen of the committee, I did not interrupt my good friend and colleague from Massachusetts [Mr. CONNERY] because of my very high respect for him. He was one of the Democratic Members who, as he says, "played the game." He did not, when he succeeded in getting a duty upon something that was vital to his district, then vote against the Hawley bill. [Applause.] He made one of the most effective speeches upon the floor of this House in favor of the Hawley-Smoot bill, and in favor of the American system of protection.

My friends, in the old days, when electricity was young, they used to light the streets with arc lamps without any glass protection. Around every one of those arc lamps in the summer time there were always a lot of moths. They seemed to be irresistibly attracted to the light, and at the bottom of every one of those lights you would find a lot of dead moths. Now, there has existed for years a similar attraction toward the indoor sport of attacking Republican protective tariff acts on the part of our Democratic friends.

I remember, when I was working my way through Harvard College, that there occurred the congressional campaign of 1890. The Democrats, true to form, were vehemently attacking the McKinley tariff law. They continued that attack with still greater violence during the presidential election of 1892. They held up the McKinley tariff as a horrible example of the deliberate plundering of the great mass of the people in the interest of "robber barons." Major McKinley, brave soldier of the Civil War, was vilified and abused as an oppressor of the common people, and was cartooned all over the country as a "tool of the trusts." Well, the Democratic spellbinders fooled the people, and Mr. McKinley was defeated in his own district. Uncle Joe Cannon was defeated in his district, and there were hardly enough Republicans elected to the House of Representatives at the presidential election of 1892 to count.

The Democrats had an overwhelming majority in both Houses of Congress and they had the Presidency. They proceeded, true to form, to repeal the wicked McKinley tariff law. They passed the Gorman-Wilson bill, and then just as soon as the people got a chance at them they elected an overwhelming Republican House of Representatives in 1894 and in 1896 they elected William McKinley President of the United States by the largest majority ever given any candidate up to that time. [Applause.]

In 1912, not due to the fact that the people had changed their minds on the question of a protective tariff but simply because the party standing for protection was split in two, a Democratic President was elected and an overwhelmingly Democratic Congress. True to form, like the moths that hovered around the electric lights, the Democratic President called a special session of Congress to repeal the existing Republican tariff law, the Payne-Aldrich Act. The Democrats then passed in place of it a Democratic tariff measure, the Underwood bill. Gentlemen, you know what happened. Just in a few months after that bill had a chance to operate the factories in Mr. CONNERY's district, in my district, and in countless other districts shut down or began to run on half time. It was only because of the great World War breaking out in Europe, causing practically all importations from Europe to cease and giving us practically a prohibitive tariff during that war, that the Underwood tariff law was not able to operate and cause further damage. But every Member of this House will remember that just as soon as the war was over and the men in Europe went back to industry that foreign countries began to dump their goods upon our shores, and to such an extent that even the Democratic Party had to advocate an antidumping measure. The Fordney-McCumber protective tariff bill, passed by a Republican Congress and signed by a Republican President, was enacted only in the nick of time to save our industries from destruction.

My friends, in that bill, and reenacted in the Hawley-Smoot bill, was the so-called flexible provision authorizing the President on the recommendation of the Tariff Commission to raise or lower existing rates of duty up to 50 per cent. Outside of the McKinley tariff bill there probably has been no law in our history that has been so misrepresented as the Hawley-Smoot bill. As has been stated before in this debate, we have challenged our Democratic friends to point out any schedule that is wrong, and we have said to them that if there is any schedule that is wrong they have their remedy. The object of the present President of the United States in signing the Hawley-Smoot bill and in advocating its passage was to take the tariff out of politics. You have a nonpartisan Tariff Commission, a fact-finding commission. I know the Democratic members of that commission. One of them served in this House with me as a Congressman from the State of Indiana. Have you Democrats no faith in the Democratic members of the Tariff Commission?

Why, my friend the gentleman from Massachusetts [Mr. CONNERY] has stated that he went before that commission and presented his case, and the commission gave him the relief for which he asked. If a duty on aluminum or any other duty in the Hawley-Smoot bill is either too high or too low you have your remedy.

This bill that you are now bringing in and giving the right of way at a time when great, constructive measures recommended by the President and designed to restore the confidence of the American people ought to be here and passed will simply put the tariff back in politics and keep it in politics all the time.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. COOPER of Ohio. At the same time that the Tariff Commission granted this increase of 50 per cent, I believe they reduced duties on other articles that they thought were too high?

Mr. DALLINGER. Most assuredly.

Mr. KNUTSON. Will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. KNUTSON. If the Hawley-Smoot bill is as vicious as the Democrats have been claiming for the last 18 months, why did they not bring in a bill to repeal it?

Mr. DALLINGER. That is what we all would like to know.

Mr. BLANTON. Will the gentleman yield further?

Mr. DALLINGER. In a moment. Let me again say to my Democratic colleagues, if there is any duty too high or too low that you find fault with, go before the Tariff Commission, which is a bipartisan commission, with as many Democrats on it as Republicans, and if you do not get relief from the Tariff Commission and the President, then come in here through your Democratic Ways and Means Committee and report a bill remedying it. [Applause.]

Mr. BLANTON. Will the gentleman now yield?

Mr. DALLINGER. Certainly.

Mr. BLANTON. Suppose we Democrats, with a majority of five in the House, should bring in a bill to-morrow repealing the duty on aluminum and pass it, what does the gentleman think his Republican Senate would do with it and what does the gentleman think his Republican President would do with it?

Mr. DALLINGER. I will say to the gentleman from Texas——

Mr. BLANTON. The President would veto it and you gentlemen would not help us pass it over his veto.

Mr. DALLINGER. Not at all. I will say to the gentleman from Texas that he should go before this fact-finding commission and present the facts and prove his case and not simply get up here and say that the aluminum duty is too high, just because the gentleman from Texas thinks it

is too high; but when the gentleman has proved his case and the Tariff Commission has recommended it, then if the Republican President does not put it into operation, come here to Congress, secure a favorable report on your bill from the Committee on Ways and Means, and if you can show that the Republican President is wrong, as one Republican, I will be only too glad to vote with you. [Applause.]

Mr. BLANTON. Will the gentleman yield further?

Mr. DALLINGER. Certainly.

Mr. BLANTON. If the Secretary of the Treasury, Mr. Mellon, is strong enough to send his Under Secretary up here before our Ways and Means Committee and give him authority to represent three departments of the Government, does not the gentleman know he would control the Tariff Commission?

Mr. DALLINGER. Absolutely, no.

Mr. PERKINS. Will the gentleman yield?

Mr. DALLINGER. Yes.

Mr. PERKINS. If they admit they can not put through a tariff bill, are they not admitting that this is merely a political gesture?

Mr. DALLINGER. Absolutely. They talk about the President vetoing one of their bills and then bring in this bill that they know that he or any other President having the best interests of the country at heart would veto. Why do they not come in here with a concrete proposition changing such schedules as they consider too high or too low?

Mr. BLANTON. We Democrats will be able to pass one after next November. [Applause.]

Mr. DALLINGER. Now, Mr. Chairman, it has been said by Democratic Congressmen and Senators—we have had them come up to New England and make such statements—that this wicked Hawley-Smoot bill, although they can not point to any single item that is wrong, has caused unemployment. My friends, as a Representative from New England, let me say that if we had not passed the Hawley-Smoot bill when we did, there would be just twice as many men and women walking the streets of New England as there are to-day. [Applause.]

Moreover, this talk about the retaliation of foreign countries is mere buncombe. I know some countries have used that as an excuse for increasing their duties, but as a matter of fact every one of these countries, when they began to get on their feet, were bound to pass tariff laws not only to protect their home industries but also in order to raise necessary revenue.

Mr. McCORMACK. Will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. McCORMACK. In 1928 the people of the United States were guaranteed prosperity and steady employment if the Republican Party was put in power. Has that promise been kept?

Mr. DALLINGER. I will say to my friend and colleague from Massachusetts that the present world-wide economic depression would have existed no matter what party had been in power. Not only was it not caused by the protective tariff, but if it had not been for the Republican protective tariff, conditions in this country would have been vastly worse. I will call my friend's attention to the case of England. What has happened in the case of England?

Mr. KNUTSON. How about the world?

Mr. DALLINGER. The Conservative Coalition Party advocating a protective tariff, irrespective of any legislation enacted in the United States, because this new English tariff does practically no injury to us, won the recent parliamentary election by an overwhelming majority and now has control of the House of Commons by a vote of 10 to 1. Great Britain, having found out the futility of her free-trade policy, has come at last to see that the policy of protection by keeping the home market for the home producer is the only policy that, in the long run, will make a country great and prosperous. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. FINLEY].

Mr. FINLEY. Mr. Chairman, in the early days of this session, our friends on the south side of the aisle seemed to have just one purpose in view, and that was to hurl their thunderbolts at protection in general and the Hawley-Smoot bill in particular.

When I listened to the rounded periods of denunciation of these two, when I heard them denounced, abused, villified, and ridiculed, and when I heard the moanings and the groanings and the cryings out, I felt certain that the old Democratic mule was in labor and travail.

Mr. PERKINS. Does not the gentleman from Kentucky know that mules do not travail? [Laughter.]

Mr. FINLEY. Perhaps I am wrong, but if the gentleman will follow me I will explain. I was right in my supposition that it was in travail. I supposed that the outcome would be a free-trade Democratic mule colt, but in that I was mistaken, for what really came forth was a mooncalf.

Does this bill look like a free-trade Democratic mule colt? What is there in it that resembles the denunciations hurled at the Smoot-Hawley bill or the promise that as soon as they got the power they would wipe it off the statute books? I will drop it at the feet of those who are responsible for it. [Laughter.]

Mr. CONNERY. Will the gentleman state what a mooncalf is?

Mr. FINLEY. If the gentleman will read more and talk less, he will know almost as much as I do. [Laughter.] That bill starts nowhere, aims in no particular direction, and stops before it gets there. [Laughter and applause.] This thing, this abortion, is without beginning of days or end of time. It has no pride of ancestry or hope of posterity. [Laughter.] What is it? It is the outcome of incest. [Laughter.]

It is repudiated by the Democratic press of the country, and, if you do not believe it, read the columns of the Louisville Courier Journal of yesterday. Every Democrat of prominence in the country is ashamed of it, and I believe, as a matter of that, the Members on that side of the aisle are ashamed of it.

But, my Republican colleagues, do not get the idea into your heads that there is not something in that measure. There is. Back yonder in the days when Grover Cleveland held his first term of office much the same conditions prevailed as prevail now. Cleveland was President, and there was a large Democratic majority in the House, but the Senate was Republican. You might ask the question why those Democrats in that day passed the Mills tariff bill, which they did.

Have the Members on the south side of the aisle grown less earnest in their devotion to the free-trade theories of John C. Calhoun than those were back yonder in the days of Grover Cleveland? Is that the trouble? Have they lost courage? Is that it? Are they unwilling to have the people of the country understand and know what their policy is on the tariff question? What do you propose to do? Is there any declaration there whether you would increase or diminish rates? Are you for protection or are you for free trade? The difference is this: Back in the days of Grover Cleveland there was no wet and dry issue. Now there is. The gentlemen on the south side of the aisle know——

Mr. BLANTON. The east side.

Mr. FINLEY. Is it the east side?

Mr. BLANTON. Yes; we are in the east here in the House.

Mr. FINLEY. You belong south, that is where you belong. You are southern in all your practices and theories, and I insist on saying that you are on the south side.

Mr. BLANTON. The main presiding ones are always in the east.

Mr. FINLEY. Not always. There was no wet and dry issue back in the days of Grover Cleveland, but there is now. A whole lot, or at least quite a number, of the great industrial States are supposed to be wet. Just analyze that, and think for a moment. Why does not the Democratic Party in this bill come out as strong and vigorously as they did back yonder in the early days of the session, denouncing the Hawley-Smoot bill, and practically committing themselves to the policy of free trade? The purpose of this bill is not economic; it is political.

They dare not go into this campaign, into the next presidential campaign, and that is what the bill is intended for, proclaiming themselves free traders, or for tariff for revenue only, and all that sort of thing. They have juggled and jiggled with the difference between tariff for revenue only and free trade ever since I can remember, but they dare not go into the camgaign with such a bill as everything indicated they would bring forth, and why? Because they would lose those industrial States, and they understand that. By this bill that they have brought forth they impugn the sincerity of every speech made on the south side of the Chamber in the early days of the session. How can you expect the people of this country who have read the CONGRESSIONAL RECORD, who have read what you said, to impute anything like sincerity to your practices now in what you put forth?

Mr. BLANTON. Will our antimoonshine friend yield for a question?

The CHAIRMAN. The gentleman declines to yield?

Mr. FINLEY. Oh, you have been on your feet so much that you have worn yourself off to the knees. [Laughter.] Let us not delude ourselves about the purposes of this bill. It is not economic; it is not legislative. It is political, and when they bring in this mooncalf, this monstrosity, upon the floor and ask the people of the United States to accept that as Democratic policy, they are, as I said a moment ago, casting doubt upon the sincerity of every speech made on that side of the aisle in the early days of the session. [Applause on the Republican side.]

Mr. RAGON. Mr. Chairman, I yield 20 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, ladies, and gentlemen, as a Representative from a Kentucky district I trust that I shall proceed in good taste. It was a source of genuine regret to hear Mr. FINLEY in his waving of the red flag of partisanship common to the post-bellum days. Knowing the conditions that prevail in the district of the gentleman who has just preceded me [Mr. FINLEY], I am astounded that he could defend the Smoot-Hawley tariff bill or his party for acts, either of omission or commission, that have so detrimentally affected his district. He represents a great coal district. Its money crop is coal. This great industry in Kentucky is paralyzed, lying prostrate at the feet of Andrew Mellon and the Pennsylvania coal interests, with thousands of the constituents of the gentleman who has preceded me at this moment hungry for work and food.

Mr. FINLEY. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. I am in the same position that the gentleman was in that respect. I refuse to yield. The gentleman from Kentucky refused to yield to many who sought this courtesy from him.

Mr. FINLEY. I want to say to the gentleman——

The CHAIRMAN. The gentleman declines to yield.

Mr. VINSON of Kentucky. I yield to the gentleman, Mr. Chairman.

Mr. FINLEY. I do not know what the gentleman refers to, but I would like to have it stated.

Mr. VINSON of Kentucky. From the time the gentleman took the floor, with the exception of one statement, he declined to yield. I yield to the gentleman, and if I am incorrect in my statement that there are thousands of people in the mountains of Kentucky, in your own congressional district, who are to-day hungry, then explain to the Congress why martial law has recently prevailed in Harlan County, Ky., and why 700 striking miners this week paraded in another county in your district—Bell County.

Mr. FINLEY. Will the gentleman permit me to reply?

Mr. VINSON of Kentucky. I yield.

Mr. FINLEY. To ask the gentleman if that is the only district and the only section of the world in which conditions like that prevail, and whether they charge to the protective tariff the depression in Great Britain, in Italy, in Germany, in Europe, in Asia, Africa, Australia, New Zealand, and all the rest of the world.

Mr. VINSON of Kentucky. It applies to every district in Kentucky, and I dare say to every district in the United States of America. Why, my friends, the acts of the Republican administration working through the power of Mr. Andrew Mellon, of Pittsburgh, with the Interstate Commerce Commission has paralyzed the coal industry in Kentucky. The unprecedented packing of the Interstate Commerce Commission to protect the Pittsburgh coal willfully and with malice aforethought did kill and murder this great industry in Kentucky. It took only the Smoot-Hawley bill to finish the job for the rest of the folks, and the great county of Harlan that formerly returned majorities of eight and ten thousand for Republican candidates in the November election last was found in the Democratic column.

In my opinion his constituents would regret that he occupies the same old stand-pat position to-day that he has occupied from the days of his youth. The Civil War was fought more than 66 years ago. Kentucky is progressive. Her people will not stand still and be crucified by antagonistic economic policies without protest.

Mr. McGUGIN. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. McGUGIN. I understood the gentleman to say that the Hawley-Smoot tariff bill aggravated the situation in the coal fields of Kentucky. If so, why did the gentleman not bring in a bill that would correct that situation and not allow that deplorable condition to continue for another two years?

Mr. VINSON of Kentucky. Gentlemen of the House, I do not think that requires an answer. However, I will refer to it somewhat later in detail. But if the Republican Party intended to operate under a Tariff Commission that is so impartial, so fair, and so accurate in its findings, why did they bring into the Congress of the United States the Hawley-Smoot bill at all? Why did they not apply to the Tariff Commission for relief instead of coming here and passing that bill? [Applause.]

Mr. McCORMACK. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. McCORMACK. May I remind my colleague that in 1928 the people of the United States received the solemn pledge from the Republican candidate for President that he would call a special session of Congress for a limited revision of the tariff for the purpose of aiding agriculture, and that that promise was broken by the passage of the most general revision of the tariff bill upward in the history of our country.

Mr. VINSON of Kentucky. I thank the gentleman from Massachusetts for his contribution.

I decline to yield further for the time being.

Members of the House have made the statement that if this law is written on the books Congress will be surcharged with the recommendations of the Tariff Commission. I think we should be fair. During the eight years which the Tariff Commission operated under the 1922 tariff act—I give you official records—there were 603 applications made to the Tariff Commission for revision of the tariff. There were 56 recommendations sent by the Tariff Commission to the President of the United States. The President acted upon 38 of those. He gave an increase in the tariff rate on 33 and a decrease in 5. There were 18 of those recommendations upon which the President took no action. It is a surprising thing that in the recommendations of the Tariff Commission approved by the President in which decreases were allowed we find such standard general commodities as bob-white quail, paintbrush handles, cresylic acid, and phenol.

If 56 recommendations were the output of the Tariff Commission over a period of eight years, an average of seven per year, and the President of the United States only acted in 38 instances, how can it be said that the Congress of the United States would be flooded and that all its time would be taken up in the handling of tariff matters?

Under the 1930 tariff bill there have been 138 applications for investigation. There have been 39 recommendations made to the President, with 12 increases and 17 decreases.

These figures are taken from the report of the Tariff Commission itself.

With the permission of the House, I insert the following tables relative to the Tariff Commission and its work:

List of subjects with respect to which the President has proclaimed changes in duties, under the provisions of section 315 of the tariff act of 1922

Article	Change in duty	Date of proclamation	Effective date of change
Wheat	Increased from 30 to 42 cents per bushel (60 pounds).	1924 Mar. 7	1924 Apr. 6
Flour, semolina, etc.	Increased from 78 cents to $1.04 per 100 pounds.		
Millfeeds, bran, etc.	Decreased from 15 to 7½ per cent ad valorem		
Sodium nitrite	Increased from 3 to 4½ cents per pound.	May 6	June 5
Barium dioxide	Increased from 4 to 6 cents per pound.	May 19	June 18
Diethylbarbituric acid (veronal).	Increased; duty (25 per cent ad valorem) transferred to American selling price.	Nov. 14	Nov. 20
Oxalic acid	Increased from 4 to 6 cents per pound.	Dec. 29	1925 Jan. 28
Potassium chlorate	Increased from 1¼ to 2¼ cents per pound.	1925 Apr. 11	May 11
Bob-white quail	Decreased from 50 to 25 cents each (valued at $5 or less each).	Oct. 3	Nov. 2
Taximeters	Increased from $3 each plus 45 per cent ad valorem on foreign value, to $3 each plus 27.1 per cent on American selling price.	Dec. 12	Dec. 27
Men's sewed straw hats	Increased from 60 per cent ad valorem to 88 per cent ad valorem on hats valued at $9.50 or less per dozen.	1926 Feb. 12	1926 Mar. 14
Butter	Increased from 8 to 12 cents per pound.	Mar. 6	Apr. 5
Print rollers	Increased from 60 per cent ad valorem to 72 per cent ad valorem.	June 21	July 21
Paint brush handles	Decreased from 33⅓ per cent ad valorem to 16⅔ per cent ad valorem.	Oct. 14	Nov. 13
Methanol (methyl or wood alcohol).	Increased from 12 to 18 cents a gallon.	Nov. 27	Dec. 27
Gold leaf	Increased from 55 to 82½ cents per 100 on leaves not exceeding in size 3⅜ by 3⅜ inches, and on larger leaves in proportion.	1927 Feb. 23	1927 Mar. 25
Pig iron	Increased from 75 cents to $1.12½ per ton.	...do...	Do.
Emmenthaler type Swiss cheese.	Increased from 5 cents per pound, but not less than 25 per cent ad valorem, to 7½ cents per pound, but not less than 37½ per cent ad valorem.	June 8	July 8
Cresylic acid	Decreased from 40 per cent ad valorem and 7 cents per pound, based on American selling price to 20 per cent ad valorem and 3½ cents per pound, based-on American selling price.	July 20	Aug. 19
Phenol	Decreased from 40 per cent ad valorem and 7 cents per pound, based on American selling price to 20 per cent ad valorem and 3½ cents per pound. based on American selling price.	Oct. 31	Nov. 30
Crude magnesite	Increased from 5/16 of 1 cent per pound to 13/32 of 1 cent per pound.	Nov. 10	Dec. 10
Caustic calcined magnesite.	Increased from 5/8 of 1 cent per pound to 13/16 of 1 cent per pound.	...do...	Do.
Cherries, sulphured, or in brine, stemmed or pitted.	Increased from 2 to 3 cents per pound.	Dec. 3	1928 Jan. 2
Rag rugs, cotton (hit-and-miss type).	Increased; duty (35 per cent ad valorem) transferred to American selling price.	1928 Feb. 13	Feb. 28
Barium carbonate, precipitated.	Increased from 1 to 1½ cents per pound.	Mar. 26	Apr. 25
Sodium silicofluoride	Increased; duty (25 per cent ad valorem) transferred to American selling price.	Aug. 31	Sept. 15
Flourspar	Increased from $5.60 per ton to $8.40 per ton on flourspar containing not more than 93 per cent of calcium fluoride.	Oct. 17	Nov. 16
Potassium permanganate	Increased from 4 to 6 cents per pound.	Nov. 16	Dec. 16

List of subjects with respect to which the President has proclaimed changes in duties, under the provisions of section 315 of the tariff act of 1922—Continued

Article	Change in duty	Date of proclamation	Effective date of change
Onions	Increased from 1 to 1½ cents per pound.	Dec. 22	1929 Jan. 21
Cast polished plate glass, finished or unfinished, and unsilvered.	Increased from 12½ to 16 cents per square foot on sizes not exceeding 384 square inches; 15 to 19 cents per square foot on sizes above 384 square inches and not exceeding 720 square inches; 17½ to 22 cents per square foot on sizes above 720 square inches.	1929 Jan. 17	Feb. 16
Peanuts, not shelled and shelled.	Increased from 3 to 4¼ cents per pound on peanuts, not shelled; 4 to 6 cents per pound on peanuts, shelled.	Jan. 19	Feb. 18
Whole eggs, egg yolk, and egg albumen, frozen or otherwise prepared or preserved, and not specially provided for.	Increased from 6 to 7½ cents per pound.	Feb. 20	Mar. 22
Flaxseed	Increased from 40 to 56 cents per bushel of 56 pounds.	May 14	June 13
Milk, fresh	Increased from 2½ to 3¾ cents per gallon.	...do...	Do.
Cream	Increased from 20 to 30 cents per gallon.	...do...	Do.
Window glass (cylinder, crown, and sheet glass, unpolished).	Increased from 1¼ to 1⅞ cents per pound on sizes not exceeding 150 square inches; 1¾ to 2 1/16 cents per pound on sizes above 150 square inches, not exceeding 384 square inches; 1⅞ to 2 7/16 cents per pound on sizes above 384 square inches, not exceeding 720 square inches; 1¾ to 2⅛ cents per pound on sizes above 720 square inches, not exceeding 864 square inches; 2 to 3 cents per pound on sizes above 864 square inches, not exceeding 1,200 square inches; 2½ to 3¾ cents per pound on sizes above 1,200 square inches, not exceeding 2,400 square inches; 2½ to 3¾ cents per pound on sizes above 2,400 square inches.	May 14	June 13
Linseed or flaxseed oil	Increased from 3.3 to 3.7 cents per pound.	June 25	July 25

List of reports by the Tariff Commission to the President, under the provisions of section 315 of the tariff act of 1922, with respect to articles upon which no changes in duties have been proclaimed:

Casein: The report stated that the commission was not able, with the data available, to make definite findings.

Wall pockets: The report stated that the commission was not able, with the data available, to make definite findings.

Sugar: On June 15, 1925, the President stated that, after full consideration of the facts shown in reports of the members of the tariff commission, he did not find that differences in costs of production were sufficiently established under present conditions to warrant any change from the present duty.

Cotton warp-knit fabric; gloves of cotton warp-knit fabric: On October 3, 1925, the President stated that under the circumstances applying to the industry he did not feel warranted at that time in increasing the duty.

Cotton hosiery: Report submitted to President. No action taken.

Halibut: Report submitted to President. No action taken.

Logs of fir, spruce, cedar, or western hemlock: Report submitted to President. No action taken.

Maple sugar and maple sirup: Report submitted to President. No action taken.

Granite: Report submitted to President. No action taken.

Oriental rugs: Investigation discontinued.

Corn: Report submitted to President. No action taken.

Canned tomatoes and tomato paste: Report submitted to President. No action taken.

Whiting; precipitated chalk: Report submitted to President. No action taken.

List of articles upon which the Tariff Commission has reported to the President under the provisions of section 336 of the tariff act of 1930.

Article	Paragraph No.	Change in duty	Date of proclamation or approval of report	Effective date of change
1. Woven wire fencing and woven wire netting composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch in diameter coated with zinc or other metal before weaving.	397	Increased from 45 per cent ad valorem to 50 per cent ad valorem.	Feb. 5, 1931	Mar. 7, 1931
2. Woven wire fencing and woven wire netting composed of wire smaller than eight one-hundredths and not smaller than three one-hundredths of an inch in diameter coated with zinc or other metal after weaving.	397	Increased from 45 per cent ad valorem to 60 per cent ad valorem.	...do...	Do.
3. Wood flour	412	Decreased from 33⅓ to 25 per cent ad valorem.	...do...	Do.
4. Maple sugar	503	Decreased from 8 to 6 cents per pound.	...do...	Do.

List of articles upon which the Tariff Commission has reported to the President under the provisions of section 336 of the tariff act of 1930—Continued

Article	Paragraph No.	Change in duty	Date of proclamation or approval of report	Effective date of change
5. Maple sirup	503	Decreased from 5½ to 4 cents per pound	Feb. 5, 1931	Mar. 7, 1931
Hats, bonnets, and hoods of straw, chip, paper, grass, palm leaf, willow osier, rattan, real horsehair, Cuba bark, ramie, or manila hemp:	1, 504(b)			
6. Wholly or partly manufactured, if sewed		Decreased from $4 per dozen and 60 per cent ad valorem to $3 per dozen and 50 per cent ad valorem.	Feb. 5, 1931	Do.
7. Not blocked or trimmed, not bleached, etc.				
8. Not blocked or trimmed, bleached, etc.		No change	do	
9. Blocked or trimmed				
10. Harvest hats valued at less than $3 per dozen	1530(c)	Decreased from 25 per cent ad valorem to 15 per cent ad valorem	do	Do.
11. Pigskin leather not imported for footwear				
Ultramarine blue:				
12. Valued at 10 cents or less per pound	68	No change	do	
13. Value at over 10 cents per pound				
14. Wool floor coverings, n. s. p. f.	1117(c)	do	do	
Edible gelatin:				
15. Valued at less than 40 cents per pound	41	Decreased from 20 per cent and 5 cents per pound to 12 per cent ad valorem and 5 cents per pound.	Mar. 16, 1931	Apr. 15, 1931
16. Valued at 40 cents or more per pound		No change	do	Do.
17. Fourdrinier wires, suitable for use in paper-making machines.				
18. Cylinder wires over 55 meshes per lineal inch in warp or filling.	318	Increased from 50 per cent ad valorem to 75 per cent ad valorem	do	Do.
19. Woven-wire cloth over 55 meshes per lineal inch in warp or filling, suitable for such wires.				
20. Wool-felt hat bodies and similar articles	1115 (b)	Decreased from 40 cents per pound and 75 per cent ad valorem to 40 cents per pound and 55 per cent ad valorem.	do	Do.
21. Wool-felt hat bodies pulled, etc., and finished hats and similar articles.	1115 (b)	Decreased from 40 cents per pound and 75 per cent ad valorem and 25 cents per article to 40 cents per pound and 55 per cent ad valorem and 12½ cents per article.	do	Do.
Smokers' articles:				
22. Pipes of brierwood				
23. Pipe bowls of brierwood				
24. Other pipes, n. s. p. f.	1552	No change	do	
25. Other pipe bowls, n. s. p. f.				
26. Cigar and cigarette holders				
27. Mouthpieces				
Cherries, sulphured or in brine:				
28. With pits	737 (3)	Report returned for further investigation	Apr. 7, 1931	
29. With pits removed				
Tomatoes prepared or preserved:				
30. Tomatoes, canned	772	do	do	
31. Tomato paste				
32. Cordage, including cables, tarred or untarred, composed of three or more strands, each strand composed of two or more yarns, wholly or in chief value of hemp	1005 (a) (3)	Increased from 3½ cents per pound to 4⅞ cents per pound	June 24, 1931	July 24, 1931
Dried-egg products:				
33. Whole eggs				
34. Egg yolk	713	Increased from 18 cents per pound to 27 cents per pound	do	Do.
35. Egg albumen				
36. Bicycle, velocipede, and similar balls, finished or unfinished, and parts thereof.	364	Increased from 50 per cent as valorem to 70 per cent ad valorem	do	Do.
37. Chimes	397	No change	do	
38. Carillons	1541			
39. Olive oil weighing with the immediate container less than 40 pounds.	53	Decreased from 0½ cents per pound on contents and container to 8 cents per pound on contents and container.	do	Do.
40. Olive oil in bulk	53	No change	do	
41. Bent-wood furniture wholly or partly finished, and parts thereof.	412	Decreased from 47½ per cent ad valorem to 42½ per cent ad valorem.	do	Do.
42. Pipe organs and parts thereof	1541 (a)	Decreased from 60 per cent ad valorem to 35 per cent ad valorem	do	Do.
43. Pipe organs and parts thereof for church or other public auditorium not charging admission fee.	1541 (a)	Decreased from 40 per cent ad valorem to 35 per cent ad valorem	do	Do.
44. Iron in pigs and iron kentledge	301	No change	do	
45. Hides and skins of cattle of the bovine species	1530 (a)	do	do	
46. Cheese, except of American or Cheddar and Swiss or Emmenthaler types.	710	do	do	
Feldspar:				
47. Crude	207	Decreased from $1 per ton to 50 cents per ton	Dec. 2, 1931	Jan. 1, 1932
48. Ground	214	No change	do	
49. Cylinder, crown, and sheet (window) glass	219	Decreased from 1¼ to 1 $^{25}/_{64}$ cents per pound on sizes not over 150 square inches; 2 $^{1}/_{16}$ to 1 $^{25}/_{64}$ cents per pound on sizes over 150 and not over 384 square inches; 2 $^{7}/_{16}$ to 1 $^{25}/_{64}$ cents per pound on sizes over 384 and not over 720 square inches; 2⅝ to 1 $^{25}/_{64}$ cents per pound on sizes over 720 and not over 864 square inches; 3 to 2¼ cents per pound on sizes over 864 and not over 1,200 square inches; 3 $^{5}/_{16}$ to 2 $^{25}/_{64}$ cents per pound on sizes over 1,200 and not over 2,400 square inches; 3¾ to 2 $^{25}/_{64}$ cents per pound on sizes over 2,400 square inches; minimum rate on foregoing weighing less than 16 ounces but not less than 12 ounces per square foot decreased from 50 per cent ad valorem to 37½ per cent ad valorem.	do	Do.
Boots and shoes of leather:				
50. Turned	1530 (e)	Decreased from 20 per cent ad valorem to 10 per cent ad valorem	do	Do.
51. McKay sewed	1530 (e)	Increased from 20 per cent ad valorem to 30 per cent ad valorem	do	Do.
52. Other	1530 (e)	No change	do	
53. Gauge glass tubes	218 (b)	do	do	
54. Cement or cement clinker	205 (b)	do	do	
Pens:				
55. Of steel				
56. Of other metal	351	do	do	
57. With nib and barrel in 1 piece				
Lumber and timber of—				
58. Fir				
59. Spruce				
60. Pine	401	do	do	
61. Hemlock				
62. Larch				
63. Crin vegetal, flax upholstery tow, and Spanish moss	1001, 1684, 1722	do	do	
64. Peas, green or unripe	769	Increased from 3 cents per pound to 3 $^{5}/_{10}$ cents per pound	do	Do.
65. Peppers in their natural state	774	Decreased from 3 cents per pound to 2½ cents per pound	do	Do.
66. Eggplant in its natural state	774	Decreased from 3 cents per pound to 1½ cents per pound	do	Do.
67. Pineapples	747	No change	do	
68. Fresh tomatoes	772	do	do	
69. Snap beans	765	do	do	
70. Cucumbers	774	do	do	
71. Okra	774	do	do	
72. Lima beans, green or unripe	765	do	do	

In connection with the statement made by the gentleman from Iowa [Mr. RAMSEYER], who is always fair and who is always very accurate, indeed, when the gentleman stated that under the 1922 act only two items were not acted upon by the President, he was mistaken.

Mr. HOCH. I believe the position of the gentleman from Iowa was that there were only two under the 1930 law.

Mr. RAMSEYER. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. RAMSEYER. I am glad the gentleman from Kansas [Mr. HOCH] has corrected the gentleman from Kentucky [Mr. VINSON]. When the gentleman from Kentucky made the statement that there were 18 items that had not been acted upon, I thought the gentleman was referring to items that had gone before the commission under the act of 1930. If the gentleman is referring to the period back of that, I have not looked into it, but under the act of 1930 only two items have not been acted upon. In fact, they were disapproved.

Mr. VINSON of Kentucky. What were the items?

Mr. RAMSEYER. Cherries and tomatoes.

Mr. VINSON of Kentucky. What was the recommendation of the Tariff Commission in regard to them?

Mr. RAMSEYER. Decreases in both instances.

Mr. VINSON of Kentucky. In regard to cherries, when the President refused to act he did not pigeonhole it like he did the sugar recommendation for the period from July, 1924, until June, 1925, but he took a smoother way out. He sent the recommendation back to the Tariff Commission for further study. Is that not correct? It certainly is.

Mr. RAMSEYER. On the sugar matter, of course, that was President Coolidge, seven or eight years ago.

Mr. VINSON of Kentucky. But he was a Republican President.

Mr. RAMSEYER. I do not approve of everything that was done by the old commission. It did not function as well as the present one does.

Mr. VINSON of Kentucky. Referring to the 1922 act and the operation of the Tariff Commission under it, I say that when the recommendation was made that affected cotton hosiery, halibut, logs of fir, spruce, cedar, and western hemlock, and maple sugar and maple sirup, corn, canned tomatoes, tomato paste, and other articles the President took no action.

Mr. SCHAFER. Will the gentleman yield?

Mr. VINSON of Kentucky. I would rather proceed if the gentleman will permit.

I was amused at the distinguished gentleman from Oregon [Mr. HAWLEY], for whom the 1930 tariff act was in part named, when he said that the act of 1922, creating the Tariff Commission and putting into the tariff law the flexible provision, took the tariff out of politics. It was so amusing that the gentleman himself laughed aloud with the rest of us.

I was surprised at the statement of the gentleman from Massachusetts [Mr. MARTIN], who took to task the gentlemen who are advocating the passage of this bill. Forsooth, he said that it furthered the interest of somebody over in Czechoslovakia or Germany. I happen to remember when another measure was pending on this floor at this session of the Congress, the moratorium bill, when the interest of Czechoslovakia, the interest of Germany, the interest of 14 other foreign nations were involved, and the interest of the American taxpayer was involved, the gentleman from Massachusetts [Mr. MARTIN] was found on the side of the European folk. I know that they regret very much indeed that he has deserted their cause at this time.

The gentleman from Massachusetts referred to the fact that the consideration of this measure in the House was begun on the day that the Democratic chieftains assembled in Washington, and he criticized this action on the ground that the country waited legislation upon the tax bill, which will require the acquisition of new money to fill up in part the deficit created by the Hoover administration. He chastizes us for the consideration of this measure upon this day. All measures can not be considered at once, but one thing is certain: To-day is a peculiarly fitting day to begin the corrective process. Men and women from every State in the Union assemble here, as Mr. MARTIN states, to honor Old Hickory, who was the virile, militant general of the masses in their fight for freedom against the classes. Old Hickory was of the people. He knew their needs, he had the courage to oppose the autocracy and aristrocracy of the early leadership; and while Jefferson gave expression to the ideal of democracy, it was Jackson who placed it in the hands of the people. Consequently, I think it is peculiarly fitting that to-day, of all days, we undertake to restore into the hands of the people's representatives the power, in part, of tariff revision, which now rests with Mr. Hoover.

The gentleman from Massachusetts refers to the army of the chieftains assembling here. He says that the consideration of this measure is for their benefit and edification. In his speech he referred to this army marching upon the Capitol. Only yesterday a veritable army 10,000 strong, unemployed and hungry, marched against Capitol Hill in solemn, orderly protest against the condition of the days and the failure of the Hoover administration to relieve them. So it is, with the sounds of this retreating army only now growing dim, we proceed to the consideration of the measure, while we wait for the presentation of Mr. Hoover's reconstruction loan program, now being considered in the Congress.

The gentleman from Oregon [Mr. HAWLEY] said that he felt embarrassment at having to consider section 4 of this bill.

I read it as reported by the committee:

SEC. 4. INTERNATIONAL ECONOMIC CONFERENCE.—That the President is respectfully requested to initiate a movement for a permanent international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices, and other economic barriers affecting international trade and finance, (b) preventing retaliatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations between nations; but with the understanding that the question of the cancellation or reduction of intergovernmental debts shall not be considered or discussed by the representatives of the United States in such conference.

The gentleman from Oregon [Mr. HAWLEY] is embarrassed? Embarrassed at what? Is he embarrassed because the Congress of the United States would request the President to initiate a movement looking toward the lowering of excessive tariff duties? Is he embarrassed because the Congress of the United States would call upon the President to initiate a conference looking toward the preventing of retaliatory tariff measures and economic wars? Is he embarrassed because of an invitation to his President to call this conference looking toward the promotion of fair, equal, and friendly trade and commercial relations between the nations?

Is there a man in this House who can say that there are no excessive tariff rates across the seas affecting the interests of the American people? Is there a man in this House, or in the Congress of the United States, who can say, with a clear conscience, that no retaliatory tariff walls have been erected in foreign countries? Is there a man in the Congress of the United States who can say that there is not need of a more friendly feeling in foreign nations for this country?

Mr. SIMMONS. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to the gentleman from Nebraska.

Mr. SIMMONS. Did I understand the gentleman to state that foreign tariffs have been set up in retaliation of tariffs set up by the United States?

Mr. VINSON of Kentucky. I did not take up any particular tariff. I asked the question, and I ask the gentleman now if he will say, upon his responsibility, that there have been no retaliatory tariff laws enacted by foreign countries to the detriment of his own people?

Mr. SIMMONS. That is not the statement I am questioning.

Mr. VINSON of Kentucky. That is the statement I made.

Mr. SIMMONS. My question was whether the gentleman

stated that foreign countries had set up tariffs in retaliation of tariffs set up by the United States. Is that correct?

Mr. VINSON of Kentucky. I said they had set up retaliatory tariffs. I did not specify any particular country because I did not want to get into that.

Mr. SIMMONS. Then I suggest this to the gentleman: His party being in control of the Ways and Means Committee of the House, that the chairman of the Ways and Means Committee ask the Tariff Commission to advise us whether that statement is true.

Mr. VINSON of Kentucky. I evidently do not understand the gentleman. The gentleman can get the detailed information as to country and items as easily as I can. However, some of the nations are Canada, Germany, Spain, Argentina, Chile, and Mexico. There are many others.

Mr. SIMMONS. Let the chairman of the committee ask for it for the House of Representatives.

Mr. VINSON of Kentucky. Now, members of the committee, this bill, in the first section, restores to the Congress the power created in the Constitution of our country to set up tariff rates. When first evolved it was a novel proposition to place in the hands of the Chief Executive of this country the power to make tariff rates. The power to tax resided and ought to reside in Congress, yet under the 1922 act, under the 1930 act, the Smoot-Hawley bill, the President is given power to control certain tariff rates. In other words, he is granted the power to approve or disapprove the recommendations of the Tariff Commission. He has taken a power—not written into the law—the power to take neither action, the power of pigeonholing.

For my part, I think that section 1 in this bill brings home a power that Congress should never have relinquished. Day after day, week after week, month after month, year after year Members of this body complain and are complained against in respect of the supine delegation of legislative power to the Executive. We do not advocate autocracy and bureaucracy, yet there are many who permit their growth in the name of expediency. This bill does not delegate that power to the Executive. It brings home into the legislative body a power that it should never have relinquished. The fathers who wrote the Constitution never contemplated the placing of the power to fix rates in the hands of the President.

In fact, back in 1907, when Senator Beveridge was opposing Messrs. Payne and Dalzell, the leaders of the reactionaries in the House in his fight for the creation of a Tariff Commission, he was met with their argument that it was an unconstitutional interference with the powers of the legislative to pass on taxes. Mr. Beveridge responded to that argument as follows:

> Of course, there is no thought of permitting any body or anyone to take over the power to determine taxes. The Constitution takes care of that. The sole purpose of a commission is to assemble facts to be presented to Congress for its guidance in the framing of tariff tax laws.

There was no thought at that time of the "flexible clause," which gave power to the President to control the rates. It was not even under consideration at that time. This unprecedented delegation of a legislative function first saw the light of day in the tariff act of 1922, under the Harding administration.

You know, our Republican friends are canny. They are the most canny individuals I know. For instance, in one paper we will have the statement made by one of their leaders to the effect that we are not moving, when in fact we are going in high gear; others say we should get down to the program of the President, which is claimed to be for the relief of the people. They objected to the quick work on this bill, they sought and secured delays—wanted much more—and now complain because we have not brought in a general tariff bill. We want to be fair to the people of the United States; you should be fair. We represent Republicans as well as Democrats. We want to get into the relief program at the earliest moment; we have already passed two of his measures. And there is not a Republican Member in this House but knows many weeks in the special session of 1929 were spent in hearings on the Smoot-Hawley bill. After the hearings were concluded four or five other weeks, as I recall it, were used in special conferences of the majority, in which the minority was not permitted to participate. Then the bill was brought in and several weeks had to be used in its passage. Consequently I can not believe that your criticism of us for not bringing in a general tariff bill at this time is made in good faith.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I yield myself 10 additional minutes.

Mr. LUCE. Will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. LUCE. Does the gentleman recall that in 1922 his party made no audible objection to the provision which he now criticizes?

Mr. VINSON of Kentucky. Since 1922 that power has been in the hands of the President. The people of the United States have had an opportunity again and again to express their voice.

While certain gentlemen representing districts in which special interests are involved may very naturally hear the voice of their master, it seems to me that the last election affecting the Congress of the United States and the succeeding elections should permit the Members to know who their master is, and really to hear their master's voice. The voice of the master should be the voice of the people. As far as I am concerned, I think the people of the United States, having had the flexible tariff provision injected into compaign after campaign, in platform after platform, have finally issued a mandate that, as soon as the Congress can do it, they should take into their own bosom a power that never should have been relinquished.

Mr. LUCE. Will the gentleman yield further?

Mr. VINSON of Kentucky. Yes.

Mr. LUCE. I only want to call attention to the fact that it took seven years for the gentleman's party to wake up, as usual. [Laughter and applause.]

Mr. VINSON of Kentucky. I might say, without any concession to the gentleman, "Better late than never."

Mr. BLANTON. If the gentleman will permit, it just took the people of the United States seven years to become "unfooled." And the people have now given us a chance to undo some of the wrongs Republicans have committed.

Mr. VINSON of Kentucky. The statement made by the gentleman from Oregon [Mr. HAWLEY] that the tariff had been taken out of politics, the attitude of the gentleman from New York [Mr. SNELL] in criticizing the delay in our activities, the criticism of gentlemen who say that a general tariff bill should be brought in simply makes me know that you gentlemen on this side of the aisle are experts in the political game.

In addition to what I have said heretofore, relative to the inadvisability of a general tariff bill at this particular moment, I might add that the gentlemen on this side of the aisle would be the earliest, longest, and loudest in their criticism of us, if such a course were pursued. You would charge us with making a political gesture at the expense of those whom you would claim might be benefited by legislation evolved during the time wasted. You could indict and convict us of a futile thing. You know that a general tariff bill, if passed by this Congress, would be called upon to hurdle the Hoover veto, and as yet the two-thirds vote required is not present. However, it will not be long now.

Mr. WHITE rose.

Mr. VINSON of Kentucky. I yield to the gentleman from Ohio.

Mr. WHITE. The gentleman has discussed the necessity of taking up the relief program. I wonder if he considers this a part of that program.

Mr. VINSON of Kentucky. We certainly feel that this legislation is what the people of the country want. I trust you understand how I feel toward the flexible feature. We feel that when section 3 is written into the law an office will be established caring for the interest of the general

public, and I may say to the gentleman that if the consumers' counsel in section 3 of the bill is a bad proposition why did not the spokesman for the administration, Mr. Ogden Mills, say aught against it?

Mr. WHITE. Will this put men in jobs and give them bread and butter and wages?

Mr. VINSON of Kentucky. Well, I can only know what I read in the papers. This bill was introduced on Tuesday, January 5. We are proceeding to its consideration January 8. The papers tell me that market values have increased untold hundreds of millions of dollars. While full credit for this most pleasant news in months can not be taken, surely you could not say its introduction to our economic structure has been hurtful.

Mr. BLANTON. If the distinguished gentleman from Kentucky will yield further, the concern of the people of the United States is not that we shall pass blindly a relief measure proposed by Mr. Hoover, but that we shall pass a proper relief measure, and to approve this bill all the people want to know is that our 15 Democratic members of the Ways and Means Committee voted unanimously for this bill, and that the 10 Republican members of the committee voted unanimously against it; that is all the people want to know to give the bill approval.

Mr. VINSON of Kentucky. I want now to address myself to the consumers' counsel. I may say if the consumers' counsel provision is as bad as some of you gentlemen think it is, why did not that keen-minded economist, Mr. Ogden Mills, Under Secretary of the Treasury, say aught against it? This provision is so plainly written, its purpose is so evident, and its need is so apparent, that the keenest intellect you have on your side of the aisle could not find fault with it.

I want some one to say why should not the ultimate consumer, why should not Mr. Average American, why should not the general public have some one there to care for their interests. Oh, they get down to the shaving of hairs. The gentleman from Oregon [Mr. HAWLEY] asks, "Where is the point where the producers' and the consumers' interests separate?" and "If you are going to have a consumers' counsel, why have a producers' counsel?"

I will answer his queries. First, with reference to the line of demarcation between producers' and consumers' interest.

That point where the producers' and the consumers' interest separates is the exact spot in the tariff rate where the producers' interest becomes selfish and detrimental to that of the majority of the American people. No one can read in this bill any effort on the part of its sponsors to affect any legitimate right which a producer has. The furtherance of that right is in the interest of the consumer. No one should seek more than is right for the producer. The consumers' counsel, representing the interest of the consuming public, certainly should never act for them in any manner destructive of the public interest.

The second query, "Why not a producers' counsel?"

Due to the fact that the producers are organized and enabled to avail themselves of their opportunity to employ the best counsel money can hire, I dare say that the main objection to having a producers' counsel at the expense of the Treasury would be the inability of such gentleman to crowd up to the table where sits the splendid array of expert counsel of the special interest involved in the hearing.

You have two classes of men appearing before the Tariff Commission—you have the producer and the importer. You have the producer of the raw material or the producer of the finished product and the importer. The producer wants an increase of the tariff and the importer wants a reduction of the tariff, and up to this date, on the authority of Mr. DAVID J. LEWIS, who spent many years upon the Tariff Commission, the consumer has never had his day in court.

Members of the House should not get the impression that the consumers' counsel is to be created for the purpose of opposing the increase in tariff rates as the subject matter warrants it. Where warranted the consuming public's interest will be conserved in such increase, but on account of the manner in which the Hoover tariff bill was framed and passed there are hundreds of commodities in everyday use upon which special interests levy a daily tribute against the interest of the wage earner, and the entire populace, always excepting the special few who profit by the log-rolling, unscientific, selfish, and high-handed method pursued in its enactment.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to the gentleman from New York.

Mr. LAGUARDIA. The gentleman is on the Ways and Means Committee and has referred to our distinguished colleague, the gentleman from Maryland [Mr. LEWIS]. Did not the gentleman from Maryland [Mr. LEWIS] have a bill somewhat different from the details of sections 1 and 2 of the present bill, and was that bill considered?

Mr. VINSON of Kentucky. I think the gentleman from Maryland [Mr. LEWIS] had a bill that involved a departure in some respects. I have not seen the bill itself, but I know its feature. The distinguished gentleman from Maryland [Mr. LEWIS] participated in the hearings, and the preparation of this bill, and is supporting the measure. His work has been of invaluable benefit to it.

Mr. LOZIER. If the gentleman will permit the observation, the Tariff Commission was first appointed in 1882, under the administration of President Arthur. The average rate of tariff duties at that time was 42 per cent. The Tariff Commission or Board made a report recommending a 20 per cent reduction. Instead of carrying out that provision the Republican Congress and the President proceeded to enact a bill which failed to reduce the tariff in accordance with the recommendations of the Tariff Commission, but very substantially increased the tariff. This illustrates the purpose and object which the Republican Party has in creating the Tariff Commission—to utilize it to increase rates or to delay the exercise of the tariff-levying power by Congress, because they never have used it to reduce tariff rates, except in a few isolated cases, and it has always been the instrument by which they have increased tariff rates and secured duties which they could not get from Congress, representing the American people.

Mr. VINSON of Kentucky. And when it does not suit the gentleman who occupies the Executive Mansion, all he has to do is to pigeonhole any recommendation of the commission, or, under the present procedure, send it back for further investigation. I would like some one to tell me what recommendation sent back to the Tariff Commission has ever again seen the light of day.

I want again to refer to the consumers' counsel. What can it hurt to have a man down there at a salary of $10,000 a year, a counsel appointed by the President of the United States by and with the advice and consent of the Senate to help the Tariff Commission. Now, we lawyers know that no matter how fair-minded a court may be, if he steps aside from an impartial position, immediately he loses his judicial function. The Tariff Commission, I should think, would welcome this aid.

Further, judges know that men who are interested in the subject matter furnish them information to follow in the decision of the case that will secure a favorable decision for them.

Without sneering at it, without casting aspersion upon it, without treating it in a somewhat vulgar way, I would like to hear some gentleman on this side of the aisle say what harm will come from the appointment of this representative of the people.

Mr. BACHMANN. What good will come from it?

Mr. VINSON of Kentucky. Well, I am happy to inform, you have a producer of raw material, or the finished product, who comes down and files a petition for an increase. He is the party in interest, and he has his trained counsel who produces his side of the case. The subsequent effect and the welfare of the general public will not be presented by that counsel employed by the producer, for he seeks only

to increase the rate. I feel certain that the gentleman from West Virginia is so fair that he will recognize the truth of that statement.

Mr. BACHMANN. I am trying to find out what is sought to be accomplished by this provision. Is not the great mass of the consuming public composed of wage earners?

Mr. VINSON of Kentucky. Oh, it is the people of the United States, and among them you have producers and consumers. Wage earners certainly are consumers; counsel will represent them. The question to be solved is the question of the public good.

Mr. BACHMANN. Who is the great consuming group of the country; is it not the wage earners?

Mr. VINSON of Kentucky. Most of us are wage earners, and most of us are consumers. Let me answer the gentleman. The producer is seeking an increase in tariff rates in which he has a financial interest. He is not primarily interested in the welfare of the wage earner. While it would be for his interest as a producer to have an increase, it might not be in the interest of the American public to have the increase.

Mr. BACHMANN. Is it not the purpose of the producer, practically the wage earner in industry, to seek to have the tariff rates increased? What is the purpose of the producer in having the rate increased if it is not for the interest of the men who labor?

Mr. VINSON of Kentucky. It is his own selfish interest. Every producer should have to look to the interest of the general public. If it is not in the interest of the general public, the Congress would not approve of it.

Mr. BACHMANN. Does the gentleman mean to say that in those 17 increases he is talking about there was no element for the protection of the wage earners?

Mr. VINSON of Kentucky. The producer is the man who is primarily interested. He is interested in dollars and cents and his pocketbook is affected, and consequently it is the natural thing for his lawyer in the presentation of his case to present his side of it rather than the side of the American public. I say again that if the consumers' counsel is not a proper one, why did not the representative of the Treasury, the spokesman of the administration, Mr. Ogden L. Mills, say aught against it in the hearings?

Under the present law, the persons appearing before the commission seeking either increase or decrease of tariff rates are, obviously, those who have a monetary interest in the matter presented to the commission. They have a direct financial interest in the action to be taken by the commission. Parties who usually and generally appear are either the producers of finished articles or raw materials or importers of commodities into this country. Generally, the producer appearing before the commission is interested in an increase of duties for his own personal gain. The importer desires a reduction in duty for a like purpose. Undoubtedly, no criticism can be offered in the presentation of their cause to the commission. However, while they are furthering their own financial interests, the general public has no advocate in the case.

The individual consumer, generally speaking, has such small personal interest involved that he can not afford to have counsel ever present to care for his interest. The consumer is not a participant in the trial of the case which involves his rights. For the most part, his voice is never heard before the commission.

Even though he may appear and state his views to the commission, or even before the committees of Congress, he is in the same category as a litigant in court who has those same privileges but who does not have counsel to advise him in respect to his rights. Like a litigant, his experience in any given case is merely casual. Under the present law he may be heard before the commission, but his rights are very limited in that respect. If given the right to examine a witness, it is a matter of grace. He is not a direct party in interest and does not have the standing of either the manufacturer, the producer of the raw material, or the importer. However, his own interests are directly affected by the findings in the case.

It is the duty of the counsel herein authorized to represent the interest of the consuming public in any proceeding before the commission. He is the representative of the general public in the investigations carried on by the commission. He appears and speaks for one who has heretofore been inarticulate—the ultimate consumer.

The counsel is given authority to offer testimony, to examine witnesses, and to present argument. He may receive from the commission information which the commission may have in respect of the matters involved before him. In addition thereto he is granted the right to initiate a proceeding before the commission whenever he deems it to be in the interest of the public so to do, or upon request by him the commission shall promptly conduct investigations and place the results thereof at his disposal, which information may be used to good result. He is given the right to have compulsory process to carry out the purposes set forth in this legislation.

Generally speaking, the consumer is interested in reasonable rates. The people's counsel—herein designated as the consumers' counsel—shall not be primarily concerned in the increase or decrease of rates upon commodities except in so far as they affect the general interest. It was suggested to the committee that many, if not all, of the producers were likewise consumers. That is eminently correct. The function of the consumers' counsel will be to represent the consuming public, ever having their best interest as his goal.

We assume that the commission has been diligent in its efforts. Yet, only a small number of the cases brought by interested parties have been disposed of. There yet remain many petitions filed by producers and by importers who are pressing their matters, determined in the hope of gain. With this condition, it is apparent that the general public has little, if any, opportunity to have studies made upon veritably hundreds of commodities which affect them vitally and which would be of general benefit to the country at large, unless some one charged with this special duty will institute proceedings before the commission and present the cause of the consuming public to it.

It might be useful and interesting in this connection to quote the following from the testimony of the Hon. DAVID J. LEWIS, formerly a member of the Tariff Commission and now a Member of this House, before a Senate committee investigating the Tariff Commission:

> Keep in mind always, Mr. Chairman, that in Tariff Commission cases the real defendant is never there, that in the very nature of things now and perhaps always Tariff Commission investigations and trials are ex parte trials. In no instances that I can now recall has the taxed consumer been represented. The burden on him is a disguised—and I did not say "disguised" in an unfavorable sense—but is a hidden and indirect burden that he does not consciously recognize. He is not before the court in discussions of tariff matters. In some instances the importer is there with his commercial interest in the subject; he participates and may present information of value, but in no instance have we had the consumer there to defend himself or present information of value.

The manner in which certain Representatives of districts favored by this indefensible Hoover tariff squirm at the thought of an expert attorney being present upon behalf of the public makes me know more certainly than ever the need of such representation.

INTERNATIONAL ECONOMIC CONFERENCE

Heretofore I have read into the RECORD section 4 of this bill. I for one thought that if there could be anything in this bill that would be attractive to the Chief Executive it was providing for an international conference. Mr. Hoover has had such a broad experience among the nations of the world, his well-known penchant for their happiness and welfare, his ever-present desire to engage in any kind of conference, international or otherwise, lead me to think that this portion of the bill at least would not meet with serious objection.

The spokesman for the administration, Hon. Ogden L. Mills, said there was no need for such conference in view of the fact that—

> Such an organization, operating under the auspices of the League of Nations, has been in existence for a number of years,

which is thoroughly well organized, which works continuously, and which has made available a great mass of detail information relating to these and kindred problems.

In view of the fact that we are not a member of the League of Nations and have no official status, I am at a loss to understand wherein this organization would be of any benefit to our investigation.

Mr. Mills referred to an economic conference which occurred in 1927, and probably at a later date. There seemed to be some difference between the opinions of Mr. Mills and Mr. Lovejoy relative to the exact status of our connection in those conferences. As I caught the testimony, this economic conference was also a creature of the league—rather, it was called into being by the league. Mr. Hoover appointed an official representative of this country to appear at this conference. Their action was merely reported to the economic committee of the League of Nations. Of course, our connection with the conferences stopped with its transmittal to the League of Nations. Then we were told by the gentleman that this conference had no jurisdiction over tariff matters.

There is a widespread belief among the people of the United States that by reason of the high and exorbitant rates of the tariff act of 1930 we have incurred the hostility of many nations throughout the world. They believe that this hostility has resulted in the enactment of many retaliatory tariffs against us, the results of which are causing uneasiness and concern to all thoughtful minds.

The results of these retaliatory tariffs are reflected by the falling off of over $2,800,000,000 in American exports, which has created an immense surplus of manufactured articles and agricultural commodities for which there is no market here in America or elsewhere.

By reason of these retaliatory tariffs American manufacturers, taking a few key men with them, have moved their plants to foreign countries, with the result that thousands of American employees are thrown out of employment and their places are taken by the foreign workingman who is now engaged in manufacturing those articles which formerly were made here in the United States by the American workingman.

In Canada alone, according to a report made to the Senate dated January 20, 1931, the Secretary of Commerce reported that the number of American-owned branch and subsidiary manufacturing plants in Canada in 1929 was 467, with an investment of $513,864,000.

On September 17, 1931, the Canadian Press (the Canadian press service comparable to the Associated Press in the United States) sent out a dispatch from Ottawa to the effect that the number of such American-owned plants in Canada at that time was 1,071, with a total capital investment of $1,189,590,000.

Undoubtedly the American commerce has been shut out from many markets of the world because of the Smoot-Hawley tariff bill. Some 40 nations of the world, at the time of its consideration, made official protest against its passage; a thousand economists in our own country, most of whom were Republicans, protested against its higher rates, calling attention to the disaster which would inevitably follow. Since its passage the nations of the world have increased their tariff walls in height, have enacted tariff legislation upon commodities heretofore on free lists, particularly articles furnished in large quantities by our country, and our standing with the nations of the world, commercial and otherwise, has been materially affected to our detriment.

It is hard for me to conceive that any thinking man or woman would not deem it of the highest importance to secure a lowering of foreign tariff barriers, repeal of the retaliatory tariff measures, in order that our commerce, the products of the farm, mine, and factory, might again move in the channels of the world trade. It seems to me imperative that the movement for this relief should be initiated. And, endeavoring to be helpful, we call upon the President of the United States, Herbert Hoover, to take this step. He is the only American citizen with power to do it. [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky has again expired.

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman and gentlemen of the committee, I have been connected on committee with the drafting of two tariff bills, and we worked hard on both of them. I am not going to talk to you in a political way at all, because I do not think that is involved in this bill; but I want to tell you how this proposition affects me, and I want to appeal to your judgment about what can be done to make this a better bill. It is not political in any sense. First, with respect to the flexible tariff that is to be discontinued. We have had that for years. It has been a success. Some one asks, Is it a success? Yes; the President of the United States raised the tariff on butter, cheese, and agricultural products in my State that were important because of an emergency. In that way he rendered a real relief to our people and gave needed protection. It happened to be a serious emergency. That is liable to happen again to any industry. The weakness of the proposition we have here, according to the bill, is this: You strike out this emergency provision and find a necessity for raising or lowering the tariff on some schedule, as the case may be, and you are confronted by this bill with the proposition that you can not do anything. The commission can simply bring in a finding of fact. I am not particularly in favor of the President passing upon it. For some reasons I would rather have Congress do it, because ours is the legislative body. I believe a remedy could be provided that you may enact in this bill. I do not see any especial importance to be attached to the President of the United States putting the commission's finding into effect. He can not give much study to tariff schedules, and I appreciate fully what has happened in the past. I know about the sugar tariff experience in past years, and have studied it, as others have done. I have in mind what ought to be a safe plan, and that would be to give legal force to the commission's finding. You can depend upon the Tariff Commission feeling their responsibility, if that was its effect, because they would not make any report unless it was right.

Then when Congress meets we can by a provision in the bill approve or disapprove their report. The finding of the Tariff Commission, when made on the initiative of individuals or on complaint, should go into effect when made, at once, subject, of course, to any change when Congress meets. I believe this is the most serious defect in the bill we are considering.

Next I refer to provision for consumers' counsel. I believe in that. I do not think that we should quibble over a $10,000 salary proposition when a day or two ago we were facing a $760,000 building proposition for our own sake, and many here voted for it, and you are going to be asked to approve a $600,000,000 naval bill pretty soon. If he is a good official his services to the country will be worth many times his salary. Here is what he will do, or what he ought to do. We have had this proposition up time and time again in our committee. I have always felt that a consumers' attorney is desirable before the commission. He will be a sort of public defender. Some one says, Are we not all interested in the consumers? Yes. But I will take the average Member, Democrat or Republican, and I will prove to the Member himself that he is generally brought into the tariff proposition when acting in behalf of some constituent who wants a raise in schedule rates for the protection of his industry. He is not looking after the consumer, nor are we when acting for that constituent. Ordinarily, as we all know, these tariff rates are trades; it is a logrolling proposition, and it becomes so in spite of all that you can do when preparing a tariff revision. This consumers' counsel will be able to cross-examine witnesses and inquire into their interest in the result. He can test the methods employed by the experts and assist materially in the commission's investigations. I feel that he will be of value if you have a competent man, and no one should be selected unless competent. But for

the sake of argument let us admit that he may be of no value at all; that he fails to measure up to his job. Then why quibble over a matter of $10,000, when we have millions of dollars involved before us every day, and there is a $2,000,000,000 proposition coming over from the other side of the Capitol soon. A Senator said to me a few moments ago that they are all going to vote for it and that none of them want it. I do not know whether that is correct or not; but if so, we may find ourselves in the same predicament. What is the objection to this consumers' counsel? I believe that he will be of value, both to the consumers and the commission, and have favored the proposal for a long time.

I took the floor here, as you may remember, more particularly upon the sugar items in the last tariff bill. I studied the sugar situation and had some familiarity with its relation to our islands, with their free shipments, as well as with Cuba. I could not find anything from the Tariff Commission on the consumers' special interest, because they did not know any more than I did about it. I had been to the various islands, and knew that free sugar was one problem of our continental industry, and that we had to import one-half of all we consume from Cuba.

With that situation in mind, we would have a man of whom you could ask for any needed information. You could ask him whether he can tell you something about the sugar question or the cement question from the consumers' standpoint and like questions that the consumer back in your home State who is building miles of pavement is interested in. Those are the people I would like to have appear before us and furnish us with the facts.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. CLARKE of New York. I would like to have the gentleman define who is the consumer.

Mr. FREAR. I will do that in the sense I am now discussing it. The gentleman from New York is in favor of agriculture; he is a farmer. He will come to the committee preparing the tariff bill and say, "I want to have particularly what my constituents want, and what they want is particularly an increase in butter rates or an increase in the rates on cheese or in something else." His interest is enlisted by his constituent who needs or thinks he needs added protection. You never hear him going to the committee and saying his constituent wants a reduction in tariff rates. The consumer is rarely heard at such times.

But here is a consumer who says through the consumers' counsel to all Members, "I want a reduction in sugar rates," and the counsel gives reasons for that complaint. To-day you never hear from the consumer on sugar or on other rates. We are all equally interested in the making of the tariff bill, but the consumers' voice is rarely heard. If you want to find out about the consumers' interest you would say to this consumers' counsel, "I want to find out about his interests as well as those of the producer." The experts connected with the Tariff Commission, about whom we have talked, are as human as we are. They differ in their judgments as we do, but let this consumers' counsel or defendants' counsel, as you choose to call him, come in and make his statement as all of the attorneys employed by the manufacturers and importers now do.

The third proposition I wish to discuss is briefly this: The proposal for a permanent economic council is accompanied by an admission of our own unjust tariff rates. I do not believe we should go before the countries of the world and confess that we are extorting money from the world at large by unjust tariff duties or unfair trade dealings. All of these confessions and others appear in the last paragraph.

I do not have objection to any conference, but, with the statements that appear in the last paragraph, they would go to the conference with their hands tied. I would sympathize with our delegates sent there, because they would be helpless before that conference, for we have acknowledged their many crimes. Even if true, I am not in favor of parading them. That is no way to gain concessions. We have gained nothing by such confessions as are set forth in the bill. If restricted in the conference so as to avoid retaliatory tariffs and without such profuse excuses and apologies for wrongdoing tariffs, the purpose is not so objectionable, although our own interests are first to be served.

Mr. HARLAN. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. HARLAN. Is it the intention of the gentleman to introduce an amendment to make the decisions of the Tariff Commission effective unless reversed by Congress?

Mr. FREAR. I think that would be the proper thing, but I would leave that for members of the committee to offer. If a member of the committee at this time, I might do so, but believe it should properly come from the majority side that has prepared the bill.

[Here the gavel fell.]

Mr. COLLIER. Mr. Chairman, I yield one minute to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman and gentlemen of the committee, apropos of the argument which has been made with reference to the consumers' counsel and the point that it grants a favor to a certain vocational group and withholds it from another vocational group, may I say that the term "consumers' counsel" is comprehensive? The manufacturer is a producer of manufactured commodities. He is a consumer of agricultural products. The farmer who is a producer of food products is a consumer of manufactured commodities. So the person appointed to represent the public, as consumers' counsel, might with propriety represent the manufacturer or the agriculturist, because in the last analysis the manufacturer is both producer and consumer, and the agriculturalist is also producer and consumer, and he is vitally interested in tariff legislation.

[Here the gavel fell.]

Mr. COLLIER. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, had directed him to report that that committee had come to no resolution thereon.

THE HAWLEY-SMOOT TARIFF BILL

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks on the question of the tariff.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LAMNECK. Mr. Speaker, when the present tariff law in effect in the United States is discussed from a partisan viewpoint one seldom gets the actual facts. If the Republicans discuss it, they try by every means possible to justify the ratio contained in the bill, because it was passed by a Republican Congress. On the other hand, when the Democrats discuss it, they condemn its provisions, because it was not passed by them.

Therefore the average citizen has great difficulty in determining the actual effect of the tariff, so far as it concerns business. In view of that fact, I want to quote part of a letter received from a business man in a foreign country, which shows conclusively the actual operation of the retaliatory tariffs imposed by foreign countries because of our having passed the Hawley-Smoot tariff bill:

AUCKLAND, NEW ZEALAND,
September 16, 1930.

DEAR SIR: I was very pleased to receive your very welcome letter dated April 4. I should have replied earlier, but with us we are just finishing up our winter season, and during the busy months private correspondence seems to get sidetracked. Your kind offer of assistance at any time is, I can assure you, very much appreciated, but, unfortunately, the latest tariff which has been adopted by your Government has made trading between these two countries practically impossible. The primary object of your tariff was to protect the U. S. A. farmer, and, unfortunately for this country, we only have farm produce to sell, and your Government has practically said, "We do not want to trade with your country at all. We only want to sell to you." Naturally this Government

has retaliated with a crushing duty against all lines from U. S. A., and those of us who have been handling American manufactured products have to look for fresh sources of supply or else go out of business.

Why can not the politician bring down some sensible sort of tariff which will take into account the value of the trade secured by their taxpayers from the various customers in foreign countries, and when the balance is in favor of the country which is amending the tariff, they should not disturb the trade with that country which already buys from you considerably more than they sell to you. When two business houses cease to trade it is the one which sold the most goods to the other which suffers most by the break in trading relations, and that is the position between New Zealand and the United States. We have always purchased about four or five times the value of goods from the United States of America that we have sold to you, so that when your Government practically says we do not want New Zealand goods coming into our market, our Government can afford to retaliate, because the business balance has been in your favor in the past and you become the greater sufferer in the loss of trade.

This country should not be penalized by you unless the balance of trade is against your country, when you would be justified in loading the dice against us, so as to get back to a balance of trade. On the other hand, when our Government finds that your country is not even satisfied with having the balance of trade largely in its favor, but it wants to be only a seller, then you can not blame this or any other country from saying, "To hell with the United States of America." Americans as people are very popular in this country, and I think in all British countries, but as traders—well, you do not know how to trade, you are only salesmen, and in the finish that is not going to get you very far.

When I started to write this letter I had no intention of getting sidetracked into international politics, but as a manufacturer you look upon outside markets as a useful outlet for your surplus production, and it is quite probable that other American manufacturers and yourself do not realize that the greatest opposition that you have to fight in the world's markets is your own politician. He should be at least interested to learn how the other fellow feels about it. When I go out to sell lines for the United States of America manufacturers I frequently have this thrown in my face, "I would sooner buy German goods than Yankee stuff."

Why do they say this? Because Germany is already in the market here for the lines which we have to sell, and she is back on the old stand as a trader and not as a mere salesman. In short, it is nationally more profitable for our Government to encourage trade with Germany than with the United States of America.

If I purchase goods from you to-day, the customs at this end first add 10 per cent to the declared value of your goods, and then on the total amount they demand a duty of 40 per cent plus an extra 40 per cent on the amount of duty payable. This is their reply to the crushing tariff which you have put on our wood, meat, butter, cheese, etc. If every other foreign country is treating your exports in the same fashion, the Yankee export trade, which has been built up at considerable expense to the manufacturer is going to get a big knock back, for which you can thank your own politician.

This letter proves the actual operation of the retaliatory tariffs passed against us, and further shows that no rates should at this time be changed. Should they be, we would be worse off than we are now. The letter also proves that rates are too high and that there can be no real resumption of world commerce until they are placed on an equitable basis. The solution of the tariff muddle at this time lies in making reciprocal agreements with all foreign countries based on the theory of the greatest good to the greatest number of American citizens.

OIL TARIFF

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. McGUGIN. Mr. Speaker, in considering the question of protection for the American oil industry from ruthless foreign competition the country is fast reaching the conclusion that this administration is opposed to protection for oil. I am not aware that President Hoover has ever voiced his opposition to tariff protection for the American oil industry; however, I am very confident that he has never publicly expressed his support for tariff protection for the oil industry.

I do know that two members of the Cabinet are opposed to protection for American oil. I know that these two members have voiced their opposition to protection for the American oil industry from free and unlimited foreign competition. Still another member of the Cabinet, together with his family, is a financial beneficiary of the free importation of foreign oil. I refer to Secretary Mellon. The Gulf Oil Co., which is largely owned by the Mellon family, is one of the four great importers of foreign oil. An official of this company was recently quoted in the New York Times as saying that the Gulf Oil Co. was taking advantage of the present depression and virtually buying the American oil industry on the courthouse steps. The present prices of the American oil industry in all of its parts are distressed because the Gulf Co., together with Standard of Indiana, Standard of New Jersey, Gulf, and Shell, are pouring their oil into this country duty free.

It seems inconceivable that the President could really be for a tariff on oil while three or four members of his own Cabinet are so openly opposed to it. If, indeed, the President favors a tariff on oil, a great injustice is being done to him. The people of the country engaged in the American oil industry have very generally reached the conclusion that he is opposed to a tariff on oil.

If the President and the Republican Party are particularly interested in carrying any of the oil States this fall, it is about time for the administration through the President to take its definite stand on this question. This morning I received a letter from Mr. C. O. Ross, an oil operator at Coffeyville, Kans. Mr. Ross is one of the old pioneers of the American oil industry. He made his way from a tool dresser to a successful operator. Three or four years ago he was worth a half million dollars. To-day it is a question as to whether or not he is worth anything, yet he owns the same oil property that he owned at that time. His market has been destroyed by foreign competition. It is the property of men like Ross that the Gulf Oil Co. is now buying at distressed prices. Mr. Ross has been lifelong Republican. In the early part of his life the best that he could do for his party was to give it his vote and his personal support. In later years and during the days of prosperity he contributed liberally to the campaign funds of the Republican Party. In his letter to-day he states:

> In regard to the oil tariff I will say that I have read Wilbur's stand on the tariff. It is my idea that his stand is the administration's stand. I have also read the answers of Congressman DISNEY and Thurman Hill to Wilbur's statement. (Congressman DISNEY is the Democratic Congressman from the Oklahoma district. Thurman Hill is a Democratic member of the Kansas Public Service Commission.) It is beginning to look like that if the American industries which are in distress are to receive any relief or protection, it will have to come in a large measure from the Democratic vote.

The sentiments here expressed by Mr. Ross, a lifetime Republican, reflect the sentiments of thousands of lifetime Republicans in the Central States and in the oil States. In this situation this Republican administration is not receiving a lick amiss. It richly deserves this condemnation from lifelong Republicans of the oil industry. The President has remained silent on the subject. A Republican Cabinet member is personally benefited by the importing of foreign oil and another Cabinet officer, that highly philosophical gentleman in the Interior Department, is continually going out of his way to give the oil industry an academic lecture on tariff. A Republican Ways and Means Committee in the last session of Congress turned a cold shoulder upon protection for oil. With such a record nothing could be expected except universal condemnation in the American oil industry of the Republican administration.

While the Republican Party in this statement of Mr. Ross is not receiving any condemnation which it does not deserve, yet the Democratic Party is for the time being receiving some praise which it does not deserve. Before this session of Congress is over the Democratic Party is not going to be in that favored position unless it changes its course. Tariff bills must originate in this House of Representatives. Tariff bills must first be passed upon by the Ways and Means Committee of this House. The Democrats have control over this House. They can have a tariff on oil out of the Ways and Means Committee and passed in this House within a week's time, if it is, indeed, the disposition of the Democratic Party to give the justice to the oil industry which has been denied to it by this adminis-

tration and by the last House, which was under the control of the Republican Party.

In the fullness of time the last person in the oil industry is going to understand fully that the sole responsibility for a tariff on oil now rests upon the Democratic majority of this House. Up to date nothing has happened which indicates that the Democrats have any intention of doing anything else with the oil tariff other than to try to use it as a political football. The responsibility which is now in the hands of the Democratic Party in this House is going to make it impossible for the Democrats to continue to do nothing and profit by the betrayal of the oil industry by the Republican Party.

Everything which has happened to date indicates that the Democratic majority of this House is actually hostile toward the American oil industry. In the Democratic caucus, where no one voted except Democratic Members of this House, the gentleman from Kansas [Mr. AYRES] and the gentleman from Oklahoma [Mr. SWANK] were defeated for membership on the Ways and Means Committee. These two gentlemen are Democratic Members of this House with many years of service to their credit. Their loyalty and regularity to their party is not to be questioned by anyone. By all the rules of seniority and party precedent they were entitled to places on the Ways and Means Committee almost as a matter of right. The gentleman from Kansas [Mr. AYRES] represents a great independent oil district and has a great independent oil constituency. Thousands of his constituents are facing bankruptcy and are in financial distress while the Mellons, Rockefellers, and foreign capitalists are directly profiting by this distress. They are profiting because the Mellons are importing, free of duty, oil into this country through their company, the Gulf Oil Co. The Rockefellers are likewise profiting because their companies, Standard Oil of Indiana and Standard of New Jersey, are importing oil into this country duty free. The foreign capitalists are profiting because their company, the Royal-Dutch Shell, is importing oil into this country duty free.

The gentleman from Oklahoma [Mr. SWANK] has in his district one of the largest oil fields in America. I refer to the Oklahoma City field. Thousands of his constituents are in similar distress with the constituents of the gentleman from Kansas [Mr. AYRES]. It was generally known that Mr. AYRES and Mr. SWANK wanted places on the Ways and Means Committee in order that they might be of service to the independent oil industry of the United States. It is obvious that they were defeated in the Democratic caucus because they wanted a tariff on oil. It is obvious that the Democratic Members of this House in their own caucus repudiated the traditions of their own party in spurning the principles of seniority in order to keep these two gentlemen off the Ways and Means Committee, where they could be of service to the American oil industry. This was not injury enough; they added insult to the injury. One of the men who defeated Mr. AYRES and Mr. SWANK for places on the Ways and Means Committee was a gentleman from Massachusetts who is now serving his second term in this House.

In the last session of Congress the foremost opposition to tariff on oil came from the associated industries of Massachusetts. These industries want cheap fuel oil. They can obtain cheap fuel oil by the free importation of foreign oil. These same industries are willing to destroy alike the American oil and coal industries so they may have cheap fuel oil. These same industries have been pampered by tariff for a hundred years. They now would deny tariff protection for one of the four great industries of America. In doing so they would destroy two of the five great industries of the Nation. They were able to have their way in the Ways and Means Committee in the last session, which was under the control of a Republican organization. They are well on their way to have their way again in this session in a Ways and Means Committee under the control of the Democratic Party. At any rate, they have been able to place one of their junior Members in Congress on the Ways and Means Committee by defeating two of the senior Members of Congress, Mr. AYRES and Mr. SWANK, who were in favor of a tariff on oil. These selfish industries made this great accomplishment in the Democratic caucus, where only Democratic Members were voting.

The Democratic Party has what it calls a policy committee. This policy committee is a hand-picked committee of Democratic leaders in the House of Representatives and in the United States Senate. This policy committee is to outline the program which the Democratic Party is to follow in this session of Congress in both Houses of Congress. When we look over the personnel of this policy committee, it would look as if it were a packed committee against a tariff on oil.

Mr. TYDINGS, of Maryland, and Mr. WALSH, of Massachusetts, are two Senators on this policy committee. There has been no opponent more scathing, bitter, and uncompromising to a tariff on oil than the Senator from Maryland, Mr. TYDINGS. To-day we find him on this powerful policy committee which is to prescribe the manner in which Democratic Members of both the House and the Senate must vote on important questions in this session of Congress.

The Kansas delegation in this House, 7 Republicans and 1 Democrat, and the Oklahoma delegation, 1 Republican and 7 Democrats, have each unanimously signed a written request to this policy committee begging the committee to make it a part of the Democratic policy to give tariff protection for the great independent oil industry which is to-day going down into bankruptcy.

If the Democratic Party continues to desert oil as the Republican Party has deserted it, then the Democratic Party likewise is going to receive the rebuke which it richly deserves from the oil-producing States.

This morning I received a letter from a Kansas Democrat. That letter is from my good friend Barney Weber, of Hays, Kans. He was a Democratic member of the State legislature when I was a member in 1927. He states in part:

> I will give you a few lines on the general conditions in this country. Wheat is selling from 20 to 37 cents a bushel, corn from 18 to 25 cents a bushel, live hogs from 2½ to 3 cents a pound, and good cows for $20 per head.
>
> I should like to ask you to make a hard fight for a tariff of at least $1 a barrel on foreign oil. That alone and above all would bring great relief to the Central States. It would mean the saving of many homes, and also bread and butter for the children. So please all you Congressmen put on your fighting clothes and give us what rightfully belongs to us.

Mr. Weber is correct; a tariff on oil will materially benefit the farmers in the Central States. It will assist every farmer, because preserving the American oil market for the American oil industry will put thousands of people to work in the oil fields. These people will be able to buy the products of the farm. In the oil-producing States and in the prospective producing States oil development will reopen, and millions of dollars will be paid to the landowners in the form of lease rentals.

The letter from Mr. Ross is fair warning to this Republican administration and the Republican Party of the Nation that the Republicans of the Central States are not going to tolerate any horseplay with the oil tariff. This letter from Mr. Ross is more than a letter from one citizen. It reflects the sentiments of tens of thousands of lifelong Republicans from the Central States. The letter from Mr. Weber reflects the sentiments of tens of thousands of Democrats in the Central States, and it is fair warning to the Democratic Party that these Democrats of the Central States are not going to tolerate any horseplay with the oil tariff by the national Democratic Party.

These Democrats and Republicans of the Central States are as deeply in earnest as they are in distress in their demand for justice for the American oil industry. They are so deeply in earnest that the national Democratic Party and the national Republican Party need not for one moment think that they both can play horse on the oil question and make these Democrats and Republicans of the Central States line up with their respective parties. If there is an independent candidate for the Presidency in 1932, it will not be brought about in the first instance by the Republicans

and Democrats in the central West. It will have been forced by the Democrats and Republicans of the Nation by both of them dodging their responsibility to deal justly and fairly with the great section of the country which depends so much upon agriculture, oil, coal, and copper.

When we associate the oil question with our present political alignments we find much irony in the situation. The Democrats love to spend much time denouncing Secretary of the Treasury Mellon. The progressive and Northwest insurgents likewise like to spend much of their time in denouncing Secretary of the Treasury Mellon. Yet in actual practice, when they are considering the oil question, both the Democrats and the progressive-insurgents line up and faithfully serve Mr. Mellon. They have heretofore been voting against a tariff on oil; when they have done this they have enriched Mr. Mellon. They have served him, the Rockefellers, and the foreign oil interests as faithfully as if Mr. Mellon, Mr. Rockefeller, and the foreign oil interests had financed their campaigns. When they vote against a tariff on oil they leave millions of American citizens engaged in the oil industry helpless in the clutches of Mr. Mellon, the Rockefellers, and the foreign oil interests. When they vote against a tariff on oil they vote to take the American market away from the independent American oil industry and give it over free of charge to Mr. Mellon's company, the Gulf; Mr. Rockefeller's companies, Standard of Indiana and Standerd of New Jersey; and to the Shell Co., which is owned by foreign interests. Mr. Mellon has received greater political dividends from the hands of the insurgents and Democrats than he has ever received from any other party organization. They take the American market from the American oil industry and give it to Mr. Mellon, and he does not have to invest one red penny as a political investment.

A prominent officer in Mr. Mellon's company came out and advertised and boasted that the Gulf is buying up the American oil industry at distressed prices. He further boasts that he can not tell what are the huge profits from the Gulf Co. until he gets reports from Venezuela, Mexico, and other parts of the world. About the only satisfaction which the independent oil industry can get out of this situation is that it knows that there will be poetic justice when the people of the South and the Northeast and all of the non-oil-producing States are bled white, when Mr. Mellon, Mr. Rockefeller, and the Royal Dutch Shell interests have finally been able to monopolize the American oil industry by buying up the American independent oil property at bankrupt sales. These same companies have been selling their gasoline in Venezuela, where there is no competition, for 39 cents a gallon. They have been shipping their gasoline, produced from the same oil and refined in the same refineries, into the United States duty free and destroying the independent oil industry of America by selling it in wholesale for something like 4 cents a gallon and through their retail stations from 14 to 19 cents a gallon. The situation is fast driving the independent oil industry out of business. When this is done, it will be 39-cent gasoline and maybe 50-cent gasoline in the nonproducing States.

EXTENSION OF REMARKS

Mr. COLLIER. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the tariff bill and those who will speak on that bill to-morrow have five legislative days within which to revise and extend their remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

THE NATIONAL RIVERS AND HARBORS CONGRESS

Mr. WILSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the National Rivers and Harbors Congress.

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand, when a Member asks permission to revise and extend his remarks in the RECORD he means his own remarks.

The SPEAKER. That is as the Chair understands. When a gentleman asks unanimous consent to extend his own remarks, it means his own remarks.

Is there objection to the request of the gentleman from Louisiana [Mr. WILSON]?

There was no objection.

Mr. WILSON subsequently said: Mr. Speaker, I had unanimous consent to extend my remarks in the RECORD on the National Rivers and Harbors Congress. In this there were quotations from statements made by four Presidents of the United States and also a statement of Mr. REID, the present president of the congress, and the resolutions passed at the last session of the congress. I ask unanimous consent to include these in my extension of remarks.

There was no objection.

Mr. WILSON. Mr. Speaker, the Twenty-seventh Annual Convention of the National Rivers and Harbors Congress was held in Washington on the 8th and 9th of last December, and I wish to take this opportunity of calling attention to the work of that body, as well as to pay a tribute of respect to the retiring president, Hon. Joseph E. Ransdell, of Louisiana, and to congratulate the new president, Hon. FRANK R. REID, of Illinois, upon his election to that office, in which I had the honor to serve five terms.

CONGRESSMAN REID BRILLIANT LEADER

Congressman REID of Illinois, the new president, is splendidly equipped to carry on the work of the National Rivers and Harbors Congress. He is fearless, progressive in his ideas, young, brilliant, and active.

He has been a Member of Congress for five terms, and during the three terms served as chairman of the House Committee on Flood Control. He was the coauthor of the Reid-Jones flood control act, passed after the great flood of 1927 on the Mississippi River, one of the greatest pieces of constructive legislation ever enacted in this or any other country. His mastery of the intricate problems involved in connection with this difficult question, and his brilliant leadership in carrying on the fight for the bill in the face of the determined opposition of the leaders of his own party, proved that he is the type who knows what he wants and knows how to get it.

Congressman REID's service in Congress follows a long career in the public service—as a member of the Illinois Legislature, as assistant United States attorney at Chicago, as assistant corporation counsel of the city of Chicago, as State's attorney, and as county attorney of Kane County, Ill.

He brings to the Rivers and Harbors Congress an intimate knowledge of the problem of waterway development and use. I congratulate the congress upon securing such a leader, and I am confident that under him the organization will have a rebirth of activity and usefulness to the entire Nation.

FIVE PRESIDENTS INDORSE CONGRESS

The National Rivers and Harbors Congress is recognized as one of the most potent and powerful influences for constructive and worth-while public service that exists in this country.

Five Presidents of the United States have given it their hearty approval and commendation, from whom I quote the following:

> Your association, which has now had a fine existence of some 23 years, has found that with each year the problems confronting waterway development shift in their intensity first into one quarter and then into another. I have the belief that the largest of our problems, the largest of our economic problems for the future, will lie with water rather than with land. Therefore the purpose and usefulness of your association increases just in that proportion.
>
> HERBERT HOOVER.

> A special word is due the National Rivers and Harbors Congress. It is the one organization that is advocating a waterway policy and not a waterway project, and is national in its scope, for it represents practically all the friends of waterway improvements in the United States. Its work being strictly national, and in no sense local or sectional, merits and should receive the support of our citizens.
>
> THEODORE ROOSEVELT

Perhaps the greatest influence toward the framing of a broad, comprehensive, progressive policy of river and harbor improvements is being exercised by the National Rivers and Harbors Congress. Its motto is "A policy, not a project." Through its work the question of waterway improvements has been most prominently and favorably brought before the public. It urges the appropriation of $50,000,000 per annum. Such a policy has my hearty approval.

WM. H. TAFT.

The value of important waterways and the commerce development of the country can not be exaggerated, and the necessity that the Federal Government should adopt a definite and fixed policy that will provide for their speedy improvement must be evident to everyone who considers the matter at all. It gives me great pleasure to express my deep interest in all that the National Rivers and Harbors Congress is doing.

WOODROW WILSON.

Organizations like this are of great assistance, great help, and great public benefit. You are in the performance of a patriotic service in carrying on your organization. You are assisting in the development of public opinion, assisting in the direction of legislation, and in opening up the avenues of commerce and investment. You are ministering to civilization.

CALVIN COOLIDGE.

356 DELEGATES FROM 30 STATES ATTEND CONVENTION

The convention just held was one of the most memorable and interesting of those held during the 30 years of the organization's existence. It was attended by 356 delegates from 30 States and the District of Columbia, and the enthusiasm and interest of those present set a new high-water mark.

The sessions of the convention were held in the assembly hall of the Willard Hotel in this city, where the annual banquet was also held on the evening of the first day's session.

Addresses were delivered on many phases of the waterway problem by outstanding leaders and authorities on the subjects covered. Among these may be noted the following:

Address by Maj. Gen. Lytle Brown, Chief of Engineers, United States Army, on Federal Task in River and Harbor Improvement.

Address by Senator OTIS F. GLENN, of Illinois, on the Port of Chicago.

Address by John F. Galvin, chairman of the Port of New York Authority, on Federal Aid for an Improved Barge Canal.

Address by A. J. P. Vandermyn, president of the Port of Pittsburgh Propeller Club of the United States, on the subject What Price Rivers?

Address by A. S. Nunez, chairman of the finance committee, New Orleans Board of Port Commissioners, on New Orleans and the Valley.

Address by George B. Wright, of Detroit, Mich., freight traffic manager of the Detroit and Cleveland Navigation Co., on Vanishing Rail and Lake Package Freight.

Address by G. H. Pouder, director of the Export and Import Bureau, Baltimore (Md.) Association of Commerce, on the Port of Baltimore.

Address by Gilbert A. Youngberg, of Jacksonville, Fla., colonel, (Engineers), United States Army, retired, on the Gulf-Atlantic Ship Canal.

Address by Alex W. Acheson, of Denison, TEX., a director of the Mississippi Valley Association, on the Great Southwest.

Address by Representative CHARLES H. BRAND, of Georgia, on the Savannah River.

Address by Representative RILEY J. WILSON, of Louisiana, on Flood Control and Navigation.

In addition to these addresses, two very informative and excellent symposiums were held, the first on the Lake Erie-Ohio River Canal and the second on the Future of Transportation. The subjects assigned were thoroughly covered by the speakers, and the ensuing open-forum discussions were lively and enjoyable.

The deliberations of the convention were presided over by Senator Ransdell as president of the congress in his usual able manner, and much credit for the success of the gathering is due to the veteran secretary-treasurer, S. A. Thompson, who has served 20 years in that capacity.

SECRETARY OF WAR HURLEY TOASTMASTER AT BANQUET

The annual banquet, always a notable feature of the conventions, continued the past record for enjoyment and entertainment. Hon. Patrick J. Hurley, the Secretary of War, acted as toastmaster; Representative SOL BLOOM, of New York, associate director of the United States Bicentennial Commission, delivered an inspiring address on George Washington the Builder, and Dr. John Bellamy Taylor, consulting engineer of the General Electric Co., repeated his highly entertaining demonstration of former years of "audible light."

Music was furnished by a section of the world-famous Marine Band Orchestra, and two splendid entertainers contributed enjoyable sketches.

The concluding session of the convention was opened with another feature of the annual meetings—the roll call of States—when short addresses were made by speakers selected by each of the delegations from the various States and the District of Columbia.

CONGRESS "ADVOCATES A POLICY, NOT A PROJECT"

The slogan of the National Rivers and Harbors Congress concisely states the aim and policy of the body—"Advocates a policy, not a project." This policy has been consistently followed, and to it may be attributed the harmonious working of the congress throughout the years. Factional discord has been avoided; the inevitable friction which would undoubtedly result if the congress should attempt to go on record as a body in favor of this or that project, however meritorious, has been eliminated; and the congress has worked unceasingly for the broad, general principle of the improvement of all rivers and harbors, wherever merited.

The statement of purposes recommended by the committee on resolutions was unanimously adopted, and placed the congress on record in favor of the improvement of all harbors and waterways approved by the Corps of Army Engineers, and the completion of all authorized projects within the shortest possible time.

The Congress of the United States was urged, in view of the present economic condition and the widespread unemployment, to provide the necessary appropriations in order that all authorized river, harbor, and flood-control projects may be intensively prosecuted. The Congress was also urged, because of the present Treasury deficit, to authorize the issuance of bonds, when necessary, to provide the money for carrying on the work in order to relieve unemployment and stimulate business conditions generally.

The statement of purposes is as follows:

NATIONAL RIVERS AND HARBORS CONGRESS STATEMENT OF PURPOSES, ADOPTED DECEMBER 9, 1931

The National Rivers and Harbors Congress in its twenty-seventh annual convention assembled adheres to its purpose of advocating the improvement, for the fullest use by the American people, of all harbors and waterways approved by the Corps of Army Engineers.

This congress advocates no particular project, but stands for a broad national policy of river, harbor, and flood control improvements where economically sound and conducive to the fullest development of our country.

We urge as a sound national policy the completion of all authorized projects within the shortest possible time. In view of increased authorization of additional projects in the last river and harbor and flood control acts, because of the general economic situation, we urge the Congress of the United States to provide by appropriations such necessary increase of funds as will in good faith permit the Secretary of War and the Chief of Engineers to proceed with the intensive prosecution of river, harbor, and flood control projects authorized by the Congress, and, if necessary, authorize the issuance of bonds therefor. Additional provisions for funds as outlined herein should be made for new projects as they are adopted and for a comprehensive flood-control plan.

We thank President Hoover for his continued able leadership in this national development and for the progressive and orderly manner in which this policy is being carried forward by his administration. We express appreciation also for the friendly and consistent attitude of the Secretary of War, the Hon. Patrick J. Hurley, and the Chief of Army Engineers, Gen. Lytle Brown, and his assistants. We renew our expression of confidence in the integrity and ability of the United States Corps of Engineers, and heartily commend them for their splendid work.

We commend the Congress for the progress being made in extending waterway transportation, and urge in the interest of labor, industry, agriculture, and commerce that the Congress con-

tinue its policy and make possible the intensive prosecution of these works of improvement.

We believe that the standardization of channels in our rivers and harbors will greatly increase the efficiency and economy of navigation, and we therefore request that standardization of channel depths be adopted by the Congress as a policy and carried out where practicable to do so. We urge the development of adequate standardized terminal and interchange facilities in order to coordinate to the fullest degree our waterways, our railways, and our highways. In order to coordinate rail and water transportation, it is proper and necessary that trunk lines, for ocean-going vessels as well as for barges, be established along the shortest practicable routes as a means toward the most economic transportation; and to that end the Army engineers are urged to complete the studies necessary to bring this about.

We note with regret and disfavor the continued operation of Army and Navy transports and of the Government-owned Panama Railroad Co. steamship lines in competition with privately operated services, and urge that they be discontinued to the end that all sections of the country shall be on an equality in bidding for materials and supplies used by the Government.

We recommend that the National Rivers and Harbors Congress, in convention assembled, indorses and recommends to the Congress of the United States a national policy of Federal grants in aid to any State for the improvement of its inland waterways, similar to grants in aid of States for vehicular highway improvements, provided that the State-owned waterway constitutes a through route for interstate commerce.

We suggest that the incoming board of directors select a regional committee of at least seven members to recommend ways and means of broadening and of developing the activities of the National Rivers and Harbors Congress.

We are unalterably opposed to any regulation or curtailment of the free usage of our inland-water highways. They are open highways of commerce for the benefit of the public, and should be kept forever free.

The day following the convention the following delegation called upon the President, the Vice President, and the Speaker of the House of Representatives, presenting to them copies of the foregoing statement of purposes:

Representative FRANK R. REID, of Illinois, president National Rivers and Harbors Congress; Representative JOHN H. OVERTON, of Louisiana; Representative RILEY J. WILSON, of Louisiana; Charles H. McBride, Holland, Mich.; Phil K. Rodgers, Pittsburgh, Pa.; John L. Darrouzet, Galveston, Tex.; Robert Isham Randolph, Chicago, Ill.; Cleveland A. Newton, St. Louis, Mo.; Col. Clarence B. Douglas, Tulsa, Okla.; Col. James M. Thomson, New Orleans, La.; S. A. Thompson, Washington, D. C., secretary National Rivers and Harbors Congress; William H. Webb, Washington, D. C.; John A. Fox, St. Louis, Mo.; Cornish Bailey, Washington, D. C.; Frank P. Leetch, Washington, D. C.; Judge L. H. Gaines, of Mississippi; Lachlan Macleay, St. Louis, Mo.

The delegation was cordially received at all three conferences, and was especially encouraged when assured by Speaker GARNER that he was in favor of an annual appropriation of $100,000,000 for river and harbor improvement work throughout the country.

STATEMENT OF PRESIDENT REID

The new president of the congress, Congressman REID of Illinois, issued a statement following the call upon President Hoover which epitomizes the policy and purpose of the congress, and so aptly expresses the underlying thought in the congress's emblem, "Road, rail, river—the transportation trinity," that I include it in these remarks, as follows:

The National Rivers and Harbors Congress has a very important part to play in the national development policy for inland and coastwise waterways and for the harbors of the coasts and the Great Lakes. Under my administration it will actively support all worthy approved projects in all parts of the country. It will actively support any well-considered plan by Congress for placing river and harbor improvements on a more businesslike financial basis. It will uphold the Engineer Corps in its requests for funds to carry on the work. It will resist with all of its force and influence any attempt to place waterway carriers under restrictive control which would threaten the free and economical use of these great transportation routes in the interests of the shippers. Believing that the greatest problem facing industry and agriculture in our country is the one of distribution, the National Rivers and Harbors Congress will cooperate actively with the sectional and local organizations in all parts of the United States to assist in strengthening and developing our national policy for the use of the waterways in the people's service. There will be no attempt to attack or to injure any other form of transportation. What the shippers of the United States must have is a great coordinated transportation service consisting of railways, highways, waterways, airways, and pipe lines, cooperating to give the people the most efficient and lowest cost system for the distribution of their goods and products that it is possible to develop.

SENATOR JOSEPH E. RANSDELL, PRESIDENT EMERITUS, AND THE NATIONAL RIVERS AND HARBORS CONGRESS

During the past generation few, if any, names have been more closely associated with the improvement of waterways for navigation and flood control than that of Hon. Joseph E. Ransdell, of Louisiana. His home was on the banks of the "Father of Waters" and his cotton plantation was subject to overflow in time of flood. Because of his own personal interests, therefore, as well as the interests of his congressional district and his State, it was only natural that he should devote himself especially to questions of navigation and flood control during the whole of his 32 years of service in the Congress of the United States.

He became a Member of Congress in 1899, and at the beginning of his second term in the House he was appointed a member of the Committee on Rivers and Harbors. He served continuously on this committee for 12 years, and following his election to the Senate he was immediately appointed to the Committee on Commerce, with which he continued until the end of his term in March of 1931.

In March, 1901, the late Senator Tom Carter, of Montana, talked a rivers and harbors bill to death in the closing hours of Congress. The reason alleged for his action was that the House conferees refused to agree to a Senate amendment appropriating certain sums for irrigating lands in arid sections of Montana where, as Chairman Burton said, "There were no streams deep enough to float a birch-bark canoe." Angered and disappointed at the defeat of this bill, which contained many important projects and which carried appropriations aggregating some $56,000,000, the friends of waterways called a national congress on rivers and harbors, which met in Baltimore on the 8th of October, 1901.

Representative Ransdell was a delegate to this convention and made an address in which he said:

We have had grand waterway assemblies which brought together the people of one portion of the country, but we have never brought together people of all portions of the country before. Now, we are here from every portion of the United States and, while we are here, I think we ought to organize. We ought to create here and now the national rivers and harbors association and let this national rivers and harbors association gather under its wing and under its protecting folds the various rivers and harbors associations throughout this country.

This suggestion was acted on to the extent that Mr. George E. Bartol, of Philadelphia, was elected president of the organization and an executive committee of seven members was appointed. The proceedings of the convention were published, after which the activities of the organization were suspended for four years.

In May, 1905, the Ohio Valley Improvement Association took the Committee on Rivers and Harbors down the Ohio River from Pittsburgh to Cairo on the steamer *Queen City*. Addressing a banquet given to the committee in Cincinnati, Mr. Ransdell again and more strongly urged the immediate formation of a national association which would work, not for any particular object but for a broad, progressive, truly national policy of waterway improvement. This time the suggestion met with enthusiastic approval and, not long thereafter, at a conference of delegates from several waterway associations which was held in Cincinnati, it was decided to ask the executive committee appointed at Baltimore to issue a call for a national waterway convention to be held in Washington the following January. This meeting convened in the old Arlington Hotel on January 15, 1906.

At this convention it was decided to retain the name adopted at Baltimore, but to reorganize the congress and begin active and aggressive work at once. Hon. Harvey T. Goulder, of Cleveland, general counsel of the Lake Carriers' Association, was elected president, and an executive committee was created with plenary power to carry out the plans of the organization, of which committee Mr. Ransdell was made chairman. Another convention was held in Washington in December of the same year, at which Mr. Ransdell

was made president. He held this position until 1919, when he was relieved at his own request, being succeeded by Hon. John H. Small, who was at that time a Representative in Congress from North Carolina. Mr. Small served for six years and was followed by myself. I served for five years, after which Senator Ransdell again became president for one year, when he was elected president emeritus of the congress, and Hon. FRANK R. REID, Member of Congress from Illinois, became the active president.

For 15 years before the work of the reorganized National Rivers and Harbors Congress began, rivers and harbors bills were passed only once in three years. When Chairman Alexander presented the rivers and harbors bill of 1910 to the House, he said:

> The work of the National Rivers and Harbors Congress has so developed sentiment throughout the country in favor of waterway improvements that the committee feels justified in announcing that rivers and harbors bills will hereafter be presented annually, instead of once in three years as is now the custom.

Rivers and harbors bills now are devoted to authorizations instead of appropriations, but there has been no year since 1910 without an appropriation for rivers and harbors work.

Another result of the continuous and nation-wide campaign of education carried on by the National Rivers and Harbors Congress was a marked increase in the amount appropriated for improvement of rivers and harbors. In the 20 years before the active work of the congress was begun appropriations for rivers and harbors amounted to a little more than $362,000,000. In the succeeding 20 years the amount was increased to more than $706,000,000. From April 6, 1802, when the first appropriation was made, up to June 30, 1906, appropriations for rivers and harbors amounted to $512,363,131.28. From the latter date to June 30, 1931, appropriations for rivers and harbors, including flood control, have amounted to $1,415,908,127.63.

While the work of other waterway organizations contributed largely to this result, it is much more than a coincidence that during the 25 years that the congress has been actively at work appropriations for rivers and harbors, including flood control, have been greater by $903,545,000 than they were during the previous 104 years.

By far the best provisions for the benefit of waterways and water transportation which have ever been written into our statutes are contained in the transportation act of 1920. When the bills for the return of the railroads to the control of their owners after the World War were under consideration, the National Rivers and Harbors Congress asked the waterway and commercial organizations of the country to unite in forming a special committee on transportation legislation, and most of the waterway provisions of the transportation act appear therein just as they were formulated by this committee.

The most fundamental and far-reaching of the waterway legislation contained in the transportation act of 1920 is found in the first paragraph of section 500, which has been called the "Magna Charta" of waterways, and which reads as follows:

> It is hereby declared to be the policy of Congress to promote, encourage, and develop water-transportation service and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation.

The first suggestion for the inclusion of a provision of this character was made by Mr. S. A. Thompson, secretary of the National Rivers and Harbors Congress, in an address before the Committee on Interstate and Foreign Commerce on September 26, 1919. Senator Ransdell appeared before the Commerce Committee of the Senate, and it is due to his able and efficient presentation of the matter that this provision was inserted by the committee and was finally enacted into law.

The first real recognition of Federal responsibility for the control of floods in the Mississippi Valley was the passage, in 1917, of the Ransdell-Humphreys bill, which authorized $45,000,000 for flood-control work. Credit for the passage of this measure in the Senate was accorded to Senator Ransdell, who had charge of it in that body and tactfully removed the opposition of Senator Newlands and other western Senators by promising aid in passing the national waterway commission bill, which became law a few weeks later.

In 1923, again with the active support of Senator Ransdell, a further expenditure of $60,000,000 for flood-control work was authorized. It goes without saying that he earnestly advocated the colossal program of flood-control work which is now being carried out.

It is, of course, impossible to mention all the activities or set down all the results obtained by the National Rivers and Harbors Congress in its 25 years of work, nor is it possible to picture adequately the benefits which have come to the country from the improvement of our rivers and harbors which has been so ably advocated by the congress, but some little indication is afforded by the figures given below.

In 1920 a new and greatly improved method of gathering statistics of water-borne commerce was inaugurated. Excluding ferry traffic and eliminating all known duplications, the water-borne commerce of the United States during the 11 years from 1920 to 1930, inclusive, presents these impressive totals:

	Tons	Value
Foreign traffic	1,233,288,494	$92,565,144,506
Domestic traffic	4,005,091,506	146,901,855,494
Total traffic	5,238,380,000	239,467,000,000

Senator Ransdell has been continuously and actively connected with the National Rivers and Harbors Congress from its beginning. He advocated its organization in 1901, and its reorganization in 1906 was made along lines suggested by him. He was its president for 14 out of its 25 years of public service and chairman of its executive committee during the other 11. The results it has achieved are largely due to his initiative in planning and his energy in carrying those plans to a conclusion. His active interest in the congress and its work will continue so long as his life lasts.

SESSIONS OF COMMITTEE ON LABOR

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. CONNERY]?

There was no objection.

Mr. CONNERY. Mr. Speaker, I asked for this half minute to inform the membership of the House that the Committee on Labor will hold hearings, beginning on next Wednesday, January 13, on all bills which have been referred to the committee on the prevailing rate of wages. We expect to hear the Members of the House who care to appear before the committee, beginning Friday, January 15.

RECONSTRUCTION FINANCE CORPORATION

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an amendment which I expect to offer to the Reconstruction Finance Corporation bill when it comes up for consideration in the House.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Speaker, the Reconstruction Finance Corporation bill as introduced in the House and Senate provides for some very dangerous legislation unless it is materially amended. Of course, I do not know what form the bill will take before it is reported by the House Committee on Banking and Currency. Neither do I know what amendments will be placed on it in the Senate. I certainly hope very much that it will be materially amended before it becomes law.

The original bill creates a most powerful corporation with almost unlimited funds and leaves the corporation to make loans and handle these enormous funds just as the corporation may determine, without any reasonable restrictions. This is a very dangerous thing to do.

Congress should never create a tremendous governmental agency without knowing what Congress wants the agency to do, and Congress should in specific terms delegate to the agency not only certain definite powers but also full instructions as to how the legislative will is to be carried into effect.

Our country is suffering to-day because of the centralization of too much financial and political power in the hands of a few appointees as heads of bureaus, boards, and other political or governmental organizations.

It would be infinitely better for the so-called reconstruction bill never to be passed than for it to pass without specific limitations as to whom and how the funds are to be loaned.

The War Finance Corporation act is being pointed out as a precedent for this bill. If one will take time to read the War Finance Corporation act, it will be found that that splendid piece of legislation was very specific in the details that governed the loans to be made by the corporation. The bill was amended from time to time and each amendment made the powers of the corporation to make loans more and more specific.

The original War Finance Corporation act was passed before I came to Congress, but some of the amendments to the act were adopted after I became a Member of this body, and I am very happy over the fact that I helped to write and secured an adoption of an amendment making that act very much more helpful to the farmers of the country who are now suffering so much. I wish the War Finance Corporation act had remained of full force and effect until the present. I feel that most of the banks which are now closed in our country would still be open and doing business. The act as finally amended was most beneficial to the farmers in that it enabled the banks handling farmers' paper to rediscount their notes and other obligations and kept the farmers' paper from becoming frozen. It not only helped the credit of the banks handling the obligations of the farmers but also gave the farmers a better line of credit and helped them get money they needed for production and other purposes.

The present bill to create the reconstruction finance corportion should go even further than the War Finance Corporation act and give assistance to more people instead of to less people. I fear the present bill would not help the farmers or common people, but would only help stock dealers, large bondholders, and other very wealthy people and organizations who really do not need help.

It is my purpose when the bill comes up to offer an amendment to it making it as good a bill as the War Finance Corporation and making provision for the assisting of some people not aided directly by the War Finance Corporation act. Of course, I will not offer all my amendment if any part of it is already placed on the bill before it reaches the House or if it is amended in the House before I am recognized to offer my amendment.

I am printing with these remarks the amendment which I have prepared and which I wish to offer. In effect it contains the provisions of the War Finance Corporation act as amended in respect to loans; also contains practically the provisions of a bill which passed the Senate and was reported favorably by the House Committee on Irrigation and Reclamation for the relief of certain irrigation and drainage districts, and also contains the material provisions of a bill which I introduced at this session of Congress to make loans to farmers who have either lost their lands by mortgage foreclosures or are facing these foreclosures.

I shall not discuss this proposed amendment further at this time. It will, if adopted, take the place of section 5 and several succeeding sections of the Reconstruction Finance Corporation bill. The amendment is self-explanatory and is as follows:

SEC. 5. That the corporation shall be empowered and authorized to make advances, upon such terms not inconsistent herewith as it may prescribe, for periods not exceeding five years from the respective dates of such advances:

(1) To any bank, banker, or trust company in the United States which shall have been made after January 1, 1929, and which shall have outstanding any loan or loans to any person, firm, corporation, or association conducting an established and going business in the United States whose operations shall be necessary or contributory to the employment of labor or the conducting of either farming, fruit growing, dairying, mining, or other operations furnishing an opportunity for gainful employment to people within the United States and evidenced by a note or notes, but no such advance shall exceed 75 per cent of the face value of such loan or loans; and

(2) To any bank, banker, or trust company in the United States which shall have rendered financial assistance, directly or indirectly, to any such person, firm, corporation, or association by the purchase, after January 1, 1929, of its bonds or other obligations, but no such advance shall exceed 75 per cent of the value of such bonds or other obligations at the time of such advance, as estimated and determined by the board of directors of the corporation.

All advances shall be made upon the promissory note or notes of such bank, banker, or trust company, secured by the notes, bonds, or other obligations, which are the basis of any such advance by the corporation, together with all the securities, if any, which such bank, banker, or trust company may hold as collateral for such notes, bonds, or other obligations.

The corporation shall, however, have power to make advances (a) up to 100 per cent of the face value of any such loan made by any such bank, banker, or trust company to any such person, firm, corporation, or association, and (b) up to 100 per cent or the value at the time of any such advance (as estimated and determined by the board of directors of the corporation) of such bonds or other obligations by the purchase of which financial assistance shall have been rendered to such person, firm, corporation, or association: *Provided*, That every such advance shall be secured in the manner described in the preceding part of this section, and in addition thereto by collateral security, to be furnished by the bank, banker, or trust company, of such character as shall be prescribed by the board of directors, of a value, at the time of such advance (as estimated and determined by the board of directors, of the corporation), equal to at least 33 per cent of the amount advanced by the corporation. The corporation shall retain power to require additional security at any time.

SEC. 6. That the corporation shall be empowered and authorized to make advances from time to time upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding one year, to any savings bank, banking institution, or trust company in the United States which receives savings deposits, or to any building and loan association in the United States, on the promissory note or notes of the borrowing institution, whenever the corporation shall deem such advances to be necessary or contributory to the employment of labor or the conducting of either farming, fruit growing, dairying, mining, or other operations furnishing an opportunity for gainful employment to people within the United States or important in the public interest: *Provided*, That such note or notes shall be secured by the pledge of securities of such character as shall be prescribed by the board of directors of the corporation, the value of which at the time of such advance (as estimated and determined by the board of directors of the corporation) shall be equal in amount to at least 133 per cent of the amount of such advance. The rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrowing institution is located, but such rate of interest shall in no case be greater than the average rate receivable by the borrowing institution on its loans and investments made during the six months prior to the date of the advance, except that where the average rate so receivable by the borrowing institution is less than such rate of discount for 90-day commercial paper the rate of interest on such advance shall be equal to such rate of discount. The corporation shall retain power to require additional security at any time.

SEC. 7. That the corporation shall be empowered and authorized, in exceptional cases, to make advances directly to any person, firm, corporation, or association conducting an established and going business in the United States, whose operations shall be necessary or contributory to the employment of labor or the conducting of either farming, fruit growing, dairying, mining, or other operations furnishing an opportunity for gainful employment to people within the United States (but only for the purpose of conducting such business in the United States) and only when in the opinion of the board of directors of the corporation such person, firm, corporation, or association is unable to obtain funds upon reasonable terms through banking channels or from the general public, for periods not exceeding five years from the respective dates of such advances, upon such terms, and subject to such rules and regulations as may be prescribed by the board of directors of the corporation. In no case shall the aggregate amount of the advances made under this section exceed at any one time an amount equal to 12½ per cent of the sum of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding at any one time when the capital stock is fully paid in. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of a value at the time of such advance (as estimated and determined by the board of directors), equal to (except in case of an advance made to a railroad in the possession and control of the President, for the purpose of making additions, betterments, or road extensions to such railroad) at least 125 per cent of the amount advanced by the corporation. The corporation shall retain power to require additional security at any time. The rate of interest charged on any such advance

shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrower is located.

SEC. 8. That in no case shall the aggregate amount of the advances made under this title to any one person, firm, corporation, or association exceed at any one time an amount equal to 10 per cent of the authorized capital stock of the corporation.

SEC. 9. That the corporation shall be empowered and authorized, in order to promote commerce with foreign nations through the extension of credits, to make advances upon such terms not inconsistent with the provisions of this section, as it may prescribe, for periods not exceeding five years from the respective dates of such advances—

(1) To any person, firm, corporation, or association engaged in the business in the United States of exporting therefrom domestic products to foreign countries, if such person, firm, corporation, or association is, in the opinion of the board of directors of the corporation, unable to obtain funds upon reasonable terms through banking channels. Any such advance shall be made only for the purpose of assisting in the exportation of such products, and shall be limited in amount to not more than the contract price therefor, including insurance and carrying or transportation charges to the foreign point of destination if and to the extent that such insurance and carrying or transportation charges are payable in the United States by such exporter to domestic insurers and carriers. The rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrower is located; and

(2) To any bank, banker, or trust company in the United States which after this section takes effect makes an advance to any such person, firm, corporation, or association for the purpose of assisting in the exportation of such products. Any such advance shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company to such person, firm, corporation, or association for such purpose.

SEC. 10. Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States or lack of a market for the sale of same or that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine.

(a) To any person engaged in the United States in dealing in or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest at a rate not exceeding 1½ per cent in excess of the rate of discount for 90-day commercial paper prevailing at the Federal reserve bank of the district in which the borrower is located at the time when such advance is made.

(b) To any person without the United States purchasing such products, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of the corporation. The rate of interest charged on any such advance shall be determined by the board of directors. The corporation shall retain power to recall an advance or require additional security at any time.

(c) To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any such person as is described in paragraph (a) of this section for the purpose therein set forth or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a). The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described. Such advances shall bear interest at the rates fixed by the corporation.

SEC. 11. Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company in the United States, or to any cooperative association of producers in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of livestock, or may have discounted or rediscounted notes, drafts, bills of exchange, or other negotiable instruments issued for such purposes. Such advance or advances may be made upon promissory note or notes or other instrument or instruments in such form as to impose on the borrowing bank, banker, trust company, or cooperative association a primary and unconditional obligation to repay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year, and the corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations or otherwise, but the time for the payment of any such advance shall not be extended beyond three years from the date upon which such advance was originally made. The aggregate of advances made to any bank, banker, trust company, or cooperative association shall not exceed the amount remaining unpaid of the advances made by such bank, banker, trust company, or cooperative association for purposes herein described.

The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including livestock. The corporation may from time to time upon like security extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section; but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond three years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the corporation. The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in acceptances, adequately secured, issued by banking corporations organized under section 25 (a) of the Federal reserve act: *Provided*, That no purchase of acceptances of the said banking corporations shall be made except for the purpose of assisting the said banking corporations in financing the exportation of agricultural and manufactured products from the United States to foreign countries. No such acceptances shall be purchased which have a maturity at the time of such purchase of more than three years.

SEC. 12. In furtherance of the purposes of this act, to stop the foreclosure of loans on farm lands, return to original owners farm lands already taken over under foreclosure proceedings, and reclaim farm lands generally, it is provided that the corporation be, and it is hereby, authorized to (a) purchase past-due interest coupons or notes from any and all person, firms, or corporations holding same against farm lands; (b) either purchase outright or insure the payment of any and all such interest coupons or notes as shall become due on or before November 1, 1933; and (c) enter into such negotiations, perfect such transactions, and make such expenditures as may be necessary to reclaim and return to original owners any and all farm lands now held, owned, or possessed by any person, firm, or corporation as the result of a foreclosure proceeding, suit at law or equity, or exercise of a power of attorney, wherever the original owners of such farm lands taken over during the years 1929, 1930, and 1931, wish to repossess or recapture same and such arrangement can be reasonably perfected.

SEC. 13. In all cases where farm lands are recaptured, repossessed, or resold to original owners the terms and rate of interest must be as lenient and reasonable, or more so, than the original foreclosed loan, and the corporation shall pay or purchase all interest coupons or notes due or to become due on or before November 1, 1933, by such repurchase as the result of the new transaction.

SEC. 14. All money expended under this section shall be evidenced by a series of notes of equal amount falling due each year for 10 years, beginning November 1, 1934, drawing interest from date at 4 per cent, signed or executed by the original borrower, his heirs, executor, administrator, or assigns, and constitute or be secured by a lien second only to the balance or amount due on the original loan.

SEC. 15. In connection with the transactions herein provided for, arrangement shall be made for the preservation of the security, the payment of taxes and any payment or curtailment the borrower may be able to make before November 1, 1934, whether on money advanced hereunder or in anticipation of interest or installments to become due after November 1, 1933.

SEC. 16. The corporation shall make such payment of taxes now due or to become due and take such transfer of tax liens as may be necessary to carry into effect the purposes of this act, and shall extend the same privileges of payment as to money expended for this purpose as is herein provided for money spent in connection with interest.

SEC. 17. No money shall be expended under this act for the purchase of any interest coupon or note, or for the repurchase of any land, or in any way whatsoever where taking into consideration the prevailing market prices of farm land at the time of such loan transaction, the original loan connected therewith, when negotiated, was not amply secured.

In furtherance of the purposes of this act and for the purpose of aiding the farmers in any State on lands which have been drained and/or irrigated and/or protected from the flood waters of a stream or streams or other waters by means of levees or other improvements by duly organized drainage districts, levee districts, levee and drainage districts, irrigation and/or similar districts on other than Federal projects, counties, boards of supervisors, and/or other political subdivisions and legal entities existing under and by virtue of the laws of the State where located, where for the payment of such works there are now outstanding bonds or warrants, certificates of indebtedness, or other lawful indebtedness, and/or unpaid judgments, the corporation is authorized to loan to any such district of legal entity an amount sufficient to redeem such bonds, certificates of indebtedness, or lawful indebtedness, and unpaid judgments, warrants, and the accrued interest thereon, in the manner and under such restrictions and conditions as are hereinafter set forth.

SEC. 18. Hereinafter, whenever the word "district" appears in the act it shall be interpreted to include drainage district, levee

districts, levee and drainage districts, irrigation and/or similar district other than Federal projects, counties, boards of supervisors, and/or political subdivisions, and legal entities; and whenever the word "bonds" appears in the act it shall be interpreted to include certificates of indebtedness or other lawful indebtedness and/or unpaid judgments and/or warrants.

SEC. 19. Loans shall be made only to the legally constituted authority which has issued the bonds, or its successor in interest, and not unto it until the corporation has satisfied itself by such examination of the engineering works for which the legal obligations were issued, as it may deem necessary, of the reasonably successful operation thereof, and that the lands designed to be benefited by these works are receiving benefit to a reasonable degree.

The corporation shall make or cause to be made an appraisal of the value of the taxable property of each district making application for a loan, as well as of its economic value, and no loan may be made until the corporation is satisfied it will be paid at maturity.

Loans may be made annually or otherwise to take up the principal of and/or accrued interest on the aforesaid bonds already due and unpaid and/or as they become due: *Provided, however,* That when the amount of the loan applied for to take up the bonds already issued against the district applying for the loan is greater than the appraisal indicates would be paid at maturity, the corporation may loan an amount which in its judgment would be secured as to payment at maturity, when and if the authority to bond a district and the holders of the outstanding bonds of said district by mutual agreement would agree to issue and to accept bonds the maturity of which shall be subsequent to the refunding bonds issued under the provisions of this act for the amount of the difference between the outstanding bonds and that which the corporation would decide to loan for the Government, or to make other arrangements satisfactory to the corporation: *Provided further,* That the corporation before making the loan must be satisfied that satisfactory legal authority exists for and ample provisions have been made to annually tax the taxable property accepted as security for the bonds issued sufficient to pay the maintenance expenses of the district for a period equaling the life of the loan, and beginning at the end of 10 years the annual taxes must be sufficient to establish a sinking fund which will retire the loan at the maturity dates fixed by the corporation. All money collected for the sinking fund must be deposited in the Treasury of the United States to the credit of the debtor, but may be transferred into the revolving fund by the Treasurer of the United States on application by the corporation.

SEC. 20. That the corporation is hereby authorized and empowered to negotiate with the owners and holders of the bonds and other evidences of debts of the various districts hereinbefore referred to for the purpose of compromising and reducing the amount of existing indebtedness, both of principal and interest, and the corporation is accordingly given full power and authority to make such adjustments before the loans herein provided are made.

SEC. 21. Loans shall be made for a period not exceeding 40 years, to be determined by the corporation in each case, which shall bear interest at a rate of 3 per cent per annum, payable annually: *Provided, however,* That during the first five years of the loan the interest may in the discretion of the corporation accrue and be payable during the succeeding years of the loan in equal annual installments.

Loans shall be secured by the issuance and delivery to the Secretary of the Treasury by the legally constituted authority, refunding bonds payable to the United States in the amount of the loan, and it shall be and appear on the face of each bond that it is a lien on all the taxable property within said district and/or the benefits assessed against said property, and the corporation shall fix the dates of the maturities of said bonds: *Provided, however,* That no district may issue additional bonds for any purpose without having first obtained the written consent of the corporation as long as it is in debt hereunder.

SEC. 22. Whenever any district shall have sold any property in said district for unpaid taxes and shall have bought in the same, and shall hold the title to such land, then the corporation shall require, when any loan is made to said district, that the district allow the owner at the time of such sale and purchase, or his heirs at law, executors, administrators, or assigns, to repurchase said land for no greater sum than that for which it was sold and purchased, plus taxes which have accrued on the same since the date of said sale: *Provided, however,* That the owner, his heirs at law, executors, administrators, assigns, or grantees shall exercise such right within two years after the date of said purchase by the district, and the district shall, at the time of the exercising of the right to repurchase, hold title to the lands sought to be redeemed.

CIRCULATION OF GOVERNMENT BONDS

Mr. KELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a leading editorial from the Washington Post upon currency.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. KELLER]?

There was no objection.

Mr. KELLER. Mr. Speaker, ladies and gentlemen of the House, I have just read of the failure of another bank in one of the counties of the district which I have the honor to represent. This leaves just one bank remaining in that county. In the county to the north of this one all of the banks have failed. There is no longer a depression in these communities; it now amounts to a catastrophe. Although I have thus far confined my remarks to these two counties, I want to say to you ladies and gentlemen that this situation which I have just described is not local but is occurring daily throughout the United States. Two thousand two hundred and ninety banks have failed in the year just past. Saturday two banks in the city of Hartford, Conn., failed for the tremendous sum of $25,000,000, of which amount $22,500,000 represented the savings accounts of the workers of that city.

The National Credit Corporation has been formed to prevent such failures as these. It has not prevented failure in the instances I have just described, nor did it prevent failure of those 45 banks in the State of South Carolina which went down in a single day last week. I do not know why this scheme has failed to work.

On December 28, 1931, I gave out an interview in which I discussed the necessity for immediate action upon the bill (H. R. 6720) which I introduced Monday of this week, which provides the circulation privilege to all Government bonds. Feeling that there might be some delay in securing action on that bill, I also introduced one which provides for an emergency circulation fund (H. R. 6704). Before doing this I discussed the matter very carefully with many individuals, and especially the Hon. Robert L. Owen, whom I regard as one of the men most eminently qualified by experience, knowledge, and judgment to determine the value of such a proposal, both as to its inherent merit to accomplish the purpose intended and as to the necessary provisions for safety to the Nation and its resources. I am glad to say to you that this measure has his unqualified approval.

Under the present Federal reserve act new currency can be issued by the Treasury Department only upon demands of banks holding commercial paper not over 90 days in extent. Government bonds are not included.

If you will refer to the CONGRESSIONAL RECORD, page 229, you will find that my colleague Mr. HAWLEY stated that—

> While there are $7,000,000,000 of eligible paper in the country, it is largely concentrated in a small number of banks. The great body of it is held by a few banks. Many banks throughout the country have good business, adequate assets, and good credit; but the paper they have is not eligible for rediscount in the Federal reserve system. Consequently when they get to a certain point they must refuse loans.

Ladies and gentlemen, that is the most significant statement bearing directly upon our difficulties that has been made on the floor of this House during this Congress. It means much more than it appears to mean.

It means that a small group of men are in control of the credits of the whole United States. It means that they have it within their power to withhold these credits from the country until it suits their interests to do otherwise. It means to the remaining banks in your district and in my district that the eligible paper that they require before they can get money is concentrated in the hands of a few who will not let loose of it.

Mr. HAWLEY has said that there are many banks throughout this country that have good business, adequate assets, and good credit, but no eligible paper. Without eligible paper, can any one of you tell me just how these banks are to get money? The answer is very evident; they can not. Each of you knows of his own personal experience of at least one bank that has failed in your district for no other reason than that it could not get currency to meet the demands of its depositors for cash. Its business was good, it had adequate assets, but no eligible paper; therefore it could not get the currency that its depositors demanded.

What is eligible paper? It is nothing more than the paper of reliable business institutions backed by commodities and a promise to pay in 90 days. How many reliable business institutions are now operating to such an extent that their

paper will be considered eligible for discount by a local bank? The best test you can give this question is to ask your local banker. How, then, are we to obtain the currency so necessary if we are to prevent additional bank failures? Local banks in themselves are powerless. The small group mentioned by Mr. HAWLEY will not supply the currency.

Some of you are asking that the gates to the Treasury be opened by way of the Federal reserve by increasing the kinds of paper eligible for rediscount. In other words, some would like to fill up the portfolios of our Federal reserve banks with paper which, even in time of prosperity, was not considered desirable for one reason or another. It most certainly does not become any more desirable under such stringent conditions as we have at the present. No one of us is under any illusion regarding the defeat of any such proposal, even if it were enacted into law. The same thing would happen then that is happening now. The new eligible paper could as easily be cornered and controlled as is the present eligible paper.

The saving of our remaining banks from failure is but one of the things which we must prevent. We must go even further, and see to it that the business of the country is enabled to get currency so that men can be put to work.

The facts are these: Nominally there is approximately $4,800,000,000 in circulation. Of this amount how much is now turning over in the actual conduct of business? It is the latter amount which is of great concern. The constant withdrawal of currency from our banks, which began shortly after the crash on the stock market in October, 1929, is the precipitating cause of many of these failures. Much of this money is being hoarded in safety-deposit boxes and other places of hiding. There is no way of actually determining the amount thus hoarded. The estimates vary from a billion and a quarter to two billion dollars. There is another amount out of circulation which is equally hard to estimate; this is some part of the $346,000,000 in greenbacks of Civil War time plus nearly $800,000,000 of national-bank notes. Much of these two moneys is out of circulation, due to fire, loss, and in numismatic collections. An additional half billion of American money is in circulation in European and South American countries. To these must be added the enormous sums of money tied up in closed banks.

These items taken together will very closely approximate two and a half billion dollars that has by some means or another been taken entirely and completely out of circulation. This leaves a little more than $2,000,000,000 circulating in the hands of the people. Much of this amount, however, is also being hoarded, because fear has so gripped the people that they will no longer spend their money for anything except the barest necessities.

Right now in many of your districts, I know it is true of my own, people have resorted to the old method of barter. Men are exchanging their work for food. Why is this done? Simply because money, right now, is so scarce. Why is it scarce? First, $7,000,000,000 of eligible paper is in control of a few banks whose officials do not think it would profit their banks to add to our present supply of currency. Second, approximately $2,000,000,000 that is being hoarded in safety-deposit boxes and other places of hiding. Third, those who have money are spending only for the barest necessities. Why? Because they fear that they can not get any more.

As I have previously pointed out the per capita circulation of wealth has gone down from $53.21 in 1920 to not more than $20 at the present time. It is true that the Treasury statements show a greater circulation than this, but it is not a true picture of the conditions, for they, of course, can not take into consideration the great hoarding of money that they themselves admit is taking place.

There is a very simple remedy for this fearsome situation. One which, if applied, will within 48 hours break the back of this panic. I make this all-inclusive statement only after due deliberation of the magnitude of its promise. This country at the present time has outstanding the great sum of $14,297,000,000 in bonds. Fortunately this is not all in the hands of a few but is scattered over the length and breadth of the land. Under the terms of my bill any bank, corporation, or citizen can take whatever bonds possessed by them to the Treasury of the United States and secure 90 per cent of their market value in new currency of the United States.

A perusal of the provisions of this bill will convince anyone of the protection afforded both to the individual and to the Government. In its simplest terms, it means that the people of the United States will once more be able to get money. If they get money, it means that men will be put to work. And that, ladies and gentlemen, is the thing in which I am most interested—a job for every man and woman who wants to work.

The plan I propose is simple and direct, with no tollgates in the way. I go to Uncle Sam and say, "Uncle Sam, I loaned you $1,000 last year at 4 per cent and I find myself in great need of cash, through no fault of my own. Please lend me $900 on your bond. I can not get cash anywhere else, and I will pay you the money back in 12 months, or you can keep the bond as a forfeit"

Please tell me what is wrong about that.

I submit herewith the following editorial from the Washington Post on this subject, following my interview of the previous Tuesday:

[From the Washington Post, Saturday, January 2, 1932]

TURN BONDS INTO MONEY

The amount of cash withdrawn from banks and hoarded by the people is estimated at $1,000,000,000. If this cash were in banks it would furnish a basis of credit amounting to twenty times as much, or $20,000,000,000.

The total amount of money nominally in circulation is over $4,800,000,000, amounting to $38 per capita. The amount actually in circulation is much less. The people have withdrawn and hoarded immense sums from circulating money, as well as from banks. The amount hoarded is unknown, but it is conservatively estimated that the total is equivalent to the shrinkage of $40,000,000,000 of credit.

The value of stocks diminished $60,000,000,000 after the market crash in 1929, affecting 17,000,000 stockholders. Real estate and other property diminished in value. Much of the apparent loss was unreal, because of fictitious values, but there were real losses running into billions. Property is now undervalued, because of pessimism and loss of confidence. Much property will recover normal value when confidence is restored.

There is a stringency of money in circulation. The dollar has an abnormal value because of the scarcity of dollars. A dollar will buy $1.45 worth of commodities. It will buy ten times as much stock on the New York Stock Exchange as it could buy in 1929. It can buy 40 per cent more factory labor. Millions of citizens are unable to obtain these dollars at any price in exchange for labor.

The country needs more dollars, not inflated dollars, but 100-cent gold-value dollars.

Section 4 of the Federal reserve act authorizes the reserve banks to deposit United States Government bonds with the circulating privilege and receive from the Comptroller of the Currency Federal reserve bank notes of the same par value as the bonds.

Congress is about to authorize the issuance of bonds to help make up the Treasury deficit. Why should not these bonds carry the circulating privilege and be exchanged for Federal reserve bank notes? The release of $1,000,000,000 in Federal reserve bank notes, secured by the equivalent in bonds, would release $20,000,000,000 of credit on a solid gold basis.

At present there are no bonds with the circulating privilege available for deposit with the Comptroller of the Currency. Unless the circulating privilege is stipulated in the forthcoming issue the Treasury will still further draw upon the public money resources, which are already too scanty to do the country's business. With the bonds exchangeable for Federal reserve bank notes, the Treasury could pay out these notes for Government expenditures and thus put new money in circulation, thereby releasing an immense amount of credit.

With the passing of the emergency the bonds and notes should be retired, as the dollar and commodity prices will have returned to normal and there will be no need of extra circulation.

The Federal reserve act contemplates the issuance of Federal reserve bank notes secured by United States bonds in times of emergency. The emergency now exists, and yet the relief provided for by law has not been granted by Congress.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

JUVENILE COURT, DISTRICT OF COLUMBIA

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on the District of Columbia.

To the Congress of the United States:

I transmit herewith for the information of the Congress a communication from the judge of the Juvenile Court of the District of Columbia, together with a report covering the work of the juvenile court during the year ended June 30, 1931.

HERBERT HOOVER.

THE WHITE HOUSE, *January 8, 1932.*

REIMBURSEMENT OF CERTAIN OFFICERS AND EMPLOYEES OF THE FOREIGN SERVICE OF THE UNITED STATES

Also the following message from the President, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs.

To the Congress of the United States:

I inclose herewith a report which the Secretary of State has addressed to me in regard to claims of certain officers and employees of the Foreign Service of the United States for reimbursement of losses of personal property suffered by them as a result of the earthquake occurring at Managua, Nicaragua, on March 31, 1931.

I recommend that an appropriation in the amount suggested by the Secretary of State be authorized in order to relieve these officers and employees of the Government of the burden these losses have occasioned.

HERBERT HOOVER.

THE WHITE HOUSE.

Inclosures: Report of the Secretary of State, with inclosures.

EXTENSION OF REMARKS

Mr. TARVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein a very short portion of the report made by the Social Service Commission of the Georgia Baptist Convention, touching certain social problems.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks as indicated. Is there objection?

Mr. SNELL. Mr. Speaker, inasmuch as the gentleman from Massachusetts [Mr. UNDERHILL] objected to this request the other day, I must now object.

The SPEAKER. Objection is heard.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WITHROW (at the request of Mr. PEAVEY) on account of the death of his mother.

HOUR OF MEETING TO-MORROW

Mr. RAINEY. Mr. Speaker, I desire to state that it is the intention to conclude this bill to-morrow and to get a vote on it, even if a night session is necessary. I want to request that all gentlemen on this side be present to-morrow, and I have no doubt the gentleman from New York wants all Members on his side to be present, and I propose to ask unanimous consent to convene at 11 o'clock to-morrow for that purpose. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER. Is there objection?

There was no objection.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 20 minutes p. m.) the House adjourned until to-morrow, Saturday, January 9, 1932, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

358. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination and survey of Mayaguez Harbor, P. R. (H. Doc. No. 215); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

359. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination of Rogue River, Oreg., upstream from Gold Beach; to the Committee on Rivers and Harbors.

360. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination of Cooper River, S. C., from the mouth of Goose Creek to Quimby Creek, also with a view to eliminating the bend about 3 miles below the junction of the east and west branches of said river; to the Committee on Rivers and Harbors.

361. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination of Yellow Creek and other tributaries of the Cumberland River in and about Middlesboro, Ky., with a view to the control of their floods (H. Doc. No. 216); to the Committee on Flood Control and ordered to be printed, with illustrations.

362. A letter from the Comptroller General, transmitting a special report on the financial transactions of the United States Shipping Board Merchant Fleet Corporation, dealing with matters arising in the audit of the accounts (H. Doc. No. 217); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

363. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, United States Army, on preliminary examination and survey of Rollinson Channel leading from Pamlico Sound to Hatteras, N. C. (H. Doc. No. 218); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

364. A communication from the President of the United States, transmitting for consideration of Congress an amendment of the estimate of appropriation for Federal, boundary, and State surveys, Coast and Geodetic Survey, Department of Commerce (H. Doc. No. 219); to the Committee on Appropriations and ordered to be printed.

365. A letter from the Secretary of War, transmitting a draft of a bill to authorize credit under accounts of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LINTHICUM: Committee on Foreign Affairs. H. J. Res. 163. A joint resolution to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932; with amendment (Rept. No. 30). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOWELL: Committee on the Territories. H. R. 308. A bill to provide for the appointment of an acting secretary of the Territory of Hawaii during the absence or illness of the Secretary; without amendment (Rept. No. 31). Referred to the House Calendar.

Mrs. NORTON of New Jersey: Committee on the District of Columbia. S. 1306. An act to provide for the incorporation of the District of Columbia Commission, George Washington Bicentennial; without amendment (Rept. No. 32). Referred to the House Calendar.

Mr. MANSFIELD: Committee on Rivers and Harbors. H. R. 6043. A bill authorizing the Secretary of War to reduce the penalty of the bond of the Brazos River Harbor Navigation District, of Brazoria County, Tex., furnished as surety for its doing certain work on the improvement of Freeport Harbor, Tex.; without amendment (Rept. No. 33). Referred to the Committee of the Whole House.

Mr. SUMNERS of Texas: Committee on the Judiciary. H. R. 6304. A bill to transfer Lavaca County from the Houston division to the Victoria division of the southern district of Texas; with amendment (Rept. No. 34). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 3554) granting a pension to Frank B. Oatman, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRIFFIN: A bill (H. R. 7220) amending the river and harbor act, approved March 3, 1899, for the protection and preservation of the navigable waters of the United States; to the Committee on Rivers and Harbors.

By Mr. GAVAGAN: A bill (H. R. 7221) to establish a national conservatory of music for the education of pupils in music in all its branches, vocal and instrumental, and for other purposes; to the Committee on Education.

By Mr. KVALE: A bill (H. R. 7222) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. HOWARD (by departmental request): A bill (H. R. 7223) to authorize the sale of parts of a cemetery reserve made for the Kiowa, Comanche, and Apache Indians in Oklahoma; to the Committee on Indian Affairs.

Also (by departmental request), a bill (H. R. 7224) to repeal the act of Congress approved May 31, 1924 (43 Stat. L. 247), entitled "An act to authorize the setting aside of certain tribal land within the Quinaielt Indian Reservation in Washington, for lighthouse purposes; to the Committee on Indian Affairs.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 7225) granting the consent of Congress to the Board of County Commissioners of Allegheny County, Pa., to construct, maintain, and operate a free highway bridge across the Monongahela River between the city of Pittsburgh and the borough of Homestead, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. MARTIN of Oregon: A bill (H. R. 7226) to authorize the Secretary of the Navy to make a long-term contract for a supply of water to the United States Naval Station at Guantanamo Bay, Cuba; to the Committee on Naval Affairs.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 7227) to authorize the Secretary of the Interior to make loans from the tribal trust fund of the Kiowa, Comanche, and Apache Tribes to members of such tribes; to the Committee on Indian Affairs.

By Mr. REID of Illinois: A bill (H. R. 7228) to amend the act entitled "An act granting pensions and increase of pensions to certain soldiers, sailors, and nurses of the war with Spain, the Philippine insurrection, or the China relief expedition, and for other purposes," approved June 2, 1930; to the Committee on Pensions.

By Mr. GASQUE: A bill (H. R. 7229) granting increase of pensions under the general law to soldiers, sailors, marines, members of the Coast Guard for disability incurred in service in line of duty, and the widows, minor children, dependent mothers and fathers of such soldiers, sailors, marines, and members of the Coast Guard when it has been shown that death was due to service or the result of a disability or disease contracted in the service in line of duty, and for other purposes; to the Committee on Pensions.

Also, a bill (H. R. 7230) granting uniform pensions to widows and children and dependent parents of certain persons who served the United States in time of war, and for other purposes; to the Committe on Pensions.

Also, a bill (H. R. 7231) for the better organization of the line of the Army, Navy, Marine Corps, and Coast Guard Service of the United States; to the Committee on Military Affairs.

By Mr. TARVER: A bill (H. R. 7232) providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899; to the Committee on Claims.

By Mr. HARE: A bill (H. R. 7233) to provide for the withdrawal of the sovereignty of the United States over the Philippine Islands and for the recognition of their independence; to provide for notification thereof to foreign governments; to provide for the assumption by the Philippine government of obligations under the treaty with Spain; to define trade and other relations between the United States and the Philippine Islands on the basis of a progressive scale of tariff duties preparatory to complete independence; to provide for the calling of a convention to frame a constitution for the government of the Philippine Islands; to provide for certain mandatory provisions of the proposed constitution; to provide for the submission of the constitution to the Filipino people and its submission to the Congress of the United States for approval; to provide for the adjustment of property rights between the United States and the Philippine Islands; to provide for the acquisition of land by the United States for coaling and naval stations in the Philippine Islands; to continue in force certain statutes until independence has been granted; and for other purposes; to the Committee on Insular Affairs.

By Mr. EVANS of Montana: A bill (H. R. 7234) authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana for preservation and exhibition the silver service which was in use on the gunboat No. 9, *Helena;* to the Committee on Naval Affairs.

By Mr. JONES: A bill (H. R. 7235) to prevent the short selling of cotton and grain in future markets; to the Committee on Agriculture.

Also, a bill (H. R. 7236) to provide for the issuance of agriculture export debentures; to the Committee on Agriculture.

By Mr. VESTAL: A bill (H. R. 7237) to amend section 4886, Revised Statutes; to the Committee on Patents.

By Mr. FREE: A bill (H. R. 7238) to amend section 5 of the suits in admiralty act, approved March 9, 1920; to the Committee on the Judiciary.

By Mr. HUDDLESTON: A bill (H. R. 7239) to regulate the transportation of persons and property in interstate and foreign commerce by motor carriers operating on the public highways; to the Committee on Interstate and Foreign Commerce.

By Mr. MAPES: A bill (H. R. 7240) to authorize the allowance of claims for retainer pay filed before January 19, 1934; to the Committee on Naval Affairs.

By Mr. SIROVICH: A bill (H. R. 7241) concerning leave of absence and sick leave of civil-service employees of the United States Government and the government of the District of Columbia; to the Committee on the Civil Service.

By Mr. JENKINS: A bill (H. R. 7242) to designate United States Highway No. 50 as the George Washington Highway, and for other purposes; to the Committee on Roads.

By Mr. CHRISTOPHERSON: A bill (H. R. 7243) to amend section 106 of the act to codify, revise, and amend the laws relating to the judiciary (U. S. C., title 28, sec. 187); to the Committee on the Judiciary.

By Mr. CARTWRIGHT: A bill (H. R. 7244) to extend the time for allowing suits on insurance contracts under section 19 of the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. VESTAL: A bill (H. R. 7245) to amend section 973, Revised Statutes; to the Committee on Patents.

By Mr. BOLAND: A bill (H. R. 7246) imposing an excise tax on motor busses and motor trucks operating over public highways of the United States of America as common carriers engaged in interstate commerce, providing for the assessment and collection thereof, and providing penalties for the violation of this act; to the Committee on Ways and Means.

By Mr. ALDRICH: A bill (H. R. 7247) authorizing the Rhode Island State Board of Public Roads and the State Highway Department of the State of Connecticut to construct, maintain, and operate a free highway bridge across the Pawcatuck River near the location of the present Broad Street Bridge between Westerly, R. I., and Stonington,

Conn.; to the Committee on Interstate and Foreign Commerce.

By Mr. MARTIN of Oregon: A bill (H. R. 7248) authorizing the modification of the existing project for the Willamette River between Oregon City and Portland, Oreg.; to the Committee on Rivers and Harbors.

By Mr. QUIN (by request of the War Department): A bill (H. R. 7249) to amend section 1223 of the Revised Statutes of the United States, and the act entitled "An act to define the terms 'child' and 'children' as used in the acts of May 18, 1920, and June 10, 1922," approved February 21, 1929; to the Committee on Military Affairs.

By Mr. SIROVICH: A bill (H. R. 7250) creating national mortgage banks; to the Committee on Banking and Currency.

By Mr. GOSS: A bill (H. R. 7251) for the disposition of the Muscle Shoals property, and for other purposes; to the Committee on Military Affairs.

By Mr. DOUGLAS of Arizona: A bill (H. R. 7252) to authorize the Secretary of War to permit the use of a portion of a National Guard target range near Phoenix, Ariz., as a burial plot; to the Committee on Military Affairs.

By Mr. CONNERY: A bill (H. R. 7253) authorizing the Federal Radio Commisison to assign to labor a cleared broadcasting channel; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H. R. 7254) to provide that the prevailing rate of wages shall be paid to laborers and mechanics on all public works; to the Committee on Labor.

By Mr. DISNEY: A bill (H. R. 7255) providing for the erection of a public building in the city of Claremore, Rogers County, Okla.; to the Committee on Public Buildings and Grounds.

By Mrs. ROGERS: A bill (H. R. 7256) to authorize the erection of a 100-bed addition to the United States Veterans' Administration hospital at Northampton, Mass.; to the Committee on World War Veterans' Legislation.

By Mr. JOHNSON of South Dakota: A bill (H. R. 7257) to amend section 301 of the World War veterans' act, as amended; to the Committee on World War Veterans' Legislation.

By Mr. COLTON: A bill (H. R. 7258) to provide for the protection of watersheds in and adjacent to national forests; to the Committee on Agriculture.

By Mr. REILLY: A bill (H. R. 7259) to provide allowances to widows and orphans of World War veterans; to the Committee on World War Veterans' Legislation.

By Mr. BYRNS: A bill (H. R. 7260) authorizing and directing the Secretary of Agriculture to establish and maintain a tobacco experiment and demonstration station in Montgomery County, Tenn.; to the Committee on Agriculture.

By Mr. GLOVER: Resolution (H. Res. 95) authorizing the President to call a conference of nations to discuss the ratio of money value of gold and silver; to the Committee on Foreign Affairs.

By Mr. GRIFFIN: Joint resolution (H. J. Res. 186) proposing an amendment to the eighteenth amendment of the Constitution of the United States and for the submission thereof to the people of the respective States through conventions elected on this one issue; to the Committee on the Judiciary.

By Mr. DAVILA: Joint resolution (H. J. Res. 187) to correct section 2 of the act of March 4, 1931, to coordinate the agricultural experiment station work and to extend the benefits of certain acts of Congress to the Territory of Porto Rico; to the Committee on Agriculture.

By Mr. GAVAGAN: Joint resolution (H. J. Res. 188) proposing an amendment to the Constitution of the United States vesting in the States certain powers; to the Committee on the Judiciary.

By Mrs. NORTON of New Jersey: Joint resolution (H. J. Res. 189) to provide that the present period of two years, during which owners of real property sold for taxes in the District of Columbia may redeem same, shall be extended to three years; to the Committee on the District of Columbia.

By Mr. JENKINS: Joint resolution (H. J. Res. 190) further restricting for a period of two years immigration into the United States; to the Committee on Immigration and Naturalization.

By Mr. PETTENGILL: Joint resolution (H. J. Res. 191) authorizing the issuance of a special postage stamp in honor of Brig. Gen. Thaddeus Kosciuszko; to the Committee on the Post Office and Post Roads.

Also, joint resolution (H. J. Res. 192) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's memorial day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. LINTHICUM: Joint resolution (H. J. Res. 193) providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H. R. 7261) granting an increase of pension to Mary E. Mikesell; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 7262) for the relief of John I. Saunders; to the Committee on Claims.

By Mr. BARTON: A bill (H. R. 7263) for the relief of Felix Maupin; to the Committee on Naval Affairs.

By Mr. BLAND: A bill (H. R. 7264) granting a pension to Lindsay Powers; to the Committee on Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 7265) to compensate Harriet C. Holaday; to the Committee on Foreign Affairs.

Also, a bill (H. R. 7266) granting a pension to Stella E. Moody; to the Committee on Pensions.

Also, a bill (H. R. 7267) granting an increase of pension to Kate Jayne Lafferty; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7268) granting an increase of pension to Jennie S. Bruce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7269) granting an increase of pension to Mary A. Brownell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7270) granting a pension to Mary T. Cory; to the Committee on Invalid Pensions.

By Mr. CABLE: A bill (H. R. 7271) granting a pension to Mary S. Garner; to the Committee on Pensions.

Also, a bill (H. R. 7272) granting an increase of pension to Maria Hurley; to the Committee on Invalid Pensions.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 7273) granting a pension to Adolph Schaefer; to the Committee on Pensions.

By Mr. CARTWRIGHT: A bill (H. R. 7274) granting a pension to Alonzo L. Malone; to the Committee on Pensions.

By Mr. GAVAGAN: A bill (H. R. 7275) for the relief of Frederic W. Anderson; to the Committee on Claims.

By Mr. CAVICCHIA: A bill (H. R. 7276) for the relief of Thomas A. McGurk; to the Committee on Military Affairs.

By Mr. CLANCY: A bill (H. R. 7277) for the relief of Alexander Chilenyak; to the Committee on Claims.

Also, a bill (H. R. 7278) for the relief of Joseph Vigliotti; to the Committee on Claims.

Also, a bill (H. R. 7279) for the relief of Thomas J. DeManigold; to the Committee on Military Affairs.

By Mr. CONDON: A bill (H. R. 7280) granting a pension to Miles S. Jensen; to the Committee on Pensions.

By Mr. CRAIL: A bill (H. R. 7281) granting an increase of pension to Emma W. Mitchell; to the Committee on Pensions.

By Mr. CULKIN: A bill (H. R. 7282) granting an increase of pension to Mary Wilder; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7283) granting a pension to Agnes Crawford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7284) for the relief of Julius S. Rockwell; to the Committee on Military Affairs.

Also, a bill (H. R. 7285) granting a pension to Mary E. Richley; to the Committee on Invalid Pensions.

By Mr. EATON of Colorado: A bill (H. R. 7286) to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; to the Committee on the Public Lands.

By Mr. ESTEP: A bill (H. R. 7287) granting a pension to Felix Jaranowski; to the Committee on Pensions.

By Mr. EVANS of Montana: A bill (H. R. 7288) granting a pension to Frank C. Russell; to the Committee on Pensions.

By Mr. EVANS of California: A bill (H. R. 7289) for the relief of George Henry Clayberger; to the Committee on Military Affairs.

By Mr. FIESINGER: A bill (H. R. 7290) granting an increase of pension to Gertrude Crouse Kaup; to the Committee on Invalid Pensions.

By Mr. FREE: A bill (H. R. 7291) granting a pension to Dollie Hagle; to the Committee on Invalid Pensions.

By Mr. GILLEN: A bill (H. R. 7292) granting an increase of pension to Jack M. Doyle; to the Committee on Pensions.

By Mr. GRANFIELD: A bill (H. R. 7293) requesting the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway and bridge across United States military reservation at the Springfield Armory, Mass.; to the Committee on Military Affairs.

By Mr. GREENWOOD: A bill (H. R. 7294) granting an increase of pension to Mary E. Cole; to the Committee on Invalid Pensions.

By Mr. HALL of Illinois: A bill (H. R. 7295) conferring jurisdiction upon the Court of Claims of the United States to hear, adjudicate, and render judgment on the claim of Edward Dubied & Co.; to the Committee on the Judiciary.

By Mr. HART: A bill (H. R. 7296) granting a pension to Frank B. Conklin; to the Committee on Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 7297) granting an increase of pension to Lury E. Abramson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7298) granting an increase of pension to Allie Truesdell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7299) granting an increase of pension to Sarah A. Egolph; to the Committee on Invalid Pensions.

By Mr. HUDDLESTON: A bill (H. R. 7300) to authorize William W. Hicks, major in the United States Army, to accept certain decorations conferred upon him by the President of the Austrian Republic and the President of the Czechoslovak Republic; to the Committee on Foreign Affairs.

Also, a bill (H. R. 7301) for the relief of William J. Fleming; to the Committee on Claims.

By Mr. JOHNSON of Missouri: A bill (H. R. 7302) granting a pension to Alice Drake; to the Committee on Invalid Pensions.

By Mr. JOHNSON of South Dakota: A bill (H. R. 7303) granting a pension to Harriet S. Weeks; to the Committee on Pensions.

Also, a bill (H. R. 7304) granting a pension to Harriet S. Nicholson; to the Committee on Pensions.

By Mr. KELLY of Pennsylvania: A bill (H. R. 7305) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products; to the Committee on the District of Columbia.

By Mr. KNUTSON: A bill (H. R. 7306) for the relief of James I. Coffey; to the Committee on Indian Affairs.

By Mr. LANKFORD of Virginia: A bill (H. R. 7307) for the relief of George T. Easton; to the Committee on Claims.

By Mr. LEAVITT: A bill (H. R. 7308) for the relief of Amy Turner; to the Committee on the Public Lands.

By Mr. LONERGAN: A bill (H. R. 7309) for the relief of Frank R. Scott; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 7310) granting a pension to John O. Allen; to the Committee on Pensions.

By Mr. McCLINTIC of Oklahoma: A bill (H. R. 7311) granting an increase of pension to Mary E. Derrick; to the Committee on Pensions.

Also, a bill (H. R. 7312) authorizing the Secretary of Agriculture to make disposition of certain public funds; to the Committee on Agriculture.

By Mr. MAJOR: A bill (H. R. 7313) granting an increase of pension to Lydia Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7314) granting an increase of pension to Laura N. Russell; to the Committee on Invalid Pensions.

By Mr. MALONEY: A bill (H. R. 7315) granting an increase of pension to Irma C. Manion; to the Committee on Pensions.

By Mr. MAPES: A bill (H. R. 7316) granting a pension to Mary G. Sherwood; to the Committee on Invalid Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 7317) for the relief of Jacinthe Cabral; to the Committee on Military Affairs.

By Mr. MEAD: A bill (H. R. 7318) for the relief of Frank Drodowsky, otherwise known as Frank Weber; to the Committee on Military Affairs.

By Mr. MOREHEAD: A bill (H. R. 7319) granting an increase of pension to Nellie Marshall; to the Committee on Invalid Pensions.

By Mr. NELSON of Maine: A bill (H. R. 7320) granting an increase of pension to Mary E. Robinson; to the Committee on Invalid Pensions.

By Mr. NORTON of Nebraska: A bill (H. R. 7321) for the relief of the Fairmont Creamery Co., of Omaha, Nebr.; to the Committee on Claims.

By Mrs. NORTON of New Jersey: A bill (H. R. 7322) for the relief of James O'Malley; to the Committee on Claims.

Also, a bill (H. R. 7323) granting a pension to Eleanora Linder; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7324) for the relief of the mayor and aldermen of Jersey City, Hudson County, N. J., a municipal corporation; to the Committee on Claims.

By Mrs. OWEN: A bill (H. R. 7325) granting an increase of pension to Emma Wasserfall; to the Committee on Invalid Pensions.

By Mrs. RUTH PRATT: A bill (H. R. 7326) for the relief of Frederick S. Rollo; to the Committee on Claims.

By Mr. REID of Illinois: A bill (H. R. 7327) granting a pension to Marie Orlomowski; to the Committee on Pensions.

By Mr. SEGER: A bill (H. R. 7328) granting an increase of pension to John Harold De Vries; to the Committee on Pensions.

By Mr. SPARKS: A bill (H. R. 7329) granting an increase of pension to Mary I. Wise; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 7330) for the relief of the American-La France and Foamite Corporation of New York; to the Committee on Claims.

By Mr. STRONG of Kansas: A bill (H. R. 7331) granting an increase of pension to Martha Knight; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7332) granting an increase of pension to Treca Honey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7333) granting an increase of pension to Anna McCormick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7334) granting an increase of pension to Eliza A. Mercer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7335) granting an increase of pension to Mary J. Shirk; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7336) granting an increase of pension to Rosa Craig; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 7337) granting a pension to Houston Newton Warren; to the Committee on Pensions.

By Mr. TARVER: A bill (H. R. 7338) granting an increase of pension to Sarah E. Adair; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Colorado: A bill (H. R. 7339) for the relief of Charles A. W. Gordon; to the Committee on Claims.

By Mr. THOMASON: A bill (H. R. 7340) granting a pension to Ruth T. Stuart; to the Committee on Pensions.

By Mr. THURSTON: A bill (H. R. 7341) for the relief of John M. Garrett; to the Committee on Claims.

By Mr. TIERNEY: A bill (H. R. 7342) granting an increase of pension to Sarah E. Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7343) granting a pension to Maria C. Hill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7344) granting a pension to Elmira D. Briggs; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7345) granting an increase of pension to Katy J. Woodward; to the Committee on Pensions.

By Mr. UNDERWOOD: A bill (H. R. 7346) granting an increase of pension to Sarah A. Swick; to the Committee on Invalid Pensions.

By Mr. WARREN: A bill (H. R. 7347) granting an increase of pension to Jack J. McLawhorn; to the Committee on Pensions.

By Mr. WASON: A bill (H. R. 7348) granting a pension to Eugene Barian; to the Committee on Pensions.

By Mr. WEAVER: A bill (H. R. 7349) granting an increase of pension to William B. Roberts; to the Committee on Pensions.

Also, a bill (H. R. 7350) for the relief of Oswald Hood Harney; to the Committee on War Claims.

Also, a bill (H. R. 7351) granting a pension to James P. Case; to the Committee on Pensions.

Also, a bill (H. R. 7352) granting a pension to Johnie G. Morris; to the Committee on Pensions.

Also, a bill (H. R. 7353) granting a pension to Mary A. Jackson; to the Committee on Pensions.

Also, a bill (H. R. 7354) granting a pension to Dennis G. Harkins; to the Committee on Pensions.

Also, a bill (H. R. 7355) granting a pension to Annie A. Edge; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

305. By Mr. AMLIE: Memorial of State Legislature of Wisconsin, urging enactment of legislation to credit income-tax payments made to the several States in payment of Federal income taxes; to the Committee on Ways and Means.

306. By Mr. BRIGGS: Petitions of a number of World War veterans residing in Galveston, Tex., urging the enactment of legislation relating to adjusted-service certificates; to the Committee on Ways and Means.

307. By Mr. CULLEN: Petition of the officers and members of Ladies' Auxiliary 37 to Branch 36, National Association of Letter Carriers, in meeting assembled at 110 East One hundred and twenty-fifth Street, New York City, on the 5th day of January, 1932, record their vigorous disapproval of H. R. 4711 and 5467, and urge Congress to defeat any proposals or measures seeking to reduce wages now paid to letter carriers in the Postal Service; to the Committee on Expenditures in the Executive Departments.

308. By Mr. DEROUEN: Petition of rice growers, farmers, millers, and bankers of Crowley, La., urging Congress to bring about such action through the Federal Farm Board for the disposal of some of the American-grown rice to China and Japan, on the same terms of credit as was used in the sales of wheat to these foreign countries; to the Committee on Agriculture.

309. By Mr. GARBER: Petition of A. P. W. Pulp & Power Co. (Ltd.), Albany, N. Y., urging support of House bill 28, providing for the construction of a vessel for the Coast Guard designed for ice-breaking and assistance work on the Hudson River; to the Committee on Interstate and Foreign Commerce.

310. Also, petition of Marsh & Truman Lumber Co., Chicago, Ill., urging support of House bill 28; to the Committee on Rivers and Harbors.

311. Also, petition of the United States Naval Reserve Officers' Association, protesting against reductions in naval appropriations; to the Committee on Appropriations.

312. Also, petition of the Chamber of Commerce of Anadarko, Okla., urging appropriations for the Riverside Indian School, at Anadarko, Okla., and the Fort Sill Indian School, at Lawton, Okla., to provide for necessary building and equipment; to the Committee on Appropriations.

313. By Mr. JOHNSON of Texas: Petition of F. W. Welch, of Mexia, Tex., opposing a Federal sales tax on motor vehicles; to the Committee on Ways and Means.

314. By Mr. KVALE: Petition of the Johnson-Roll-Dougherty Post, No. 187, of the American Legion, urging enactment of the insurance plan of benefits for ex-soldiers; to the Committee on World War Veterans' Legislation.

315. By Mr. McCORMACK: Petition of the Supreme Court, Foresters of America, in convention assembled in Boston, Mass., September 1, 1931, urging modification or repeal of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

316. By Mr. MEAD: Petition of members of the United States Immigration Inspectors' Association, opposing reduction of Federal salaries; to the Committee on Expenditures in the Executive Departments.

317. By Mr. PATMAN: Petition signed by Paul M. Schell and 23 other World War veterans, of Philadelphia, Pa., who marched from that city to Washington for the purpose of urging immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

318. By Mr. PERSON: Resolution of city commission of the city of Ferndale, Mich., favoring legislation which provides for the creation of a sinking fund to refinance legally constituted drainage districts; to the Committee on Irrigation and Reclamation.

319. Also, petition of citizens of Detroit, Mich., to enact legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

320. By Mr. RUDD: Petition of Tobacco Merchants Association of the United States, opposing the proposed additional tax on cigarettes and tobacco; to the Committee on Ways and Means.

321. Also, petition of National Council of the Steuben Society of America, favoring the repeal of the eighteenth amendment; to the Committee on the Judiciary.

322. Also, petition of League of the American Civil Service, Washington, D. C., opposing salary reduction of Federal employees; to the Committee on Expenditures in the Executive Departments.

323. Also, petition of the Federal Bar Association, Washington, D. C., opposing the passage of the Rich bill, H. R. 4711, or any similar proposal reducing the salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

324. By Mr. SANDERS of Texas: Petition of Joe Byers and numerous other citizens of Kemp, Tex., for the remaining part of their adjusted-service certificates and for pensions for World War widows; to the Committee on Ways and Means.

325. By Mr. SNOW: Petition of Harry W. Grinnell and many other citizens of Fort Kent, Me., favoring action by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

326. By the SPEAKER: Petition of John P. Hanson, of Lindsborg, Kans., to impeach the present Justices of the Supreme Court of the United States; to the Committee on the Judiciary.

SENATE

SATURDAY, JANUARY 9, 1932

(Legislative day of Thursday, January 7, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Bingham	Brookhart	Caraway
Austin	Black	Bulkley	Carey
Bailey	Blaine	Bulow	Connally
Barbour	Borah	Byrnes	Coolidge
Barkley	Bratton	Capper	Copeland

Costigan	Harrison	McKellar	Smith
Couzens	Hastings	McNary	Smoot
Cutting	Hatfield	Metcalf	Stefwer
Dale	Hayden	Morrison	Thomas, Idaho
Davis	Hebert	Moses	Thomas, Okla.
Dickinson	Howell	Neely	Townsend
Dill	Hull	Norbeck	Trammell
Fess	Johnson	Norris	Vandenberg
Fletcher	Jones	Nye	Wagner
Frazier	Kean	Patterson	Walcott
George	Kendrick	Pittman	Walsh, Mass.
Glass	Keyes	Reed	Walsh, Mont.
Glenn	King	Robinson, Ark.	Waterman
Gore	La Follette	Robinson, Ind.	Watson
Hale	Logan	Sheppard	Wheeler
Harris	McGill	Shortridge	White

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is necessarily detained from the Senate on official business. I ask that this announcement may stand as to all roll calls during the day.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress to enact legislation to credit income-tax payments made to the several States in payment of Federal income taxes, which was referred to the Committee on Finance. (See joint resolution printed in full when presented on the 8th instant by Mr. BLAINE, p. 1469, CONGRESSIONNAL RECORD.)

He also laid before the Senate a resolution adopted by the American Vigilant Intelligence Federation, Chicago, Ill., in special session assembled, favoring the making of naval appropriations for the prompt construction of cruisers, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a letter from the Norfolk (Nebr.) Packing Co., signed by W. S. Warfield, jr., its president, transmitting copy of a letter in the nature of a petition addressed to Hon. George B. McGinty, secretary of the Interstate Commerce Commission, relative to the unsatisfactory situation of the canning industry in the Middle West, and praying correction thereof, which, with the accompanying paper, was referred to the Committee on Interstate Commerce.

Mr. GOLDSBOROUGH presented a paper to accompany the bill (S. 570) to exempt from taxation certain property of the National Society of the Colonial Dames of America, in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented papers to accompany the following bills, which were referred to the Committee on Pensions:

S. 569. An act granting a pension to Elizabeth E. Caskey; and

S. 1334. An act granting a pension to Rosalie Kunkel.

BALANCING THE BUDGET

The VICE PRESIDENT laid before the Senate a telegram from the president of the American Bankers' Association, which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., *January 7, 1932.*

The Hon. CHARLES CURTIS,
President of the Senate, Washington, D. C.

The American Bankers' Association, through its members representing the bankers of the Nation, respectfully calls upon all Members of Congress to join hands with those who recognize that present conditions demand a drastic curtailment of governmental expenditures in every possible way, to the end that public confidence in the high credit of Government may remain unimpaired.

The prime requirement of sound governmental finance is a balanced budget. We believe, therefore, that effective measures to bring this about through devoted cooperation for the public good, constitutes the first and foremost duty of the administrative and legislative branches of our Government.

Balancing the Federal Budget under existing circumstances clearly demands two lines of action—first, a reduction of expenditures, and second, an increase in income. This means unequivocally that the cost of Government must be cut down on the one hand, and on the other, that effective and equitable tax measures must be devised to assure adequate revenues for all proper expenditures.

There can be little hope for private business stability unless the Federal Government is kept upon an operating basis that will sustain its efficiency and maintain its credit. The deliberations of Congress should make clear to our people that the Government can not continue to live beyond its income without disaster, and Congress should act fearlessly in the light of this public understanding.

Federal funds come only from the pockets of the people—through either taxes or loans. There must be a sound balance in the use of these two methods. If fresh loans are too numerous or extensive, preexisting security values are impaired, injury done to Government credit and burdensome charges created; if taxes are too high, and particularly if not equitably spread, business is crippled and the capacity to pay weakened.

To avoid these disastrous results, policies of rigid economy in Government are of prime importance. The people are demanding in no uncertain terms that every last dollar of avoidable governmental expense be done away with and that every dollar of unavoidable expenditure be made to bring a full return of economic and efficient public service. This applies not only to the National Government but to every State, county, city, and other taxing jurisdiction. The influence seeps down, not up, and local governments look to the Federal Government for leadership.

The American Bankers Association respectfully urges that every effort and every faculty of our National Legislature be devoted to this purpose until its aim is accomplished.

H. J. HAAS,
President American Bankers Association.

COMMENTS ON PRESIDENT HOOVER'S STATEMENT

Mr. McKELLAR. Mr. President, I want to read a short statement issued by the President of the United States to the newspapers yesterday and then make a few comments thereon.

The President of the United States issued yesterday one of the most remarkable statements that ever came from any occupant of the White House, in my opinion. I read from an article that appears in the Washington Herald this morning, as follows:

HOOVER WARNS CONGRESS TO CUT EXPENSES—BILLS AWAITING ACTION INVOLVE OUTLAY OF FORTY BILLIONS; RIGID ECONOMY ASKED IN STATEMENT

(By Universal Service)

Urging further drastic economies in Government expenditures, President Hoover said yesterday the Budget could be balanced for the next fiscal year if the program now agreed upon is carried out.

He issued a warning, however, that bills now before Congress would total $40,000,000,000, if enacted, and that the Government must end the orgy of spending.

ECONOMY ESSENTIAL

The statement follows in part.

I now read from his statement:

I wish to emphasize to the full extent of my ability the necessity, as a fundamental to recovery, of the utmost economy of governmental expenditure of all kinds.

The public statements of the Republican and Democratic leaders of the Senate and House show a real nonpartisan determination in cooperation with the administration to assure the country of the balancing of the Federal expenditures and income for the fiscal year beginning July 1.

The amount of taxes we will need to impose for this purpose will depend primarily entirely upon what further cuts we can make in Government expenditures. The Budget before Congress represents a reduction of $360,000,000 in Federal expenditures for the next fiscal year. I shall welcome any further reduction which can be made and still preserve the proper and just functioning of the Federal Government.

With this program we are thus assured that we can maintain the full stability and credit of the Federal Government by no increase in the public debt, after covering the deficit of this fiscal year and no further increase after the 1st of next July.

The balancing of next year's expenditures and receipts and the limitation of borrowing implies the resolute opposition to any new or enlarged activities of the Government. With the assurances which have now been given from the leaders in Congress, I do not believe there is any ground for apprehension by the public from the flood of extravagant proposals which have been introduced there.

It is true that these bills would imply an increase of Government expenditures during the next five years of over $40,000,000,000, or more than $8,000,000,000 per annum. The great majority of these bills have been advanced by some organization or some sectional interest, and are little likely to see the light of day from congressional committees.

REAL ROAD TO RELIEF

Rigid economy is a real road to relief to home owners, farmers, workers, and every element of our population.

Our first duty as a Nation is to put our Governmental house in order—National, State, and local. With the return of prosperity the Government can undertake constructive projects both of social character and in public improvement.

Listen to this, Senators:

We can not squander ourselves into prosperity.

The people will, of course, provide against distress but the purpose of the Nation must be to restore employment by economic recovery.

Mr. President, I said that was one of the most remarkable statements I have ever seen come from any occupant of the White House, and it is. I make that comment here because the President's statement is so far from the apparent facts thus far developed during this Congress.

Mr. President, some one is imposing upon the President of the United States in regard to the matters about which he made this public statement. It is the only possible way in which it may be accounted for. I am not speaking for Mr. Hoover, but I do not believe that he would knowingly try to mislead the American people in reference to Government appropriations. Somebody has just misled him.

What are the facts about the appropriations? At the last session of the Congress there was appropriated the gigantic sum of $5,178,524,967.95.

Mr. President, I digress here long enough to say that that was $28,000,000 less than the amount the President recommended to Congress should be appropriated last year, and yet he is calling Congress to task for being extravagant and warning us not to be extravagant. But let us see what the facts are about the appropriations for this year. The implication is that the President is trying with might and main to cut down appropriations made last year to a smaller sum this year. What are the facts in reference to this matter? They are very simple.

Mr. Hoover's Budget recommendation for the ensuing year, that is for the fiscal year ending June 30, 1933, is $4,601,479,101.22. In addition to that, under the recommendations of the President the Congress has already appropriated at this session of Congress, on December 21, 1931, $203,925,000. In addition to that, the President has recommended deficiency appropriations for this year amounting to $139,330,162.75, and the bill has already passed the House. It is true that the House of Representatives has refused to appropriate $13,443,900 of that sum, but the President recommended the hundred and thirty-nine million. The House of Representatives cut down the President's recommendation, but, instead of the President commending them for that action, he warns the people against an extravagant Congress.

In addition to that, the President has recommended an appropriation of $500,000,000 for a Reconstruction Finance Corporation which is to have the power to issue $1,500,000,000 more in bonds. In addition to that, the President has recommended a Federal land bank amendment, the authorized appropriation for which as passed by the House is $100,000,000 and which it is proposed by the Senate committee to increase to $125,000,000.

To recapitulate the recommendations for appropriations during the first 32 days of this present session and assuming the House figures to be the true ones, we find that President Hoover has recommended the following appropriations:

Regular expenses for 1933	$4,601,479,101.22
Hoover's rehabilitation corporation	500,000,000.00
Appropriations joint resolution, Dec. 21	203,925,000.00
Hoover's farm loan bill	100,000,000.00
First deficiency bill already passed the House	125,886,262.75
Making a total of	5,531,290,363.97

That enormous sum represents the appropriations already recommended by the President.

Mr. BLAINE. Mr. President, will the Senator from Tennessee yield to me?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Wisconsin?

Mr. McKELLAR. I will yield to the Senator in a moment. So, Senators, the President is warning the Congress to be less extravagant when he has already made to Congress the most extravagant recommendations for appropriations. Now, I yield to the Senator from Wisconsin.

Mr. BLAINE. Did I understand the Senator from Tennessee to include in his computation $500,000,000 for the Reconstruction Finance Corporation?

Mr. McKELLAR. I did.

Mr. BLAINE. The Senator should also add another billion and a half dollars, because the pending bill carries an appropriation of $2,000,000,000, and the sum the Senator has stated should be increased by $1,500,000,000.

Mr. McKELLAR. The Senator is entirely right about that, and I am just reaching the point in my remarks where I was going to make that addition. If there be added the authorized bond issue provided for in the Reconstruction Finance Corporation bill of $1,500,000,000, the recommendations of the President, virtually already carried out up to date, amount to authorized appropriations of $7,031,290,363.97.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield to the Senator.

Mr. NORRIS. Has the Senator from Tennessee the estimate of the President for the White House for the next fiscal year compared to the present fiscal year?

Mr. McKELLAR. No, sir; I have not those figures before me. I was so intent upon getting the sum total of what the President had already recommended—the most extravagant appropriations that ever were recommended by any ruler or President in the history of time, not even excluding the great World War period—that I omitted to secure the estimate to which the Senator from Nebraska refers; yet our President, who has recommended these enormously extravagant appropriations for this very year, gives out interviews to the newspaper stressing the necessity of cutting down and keeping down appropriations, warning the Congress not to make extravagant appropriations, when as a matter of fact he himself is making the most extravagant recommendations for expenditures ever made by any President.

But, Mr. President, the sum of $7,031,000,000 recommended by the President, vast as it is, does not represent all the appropriation recommended by the President to Congress.

In addition to the seven billions already recommended by the President, he has recommended the creation of a system of home loan discount banks, and a bill has been introduced by the senior Senator from Indiana [Mr. WATSON] in furtherance of such recommendation.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator from Tennessee a question?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from California?

Mr. McKELLAR. I will yield in just a moment. On page 2 of that bill I find $150,000,000 is authorized to be appropriated, and on page 18 of the bill $500,000 more for salaries and clerk hire. In addition to that the President has recommended a plan to pay the depositors of failed banks, which will undoubtedly cause an additional appropriation of perhaps as much as $500,000,000. Perhaps some Senator who is a member of the committee can give me the figures as to these last measures, including the one relating to paying the depositors of failed banks. What amount is going to be required by that bill? The President has recommended it. It will not be less than half a billion dollars, I imagine, if relief is given to depositors of failed banks.

Mr. FLETCHER. It may run as high as $2,000,000,000.

Mr. McKELLAR. The Senator from Florida, who is a member of the committee, says it may run as high as $2,000,000,000.

These several recommendations amount to over seven and one-half billion dollars, not counting the $2,000,000,000 extra suggested by the Senator from Florida. If the other measures shall be passed, the total will be nine and a half billion dollars recommended by the President of the United States for this year.

Remember, Senators, we have been in session but 32 days. If the President recommends to the Congress appropriations of seven and one-half billion dollars or of nine and a half billion dollars—if the Senator from Florida is cor-

rect, and I think he is—during the first 32 days, where are these appropriations likely to lead before the session shall finally close? The statement of the President must have been uttered somewhat facetiously.

I quote from the President's message as follows:

We can not squander ourselves into prosperity.

My heavens, Senators, what does the President call squandering! After making recommendations that this Congress shall appropriate either seven and a half billion dollars, as shown by the figures I have given, or, counting the two extra billions mentioned by the Senator from Florida, nine and a half billion, I wonder does he call that "rigid economy"? Somebody has been imposing upon the President, in my judgment; he must have accepted the figures of some subordinate who has put the figures in for political purposes.

So, Mr. President, the President has already fallen into the very error that he is warning Congress against. Instead of practicing "rigid economy" his recommendations for appropriations this year will probably be greater than those ever recommended in any year in the history of our Government, inclusive of recommendations made to carry on the World War. The President has recommended more than seven and one-half billions of dollars in the first 32 days of the Congress, and there is no telling how high the figure will mount.

I again quote the statement from the President's message:

We can not squander ourselves into prosperity.

As I look at it, nearly one-half of the recommendations for appropriations already made by the President in the first 32 days of the session are but attempts to "squander ourselves into prosperity."

So, Mr. President, when we consider these recommendations for the most extravagant appropriations ever asked for by any President, and when we consider his warning this morning to the Congress to cut down expenses, I want to say to the President, in all kindness:

Why beholdeth thou the mote that is in thy brother's eye, but considerest not the beam that is in thine own eye?

Mr. McKELLAR subsequently said: Mr. President, this morning the Senator from Nebraska [Mr. NORRIS] asked me in reference to appropriations made from the White House, and at the time I did not have the figures. I have them now.

Under the heading "Executive Office," in the Budget which the President transmits to Congress, he lists expenditures totaling $472,380 for the current fiscal year, an increase of $50,000 over 1931. The estimate for the 1933 fiscal year is $429,380.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 6596) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war, in which it requested the concurrence of the Senate.

REPORTS OF COMMITTEES

Mr. KING, from the Committee on the Judiciary, to which was referred the bill (S. 2379) permitting admission to bail in extradition proceedings, reported it with an amendment.

He also, from the Committee on the District of Columbia, to which was referred the bill (S. 9) authorizing the assessor of the District of Columbia to testify in condemnation proceedings, reported it with an amendment and submitted a report (No. 50) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 1293) for the relief of Harold S. Shepardson, reported it with an amendment and submitted a report (No. 51) thereon.

Mr. HOWELL, from the Committee on Claims, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon:

S. 229. An act for the relief of Don C. Fees (Rept. No. 52);

S. 248. An act authorizing adjustment of the claim of the David Gordon Building & Construction Co. (Rept. No. 53);

S. 250. An act authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co. (Rept. No. 54);

S. 251. An act authorizing adjustment of the claim of the estate of Thomas Bird, deceased (Rept. No. 55);

S. 253. An act authorizing adjustment of the claim of Francis B. Kennedy (Rept. No. 56);

S. 260. An act authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D. C. (Rept. No. 57);

S. 409. An act for the relief of Guy Clatterbuck (Rept. No. 58);

S. 565. An act for the relief of the B. & O. Manufacturing Co. (Rept. No. 59);

S. 901. An act for the relief of Warren J. Clear (Rept. No. 60);

S. 904. An act for the relief of Elizabeth B. Dayton (Rept. No. 61);

S. 943. An act for the relief of John Herink (Rept. No. 62);

S. 944. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr. (Rept. No. 63);

S. 1028. An act for the relief of W. Stanley Gorsuch (Rept. No. 64);

S. 2159. An act for the relief of the Columbia Casualty Co. (Rept. No. 65);

S. 2325. An act for the relief of the United States Hammered Piston Ring Co. (Rept. No. 66);

S. 2697. An act for the relief of Clarence G. Young (Rept. No. 67);

S. 2698. An act for the relief of Herman Ingman (Rept. No. 68); and

S. J. Res. 56. Joint resolution authorizing the Comptroller General of the United States to consider, adjust, and settle the claim of the Indiana State Militia for military service on the Mexican border (Rept. No. 69).

Mr. HOWELL also, from the Committee on Claims, to which was referred the bill (S. 968) for the relief of certain employees of the Forest Service, Department of Agriculture, reported it with amendments and submitted a report (No. 70) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 157. An act for the relief of Sarah Ann Coe (Rept. No. 71);

S. 942. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer (Rept. No. 72);

S. 945. An act for the relief of the Fairmont Creamery Co., of Omaha, Nebr. (Rept. No. 73); and

S. 1683. An act for the relief of Stillwell Bros. (Inc.) (Rept. No. 74).

Mr. GORE, from the Committee on the District of Columbia, to which was referred the bill (S. 2173) to authorize associations of employees in the District of Columbia to adopt a device to designate the products of the labor of their members, to punish illegal use or imitation of such device, and for other purposes, reported it without amendment and submitted a report (No. 75) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 556) to extend the times for commencing and completing the construction of a bridge across the Elk River at or near Kelso, Tenn., reported it with an amendment and submitted a report (No. 76) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 201. An act granting the consent of Congress to the State of South Carolina to construct, maintain, and operate a bridge across the Waccamaw River (Rept. No. 77);

S. 1291. An act to extend the times for commencing and completing the construction of a bridge across the Choctawhatchee River near Freeport, Fla. (Rept. No. 78); and

S. 2317. An act granting the consent of Congress to the State of Michigan and Berrien County, or either of them, to construct, maintain, and operate a bridge across the St. Joseph River (Rept. No. 79).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NORRIS:

A bill (S. 2802) granting an increase of pension to Marcella J. Williams; to the Committee on Pensions.

By Mr. METCALF:

A bill (S. 2803) for the relief of Michael Judge (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2804) granting a pension to Mabel S. Pickup (with accompanying papers); to the Committee on Pensions.

By Mr. CAREY:

A bill (S. 2805) granting a pension to Phillip F. Sullivan;

A bill (S. 2806) granting an increase of pension to Joseph Baker; and

A bill (S. 2807) granting an increase of pension to Charles W. Nelson (with accompanying papers); to the Committee on Pensions.

A bill (S. 2808) to grant an honorable discharge to Charles L. Wymore (with accompanying papers); to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 2809) to amend section 301 of the World War veterans' act, 1924, as amended by act approved June 2, 1926; to the Committee on Military Affairs.

By Mr. THOMAS of Idaho:

A bill (S. 2810) to provide for the advancement of funds to receivers of insolvent banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. DAVIS:

A bill (S. 2811) granting a pension to Samuel Johnson; to the Committee on Pensions.

By Mr. REED:

A bill (S. 2812) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department (with accompanying papers); and

A bill (S. 2813) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department (with accompanying papers); to the Committee on Claims.

By Mr. NEELY:

A bill (S. 2814) granting a pension to Nannie P. Nicholas; and

A bill (S. 2815) granting an increase of pension to Anthony R. Backus; to the Committee on Pensions.

A bill (S. 2816) relating to the compromising of cases arising under the internal revenue laws; to the Committee on the Judiciary.

By Mr. WALSH of Massachusetts:

A bill (S. 2817) granting an increase of pension to Cynthia J. A. Grant; to the Committee on Pensions.

By Mr. WALSH of Massachusetts and Mr. COOLIDGE:

A bill (S. 2818) to authorize the erection of a United States Veterans' Administration hospital at or near the city of Boston, in the State of Massachusetts; to the Committee on Finance.

By Mr. THOMAS of Oklahoma:

A bill (S. 2819) granting a pension to Robert Hopkins, known as Ah-sah-kah-laha (with accompanying papers); to the Committee on Pensions.

A bill (S. 2820) to authorize the Secretary of the Interior to make loans from the Tribal trust fund of the Kiowa, Comanche, and Apache Tribes to members of such tribes; to the Committee on Indian Affairs.

By Mr. COPELAND:

A bill (S. 2821) for the relief of the Great American Indemnity Co. of New York; and

A bill (S. 2822) for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 2823) granting an increase of pension to Mary A. McNeil (with accompanying papers); to the Committee on Pensions.

A bill (S. 2824) to amend the act of the Legislative Assembly of the District of Columbia creating the office of steam-boiler inspector for the District of Columbia; and

A bill (S. 2825) to provide for the sale of real estate in arrears of taxes or assessments of any kind in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. WHEELER:

A bill (S. 2826) for the relief of Benjamin F. Johnson; to the Committee on Finance.

By Mr. GOLDSBOROUGH:

A bill (S. 2827) to amend the act known as the "perishable agricultural commodities act, 1930," approved June 10, 1930; to the Committee on Agriculture and Forestry.

By Mr. GLASS:

A bill (S. 2828) for the relief of George M. Peed; and

A bill (S. 2829) for the relief of the legal representatives of the estate of Henry H. Sibley, deceased; to the Committee on Claims.

By Mr. ROBINSON of Indiana:

A bill (S. 2830) granting a pension to Albert W. Dawson, jr. (with accompanying papers); and

A bill (S. 2831) granting an increase of pension to Catharine D. Manning (with accompanying papers); to the Committee on Pensions.

By Mr. HOWELL:

A bill (S. 2832) granting a pension to Birdie Brugh;

A bill (S. 2833) granting a pension to Janet Powell Staud;

A bill (S. 2834) granting an increase of pension to Clara J. Culp; and

A bill (S. 2835) granting an increase of pension to George P. Ives; to the Committee on Pensions.

A bill (S. 2836) providing for the appointment of Kay Rossman as a warrant officer, Adjutant General's office, United States Army; to the Committee on Military Affairs.

By Mr. PATTERSON:

A bill (S. 2837) granting an increase of pension to Emma Howsman (with accompanying papers); to the Committee on Pensions.

By Mr. CONNALLY:

A bill (S. 2838) for the relief of the John Sealy Hospital at Galveston, Tex.; and

A bill (S. 2839) for the relief of the heirs of C. K. Bowen, deceased; to the Committee on Claims.

A bill (S. 2840) granting a pension to Ellen Loughborough; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 2841) to increase the compensation payable to noncareer vice consuls and certain bonded officers in the Foreign Service; to the Committee on Foreign Relations.

COMMERCIAL RADIO BROADCASTING

Mr. DILL submitted an amendment intended to be proposed by him to the resolution (S. Res. 129) calling for a report from the Federal Radio Commission on the use of radio facilities for commercial advertising purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. SHEPPARD submitted an amendment intended to be proposed by him to House bill 6660, the first deficiency appropriation bill, 1932, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 27, after line 11, to insert a new paragraph reading as follows:

"To pay judgments rendered in condemnation proceedings in connection with the acquisition by the War Department of certain land at Kelly Field, Tex., $135,152.32, together with such additional sum as may be necessary to pay interest in accordance with such judgments."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting several nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILL REFERRED

The bill (H. R. 6596) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war was read twice by its title and referred to the Committee on Pensions.

"THE CANDIDACY OF FRANKLIN D. ROOSEVELT"

Mr. KEAN. Mr. President, I ask leave to have printed in the RECORD an article by Walter Lippmann in the New York Herald Tribune of the 8th instant, entitled "The Candidacy of Franklin D. Roosevelt."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Friday, January 8, 1932]

TO-DAY AND TO-MORROW—THE CANDIDACY OF FRANKLIN D. ROOSEVELT

By Walter Lippmann

It is now plain that sooner or later some of Governor Roosevelt's supporters are going to feel badly let down. For it is impossible that he can continue to be such different things to such different men. He is, at the moment, the highly preferred candidate of left-wing progressives like Senator WHEELER, of Montana, and of Bryan's former secretary, Representative HOWARD, of Nebraska. He is, at the same time, receiving the enthusiastic support of the New York Times.

Senator WHEELER, who would like to cure the depression by debasing the currency, is Mr. Roosevelt's most conspicuous supporter in the West, and Representative HOWARD has this week hailed the governor as "the most courageous enemy of the evil influences" emanating from the international bankers. The New York Times, on the other hand, assures its readers that "no upsetting plans, no socialistic proposals, however mild and winning in form," could appeal to the governor.

The Roosevelt bandwagon would seem to be moving in two opposite directions.

There are two questions raised by this curious situation. The first is why Senator WHEELER and the Times should have such contradictory impressions of their common candidate. The second, which is also the more important question, is which has guessed rightly.

The art of carrying water on both shoulders is highly developed in American politics, and Mr. Roosevelt has learned it. His message to the legislature, or at least that part of it devoted to his presidential candidacy, is an almost perfect specimen of the balanced antithesis. Thus at one place we learn that the public demands "plans for the reconstruction of a better-ordered civilization" and in another place that "the American system of economics and government is everlasting." The first sentence is meant for Senator WHEELER and the second for the New York Times.

The message is so constructed that a left-wing Progressive can read it and find just enough of his own phrases in it to satisfy himself that Franklin D. Roosevelt's heart is in the right place. He will find an echo of Governor La Follette's recent remarks about the loss of "economic liberty." He will find an echo of Governor La Follette's impressive discussion about the increasing concentration of wealth and how it does not guarantee an intelligent or a fair use of that wealth. He will find references to "plans." On the other hand, there are all necessary assurances to the conservatives. "We should not seek in any way to destroy or to tear down"; our system is "everlasting"; we must insist "on the permanence of our fundamental institutions."

That this is a studied attempt to straddle the whole country I have no doubt whatever. Every newspaper man knows the whole bag of tricks by heart. He knows, too, that the practical politician supplements these two-faced platitudes by what are called private assurances, in which he tells his different supporters what he knows they would like to hear. Then when they read the balanced antithesis each believes the half that he has been reassured about privately and dismisses the rest as not significant. That, ladies and gentlemen, is how the rabbit comes out of the hat; that is how it is possible to persuade Senator WHEELER and the New York Times that you are their man.

In the case of Mr. Roosevelt it is not easy to say with certainty whether his left-wing or his right-wing supporters are the more deceived. The reason is that Franklin D. Roosevelt is a highly impressionable person, without a firm grasp of public affairs and without very strong convictions. He might plump for something which would shock the conservatives. There is no telling. Yet when Representative HOWARD, of Nebraska, says that he is "the most dangerous enemy of evil influences," New Yorkers who know the governor know that Mr. HOWARD does not know the governor. For Franklin D. Roosevelt is an amiable man with many philanthropic impulses, but he is not the dangerous enemy of anything. He is too eager to please. The notion which seems to prevail in the West and South that Wall Street fears him is preposterous. Wall Street thinks he is too dry, not that he is too radical. Wall Street does not like some of his supporters, Wall Street does not like his vagueness and the uncertainty as to what he does think; but if any western progressive thinks that the governor has challenged directly or indirectly the wealth concentrated in New York City, he is mightily mistaken.

Mr. Roosevelt is, as a matter of fact, an excessively cautious politician. He has been governor for three years, and I doubt whether anyone can point to a single act of his which involved any political risk. Certainly his water-power policy has cost him nothing, for the old interests who fought Smith have been displaced by more enlightened capitalists, quite content to let the State finance the development. I can think of nothing else that could be described as evidence of his willingness to attack vested interests, and I can think of one outstanding case in which he has shown the utmost reluctance to attack them. I refer to his relations with Tammany.

It is well known in New York, though apparently not in the West, that Governor Roosevelt had to be forced into assisting the exposure of corruption in New York City. It is well known in New York that, through his patronage, he has supported the present powers in Tammany Hall. It is well known that his policy has been to offend Tammany just as little as he dared in the face of the fact that an investigation of Tammany had finally to be undertaken. It is true that he is not popular in Tammany Hall, but, though they do not like him, they vote for him. For there is a working arrangement between him and Tammany. That was proved last November when the Tammany organization went to the polls for the amendment which Smith opposed and Roosevelt sponsored. Tammany had no interest in that amendment. It dealt witht reforestation of hundreds of miles from the sidewalks of New York. Yet it was the Tammany machine which gave the governor his victory.

I do not say that Mr. Roosevelt might not at some time in the next few months fight Tammany. I do say that on his record these last three years he will fight Tammany only if and when he decides it is safe and profitable to do so. For Franklin D. Roosevelt is no crusader. He is no tribune of the people. He is no enemy of entrenched privilege. He is a pleasant man who, without any important qualifications for the office, would very much like to be President.

It is meaningless for him to talk about "leadership practical, sound, courageous, and alert." He has been governor in the community which has been the financial center of the world during the last year of the boom and the two years of the depression. The Governor of New York is listened to when he speaks. Can anyone point to anything Mr. Roosevelt has said or done in those three years to provide the leadership we should all so much like to have had? I do not think anyone can. He has carefully refrained during these years from exerting any kind of leadership on any national question which was controversial. That was probably shrewd politics. It has helped his candidacy. But as a result of his strategic silence nobody knows where he stands on any of the great questions which require practical, sound, courageous, and alert leadership. And those who think he can supply such leadership next year are playing their hunches.

RECONSTRUCTION FINANCE CORPORATION

The Senate resumed the consideration of the bill (S. 1) to provide emergency financing facilities for banks and other financial institutions, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from New Mexico [Mr. BRATTON] to the amendment reported by the committee.

Mr. BRATTON. Mr. President, just one additional word respecting the amendment. It was said by the Senator from Virginia [Mr. GLASS] yesterday that the purpose of this legislation is to stop deflation and combat unemployment With those two cardinal principles in mind, Mr. President, this amendment does not depart from the scope of the pending legislation. By way of illustration, this amendment is designed to aid a reclamation project somewhere in the West; it was organized under State law and is in process of construction. Some of its securities may have been sold, its forces organized, and its program under way when the financial crash came, as a consequence of which it is paralyzed; it is unable to secure credit; it is suffering from deflation. Relief extended in a situation of that kind will help combat unemployment. All the amendment does, Mr. President, is to make that sort of an industry eligible for relief through the corporation.

It is proposed by the advocates of the measure to use $500,000,000 in an effort to stimulate business, stop deflation, and combat unemployment. If the measure can do that everyone will be gratified. In these circumstances I see no reason why relief of this kind should be accorded to railroad companies, banks, insurance companies, building and loan associations, agricultural and livestock credit associations and be denied to reclamation projects. In my opinion, they,

too, should have the privilege of going before the board, submitting their applications, and having them passed upon and determined by the sound discretion of the members of the board. This is an industry that forms a part of the economic life of the Western States. It seems to me that, when we take a nation-wide view of the situation and endeavor to deal with it from a nation-wide standpoint, there can be no reason why this industry should be excluded when it is proposed to provide this enormous sum of money to assist other industries which may be in distress.

I make no criticism against the other industries—of course not—I content myself now with urging that these small institutions, not organized, not powerful, not prepared to wage a concert of effort in the interest of legislation of this kind, but whose cause is meritorious, should be eligible for consideration. That is the purpose of the amendment, Mr. President, and with this last word, so far as I am concerned, I shall submit the amendment to the Senate. I hope we may have a record vote on it. Of course, I shall abide the outcome.

The VICE PRESIDENT. Does the Senator demand the yeas and nays?

Mr. BRATTON. I do. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SHORTRIDGE. I ask to have the amendment read.

The VICE PRESIDENT. The amendment to the amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. On page 20, line 23, after the word "determine" and the comma, it is proposed to insert:

To any reclamation, drainage, or irrigation district, association, or corporation organized under the laws of any State of the United States, or.

Mr. WALSH of Massachusetts. Mr. President, I should like to know the judgment of the members of the Committee on Banking and Currency on this question.

Mr. WALCOTT. Mr. President, I do not care to enter into a lengthy objection to this amendment, but it is, in my opinion, very foreign to the purposes of the bill, because, no matter how much a reclamation project may need help—and I am very sympathetic with the reclamation projects and with the help that they need, and hope they will get it—it does not seem to me that they can be, by the widest stretch of the imagination, construed as banking institutions. Therefore I do not believe they could come under the general terms of the bill, and it seems to me that we are talking about something that is irrelevant to the relief of the banking situation, for which the bill is particularly designed.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. BRATTON] to the amendment of the committee. On that amendment the yeas and nays have been demanded and ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. I understand that if he were present, he would vote as I shall vote. I therefore vote. I vote "nay."

Mr. JONES (when his name was called). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent for the day, and I have promised to take care of him with a pair. Therefore I withhold my vote.

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON], who is necessarily absent. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. MOSES (when his name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. I transfer that pair to the junior Senator from Maryland [Mr. GOLDSBOROUGH] and will vote. I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. McNARY (when Mr. SHIPSTEAD's name was called). I am advised that the senior Senator from Minnesota [Mr. SHIPSTEAD] is absent on account of illness. I should like to have this announcement stand for the day.

The roll call was concluded.

Mr. KING (after having voted in the negative). I find that I have a pair with the junior Senator from Minnesota [Mr. SCHALL]. Not knowing how he would vote, I am compelled to withdraw my vote.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Iowa [Mr. DICKINSON] with the Senator from Missouri [Mr. HAWES]; and

The Senator from Nevada [Mr. ODDIE] with the Senator from South Carolina [Mr. BYRNES].

I wish also to announce that the Senator from Nevada [Mr. ODDIE] is absent due to an injury. If present and permitted to vote, he would vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Missouri [Mr. HAWES], the Senator from South Carolina [Mr. BYRNES], the Senator from Maryland [Mr. TYDINGS], and the Senator from Virginia [Mr. SWANSON] are absent on official business.

The roll call resulted—yeas 37, nays 37, as follows:

YEAS—37

Ashurst	Cutting	Logan	Shortridge
Blaine	Dill	McGill	Smith
Borah	Frazier	McKellar	Thomas, Idaho
Bratton	George	Neely	Thomas, Okla.
Brookhart	Glenn	Norbeck	Trammell
Bulow	Harris	Norris	Walsh, Mont.
Carey	Hayden	Nye	Wheeler
Connally	Howell	Patterson	
Copeland	Kendrick	Pittman	
Costigan	La Follette	Sheppard	

NAYS—37

Austin	Dale	Hull	Vandenberg
Bailey	Davis	Kean	Wagner
Barbour	Fess	Keyes	Walcott
Barkley	Fletcher	Metcalf	Walsh, Mass.
Bingham	Glass	Morrison	Waterman
Black	Gore	Moses	Watson
Bulkley	Hale	Reed	White
Capper	Hastings	Robinson, Ark.	
Coolidge	Hatfield	Steiwer	
Couzens	Hebert	Townsend	

NOT VOTING—21

Bankhead	Harrison	McNary	Stephens
Broussard	Hawes	Oddie	Swanson
Byrnes	Johnson	Robinson, Ind.	Tydings
Caraway	Jones	Schall	
Dickinson	King	Shipstead	
Goldsborough	Lewis	Smoot	

The VICE PRESIDENT. On this question the yeas are 37, the nays are 37. It is a tie vote and the amendment to the amendment is lost.

Mr. BORAH. Mr. President, I desire to say a word about the vote that has just been cast.

I voted for the amendment offered by the Senator from New Nexico [Mr. BRATTON]. On yesterday, or the day before, an amendment was offered including State bonds, and it was put in the bill without any strenuous objection. I do not see the consistency of admitting that class of securities and rejecting this class of securities just voted upon. For that reason I voted in favor of this amendment.

I am frank to say that I do not think either one of them has any place in this bill; but if that class of securities are going in there is no consistency in excluding irrigation bonds.

I should like to know if the Senator in charge of the bill is satisfied with the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD]?

Mr. WALCOTT. Mr. President, I thought I made myself clear at the time in opposing that amendment.

Mr. BORAH. There was no yea-and-nay vote on it.

Mr. WALCOTT. I am sorry there was not.

Mr. REED. Mr. President, if the Senator will yield, I understood it to be stated yesterday by one Senator that he expected to move a reconsideration of the vote by which that amendment was put in the bill.

Mr. BORAH. There is another reason why we need not, I think, spend any considerable time about putting in any irrigation bonds, because the board which will administer

this bill will undoubtedly give very little consideration to them when it comes to administer it.

I simply wanted to say, however, that I could not see the consistency of my voting against the admission of irrigation bonds when State bonds have gone in practically without any protest.

Mr. KING. Mr. President, I understood that a motion to reconsider the vote by which State bonds were included within the bill would be made. If none shall be made by a member of the committee, I shall take the earliest opportunity to move to reconsider that vote.

Mr. JONES. Mr. President, I desire to offer an amendment to the amendment.

The VICE PRESIDENT. The clerk will report the amendment to the amendment.

The LEGISLATIVE CLERK. The Senator from Washington offers the following amendment, on page 23, line 8, after the word "section," to add a new paragraph, as follows:

Further within the foregoing limitations of this section, the corporation may also, upon the approval of the Shipping Board, make loans to or aid in the temporary financing of ships and shipping lines engaged in the coastwise or foreign trade when in the opinion of the board of directors of the corporation such ships or shipping lines are unable to obtain funds upon reasonable terms through banking channels or from the general public and their prospective earning power, together with the character and value of the security offered, are such as to furnish adequate assurance of their ability to repay within the time fixed therefor and to meet their other obligations in connection therewith. Any such ships or shipping lines may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Shipping Board and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Shipping Board and the corporation under the provisions of this section.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES. I yield.

Mr. KING. I am compelled to leave the Chamber for a while on official business, and I ask unanimous consent that I may now enter a motion to reconsider the vote by which there was included in the bill the provision as to State bonds. If the motion may be entered, it can be taken up when no other amendment to the amendment is pending.

Mr. BLAINE. Mr. President, in the absence of the Senator from Minnesota [Mr. SHIPSTEAD], whose amendment would be affected, I would be constrained to object to any unanimous consent respecting it.

Mr. KING. May I say to the Senator that I do not ask that it be taken up for consideration now but that I may be allowed to enter the motion to reconsider, as I might not return before the bill is disposed of.

Mr. BLAINE. I am disposed, in the absence of the Senator who offered the amendment and who succeeded in having the amendment agreed to, not to agree to a unanimous consent respecting that amendment.

Mr. KING. I shall not press the request.

Mr. GLENN. Mr. President, will the Senator from Washington yield to me?

Mr. JONES. I yield.

Mr. GLENN. Mr. President, regarding the reference made a few moments ago by the Senator from Idaho [Mr. BORAH] concerning irrigation projects in connection with the pending bill, I desire to say that at the last session of the Congress the Senate passed unanimously a bill providing a revolving fund for the relief of drainage and levee districts. It was amended in the House, as I recall, by the House committee, to include reclamation projects, irrigation projects.

That bill has been reintroduced at this session substantially in the form in which it passed the Senate, and it is to be considered on next Tuesday morning, I believe, by the Committee on Agriculture and Forestry. In its general principles it is in accord with the whole theory of the administration's program calculated to provide relief for financial institutions, railroads, shipping, and other lines of business in this country.

To my mind the necessity is certainly as great for the relief of those interested in these agricultural districts of the Nation as it is to afford relief, through the bill which is now under discussion, to the interests which it is calculated to relieve, and the bill to which I refer is fully as sound, and the security will be as ample and as staple.

I intend to press the bill as urgently and as expeditiously as possible. I trust that when it is before the committee, and when it comes before this body, as I confidently expect it will, it will have the consideration and support not only of those from the agricultural communities of the Nation who are particularly interested in that measure but also of Members of the Senate from those States which are particularly interested in the Reconstruction Finance Corporation bill.

I am glad to say that, while the passage of that bill was blocked in the House at the last session by the Speaker, who would not allow it to be called before that body for a vote, it is altogether probable that that bill, which will provide genuine and sound agricultural relief, will in all probability be reported favorably by the House committee to-day and will be allowed to come to a vote in the House early in this session.

Mr. BARKLEY. Mr. President, will the Senator tell me to what bill he refers? I was not here when he began his remarks.

Mr. GLENN. It is the so-called Glenn-Smith bill, providing a revolving fund to assist drainage, levee, and irrigation districts, under which after a careful survey and study both of the financial assets of those districts and of the engineering problems of the districts, if the body provided for reports favorably to the Secretary of Agriculture and, in his opinion, such loans as are applied for are sound and in the public interest, and it appears that the Nation will be fully repaid, the money will be advanced. It provides for interest at the rate of 3 per cent, and a revolving fund from the Federal Treasury.

Mr. JONES. Mr. President, the amendment I have offered applies to ships and shipping lines, the same as another provision in the bill applies to railroads. The language of this amendment is exactly the same as that relating to railroads, except for the changes made necessary by the lines to be affected.

There is no use for my arguing as to the condition of our shipping business and shipping lines. Everybody recognizes that their situation is as deplorable as that of the railroads, if not even more so. So I am not going to take the time of the Senate to argue the merits of this amendment.

If it was right for us to make the provision with reference to railroads that we have made in this bill, it seems to me there can be no controversy as to the necessity of some legislation along these lines for our shipping lines. As a matter of fact, the railroads have been developed wonderfully. Our shipping is not as yet developed, and it needs all possible aid and encouragement. Under present conditions it needs it more than ever before.

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Washington yield to the Senator from Oklahoma?

Mr. JONES. I yield.

Mr. GORE. I desire to ask the Senator whether his amendment applies to shipping lines or shipping companies now receiving subsidies.

Mr. JONES. It applies to all shipping lines. The matter of making an allowance will be left to the board, just as the railroad lines which receive vast subsidies, grants of land, and so on, are supposed to receive benefits from this act.

I was asked by some Senator the other day whether or not there were regulations relating to shipping such as the Interstate Commerce Commission promulgates as to railroads. In our shipping act, the Shipping Board is given power with reference to rates charged by our shipping com-

panies. That power granted to the Shipping Board is not so extensive now as the power of the Interstate Commerce Commission is, but it is really more extensive than the power given to the Interstate Commerce Commission upon its organization and authorization.

I want to call attention to the law with reference to this. I have in my hand the shipping act of June 5, 1920. The first shipping act was passed in 1916, and provision was made in that for the regulation of these lines. Then we passed the merchant marine act of June 5, 1920, and made some amendments to the shipping act. I read now from section 20 of the shipping act of 1920, which provides:

SEC. 20. (1) That section 14 of the shipping act, 1916, as amended, is amended to read as follows:

"SEC. 14. That no common carrier by water shall, directly or indirectly, in respect to the transportation by water of passengers or property between a port of a State, Territory, district, or possession of the United States and any other such port or a port of a foreign country—

Senators will see that this regulation applies, not only to the coastwise trade but to the foreign trade.

"First. Pay, or allow, or enter into any combination, agreement, or understanding, express or implied, to pay or allow, a deferred rebate to any shipper. The term "deferred rebate" in this act means a return of any portion of the freight money by a carrier to any shipper as a consideration for the giving of all or any portion of his shipments to the same or any other carrier, or for any other purpose, the payment of which is deferred beyond the completion of the service for which it is paid, and is made only if, during both the period for which computed and the period of deferment, the shipper has complied with the terms of the rebate agreement or arrangement.

"Second. Use a fighting ship either separately or in conjunction with any other carrier, through agreement or otherwise. The term "fighting ship" in this act means a vessel used in a particular trade by a carrier or group of carriers for the purpose of excluding, preventing, or reducing competition by driving another carrier out of said trade.

"Third. Retaliate against any shipper by refusing, or threatening to refuse, space accommodations when such are available, or resort to other discriminating or unfair methods, because such shipper has patronized any other carrier or has filed a complaint charging unfair treatment, or for any other reason.

"Fourth. Make any unfair or unjustly discriminatory contract with any shipper based on the volume of freight offered, or unfairly treat or unjustly discriminate against any shipper in the matter of (a) cargo space accommodations or other facilities, due regard being had for the proper loading of the vessel and the available tonnage; (b) the loading and landing of freight in proper condition; or (c) the adjustment and settlement of claims.

"Any carrier who violates any provision of this section shall be guilty of a misdemeanor punishable by a fine of not more than $25,000 for each offense."

(2) The shipping act, 1916, as amended, is amended by inserting after section 14 a new section to read as follows:

"SEC. 14a. The board upon its own initiative may, or upon complaint shall, after due notice to all parties in interest and hearing, determine whether any person not a citizen of the United States and engaged in transportation by water of passengers or property—

"(1) Has violated any provision of section 14, or

"(2) Is a party to any combination, agreement, or understanding, express or implied, that involves in respect to transportation of passengers or property between foreign ports, deferred rebates or any other unfair practice designated in section 14, and that excludes from admission upon equal terms with all other parties thereto, a common carrier by water which is a citizen of the United States and which has applied for such admission.

"If the board determines that any such person has violated any such provision or is a party to any such combination, agreement, or understanding the board shall thereupon certify such fact to the Secretary of Commerce. The Secretary shall thereafter refuse such person the right of entry for any ship owned or operated by him or by any carrier directly or indirectly controlled by him, into any port of the United States, or any Territory, District, or possession thereof, until the board certifies that the violation has ceased or such combination, agreement, or understanding has been terminated."

Mr. President, the main difference is that while the Shipping Board has the power to determine that a rate is unreasonable, it has not yet been given the power for itself to fix a reasonable rate. My understanding is that when the Interstate Commerce Commission was first organized it was not authorized to fix a reasonable rate, but it was authorized to declare a rate unreasonable. Its power along that line has been extended so that it can not only declare a rate unreasonable but, as I understand it, can fix a reasonable rate.

I have no doubt but that that power will probably be given to the Shipping Board at some time in the future. At any rate, it has these powers which I have read here, to prevent these combinations, rebates, and many other things.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. JONES. I yield.

Mr. NORRIS. I would like first to ask the Senator from Washington whether he is familiar with the report made to Congress yesterday by Comptroller McCarl as to some of the activities of the Shipping Board.

Mr. JONES. I am not.

Mr. NORRIS. I have not examined the report itself, but I have in my hand now a copy of this morning's Washington Herald, in which a review of that report is made. It seems to me, inasmuch as the Senator's amendment permits the Shipping Board to get the benefits of the provisions of the bill, that the statements made in the report of Comptroller General McCarl are quite pertinent. If the Senator will permit me, I would like to read a few sentences from that report.

Mr. JONES. I yield for that purpose.

Mr. NORRIS. This article says:

McCARL BARES $700,000 GIFT BY SHIP BOARD—SUPPLIES GIVEN OVER TO UNITED STATES LINES WITHOUT A CHARGE, COMPTROLLER CHARGES

(By Universal Service)

Sensational charges that the Shipping Board gave to the purchaser of the United States Lines hundreds of thousands of dollars worth of supplies without charge were made by Comptroller General McCarl in a report to Congress yesterday.

McCarl said that under the existing law the Shipping Board was able to withhold from audit by his office transactions of the Emergency Fleet Corporation.

ASKS MORE POWER

Legislation permitting the Comptroller General to pass upon operations of the Fleet Corporation was asked.

The article then reviews further the report of Comptroller General McCarl:

To the buyers of the United States Lines the Fleet Corporporation gave "without cost" stores and supplies valued at $587,278, McCarl said. He divided them as follows:

"Miscellaneous items, $2,980; broken packages, $941; liquor stores, $8,034"—

That ought to interest the Senator from Washington—

"playing cards, $321; departmental stores, $575,000."

In addition to stores and supplies on board vessels and on shore there were also turned over to the buyer, without cost, stores and supplies, equipment, deck chairs, awnings, hatch tents, etc., playing cards, and models of ships, valued at $114,000, McCarl said.

In the financial arrangement for sale of the steamships *George Washington* and *America* the Government sacrificed $5,349,500, McCarl said.

It seems to me if this is true and the Shipping Board has that kind of a record, we ought to pass a resolution advising them to conserve their stores and not give them away, instead of giving them the privilege of getting additional money from the Government.

Mr. JONES. Mr. President, I know nothing about the truth or untruth of these matters. I am not pretending to deal with such matters by my amendment. Many improper practices have been charged against the railroads, not only in the past but in the present. The legislation now pending is not dealing with the matters referred to in the article. It is dealing with great institutions of public benefit and public need. If they are acting improperly, of course, that should be prevented. But this legislation does not pretend to deal with a situation of that kind at all. The amendment I propose does not attempt to change anything with reference to such things as have been pointed out. Assuming them to be true, of course, they ought not to be permitted to exist, many of them, if not all of them. But as I said, my amendment does not deal with that phase of the situation at all.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Michigan?

Mr. JONES. I yield.

Mr. COUZENS. I wonder if the Senator does not believe there is a difference between the temporary financing of the shipping interests and of the railroads? I wonder if he can explain what he means by "temporary financing of the Shipping Board"?

Mr. JONES. I mean substantially the same as is meant by the temporary financing of the railroads. Perhaps the Senator from Michigan will explain that to me.

Mr. COUZENS. I shall be very glad to do so, so far as my understanding of the committee's action is concerned.

Everyone knows that railroad bonds are eligible for investment by savings banks in many of the States. Everyone knows that railroad bonds to the extent of billions of dollars are now in the hands of insurance companies for the protection of the insured. That is not equally true of the Shipping Board bonds, so far as I know. The purpose in providing a revolving fund for the railroads is primarily for the purpose of sustaining the credit of the banks which have railroad bonds and of the insurance companies which hold them to the extent of billions of dollars to protect their insured.

Mr. JONES. Why did not the committee stop with that and not go on expressly mentioning the railroads? Why did not the committee stop with the provision to help banking institutions in that way?

Mr. COUZENS. The Senator has not understood me. The reason why we provided this in the bill was so there would be no default on those bonds issued by the railroads and in the hands of the financial institutions. In other words, if the railroads are permitted to default—that is, if a good railroad whose securities are supposed to be good is permitted to default—it carries with it the banks and the insurance companies, and that is not equally true of the shipping companies.

Mr. JONES. That probably may not be equally true of the shipping companies, but I am satisfied that it is partially true; that is, there are some of the shipping companies that have sold their stocks and probably issued bonds which have been sold to different people throughout the country, probably not to such a great extent, of course, as the railroads, but the principle is exactly the same.

Mr. COUZENS. The principle is not the same, if the Senator will pardon me, because the States have made railroad securities eligible for investment of savings in savings banks, and the States have not made eligible for savings-bank investments the bonds of shipping companies; so there is a very great distinction in my judgment between the two.

Mr. JONES. I do not think the mere fact that the States have made eligible the bonds of railroads for certain purposes has a controlling influence in this legislation or the provision in the bill relating to the railroads. I hardly think that the analogy goes quite so far as the Senator would carry it.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Virginia?

Mr. JONES. I yield.

Mr. GLASS. I think the Senator from Michigan has pointed out a very practical and momentous difference between helping the railroads and helping the shipping companies.

Pursuing the inquiry of the junior Senator from Oklahoma [Mr. GORE], is it not a fact that the Government in very recent times has subsidized the steamship companies largely? Is it not a fact that it is subsidizing them to-day in the carrying of mails? Is it not a fact that Congress has appropriated hundreds of millions of dollars within the last 8 or 10 years to sustain the operations of the shipping companies? Is it not a fact that the Government to-day is loaning them millions of dollars at an abnormally low rate of interest, whereas the Government is not doing that for the railroads? Is it not a fact that the necessity for this sort of legislation was never presented to the Committee on Banking and Currency, though we had hearings extending over a period of 10 days, and that nobody representing any shipping interest came there and pretended that the shipping companies were in momentary distress or that any of them would fail by reason of being omitted from the provisions of this measure?

Mr. JONES. Mr. President, I can not help admitting many of the suggestions the Senator has made. There have not been hundreds of millions of dollars appropriated by the Government to aid in the way of subsidies to our ships. We have what is called a subvention arrangement. There are many people who claim that is not a subsidy. I have always claimed that it is. I am perfectly willing to vote for a subsidy and to call it a subsidy to aid in the building up of a great merchant marine for this country. We had to subsidize the railroads. We subsidized them far more than we have subsidized our ships. We need a merchant marine, and my position has always been that I am prepared to stand for any proposition that will lead to an adequate merchant marine. We have many of these lines, it is true, operating under contracts. Call them mail contracts or mail subventions, or whatever they may be, they are an aid to the building up of a merchant marine. I am perfectly willing to call them subsidies.

It is probably true the matter may not have been called to the attention of the committee. I will say frankly that I received no telegram or any communication with reference to the matter until just a couple of days ago, when I received telegrams from many of the ship lines on the Pacific coast. I do not know whether the ship lines on the Atlantic coast are interested in the matter or not. I assume, however, that they are. But I am proposing the amendment as a general proposition to aid in the tiding over of our shipping interests—to tide them over the condition that confronts practically every enterprise in the country. I have proposed a provision which I hope may aid somewhat in putting our merchant marine upon a permanent basis.

Mr. GLASS. I am simply trying to point out the distinction between aiding the railroads, so effectively pointed out by the Senator from Michigan [Mr. COUZENS], and aiding the shipping lines. Frequently it has been said here in reproach of those who voted for the so-called Esch-Cummins bill that we subsidized the railroads in that measure. I do not take that view at all, the difference being that the Government had seized the railroads for war purposes in this country. It had totally disorganized the management of the railroads. It had seized their property, their rolling stock, and all of their other property, and applied it to war purposes. Therefore when the railroads were turned back into private ownership there was some obligation upon the Government—at least I take it those who advocated the Esch-Cummins bill so thought—to restore the status of the railroads as it existed when they were taken over.

That does not apply to the merchant marine. We had no merchant marine to seize. That does not apply to the shipping companies which have been enormously helped by the Government during peace times and are being to-day enormously helped by the Government.

Mr. JONES. When I referred to subsidizing the railroads I did not have in mind the act to which the Senator from Virginia has referred. I know the railroads that run across the northern part of the United States got every odd section in a strip of land 40 miles wide clear across the country. This was in the early establishment of the railroads, a condition that we might compare with the situation that confronts our shipping lines at the present time. I think there is now as great or greater need of aid to an industry which is really of as vital importance to the country as the railroads.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from New York?

Mr. JONES. I yield.

Mr. COPELAND. I fear there is a misapprehension as to the practical application of the Senator's amendment. We have a great many shipping lines which are not subsidized and which carry no mail. The American merchant marine is in great distress. Many of the shipping lines, small lines, intercoastal lines, and other lines are not carrying mail and are not getting any mail subvention. They have no loans from the Government. They are in distress because with the securities they have they can not get the temporary financing which they need to carry on their operations. These lines have collateral, not alone their stock but certain other posessessions, but at the present time the banks are

so overloaded with slow credits and frozen assets that they can not make use of this material or are unwilling to advance the money.

This is not a question of taking care of great, powerful trans-Atlantic lines, but of the many small shipping lines of the country. As I view it, it seems a very proper amendment, and one that ought to be adopted.

Mr. JONES. Mr. President, I intended to call attention to the very matter to which the Senator from New York has so well referred. The great tonnage of our shipping is really in the coastwise trade, and to that extent especially it is comparable with our railroads. Our coastwise lines have been operating for a long, long time, but they are in the same condition as that of the railroads, and, perhaps, are in a worse condition. It is very likely also true that many of the corporate shipping entities are owned by people all over the country in small holdings just as they own the railroads.

Mr. SHORTRIDGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from California?

Mr. JONES. I yield.

Mr. SHORTRIDGE. The Senator from Washington has perhaps made unnecessary the question I intended to propound to him, but may I put my thought in the form of a question to be answered by the Senator? As the bill now stands the proposed finance corporation is empowered to make loans to certain institutions—railroads, insurance companies, financial institutions, and so forth. If there be any economic wisdom in setting up this corporation, endowing it with the power to make these loans to the various institutions mentioned, is there not economic wisdom in extending that power so as to permit the corporation, in a proper case, to aid an American-owned shipping concern or company? I have indicated my view perhaps by the very question. I certainly think, without elaborating my views or the reasons for entertaining them, that this amendment should meet with the approval of the Senate.

If the Senator will permit me to encroach a moment further upon his time, I do not think it would hamper or in anywise interfere with the carrying out of the main purposes of the finance corporation. We have thus far enlarged its powers by suggested amendments, and when we pause to consider the importance of an American merchant marine it seems to me we ought to give the corporation the power to assist that merchant marine in cases where proper security and assurance of repayment are made to the board. I certainly hope the Senator's amendment will be adopted.

Mr. JONES. I am in hearty accord with the suggestions made by the Senator from California, but I am not going to take the time of the Senate to emphasize them. I think we ought to act along these lines, and I hope the Senate will take such action.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Washington [Mr. JONES].

Mr. STEIWER. Mr. President, I am one member of the Committee on Banking and Currency who is heartily in favor of the amendment proposed by the Senator from Washington [Mr. JONES]. Concerning it, it seems to me, there is considerable apprehension that is not well founded in fact. I conferred yesterday with members of the Shipping Board. I find from my conference with them that the condition of the coastal lines and intercoastal lines is most serious and that they are now and have been for many weeks confronted with a difficult emergency in their financial operations. It is fortunate, however, that the amounts involved are not very large. The chairman of the Shipping Board estimated that the total emergency finance requirements for the year 1932 would not exceed $3,000,000. That, of course, is a substantial sum, but in comparison with the greater demands that will be made upon this—the proposed Finance Corporation—it becomes relatively insignificant. It is important to us, however, in that it means that the fund is not going to be depleted if Congress includes the authorization to the corporation to make loans to the ocean-borne shipping companies.

Their difficulties in present business operations arise out of the fact that nearly all of them purchased their ships from the Government, and the United States holds the first mortgage upon those ships. By reason of the lien of the United States the financial institutions of the country usually do not feel justified in extending emergency loans to the shipping companies, and even those companies that hold equities of 50 or 60 or even 70 per cent in their ships are almost entirely denied emergency financial relief; they have no place to turn, and the time is not far distant when the services of many lines will be discontinued.

Mr. President, I want to say just a word to the Senate about the reality of that situation. The question is here raised whether loans to shipping companies would be consistent with the general purposes of the pending bill, and the point is made that there is a sound and a solid ground for making loans to railroads because their securities are held by certain banking trusts and insurance institutions; the fact of the matter is, so far as the west coast is concerned, that the banks are more dependent upon the continuance of the water-borne shipping than they are upon the continuance of some of the other financial institutions of this country. Every great production of the Northwest, whether it be grain, lumber, wool, or fruit, depends for its market upon outside consumers. The nature of our cargoes is such that they can not be carried by the rail carriers; the rate is far too high; and the only chance we have of getting to the markets of the world is by aid of the ships. If that service shall be denied to our people, there is going to result immediately at our harbors on the west coast a glut or a congestion and, in consequence of it, the most serious disaster to the banking institutions of the west coast.

Mr. COPELAND. Mr. President——

Mr. STEIWER. Just a moment, if the Senator please. I want to say to the Senate that, so far as the west-coast banks are concerned, there is more benefit in the amendment proposed by the Senator from Washington than in any other single thing in the bill. It, therefore, does have, from our standpoint, a very real relationship to the relief of our financial institutions.

I hope that Senators will not take a stand against this amendment for fear that it may deplete the fund under the control of the corporation, because I myself am satisfied that the adoption of the amendment can not possibly deplete the fund. The estimated requirements of the railroads for their May financing, I think, are one hundred and sixty-odd million dollars. The Senator from Connecticut [Mr. WALCOTT] can tell me if I am not right in that statement.

The estimated requirements of the steamship companies, if they should be permitted to avail themselves of the privileges of this act, would not during the year 1932 exceed three or four million dollars. Therefore the adoption of the amendment could not deplete the fund, but its adoption would bring substantial relief to the banking institutions of the West, and, I imagine, to those of the Gulf area, and even to the great ports upon the Atlantic, where there is congestion in the handling of commodities, if our shipping service should be permitted to be discontinued.

We ought to remember that when we hold a first lien upon the properties of the shipping lines, by that very act—very proper in itself, it is true—we have deprived them of any place to turn to for financing during the present emergency. In the opinion of some of us at least they are just as important to our producers and our people as are the rail carriers, and more important in many essential respects to the banking institutions than all the other methods of transportation combined.

Mr. FLETCHER. Mr. President, I desire to say just a few words in reference to the pending amendment and with respect to the scope of the bill. I regret very much to differ with my colleague the Senator from Washington [Mr. JONES] and also from my friend the Senator from Oregon [Mr. STEIWER] in respect to this proposed amendment. In the first place, I do not believe it would be efficacious at all. I do not think that any ship or ship lines would be able to get any financial accommodations from

the proposed Reconstruction Finance Corporation. Under the very terms of the bill, so far as I understand the shipping situation, no ship or ship lines will be in a position to offer what is designated in the bill as "adequate security."

Of course, shipping is greatly depressed all over the world. I presume with reference to every maritime nation on the earth there are difficulties and perplexities and handicaps in the way of lack of business, lack of tonnage, and a general condition of loss rather than of profit in connection with shipping. A great many ships are tied up all over the world. Exports and imports have greatly decreased, and we are having the same experience here that they are having in other countries.

I wish there were some way of stimulating shipping, but the great need to-day of ships and ship lines and shipowners is an increase of patronage. That is what they need. They will not get that by borrowing money. It has to be built up, based upon good management, upon efficiency, upon skill, upon the practice of economy, and upon advertising and effort in various directions. Those are some of the ways by which the tonnage must be built up. For instance, if American ships to-day were moving two-thirds of the exports and imports to and from this country, small as they are compared to what they have been, every one of the ships under the American flag would be busy and plying full speed ahead; but the fact is, notwithstanding we have the ships, notwithstanding we have the skilled men and officers and every facility for handling, we are only carrying about 30 per cent of our overseas commerce in American bottoms. We ought at least to carry half of it. If we had half of it, our ships would be making a living and showing some profits; but we are only carrying, as I have said, 30 per cent of our foreign trade in American-flag vessels. That situation would not be remedied if the shipping lines were allowed to borrow money; that would not solve the problem. What is needed, I repeat, is patronage. We must build up in the United States a spirit and determination on the part of our shippers to patronize American ships, and thus increase the tonnage, export and import, in American ships.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from New York?

Mr. FLETCHER. I yield to the Senator.

Mr. COPELAND. If our shipping lines, by reason of what we hope to be a transient condition, should go into bankruptcy and be closed up, we would not have any lines to run when we do have the business.

It seems to me, if the Senator will permit me to say it, that the argument he has used with reference to the needs of these lines is the reason why we should give them this temporary financing. We are not giving them permanent loans. Their ships are tied up. They have overhead even when they are tied up; and these companies are in such distress that they have no funds from receipts, as the Senator has suggested, but they must borrow money in order to maintain these ships to the time when they will have business. Then we hope to educate the American people to use our ships. In England they say, "Buy British and ship British." We ought to give that instruction to our people: "Buy American and ship American."

But here are these ships, many of them belonging to small lines, coastal lines or intercoastal lines. It is not the great, big ones alone that are in distress; and unless we give them this temporary assistance to carry their immediate, transient financial needs, I do not see how they are going to live at all. That is my frank opinion.

I share with the Senator the opinion that we ought not to give these shipping lines permanent loans, long-time loans, and under the terms of this bill we could not do that; but we can help them, with such security and collateral as they have, to get temporary financing, which they can not now get from banking institutions. That, I assume, is the reason why the Senator has presented this amendment.

Mr. FLETCHER. I appreciate fully, and I believe it is quite true, that many of the lines and our shipping interests generally are somewhat in distress; but I do not believe this is going to be the way out. I do not believe they will be able to get loans, because I am afraid they can not furnish the security. In the next place, however, I can not quite favor loading down this bill with various demands and calls that would tend to defeat the very purpose of the legislation.

I call attention also to what has been alluded to by the Senator from Virginia [Mr. GLASS], and that is that no one appeared before the Banking and Currency Committee representing this situation and asking that ships and ship lines be included in this bill. We never heard of the proposal until the bill was reported to the Senate, and then the amendment was offered. That, perhaps, is not an argument against it; but it would seem that if they were warranted in attempting to come within the provisions of this bill, or if they needed it or expected that they could be provided for, they would have made some sort of presentation of their claims to the committee while the bill was under consideration in the committee.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from New York?

Mr. FLETCHER. I yield; but I must go on and finish in a few minutes.

Mr. COPELAND. I think there is an ample reply to what the Senator has just said.

If these shipping lines were organized in a great association like the railroad association, they would have been here; but they are small lines. They are not big lines. They are a multitude of small lines, unorganized. They have no trust and combination such as the railroads have; so the fact that they did not appear before the committee would not seem to me now to be an argument why they should not be given relief, when they have at last found out that there is that possibility.

Mr. FLETCHER. The point is that we could have developed these facts if there had been a presentation to the committee of just exactly what the situation is. The shipping interests are pretty well organized. They have various associations, and those associations are looking after their interests quite well. But let us see for a minute what we have done for shipping in the United States.

In the first place, the coast lines have an absolute monopoly of the coastwise trade. No foreign ship can do any business on our coasts. The American-flag vessels have an absolute monopoly of the coastwise trade in the United States.

Mr. STEIWER. Mr. President, will the Senator yield at that point?

Mr. FLETCHER. I will yield, but I must quit in a minute, because I want to finish these remarks and get through. These colloquies prolong the discussion. Every interruption constitutes another speech.

Mr. STEIWER. May I ask the Senator just one question?

Mr. FLETCHER. I yield.

Mr. STEIWER. Is it not true, in spite of the monopoly, that inasmuch as there is no control over rates there is a cutthroat competition in that trade, and that in spite of the monopoly every ship in it is being operated at a great loss at this time?

Mr. FLETCHER. I should not say that absolutely. I question that. As a matter of fact, there, perhaps, is competition, and there ought to be. I hope the day never will come when there will not be some competition.

Mr. GORE. This bill is not intended to remedy that sort of situation.

Mr. FLETCHER. No; as the Senator from Oklahoma suggests, this bill does not attempt to regulate anything like that. I think most of the lines are not making large profits, and perhaps they are losing money, but not all of them are.

This measure does not contemplate taking care of every undertaking that needs money. It has to be limited in extending the credit of the Government to the objects that will best serve the people and the public interests.

The coastwise trade has been well sustained generally in the United States and has been almost uniformly prosperous for years and years; and we are quite proud of our coastwise shipping. We ought to be. The vessels engaged in that trade have done splendidly throughout the years

that are past. They constitute, I think, some 4,000,000 tons of ships—a splendid fleet—and it is all right. I am simply referring to the fact that we have given them a monopoly of the coastwise trade by way of showing they have not been neglected.

Then, as to the other ships, we sold Liberty bonds to the amount of $4,000,000,000 and invested that money in ships and shipping and shipyards and that sort of thing in the United States beginning in 1916. We had to provide for an American merchant marine. I am in favor of that to-day just as strongly as I ever was. I think we absolutely need it. No self-respecting country ought to be content to be dependent upon foreign lines or ships for moving its commerce overseas. We ought to have an adequate American merchant marine, not only to carry our commerce but as a contribution toward the national defense in case of emergency. I am in favor of that. We built these ships, and what has been done with them?

We have mostly given them away. We have been obsessed with the idea of getting the Government out of the business, and getting the ships into private ownership, and have sacrificed them. We have practically given them away to the various shipowners and ship lines. That is the first proposition. Then we have gone on, and we have provided that the Government will loan at Government rates, 3 to 4 per cent, 75 per cent of the cost of every ship built in an American yard. The owners need to invest only 25 per cent of that cost to own and operate the ship. The Government will finance it to the extent of 75 per cent of the cost of construction. What could be more liberal and generous than that?

Not only that, but we have gone on further, and we have provided for these foreign-mail contracts, by which many of these lines are supported. I grant you that a good many of them could not live without these contracts; but they have the contracts. We have been making appropriations of some $18,000,000 a year for carrying the foreign mails overseas, and the ships and companies have these favorable contracts. That has been provided for by the Government; and I can not see but that we have done about enough for ships and ship lines and to encourage the building of an American merchant marine. I do not see where the limit is going to be.

Now it is proposed that we shall open a door whereby these ship lines, for instance, that have had 75 per cent of the cost of their ships loaned by the Government at 4 per cent, and that have only a small equity—and, counting the depreciation, I doubt if this board would value that equity as of any consequence at all—shall be able to borrow more money from the Government; for, practically, through this corporation, they will be receiving a Government loan. It seems to me, after we have given the ships away, and after we have given contracts as we have been giving them, if private owners can not handle that business, they ought to get out of it and let the Government operate these ships.

I have stated all along that there was a question in my mind whether we were not making a grave mistake in not continuing the ownership and operation of ships in foreign trade by the Government itself. It would cost the country less, and I think we would have just as good service. I do not know but that we have made a mistake by emphasizing this policy of getting the Government out of the shipping business and turning the ships over to private enterprise.

I am perfectly willing, and I should prefer, that private enterprise should own and operate these ships; but the private owners ought to devote themselves to the business in such a way as to make it a success, and not come here year after year, asking the Government to do this and asking the Government to do that. They ought to go on and be able to run that business in a successful way themselves by this time, with all the help and encouragement we have given them in the past. If they can not do it, if they are going to abandon these lines, as some Senators suggest they may do, then the Government must conduct the service itself and take the whole responsibility.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. I yield to the Senator.

Mr. DILL. I should like to have the Senator's view of the theory of this bill, namely, is this bill to protect the securities and give liquidity to the securities of the banks, or is it for the purpose of assisting the various industries covered by the bill to get back on their feet?

Mr. FLETCHER. I think the purpose of the bill is to loosen up these frozen assets, as we call them. There are banks which own securities which do not mature for some time to come. They can not convert those securities into cash. The object here is to enable such institutions as those owning these securities that are really good securities to go to this reconstruction corporation and put up those securities and receive money.

Mr. DILL. What about the banks that have securities based on the shipping business?

Mr. FLETCHER. They would be helped by the bill just as the other banks are if they have those securities.

Mr. DILL. But they would not be permitted to borrow new money on the basis of such securities?

Mr. FLETCHER. That is it. The ship lines themselves would not be authorized, without this amendment, to go directly to the corporation itself.

Mr. DILL. What I can not understand is, what was the determining factor between one industry and another industry as to this new capital?

Mr. FLETCHER. I think there is no distinction drawn there. If a bank holds any kind of security, whether it is shipping bonds or stock or whatever it may have, that security could be appraised and valued by the corporation.

Mr. DILL. I am talking about new loans. I want to know what was the line of demarcation on the new loans. I understand what the Senator says about the securities already held; but what is the line of demarcation by which it is determined which industry shall be able to borrow money to go forward, as the railroads are permitted to do, and others are not permitted to do? I have not been able to get clearly in mind the reason why the committee excluded certain industries from the use of new money and allowed others to come in.

Mr. FLETCHER. I do not understand that the bill takes care of every needy industry in this country at all. It is not intended to do that. There is no idea of establishing here a corporation owned by the Government which will engage in the banking or any other kind of business. It is an emergency drastic measure, if you please, intended to relieve conditions brought about by inability of holders or debtors to realize on nonliquid assets.

The idea is to supply a combination of private and public credit. That is the law laid down by Hamilton. It is as old as Aristotle, to establish a combination of public and private credit which will open up these resources and put this money into circulation, thereby enabling business to proceed and the country to move along lines of development and liquidate a lot of assets and resources which are now congested and frozen.

It is not intended to establish a concern here to engage in business for itself—in any private enterprise, in banking, or anything of that sort.

With reference to the railroads, to mention it again, there is a distinction between those loans and those proposed by this amendment. Here is the statement, for instance, issued by the National City Bank in January, 1932, which tells us something about the situation as to the railroads:

> The railroad problem has ceased to be merely a railroad problem and is a general economic and financial problem of the first magnitude. The savings of the American people are invested, directly and indirectly through their bank deposits and insurance policies, to a greater extent in railway securities than in any other class except those of the United States Government.
>
> More than 70 per cent of all railroad bonds and notes are held by banking, insurance, and other institutions. Of the $10,703,000,000 total outstanding on December 31, 1930, life-insurance companies alone held approximately $3,000,000,000, or 28 per

cent, as part of the assets protecting their 50,000,000 policyholders; mutual savings banks, with 13,000,000 depositors, held $1,700,000,000; member banks of the Federal reserve system owned $987,000,000, according to their September 29, 1931, statement, and the holdings of nonmember banks are estimated at $300,000,000; in addition to the above, the holdings of banks and trust companies in a fiduciary capacity, fire and casualty insurance companies, universities, hospitals, religious and charitable organizations are known to be well in excess of $1,500,000,000.

In 1931 the prices of railroad bonds experienced a universal decline, extending from a few points to 25 or 50 points in the case of the weaker issues, and the resulting depreciation in many cases wiped out surplus account and even impaired the capital of institutional holders. The railroad situation has now drifted to a point where the sacrifice of capital or of labor is no longer the chief issue, and the solvency of the entire economic structure is at stake.

I think that pretty clearly states the situation.

I would be perfectly delighted to see the shipping interests placed upon a solid footing. I want to see these ships and ship lines built up and developed and able to render the service which we ought to have rendered in our traffic and trade. We have to have these ships. We are necessarily importing a great many goods. Some people think that our commerce has so fallen off that we are not bringing anything in. Anyone who will go into a store here in Washington will find plenty of commodities which have been imported from other countries. We have to export a lot of our products. We produce a surplus of many products, and we must find markets for them abroad.

It is important to expand our trade, and we must have the means of moving the products from other countries to this country which we need, and taking our products to the markets of the world. To do that we must have ships. If we afford assistance to our exporting agencies we will increase tonnage for new ships. Of course, it may be said that there are plenty of ships owned by other countries which would be available for that purpose. But that is not the point. We must have ships that we can depend upon, ships owned and operated by Americans, which will look out for American trade and American business.

If we depend on the foreigner to deliver our goods, he gives preference always to the goods of his own country, and the American shipper will take second place in the operation of his lines.

It is therefore absolutely necessary that we shall have an adequate American merchant marine, especially engaged in foreign trade. We have an adequate merchant marine on our coasts, but we need to build up especially this American merchant marine for overseas trade.

We ought to be carrying more of that trade in American bottoms than we are carrying. We have the ships, and there is no reason why we should not do that except that we must go out and reach for and obtain this business. Tonnage is what we need, and more money is not going to give that, I am afraid. I do not really think we are going to get accommodations under this bill if the amendment is agreed to.

I would like to see every condition taken care of that the country needs, but it is impossible to do that when we are enacting here a measure which has certain definite purposes fixed for it, and it can not be loaded down and extended without destroying the success of the measure.

On one occasion a traveler was going from Buenos Aires to Santiago by rail, over the Andes Mountains. He reached the top of the range and suddenly slumped in his seat and threw his head back in a state of perfect and absolute indifference. A friend across the aisle came to him and put his hand inside his collar and undertook to wake him up. He said, "Are you asleep?" The traveler said he heard the friend, but he did not pay any attention to him, because he had gotten to such a stage that he did not care "whether school kept or not." So he said nothing. The friend, however, found that he was cold around his collar. He therefore rushed back to the next car and brought in a supply of oxygen, and came forward to apply the oxygen just as they were going over the top of the Andes, 12,000 feet above sea level. The traveler was shortly revived by the oxygen. Then they passed on down the other side of the mountain, and when they got to the plateau he was all right.

This traveler, living in a section where the highest altitude was only 350 feet, had not reflected that when he got up to 12,000 feet he would be in quite a different atmosphere. When he became ill he did not realize what the trouble was. The difficulty was that he was attempting to cross that high barrier.

Now we have reached the peak of difficulty and adversity in this country, and we have reached an altitude where our business can not survive without some assistance, just as this traveler could not survive without the oxygen. A little oxygen soon restored his vitality, and he was in fine shape. In effect, we are by this measure applying a little oxygen to the situation in this country, which is in great difficulty. Undoubtedly the country is in an unhealthy state; business is sick, conditions generally ailing, and we are attempting to apply a remedy which will restore the life of business and stimulate conditions so that we can survive and go on.

Mr. President, I ask to have inserted in the RECORD an editorial written by Mr. Clarence Poe, published in the Progressive Farmer, of Atlanta, bearing on this situation.

I also want to throw just a little brightness into the corner occupied by the farmer by having inserted in the RECORD an editorial from the Florida Times-Union of January 6, 1932, entitled "Pity the Poor Florida Farmer."

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the Progressive Farmer]

We have come to the forks of the road in America. The Seventy-second Congress will decide which way we are to go.

We shall stabilize poverty.

Or else we shall stabilize prosperity.

It is for Congress to decide.

As a writer in the Atlantic Monthly puts it:

"The more economic theory I read the more confused I get. Why are so many millions in want? Because we have produced so much. Why must they wear shabby clothes? Because we have too much cotton, too much wool, too many mills, and too many mill hands who want to make cloth. Why must millions live in slums—foul breeding places of disease and crime? Because we have too much lumber, too much steel, too many carpenters, too many plumbers. Why can't we transport surplus products to the places where they are needed? Because we have too many freight cars, too many railroad workers, too many trucks, too many—

"But this doesn't make sense. * * * There are only two cures for general overproduction: One is to reduce production and stabilize poverty, the other is to increase consumption and stabilize prosperity."

That is the issue before Congress—to decide whether we shall throw away a whole century's proud gains of science and invention and discovery and education, scrap half our factories and mills, scrap half our freight cars and trucks and engines, throw half our workers into unemployment, all because society hasn't enough intelligence to utilize the wealth-producing factors already discovered, already set up, all ready to work. It is an amazing situation, an amazing suggestion.

[From the Florida Times-Union, January 6, 1932]

PITY THE POOR FLORIDA FARMER

Oftimes sympathy is demanded for those who till the soil and soil their hands with soil and stains from gathering potatoes and poinsettias and periwinkles. At least there is popular tradition to the effect that a farmer's lot is not any happier—or perhaps not even as happy—as the traditional policeman. And then, again, some one comes along and knocks over the straw man and pulls the scarecrow's old hat off and talks right out about the Florida farmer and his "plight" and troubles, if any. The Melbourne Times, for instance, published down in that lovely section that borders on the Indian River and grows everything pretty and useful and tasty in abundance and overflowing, rattled off something like this the other day:

"Coming from the barnyard the farmer wearily set the heavy basket of eggs on the kitchen table. It had taken him almost an hour to get the stock fed and housed for the night, although he had only two cows, a horse, a pair of mules, 20 hogs, and a flock of a hundred or so hens.

"The feed he had provided for the livestock had all been grown on his small farm, and on the bench by the porch door were baskets of vegetables brought in for the family use. On top of the stove cooking now were potatoes, beans, okra, tomatoes—Ma had the chicken pie in the oven.

"A big glass dish of chocolate custard caught the farmer's eyes and a boyish grin passed over his face a fleeting moment. He surely did like chocolate custard; smart trick of his to get that dozen-box of 20-ounce chocolate bars for one crate of tomatoes.

"The farmer quickly suppressed the grin, however. Walking heavily into the living room he kicked off his work shoes and put his feet into the sloppy looking but comfortable slippers standing waiting for him beside the Morris chair.

"Wearily he turned on the radio. From New York came the music of the greatest orchestras. He left the dial turned to that station when he joined the family at the supper table.

"A banquet this might seem to most of us, but it was a rather usual meal for the family of six around the table. And they were all in excellent health. They were all comfortably clad. There was plenty of cordwood in the lot for any indoor warmth they would need in a Florida winter. They could listen to the greatest speakers, hear the finest music, keep up to date on every question of the day, for in addition to their radio they had newspapers and magazines.

"At bedtime the farmer stood on his porch and took deep breaths of the perfumed air of a Florida night. 'Gosh,' he said mournfully, 'it sure is hard for me to keep remembering that times are so dinged hard!'"

"Ain't it awful, Mabul!" But it doesn't seem as though anything could be done about it. Like the weather, we can cuss and discuss it, and the sun keeps shining and the rain comes down, occasionally; and the strawberries grow and the hens break records, although carefully laying eggs; and the electric wires steadily reach out into the farm sections, followed closely by the agents for washing machines and curlers and toasters and waffle irons, etc. Good roads almost everywhere invite exercising the Ford, after twilight; and there's a movie theater practically every few miles. Florida farmers have a terrible time—no doubt about it. But they have only themselves to blame if they get the idea that anyone in Maine or Alaska will weep for them; they must weep on their own shoulders, if insisting, and set their teeth and bear their burdens.

Mr. GORE. Mr. President, I had hoped that the Senator from Florida, in answer to the Senator from Washington, would make the point a little clearer that this bill as reported to the Senate is limited to financial institutions. The only exception to that rule is the railroads.

As I understand, the railroads are included—not so much on their own account as because their bonds are so largely held by savings banks and insurance companies. Railroad bonds largely constitute the cornerstone, and I might say the foundation, of those great institutions. If the railroad bonds should go to default, or those foundation stones should crumble away, it would jeopardize the entire fabric of the insurance companies and the savings banks. If they should come down in a wreck it would involve the depositors, of course, and the policyholders and would spread the wreck and ruin which is already too extensive in this country.

I wish to save those depositors and those policyholders—the little fellows who can not save themselves. I want to rescue them from the flames and stop the spread of this devouring conflagration.

Mr. JONES. Mr. President, just a word. The Senator from Florida [Mr. FLETCHER], it seems to me, has made an argument which applies very well and favorably to the pending amendment to the amendment, although it is not intended as such. The Senator says the coastwise shipping has a monopoly. So the railroads have a monopoly. The railroads have as great a monopoly as shipping, if not a greater one. The railroad lines simply compete among themselves, of course. The Senator from Michigan [Mr. COUZENS] suggests to me that they have motor-truck competition. That is very true, and that competition has been brought about very largely, too, by the public benefactions, we might say, to the railroads throughout the country. But the railroads have just as much a monopoly, as far as that is concerned, as the coastwise shipping has.

As to the loans, the Senator says we have loaned lots of money to the ships and toward the building of ships. That is also true, and in my judgment this amendment would help us to protect those loans. If those shipping companies fail, the loans will be gone, and the National Government will get nothing out of them. That is true, of course, in that particular instance. But, as the Senator from New York [Mr. COPELAND] stated, much of our shipping, in fact, the great majority of our shipping, is owned in smaller companies in the coastwise trade, four or five million tons in that trade, the great mass of the American tonnage, and that shipping, of course, is in as bad a condition as our railroads are, if not worse.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the senior Senator from Washington [Mr. JONES] to the amendment reported by the committee.

Mr. COUZENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Johnson	Robinson, Ark.
Austin	Dale	Jones	Robinson, Ind.
Bailey	Davis	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shortridge
Barkley	Dill	Keyes	Smith
Bingham	Fess	King	Smoot
Black	Fletcher	La Follette	Steiwer
Blaine	Frazier	Lewis	Thomas, Idaho
Borah	George	Logan	Thomas, Okla.
Bratton	Glass	McGill	Townsend
Brookhart	Glenn	McKellar	Trammell
Bulkley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Morrison	Wagner
Capper	Harris	Moses	Walcott
Caraway	Harrison	Neely	Walsh, Mass.
Carey	Hastings	Norbeck	Walsh, Mont.
Connally	Hatfield	Norris	Waterman
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	Wheeler
Costigan	Howell	Pittman	White
Couzens	Hull	Reed	

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, the quorum was called for the purpose of voting upon an amendment proposed by the Senator from Washington [Mr. JONES]. He proposes to extend to the Reconstruction Finance Corporation the power to lend money to finance temporarily ships and shipping lines engaged in the coastwise or foreign trade.

I protest against the amendment unless we are going to include all transportation companies. It seems to me we are loading up the bill so it will be wholly unworkable. If this amendment should be adopted I would feel required, in the interest of my section of the United States, to offer an amendment to provide for the lending of money to lake shipping. The tonnage carried on the Great Lakes is of great importance, and those lines should be included if we are going to extend the provisions of the bill to include coastwise and foreign shipping.

Mr. JONES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Washington?

Mr. COUZENS. I yield.

Mr. JONES. I understand that the amendment would cover all lake shipping. It is coastwise shipping.

Mr. COUZENS. But it does not come under the jurisdiction of the Shipping Board.

Mr. JONES. It would under the language of my amendment.

Mr. COUZENS. Does the Senator interpret it to mean that shipping on the interior lakes should be construed as coastwise shipping?

Mr. JONES. Yes; I have always understood that to be the case.

Mr. COUZENS. I would not so interpret it, because the Shipping Board has no jurisdiction over it in any event.

Mr. JONES. I think it has with reference to rates.

Mr. COUZENS. I think not.

Mr. McKELLAR. Mr. President, if it is extended to the Great Lakes shipping, why not extend it to include river shipping? Boat lines on the rivers are in a very serious condition, too.

Mr. COUZENS. That emphasizes the point I am trying to impress upon the Senate. If we are going to load up the bill with all sorts of transportation facilities, not only should the Great Lakes and river shipping be included but we should provide that the pipe-line companies may be permitted to get money from the corporation. I should feel required to propose an amendment to include the lending

of money to aviation companies who are engaged in the transportation of mail and passengers. I should feel required to introduce an amendment to include the motor-truck companies engaged in the handling of freight by motor truck, and also to include the passenger bus companies. In other words, if we are going to add to the bill various kinds of transportation facilities, then we must include them all and not play any favorites.

The Senator from Washington has made plain that the reason why he proposed his amendment is because the railroads are included in the bill. I want to say that so far as I am concerned, as one member of the Banking and Currency Committee, the railroads would not have been included except because of the fact that their securities over a period of many, many years have been made eligible for savings banks and life-insurance companies who hold the savings of the people of the United States. It is not for the primary interest of the railroads. That is not the reason for including the railroads. The real purpose, I think it will be generally conceded, is to protect the savings deposits in the savings banks and the funds in the hands of the life-insurance companies invested in railroad bonds.

Therefore I hope the amendment of the Senator from Washington will not be agreed to; otherwise we shall have to consider every other kind of transportation facility.

Mr. DILL. Mr. President, I do not wish to consume the time of the Senate unduly, but I do want to say a few words, especially in the light of the statement of the Senator from Michigan [Mr. COUZENS].

The steamship business of the country is the terminal business for a large amount of the traffic on the railroads by which our foreign markets are reached. It is not to be compared with the bus business or the aviation business or any other minor transportation business.

As I have listened to the discussion of Senators, I have found myself unable to understand the theory on which the bill was framed. The bill provides that the corporation may make liquid the assets of the banks, regardless of the nature of those securities, if in its judgment they should be made liquid. But the moment it comes to the lending of new money, the bill lays down certain restrictions. It picks out certain industries and favors them by saying that the industries which the members of the committee have selected may borrow money for new business.

The bill ought to be one thing or the other. If this is a bill to save the banks and insurance companies—and I agree there is great need for such legislation—well and good. If it is to be a bill for the purpose of revising industry, I want to know the line of demarcation whereby we select one kind of business and propose to take the people's money, collected from those engaged in every kind of business, to promote that particular business which the committee has selected. Certainly the shipping business is just as much a legitimate transportation business as is the railroad business. I think it might be said to be of almost equal necessity in the delivery of products, because if foreign commerce can not be delivered in American ships we are tremendously handicapped.

This bill is a peculiar combination. It grants banks the right to liquefy their securities on any kind of an industry but draws an arbitrary line as against certain industries which the committee has excluded. When we ask them why they simply say, "These should not be included." It is said by the committee, "If we include that one, we must include something else." I agree with that statement. My point is that there has not been any yardstick set up here whereby it can be shown that the industries which have been selected for new funds are justified in being placed in a favored class, and the other industries shut out. I have listened in vain and I have asked questions in vain to find the measuring stick by which certain industries are placed in the class that can get new money to be revived and by which other industries are shut out and can not be considered for help by this corporation.

Mr. President, let me say further that I have not, in recent years, and I doubt if at any time in the Senate, faced a vote with as much doubt as I face a vote on the final passage of this bill.

Mr. President, to me this is indefensible legislation except on the theory that we are trying to avert a calamity in the banking and in the business world. The idea of taking $2,000,000,000 of the people's money and using it to underwrite certain industries and certain banks with certain kinds of securities which prudent bankers and wise investors will not buy, while all the remainder must shift for themselves in indefensible. That $2,000,000,000 must come from the pockets of the people in the end. I say it is indefensible except on the theory that it is necessary to avert a calamity in the business of the country.

Mr. FLETCHER. Mr. President, might I interrupt the Senator for just a moment?

Mr. DILL. I yield.

Mr. FLETCHER. I desire to call his attention to one provision of the bill—I meant to refer to it when we were discussing the amendment previously—that will help shipping if it is made operative, and that is section 5 (a), which provides for increasing facilities for transporting our products abroad. That, of course, if adopted, will help shipping.

Mr. DILL. I agree with the Senator, but why draw the line in that very indefinite way? Why not give the Finance Corporation the power to determine whether or not a borrower will have sufficient security to justify a loan? God knows we are not proposing to limit this corporation in its powers; it is not a case of throwing restrictions around it. The success or failure, the danger, in fact, of this bill depends almost entirely on the kind of men who may be chosen to administer it when it becomes law. I can foresee how by a reckless issuance of debentures they may destroy what basic business there now is in this land by placing upon the backs of the American people the burden eventually of paying for these bonds.

I want to say further that our experience as a Congress with the present President in the selection of men to administer legislation is not such as to give us too great confidence that he will select men who will administer this proposed legislation wisely and carefully as it must be administered. When we passed the Farm Board bill we knew that the success or failure of that bill depended upon the men who would be chosen to administer it, and certainly our experience with the Farm Board and the way it has handled the money turned over to it gives us but little reason to hope that if we turn over to the Finance Corporation $500,000,000, with the right to expend a total of two billions eventually of the people's money, the law will be well administered. Yet, on the other hand, to defeat the bill, knowing that the President will not sign other legislation such as some of us may desire, places us at the other horn of the dilemma. If business crashes come because of the lack of support for banking institutions and the great industries of the country, we must share the responsibility for that too. I therefore consider it a most difficult proposition to decide how to vote on the bill.

I repeat that there has been nothing said by those who have presented the measure here, there is no principle written in it, that separates the favored industries from those not to be favored in the granting of new capital to be used under this proposed act. If we are to use new capital to help the railroads after the Interstate Commerce Commission has approved a loan, I have yet heard no reason presented why new capital might not be given to help the steamship lines when the Shipping Board has approved their securities. It seems to me that Senators ought to consider the whole question of how far we are to go in offering help to industries by new loans and what we are doing when we are selecting one industry or one series of industries and saying, "this industry we will help by our loans; but that industry must struggle for itself," although the money which will be used to help one set of industries is to be collected in the form of taxes and bonds from the very people who are not being helped.

It is a policy that is indefensible; it is unjust, it is unfair. I can not understand how Senators will select one kind of

industry and refuse to let other industries have an equal opportunity before the corporation that is to be charged with the administration of this proposed act.

Mr. BLACK. Mr. President, I desire to ask the Senator a question.

Mr. DILL. I yield.

Mr. BLACK. Irrespective of what industry it is, does the Senator think it is right if any private business can not carry itself to have that business carried on by the money of taxpayers who will draw no dividends from that business and who will draw no profits from its operation?

Mr. DILL. Mr. President, I said a moment ago that to me the principle of this legislation is absolutely indefensible; but the condition that confronts us is one of great gravity, and if by refusing to take some of the taxpayers' money to support industries in this country, especially banks, insurance companies, and savings banks, we pull down the house of business, we will probably cause greater suffering and bring about greater harm to our people than will be caused by the unjust burden of taxation that it is necessary to impose in order to raise the money. Therefore, it places us in a dilemma. The thing, however, to which I am objecting now is that we select one class of industries and say that they shall not even have the chance to appear before this corporation, that they shall not even have a chance to be heard by it as to whether or not their securities are such that they ought to be considered. We give the corporation the power to reject them; it is not compelled to loan money to railroads or to steamship companies, but we say to the railroads, "You can go and present your case, and, if the board approves, you may have money to use"; but, without this amendment, we say to the steamship companies, "You can not even be heard, no matter how good your case may be." I repeat, it is not fair; it is not decent legislation to make such discrimination.

Mr. DILL subsequently said: Mr. President, in connection with the remarks I made a few moments ago, I ask unanimous consent to have printed in the RECORD a statement regarding the pending bill published in the Nation of January 6, 1932.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the Nation, January 6, 1932]

To suggest at this stage of the depression that Hoover has any plan for curing it would be like taking a pulmotor to a funeral, which would be unseemly. His main prescription since Congress convened has been for a Reconstruction Finance Corporation, which turns out on examination to be a plan to lend Government funds to the railroads. Nobody doubts that the railroads are in a bad way, and why such pains were taken to disguise the actual purpose of this plan is just another of those Hoover mysteries. The proposal is embodied in a Senate bill which abounds in allusions to banks, building and loan associations, insurance companies, and agriculture, and which finally, in the most covert manner, "also" includes railroads. The truth is that a billion dollars' worth of railroad securities will mature in the next three years. The railroads must borrow money to meet them, and naturally they are eager to get it at a low rate. Under this bill the Treasury would subscribe the $500,000,000 capital of the new corporation, which on the basis of loans made by it would have power to issue $1,500,000,000 in debentures. Because of the intangible security on which they rest, debentures bear a high interest rate in comparison with bonds. Why, if the Government desires to raise money to be lent to the railroads, does it not obtain that money by issuing bonds? Senator GLASS has raised that question and it has been raised still more pointedly by bankers. In this instance Mr. Hoover has again reversed himself by deciding to "put the Government into business" on a scale which eventually might result in Government possession of railroads, banks, and insurance companies. That idea does not frighten me; but if we are going to do it, why not do it in the most economical and businesslike way?

At this point some one is certain to ask what became of the national credit corporation—born at the famous Sunday night consultation at the White House—which was to apply the magic of private initiative to the puzzle of frozen credits? The answer is simple, but sad: About $400,000,000 has been subscribed to the pool, but only $10,000,000 of it has been lent! Aladdin fumbles or the lamp has lost its power, and with sorrow and resignation Mr. Hoover will sign precisely the sort of credit measure that Senator GLASS sees fit to hand him.

Mr. TYDINGS. Mr. President, estimates are to the effect that about 7,000,000 people are out of employment in the United States. The bill which is before us is calculated in some measure to correct our economic situation so that a portion of those people at least may find work because of better conditions than those which now prevail.

Some time ago I was interested in examining one of the phases of the present situation to see to what extent it would provide jobs and money in case Congress were to change its policy in regard thereto. In order to be accurate, I sought to get the information from the best sources available. It so happened, therefore, that I was naturally drawn to an act called the food production act, which was pending before the Senate in 1917, when the situation then existing was diametrically opposite to that which now confronts the Congress. At that time the problem was how to conserve grain, how to conserve commodities and labor, railroad facilities, and what not, in order that all these things might be thrown upon the table and be available for the single purpose of winning the war. At that time a very eminent research man came before the Senate committee which was considering that measure. That gentleman was Mr. Deets Pickett, the research secretary of the Board of Temperance, Prohibition, and Public Morals. Mr. Pickett wanted to conserve the coal of the country, and he went to the census reports of this Government to substantiate the statements which he then made. Mr. Pickett made this astounding statement:

In the United States census reports for 1910, volume 8, page 383, the consumption of coal by the brewing industry for the year ending June 30, 1909, was shown to be 2,990,357 tons, or three and a half times as much as the packers, six times as much as the printers and publishers, nine times as much as the manufacturers of boots and shoes, and twenty-five times as much as the manufacturers of men's clothing.

Senators, we all know that there is wide distress to-day in the coal fields of this country. Our problem is to find employment for those people and not in its ultimate solution to find credit for them. The mining of 3,000,000 tons of coal, even if used in such a business as the brewing industry, if it puts people to work and maintains their self-respect and gives them bread and butter, has more Christianity and godliness in it than all the prohibition laws this or any other Congress will ever enact.

However, I do not stop merely at the figures having to do with coal. I quote the President of the United States, who was then the Food Administrator and who wrote a letter to the Senate committee about the grain which would be saved if the brewing industry were put out of business. Said Mr. Hoover in that letter:

The cessation of brewing would effect a saving of grain of approximately 3,150,000 bushels a month, or 37,800,000 bushels a year.

And that, by a strange coincidence, is almost the exact number of bushels which Congress gave away the other day in the form of a food dole.

Here is an opportunity to find a market for 38,000,000 bushels of grain which are now rotting in the Government warehouses, where Congress has provided the money for the Farm Board to store it and keep it. Mr. President, do you want the farmers to have a market for their grain? Well, here is an opportunity simply by providing for the sale of beer. That will give them a chance to sell the commodities which they have. The authorities I have quoted are not wet authorities; they are no less than the President of this country and no less than the research secretary of the great prohibition organization on yonder street which was interested in the abolition of the brewing business.

But here is another thing. It is said we are passing this bill in order to help the railroads. It is desired to carry them over this depression. Well, the way to help the railroads is not through credit; it is by giving them freight and passengers and permitting them to earn their own way. In the last analysis that is the only way we can solve the railroad problem. Let us go to a further eminent witness to see how the situation would affect the railroads.

Dr. Irving Fisher, of Yale University, a celebrated economist and president of the War Time Prohibition League,

had his views aired before the Senate committee, having written a letter to Senator Cummins stating them, and here is what Dr. Irving Fisher said:

Transportation required by the breweries: Raw materials, 3,000,000,000 pounds of foodstuffs, equal to 1,500,000 tons; required coal, 3,000,000 tons; product of 60,000,000 barrels, 9,000,000 tons; total on teams and cars, 13,500,000 tons, all of which—

Says Doctor Fisher—

require hauling and over one-half of which require railroad transportation.

This requires—

Mark these words—

over 200,000 freight cars a year and uses several hundred locomotives annually.

How much more sound, how much more toward a real solution, how much more toward putting the labor which is now out of employment on our railroads back on the job if we could throw into the breach 200,000 rolling freight cars and several hundred locomotives.

But I have not finished. Says Doctor Fisher again before that hearing:

The breweries annually use 64,000,000 pounds of sugar.

Sixty-four million pounds of sugar! And even at this hour, as I speak, we can buy sugar for 95 cents a hundred pounds, less than a cent a pound. Our great sugar industry is prostrate. Our trade is gone. Cuba, where we have many loans, is unable to meet her interest, perhaps, on occasion, certainly on some of the private loans. Here is an opportunity to consume 60,000,000 pounds of sugar annually, and without the cost of a single dollar to this Government.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; but I should like to finish my remarks.

Mr. BLACK. I want to ask just one question.

Mr. TYDINGS. I yield.

Mr. BLACK. I have a recollection—I may be mistaken about it—that the Senator placed in the RECORD a short time ago some statistics with reference to the amount of liquor and beer which is being sold in the country now.

Mr. TYDINGS. I did.

Mr. BLACK. As I recall, statistics were put in by some one, and the statement was made that there is more liquor and beer being sold now in the country than before.

Mr. TYDINGS. I think more liquor is being sold now, but less beer.

Mr. BLACK. Is sugar used in it?

Mr. TYDINGS. In liquor?

Mr. BLACK. Yes.

Mr. TYDINGS. Yes. I am directing my attention absolutely to beer. I am leaving liquor out of all of these remarks; they pertain only to the brewing business, 4 per cent beer, of which a normal, healthy he-man could drink his full share and do all his work without any appreciable loss of mentality or spirituality. [Laughter.]

Mr. BLACK. The question I had in mind was this: I do not desire to get into any controversy with the Senator, now or hereafter. I have not any idea of doing that; but if it is true that there is as much beer being sold in the country now as there was then, it is simply a question of where it shall be manufactured, as I see it.

Mr. TYDINGS. I am coming to the sales part of it in just a minute. I am relying upon the very best information that anyone can obtain; and I hope I may be permitted to lay this matter aside for a moment until I have concluded my statistics.

Doctor Fisher goes on further to say—and, Senators, lend me your ears on this statement—

The breweries of the United States employ 65,000 men, but the total engaged in making, handling, and selling it all over the country is 300,000 men.

We have 7,000,000 unemployed. They are in my office every morning, as they are in yours. They are sending petitions here to Congress. They come here on freight trains, and petition us to find work for them, and we get up and say, "We must find work for these people," and we take taxes out of the Federal Treasury to provide work for them, when here is something that will not cost the Nation a dollar, which will put 300,000 hungry and jobless men to work overnight and provide the necessaries of life for their families. Yet with a solution at hand that will cost the Government nothing we sit here like ostriches, with our heads in the sand, and talk about credit corporations! When overnight we could employ coal miners to mine these 3,000,000 tons of coal, we could put the railroad employees to work in 200,000 freight cars and several hundred locomotives, we could find a market for 38,000,000 bushels of the farmer's grain and 60,000,000 pounds of sugar; we sit here with this solution at hand and talk about perpetuating our present distress by extending additional credit!

Mr. BROOKHART. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. Just a moment. I will yield, but I am going to finish first.

Further than that, we have a deficit of $2,000,000,000 staring us in the face, and we have bills introduced in this Congress to appropriate $5,000,000 more to build new Federal prisons to take care of our prohibition violators. We have every jail in the United States crowded to capacity and eating up the substance of the taxpayers. We have a prohibition force of 3,000 persons on the Federal pay roll who could no more enforce prohibition in a country that is thirty-three times the size of Great Britain than I could push back Niagara Falls with my right hand.

Is prohibition being enforced? Is it enforceable? Is there one man in possession of his senses who does not know that prohibition is no more enforced in this country than a law against drinking coffee could be enforced? Everywhere we go we see it violated; yet we stand here like ninnies, afraid of the lash of the Anti-Saloon League, afraid to assert ourselves as the keepers of the liberties and the money of the people, afraid to bring into the arena a solution which more than any other single measure, I submit, would cure the difficulties under which we are at this moment laboring.

If any of you think prohibition can be enforced, mark these figures, not from Chicago, not from New York City, not from any of the great metropolitan areas, but right here in Washington, where you, the Members of the Senate and the Members of the House and the President of the United States, have complete and absolute jurisdiction over everything that takes place.

What a sorry spectacle we have made of it! I want to read a statement I have just received from the police showing the number of persons under 21 years of age who have been arrested for drunkenness in the District of Columbia by years.

In 1926, 340 persons under 21 in Washington, not in Chicago.

1927	420
1928	396
1929	368
1930	355
1931	388

Mr. HOWELL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Just a moment. I will yield at the end, but I want to finish first.

For the 10 years preceding prohibition an average of less than 75 persons a year who were under 21 years of age were arrested for drunkenness in this city, and now the average is over 350 a year of persons under 21 years of age arrested here.

If Congress can not do any better in this city, which is under its absolute control, are we going to be hypocrites enough to point the finger of scorn at Chicago or New York or Philadelphia or Boston or any other place?

Here is the place to make the demonstration of the "noble experiment"; and, if it can not be made here, it can not be made elsewhere.

Not only that, but Senators talk about enforcing the law. Here is a number of persons under 21 years of age arrested for violations of the prohibition act—peddling gin, bootlegging, commercializing it, manufacturing it.

In 1926, 275 persons under 21 years of age were arrested because of being engaged in the sale of alcoholic beverages.

1927	243
1928	331
1929	327
1930	333
1931	249

What is the use of talking about the law being enforced? What is the use of holding up the hypocrisy of the Nation when we, the mayor and city council of this city—Washington, D. C.—can make no better showing ourselves?

Every man knows that there is no prohibition; that there is not a city or town or village of 2,500 or more people, where any stranger in the world can not buy liquor within 24 hours after he arrives. If there is such a town, name it now, and let us put it to the test.

There is silence, because there is no answer but silence.

Mr. BROOKHART. Mr. President——

Mr. TYDINGS. All right; where is the town?

Mr. BROOKHART. There is silence because the Senator will not yield.

Mr. TYDINGS. Oh, yes, I will. Where is the town? Can we be honest? Shall we look at the facts, or shall we still be dominated by fanatics who, in their desire to accomplish a so-called religious or social achievement, have lost all sense of proportion, are not swayed by facts, and have dragged the Treasury and the morale of this Nation and the fine steps we were making in the path of temperance back to a point of decades and decades ago?

Yet we are here with a $500,000,000 credit bill when every man knows that 300,000 men could be put to work overnight if we would but legalize the sale of beer; that a tax of 25 cents a gallon upon its normal consumption would produce $500,000,000 in revenue to wipe out our Federal deficit and end this hypocrisy, this tax eating by prohibition. Yet we come with more taxes from the Federal Treasury in the guise of a reconstruction bill. We are going to tax the people still more to build things that we may not need in order to take care of the unemployed, when we could take care of more of them without the expenditure of a single dollar, but simply by the assertion of a little courage and a little backbone and a little real, honest-to-goodness common sense.

Who challenges a figure that I have mentioned here? Who says one of them is not correct? Who says there is any misstatement in any of the things I have said?

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Yes; I yield now.

Mr. HOWELL. If I understand the Senator aright, prior to prohibition there were 75 minors arrested in the District of Columbia annually for drunkenness, and now there are something like 350.

Mr. TYDINGS. So the police say—72, to be exact.

Mr. HOWELL. The Senator will recall that prior to the date of which he speaks there was a law here in the District of Columbia which made it an offense to give a minor liquor, and that that law was repealed, and that recently I have been endeavoring to have a bill passed here that would make it an offense to give or supply a minor with liquor. The distinguished Senator from Maryland was one of those who have prevented the passage of that bill; and now he criticizes the condition which exists here in the District of Columbia.

Mr. TYDINGS. Everyone, of course, is entitled to his opinion, but what I am trying to do is to offer facts—not the facts of the Senator from Maryland, who might be called a "wet" without religious background and without morals and without idealism, but the facts of the "drys," with whom the Senator from Nebraska sits and discusses the welfare of the country, the agencies upon which he relies to fortify himself with the facts he states upon the floor of the Senate. What better proof could there be than to prove the case against the Senator out of the mouths of his own witnesses?

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. Yes; I yield.

Mr. BROOKHART. How many bootleggers are there in the United States?

Mr. TYDINGS. I know that every bootlegger in the United States, more or less, pays no income tax to the United States, and that if we could get the income taxes from them we would have a mighty small deficit left.

How many stalks of corn are there in the Senator's county in Iowa during a normal season? [Laughter.]

Mr. BROOKHART. The Senator has not answered my question yet.

Mr. TYDINGS. No; and the Senator has not answered mine.

Mr. BROOKHART. I do not know how many stalks of corn are there.

Mr. TYDINGS. For every stalk of corn in the Senator's county, if what we see on every hand can be believed, there must be at least three bootleggers. Let the Senator do his own multiplication.

Mr. BROOKHART. Then there must be about 19,000,000,000 bootleggers in the United States!

Mr. TYDINGS. From the way liquor is being consumed, I would not be surprised if the Senator were not too conservative.

Mr. BROOKHART. Does the Senator propose by his amendment——

Mr. TYDINGS. Does not the Senator want to find a market for 38,000,000 bushels of his people's grain every year?

Mr. BROOKHART. Yes; but I am afraid that if we should put all the bootleggers out of business it would increase the unemployment list.

Mr. TYDINGS. Let me say to the Senator that out in the city of Chicago there was a notorious character, whose name was on the front pages of the papers of this country for years, and every person in the country knew what he was doing. Yet he could not be convicted, and the only way he was ever convicted of violating the prohibition laws was to send him to jail for not paying his income tax.

Mr. BROOKHART. We got him, though.

Mr. TYDINGS. That is the kind of enforcement there is. In the city of Detroit, where there are 175 men in the border patrol, all of them were discharged in a single year for graft, and new forces rehired, and half of them discharged before the year had ended.

Mr. BROOKHART. Those men who were discharged for graft, paid on bribes offered by the people for whom the Senator is speaking.

Mr. TYDINGS. Those arguments, with all due respect, are nothing more than drawing room or smoking room conversation. The Senator knows, if he knows anything, that prohibition is no more in existence in this country than the use of the Scandinavian language is in existence in Italy. [Laughter.]

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Illinois.

Mr. LEWIS. I desire to say to the distinguished Senator from Maryland that the situation he depicts as to Mr. Capone was one that was allowed by the Federal Government, and not by the city of Chicago.

Mr. TYDINGS. I appreciate that, and thank the Senator for his contribution to the cause. I do not want to review lots of things I have said before, and which are already too well known, any way, to bear repetition.

What became of the promise to empty the jails? If there are no bootleggers, why are the jails full of men who have been convicted of violation of the prohibition laws? Why is every cell in every Federal penitentiary, in every State penitentiary, in every city and county jail, filled to overflowing, and a bill in the Congress to appropriate $5,500,000 for new Federal prisons, if we do not need them, and when

the Attorney General says that half of those prisoners are there for violation of the Volstead Act? What better proof does anyone want than that to show that the law is being thwarted from east to west, and from north to south?

I know election time will come, and of course it is best if we do not have to vote on this question, it is best if we do not have to take sides upon the question, because if we can keep our position concealed from the people, we may be entitled to misrepresent them six more years in this body, although this is a place where we should discuss legislative questions, and if prohibition is not one in its present condition, I never saw one.

We are supposed to say nothing about it in party platforms, and most men who will be candidates this year are praying to God that they may get by without having to disclose their real position to the people they hope to represent. Why? Because over on yonder hill good but misguided men say, "We will attend to your case at the polls. We will overthrow you if you dare to waver. When we say 'Forward, march,' you guys had better goosestep."

Think of it! We stand here and pull our hair and talk about 7,000,000 unemployed, and about relief out of the Federal Treasury to take care of it, when here in our own hands is the opportunity to start 300,000 men to earning an honest and a respectable living in 24 hours by the mere legalization of beer alone and raise, from a source to which there is no objection, half a billion dollars in revenue as well.

Do we do the obvious thing? No. I venture to say that if Bishop Cannon and Dr. Clarence True Wilson and the other satellites who are working on this problem with him were to take a boat and say they were going to the North Pole for 10 years we could put this beer bill through in 24 hours after they had taken the boat.

I would not blame the people for marching on the Capitol. What have all the recent elections shown? A wet Democrat was elected in New Hampshire the other day, a man who had the courage to go before his people and say, "If you elect me, I will vote to repeal the eighteenth amendment." Was he defeated? He was not.

One was elected in New Jersey to succeed my good friend Mr. Ackerman, who has left this life. What did that candidate say? He said, "If you elect me, I will vote to repeal the eighteenth amendment." Was he elected? He was.

One was elected in Michigan, in a Republican stronghold. What did he say? He said "If you elect me, I will vote to repeal the eighteenth amendment." Was he elected? Notwithstanding the fact that he was a Democrat and a wet, he was.

What more evidence does anyone want? Do the people have to come here with shotguns and tear bombs to compel the Congress to give them a relief which it could give them in 24 hours without hurting any business or anybody in the country?

No; we are going to give them the dole instead, not the dole they get on the first day of every month signed by Mr. Mellon, but the work dole. We are going to make work for them, whether we need the work or not, and give it to them under the guise of a brick wall, or structural-iron work, or Vermont marble, or Indiana limestone. That is what we are doing. If any of us think that is not a dole, we are only deceiving ourselves. We might as well to all intents and purposes be for the thing honestly and frankly and openly.

I do not blame my friend the Senator from Iowa [Mr. BROOKHART] for getting up here and saying, "Why do you not give agriculture a dole? Why do you not give us some credit? Why do you not give us some help? Why confine it to these banks and railroads?" I can understand how he would naturally say that, and I do not like him any the less for being honest enough to say it, whether I agree with his philosophy or whether I do not agree with it.

We have spent four or five days here debating a credit bill which only very remotely and indirectly will put a single soul back to work, when we have within our hands the ability to put 300,000 men to work within 24 hours from this good minute; to start 200,000 freight cars and several hundred locomotives over the rails, to consume 64,000,000 pounds of sugar which now has no market, to use up 38,000,000 bushels of wheat which now is a glut upon the markets of the world.

According to the census of 1916, I think it was, 1,970,000,000 gallons of beer were consumed by the people of this country in that year. A tax of 25 cents a gallon on that beer would produce $500,000,000 a year. Nobody is against that tax. Everybody is for it. There is no opposition to it. But instead of that we would rather go and get these businesses which are struggling to survive through this panic and choke them with more taxation, even when they have not the ability in many cases to pay.

Men may smile; men may say, "That is wet talk"; but is it not the truth? Who says it is not the truth?

Father Cox came from Pittsburgh the other day with an army of 12,000 unemployed. I do not know how many more started, but it is estimated that that many arrived. It just so happened that that army was lined up out here in front of the Capitol at 11 o'clock, when an organization known as the Crusaders, led by a very estimable gentleman named Mr. Clark, from Cleveland, presented, in a very respectful manner, a petition to Congress asking for a modification of the Volstead Act. The movie and sound pictures were in operation. Mr. Clark made a few remarks, and a Senator—not myself, but the one to whom his remarks were addressed—replied. The crowd heard it, and there was a deafening cheer from every one of them, because there was a proper plan in sight; but the mountains of Congress had shut out the sun.

Hypocrisy! You all know that liquor is sold on the boats which fly the American flag. Are they confiscated? Of course not. But if I take a pint of gin from here to Baltimore in my automobile, I am liable to lose my machine. Talk about equality, talk about a government that is fair and right to everybody.

If a carload of liquor is sent here to the Pennsylvania Station, and prohibition agents discover it, they may confiscate the liquor and do with it what they will, but does anybody confiscate the freight car?

The whole thing is a burden on the poor man. You are driving him to cesspools of crime, into unspeakable speakeasies in the big cities. They are the rallying points at this time for the unemployed, and the stuff they get in them is not fit to drink.

Deaths from alcoholism are on the increase. Bribery is the password of the Prohibition Enforcement Service. The first seven years, out of a force of 3,000 men, 872 were discharged for discovered corruption. Yet we sit here and throw away the taxpayers' money, and we might just as well throw it into the Potomac River.

You are financing crime, you are financing corruption, and you are sowing the dragon's teeth of revolution more with the continuance of this policy of prohibition than all the other measures you have in this or any other Congress. How can we expect the unemployed to revere a Government which sits supinely by incapable of action, when they know, and we know, that at least 4 or 5 per cent of them could be put to work in 24 hours if we had the intestinal fortitude to do the job that is ahead of us.

Is it more godly to let men walk through the streets living on charity and perhaps driving them into crime, or to let them walk home with something in their hands besides a handkerchief full of tears to take care of their loved ones at home? If Christianity means enforced starvation, enforced unemployment, in order that we may supposedly enforce a law which never has been enforced and never will be enforced, then I think our good Lord died in vain upon the cross. It strikes me that godliness is on the other side. Give a man self-reliance, give him self-respect, teach him temperance, give him a job. Do not keep him out of work, because a man who has long been out of work, whatever his moral precepts may be, sooner or later is apt to fall into the pathway of bad conduct and crime.

So I simply say in passing that we may debate these credit bills without diminishing a single bit the deficit in the Treasury; we may help the railroads by stabilizing their

bonds without providing in any way any new freight; we may have the work dole in the guise of public construction at the expense of all the taxpayers, which is nothing more than a national community fund parceled out to the States and cities; or we may let the people of the country have the liberties which God Almighty gave them, we may give them the right to work out their own salvation within the limits and the scope of decency and self-reliance, and wind up this hypocrisy which has been wound up in every other country under God's sun except ours, Finland being the latest to overthrow the sham and pretense and graft, the women there voting more than two to one with the men to put it out of existence. We can wait now a year or two until public sentiment, as it will, shall become more pronounced and then all of a sudden we will realize that what we might have done long ago when it would have done some good we may now do without the loss of our political prestige.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Washington [Mr. JONES] to the amendment of the committee.

Mr. JONES and Mr. COUZENS. Let us have the yeas and nays.

Mr. WATSON. Mr. President, I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Cutting	Jones	Sheppard
Bailey	Dale	Kean	Shortridge
Barbour	Davis	Kendrick	Smith
Barkley	Dill	Keyes	Smoot
Bingham	Fess	La Follette	Steiwer
Black	Fletcher	Lewis	Thomas, Idaho
Blaine	Frazier	Logan	Thomas, Okla.
Borah	George	McGill	Townsend
Bratton	Glass	McKellar	Trammell
Brookhart	Glenn	McNary	Tydings
Bulkley	Goldsborough	Metcalf	Vandenberg
Bulow	Gore	Morrison	Wagner
Byrnes	Hale	Moses	Walcott
Capper	Harris	Neely	Walsh, Mass.
Caraway	Hastings	Norbeck	Walsh, Mont.
Carey	Hatfield	Norris	Waterman
Connally	Hayden	Nye	Watson
Coolidge	Hebert	Patterson	Wheeler
Copeland	Howell	Reed	White
Costigan	Hull	Robinson, Ark.	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

Mr. BROOKHART. Mr. President, we have just listened to a remarkably frothy oratorical display. I think it was the biggest foam that has been blown up in the Senate since I have been here. I would like to scrape off some of the foam and get down to a few sober facts before we vote on the pending amendment. I am sorry the Senator from Maryland [Mr. TYDINGS] left the Chamber—ah, he has just reentered it! I wonder if he has cooled off any. [Laughter.]

I want to call the attention of the Senate to the facts of this argument. The Senator kept repeating the word "facts" all the time, and then he blew foam. I asked him the simple question, How many bootleggers there are in the United States? What was his answer? He said there were three bootleggers for every stalk of corn in Iowa. If that is not right, I would like to have him correct it now.

Mr. TYDINGS. Mr. President, I think that estimate would be more accurate as to the number of cornstalks in Iowa than the Senator's estimate of the number of bootleggers there are in the United States.

Mr. BROOKHART. The Senator said there were three bootleggers for every stalk of corn in Iowa. I have been figuring up the number of stalks of corn. We produce about 475,000,000 bushels of corn in Iowa when we have a good ordinary crop.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Maryland?

Mr. BROOKHART. Certainly.

Mr. TYDINGS. I am sure the Senator does not want to make a misstatement. I referred only to the stalks of corn in the Senator's home county. If he will look at the record of the Official Reporter, he will be constrained to reconsider his figures.

Mr. BROOKHART. All right; I will cut it down right now. We produce 4,500,000 bushels of corn in my county. It takes about 100 stalks to produce a bushel of corn. So there are about 450,000,000 stalks of corn in my county. According to the facts, then—this "facts" stuff that the Senator from Maryland puts out—we have about 1,350,000,000 bootleggers in the United States. He wants to put them all out of a job and put them on the unemployment list by employing 300,000 other men to sell beer.

That is a sample of the booze logic that comes in all these arguments. Talk about intellectual legerdemain. Why, intellectual prostitution would not even describe these arguments.

The Senator mentioned the city of Washington. My first visit to the city of Washington was in 1896. I remember very distinctly there was an open bar in the House restaurant at that time. The Senate had closed its bar before that time. Mr. President, I saw more drunken Congressmen every day I was in Washington during that week's visit than I have seen drunken people in the city of Washington during the last nine years. That is the fact. I saw that with my own eyes.

I say to Senators that prohibition has succeeded, and it is the ignoring of facts that permit these extravagant arguments in the United States Senate. If we take the men who study the facts, who follow the facts, and who write upon the facts it will be found that it has succeeded even in Baltimore and even in New York City. If there were some State officers over there who would obey their oath of office and support the Constitution of the United States, prohibition would be still better enforced.

Oh, the Senator says there is no opposition to a tax on beer. That is the secret of a great part of this prohibition agitation—to get a tax on beer. Who is it that wants it? It is the same crowd who want the two thousand million dollar relief for high finance in this country; the same crowd of financiers and tax dodgers.

In the United States Congress we are now levying taxes on the right persons. Only about 14 per cent of our Federal taxes comes from the tariff; a small percentage comes from excise taxes; but the great body of the taxes comes from the income taxes on corporations and on individuals. As the income of the individual rises, a higher rate of taxation is imposed. I am sorry that is not true as to corporations as well. I think the corporation tax is the one unjust tax we have.

A little corporation ought not to pay the same rate of tax as that paid by big corporations; but, nevertheless, Mr. President, our taxes are levied mainly upon the men who in turn are levying taxes upon the whole people of the country through excess profit charges and through the economic organizations they have built up. That is where we are levying our taxes; but the Senator from Maryland, in line with this crowd that he has denounced here to-day who want this bill, says we want to reduce these taxes and place them upon the backs of the common people who will drink beer.

I say to you, Mr. President, there is opposition to such a tax. Beer may be legalized, but you will never, with my vote, put a tax upon it; you will not, with my vote, tax a thing that permits of the evil that alcohol produces in this world. Alcohol is the greatest material enemy of the human race. It has stood more in the way of advancement of civilization than has any other element in the world; it has destroyed more homes; it has destroyed the lives of more people.

The Senator from Maryland has stated that deaths from alcoholism have increased, but the statistics show exactly the opposite; they have enormously decreased.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Maryland?

Mr. BROOKHART. Yes; I yield.

Mr. TYDINGS. If the Senator will read the report of the Metropolitan Life Insurance Co., he will find that that company, taking the 19,000,000 industrial policyholders it has in the United States, where there is prohibition, and contrasting the records as to them with those of its three or five million industrial policyholders in Canada, where there is no prohibition, ascertained that there are forty times as many deaths from alcoholism in the United States, where there is prohibition, as there are in Canada.

Mr. BROOKHART. Conceding that to be true——

Mr. TYDINGS. Of course, I know that notwithstanding the facts are based upon the actual experience of the Metropolitan Life Insurance Co., the very assertion to the contrary makes the statistics of that great insurance company worth nothing.

Mr. BROOKHART. Conceding that comparison with Canada to be true, I think in many respects that Canada is more decent than we are in enforcing many laws as well as the prohibition law. I compared those figures with the record in the United States before prohibition, and that is the manner in which the comparison should be made. When such a comparison is made it is disclosed that the death rate from alcoholism has decreased. I will get the figures and place them in the RECORD.

This question has never been fairly stated by the wet side. They have always camouflaged it with some illogical comparison that did not compare at all. We had Keeley institutes for the cure of inebriates all over the United States before prohibition, but the old original Keeley institute is the only one now open in the whole country; the others have all been closed; they have no patrons.

The Senator refers to a pint of booze in an automobile. I will say that any man who has a pint of booze in an automobile ought to have his automobile destroyed, for that pint of booze means disaster, murder, and death.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Maryland?

Mr. BROOKHART. Yes; I yield.

Mr. TYDINGS. I want to thank the Senator for his very sweet, and very tolerant, and very broad-visioned statement.

Mr. BROOKHART. Mr. President, the Senator from Michigan [Mr. COUZENS] informs me he has heard enough of this, and he wants to vote on the Jones amendment.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Iowa yield to me?

Mr. BROOKHART. Yes; I yield.

Mr. ROBINSON of Arkansas. Of course, I have neither the right nor the disposition to interrupt the Senator from Iowa, except by his very generous consent, and I must admit that the Senator from Maryland has provoked this diversion from the consideration of the bill now before the Senate; but it does seem to me that, conceding the importance of the pending measure and the fact that those who are opposed to its passage have confined their discussion to the subject matter of the bill and have not delayed a decision with respect to it, we ought to advance the final disposition of this measure and do it as promptly as may reasonably be expected.

I hope the Senator from Iowa will realize that I am not trying to lecture him or anybody else; I do not claim the right to do that; but he has been kind enough to yield to me for the purpose of saying that I feel we ought to reach some decision on this measure; I think the country expects us to do it; I do not believe if we stood here and talked about prohibition for the next 90 days that we would accomplish anything except our own embarrassment.

Mr. BROOKHART. Mr. President, the Senator makes a very generous and possibly a very correct observation. I am sorry that, as the leader on the other side, he is not able to put a bridle on our friend from Maryland and keep this frothy stuff out of the debate. I did not bring it in.

Mr. ROBINSON of Arkansas. All the Senator says is entirely true. [Laughter.]

Mr. BROOKHART. In view of such a concession as that, I am going to quit very shortly.

Mr. ROBINSON of Arkansas. I thank the Senator.

Mr. BROOKHART. Therefore, Mr. President, as soon as another occasion affords I will resume the discussion of the prohibition question upon its merits and not upon imagination.

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Washington [Mr. JONES] to the amendment reported by the committee.

Mr. JONES. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. JONES (when his name was called). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent for the day. I promised to take care of him on all votes; so I withhold my vote. I would vote "yea" if I were permitted to do so.

Mr. MCNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON], who is unavoidably absent. The junior Senator from South Carolina [Mr. BYRNES] has a pair with the junior Senator from Nevada [Mr. ODDIE]. I have arranged with the Senator from South Carolina for a double transfer of pairs, so that the Senator from Mississippi [Mr. HARRISON] will stand paired with the Senator from Nevada [Mr. ODDIE], leaving to each of us the opportunity to vote. I vote "yea."

Mr. MOSES (when his name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. That Senator is absent. I therefore withhold my vote. If free to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is detained at home on account of illness. In his absence, and not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. HASTINGS. On this question I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. If he were present, he would vote as I shall vote. I therefore vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Utah [Mr. KING];

The Senator from Iowa [Mr. DICKINSON] with the Senator from Missouri [Mr. HAWES]; and

The Senator from Colorado [Mr. WATERMAN] with the Senator from Montana [Mr. WHEELER].

If the Senator from Colorado [Mr. WATERMAN] were present, he would vote "nay" on this amendment.

The result was announced—yeas 15, nays 61, as follows:

YEAS—15

Ashurst	Copeland	Lewis	Steiwer
Bratton	Dill	McNary	Thomas, Idaho
Bulow	Hayden	Shortridge	Thomas, Okla.
Caraway	Johnson	Smoot	

NAYS—61

Austin	Dale	Hull	Robinson, Ark.
Barbour	Davis	Kean	Sheppard
Barkley	Fess	Kendrick	Smith
Bingham	Fletcher	Keyes	Townsend
Black	Frazier	La Follette	Trammell
Blaine	George	Logan	Tydings
Brookhart	Glass	McGill	Vandenberg
Bulkley	Glenn	McKellar	Wagner
Byrnes	Goldsborough	Metcalf	Walcott
Capper	Gore	Morrison	Walsh, Mass.
Carey	Hale	Neely	Walsh, Mont.
Connally	Harris	Norbeck	Watson
Coolidge	Hastings	Norris	White
Costigan	Hatfield	Nye	
Couzens	Hebert	Patterson	
Cutting	Howell	Reed	

NOT VOTING—19

Bailey	Hawes	Oddie	Stephens
Bankhead	Harrison	Pittman	Swanson
Borah	Jones	Robinson, Ind.	Waterman
Broussard	King	Schall	Wheeler
Dickinson	Moses	Shipstead	

So Mr. JONES's amendment to the amendment was rejected.

Mr. ASHURST. Mr. President, on yesterday I offered an amendment, and it was printed; but a number of Senators have asked me not to request a vote upon it at this time.

I had expected to speak briefly on the amendment, but time is precious now. There are usually two reasons in the Senate when speech is not necessary—one, when the amendment or the bill is so weak that no argument can give it vitality or life; the other, when the amendment or the bill is so strong and so just that no amount of argument can strengthen it or detract from it.

Believing that my amendment is so just and so fair that no extended argument is required in its support, I withhold remarks other than to say that it is known in this Chamber—because frankness prevails here—that this is not a popular bill. I believe the committee has honestly and diligently labored and has brought forth the best measure that, under the present posture of conditions we may expect, no one likes to vote for this bill. It is supposed to be, and has been characterized by many Senators as a Wall Street bill, favoring only a few interests or industries.

Mr. President, my amendment simply provides that any citizen of the United States who offers security which in the judgment of the corporation will amply repay the loan may secure temporary financial aid. Its adoption will transform the bill from the most unpopular bill in the Chamber to the most popular of this Congress.

The country is tired of legislating for a favored few. Let us have a bill applying equally to all who have the credit and security and are willing and able to meet the requirements of legitimate business.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Arizona offers the following amendment:

On page 23, after line 8, add a new paragraph, as follows:

"Further within the foregoing limitations of this section, the corporation may also make loans to or aid in the temporary financing of any person who is a citizen of the United States when in the opinion of the board of directors of the corporation such citizen is unable to obtain funds upon reasonable terms through banking channels or from the general public, and whose prospective earning power or income together with the character and value of the security offered by such person are such as to furnish adequate assurance of his ability to repay such loan within the time fixed therefor and to meet his other obligations in connection therewith."

Mr. ASHURST. Mr. President, I shall not ask for a vote at this time, but shall do so before the bill finally is disposed of.

Mr. SMITH. Mr. President, when this bill was first introduced, after a careful reading of it and during the discussion, I recognized the fact that in the midst of this national depression no means had been provided for that class of our citizens who under ordinary conditions find it more or less difficult to make a living.

The Senator from Arkansas [Mr. ROBINSON] incorporated in this bill the first approach toward anything that looked like relief for those who produce the food and the clothing of this country, as well as the shoes, through the medium of raising livestock. Not a single direct provision was made in this bill for the farmer; but the Senator from Arkansas got through an amendment which provided that through this corporation livestock associations, agricultural credit corporations, the joint-stock land banks, and the Federal land banks might have access to this fund. All of us recognized, however, that even the agricultural credit corporations, the livestock corporations, and the land banks, both joint-stock and Federal, are an indirect way of reaching a certain limited set of the farmers of the country.

The 1-horse farmer, the man who is a tenant, who is dependent upon his yearly crop for the means of living, may be found from the Pacific to the Atlantic, from Florida to the Great Lakes. No provision has been made in this bill to reach that class of our citizens, the most dependent of all the citizens of the United States. That man has nothing in the world but his ability to work, and he can get land enough to work.

We are now confronted with 7,000,000 unemployed. If the provision is not made that is proposed in this amendment of mine, you can multiply that three times before the snow falls in the winter of 1932–33. Fifty per cent of the farm population, those who are dependent upon their yearly production, are confronted with a condition the like of which this country never dreamed.

It was bad enough in the heyday of the so-called "Coolidge prosperity." I stood here and marveled that the press of the country and the ordinary propagandists of the country would have the temerity to declare universal prosperity when every man from every agricultural State in this Union knew that in the midst of that orgy of high-priced stocks and bonds and securities already the shadow of coming want was falling athwart every farm in America.

When the storms had swept the South Atlantic steadily the price of farm products declined. Step by step it grew worse. In 1928 storms and floods swept the South Atlantic. In 1929 unprecedented rains. In 1930 unprecedented drought over the South and Middle West. These distressed farmers, without credit, without resources, hoping to get some assistance from the Government by which they could be employed in tilling the soil, which never fails to respond except in eras of unprecedented drought, were asking for aid; and what did we do? We had to fight to give them the miserable pittance of $45,000,000 to accommodate the whole area affected both by storm and by drought.

What happens when the financial institutions, the great corporate interests of this country, have their securities jeopardized? Instead of there being debate and scrutiny by the leaders, we are told, "You must put this bill through." Why? "Because interest and dividends"—God save the mark!—"interest and dividends are being jeopardized, and the whole financial structure may topple, with unspeakable and incalculable harm to the public"; and how much do they ask? Two billion dollars!

I believe myself that this relief is necessary. I can not tell what brought it about any more than some of the wise and sophisticated along financial lines and past masters in the legerdemain of banking and the technicalities attached thereto. I believe that we need relief along those lines. As I say, I do not know what has brought it about. One thing I do know, and that is that in my State in one day 47 banks closed up. Every acre of land in South Carolina that was there at the dawn of creation is right there now. The facilities of production are just as great now as then. The earnest desire of the citizens of my State to produce is as great now as then.

Their capacity to produce is just as great now as it was then. Yet, because of the conventions of capital, the conventional laws we make, when these great institutions are jeopardized, our courage is locked up, and we stand to starve to death and shiver in the cold in spite of the fact that we have a surplus of food and a surplus of clothing.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. NORRIS. Does the Senator believe that the passage of this bill will bring any relief to those 47 banks or the people who suffered on account of their failure?

Mr. SMITH. Mr. President, I am sorry the Senator asked me that question. I have more than a doubt. But I am hoping that the equation of selfishness may cause them to extend some relief. I may be indifferent to my neighbor's house burning up, but if it threatens to burn mine up, then I will join him in putting out the fire.

We have all become internationally minded since the World War, and when we consider the amount of money necessary to finance the world—and we are the bankers of the world—we have things out of hand. Somebody was not big enough to know this condition was coming or, if some did know it, others who might have prevented it did not know it, and it is here.

Mr. President, from the Pacific to the Atlantic are millions of one and two horse farmers, who, on account of this depression and the failure of our financial system, will face and are facing 1932 without the prospect of employment or the chance of making a living.

I know that in my State the morning the news came that the People's Bank of South Carolina had failed, entailing closing the doors of 44 State banks and 3 national banks, practically speaking, it wiped out the banking facilities of my State, and there are only 48 counties in the State.

Mr. President, the mere fact that the banks failed only accentuated, if that were possible, the horrible condition in which agriculture found itself. Land had become a liability rather than an asset. Municipal and State and county bonds could not be discounted or rediscounted. There was no source from which to get capital.

I was speaking to a Senator from one of the Northwestern States, and he said that the beans they produced there as a market crop did not pay the cost of production, and that potatoes, which might have saved some in the hunger lines which have stretched around Washington, would not pay for the digging and were left in the ground.

The cotton crop of my State, which is the cash crop of the State, was cut half in two from the ridiculously low prices of 1930. In place of the cotton crop of the South bringing over a billion dollars it will bring scarcely more than $320,000,000, in spite of the fact that we have 2,000,000 bales more than we made before this horrible depression came upon us.

The wheat farmer is absolutely starving, because all the wheat he produced had to go to pay his debts, not leaving enough for him and his to eat.

Mr. President, I want to state not one of those men who filled the trenches in France, and are in the front rank in every effort to save our Government and save the flag, not one of those producers was called in, in his ragged overalls, to testify before a committee as to what was happening to him and to his.

Do not make any mistake on the floor of the Senate, the love of a father and mother for the darlings about their feet is not measured by the number of dollars that mother and father own. They are loyal to their Government, but they love their babies as well as the millionaire or those who have the wherewithal to be in comfort love theirs. But they are not called here. They are not asked to go into our committee rooms. Overalls, perhaps do not become these committee rooms; and I am not demagoguing, God help me! Unless something happens, and happens pretty quickly, some of us here may have to don the overalls.

I am not asking a greater percentage for these who have nowhere to turn. Every day at my home they pay me the compliment—mistaken, it is true—of coming with tears in their eyes and asking me if there is any possible chance for them to pass the dark hours of 1932.

Here we are spending our time trying to bring about relief for those who have never known the grinding power of poverty. Here we are using all the instrumentalities of government to protect bonds and stocks, while all over America, with no voice here, are those who are passing through a Gethsemane which would cause a revolution if those who ran this Government were forced to pass through it.

I am not asking to complicate the machinery in this bill. I am going to offer to modify my amendment by reducing the amount I ask for. It is not a question of storm and flood; it is a question of an absolute dearth of credit for the man who has nothing to give but a lien on his crop.

Be it said to the credit and honor of those we aided in 1929, 1930, and 1931 that in spite of the horribly low prices and the sacrifices they had to make they have practically paid every dollar of the loans, paid the money back to the Government. It was the best investment the Government ever made. The States could not make it, the localities could not make it, the disaster was too universal to be locally absorbed, and we extended that aid to them and they repaid us. They are repaying the drought loan now, bringing in their cotton and their corn and turning it over to the Government, rendering all they have.

As I have said, I have not tried to complicate the machinery of this measure. I have provided that another department of government shall administer this proposed relief and that the money shall not come out of the fund provided under the committee provision. I understand that $45,000,000 of the hundred million I propose to ask for from the United States is already in the hands of the Department of Agriculture or turned back into the Treasury.

You can vote the amendment down. I know that the objection will be made that it has no place on this bill. It has as much right to go contemporaneously with this bill as the succor you propose to extend to the industrial institutions of this country. It is simply begging the question to say that it is objectionable because it will go on this bill. It will go as a simple rider, and it will be an expression of the Senate as to the attitude they are going to take toward these voiceless ones, who are counted by the millions, whom poverty and helplessness confront now.

If this amendment goes in, when the bill shall pass, it will, of course, be relegated to the department which it provides shall be the administrator of it. We are asked to appropriate a billion to support banking institutions. I am asking simply for a hundred million for the Agricultural Department to administer all over the United States to those who can not avail themselves of the agricultural credit corporations.

There is not a man here from the agricultural States who does not know he can count by the thousands men who are destitute to-day who can not avail themselves of the facilities of a credit corporation or an intermediate credit bank, lots of them not owning land but renting land, and the landowner is totally unable to extend them any assistance.

Never before in the history of this country have the men between the plow handles faced a situation like this. It is not a question of their making a crop for a profit; it is a question of being employed and making a living for 1932.

Gentlemen of the Senate, as I said, I do not want to impede the passage of this bill, but I would have been derelict in my duty if I had not offered this amendment, and I believe you will be derelict in yours if you do not provide that the machinery already set up in the Agricultural Department for administering exactly this kind of a fund shall be utilized to bring some ray of hope and some succor to those who to-day are in a condition beyond any comparison with that of these great institutions over which we are shedding great gobs of tears.

Mr. President, I want to modify my amendment by striking out $200,000,000 and making it $100,000,000.

I hope those who have read the amendment will observe that this is not restricted to any State. It simply provides that the money shall be used to aid those who, on account of this depression, are suffering. There may be States in which drought and other seasonal conditions have accentuated the condition. This will cover those conditions.

It leaves it in the discretion of the Secretary of Agriculture to give relief, where, in his judgment, the conditions warrant; and what man dare say here that the producers of that on which we live shall not be taken care of?

I do not want to delay the passage of this wonderful $2,000,000,000 bill. I hope it is going to give some relief. But I do know that it will not reach those for whom I am pleading in time to be of any material assistance to them. This is January. In February in my section the lands will be made ready to set the crop. If this relief can not be made available before the springtime comes, so far as they are concerned they will be left as they are to-day.

Mr. President, I desire to modify my amendment by striking out $200,000,000 and inserting $100,000,000.

The VICE PRESIDENT. Let the amendment to the amendment be reported as modified.

The CHIEF CLERK. At the end of the bill insert the following new section:

SEC. —. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, which sum, or so much thereof as may be necessary, shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States who, because of the failures of banking institutions and conditions resulting from the general depression, are unable to obtain credit for crop production purposes. Such advances or loans shall be made upon such terms and conditions and

subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine.

(b) Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both.

Mr. THOMAS of Oklahoma. Mr. President, I have before me a copy of one of the local afternoon papers. I find on one of its pages, in the section devoted to News of the Suburbs, the following screaming headline:

Senate ready to vote on jobless aid measure to-day.

The first paragraph in the news story is as follows:

The Senate to-day was ready to pass the administration's bill for a $2,000,000,000 governmental credit corporation, but not before voting on a $100,000,000 appropriation for direct relief of unemployed.

This relief proposal, sponsored by Senator SMITH, of South Caroline, was attacked by administration leaders as invoking the "dole."

"Invoking the 'dole.'" Mr. President, what is meant by the term "dole"? The dictionary says:

Dole—a gratuity dispensed in small quantities.

If the unemployed are to have even this alleged "dole" to assist them, then the 8,000,000 men who are to-day walking the roads and streets in search of work will have a chance to get only the sum of $12 per person to keep them and their families from disaster during the present winter.

The bill to which the amendment is sought to be attached proposes to make the sum of $2,000,000,000 available to the railroads, insurance companies, and banks of the country. While the bill appropriates outright the funds and provides the machinery for making loans to such corporations, the pending amendment only authorizes an appropriation for making small loans to those in distress. If small loans to citizens in distress can be justly called "doles," then what would be the proper term to designate the fabulous sums soon to be available to the million and billion dollar corporations of the country?

Mr. President, the definition of the term "dole" does not fit the sums to be dispensed under the provisions of the pending bill. The term "raid" is more appropriate. "Raid" is defined "to take possession of by legal force." But technical definitions should not be indulged in here, for most serious questions and conditions confront us. Last winter, only one year ago, we devoted hours to the issue of whether we would use the word "live stock" or "work stock" in connection with relief legislation.

Again, we devoted days and weeks to the issue of whether we would provide loans to citizens for the purpose of supplying food for themselves and families.

It was contended then that to loan money for the purpose of sustaining human life would be a Government dole, and all such proposals were defeated.

In the short space of 12 months how changed is the public sentiment which dominates and controls the administration and even the Congress itself! During the first few days of this session a measure was rammed through purporting to aid and assist our former allied nations and our former declared enemy, yet a measure believed by many to have been in the interest of the American holders of German public and private securities. The measure, sometimes called the moratorium, served the purpose of depriving our Treasury of the sum of over one-quarter of a billion dollars. If this act served its purpose, it added value to such private investments in Germany, and to the extent that it effectuated its purpose it constituted a dole—a government dole—to such holders of the investments and securities mentioned.

The Federal land bank aid bill, next to follow the present bill on our calendar, if enacted, will be nothing more than a dole—a Government dole—to the holders of the bonds issued and outstanding against the several land banks of the country. The sponsors of this legislation appear interested only in getting the Government to guarantee the safety of the outstanding bonds and at the same time are demanding that the farmers be made to pay.

The bill before us at this moment, if it serves its purpose, will grant aid to railroads, banks, savings banks, trust companies, building and loan associations, insurance companies, agricultural or livestock credit corporations, and other financial institutions; and to the extent that aid to such institutions is granted to that extent we make available doles—Government doles—to such corporations and institutions.

Mr. MORRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. THOMAS of Oklahoma. I yield.

Mr. MORRISON. I desire to ask the Senator if he can suggest any way in which the bill can be made more all-embracing and democratic in its benefits except by disregarding financial institutions altogether, and dealing directly with the individual citizen in the matter of credit.

Mr. THOMAS of Oklahoma. Mr. President, the question suggests, as I interpret it, that the first consideration by which legislation should be judged should be the interests of the financial institutions of this country. I do not agree with that premise.

Mr. MORRISON. Mr. President, has it not always been the policy of this Government to provide credit for the people of the country through financial aid to institutions, banks, and kindred organizations, and does not this bill embrace the most insignificant financial institution in the entire Republic? I ask the Senator whether he can suggest to the Senate any way it could be made more democratic than it is, unless we disregard all intermediate agencies and deal directly with the individual.

Mr. THOMAS of Oklahoma. Mr. President, unfortunately we have come to that point in this depression when we not only have millions but multiplied millions of our fellow citizens who have no security. They have no land, they have no home, they have no money, they have no credit, and to-night they are cold and hungry. I can see only that class of our unfortunate citizenship. The interests which this bill is intended to aid are not those of men, women, and children who at this moment are cold and hungry.

Mr. President, the administration has no bill pending proposing to aid the class to which I refer, and it is this class which I contend should have the first consideration at the hands of this Congress.

Mr. MORRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from North Carolina?

Mr. THOMAS of Oklahoma. Gladly.

Mr. MORRISON. The theory of those of us who are advocating this bill is that it will produce better conditions everywhere, in every line of human endeavor in this Republic, and thereby arrest unemployment, animate business everywhere to some extent—of course, it is not everywhere that it can be done—and furnish employment. But as to a direct benefit to the distressed and suffering, there will be bills before the Congress dealing with that matter, and I am quite sure that when we consider them I shall have a deeply sympathetic heart in their consideration. But this is a matter providing for the establishment of a sound credit system in the country for those who are entitled to credit, not the protection, in this emergency, by the Government, but a banking system under which they can do business and prevent the extension of this business prostration.

When we reach the subject about which the Senator is talking, with some appropriate bill before us, the matter to which the Senator alludes will be dealt with. I recognize that it is a most serious problem; but I want to ask the Senator again, how can this bill, providing for improvement in the banking and credit system of the country, be made more democratic than it is?

Mr. THOMAS of Oklahoma. Mr. President, there are two theories as to how conditions may be helped. There is one

opinion to the effect that if the big corporations, such as the railroads, the banks, the insurance companies, and the captains of industry, can be made prosperous, then perchance a few crumbs from their tables may fall to those below who perform the labor, create the wealth—many of whom to-night are in want and distress.

Another theory, and the one to which I subscribe, is that if something can be done to provide work at remunerative wages and thereby reinvest buying power in the great mass of our people, then through such a plan the big corporations and the financial giants are certain to get their rewards in the form of profits and dividends.

Mr. MORRISON. Mr. President, the Senator talks about big institutions. This bill embraces the most insignificant ones, with legal responsibility and any substantial worth at all, and through them all the people of every class seek credit under the immemorial business practices of the country.

Why is the bill only for the strong and the rich, when it is open, as the whole banking system of this Republic is, and under the amendment of the Senator from Arkansas [Mr. ROBINSON], the only banking or financial institution now organized or hereafter organized which can seek its benefits is an agricultural society? Agricultural societies alone, it is expressly provided, may organize for the very purpose of seeking that credit. How can the Senator sustain the argument that the provisions and blessings of the bill, such as they are, go only to the strong and the rich, when they go to everybody in this Republic, as the whole banking system does?

Mr. THOMAS of Oklahoma. Mr. President, if the amendment submitted by the Senator from South Carolina is agreed to, or if the amendment suggested by the Senator from Arizona is agreed to, I shall give my support to this legislation. But unless these two amendments, or at least one of them may be agreed to, there is no theory upon which I can gain the consent of my judgment and my conscience to cast my vote in favor of this proposal.

The bill, if it serves its purpose, will grant aid to railroads, banks, savings banks, trust companies, building and loan associations, insurance companies, agricultural or livestock credit corporations, and other financial institutions. That is the all-embracing form under which the Senator from North Carolina suggests that the unemployed are going to be benefited.

Mr. President, if this bill does what it is intended to do, it will commit the Government to the policy of granting doles, or more appropriately "raids," to these identical corporations to which I have just referred.

"Federal relief for hungry industry is the keystone of President Hoover's whole legislative program," says an editorial in Time, a widely read publication.

What a change in sentiment! A year ago the Congress refused to loan Federal funds to citizens with which to buy food for themselves and families; refused to loan money to purchase fuel to keep our citizens warm; and refused to loan money to purchase feed for the livestock of our citizens. Now, in the first succeeding Congress, we are being driven with "whip and spur," day and night, and urged to hurry in the building of machinery whereby funds may be loaned to corporations, railways, banks, insurance companies, and other corporations with which to keep their securities at par on the exchanges of the country.

Mr. President, if Government doles are objectionable and destructive of government and if it be a dole to loan money to a citizen for the purpose of purchasing food and fuel for himself and family, then by what process of reasoning can one justify a Government loan—a dole, a Government dole—in favor of the corporations of America?

Last winter I favored and urged that the Congress go to the aid of the citizens in distress and I have not changed my attitude. My convictions, expressed on numerous former occasions, are only intensified by more recent developments here.

Existing conditions force to the front the question of the status of private property. We have refused to tax such property for the benefit of the citizen in distress. Yet we are now at top speed in an effort to tax such property for the benefit of the holders or owners of property.

Mr. President, the right to live is a divine right. The right to secure the substance with which to sustain life can not be abridged by man-made law. If the Government can, in justice, take the property of one man to add to the property of another, then I maintain that the Government can and should take from the surplus of those who possess such surpluses sufficient property to at least sustain the life of those of our citizens who are at this moment in distress.

The whole program before us contemplates Government doles, or "raids," upon the Treasury for the benefit of private property, yet we have not reached the point where we are even considering aid for the benefit of human beings.

I condemn the system of the dole as being not only un-American but anti-American; but, costly as such system is, and deadly as its effects are upon the morale of our people, I assert that unless some other plan for the relief of the unemployed is devised and placed in practical operation the system of the dole is inevitable.

Over one year ago the matter of aid to citizens was presented but brushed aside with but scant consideration. When we convened one month ago we found hundreds of citizens here knocking at our doors, asking for aid, and to date such appeals have fallen on unhearing ears. Only two days ago we heard another knocking at our doors—not by hundreds but by multiplied thousands.

I exhibit to the Senate a local newspaper. Across the front, in large-type words, appears this headline:

Fourteen thousand jobless at Capitol demand work.

Mr. President, if the number of the next delegation demanding work increases in the same proportion as the last, then we may expect and prepare for ten times 14,000 on these Capitol Grounds before this winter is over.

Mr. President, the pending amendment is the only item in any bill having a chance of passage which will help the citizens of the country. It is the only item which will help the farming class and the only item which will afford any assistance to the unemployed of the country.

Mr. Green, president of the American Federation of Labor, states that we now have 8,000,000 unemployed. If that is an accurate estimate, it must mean that 8,000,000 men to-night are without means of support. Many of these men and women, of course, not all, are married. They have wives and husbands and children, and the average family consists of five. In order to estimate the number in want we must increase the number mentioned by Mr. Green. Five times 8,000,000 would indicate that 40,000,000 men, women, and children are, on this cold, sleety, and snowy night, wretched, cold, and hungry. If any think the estimate suggested is too large, then they may reduce the number to such figures as they like.

But the group described is not the only group in distress. The agricultural class must not be overlooked. Farmers, en masse, constitute our largest single group. Thirty million American citizens, men, women, and children reside and live upon the farms. Add to the army of the unemployed the agricultural group and you have one-half, at least, of our total population—the farmers without buying power and the unemployed without means of support. The amendment submitted by the Senator from South Carolina is the only item in any bill having a chance of passage, which proposes even a shadow of relief for one-half the population of America.

Mr. COPELAND. Mr. President, I offer an amendment to the pending bill, which I ask to have read from the desk, printed, and lie on the table.

The VICE PRESIDENT. The amendment to the amendment will be read.

The CHIEF CLERK. The Senator from New York moves to amend, on page 23, after line 8, by inserting the following:

Within the foregoing limitations of this section, the corporation may also make loans to a municipality to aid in temporary financing, when, in the opinion of the board of directors of the corporation, such municipality is unable to obtain funds upon

reasonable terms through banking channels or from the general public, and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith.

The VICE PRESIDENT. The amendment to the amendment will be printed and lie on the table.

Mr. COPELAND. Mr. President, in connection with this amendment, I ask that a telegram received from the mayor of New York, which led to the offering of the amendment, be read. Then I shall be glad to subside and say what I have to say upon the amendment to the amendment next week.

The VICE PRESIDENT. Without objection, the telegram will be read.

The Chief Clerk read as follows:

NEW YORK, *January 8, 1932.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR COPELAND: Before the proposed Reconstruction Finance Corporation bill to provide the vast sum of $2,000,000,000 in public credit for the relief of banks and bankers is enacted attention should be called to the needs of the cities throughout the country which are refused loans by the banks to carry on their affairs and to rescue their inhabitants from starvation.

Almost every city, small and large, in the United States is now in a financial strait-jacket because of severe restrictions imposed by the banks on lending money for the operations of local governments.

On the one hand, the national authorities are urging that the relief for the acute poverty and distress resulting from unemployment must be provided by the localities themselves; that is, by cities, towns, and villages. On the other hand, the banks have raised the interest charges on short-term loans to prohibitive rates and are imposing almost impossible conditions, even flatly refusing to do business with the authorities of their own communities.

While billions have been loaned through these same banks to foreign lands, they are now professing inability to meet imperative necessities right at home.

If the cities of the United States are not good financial risks, then it is plain that the banks in these cities are even poorer risks, because if local government is to be paralyzed then the banks might as well close their doors also.

Therefore, confronted with this attitude by the banks, the cities demand that they be put on at least as favorable a footing as the banks, large and small, that are now seeking relief through the $2,000,000,000 about to be furnished the Reconstruction Finance Corporation.

Let a provision be placed in the bill authorizing this corporation to lend money to the cities and municipal corporations of the country on acceptable security, such as bonds or notes, to relieve their acute needs; which are, to say the least, as important as those of the bankers.

The whole country has heard of the financial stringency suffered by several of the most important cities, and the condition is widespread.

In New York City, with 800,000 unemployed, an attempt is being made to support many thousands of families that are entirely destitute. More than 100,000 families are in need of food and shelter and other necessities. The city and private charities are doing all that is humanly possible to deal with this situation, and the city is having difficulty in meeting the temporary financing required to carry on this and other tasks. The city of New York has never defaulted on a bond or a note; its credit is unimpaired, and the rates on its securities the highest of any municipality in the world.

For the city of New York, therefore, to witness the Congress about to extend a helping hand to the bankers while hundreds of thousands of its people face starvation for lack of means for relief is deplorable and inconceivable.

Surely the Congress is not going to consider the people less important than the banks or the requirements of the local governments less worthy than financial institutions.

An amendment to permit the proposed Reconstruction Finance Corporation to lend to the cities will not only relieve acute distress but will tend to restore confidence in American public institutions and avert what threatens to become a nation-wide calamity.

This message confirms my views as to the necessity for an amendment to the bill, as expressed in my telephone conversation with you to-day.

JAMES J. WALKER,
Mayor of the City of New York.

Mr. McNARY. Mr. President, I ask unanimous consent that the Senate recess at not later than 5.30 o'clock on this day until 12 o'clock Monday, and that on that day the Senate remain in continuous session until final disposition is made of the pending bill and all amendments thereto.

The VICE PRESIDENT. As stated, the unanimous-consent request would seem to require the calling of a quorum.

Mr. McNARY. No, Mr. President; there is no time specified for the final vote. It is simply a proposal to remain in continuous session until final disposition is made of the bill and all amendments thereto, which does not require a quorum call.

Mr. WALSH of Montana. Mr. President, I did not clearly understand the Senator's request. Will he kindly repeat it?

Mr. McNARY. I am asking that we may recess at not later than 5.30 o'clock this afternoon until Monday at 12 o'clock, and that we shall agree to remain in continuous session until final disposition is made of the bill and all amendments thereto.

Mr. ASHURST. Mr. President, that does not require a quorum.

The VICE PRESIDENT. The rule provides that—

No request by a Senator for unanimous consent for the taking of a final vote on a specified date upon the passage of a bill or joint resolution shall be submitted to the Senate for agreement thereto until, on a roll call ordered for the purpose by the Presiding Officer, it shall be disclosed that a quorum of the Senate is present.

The Chair would hold that no quorum call is necessary under the rule. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

The unanimous-consent agreement was reduced to writing, as follows:

Ordered, by unanimous consent, That the Senate take a recess at not later than 5.30 o'clock p. m. to-day until 12 o'clock meridian on Monday next, and that on that day the Senate remain in continuous session until the final disposition of the bill (S. 1) to provide emergency financing facilities for banks and other financial institutions, and for other purposes, and all amendments thereto.

Mr. COPELAND. Mr. President, is it the purpose of the Senator from Oregon to move a recess now?

Mr. McNARY. It is my intention, if debate has been concluded for to-day, to ask for a short executive session.

Mr. COPELAND. I have no desire to detain the Senate later this afternoon. I do want to submit some comments upon Mayor Walker's telegram, but I shall be glad to defer them until Monday, in view of the Senator's desire to have an executive session.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. McNARY, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the calendar.

THE CALENDAR

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. McNARY. At the request of the Senator from New Hampshire [Mr. MOSES], who is necessarily absent, I ask that the nominations of postmasters, with the exception of No. 624, be considered and confirmed en bloc.

Mr. ROBINSON of Indiana. Mr. President, that exception was made at the request of my colleague, the senior Senator from Indiana [Mr. WATSON]. However, I am au-

thorized by him to withdraw the request in order that No. 624 may be confirmed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations of postmasters upon the calendar are confirmed en bloc.

THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Regular Army.

Mr. REED. I ask unanimous consent that the nominations in the Regular Army be considered and confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations in the Regular Army upon the calendar are confirmed en bloc. That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. McNARY. I move that the Senate carry out the unanimous-consent agreement at this time and take a recess until 12 o'clock Monday.

The motion was agreed to; and (at 5 o'clock and 7 minutes p. m.) the Senate, under the unanimous-consent order previously entered, took a recess until Monday, January 11, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 9 (legislative day of January 7), 1932

GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS

Theodore Roosevelt, of New York, to be Governor General of the Philippine Islands.

MEMBER OF THE PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

Riley E. Elgen, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for the remainder of the term expiring June 30, 1934, vice Harleigh H. Hartman, resigned.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

The following-named surgeons to be medical inspectors in the Navy, with the rank of commander, from the 1st day of September, 1931:

Carleton I. Wood.
William W. Wickersham.
William H. Michael.
Joel T. Boone.
Frederic L. Conklin.

The following-named paymasters to be pay inspectors in the Navy, with the rank of commander, from the 6th day of June, 1929:

Omar D. Conger.
James P. Helm.
Robert S. Chew.

The following-named paymasters to be pay inspectors in the Navy, with the rank of commander, from the 4th day of June, 1931:

Oscar W. Leidel.
Charles C. Copp.
John J. Gaffney.
John A. Byrne.
Richard S. Robertson.
Charles V. McCarty.
Eaton C. Edwards.
John B. Ewald.
Samuel R. White, jr.

Civil Engineer Ralph D. Spalding to be a civil engineer in the Navy, with the rank of commander, from the 1st day of April, 1927.

Commander Claude B. Mayo to be a captain in the Navy from the 1st day of December, 1931.

Lieut. Commander Eugene T. Oates to be a commander in the Navy from the 4th day of June, 1931.

The following-named lieutenants to be lieutenant commanders in the Navy from the 4th day of June, 1931:

Elmer E. Duvall, jr.
Lloyd E. Clifford.
Willis M. Percifield.
John Meyer.
William S. Holloway.
Mallery K. Aiken.

The following-named lieutenants to be lieutenant commanders in the Navy from the 30th day of June, 1931:

Hiram L. Irwin.
Rico Botta.
Ralph H. Norris.

Lieut. Frank C. Fake to be a lieutenant commander in the Navy from the 1st day of July, 1931.

Lieut. (Junior Grade) Kenneth D. Ringle to be a lieutenant in the Navy from the 1st day of February, 1931:

Lieut. (Junior Grade) William M. Haynsworth, jr., to be a lieutenant in the Navy from the 1st day of August, 1931.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of September, 1931:

Albin R. Sodergren.
Robert A. MacKerracher.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of October, 1931:

John E. Shomier, jr.
Walter C. Holt.
Joseph E. M. Wood.

Lieut. (Junior Grade) Frank H. Newton, jr., to be a lieutenant in the Navy from the 1st day of November, 1931.

Lieut. (Junior Grade) Samuel P. Comly, jr., to be a lieutenant in the Navy from the 6th day of November, 1931.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of December, 1931:

Francis L. Robbins.
John L. Brown.

Ensign Donald S. Gordon to be a lieutenant (junior grade) in the Navy from the 7th day of June, 1931.

Surgeon Clarence W. Ross to be a medical inspector in the Navy, with the rank of commander, from the 1st day of September, 1931.

The following-named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1931:

Enoch G. Brian.
Ross U. Whiteside.
George G. Herman.

The following-named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, from the 30th day of June, 1931:

Alfred L. Gaither.
Emil J. Stelter.
James F. Terrell.
Jesse D. Jewell.
Harvey W. Miller.
Joseph F. Lankford.
Frank W. Quin.
Francis E. Tierney.
Charles A. Costello.
Forrest M. Harrison.
Harold A. Noreen.
Robert W. Thomas.
Richard W. Hughes.
Harrison L. Wyatt.
Alva A. Shadday.
Cyrus C. Brown.
Henry D. Hubbard.
James L. Manion.
Guy Fish.
Louis E. Fitzsimmons.
John G. Smith.
Isaac B. Polak.
Camille M. Shaar.
Frederick R. Hazelton.
Wilbert W. Munsell.
Leslie O. Stone.
Benjamin H. Adams.
Clifford G. Hines.
John B. O'Neill.
James C. Kimball.
William H. Harrell.
Clinton G. DeFoney.
James G. Dickson.
DeWitt T. Hunter.

Clarence Minnema, a citizen of Illinois, to be an assistant surgeon in the Navy, with the rank of lieutenant (junior grade), from the 4th day of December, 1931.

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1931:

Harry A. Hooton.
Charles W. Charlton.
Palmer J. McCloskey.
John B. Daniels.
Arthur P. M. Shock.
James M. Easter.

Radio Electrician Delmar L. Tuft to be a chief radio electrician in the Navy, to rank with but after ensign, from the 2d day of December, 1931.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 9 (legislative day of January 7), 1932

APPOINTMENTS IN THE REGULAR ARMY

Edgar Thomas Collins to be major general.
Julian Robert Lindsey, Cavalry, to be brigadier general.
Perry Lester Miles, Infantry, to be brigadier general.
Louis Meredith Nuttman, Infantry, to be brigadier general.
Harry Burgess, Corps of Engineers, to be brigadier general.

Robert Swepston Abernethy, Coast Artillery Corps, to be brigadier general.

Alfred Theodore Smith, Infantry, to be brigadier general.

Frederick William Coleman, Finance Department, to be Chief of Finance, with rank of major general.

Oscar Westover, Air Corps, to be assistant to the Chief of the Air Corps, with rank of brigadier general.

POSTMASTERS

CALIFORNIA

Chester T. Steele, Arroyo Grande.
Harry W. Crider, Artesia.
Jessie A. Collins, Clearwater.
Chelso A. Maghetti, Davis.
John L. Olson, Decoto.
Knowles C. Weiss, Downey.
Charles C. Jenkins, El Centro.
Lillian G. Brackett, Geyserville.
George E. Preston, Harbor City.
William R. Harriman, Hondo.
Minnie E. Dewar, Hueneme.
Clarence A. Acton, Inglewood.
Fred W. McCullah, Long Beach.
Grace D. Perkins, Los Nietos.
James M. Cremin, Marysville.
Donald L. Burbeck, Mill Valley.
Flora Dahl, Mokelumne Hill.
John L. Steward, Monterey.
Jacob J. Shroy, Newman.
Sidney E. Burritt, Niland.
Earl D. Cline, North Los Angeles.
Warren N. Garland, Oakdale.
James H. Pearce, Oilfields.
Fadette T. Gossard, Olive View.
John H. Canning, Oxnard.
Florence E. Buckner, Pacific Palisades.
Edgar L. Etter, Palos Verdes Estates.
Euell Y. Gray, Placerville.
Mary K. Davis, San Carlos.
Josephine Zucca, Selby.
Alice C. Elmore, Sequoia National Park.
Addie E. Waits, Solana Beach.
Meta C. Stofen, Sonoma.
Myrtle E. Catterall, Sunland.
Bess Morabe, Sutter Creek.
Nicholas Kitchak, Taft.
Edwin A. Reeves, Terra Bella.
Pierce P. Correll, Tujunga.
Cinderella L. Phiney, Tustin.
Mathilda Busch, Verdugo City.
Hazel E. Avise, Walnut Creek.
Edith M. Kennedy, Weimar.

CONNECTICUT

John W. Cook, Beacon Falls.
Leontine M. Root, East Berlin.
Sarah L. Ruic, Farmington.
Prentice W. Chase, Jewett City.
W. Burton Allen, Litchfield.
Joseph H. Derenthal, Madison.
Ernest F. Brown, Manchester.
Courtland C. Potter, Mystic.
Walter E. Brown, Naugatuck.
Henry R. Carignan, North Grosvenor Dale.
Casper K. Bailey, Norwich.
Fred R. Alford, Oakville.
William C. Bushnell, Plantsville.
William P. Stone, Salisbury.
Thomas B. McDonald, Sharon.
Nelson E. Welch, Somers.
John P. McGrath, Southington.
Frank B. Crocker, South Manchester.
John V. Abbott, Watertown.
Adele P. Brush, West Cornwall.

DELAWARE

George W. Mullin, Marshallton.
George H. Wright, Smyrna.

INDIANA

Grace K. Freeman, Amboy.
Guy J. Shaughniss, Angola.
Roscoe V. Dunn, Atlanta.
J. Frank McDermond, jr., Attica.
Neil D. McCallum, Batesville.
Edward R. Siegel, Boonville.
Arthur J. McLaughlin, Cedar Lake.
Ralph E. Busse, Chesterton.
James E. Reed, Columbus.
Robert E. Black, Corydon.
Frost R. Harden, Covington.
Ivan W. Blase, Cynthiana.
Harvey E. Mayall, Decker.
Burr S. Balser, Delphi.
John M. Sweeney, Dugger.
Lester L. Wildman, Dupont.
William Teutemacher, Dyer.
John A. Thompson, Edinburg.
Arthur E. Dill, Fort Branch.
Raymond B. McConnell, Francisco.
Carl W. Sims, Frankfort.
Clyde W. Ward, Gas City.
Normal V. McClellan, Goodland.
Frank M. Martin, Gosport.
Clarence W. Bertram, Haubstadt
George O. Davidson, Idaville.
Leslie D. Clancy, Indianapolis.
Ernest M. Hunt, Kokomo.
Harry E. Nichols, Madison.
Logan Motsinger, Medora.
George H. Merritt, Michigantown.
Carlyle D. Barnes, Milford.
Harry R. Manlove, Milton.
William H. Wright, Montezuma.
Philip E. Rowe, Mount Vernon.
Henry D. Long, New Harmony.
Charles E. Ballance, Oaktown.
Dwight M. Hayes, Odon.
Pearle H. Moulton, Parker.
Nellie G. Hallowell, Pendleton.
Lloyd Burch, Petersburg.
Jacob C. McCarter, Pierceton.
Sol A. Tuttle, Pleasant Lake.
Alfred M. Johnson, Princeton.
James J. McCauley, Richmond.
Ernest A. Bodey, Rising Sun.
Hilbert Bennett, Rockport.
Frank B. Harding, Rockville.
Iver C. Bain, Russellville.
Sylvester H. Klueh, St. Mary-of-the-Woods.
Travis E. Carter, Seymour.
Alfred W. Hill, Shelburn.
Oris T. Kercheval, Sheridan.
Newton H. Brown, Star City.
Charles L. Grishaw, Tipton.
Omer R. Huff, Troy.
Clyde H. Peters, Vallonia.
Gretchen H. Cole, Vevay.
Valance U. Slater, Warren.
Claude C. Darnell, Waynetown.
James C. Harris, Windfall.
Harry J. Baker, Worthington.

LOUISIANA

Effie O. Broussard, Allemands.
Regina D. Melanson, Arnaudville.
Homer A. Toms, Bienville.
Ella M. Perot, Campti.
Robert B. Matthews, Castor.
Jeannette Clarkson, Clarks.
Rufus W. Echols, Converse.
Ruth W. Monroe, Elton.
John G. Bourgeois, Goodhope.
Theodore F. Seiler, Grayson.
Elizabeth Crawford, Gretna.
Jesse M. Hutchinson, Kentwood.

Howard A. Hudson, Lake Arthur.
Alvin C. Brunson, Mangham.
Frank Warren, Merryville.
James A. Gannon, Natchitoches.
John Aiton, Newllano.
James M. Cook, Oakdale.
John T. Boyett, Sarepta.
Carey P. Duncan, Shreveport.
Thomas L. Hardin, Sicily Island.
Edna H. White, Slagle.
Stellie F. Milstead, Sterlington.

MASSACHUSETTS

Clarence E. Deane, Athol.
George R. Bruce, Ballard Vale.
Harold F. Peck, Belchertown.
Wilfred B. Littlefield, Brockton.
George W. Peterson, Chelmsford.
Ralph C. Putnam, Clifton.
James R. Delaney, Dedham.
John K. Parker, Duxbury.
Charles M. Rollins, East Boxford.
Arthur L. Maguire, East Walpole.
Godefroy de Tonnancour, Fall River.
Joseph J. Tebo, Fisherville.
James A. Fulton, Gilbertville.
Arthur F. Cahoon, Harwich.
Charles E. Hamblin, Huntington.
Samuel L. Wildes, Montague.
Louis H. Chase, Norfolk.
Dorothy T. Swift, North Falmouth.
George M. Campbell, Rutland Heights.
Osgood L. Small, Sagamore.
Ella M. Ovenden, West Boylston.
Eugene B. Tobey, West Hanover.
J. Hormisdas Hebert, West Warren.
Charles H. Ellis, Westwood.
Stanley H. Matthews, Yarmouth Port.

MISSOURI

William P. Rowland, Bevier.
David W. Puthuff, Bolivar.
Amy E. Larey, Buckner.
Charles Gustin, Edgerton.
Ross A. Prater, Essex.
Florence E. Gilbert, Fillmore.
Flora L. Brentlinger, Fordland.
Henry W. Schupp, Fremont.
Glenn Vaughn, Green Castle.
Alta O. Snow, Holt.
Estella D. Seaton, Lathrop.
William A. Black, Lawson.
Roy R. Quinn, Moberly.
George H. Thomas, Norborne.
Robert J. Hann, Robertson.
David L. Wilder, Ste. Genevieve.
Gilbert W. Jones, Seymour.
Alfred O. Lowman, Smithville.
Emmett R. Lindley, Stanberry.
Robert R. Marshall, Steele.
Charles F. Hamrick, Stover.
Virgil Smee, Sugar Creek.
Frankie F. Tanner, Union Star.
Anna M. Schaper, Warrenton.
James A. Allison, Waverly.
Harry E. Jackson, Winfield.

NEW JERSEY

Samuel D. Mitchell, Blairstown.
Mary H. Jeffrey, Deal.
Charles V. Weiler, Flemington.
Samuel Munyan, Gibbstown.
Isaac E. Bowers, Groveville.
Charles C. McKinley, Haddon Heights.
James C. Norris, Hightstown.
George H. Russell, Jersey City.
Richard F. Holt, Kenvil.
Dallas G. Young, Keyport.
Renview L. Hull, Lebanon.
Samuel A. Gruver, Madison.
George C. Kloss, Manasquan.
Winfield L. Smith, Mantua.
Elvord G. Chamberlin, Montclair.
John S. Inman, New Egypt.
George I. Harvey, Palmyra.
Arthur H. Gilbert, Park Ridge.
Richard T. Wilson, Ridgewood.
Remington E. Rose, Rutherford.
Mary F. Brophy, Skillman.
Elizabeth C. Brill, Stewartsville.
Charles H. Wilson, Swedesboro.
W. Burtis Havens, Toms River.
Jacob Feldman, Woodbine.

WYOMING

Verne W. Mokler, Casper.
Wilson A. Clark, Clearmont.
William H. Davis, Douglas.
Arthur W. Crawford, Guernsey.
Edward Bottomley, Kleenburn.
Daniel C. Carson, Pinedale.
Hedwig C. Hurtt, Sundance.
William Russell, Winton.

HOUSE OF REPRESENTATIVES

SATURDAY, JANUARY 9, 1932

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou pitying God, who dost behold this great human world in which men blindly toil and strive, look upon it in mercy. Have compassion upon it, lift it up so that we may see the fates of men and nations with the feeling of our Heavenly Father. Subdue bitterness, arrogance and pride, and the domination of selfishness. We pray that all may live together as brethren, in cooperative zeal, seeking to surpass only in those forces which are spent for others. Spirit of Wisdom Divine, defeat distemperature of passion, of conflicts, of collisions, and grant that peace may abide everywhere and light up the dark places of the earth. In the name of Jesus, the Prince of Peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

AMENDMENT TO THE TARIFF ACT OF 1930

Mr. COLLIER. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes; and pending that motion I would like to ask the gentleman from Oregon how much time they want on that side, to see if we can not reach an agreement.

Mr. HAWLEY. Mr. Speaker, I suggest that the debate close at not later than 3 o'clock this afternoon, the time to be equally divided, taking into consideration the time already consumed.

Mr. SNELL. Will the gentleman from Oregon yield for a question?

Mr. HAWLEY. Yes.

Mr. SNELL. Will the gentleman be able to take care of all requests for time?

Mr. HAWLEY. I think I can take care of all the requests that have been made so far, but I shall not be able to more than do so.

Mr. COLLIER. Mr. Speaker, I shall be pleased to agree to that, but I want it distinctly understood that it is the intention of the majority, if it can, to pass this bill, even if we have to stay in session until a very late hour to-night.

Mr. HAWLEY. I can say to the gentleman that so far as I know, and I think I am correct in the statement, we are not intending to pursue any dilatory tactics, although there may be a few amendments offered on this side.



Mr. SNELL. We will cooperate with the gentleman in passing the bill to-night before we adjourn.

The SPEAKER. The gentleman from Mississippi [Mr. COLLIER] moves that the House resolve itself into the Committee of the Whole House on the state of the Union for further consideration of the bill H. R. 6662, and, pending that, asks unanimous consent that general debate close not later than 3 o'clock and that the time be equally divided between himself and the gentleman from Oregon. Is there objection?

Mr. CELLER. Mr. Speaker, reserving the right to object, I would like to submit a unanimous-consent request to extend my own remarks in the RECORD, the same being a speech over the radio on chain stores, which I made last Sunday.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. HAWLEY. Mr. Speaker, reserving the right to object, I understand the proposition of the gentleman from Mississippi to include an equal division of time, taking into consideration the time used yesterday in general debate?

Mr. COLLIER. Certainly; we do not want to take more time than the gentleman's side.

The SPEAKER. The time to be equally divided between the gentleman from Mississippi and the gentleman from Oregon, counting the time consumed yesterday by each side. Is there objection?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. HOLADAY].

Mr. HOLADAY. Mr. Chairman and gentlemen, briefly, I want to discuss only two of the three major propositions in this bill. The first proposition which, in effect, repeals the flexible provision of the tariff law is purely a domestic question, and while I do not agree with the proposals made in the bill I realize this is purely a local or domestic proposition upon which there might be an honest difference of opinion.

The second provision relates to the creation of a consumers' counsel, and I want to discuss this for a moment.

I know of no more objectionable feature or features of our Government to-day than the long list of commissions, investigating bodies and their reports. I am receiving in the mail, and I suppose other Members are also receiving letters and clippings from constituents objecting to what they consider a waste of the public funds in the printing and distribution of useless Government publications.

I received one this morning, a clipping from a paper that some friend mailed me, in which it is announced that a movement is now on foot to take a census of the fish in the Mississippi River. [Laughter.]

Bulletins are going out about how to finance houses, how to hang the drapery, how to landscape, how to exist on $6 a week, and how to grow fat on $8 a week. [Laughter.]

A great number of bulletins are being issued, and those Members of the House who have served on the Appropriations Committee, and all Members of Congress for that matter, know that when a Government bureau is once established, it is difficult, if not impossible, to ever abolish that bureau or that department.

This proposes to create a consumers' counsel. What does that mean? All of the people of the United States are consumers, and therefore if this counsel is to do anything he must have a long list of assistants, clerks, accountants, and so forth, and so forth. It is doubtful whether or not this new arm of the Government will ever be of any particular benefit.

Of course, the claim will be made that it is for the benefit of the public, the same as the claim is made that it is beneficial to take the census of the fish in the Mississippi River, but let me say to you, and the members of the Appropriations Committee especially, who will be asked to carry the burden, that we are creating a department that will continue to grow year after year, duplicating in a large measure the work that is now being done by the Tariff Commission.

And do you know that we are paying one and a quarter million dollars per year for the Commerce Commission. If I remember correctly, the appropriation for the present fiscal year is only a little below one million and one-quarter dollars.

We should bear in mind at this time, when our efforts should be directed in the direction of curtailing unnecessary Federal expenses, that we are here creating another bureau that will within 10 years, if created, be costing the people of this country more than a million dollars per year. I believe I am justified when I make that estimate, because if anything is going to be accomplished, they must have the necessary assistance, and they will come to Congress for it. If we do not give them the assistance they claim is necessary, they will say that we are curtailing and rendering impotent the consumers' counsel.

Then we come to the third position, which creates an international league for the consideration of tariff duties. There is a provision in here that this commission shall not have the authority to consider war debts.

When the item is considered, I am going to offer an amendment. I think perhaps the need for this amendment was overlooked, and perhaps there will be no objection to it.

I propose to offer in line 12, section 4, a further restriction, that the permanent international economic conference shall not have the authority to consider the question of the regulation of immigration into the United States.

There are two things in the operation of our Government tnat foreign nations have been anxious to bring into the matter of arbitration. One is the tariff duties, and the other is the regulation of immigration. They are both inseparably bound up with the interests of the laboring people of this country. The fact that one restriction has been put in this bill prohibiting the commission from considering war debts indicates that this proposed world league will have full power to consider each and all questions that may be related to the fixing of tariff duties.

There is no question that has a more direct bearing upon the welfare of our country, and what the rates should be when you undertake to compare the cost of production, than this question of alien labor coming into our country.

Therefore I hope there will be no objection to my amendment which precludes this permanent international economic commission from placing in arbitration the question of emigration to the United States. If there is any question, from the standpoint of the public welfare and from the standpoint of the wage earner and the economic situation in this country, that should be retained absolutely as an American question, to be decided and determined by the American Congress and the American people, it is the question of immigration. When the time comes I shall offer this amendment and I ask the Members on both sides of the aisle to unite in supporting it and thus prevent any international conference or any world league or any organization outside of the United States from considering the vital question of immigration into the United States. [Applause.]

Mr. COLLIER. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. CELLER.]

Mr. CELLER. Mr. Chairman, ladies and gentlemen of the committee, yesterday the gentleman from New Jersey [Mr. BACHARACH] challenged us on this side for our failure to appear before the Tariff Commission to ask for the changes where we felt there were inequalities in the tariff rates. It is very discernible from the debates thus far that it would have availed us nothing to go before the Tariff Commission and ask for the changes in reference to these

inequalities because our experience with the Tariff Commission during the administration of President Coolidge and the administration of President Hoover has shown us clearly and inescapably that it would be futile to go before that body and expect any sort of relief along the lines that we Democrats want relief. We know what happened on the question of sugar; we know what President Coolidge did with the sugar report handed to him by the Tariff Commission.

It is notorious that he held up that report for almost a year, until he could hand pick the members of the commission and make those members, the unsigned resignation of one of whom he had in his hand as a condition for appointment, do his bidding as he actually did make them do his bidding, and caused them to change the tariff report on sugar. His action was most barbarous and high-handed.

What is the situation in this present administration? Let me call your attention to certain reports handed up to President Hoover by the Tariff Commission upon the subject of cherries and the subject of tomatoes. In both of those instances the Tariff Commission, after mature reflection, after thorough investigation in pursuance of the flexible provisions of the tariff act, recommended solemnly to President Hoover that the rates be slashed in half. What did Mr. Hoover do in the matter of cherries? He held up that report. You know that as soon as a report comes out of the Tariff Commission it is generally known all over. You know as well as I do that it is difficult to keep the report a secret. As Ben Franklin very wisely said, "Three men can keep a secret if two men die." It was known to the cherry industry that report contained a recommendation to slash the tariff rates by 50 per cent, causing a great deal of chaos in that industry, particularly because the President held up the report. Then, in spite of the fact that he said he signed the Hawley-Smoot Tariff Act because he could promptly give relief, in pursuance to the commission's recommendation, he had the temerity to refuse to abide by the commission's report and to say that there should be a new investigation. He did the same with tomatoes.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes.

Mr. CHINDBLOM. The gentleman says that the President "had the temerity." Does the gentleman take the position that under the tariff law it is the unequivocal, absolute, irrevocable duty of the President simply to approve the action of the Tariff Commission?

Mr. CELLER. I think it was the irrevocable duty of the President, particularly in view of his language, that he would follow the Tariff Commission promptly so as to give a scientific adjustment of serious inequalities and inequities, for him to have taken the word of the Tariff Commission in this instance. I ask the gentleman why, if he felt the way the gentleman does on the subject, did he hold up this report, and not take any action, and then send the report back with these words:

> The investigation was based upon conditions obtaining before the emergency created by the drought.

We know, or at least I am informed, that cherries grow in a constant state of drought. They grow in irrigated soil. What difference did it make whether there was a general drought in the land or not? That was only a stalking horse, a mere excuse, because it gave certain Representatives in this House, those from California, opportunity to deal in back-stairs politics. With Mr. Hoover California is always sacred territory. Cherries are grown there. Therefore—the devil take the rest of the country. The California Members know this only too well. They forced Mr. Hoover to send back the report.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. CELLER. In a moment. It enabled them to go to the White House and get the ear of the President, and cause him to turn back the report. Let me read you some of the words of the President on the subject of the flexible provisions of the tariff act. Last June he said:

> This provision is a progressive advance, and gives great hope of taking the tariff away from politics, lobbying, and logrolling.

That is just the thing he opened the door to—politics and lobbying and the giving of an attentive ear to the selfish interests in certain States. He had his tongue in his cheek when he rejected the report. He knew he stultified himself. He knew it was his duty to accept the report and decrease the rates on cherries and on tomatoes. The great army of consumers can go to blazes. Let them pay the higher price charged by American growers, who by virtue of the extortionately high tariff can charge any price they see fit. There is no competition. I yield to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. I notice the gentleman said "in this instance" the President should have followed the recommendation of the Tariff Commission. I hope the gentleman is not led so far astray in the interest of his own proposal that he considers that the President should have violated the law in order to grant his proposal, for the law says that the President shall approve the report of the commission only in the event that in his judgment such rate of duty or changes shown by investigation are warranted.

Mr. CELLER. There was more than sufficient to show the justice and necessity of abiding by the report. If the President had shown good faith in rejecting this report, and had suitably and promptly acted before the lobbying interests got hold of him, I would have said, "Yes; I agree with you." But the whole thing shows that he was derelict in his duty. Not only was he derelict in his duty on that schedule, but the same thing happened with tomatoes, canned or preserved, where again the Tariff Commission made a recommendation which the President held up an exceedingly long time, causing the unsettled condition in that industry to become more confused, more chaotic. There again he showed lack of good faith in holding up the report, and finally refusing to abide by it, despite his pious pledges before he signed the Hawley-Smoot bill.

The Tariff Commission has done nothing since the report was sent back to it. That was April 7, 1931. They have had plenty of time to reinvestigate. They know—of course, any fool would—that the President is not sincere. They realize that if they again send a recommendation to reduce he will again trump up some lame excuse, some horrible subterfuge, and again reject the report. In a way, the commissioners know the President has been "spoofing" them. They will not do anything as futile as reinvestigate. They know their master's voice. It says, "Yes; we have no bananas. I tell you to reinvestigate, but you know that I am only 'kidding' you."

Not a single thing has been done by the Tariff Commission during that period of nine months on the question of tomatoes, canned or preserved.

The President has thus hamstrung the commission. The President has bottled up the commission, and that is why the power to lay duties should be lodged in this House. The founders of this Government knew what they were doing. They did not want to leave it to any individual or group of individuals. They wanted to leave it, in the first instance, on the threshold on the laying of duties to the most representative branch of the Government—the House of Representatives. That is what we Democrats are trying to do now. We are trying to put the power back where it always was and where it belongs, right here in the House of Representatives. If the Tariff Commission, in its wisdom, after investigation, says, "There shall be a raising or lowering of the duty," we shall have the last say, and not the President, who has shown by his actions that he is not to be trusted with the recommendations of the Tariff Commission.

Mr. REED of New York. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. REED of New York. The gentleman has referred to tomatoes. I happen to come from a district where a large amount of tomatoes is raised. The fact is that the Italian Government alone has 600 factories subsidized by the Gov-

ernment, 80 per cent of their products being for export into the United States, displacing more than 50,000 acres of farm-property products. With a like consuming power, at the time the report came to their hands the Tariff Commission may have been correct at one stage of the game, but when it came to the President conditions had changed to such an extent that it would have done a great injury to the farming interests had he not acted as he did. [Applause.]

Mr. CELLER. Does the gentleman think it honest to send the cherry report back with the excuse that the facts of the investigation were influenced by the drought, whereas it is notorious that cherries in California are grown in perpetual drought—in irrigated soil? The Tariff Commission has the report thrown back to it, and there it lies, resting in perpetual sleep, never to be revived. Does the gentleman think that is fair? As for tomatoes, does not the gentleman think the consumers of my district, the great army of consumers in New York City, have some rights? Have they not the right to get tomatoes in a competitive market, where the farmers of your district must compete fairly with Italian tomatoes? Otherwise you have a monopoly and we pay extortionate prices.

Mr. REED of New York. The gentleman understands——

Mr. CELLER. I refuse to yield further.

Mr. REED of New York. I thought the gentleman would refuse.

Mr. CELLER. You agreed under the flexible provisions of the tariff act to accept the verdict of the Tariff Commission. But because it says tomatoes pay too high a duty, you rebel. With you it is "Heads, I win; tails, you lose." If the shoe were on the other foot and the verdict were, "Increase the rate," you would be jubilant and pat the commission on the back. You do not want a fair investigation; you just want high duties, fair or unfair. That is the Republican policy under the guidance of a Republican President. We Democrats want that changed, and we will get it changed.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. CELLER. I have only a few moments. I will yield to my friend again, but this will be the last time.

Mr. CHINDBLOM. The gentleman said a moment ago that a report had been made by the commission in April of this year. Is that correct?

Mr. CELLER. No; I said the President sent back the report to the Tariff Commission on April 7.

Mr. CHINDBLOM. My recollection is that it was in May; but the truth is that this investigation was started in July, 1930, by the Tariff Commission, and by the time the report reached the President conditions had so changed that he sent the report back to them for further consideration.

Mr. CELLER. Oh, no; that is not the fact at all. That is the bunk. That is the excuse.

Mr. CHINDBLOM. I have the report of the commission here.

Mr. CELLER. I have the report here, too, but I must get on.

I congratulate the leaders on our side of the House for their foresight and wisdom, for having shown themselves to be realists and not impractical idealists. They have been twitted for not bringing forth a tariff bill with the duties advanced or lowered on specific articles. They realize that they could not do that at this time because the door would be open and everybody would want to put his feet in. Everybody would want his finger in the pie, and so they came forth with something which is really and truly constructive, calling upon the President to call an international economic tariff conference, generally for leveling down the duties of all nations, that trade may again flow freely across the borders of the nations of Europe, and across the sea between the United States and Europe. That may fly in the face of the theories of the President, because he, of all men, should know and should realize and perceive by this time that you can not maintain an attitude of status quo on the question of tariff. Despite the fact that bank assets are frozen and business is at a standstill and depression is upon us greatly because of these tariff barriers and retaliatory tariffs, he has simply said to the world, "We will do nothing on the subject of the tariff. We shall maintain a position of status quo." He suffers from the best case of "inertia" I know of. We must just wait and everything will be all right. He asks us to wait for prosperity which is just around the corner. We are waiting. He does not even give us the name of the corner and never will.

We here in this bill give him a handle, as it were, to rescue a world from the economic doldrums. We give him an opportunity that he should be glad to seize upon. We give you an opportunity in this conference that you should welcome, because, my friends, we must realize now that you can not continue to export goods unless you are willing to import goods. One must balance the other.

H. R. 6662, the bill before us, reported out by the Ways and Means Committee, amending the tariff act of 1930, very properly provides for a so-called international economic conference, wherein the President is respectfully requested to initiate a movement for a permanent international economic conference, to the end that there may be, by all countries, a lowering of excessive discriminatory tariff duties with a consequent promotion of the development of fair and friendly commercial relations between all countries.

This bill also very properly sets up a consumers' council to represent the vast numbers of consumers in this country, who shall be present at all the hearings before the Tariff Commission for the raising or lowering of rates. At these hearings the importers are now represented, on the one hand, and the manufacturers on the other. The point of view of the consumer is never expressed. The consumer's voice is always inarticulate. With a consumers' council established, the public will no longer be the goat.

Before I conclude I desire to cover the argument made, that if the Tariff Commission must report its findings and conclusions to Congress, the door would then be open for logrolling and back scratching. It has been argued that Congressmen would, as heretofore, trade for tariff duties on various products.

The Congressman from California who is interested in lemons could say to the Congressman from Louisiana who is interested in sugar, and they both in turn could say to the Congressman from Washington who is interested in shingles, "You give us high tariff on lemons and sugar and we will give you high tariff on shingles." But such practice would not be possible under this bill if enacted into law, because the bill provides that the Tariff Commission shall make its investigation and adjust the duties by equalizing the differences in the costs of production here and abroad, and shall make its recommendations on this basis. Such increase or decrease shall be embodied in a bill presented to Congress, and such bill shall be limited to the recommendations made by the commission. It shall not include any items or commodities not included in the Tariff Commission's report, and in the consideration of such bill no amendment shall be offered which is not germane to the items included in the report. In other words, if the Tariff Commission recommendations involve a change in the duty on tomatoes, no Congressman can offer an amendment increasing or decreasing the duty on gloves or any other commodity. The debates must be limited to tomatoes. This will preclude logrolling and back scratching.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Chairman and members of the committee, this is the first legislative proposal initiated and submitted to the present Congress by the new Democratic majority in this House. The country—and perhaps the world—has been expectantly awaiting the activities of the new power in this Chamber.

Last evening I listened over the radio to the addresses of the last three candidates of the Democracy for the Presidency of the United States. The press this morning, I think, has properly appraised the attitude of those addresses by saying that they indicated, at least on the part of the leadership outside of this Chamber, a "hands-off" policy so far as our foreign relations are concerned. However, this bill clearly would throw us into the maelstrom of European economics and politics.

We have waited for this development, and when this bill came before us as the first fruits of the labor—and I will say not only and perhaps not mainly—of the majority of the Committee on Ways and Means of this House but also of the new board of strategy, the new high command, the joint-policy committee of the two Houses—when this came in as the first fruits of their labor, I could not help being reminded of the old Greek proverb about the mountain which labored in great travail and brought forth a mouse. It would be interesting to recall the exact language of Phædrus' fable. In translation it reads:

A mountain was in labor, sending forth dreadful groans, and there was in the region the highest expectation, when lo! it brought forth a mouse.

This is the first great legislative-policy commitment of the new Democracy. In the meantime, while the Committee on Ways and Means in the House are spending their time upon this useless and ineffective piece of legislation—as I think is recognized by both sides of the Chamber, even if it is passed—the question of the raising of revenue to cover the deficit in the National Treasury is being held in abeyance and only next Wednesday will hearings begin on that subject, and the reconstruction bill of the President has not yet been reported to this House, a bill which, if it had been acted upon weeks ago or at any time in the past, might have saved some of the recent catastrophes in the banking activities of this country.

But we have this bill before us, and it is our duty, of course, to consider it, and to me the duty is clear to argue its futility and its uselessness. Much is said here and has been said about the power of Congress to legislate upon tariff rates. When was that power taken from Congress? Does not that power exist to-day? The gentleman from New York [Mr. CELLER] just complained because the President had not approved two items in which he was interested and which have been the subject of investigation by the Tariff Commission. He could come into this House at this moment and offer a bill to have exactly the action taken which he sought to get from the Tariff Commission, notwithstanding the fact that the President, under the present law, has the power to accept or reject the recommendations of the Tariff Commission.

After this bill is passed, if it is passed, and if it becomes the law, what will be the result? Since last March the Tariff Commission has made 24 reports to the President. Those reports under this bill would have had to come into the House in December and it would have been the duty of this House to proceed to the consideration of those 24 items and to express its judgment upon them, if the purposes were to be accomplished that are claimed for this bill.

Is there any Member of this House who believes for a moment that this House would yet have taken up the consideration of any one of those 24 items? Is there anyone in this House who believes for a moment that it would be possible to pass any bills through this House or through the other Chamber which provided only for action upon a single item or a single set of items in our tariff structure? It is perfectly preposterous to imagine that this bill will furnish opportunity for any such relief as that. The result will be that the Tariff Commission will simply make investigations and make reports to Congress which will be pigeonholed in the committees of Congress, with the inevitable result that no action will ever be taken upon the reports of the Tariff Commission.

Mr. BARBOUR. Will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. BARBOUR. Does not the Congress at this time have exactly the same power and authority to act on tariff rates that it would have if this bill were passed?

Mr. CHINDBLOM. That is exactly the point I am making. Congress to-day has exactly the same power which it would have under this bill, and this talk about delegating power to the President or to the Tariff Commission is mere sham and pretense. There is no delegation of power. The power remains here, and if we want to exercise it we are free to exercise it at any moment.

Only two of the recommendations made by the Tariff Commission since last March have failed to receive the approval of the President. The gentleman from New York [Mr. CELLER] complains because the President did not approve carte blanche every one of the recommendations made by the Tariff Commission. I do not know the inside facts or the outside facts, if there be any, with reference to those two items, but I do know this, that rapid changes occurred during the last 12 months, and the President might well conclude that an investigation which was instituted in July, 1930, and brought down to April or May of 1931, might not represent the true condition and that a new investigation should be made.

Mr. CELLER. Will the gentleman yield?

Mr. CHINDBLOM. I yield.

Mr. CELLER. It might also be said that recommendations made with respect to other items might also need to be changed because of a change in conditions.

Mr. CHINDBLOM. That might be true. I will say to the gentleman that he and I have about the same record in reference to agricultural measures.

I have not been able myself to approve some of the agricultural legislation that has been offered here; but let us from the cities not be carried so far by our interest for our own constituents, who are, of course, consumers of agricultural products, that we are unwilling to give a fair opportunity to the producers of agriculture even in the tariff schedules. We have protection for manufactures and the gentleman from New York was very much interested in many of the schedules relating to manufactures in his community, as we all were in our communities; and if we find that some of the protection which is given to agricultural products may, perhaps, slightly increase the cost of the things that our producers want to buy, or if some classes or groups of our constituents are unable to secure the particular kind of importations which they want, we should not find fault with the entire tariff structure.

Therefore, there is no reason and no necessity for this legislation at this time. We are simply emasculating the tariff commission. We are depriving it of all usefulness. The only purpose the commission will serve hereafter will be to procure information for Congress whenever Congress undertakes a general revision of the tariff; and let me say for that information and that service of the Tariff Commission it will be exceedingly useful.

The present Tariff Commission, I think, deserves the commendation and the praise of the Congress of the United States for the work which it has done and which it is doing [applause], and there is no reason why Congress or this House should pass a vote of lack of confidence and lack of appreciation of the services of that commission.

Now, one other matter. There has been a good deal of talk here about international conferences.

Mr. CELLER. Will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. CELLER. My thought was not addressed to the subject of the incompetency or any lack of confidence in the Tariff Commission. I have nothing but praise for the Tariff Commission. My objection has been to the action of the President in manhandling the reports of the Tariff Commission.

Mr. CHINDBLOM. But this bill is directed at the Tariff Commission, because it deprives the recommendations and the actions of the Tariff Commission of all vitality, all force, and all usefulness, except that its reports shall be filed with some committee of the House.

Now, with reference to international conferences, we have heard a great deal here, particularly on the Democratic side, about our international and foreign relations. Much complaint has been made that there has been too much disposition by the Government, particularly by our State Department, to confer with foreign governments and to send unofficial observers and representatives to conferences which have been held in the past; but every one of these conferences, every one of these activities, which in fact have not

affected our policies or our national course in any way, would be bagatelles as against the international conference on tariff questions, to which it is now proposed we shall send delegates.

One gentleman yesterday claimed we had sent a delegate or a representative to some such conference. I want to state the facts with reference to that matter. In 1927, in May, there was a conference at Geneva called the World Economic Conference. Congress made appropriations for the sending of representatives to that conference, and in pursuance of the action of Congress the President sent representatives there. Certain resolutions were adopted, and these resolutions were subsequently embodied in a formal treaty. This treaty was submitted in October, 1927, at Geneva to a conference for the abolition of export and import prohibitions and restrictions. We were represented there by our minister at Berne, Mr. Hugh Wilson, and a treaty was proposed and subsequently submitted by the President to the Senate of the United States. The Senate approved the treaty, ratified it and confirmed it, and in January of 1928 the treaty was signed by representatives of our Government. But those conferences had absolutely nothing to do with tariff rates. They related only to the question of the abolition of import and export prohibitions and restrictions, and it might interest some of the gentlemen upon the other side to know that in those negotiations and in those conferences we made a specific reservation in favor of our own production of helium gas; but the purpose was, if possible, to have removed some of the barriers which exist against importations and exportations throughout the world, none of which we have in our country at all, but which were growing very rapidly in Europe.

It is interesting further to know that European countries have had conferences with a view to setting up, if possible, some kind of machinery for agreeing upon tariffs. In the spring of 1930 the Customs Truce Conference was held at Geneva. We were not represented. We had nothing to do with it, but the purpose was, if possible, to establish a general tariff policy for Europe; and in northern Europe the Baltic States and the Scandinavian countries, including, I think, Holland as well, have sought to agree upon a form of truce in the matter of tariffs, all of which attempts have failed.

They can not agree among themselves in the countries of Europe, and we propose—we who stand aloof from all these international arrangements and these international understandings—we propose to establish a permanent economic conference to which we would submit the tariff policy of the United States. Such a plan to me is unthinkable. [Applause.]

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. RAINEY].

Mr. RAINEY. Mr. Chairman and ladies and gentlemen of the committee, I listen always with a great deal of interest and pleasure, and nearly always with profit, to the addresses of my colleague from Illinois, who has just taken his seat. I regret that his speech, which he has just concluded, is not up to his standard. He starts out by calling attention to the old fable of the mountain which labored and produced a mouse. That illustration has been current in the world, so far as my information goes, for the last 2,000 years, and the remainder of his suggestions, which followed the recital of the fable, is also just as far behind the times as he could possibly make it.

My colleague has not studied world conditions.

This is a new kind of conference, of course, but it is a conference that is made necessary by conditions in the world which are brought about by the two recent upward revisions of the tariff.

I do not know why the gentleman is so afraid of participation in some conferences in which the League of Nations might join. Since the Republican Party came into power we have had 14 official conferences with the League of Nations. That is, up to June, 1929, and we have had more since then. We have been represented officially up to June, 1929, fourteen times. Unofficially we have sent representatives up to that time to the League of Nations to engage in 19 additional conferences. And up until the same date, June 10, 1929, semipublic organizations in the United States have sent representatives who have participated in an unofficial capacity eighty-four times.

In other words, officially and unofficially, we have participated in league conferences one hundred and seventeen times, up to June, 1929. Since then there have been other official conferences with the League of Nations.

These 14 official conferences we had with the League of Nations were paid for out of the Treasury of the United States. Sometimes we appropriated the money, and sometimes the departments have appropriated the money, but all the expenditures for the official and unofficial conferences have come out of the Treasury of the United States.

I do not know whether the delegates who will participate in the international economic conference proposed in this measure will consult with the League of Nations or not; that depends on the instructions they get from the President of the United States, who is going to appoint them, and their number depends upon the President of the United States. They will be paid of course, out of the Treasury of the United States, and when the President finds out how many he wants to send, and what kind of a conference he wants to inaugurate, he will apply to the Congress of the United States for the necessary appropriation.

OUR CONFERENCES WITH THE LEAGUE OF NATIONS

In this connection, I might call attention to the character of some of these official conferences we have had with the League of Nations.

We had a Brussels financial conference in 1920. All these conferences to which I call your attention have been held since the Republican Party obtained control of both Houses of Congress and the Executive.

Then there was the Aland Islands dispute in 1920. The conference on sera and serological tests in 1921. The International Hydrographic Bureau conferences in 1921 and 1930. The traffic in opium and dangerous drugs in 1923 and 1930.

The traffic in women and children in 1923 and 1930, and the conference on obscene publications in 1923. The conference on customs formalities in 1923. That had reference to the tariff, both directly and indirectly. We had a conference on transit and communications in 1923 and 1930, and on traffic in arms in 1924 and 1925.

It is hardly possible that those two conferences on subjects which are subject to a tariff tax by all the countries which engaged in them could have been conducted without some reference to the tariff. We had a preparatory-commission conference for a reduction in armaments in 1926 and another one in 1930. The gentleman is afraid of an international economic conference, and that is his objection to this clause, yet his party authorized an international economic conference and we held it in 1927, and went right into the League of Nations with it and consulted with the League of Nations. Then we had another conference on the abolition of import and export prohibitions and restrictions. We had two of those. They occurred in 1927 and in 1928, paid for out of the Treasury of the United States, involving the question of tariffs, of course, and also unfair trade practices. Then we had a committee conference, and we sent representatives—these are all official—on double taxation and tax evasion. The gentleman has no objection to a conference on double taxation, but insists we ought not to have a conference with the League of Nations on the subject of some other form of taxation, to wit, tariff taxation. Then we had conferences on counterfeiting and currency, one in 1927 and one in 1930. These are our conferences with the League of Nations, and the gentleman pretends to believe that the League of Nations is going to be brought into this conference, and therefore objects to it, in the face of this record made by his own party in the last 11 years.

OUR TARIFF RECORD

I might call attention of my friends on the other side of the aisle to some of the tariff conditions which prevail now and which never prevailed before in this world. Our tariff duties under the 1930 act average now 55.7 per cent, and

that is the record for this country and the record for all of the world. The 8-year average of the preceding Fordney-McCumber Act, and that was one of the world's highest tariffs, was only 30 per cent. Going back to the Civil War days, Abraham Lincoln we find to be the first protectionist President, a Republican President, and he put through the Congress a bill in 1861, which was in operation until 1865, and had courage enough to impose a tariff of only 25 per cent average ad valorem duty. Going back a little further to Henry Clay, who is regarded as the father of American protection and who is one of the idols of the high protectionists in the United States, presenting in that day the same arguments that you gentlemen now present, we find that he did not have courage enough to ask for a tariff that imposed a rate much more than half as high as your duties now average under the last tariff act. The Henry Clay Tariff Act averaged only 25 per cent. We might go back a little farther to the very first protective tariff, in 1816. That embraced only 300 dutiable articles, and that tariff was enacted for the purpose of protecting infant industries. They tried to protect only 300 articles. That tariff was not as high as the Henry Clay tariff. We have increased the number of protected articles as we have developed our tariff system from 1816 until the present time, and, while in that first tariff act only 300 articles were protected, the act which is now in force contains duties which protect and increase the prices of 30,000 individual articles.

Some of you gentlemen have referred to the free list. The ratio of dutiable to free articles in your present tariff act is 6 to 1. There are six times as many dutiable articles as there are free articles.

GERMANY'S PROTEST

Now may I call attention to something that Germany said to the White House when we were threatened with the Hawley-Smoot tariff bill? Germany served notice through diplomatic channels on the American Government and called attention to the fact that our tariff then in existence, the Fordney Tariff Act, was considerably higher than the tariffs of other countries and much higher than the German tariff. We had imposed that Fordney-McCumber tariff in spite of our incomparable economic strength, said Germany, and this was her language and her protest when she heard about the rates of the proposed Hawley-Smoot tariff. She said:

> A still greater increase of the American duties will result in a perceptible reaction on the German export trade and at the same time inevitably and unfavorably affect to a marked degree the capacity of the German market to absorb American goods.

That was her protest, and this is what happened: That law was enacted in spite of that protest and in spite of the protest of over 1,000 economists, most of whom were Republicans, who were not prompted by any partisan motive but who protested against your higher rates, calling attention to the disaster which would follow inevitably. The Germans were right about it in their protest, which we ignored when we ignored also all these other protests, because in one year after Germany made this protest, and after we had ignored it, German purchases of American products dropped from $441,000,000 in the fiscal year 1928–29 to $234,000,000 in the fiscal year 1930–31, a shrinkage of $207,000,000 in the 1-year period after the American tariff wall was uplifted from the Fordney-McCumber Act. Then Germany commenced to talk about moratoriums; then Germany commenced to talk about her inability to pay her debts to foreign nations, and then foreign nations commenced to ask us for moratoriums; and they have got one now for a year, and they will come back again and ask for more, and thus it will be seen that your tariff act of 1930 is the proposition which has contributed most to the fact that this country is now going to be compelled in the near future to saddle upon the taxpayers of the United States a tremendous indebtedness of $11,000,000,000 which the nations who are our debtors are not going to be able to pay to us.

In other words, your own high tariff rates and moratoria go grandly marching down, arm in arm, through the corridors of time, and our factories are idle and 7,000,000 men are out of employment. Who is responsible for it? I am not going to say anything unkind about the Republicans. You did not know any better, that is all. There was no reason for the 1930 tariff act. Nobody was asking for it, but the time had come. You had not done anything affirmatively for a long time; in fact, you never do, except raise the tariffs. That is the principal constructive action in which your party engages. Then you decided that, inasmuch as it had been quite a number of years and you could not think of anything else to do and you had got in the habit of raising the tariff whenever you had a chance, you would just raise it again, in spite of all these protests and in spite of all these warnings; and you have done it, and the result is the conditions which confront us now.

WORLD CONDITIONS

Now, I want to call attention to some world conditions that the Republican Party ought to know something about. I have here an interesting compilation, the most valuable compilation I have recently seen, on the effect of your tariffs upon world depression and what has happened to American exports. I have here a pamphlet issued in December, 1931, by the United States Chamber of Commerce. This compilation is made from reports by the Commerce Department, and it is therefore official in its character. It does not give anything else. They have careful statisticians down there, and this is a very convenient page devoted to 50 of our principal exports and can therefore be considered as absolutely correct and as official.

Here are 50 of our principal exports. There is indicated here the value of those exports from January to September, inclusive, 1930, and in parallel columns their value from January to September, 1931. Then on the right-hand side there is indicated the decrease in values of our export articles. I am not going to read this, but I am going to put it in the RECORD for the information of anybody who cares to read it. The decreases range from about 31 per cent to 40 per cent. There are some increases, but there are only three or four of them. There is an increase in the value of the prunes we export, an increase in the value of the oranges we export, an increase in the value of the apples that we export. Perhaps also an increase in the value of grapefruit; but those oranges, apples, prunes, and grapefruit all went to Canada. Practically all of them went from the State of California to Canada.

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I yield to the gentleman from Illinois [Mr. RAINEY] 10 additional minutes.

Mr. RAINEY. Canada got all of her fruits from the United States, or practically all of them. Canada can change her tariff very quickly. Canada has received practically all of her fruits, both canned and fresh fruits, from the United States. Since this table was prepared Canada has raised her tariff until it is absolutely prohibitive as to fruits, and therefore that eliminates those plus items to which I have called attention. As a result, California fruit farmers and canners are faced with bankruptcy, and we are beginning to hear from them.

You will say that that presentation of our 50 principal exports as to values is not fair, but on the next page of this pamphlet a table is compiled which shows a quantity comparison of the same principal articles of chief export during the months to which the other table applies. In that quantity table there are very few plus marks. Here is one plus mark which relates to prunes; another which relates to pears; another which relates to grapefruit; another which relates to oranges; another which relates to fresh apples. Those are the plus items in the quantity comparison of chief exports, and every one of them is wiped out now by the Canadian retaliatory tariff on fruits, and there will be minus signs in the next tariff comparison which will be made by the United States Chamber of Commerce.

Mr. Chairman, I ask unanimous consent to insert these tables in my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. RAINEY]?

Mr. CHINDBLOM. Mr. Chairman, of course, I shall not object, but will the gentleman state the source from which they came?

Mr. RAINEY. I did. The pamphlet comes from the United States Chamber of Commerce. It is a compilation made by Edward J. Bacher, who is manager of the foreign commerce department of that organization, and it is dated December, 1931. He states in his foreword that he made these tables from the official records of the Commerce Department.

The CHAIRMAN. Is there objection?

There was no objection.

The matter referred to is as follows:

Fifty chief exports according to value, January–September, 1930 and 1931

Commodity and rank	Value of exports, January–September		Per cent gain (+) or loss (−)
	1931	1930	
1. Unmanufactured cotton (10.8 per cent)	$194, 831, 000	$325, 379, 000	−40.1
2. Automobiles, parts, and accessories (6.9 per cent)	124, 732, 000	233, 513, 000	−46.6
3. Gasoline, naphtha, and other light products (4.9 per cent)	87, 878, 000	202, 723, 000	−56.7
4. Leaf tobacco (3.9 per cent)	69, 870, 000	86, 081, 000	−18.8
5. Electrical machinery and apparatus (3.6 per cent)	65, 743, 000	89, 935, 000	−26.8
6. Agricultural machinery and apparatus (3 per cent)	54, 810, 000	97, 275, 000	−43.7
7. Coal and coke (2.7 per cent)	49, 027, 000	66, 854, 000	−26.7
8. Lubricating oil (2.7 per cent)	48, 528, 000	70, 779, 000	−31.4
9. Lard (2.2 per cent)	39, 702, 000	58, 181, 900	−31.8
10. Refined copper ingots, bars, etc. (1.9 per cent)	33, 758, 000	62, 950, 000	−46.4
11. Wheat (1.8 per cent)	33, 138, 000	78, 594, 000	−57.8
12. Power-driven metal-working machinery (1.7 per cent)	30, 164, 000	29, 332, 000	+2.8
13. Boards, planks, and scantlings (1.7 per cent)	29, 811, 000	52, 824, 000	−43.6
14. Cotton cloth, duck, and tire fabric (1.6 per cent)	28, 390, 000	41, 155, 000	−31.0
15. Illuminating oil (1.5 per cent)	27, 038, 000	50, 132, 000	−46.1
16. Wheat flour (1.5 per cent)	26, 241, 000	53, 535, 000	−51.0
17. Iron and steel plates, sheets, skelp, and strips (1.2 per cent)	21, 059, 000	45, 903, 000	−54.1
18. Leather (1.1 per cent)	19, 950, 000	27, 362, 000	−27.1
19. Gas and fuel oil (1 per cent)	18, 884, 000	26, 040, 000	−27.5
20. Fresh apples (1 per cent)	18, 040, 000	9, 547, 000	+89.0
21. Canned fruit	16, 361, 000	17, 763, 000	−7.9
22. Crude petroleum	15, 820, 000	25, 490, 000	−37.9
23. Photographic and projection goods	15, 819, 000	23, 173, 000	−31.7
24. Industrial chemicals	15, 498, 000	17, 971, 000	−13.8
25. Automobile tires	15, 116, 000	22, 124, 000	−31.7
26. Undressed and dressed furs	15, 016, 000	21, 955, 000	−31.6
27. Books, maps, pictures, and other printed matter	14, 320, 000	18, 139, 000	−21.1
28. Pigments, paints, and varnishes	11, 931, 000	17, 257, 000	−30.9
29. Medicinal and pharmaceutical preparations	11, 557, 000	13, 442, 000	−14.0
30. Oranges	11, 510, 000	8, 905, 000	+29.2
31. Cured hams and shoulders	10, 861, 000	19, 615, 000	−44.6
32. Construction and conveying machinery	10, 757, 000	21, 496, 000	−50.0
33. Fertilizers	10, 396, 000	12, 260, 000	−15.2
34. Iron and steel tubular products (pipes, tubes, and fittings)	9, 670, 000	20, 623, 000	−53.1
35. Oil-well and refinery machinery	9, 430, 000	20, 810, 000	−54.7
36. Mining and quarrying machinery	8, 596, 000	12, 305, 000	−30.1
37. Coal-tar products	8, 401, 000	14, 482, 000	−42.0
38. Fish	7, 991, 000	12, 405, 000	−35.6
39. Condensed, evaporated, and dried milk	7, 453, 000	9, 370, 000	−20.1
40. Typewriters	7, 231, 000	13, 235, 000	−45.4
41. Oil cake and oil-cake meal	6, 821, 000	8, 057, 000	−15.3
42. Structural iron and steel	6, 729, 000	14, 808, 000	−54.6
44. Rosin	6, 440, 000	11, 434, 000	−43.7
45. Crude sulphur in lumps	6, 353, 000	9, 461, 000	−32.9
46. Sawed timber	6, 154, 000	10, 713, 000	−42.6
47. Hand tools	6, 116, 000	11, 574, 000	−47.2
48. Paraffin wax	5, 853, 000	7, 853, 000	−25.5
49. Fresh and dried vegetables	5, 574, 000	8, 468, 000	−34.2
50. Accounting and calculating machines	5, 417, 000	9, 713, 000	−44.2
All other domestic exports	488, 105, 000	754, 754, 000	−35.3
Total domestic exports	1, 805, 409, 000	2, 903, 071, 000	−37.8

[1] Figures in parenthesis after name of commodity indicate percentage of the total value of domestic exports.

Quantity comparison of chief exports, January–September, 1930 and 1931

Commodity and rank	Quantity exported, January–September		Gain (+) or loss (−)
	1931	1930	
	Pounds	*Pounds*	*Per cent*
1. Coal and coke	22, 008, 526, 000	29, 365, 181, 000	−25.1
2. Gasoline, naphtha, and other light products	9, 208, 835, 000	13, 270, 115, 000	−30.6
3. Gas and fuel oil	6, 722, 043, 000	8, 294, 017, 000	−18.9

Quantity comparison of chief exports, January–September, 1930 and 1931—Continued

Commodity and rank	Quantity exported, January–September		Gain (+) or loss (−)
	1931	1930	
	Pounds	*Pounds*	*Per cent*
4. Crude petroleum	5, 860, 689, 000	5, 504, 643, 000	+6.5
5. Boards, planks, and scantlings	3, 075, 873, 000	4, 375, 684, 000	−29.7
6. Wheat	3, 061, 385, 000	4, 541, 370, 000	−32.6
7. Illuminating oil	2, 682, 677, 000	3, 702, 076, 000	−27.5
8. Fertilizers	2, 211, 032, 000	2, 824, 073, 000	−21.7
9. Unmanufactured cotton	1, 921, 569, 000	2, 049, 464, 000	−6.2
10. Lubricating oil	1, 884, 139, 000	2, 382, 493, 000	−20.9
11. Wheat flour	1, 394, 922, 000	1, 897, 537, 000	−26.5
12. Sawed timber	1, 020, 972, 000	1, 325, 693, 000	−23.0
13. Logs and hewn timber *	683, 041, 000	839, 889, 000	−18.7
14. Iron and steel plates, sheets, skelp, and strips	667, 141, 000	1, 250, 883, 000	−46.7
15. Crude sulphur in lumps	654, 734, 000	1, 019, 117, 000	−35.8
16. Fresh apples	515, 567, 000	249, 124, 000	+107.0
17. Oil cake and oil-cake meal	500, 503, 000	406, 896, 000	+23.0
18. Petroleum asphalt *	477, 169, 000	643, 193, 000	−26.4
19. Lard	424, 359, 000	513, 425, 000	−17.3
20. Rosin	395, 448, 000	482, 307, 000	−18.0
21. Sodium compounds [1]	385, 746, 000	402, 900, 000	−4.3
22. Paper-base stocks *	377, 387, 000	567, 062, 000	−33.4
23. Refined copper bars, ingots, and other forms	349, 090, 000	435, 366, 000	−19.8
24. Leaf tobacco	344, 315, 000	372, 766, 000	−7.6
25. Oranges	342, 981, 000	130, 385, 000	+163.1
26. Barley *	322, 674, 000	332, 912, 000	−3.1
27. Structural iron and steel	263, 606, 000	479, 993, 000	−45.1
28. Iron and steel scrap, including tinplate scrap *	247, 480, 000	731, 895, 000	−66.2
29. Iron and steel tubular products (pipes, tubes, and fittings)	212, 453, 000	396, 001, 000	−46.4
30. Canned fruit	200, 149, 000	179, 776, 000	+11.3
31. Paraffin wax	194, 883, 000	210, 182, 000	−7.3
32. Bauxite and other aluminum ores and concentrates *	153, 321, 000	179, 323, 000	−14.5
33. Benzol [1]	148, 503, 000	292, 515, 000	−49.2
34. Prunes	147, 544, 000	70, 784, 000	+108.4
35. Rice *	139, 015, 000	129, 024, 000	+7.7
36. Iron and steel bars and rods *	137, 033, 000	244, 927, 000	−44.1
37. Corn *	111, 324, 000	334, 731, 000	−66.7
38. Grapefruit *	89, 029, 000	51, 114, 000	+74.2
39. Refined sugar *	81, 714, 000	111, 158, 000	−26.5
40. Raisins *	76, 682, 000	68, 157, 000	+12.5
41. Paperboard and strawboard *	74, 539, 000	79, 834, 000	−6.6
42. Condensed, evaporated, and dried milk	69, 305, 000	76, 015, 000	−8.7
43. Carbon black [1]	68, 944, 000	65, 571, 000	+5.1
44. Cured hams and shoulders	68, 169, 000	98, 997, 000	−31.1
45. Pears *	67, 111, 000	54, 551, 000	+23.0
46. Starch, including corn flour *	66, 985, 000	135, 489, 000	−50.6
47. Animal oils and greases, inedible *	64, 938, 000	50, 849, 000	+27.7
48. Plain, galvanized, barbed, iron and steel wire *	64, 205, 000	110, 244, 000	−41.8
49. Gum spirits of turpentine *	63, 542, 000	77, 464, 000	−18.0
50. Lubricating greases *	54, 809, 000	74, 043, 000	−26.0
51. Old and scrap copper *	53, 487, 000	20, 933, 000	+155.5

*A star (*) following the name of a commodity indicates that that commodity, although an important export, is not one of the 50 chief exports listed in Table 3, as its value is below the minimum of that table ($5,417,000), although above $1,500,000. Starred exports the value of which exceeded $3,000,000 for the first three quarters of 1931 were logs and hewn timber, petroleum asphalt, barley, rice, iron and steel bars and rods, grapefruit, raisins, inedible animal oils and greases, gum spirits of turpentine, and old and scrap copper. The values of starred exports not listed in this footnote range between $1,500,000 and $3,000,000.

[1] Important item included under one of our 50 chief exports in Table 3. The value for the first nine months of 1931 of sodium compounds, included in the value under table under "Industrial chemicals," was $7,773,000; the value of benzol, included under "Coal-tar products," was $3,442,000; and the value of carbon black, included under "Pigments, paints, and varnishes," was $3,701,000.

RETALIATORY TARIFFS

Mr. RAINEY. Now, Mr. Chairman, something has been happening in the world which the Republicans who have thus far taken the floor do not seem to understand. Things have been happening since the Hawley-Smoot bill was passed. In all the world they are enacting retaliatory tariffs. Their tariffs on many articles are now higher than ours. Their average ad valorem duties are not yet as high as ours, but other nations, in retaliation for our conduct of which they disapprove, have picked out for increased duties articles which they receive in chief part from the United States. Perhaps I might briefly call attention to some of the tariffs which have been imposed by foreign nations. I obtained this information from the yet unpublished report of the Commerce Commission, the official yearbook for 1931, which they issue. It is now in manuscript form and has not yet, of course, been printed.

Argentina imports every year a little over 23,000 motor trucks. I am just going to call attention to some of these items which I have noted. Argentina gets over 22,000 of those motor trucks from the United States. In other words, practically her entire supply of motor trucks is obtained

from the United States. On the 13th day of January, 1931, Argentina took motor trucks off the free list and put a tariff of 32 per cent on them. Who does that reach? It reaches our great motor industries. All over the world they have built up these tariffs against this great industry of ours, and the only way for our industry to meet these conditions is to go down to Argentina and establish branch plants. That is what they are doing. That is what this greatest of our industries is doing all over the world. When I was abroad this summer I saw General Motors cars made with American capital in General Motors plants in Germany.

I saw them operating in Egypt under the shadow of the Pyramids. I talked with some of our representatives of the great motor industries and said to them, "Why are you establishing your branch plants all over the world?" They said, "We do not want to do it. We would prefer to manufacture in the United States, where we can manufacture in mass production and cheaper, but when they build up against us these retaliatory tariff walls we are compelled to go there, use their raw materials, employ their labor, and that is what we are doing." They said, "The result is that our profits are curtailed. We can not operate in a dozen branch plants as cheaply as we can in mass production in one plant in the United States, where we have a trained personnel."

Recently, and about three weeks ago, Spain lowered her tariffs on automobiles, the only country in the world which has lowered the tariff on automobiles. That is an American industry, and their tariffs heretofore have been high and almost exclusive on automobiles. But Spain lowered her tariffs 60 per cent. I see some of you gentlemen smiling. You approve, I see, of the tariff policy of Spain, but she put into her tariff reduction this proviso:

Provided, That these lower rates shall not apply to automobiles manufactured in the United States.

In other words, that is a command to us from Spain. It is more than an invitation. Spain has no automobile factories, but she wants them. She says, "If you in America, with your splendid industry and your machinery, want to sell us automobiles in Spain you come over here and bring your machine tools, bring your skilled superintendents, and we will furnish you with laborers, but you will make them here hereafter." That is the way your tariff works.

On the 8th day of this month the *Great Eastern* sailed out from Halifax on a tour of the West Indies, British-controlled islands. That great ship is loaded down with exhibits of Canadian-manufactured goods. The announcement made in the Canadian papers, which I read last week, was to the effect that this magnificent ship with its cargo would remain sailing from port to port in the West Indies until the 1st day of next March.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. RAINEY. That ship is loaded down almost exclusively and practically entirely with the products of American branch factories in Canada, because we have established hundreds of them over there. I saw the statement the other day that 1,000 American branch factories were operating in Canada. So that is notice to the world, the British Empire world, where they are establishing these interempire tariffs, that you can buy American goods without buying them in America. They say, "We are giving you the chance; you can buy them in Canada, manufactured with American investments of capital, but they employ Canadian workers, and that is the kind of goods you can buy in the future not only here in the West India Islands but throughout the entire far-flung British Empire."

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. COOPER of Ohio. The gentleman referred to American capital invested in Canada. The record will show that American capital invested in Canada in the automobile and tire business was all invested between 1913 and 1920, at a time when we were operating under the Underwood free trade tariff bill. [Applause.]

Mr. RAINEY. I do not know when that was established, but I do know that at the present time in Canada we have 1,000 of these branch plants. I do know that during the first four months of the past year 90 of our great factories went over there. I do know that these American automobile plants, and tire plants, to which the gentleman has referred, this year have tremendously increased their investments in these Canadian enterprises. I do know that the industry upon which you pride yourselves so much, the industry which fixed the world price of aluminum not long ago, with the assistance of Mr. Taft and his administration, went to Canada with a large branch plant in order to manufacture cheaper than they could in the United States for foreign markets and that in doing so they employed Canadian labor. I know they went to Canada long before the Democrats got into power. That was the first movement of American capital toward Canada, and the present Secretary of the Treasury, whom you admire and who likes to hear himself called the greatest Secretary of the Treasury this country has known since the days of Hamilton, is responsible, so far as he could be, for this movement of American capital to Canada. He grandly led the van.

Mr. COLLIER. Will the gentleman yield to me a moment there?

Mr. RAINEY. Yes.

Mr. COLLIER. According to a report made to the Senate, dated January 20, 1931, the Secretary of Commerce reported that the number of American-owned branch and subsidiary manufacturing plants in Canada in 1929 was 467, with an investment of $513,864,000. On September 17, 1931, the Canadian Press Service, comparable with the Associated Press in the United States, sent a dispatch from Ottawa to the effect that the number of such American-owned plants in Canada at that time was 1,071, with a total capital investment of $1,189,590,000. This is from our own Secretary of Commerce.

Mr. RAINEY. I thank the gentleman for his contribution to my speech.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. RAINEY. Not now. If I get the time I shall be pleased to do the best I can to entertain you gentlemen on that side of the House with the facts, and that is what you need. I will call attention to a few of these items.

Argentina imports half of its supply of lumber, spruce, pine, and so forth, and gets it from the United States. They have just increased their tariff 33 per cent against whom is this directed and who is responsible? Here is Argentina again—white pine, unplaned—they get one-fifth of their supply from the United States and they have raised that over 30 per cent, and they did this in February of last year.

Chile gets much of its gasoline from the United States, strange as it may seen; and these figures I am now giving you come from an unpublished volume, the last edition of the Commerce Yearbook, so therefore you can not object to it. Chile has increased her tariff on gasoline 10 per cent, and she did it on the 23d day of March, 1931, and since then, I understand, she has again increased it. She brings in through all ports only 801,000 barrels, but she gets 304,000 barrels of this gasoline from the United States.

El Salvador gets one-third of its supply of white and fancy cotton goods from the United States, and on the 13th day of April, 1931, she increased her tariff on these goods from 90 cents per kilo, which is a little over 2 pounds, to $1.50 per kilo.

Germany, on the 3d day of May, 1931, commenced to increase her tariffs on vegetable products, and so forth, from the United States. I shall not read them at this time.

Mexico gets almost her entire wheat supply from the United States. Her total imports amount to $4,000,000 and she gets over $3,000,000 of that amount from the United States, and she joined this general movement upward against the United States on the 2d day of May, 1931, and increased her tariffs.

[Here the gavel fell.]

Mr. COLLIER. Mr. Chairman, I yield 10 more minutes to the gentleman from Illinois.

Mr. RAINEY. Lard is a proposition that interests our farmers, and you gentlemen are friends of the farmer, you say, and you called a special session of the Seventy-first Congress for the purpose of helping the farmers. At that time Mexico was importing from all countries $7,496,000 worth of pork-lard products, and she got from the United States $7,327,000 of this amount. In other words, from other countries she got only $100,000 worth and from us she got $7,333,000 worth, and she increased her tariff on this item on the 11th day of May 100 per cent, as you will find when the Commerce Report makes its appearance, at page 557.

Is it any wonder that hogs are selling now on the Chicago market for less than $4, and it takes the very best of hogs to bring more than $4?

I could insert in my speech some more of these retaliatory tariff rates erected against us, and which have closed down our factories and upset economic conditions in the world markets.

WHAT THE BILL CONTAINS

This bill, what is it? It is a new departure in the method of approaching the tariff question—we do not deny it—but it is the only method which is now possible.

Lower this tariff drastically? You will not do it and we do not dare to do it with conditions as they are, except in the manner provided in this bill. We do not want this market flooded with the products of cheap labor of other countries. We deny that we are trying to bring that about, but to such a flood of goods the 2,200 exported American branch factories would contribute in large part. In this bill we adopt the only safe method possible now for lowering tariffs, and it will be effective.

For 100 years, gentlemen, your party and its predecessors have been talking about protecting American labor, and this is always the reason given for these revisions upward but at the present time you are protecting, not American laborers—because 7,000,000 of them are walking the streets. Twelve thousand of them, an orderly army of unemployed, day before yesterday assembled here in front of this Capitol Building, where you could all see the work of your tariff bill of 1930 and of your other fiscal policies. Is that any warning to you gentlemen who still remain Members of this House—that march of an unemployed army under the direction of a priest of the Catholic Church?

Is that any warning? The march was orderly, their arrangement in platoons in front of the Capitol was the best I ever saw. Their march was in perfect formation, because in that army marched men who wore the uniform of this country in the World War [applause], uniforms recently taken from the moth-proof boxes in which they had been placed.

This is another war in which they are engaged. This is a war more serious to them, more serious to you, more serious in its effects on this country than the World War was at any time during its progress. There were times which were dangerous during the World War and which caused intense anxiety and worry. During the entire period of the war I occupied a rather prominent place in the House of Representatives, and I never worried as much then as I am worried now.

Now, as the result of your policies, there are times, let me tell you gentlemen, and they will come this winter, when the blue of the flag will seem to be almost fading in the blue of the sky.

You gentlemen ought to help us correct your errors in the only way in which they can be corrected.

This bill increases your power; it gives you more authority over the tariff reductions or tariff increases; it takes away the idea that you can correct the tariff by raising it 50 per cent or lowering it 50 per cent.

It takes away from the President the power that you gave him in order to avoid the responsibilities of the office to which you were elected. This will place more work on this House, and you are to do that in order to earn the salaries your are receiving. If you do not, the time will come when the electorate will demand that the salaries of Members of Congress be reduced until they are commensurate with the service that you actually render. You can not render service by shirking responsibilities and by shirking work in these matters. We are giving back to you the authority over your own tariff.

You are not permitted now, as the result of this present tariff act, to transfer from the free list to the dutiable list or from the dutiable list to the free list. It is necessary to have that power in order to have a well-balanced tariff act. You have denied it, and now we permit you to change an item from one to the other whenever it appears necessary to do it. Why you gentlemen on that side should argue against assuming responsibility that gives you a little more work is more than I can possibly imagine, and it does not appeal to me.

CONSUMERS' COUNSEL

The consumers' counsel provided is this: For a long time the consumers have not been represented. They never have been represented by anyone. I remember once during the consideration of the Payne-Aldrich bill on the floor, when I said something at that time about the consumers, Mr. Payne, the author of the bill, now gone to his reward, arose in his place and said, "Where are the consumers; no consumers have appeared against this bill. We have never heard from them on the Ways and Means Committee."

Of course, they did not. I have served on the Ways and Means Committee in this House longer than any man on it; I have helped frame more tax bills than any man in this House, and I never heard of a consumer appearing before the committee. They do not appear until the elections which follow the passage of your bills, and then they appear; and whenever they do appear, in response to one of your tariff bills, they simply wipe your platter clean. [Laughter.]

That is what they are doing now. This bill presents the only way in which you gentlemen can get out of the hole in which you find yourselves.

The consumers' counsel can employ assistants. The act gives him that right. The bill limits the number of assistants that he can employ, because he can not employ any more than you authorize in your appropriations. You can make the number as small as you desire. There has been talk about the consumers, and the question has been asked who they are. The finished product of one factory is sometimes the raw material of another factory. Therefore, they say, who are the consumers? What sheer nonsense! Who are the consumers? The consumers who are affected and who will be protected by these safeguards are the ultimate consumers. They are the men and women who buy the completely processed articles. These intermediate manufacturers do not need any representation. They just take the price of the article as it is handed onto them, and they pyramid it onto the next man until it is pyramided sometimes three or four times, when it reaches the ultimate consumer. It is the ultimate consumer who holds the bag and who pays it all. The ultimate consumers, if you want to know exactly—and you do not seem to know—are the men who are going to go to the polls in November of this year and vote. They will answer your question then as to who the consumers are; and unless you vote for this bill and escape the network of troubles that you have wound about yourselves, a lot of you are going to be in difficulty, and I would hate to see that, because I like all you gentlemen. You all are my personal friends, and I will be glad to welcome you back here to this House. I have no feeling of animosity for any one of you, but whenever you act together en masse, your action can not possibly be defended, and that is what I am talking about. [Applause on the Democratic side.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. DAVENPORT].

Mr. DAVENPORT. Mr. Chairman and Members of the committee, I have a few points to make, and I have a very brief time in which to make them. However, in passing, I want to say a word about the argument that has been made this morning by the proponents of the bill with respect to alleged recent tariff retaliation on the part of other countries.

From the information that I have gathered, I believe that the retaliatory factor in the present situation is a very small one, indeed; that the reason for the building up of tariff walls in so many of the countries of the world now is a reason that grows out of the war itself. During the war it became necessary for a good many countries to be self-sufficient and self-sustaining that had never thought of it before, and the conditions that have appeared since in the world have led those countries further in the same direction.

What they are doing when they increase their tariffs at the present time is to protect their own producers and their own laborers exactly as we are trying to do, and it is a bad time for any international economic conference to seek to interfere.

I want to be just as fair as I can to the majority side of this House in dealing with this measure. This bill, in dealing with the flexible provision of the tariff law, is in some respects an advance, but in a fundamental respect it looks backward; it is a retrogression. There are good points in it. For example, the free list is not locked up indefinitely while changes are going on in the world that make it imperative to take an item from the free list and put it on the dutiable list, or vice versa. Great loss has been suffered, as in the leather and boot and shoe industry, and now in the copper and oil industries, by the necessity of waiting for a general revision for relief when an item is on the free list. There ought to be some way of taking an item easily from the free list and putting it upon the dutiable list, and from the dutiable list and putting it on the free list. There is in this bill a more liberal definition of cost of transportation, so that the absurdities of certain decisions of the commission in the past may be avoided. No one can find legitimate fault with the introduction of the right kind of a consumers' counsel as the intervening friend of the large body of consumers who are not vocal or organized, but this bill makes the consumers' counsel a much too arrogant and continually intervening friend of a single public group. The paragraph upon the relation of the counsel to the commission clearly gives the impression that the commission is suspect; that it must be driven to its task for the common good constantly by the threat of the consumers' counsel. In the form in which this provision is drawn it is a false note in tariff making. If the Tariff Commission is worth anything at all, it is because it is the kind of a commission which considers the welfare of the whole national community. If we can not have that kind of a commission appointed by the President, it is a sorry spectacle to see the counsel for a special class constantly attempting to drive the commission to its duty. The consumers' counsel, a good feature, might be useful in a less belligerent setting.

Let us grant that the Executive should not have the power of life and death over tariff rates; that such control by the Executive might become too great a power over the business and economic life of the country. It is well that the final word should be with Congress. This is the court of last resort in tariff making. Congress is responsible under the Constitution. But it is perfectly easy to secure this control by having the findings of the Tariff Commission, after passing Executive scrutiny and discretion, lie on the table of the two Houses of Congress for a definite time, such as 30 or 60 days, and if not disallowed within that time by resolution of either House, then forthwith go into effect. This, however, is not that sort of a bill. It is not a progressive bill. This is a reactionary bill. It positively and directly throws back upon committees of Congress and upon Congress itself the practical amendment of an act with thousands of items relating to multifarious industries, with the consequent drafting of time and energy away from a great variety of matters of national policy which Congress is able to delegate to no commission.

If there is anything that we thought the recent general revision of the tariff taught us, it is that detailed tariff making should be kept off the floor of this House. There is continual need of tariff change and an increasing amount of it to be done. No sooner is a general revision accomplished than the balance of economic relation and invention changes somewhere in the world. What is written in the law about an item of importance may become a broken reed so far as the protective support of an industry is concerned. We had many instances of it before us in the recent general revision. Tariff making in the modern world has become a day-by-day, week-by-week, month-by-month, mathematical, and judicial process, to be conducted by an administrative body under the scrutiny of some single-minded discretion to avoid international and domestic complications while the process is going on. This bill takes Executive discretion out of the present system of tariff making and destroys it. This bill makes the Executive a transmittal clerk who may send along to the open Congress the findings of the commission with any further ideas which may occur to him. It ruins what should be the genuine function of the Executive. In agricultural rates, for example, single-minded discretion is highly important. An investigation of agricultural production usually must cover two or three years to avoid seasonal fluctuations, variations in unit costs due to fluctuations of yield on the same acreage in different years. The changes in agricultural conditions may be so rapid that no detailed study can keep up with them. The experience of the commission indicates that it is desirable in this field to give somebody discretion as to the extent of the changes in duty which are advisable when the time comes to fix the rate. There have been instances where mathematical findings of cost were out of date before the report reacned the President.

There may be important matters of public policy involving international relations which the Tariff Commission does not know about and can not take into consideration. There needs to be Executive scrutiny and discretion about proclaiming duties to the full upper limit of cost differences while trade or treaty negotiations may be in progress. This is not the sort of thing that you can send in a memorandum to Congress.

There may be an internal situation to consider where an unbiased, nonsectional decision as to what to do with the mathematical findings of the commission is highly important to an industry. A few years ago the halibut case was before the Tariff Commission—a fish generally used by the American people. Eighty-five per cent of the catch is on the Pacific and the differences in cost of production on the Pacific side between the Canadian and American fishermen were found to be negligible. This would indicate a reduction in the duty. But on the Atlantic side, where there is 15 per cent of the catch, the Gloucester fishermen, having no free port of entry in Canada and being at the necessity of transporting their catch a much longer distance than the Canadians, might be irreparably injured by a lowering of the duty. What is the public interest of America about it? Is it not better for the whole American people to pay slightly more for the halibut and preserve the halibut industry for the Gloucester fishermen? Somebody must decide that and similar cases. Who is better fitted to do it than the President, whose eye is the eye of the Nation, whose voice is the voice of the Nation? Why leave it to sectional discussions or antagonisms in Congress?

It is no answer to say the President is busy with other things as well as Congress. The executive organization is readily able to accommodate itself to reasonable executive scrutiny and discretion in tariff making. There is reason for its maintenance. It is destroyed in this bill. Back upon the Congress of the United States is rolled the burden of decision upon endless small details, the whole process lumbering and divisive, with interminable delays that threaten industrial stability and national welfare.

If there is any Member of this House who thinks that in voting for this bill he is voting for a progressive or forward looking measure in the interest of genuine government, he is misled. With some points of advance, this is in substance a reactionary measure of the exact sort that time out of mind has befuddled popular government and rendered it futile. There are processes clearly administrative which are too complicated and detailed for the purely legislative action of 435 men and women, no matter how earnest and intelligent they may be. Tariff making is one of them. The

function of Congress is to act as a final check in the simplest possible form upon such an administrative process. It is always under cover of some falsely called progressive scheme like this, that, in the confusion of mass action, the alert special interest gets its way. In a time like the present, to introduce and press a measure like this, in advance of proposals of great worth which await enactment for the very salvation of the economic life of the country, is worse than a blunder. In its own nature and in its timing it is an unprogressive and undemocratic action. [Applause on Republican side.]

Mr. BACHARACH. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Chairman and gentlemen of the committee, there has been a great amount of speculation, not only in Washington, but throughout the country, as to the purpose of this bill. Long before this session of Congress met, in fact for more than a year, Democratic orators and Democratic newspapers had been proclaiming that in the event the Democratic Party had a majority in this Congress, they would afford relief to the distressed condition of the country. Up to this hour no one has pointed out what relief is to be afforded to the present distress of the United States by this measure. It takes emergency measures to relieve present distress.

How can there be any action under this bill that will make for relief, or tend in the least to ameliorate the present distress of the country? To my mind, there are but two prime purposes of this measure. One is to destroy the efficiency of the Tariff Commission, and the other is to let foreign powers dictate our tariff regulation.

We have heard upon this floor many times during the present session, especially during the debate upon the moratorium legislation, that we should not permit the international bankers or those who are interested in foreign manufacture to interfere in our affairs, yet this bill proposes, if you please, to let every foreign power that has a tariff to consult with the United States in fixing a tariff for the United States.

I would like to call attention to something that was said by Mr. Brisbane, who is the chief writer on Mr. Hearst's papers, and I think his advice most timely. In speaking of this bill he said:

> The Democrats want a "world parley" on the tariff. The greater part of the world is increasing its tariffs, and the maximum of futility has been shown to be "a world parley."
>
> We should have a tariff made for the United States without consulting anybody, planned as intelligently as possible, to protect workers, manufacturers, and business men in the United States.

The Washington News, a Scripps-Howard paper, certainly has never been favorable to the Republican Party. They have criticized the Republican tariff law. They have been condemning it and have been proclaiming in almost every issue that if the Democrats organized the House of Representatives they would give some affirmative relief to the American people. What do they say about this bill? In an editorial the other morning they had this to say:

> After all of the Democratic verbal protests against the Hoover high tariff for destroying our foreign trade and prolonging the depression, the party leaders in Congress have introduced a tariff bill straddling the issue. * * *
>
> In this demagogic attitude toward foreign debts and in their evasion of the tariff-cut issue, the old-line Democratic leaders may think they are playing clever politics in a presidential election year. We doubt it. There is no reason to believe that a policy of straddle will help the Democratic Party any more than it has helped the Republican Party.

The Louisville Courier-Journal the other day, in expressing its disappointment, said that if this is a fair sample of the policy of the Democratic House of affording relief to the American people, we will have to wait for at least two years until we have a new Congress to afford the relief that is so much needed.

I was amused upon yesterday in hearing "Farmer" O'CONNOR, of the "Sidewalks of New York," say that this bill would relieve the farmer who had been ruined by our high protective Republican tariff. I heard the gentleman from Mississippi declare upon the floor that this present distress, this panic, commenced away back during the Fordney-McCumber tariff bill and had its end, culminating, if you please, by the disaster brought upon the country by reason of the Hawley-Smoot bill. If that be true, and if these assertions made by Democratic orators be true, why did you not propose some immediate plan for relief? No later than last night when the ex-candidates for President of the United States upon the Democratic ticket had a reunion it was declared that this was the most iniquitous, the most outrageous tariff that had ever been enacted into law—if that be true, I ask you gentlemen upon the Democratic side why, in the name of Heaven, have you not offered some portion of relief? You say it would do no good; that if you passed such a bill as that it would be vetoed by the President. Have you any assurance that this thing will not be vetoed by the President? I ask you gentlemen, as evidence of good faith, believing, as you profess to believe, that any measure you brought in and enacted into law would be vetoed by the President, why did you not show your good faith and your honest intentions by at least introducing some measure that would bring that relief, perchance it was enacted into law?

Instead of aiding the present distress you are making it worse by reason of this proposal. The only purpose of the first section of this bill is to destroy the effectiveness of the Tariff Commission. For example, let us take a practical application of its working. During the time of the Fordney-McCumber bill there were 38 reports made. Of that number there were 33 increases and 5 decreases. During the Hawley-Smoot bill there were 39 reports made, 12 increases and 17 decreases. Suppose all of those had come to the House to be considered by the House; you take no work away from the commission by reason of this bill. You require that they make the same investigation here and abroad for the purpose of ascertaining the difference in cost of production, and then, after they have made their report, submit it to the President and submit it to the House of Representatives. It is taken then to the Ways and Means Committee, and they consider each individual bill separately. How long that may require no one can tell. Then after that a report is made to this House, where there is discussion after discussion and political effort after political effort made; time consumed, if you please; and then, is that all? No. Then it goes to another body of this Congress, where God knows there is no end of debate and no end of delay.

So I say instead of this being a measure for the purpose of promoting efficiency it is an effort at further delay.

Talk about getting the tariff out of politics; if this bill is enacted into law, it will get the tariff into politics deeper than it has ever been before. I have always thought that the tariff should be treated as an economic proposition and not as a political one. Under the existing law it is further removed from politics than it has ever been before. During the consideration of the tax measure in the Congress politics is played with reference to every schedule. Now that we have a commission that is supposed to be, and should be, free from political influence and actuated only by the desire to do exact justice to all concerned, changes can be made in existing schedules and the right made to prevail almost to a judicial certainty. In my opinion, there is no occasion for a new tariff bill in the next quarter of a century. Of course times will change, conditions will change, and there will arise necessity for changes in various schedules. These changes can be made without in the least destroying business, and tariffs either raised or lowered to meet the necessities of the hour.

Now, ladies and gentlemen of the committee, there has been much talk in this Chamber during the present session about special interests. What are these special interests that are interested in the so-called reduction of high tariff, if we have a high tariff? What are the special interests that are asking that the tariff be lowered or taken off many of our articles? It is the international bankers that you have been saying so much against. It is the importer, with his self-interest. A few weeks ago Mr. Lamont, who is a representa-

tive of the United States bankers, in an article that was published in every paper in the Union, declared it was the duty of the United States to lower the tariff walls in order that there might be more trade between this country and foreign countries.

The gentleman from Illinois [Mr. RAINEY], who addressed us but a few moments ago, confessed the whole fallacy of this proposal when he declared that they did not intend to offer any measure of relief, when he said, "You people on this side will not lower these tariffs, and we dare not." [Applause.]

Why do you dare not? The gentleman from Illinois answered that question by saying that it would bring disaster upon disaster; that this country would be flooded with importations if that were done at this time. There he stated a mighty truth. I want to say that if there ever was a time when the tariff walls should be raised higher, it is now. All of continental Europe, with the exception of one large country, has gone off the gold standard and is now using a debased currency. They are paying their labor in cheap dollars as compared with the gold dollars that the American laboring man is receiving. In consequence over there they are making their manufactured articles and purchasing their raw materials cheaper and cheaper all the while, all by reason of that debased currency. So in addition to our having to compete with the cheap labor they had over there prior to the present crisis we now have an extraordinary addition to that of competing with the cheap money with which they are paying their labor. So instead of lowering the tariff we ought to increase it in justice to the American manufacturer and the American laboring man.

The gentleman from Illinois in the radio address he made a few nights ago, in answer to questions propounded by Mr. Hard, among other things, spoke about the English tariff. He said that when England was a creditor nation she laid her tariffs upon noncompetitive articles, but now that she is a debtor nation she is laying her tariffs upon competitive articles and for protection. Therefore the inference is clearly to be drawn that, as the United States is now a creditor nation, it is our duty to emulate the example of England and place our tariff upon noncompetitive articles and that competitive articles should be admitted free. If that were done what would the result be in the United States? Suppose to-day we changed the operation of our tariff law and placed protection upon noncompetitive articles and took our tariff off competitive articles? If such a thing as that were done this country, as you know, would be flooded with manufactured articles from every manufacturing country abroad.

It was further said by the gentleman from Illinois that what was desired was the opening of the factories of this country. I ask you: How are you going to open the factories of this country if you are going to lower the tariff and permit foreigners to bring their goods here and place them in competition with the goods manufactured in the factories of this country?

He said that what we should do is to give employment to men. How are we going to give employment to men unless there is employment in the factories? I want to say to you that every article manufactured on the other side and brought into this country for sale takes that much work from the American laboring man.

Yet that is the logic of the Democratic Party. They are running true to form. They intend eventually, if you please, to get back to their old free-trade doctrine, a tariff for revenue only.

With reference to this conference business, the gentleman from Illinois in the same address said that if this international conference were held that of necessity there would have to be some talk about ability to pay what the different countries owe us; yet in almost the same breath he says, in effect, that this conference shall have nothing to do with our domestic affairs.

If their ability to pay has nothing to do with our domestic affairs, then why should they of necessity talk about their ability to pay?

Talk about our keeping out of foreign entanglements, could there be anything more likely to entangle us in the affairs of foreign nations than to permit such a thing as this to be done? The Republican Party has never attempted to enact a tariff law that would meet with the entire approval of any foreign nation, and I have no hesitancy in saying that it never will. If we were to grant the desires of foreign nations in framing our tariff laws, we would at the same time have to say to the laboring classes of the United States, "Arrange your conditions of living in accord with the conditions of living in foreign countries." To such a scheme the Republican Party will never consent.

There is another proposal in this measure which has more significance than appears on the surface. It is intended that there should be a consumers' counsel, whose business it is ostensibly to protect the interests of the consumer. Everybody knows that the consumer and the producer are so interrelated that it is hard to tell who is the consumer and who is the producer. In my opinion it would have been better to have denominated this counsel, the importers' counsel, whose business it would be to bear down upon, and knock off, whenever opportunity afforded that meed of tariff that amounts to protection to American industry and American labor. If there is to be a consumers' counsel, why not a producers' counsel? I dare say that the producers are in just as much need of some one to represent them before the commission as the consumer is. Let us suppose that the consumers' counsel undertakes to reduce the tariff upon milk or butter, and with the machinery that this bill gives him the consumers' counsel will have the right to summon all the witnesses he wants and create as much expense as he desires in order to accomplish his purpose and reduce the tariff upon these articles. Who is there to protect the producer's interest? In the trial of every lawsuit I ever had anything to do with there was counsel on both sides of the case to protect the interest of each side. It strikes me that this proposal is a thinly veiled attempt to destroy, as much as possible, the protection upon the schedule complained of and submitted to the commission as it may be possible to destroy. Much more good can be done by this Congress by turning our attention to the constructive proposals that have been submitted by the President of the United States to relieve as quickly as possible the distressed condition in which our country is now placed. This we can not do by wasting time on such an ill-advised measure as the one which is now before us. [Applause.]

[Here the gavel fell.]

Mr. BACHARACH. Mr. Chairman, I yield eight minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, the progressive group of the House has given the question of the tariff a great deal of study and consideration. We have been criticized by our colleagues on this side of the aisle for criticizing the Hawley-Smoot tariff bill. Many of us voted against that bill. We voted for the rule in order to have an opportunity to discuss the bill now before the House. As progressives, we regret exceedingly that a bill was not reported which would remedy the evils of the tariff that have been criticized ever since the enactment of that measure.

The bill now before us, in its present form, is not satisfactory to the progressive group of this House. We desire to amend it in two important provisions. First, it is suggested that Congress should not surrender its legislative functions to a tariff commission but should reserve the right to approve or disapprove of any recommendations, and in the same section it surrenders a legislative right by seeking to write into a statute a provision which belongs only in the rules of the House and has no place in a Federal statute. It is here attempted to write rules for the House and Senate in a statute, in the first paragraph on page 3. A most unscientific provision, inartistically drawn, and I do not believe there is a Member on the floor of this House who would stand up and claim the authorship of that provision. Why, gentlemen, you provide that—

Any bill having for its object the carrying out, in whole or in part, of the recommendations made by the commission in any

such report shall not include any item not included in such report.

Where is the legislative precedent for any such limitation? There is not a man on the floor of this House who would urge that such a provision is binding on any future Congress or of any value whatsoever. How can we in the Seventy-second Congress seek to pass upon a mere matter of procedure on the part of future Congresses? What would Congress have said—and here is an analogous situation—if at the time the law creating the Budget Bureau was passed we had written into that law that future Congresses shall not consider anything not contained in the Budget report? It is exactly the same situation; and then you say in a statute, mark you, that no amendment that is not germane shall be offered.

If it means nothing, it is not necessary; and if you are seeking to prevent amendments being offered when a schedule is before the House for consideration, then you destroy the very purpose of your bill in seeking to retain complete jurisdiction over tariff matters.

Now, if it is the desire of Congress to retain the veto power over the Tariff Commission, and we will agree with you on that, then we shall offer, gentlemen, and give you an opportunity to approve, an amendment as a substitute to section 1, wherein we provide that the Tariff Commission shall report to Congress any of its findings or recommendations and that Congress may, within 60 days thereof, reject the recommendation; and this is all we need. Why? Because if Congress approves the recommendation, why go through the futility of considering a bill to approve it?

Gentlemen, we do not claim the authorship of this idea. The amendment which we shall offer is taken in its entirety from the so-called Lewis bill. The gentleman from Maryland [Mr. LEWIS] is a former member of the Tariff Commission, an expert on the subject, and a gentleman who has the confidence of this country after he refused to deposit his honor in escrow. [Applause.] The Lewis bill has been before the House, and we offer it as a substitute which will provide veto power over the Tariff Commission and at the same time eliminate the dangers which you seek to avoid by the clumsy, inartistic, meaningless provision contained in the top paragraph of page 3.

We will accept your consumers' counsel, but we feel that what you are really seeking to obtain is the establishment of a fact-finding representative who shall be the agent of Congress, just as the Comptroller General is the agent of Congress and not of the Executive. The idea is worth experimenting with, and we can amend it later on, if necessary.

Gentlemen, we come now to section 4; and permit me to say that the American people are in no state of mind at this time to accept a permanent economic council or conference; and if American public opinion has been crystallized against any international conferences, it is because of the attitude taken on the floor of this House and on the floor of the Senate which has brought about this state of mind at this time.

[Here the gavel fell.]

Mr. BACHARACH. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. LAGUARDIA. Why, gentlemen, if you would simply take the speeches made a few days ago on the floor of this House on the moratorium and compare them with the provision of this bill, you would realize what a silly attitude the House of Representatives is putting itself in at this time. You provide here for a conference, on what? On tariffs alone? No. On what? On finances; and after providing for an international conference on finances you state, "We will talk finances, but our delegates can not talk about intergovernmental debts." Is this the way to approach the countries of the world—to ask them to sit in conference with us to adjust barriers and discriminatory tariffs and retaliatory measures and finances, concessions which we will ask of them, but they can not ask anything from us? Why, gentlemen, if you want section 4 there, strike out "permanent"; ask for an economic conference to be held in Washington; limit your conference to questions of tariffs and trade relations; strike out finances, thereby eliminating a repetition of the declaration of Congress on the question of intergovernmental debts; and, by all means, you who are seeking to protect your legislative prerogatives, provide in there that any agreement on the question of tariffs or affecting the revenues of the United States must first be approved by the Congress of the United States. [Applause.]

If you do this, I will support the bill; but as the matter is now, gentlemen, we are very sorry to say we can not. The progressives are sincere in amending this bill. We want tariff reform. We fear this bill as it is will not do it. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Utah [Mr. COLTON].

Mr. COLTON. Mr. Chairman and members of the committee, the one thing about this bill which I appreciate is that its framers recognized the theory of the Republican Party as being correct. In framing a tariff bill the difference between the cost of production at home and abroad is generally considered the correct standard or measuring stick. In this very measure, recognized as the proper yardstick in determining tariff rates, they then proceed to rob it of all its virtues by their definitions and restrictions. Surely this bill is the work of novices in preparing an American tariff bill.

For instance, they say that in ascertaining the cost of production of any article among the things which may be considered are freight charges and all other charges incident to transportation, including transit insurance, and so forth, as may most nearly insure equal competitive opportunity to domestic articles and like or similar foreign articles in the principal consuming region or regions of the United States.

Let us look at this for a moment. Where are the principal consuming regions of the United States? Certainly, they must be in the center of population. The center of population is somewhere in Indiana. Surely, around Chicago you have one of the principal consuming regions of the United States. Transportation costs are always a major item. Now, you add the freight from the ports of the east coast to the cost of a given article that is imported from foreign countries to the center or the region of consumption, and you actually put a premium on many of the articles imported into this country. For instance, take cement. If you add to the cost of the foreign-produced article the transportation from the eastern coast to the center of consumption, you actually give a premium on foreign cement. You can see at once how unfairly this would work out, and I am sure no expert ever wrote that provision.

So you might go down through all these limitations or definitions. Most of them nullify the theory announced, and which we believe is the correct one. They recognize in principle the old doctrine of the Republican Party, and, I repeat, then absolutely nullify it by the restrictions and the definitions. If an article is manufactured, say, in Chicago, it would be placed at an absolute disadvantage as compared with a foreign-made article. It would, in fact, result in a disadvantage to all inland articles whose markets are chiefly in the interior of the country. It is just another practical example of a Democratic tariff bill.

Just one thought with reference to the consumers' counsel. The gentleman from Oklahoma, Judge GARBER, the other day propounded questions to the gentleman from Mississippi [Mr. COLLIER] that have remained unanswered. Who are the consuming public who need counsel more than the producing public, particularly in the agricultural lines? Every producer is a consumer. Often his power to produce determines his capacity or ability to consume.

I say, with all due respect to those who are advocating this measure, that it is, after all, a reflection on the intelligence and integrity of the Tariff Commission. Will they not look after the interests of the consuming public? Are they not doing it now? Who is complaining of any action of the Tariff Commission? Who will say that the interests of the consuming public have not been carefully guarded and protected? Men have been frank enough to admit that we have high-class men on the Tariff Commission and that

they are doing splendid work. I fully concur in that statement. That commission is composed of able, honest men. No one has requested this counsel. Are we to infer that the Tariff Commission will not give the consumers a square deal?

The plain inference of this bill is that the Tariff Commission may not give the consumers a square deal. Why is that inference being drawn? Why the fear that the consumers of the country will not get a square deal any more than that the producers will not get a square deal?

I repeat again, if that provision goes in this bill, it is a challenge of and inference of lack of intelligence on the part of the Tariff Commission.

Mr. YON. Will the gentleman yield?

Mr. COLTON. For a short question.

Mr. YON. Does not the gentleman think Congress has delegated too much authority and has already in the past given these commissions too broad authority?

Mr. COLTON. I do not share that belief; but if it were true, you are going ahead and delegating more authority and creating a new job for one class of people in the United States who are not complaining and who are now fully protected. Certainly, you are not correcting any evils suggested by the gentleman's question if you enact this bill into law.

Now, I want to call attention particularly to clause 4, which I think is the worst part of the bill. I have listened to nearly all of the speeches delivered on both sides of the House during the consideration of this bill. I have not heard any one state clearly what is intended by section 4 of the bill. One gentleman said that the conference which will be created will immediately proceed to level down the tariff walls. What constitutes a tariff wall? It can only be the rates. Is it intended that the permanent commission shall proceed to level down the rates in the tariff bill? Is that the intention? Are you creating a "League of Nations" to consider the tariff, which is a purely domestic problem?

Oh, no, said one; they must just discuss the matter and report to Congress. Then is it a high-class permanent debating society that will discuss the tariff rates, a purely domestic question? Is that the intention of this commission? Those who are championing it should explain what is meant by the words "with a view to lowering excessive tariff duties and eliminating discriminatory and unfair trade practices." How can they lower excessive tariff duties? We have now a fact-finding body that reports on excessive tariff rates. This gives new and added duties.

Then you are going to discuss the rates and lower the tariff. If it does not mean that, it is perfectly meaningless. The Congress of the United States now can deal with excessive rates. We can now consider bills to lower excessive rates. No one has introduced a bill to lower rates; they are all to raise them.

Who has complained of excessive rates? On what items are there excessive rates? Why not introduce a bill now to lower some of these excessive rates? Under the provisions of this bill, if it goes into effect, who will determine whether the rates are excessive? Who will determine what particular duties are excessive and who will lower the tariff walls? Who is to determine when the tariff walls are too high? You say Congress? Congress can do that now. What, then, will this conference do?

Ah, gentlemen, if the bill passes, you are creating a foreign conference that shall deal with purely domestic problems, and you are inviting foreign nations to discuss these purely domestic questions. Do we need to call on the nations of the world to solve our purely domestic problems? American ways may not be the best for the whole world, but they are the best for America. Let us keep away from foreign entanglements. We have imported too many isms into this country already, I fear, and we need to get back to first principles and consider only Americanism. [Applause.] Let us jealously guard our own privileges and give not away our rights to others.

We can not afford now to deal in any uncertainties. This is no time for experiment. We must keep our feet on the rock of Americanism and work out our own domestic problems. You are launching a proposition that has not been clearly defined; you are creating a conference, a permanent conference, if you please, that shall last indefinitely to deal with problems which America is big enough to work out and big enough to deal with alone. [Applause.]

If without clearly defining, without clearly setting forth the duties of this commission, you launch a movement of this kind, and if you create this commission, then you are opening still wider the door to our participation in foreign affairs. You go farther and invite foreign nations to discuss our purely domestic problems, which we are amply able to solve ourselves. America must be free to work out her own destiny. [Applause on the Republican side.]

Mr. HAWLEY. Mr. Chairman, I yield eight minutes to the gentleman from Ohio [Mr. MOUSER].

Mr. MOUSER. Mr. Chairman and members of the committee, a reading of the debates when the so-called Hawley-Smoot bill was under consideration by this House will reveal the interesting fact that the leaders of the then minority party were promising this country that if they came into power, they would revise what they termed the high and unreasonable rates in that enactment. I do not need to mention any names, because it is not necessary to indulge in personal references, but there were statements made in this House and statements were given to the press, and the Democratic speakers at meetings made that promise. The then minority party is now in power, and we find the leaders of that party disclaiming any intention at this time to revise what they claimed to be unconscionable rates. The chairman of the Ways and Means Committee made a most significant statement yesterday in stating that consideration of revising the rates would not take place until after 1932. Nineteen hundred and thirty-two has a most peculiar significance at this time, because it is a presidential year. They do not mention any particular rates that they would reduce, because they are afraid of the political effect. I think it is only fair to state, in view of the case that the majority party made before the American people at that time, that the majority party now has had an entire change of front in their attitude because of apprehension as to the political effect of a revision of the rates. However, from a political viewpoint it has become absolutely necessary for the Democratic Party to make some gesture in regard to the tariff, and so we find occupying the time of this House, when so much constructive legislation is needed, consideration of H. R. 6662, known as the Collier bill, which can not be considered more than a mere gesture in view of the present position taken by his party in questioning rates. But the gesture, if enacted into law, is a dangerous departure into unknown realms. Under section 4 of the act there is provided an international economic conference. In other words, there is to be a tariff league of nations, foreign powers having a voice in fixing domestic rates for American industries employing American labor. I understand the distinguished gentleman from Illinois [Mr. RAINEY], the majority leader, has stated to the press that it would be unwise now to revise the tariff because foreign nations now have higher tariff walls than the United States. I direct his attention to an editorial appearing in the Cincinnati Times-Star of January 6 last, and I was amazed at his confession to-day that it would be unwise to lower existing tariff schedules, or to obtain a general revision of the tariff, because it would add further to the depression.

Mr. RAINEY. Mr. Chairman, will the gentleman yield?

Mr. MOUSER. Yes.

Mr. RAINEY. I do not think the gentleman quite caught the drift of my argument. My argument was to the effect that you can not accomplish revisions in the drastic, old-fashioned way, but that you must use this avenue of approach. It is the foreign tariffs that are keeping our goods out of Europe.

Mr. MOUSER. I say to the gentleman if that is what he meant, then before his remarks appear in the RECORD to-morrow morning he had better revise and change them because he made a self-conscious admission that everybody

realizes, and if this is not his thought, he should revise his remarks.

If only approximately 7 per cent of American-made goods and produce is exported and 93 per cent is consumed in this country, what becomes of the interests of the great majority of those engaged in conducting enterprises employing labor in this country if the protection afforded through tariffs is fixed by an international economic conference, or by a tariff league of nations?

It is interesting to realize that 7 per cent of those industries that export or produce are the so-called big-business interests who cooperate with the international bankers. That is the reason that an effort is now being made by camouflage, by transferring a domestic issue, such as the tariff, to those who have interests foreign to ours, the representatives of foreign nations. I do not believe that this camouflage, this smoke screen to turn over the interests of the American people to foreign nations who are not interested in their welfare, will meet with their approval. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. HOPKINS].

Mr. HOPKINS. Mr. Chairman, during the past year and one-half it has been a common occurrence to hear Democratic speakers denouncing the supposedly high rates of the Hawley-Smoot tariff bill. These rates have been called iniquitous, outrageous, embargoes, robber tariff; all manner of invectives have been used against them, and Democratic Congressmen have called down the wrath of the gods in demanding reduction of rates.

In almost every hamlet and town of the United States this cry to reduce the tariff rates has been raised by members of the Democratic Party. Promises, direct and implied, have been made that should the Democrats ever get control of Congress these rates would be reduced. These statements were made, of course, before these same Democrats gained control of the House and put themselves in a position to pass a new tariff bill, with whatever rates they please.

In order to prove the sincerity of their loud and oft-repeated criticisms it would seem obligatory on them, now that they are in the majority, to offer a bill reducing the present rates. [Applause.]

During the campaign of 1930, and almost daily since then, my Democratic colleagues from Missouri criticized the tariff rates as being too high. They came into my district and urged the people there to defeat me and elect some one who would vote for lowered protection for labor, agriculture, and industry. Let me refer you to some of the speeches made by Missouri Democratic Congressmen in 1930 and 1931.

On pages 12675 to 12677 of the CONGRESSIONAL RECORD for the second session of the Seventy-first Congress, under the date of July 3, 1931, JACOB MILLIGAN, Member from the third Missouri district, voiced strong protest against the increased rates in the tariff act. Yet I have just received a review of all the bills introduced since his party assumed control of the House and I find that the gentleman from Missouri [Mr. MILLIGAN] has not introduced even one amendment to correct these abuses that he charged existed in the tariff law. Furthermore, I have listened with patience to the hearings before the committee considering tariff revision and I have not heard the gentleman from Missouri or any one of the other 11 Democratic Members from Missouri make a single request for any reduction in the tariff rates.

Going a little further into the RECORD, I find speeches denouncing the tariff rates as too high and implying thereby a demand for reduction from the following Members of Congress from Missouri:

Hon. RALPH LOZIER, second district of Missouri, CONGRESSIONAL RECORD, page 10820, Seventy-first Congress, second session; Hon. CLARENCE CANNON, ninth district of Missouri, CONGRESSIONAL RECORD, page 12520, Seventy-first Congress, second session; Hon. JOHN J. COCHRAN, eleventh district of Missouri, CONGRESSIONAL RECORD, page 10774, Seventy-first Congress, second session; Hon. WILLIAM L. NELSON, eighth district of Missouri, CONGRESSIONAL RECORD, page 11048, Seventy-first Congress, second session.

While Hon. HARRY B. HAWES, Senator from Missouri, and Hon. MILTON A. ROMJUE made no general speeches against the bill that I could find, yet they voted against it, and it must be presumed that they disagreed with its rates.

Now, with all this criticism on the part of my colleagues I naturally expected to find that they would try to change these rates as soon as they organized the House. If my colleagues from Missouri believe that the tariff rates are too high and that the tariff is responsible for the many unfortunate conditions that they charge, I think it would only be reasonable for me to expect them to at least offer a bill to make these rate changes. That is a privilege any Member has. Anyone can offer a bill and get a full and sympathetic hearing before a committee.

Imagine my surprise when I find that not one Missouri Congressman has offered a single bill to make any of the reductions that they have demanded. Not one Missouri Congressman has appeared before the Ways and Means Committee requesting any reductions.

But my colleagues from Missouri are not alone. On page 12670 of the CONGRESSIONAL RECORD of the Seventy-first Congress, second session, the Hon. JOHN N. GARNER, now our able and genial Speaker, called the present rates "iniquitous." No doubt he spoke many times later against the rates in this bill. On page 1143, CONGRESSIONAL RECORD, Seventy-first Congress, second session, Hon. HENRY T. RAINEY, floor leader of the Democratic Party, called the rates "indefensible." On page 10782 of the RECORD, Seventy-first Congress, second session, JAMES W. COLLIER, now chairman of the committee that has full charge of all tariff bills, called the rates "iniquitous." Even John J. Raskob took occasion to send a telegram to the minority leader of the United States Senate criticizing the tariff bill and urging the Democrats to vote against its rates.

With this formidable array of Democratic leaders demanding rate reductions, would you not have expected at least one of them to have introduced a bill to reduce some rates? Yet not one of them did introduce such a bill.

You will find it of great interest to analyze the tariff bills presented by the present party in control of the House, the Democrats. I urge each of you to make this study I have made. It is most interesting and enlightening.

Five Democrats have offered tariff amendments:

First. Mr. EVANS of Montana proposed a rate change for copper products (H. R. 266).

Second. Mr. HASTINGS, of Oklahoma, proposed an amendment affecting mineral oils, petroleum, kerosene, gasoline, and so forth (H. R. 4571).

Third. Mr. DISNEY, of Oklahoma, also proposed an oil amendment (H. R. 5658).

Fourth. Mr. CRISP, of Georgia, introduced an amendment to provide a tariff on certain imports from the Philippines and to give back to the islands the duties thereby collected (H. R. 6391).

Fifth. Mr. COLLIER, of Mississippi, introduced for the committee a bill that makes no change in rates and is the one now under consideration.

Now, get this: Five bills introduced by members of the Democratic Party in control of this House and not one reduction recommended. All of the above bills, except that introduced by Mr. COLLIER, either recommended an increase in present rates or proposed to take articles now on the free list and put tariff rates on each.

In this connection I want to read part of an editorial appearing in the Washington Post January 6, 1932:

> For a year and a half the Democrats have joined in a great uproar against the Smoot-Hawley tariff. The party's most exuberant orators have pretended to trace the roots of the depression to this "iniquitous" Republican policy. Democrats have clamored for election so that they might rip the Smoot-Hawley Act into shreds. Now that they have control of the House they completely ignore the alleged "vicious rates" of which they have spoken so much and suggest an amendment to the flexible provision. The roaring lion steps forth as an apologetic mouse.

The bill that we have under discussion and that bears the official stamp of the Democratic Party does not recommend

a single change in the tariff rates on any article. It simply destroys one of the finest sections of the act. It destroys the "flexible" clause by requiring the recommendations of the bipartisan Tariff Commission—three Republicans and three Democrats—to be made to Congress instead of to the President as at present. They throw politics into the section of the act that made it possible to settle rates on an economic rather than a political basis. They destroy the effectiveness of the flexible clause in two ways:

First. Congress is in session only three months one year and six months the next. Thus during the greater part of the time the commission would have no one to whom it could report; and

Second. The gentlemen well know that Congress, composed of as many different elements as it is, could never consider a rate change on a single article without settling it entirely on a political rather than on an economic basis.

After so often hearing tariff rates abused during the past 18 months, after hearing the tariff charged with causing the depression, destroying our foreign trade, and ruining the country in general, we get from the party in control of this House this gesture. I am reminded of the story recently told by that delightful gentleman, the Representative from Oklahoma, TOM D. MCKEOWN, of the demented artist who placed on exhibit his masterpiece which he had labeled in large letters, "The Children of Israel Crossing the Red Sea, Pursued by Pharoah." When the art critics came to this picture to examine it they found it but a blank sheet of canvas. When asked to explain, the demented artist insisted it was a painting of the children of Israel crossing the Red Sea, pursued by Pharoah. "Well," said the critics, "where are the children of Israel?" "They have already crossed over and are now out of sight," answered the demented artist. "But where is the Red Sea?" he was asked. "Oh, the Red Sea has opened up to let the children of Israel pass through and can't be seen from this view," was his answer. "Where is Pharoah?" was then asked. "Pharoah is pursuing, but hasn't arrived on the scene as yet," was his quick reply.

And so it seems with this tariff bill, for to all practical effects it certainly might just as well be a blank sheet of paper.

Of course, we know that the tariff did not cause the depression. We also know that the tariff has not destroyed our foreign trade. The tariff bill did not pass Congress until after the depression had been on for more than six months. Only by political demagoguery could the depression be charged to the tariff.

Our foreign commerce, instead of being destroyed has fallen off less than domestic production. Mr. Feiker, Director of the Bureau of Foreign and Domestic Commerce, states that our foreign trade, imports and exports combined, fell off 15 per cent while our domestic production fell off 16 per cent and car loadings fell off 19 per cent. By analyzing this further we find that our imports declined but 10 per cent, while our exports declined 20 per cent. In other words, our foreign competitors gained a 6 per cent margin over domestic producers.

The people of this country are beginning to realize that a world-wide depression over which we had no control is at the root of the unfortunate conditions that have affected our domestic and foreign commerce and not the tariff. This will be forcefully brought to a realization when they understand the intent of this tariff bill that is not a tariff bill.

In closing I again want to quote from an editorial in the Washington Post, January 5, 1932:

> From beginning to end the Collier bill must be considered a political maneuver. It would not help to end the depression. It is not intended to do so. It is framed for political purposes and not for the relief of the American people.

[Applause.]

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, January 9, 1932.

HON. DAVID HOPKINS,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: With respect to your telephone request, you understand, of course, that the statement in my review of foreign trade in 1931 to the effect that "the physical volume of our total foreign trade in 1931 was reduced by only 15 per cent" is an estimate based upon the best available evidence regarding the price changes which have occurred during the past year. Since we do not have price information for all the commodities which enter our foreign trade, it is impossible to arrive at more than an approximation as to the actual quantity decline.

The method used in calculating the quantity decline for exports is as follows: The value of our exports in 1930 amounted to $3,843,000,000; for 1931 (with December estimated), to $2,425,000,000, a decline of 37 per cent. In other words, expressing the 1930 value as 100 per cent, the 1931 value was 63 per cent.

A calculation based on 10 months' figures of price changes of articles entering our export trade for which we have information for both value and quantity shows that the average unit value (or price) of exports declined by 21 per cent from 1930 to 1931. In other words, if the average unit value (or average price) for 1930 be stated as 100 per cent the average unit value (or average price) for 1931 was 79 per cent.

Dividing the index for value of exports for 1931 (63) by the index for average unit value (79), the result is 80, which expresses the index of the quantity of our exports in 1931 as compared with 1930. This means, therefore, that the estimated decline in the quantity of our exports was from 100 to 80, or 20 per cent.

The same method was followed in the case of imports, which amounted to $3,061,000,000 in 1930, and were estimated to amount to $2,100,000,000 in 1931, or, expressed as percentages, 100 per cent in 1930 and 69 per cent in 1931. Average unit value (or average price) of articles in our import trade, if expressed as 100 per cent for 1930, was 76 per cent for 1931. Dividing 69 by 76 gives a value of approximately 90 for the quantity of our imports in 1931, as compared with 100 for 1930. This indicates an estimated decline of 10 per cent in the quantity of imports.

Using the above price adjustments and the same methods, the quantity decline for our total foreign trade (i. e., imports and exports combined) amounted to 15 per cent. This decline in the quantity of our foreign trade compares with a decline of 16 per cent in the Federal Reserve Board's index of industrial production and of 19 per cent in freight-car loadings, as stated in my release.

The decline in industrial production was figured on the basis of the Federal Reserve Board's index of industrial production for the first 10 months of the year. The index for this period was 83, on the basis of the 1923–1925 average as 100 per cent, as compared with 99 for the same period of 1930. It was estimated that the last two months would not change this percentage to any extent. On the basis of the 11 months' figures, received after the estimate was made, the decline was slightly in excess of 15.5 per cent.

The decline in car loadings is based on the actual figures as reported by the American Railway Association. The complete figures for the year show a decline of 19 per cent.

I hope this brief explanation of the rather involved statistical method we used will be satisfactory. If not, or if you wish further information, please do not hesitate to call upon me.

Very truly yours,

FREDERICK M. FEIKER, *Director.*

Mr. CANFIELD. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Chairman, ladies and gentlemen of the committee. I have asked several members of the committee if the committee gave consideration to including in this bill the issuance of export-import certificates that are now in force successfully in quite a number of countries to level up or bring within any tariff circle the great surplus-producing farmers of the Nation. One of the chief troubles with the tariff system for many years has been that it has been lopsided, and it has had a tendency to destroy the purchasing power of one great sweep of our country, the agricultural and livestock sections. The system of forcing the people who live in those sections to purchase in a protected market, when they of necessity are compelled to sell in a world market, has gradually bled the agricultural sections white.

When paralysis develops in one portion of the body, if it is not given attention a slow paralysis will creep up on the rest of the body. They have channeled from the agricultural sections into the center of America the money of our land, and then the international bankers, as they are sometimes referred to, living where it was all congregated, have channeled it abroad, which has made the situation worse.

Take the cotton farmer, for instance, and in a large measure the wheat farmer is in the same boat: Cotton is produced as a world commodity. It is idle to talk about limiting its production to domestic needs. From 50 to 65 per cent of our cotton is exported, and it accounts for one-half of our export balance of trade. It must be produced on a world basis or a great portion of our people will be forced into other lines of activity. It is a natural world



commodity. The cotton farmer must bend his back and pick cotton after being forced to the double burden of purchasing his supplies in the higher-priced tariff-laden market and selling his commodity in the free markets of the world in competition with the cheap labor of the world. That should be corrected. The greatest fundamental principle of any free, democratic country is equality in the operation and application of its laws.

This bill illustrates the fact that in the great disorganized portions of the far-reaching stretches of America the agricultural voice, as a rule, is not heard. They have a consumers' counsel, but no producers' counsel; they have a discussion of the raising and lowering of rates, but not of bringing the surplus-producing farmer on a basis of equality with industry. I do not know how is the best way to have it done. But the Tariff Commission should study the whole field.

The export-import certificate system would at least tend to accomplish this end. As an independent proposition, I would not favor it, but as a means of restoring to the surplus-producing farmer what is now taken away from him in the form of increased prices on the tariff-laden supplies, implements, and facilities which he must buy, nobody can deny its justice. If some one has a better plan to suggest, I would like to have it, and if it is not included in this measure I would like to offer an amendment to the effect that a study of that measure may also be included. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield seven minutes to the gentleman from Pennsylvania [Mr. GOLDER].

Mr. GOLDER. Mr. Chairman and fellow Members of the committee, I have listened with a great interest to the debate on this bill. Many times have I heard the question asked: What is the meaning of section 4, and where will it lead us?

Perhaps the psychic forces and the supernatural can answer the question.

I know nothing of the future, and yet there are times when the subconscious mind receives a message which foretells those things which may arise. A very strange thing happened to me last night. Before retiring I went to a news stand and attempted to purchase a periodical known as Ballyhoo. I was advised that all the copies had been purchased for use at the Jackson Day dinner. However, wishing to be amused, I started to read H. R. 6662. As I waded through its labyrinth of hopelessness, I found myself, as did Bunyan's Pilgrim, in the Slough of Despond. I struggled to escape, both from the slough and from its complement, H. R. 6662, and suddenly I found myself entering upon the floor of this House. Here I found the gentleman from Mississippi, the chairman of the Committee on Ways and Means. He handed me a program, saying "Here it is; it may not be good for you and you may not like it, but good or bad, like it or not, you will get it."

The program read as follows:

A COMEDY IN ONE ACT, ENTITLED "OUR GUESTS ARE ALWAYS RIGHT"

Produced by the Democratic Party of the United States.

Financed by the taxpayers of the United States.

Time: When and if H. R. 6662 should become a law.

Stage managers: EDWARD W. POU, JAMES W. COLLIER.

Claque under direction of HENRY T. RAINEY. The veil was then lifted and the future disclosed as follows:

The first scene is laid in the White House, which has been turned over to a House committee consisting of representatives from Greece and Turkey. Guests are assembled; Uncle Sam (pronounced lamb by some of the guests), the host, is trying to look comfortable, having been cautioned against pickpockets. The meeting is opened with a selection by a quartet consisting of the following:

Guest Smackem Down, England; Guest Holdem Down, France; Guest Cuttem Up, Austria; Guest Dishem Out, Germany. (All experts in their various lines and specially trained for this occasion.)

The title of the ballad is "The Sacrificial Lamb Is Before Us." (This ballad is dedicated to the host, Uncle Sam, by special permission of the author and copyright owner, the League of Nations.)

Uncle Sam addressed the meeting as follows: "Guests of my country, your acceptance of the invitation extended to you by direction of section 4 of H. R. 6662 is not entirely unexpected. My recollection and my many bruises prompt me to say that for many years have you, my many neighbors, volunteered to draft the tariff policy of my country. Our regret at being unable heretofore to accept your offer can only be equaled by the trade and debt balances still in our favor." (Voices from the guests, "We'll soon settle that.")

The GUEST FROM FRANCE. Mr. Host, whose picture do I see hanging behind your chair?

UNCLE SAM. That is a picture of George Washington, the Father of our Country. I am afraid that we meet in the wrong room. It was he who advised my country against foreign entanglements. [Loud laughter and jeers from the guest.]

The meeting suspends to receive a report from the League of Nations. In accordance with this report and the directions contained therein, the guests from France and Germany advance to the rostrum and turn the face of the picture to the wall amid wild applause from the assembled guests. A sickly smile spreads over the face of Uncle Sam, who eases his conscience by reading section 4 of H. R. 6662 and mutters, "Our guests are always right."

The guest from Germany is next recognized by the host.

The GUEST FROM GERMANY. My fellow guests, during the war many soldiers from the United States lost their arms, legs, and eyes. I can truthfully claim, with a proper measure of modesty, the responsibility for that work. What is left of these men now requires false legs, false arms, and false eyes. I maintain, on behalf of my country, that having brought about the loss to these men by our soldiers, that our manufacturers should be permitted to supply the present needs. [Cheers and applause from the foreign guests.]

UNCLE SAM. Will the gentleman yield?

The GUEST FROM GERMANY. Yes; but very little and very sparingly.

UNCLE SAM. Does the gentleman desire to repay the other losses caused my country? [Boos and jeers from the guests.]

Here the guest from Germany raised the point of order that the host was out of order, that the subject was "verboten," and by a viva voce the guests sustained the point which was made by the guest from Germany.

The guest from Germany continues:

Behold, my friends, when my manufacturers attempted to send to these crippled American soldiers false legs, our host erected a tariff wall and our goods were excluded and my industries threatened. I move, therefore, that the tariff law of the United States of America be amended to permit the importation into the United States of all goods manufactured in my country. That is true democratic reciprocity. We took their natural limbs; we will sell them our artificial ones. [Great applause from foreign guests, while great beads of perspiration appear on Uncle Sam's forehead.]

UNCLE SAM. Gentlemen, I desire to be heard in opposition to the motion.

[Here the guest from England reminds Uncle Sam that he is the host and that diplomacy and proper etiquette dictate that a host agree with a guest and that not to do so might strain diplomatic relations. Once again Uncle Sam seeks solace in section 4.]

On the motion the yeas were 57, the nays 1, and the applause tremendous.

[At this point leave was given to all guests to amend the tariff law of the United States within five days and ever thereafter in such manner as the business and economic conditions of their own countries dictate.]

This motion was carried by a vote of 57 to 1.

It was next moved "that all laws, agreements, treaties, and contracts to the contrary notwithstanding, that the laws of the United States be amended declaring a complete, full, and everlasting embargo against bringing into, receiving into, or

sending into the United States of America any payment from foreign nations on account of any debts due the United States."

The motion was carried, midst a wild demonstration.

It was then moved that a committee consisting of the guests from Japan, France, Italy, and England be appointed to reorganize the Army and Navy of the United States.

The motion is carried. Uncle Sam is now reading the Book of Job for solace.

At this point the cry was raised "When do we eat?" And the meeting was adjourned to allow the delegates time to distribute to the nations of the world the surplus wheat and cotton now in control of the Farm Loan Board.

A motion was made to extend the thanks of the meeting to the Democratic Party of the United States, sponsors of House bill 6662. The point of order was raised, however, that the Democratic Party had been swept out of existence and could therefore not be the recipient of any thanks. [No regrets were expressed.] It was then moved that the name of this bill be changed to read "This bill shall be known as the Democratic Frankenstein of 1932." Motion adopted.

When Uncle Sam was last seen he was stripped of all his clothes. He confessed that he lost his shirt by betting on 6662, but added that the guests had stolen his pants. He was trying his best to use 6662 as a loin cloth, but even the Democrats will admit that this act could not cover that subject.

I was extremely sorry for Uncle Sam. He was, indeed, in a sorry plight. He had been ruined by 6662. Suddenly I heard the wagon "from over the hills" with its clanging bells coming to take away Uncle Sam. I struggled to come to his rescue, when suddenly the stage managers producing this comedy appeared and blocked my way. The force of their numbers crushed me, I fell to the ground, and—I awoke with a copy of 6662 crushed in my hand.

Now, I ask you, Mr. Chairman and fellow Members of the committee, was not that a strange dream; and if 6662 would do this to me, can not you see what a hell of a nightmare is in store for the country if this bill should pass.

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. WHITE].

Mr. WHITE. Mr. Chairman, ladies and gentlemen of the committee, I beg your indulgence for these five minutes to make an observation about this bill and, possibly, to digress about some of the debate which has accompanied it.

I want to point out to you that yesterday I questioned a Member of the majority side of the House as to whether this bill in its present shape is designed to relieve the economic condition in this country, which, I think, is the most pressing thing before us. I find in this bill that it not only does not bring about any immediate change but it bars the way to any immediate change upon the tariff.

It has been confessed here that some 27 changes have been made in the tariff by the Executive and the Tariff Commission, and this bill closes the way to further changes of that kind and therefore is a measure to further delay any action that may be taken by way of the tariff in the interest of changes.

Then I want to look into the proposition that an economic council of all the nations of the world be called together to consider any economic problem of the United States.

I call your attention to the fact that we have had a great many international conferences recently, and we find ourselves virtually embroiled in Manchuria. We find ourselves with a great many treaties on our hands that commit us to a great many things, and I need make no apology because of my membership on this side of the House on this score, because the practice was started by a President representing the party on the other side of the aisle.

I insist any proposal that the economic interests of this Nation be placed in the hands of a conference in which we shall be in the minority is a proposal that the people of the United States will not stand for. [Applause.] If you go into a conference on any basis but equality, nobody will go in with you, and I challenge this side of the House to propose the suggestion that there is or ought to be established by us economic equality between the workingmen of this country and the workingmen of the rest of the world. [Applause.] If you go in with the majority against you and if you go in with your single vote, as a veto upon their power, you are going to acquire the scorn and hatred of the rest of the world in connection with this matter without accomplishing anything. [Applause.]

I hope I may be excused from any intention to plumb the mysteries of the mind of the majority, but if it is the purpose of this bill to reach a method of reducing the tariff by international agreements, I want to point out to you that there was a moment of lucidity in the minds of the majority members of this committee when it wrote the last four lines of the bill, which were stricken out. If you had added the single condition that it be approved by the Congress, I would have gone along with you on that. If we can make bargains by direct dealing with any nation which are of advantage to the people of the United States, I will go along with you, but unless we can make bargains on that basis I will have nothing to do with international dealings on our economic problems. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield seven minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON of New Jersey. Mr. Chairman and ladies and gentlemen, I have a sense of profound disappointment in the contents of this particular bill. I happen to come from a great industrial State of the Nation, which in normal times produces three and a half billion dollars worth of commodities; hundreds of thousands of men and women are employed, and we pay out a half a billion dollars for wages, with as high a standard of living as any community in the world. We have an important agricultural interest as well, representing an investment of hundreds of millions of dollars.

We are in a great depression to-day, as they are all over the world. We on this side had hoped that the Democratic majority of this House would come before us with some program that we could support that would really deal with some of our financial problems in a practical and statesmanlike manner.

We have got to explain this bill to our people at home, and I for one do not know how to do it without raising the question either of the sincerity or the ability of the majority leadership. The bill has three main provisions, and I can not make up my mind as to which of them is the worst from the point of view of the American people.

The first provision is designed to do away with the flexible clause in the present tariff bill. It provides that instead of having schedules passed upon by the commission, and the commission's recommendations passed upon by the President, the President shall be made a kind of glorified errand boy to carry messages from the commission to the Congress, and nothing can be settled except by vote of Congress.

This would make it practically impossible to settle anything in the nature of tariff schedules, because every proposal of the commission would be shuttled back and forth from one House to the other, and, in addition, we would have the tariff continually before Congress and continually disturbing business. The kernel in this nut is a veiled attempt to take from the Executive his functions and hand them over to the legislative branch of the Government.

In the second place, at a time when we are proposing to get rid of every fifth wheel in the useless governmental coach, you Democrats have brought before us in this absurd bill, a proposal to appoint a counsel for the consumers, who will be like Melchisedek, without spiritual ancestry, and certainly without spiritual progeny. [Laughter.]

Mr. KNUTSON. Will the gentleman yield?

Mr. EATON of New Jersey. I yield.

Mr. KNUTSON. The most of our living expenses are for food?

Mr. EATON of New Jersey. Yes.

Mr. KNUTSON. And most of the duties that the counsel would perform would be to block any effort made to protect prices on agricultural products?

Mr. EATON of New Jersey. Certainly; what consumer would he represent?

Mr. KNUTSON. The consumers in town.

Mr. EATON of New Jersey. The chief effect of this provision will be to give a position to some shyster lawyer, who will get twice as much pay as he ever could earn at home and do half as much good.

Now, last, but by no means least, we have an international conference, set up for the purpose of giving the other nations of the world the right to determine our tariff legislation. We will have quite a disturbance on the majority side of the House when we bring up the proposal for financing the Geneva conference, because of the recommendation to spend some money on it. But here is proposed a continuing conference which, whatever else it may do, will certainly spend lots of money. This international conference will have all kinds of questions before it, and what will be the use of it? I hold that the first duty of this Congress is to the people of the United States of America. [Applause.] You can not have an international economic conference which will confine its discussions simply to the schedules in our tariff. It will have to consider, for instance, immigration. What is the need of immigration laws if we have no tariff, and what is the need of a tariff if we have no immigration laws? It will have to discuss international debts, because we are now the greatest creditor nation in the world. And our debtors will insist on discussing our American tariff in connection with their payments on their debts to us.

Mr. STRONG of Kansas. Why on earth do we want to let European nations have anything to say about our tariff laws?

Mr. EATON of New Jersey. We do not make our tariff laws with reference to anybody but our own people. They are designed to protect American labor and American property.

Mr. PERKINS. I would suggest that the bill be called a bill to provide for internationalism.

Mr. EATON of New Jersey. I suggest it be called a bill to provide for an underhanded way of getting free trade worked into our system of economics.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. EATON of New Jersey. Glad to.

Mr. CHINDBLOM. What would be the work of the consumers' counsel except constantly to object to tariff duties on behalf of the consumers.

Mr. EATON of New Jersey. Certainly, he would be the great objector.

Mr. CHINDBLOM. And of course it is an effort to get not only a representative, but an institution and establishment of the Tariff Commission which will be constantly favoring the Democratic idea of the tariff.

Mr. EATON of New Jersey. And the chief job of the consumers' counsel would be drawing his salary and constantly adding to the number of his bureaucratic employees.

Last night we heard over the radio three speeches from three of the vanquished veterans of the late unpleasantnesses. I am surprised that this great organization, the Democratic Party, should put up three dead ones at this particular time to outline their policy in the coming campaign. The first gentleman from New York proposed that the people from Oklahoma and Texas and the other heaven-blessed section of the country where Democrats are always in control, should be taxed to help the poor people in New York City which sucks into its coffers the economic resources of every part of the Nation and uses these resources in one way or another largely for the benefit of the people located on Manhattan Island. Al went even further when he got warmed up and proposed that we should tax the people of the whole country to help build tunnels and bridges under and over the Hudson River. The only good point to that of course would be that these structures would lead into New Jersey.

The second gentleman, a finely poised and cultured example of the American manhood, made a beautifully worded speech which did not mean very much except that in each of the last three presidential elections he disapproved of the judgment of the American people in electing Republican Presidents.

The third orator based his political philosophy upon the thesis that "when a man has acute appendicitis we do not take him to a beauty parlor." All three of these inspired pathfinders pulled their punches in a fashion never before known at a Jackson day dinner. Like the authors of this absurd bill they were merely shadow boxing for political effect. The sad fact is that the Democratic leaders in and out of Congress are floundering in the fogs and bogs of world-wide distress like all the rest of us, and in spite of gestures, like this present bill made in the hope of party advantage, they do not know the cause of our ills nor where to find a cure.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield three minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH of California. Mr. Chairman and Members of the committee, I did not vote for the 1930 tariff act and for which I make no apologies, although I believe in an adequate and equitable protective tariff.

I regret very much that we have not before us at this session of Congress a comprehensive and constructive tariff bill, making it possible to correct the inequalities in the present law. The bill before us for consideration does not offer this opportunity.

This bill is objectionable because it would absolutely destroy the flexible provisions of the present tariff law. Section 4 of the bill provides for a permanent international economic conference. In other words, it would set up another League of Nations to deal with our tariff laws, which is a domestic matter.

If our present tariff laws are overdrawn and have interfered with our foreign trade, the place to make the correction is here in the United States Congress and not at a round-table conference of nations at The Hague.

Mr. Chairman, I am unalterably opposed to the League of Nations and I am unalterably opposed to the World Court.

We should get out of Europe and not farther into it, therefore I am going to vote against this bill. [Applause on Republican side.]

Mr. CANFIELD. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Chairman, I was very much amused by the statement of the distinguished gentleman from New Jersey [Mr. EATON] about the dead statesman who appeared last night on the program at the Jackson Day dinner. He is entirely mistaken. The one who is politically dead is the gentleman at the other end of Pennsylvania Avenue, President Hoover. The gentleman from Illinois read the parable of the mountains that labored and brought forth a mouse, and he was pleased to label this bill a political mouse. If it is a mouse, it seems passing strange to me that the veteran politicians on the Republican side of the aisle should be so frightened at its appearance and purposes. I have always understood that only timid people became frightened at mice.

Let me call attention to another parable that might interest you, the parable of the lion that was tied down by strong ropes. He was unable to release himself. Finally a little mouse came to his rescue and gnawed through the ropes and gave him liberty and freedom. That is what we propose to do by this bill. We propose to liberate commerce, industry, agriculture, and labor from the tariff ropes which the Republican administration created by the Hawley-Smoot tariff law. Some complain that we have not gone far enough in our determined effort to lower the tariff walls that encircle this Nation and impede the natural flow of commerce and business.

You know that when a patient is desperately ill you have to start out with small doses in order not to overcome his debilitated constitution. The dose is gradually increased until the patient fully recovers. This bill represents the initial step that will eventually lead to the adoption of a systematic, scientific, and common-sense tariff policy that will function the same for agriculture, labor, and inde-

pendent business, as it now does for privileged and favored classes.

Mr. EATON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. DIES. I do not have the time.

We are confronted with a great economic crisis in this country, and if there ever was a time for patriotism and unselfishness on the part of the American Congress it is today. The 7,000,000 unemployed people and the twenty or thirty millions of people who are directly dependent upon them for support and maintenance, the millions of farmers who are compelled to sell their products below the cost of production and who are faced with mortgage foreclosures and oppressive taxation, and the thousands of independent business and industrial concerns that are threatened with bankruptcy—all of these unfortunate and unprotected groups in our economic life are looking to this Congress for a constructive program of relief.

It is, therefore, with keen disappointment that I witness the partisan and selfish attempt of the Republican Party in this House to defeat this constructive legislation. I did not have much faith in President Hoover's appeal to the membership of this House to subordinate partisan considerations in the interest of our distressed and suffering country. But I had indulged the fond hope that partisanship would be put aside during the existence of this national emergency; that patriotism would rise above partisanship, and that Members of every political faith would cooperate for the common weal. But instead of receiving this cooperation which every consideration of justice and fairness entitled us to expect, we find the minority party in the House employing every possible device and every specious argument to delay, if not to defeat, the passage of this measure.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. DIES. Not now. How can you expect us to blot out the multitude of sins and iniquities that the Republican Party has accumulated during 13 years of misrule, at one fell swoop and by one legislative enactment? You ought to be fair enough to give the Democratic membership a sufficient opportunity to undo what you have done and to rectify the mistakes of your short-sighted policies.

Surely you must recognize that your tariff laws have not worked successfully. Since the passage of the Hawley-Smoot tariff law, which was conceived in iniquity and engineered through Congress by the predatory interests, the most disastrous consequences have ensued. The markets of the world are closed to our export trade, thousands of our factories are closed, and many thousands of others are operating at half capacity, while on every hand may be seen the spectacles of hunger, want, and despair. Recently in New York a merchant advertised in box-car letters over his store as follows:

The depression is over, the panic is on.

But yesterday our country occupied the foremost place of honor and power among the nations of the world. From the auspicious union of order, freedom, and individualism there sprang up in our country a prosperity of which the annals of human affairs furnish no example. Under the benign influences of democracy we rapidly rose to the place of umpire among the powers of the earth. By wise and resolute good faith we gradually established a public credit fruitful of marvel, which to the statesman of any other age would have seemed almost incredible. Prosperity was dispensed with liberal hand from the horn of plenty, and we became the arbiters of human destiny.

Then suddenly the scene changed. In place of prosperity we behold poverty. In place of humming factories and thriving commerce we are saddened with the sight of idle workshops, idle men, and idle money. Many countries have enacted retaliatory tariffs against us, with the result that our exports have fallen off over $2,800,000,000 since the enactment of the Hawley-Smoot tariff law. Is there any wonder that there has accumulated in our warehouses a tremendous surplus of manufactured articles and agricultural commodities for which there is no market here in America or elsewhere? Is there any wonder that many plants are moving to foreign countries and thereby building up the industry and wealth of those countries and furnishing employment for their workingmen? In Canada alone, according to a report made to the Senate, dated January 20, 1931, the Secretary of Commerce reported that the number of American-owned branch and subsidiary manufacturing plants in Canada in 1929 was 467, with an investment of $513,864,000. On September 17, 1931, the number of such American-owned plants in Canada at that time was 1,071, with a total capital investment of $1,189,594,000. In England recently there was much rejoicing because the papers announced that in one section alone 40 American-owned plants were being established.

It is therefore high time that our tariff should be taken out of politics and established upon some scientific and systematic basis. Under the present law the Tariff Commission reports to the President proposed changes in classifications, or the basis of values, or rates of duty within a limit of 50 per cent, above or below, those provided for in the law. The Tariff Commission must make its report to the President, and not to Congress, and the President alone has the right to act upon the recommendations of the commission and to increase or decrease the tariff rates, as he sees fit. The President should never have been given this power. The power to fix tariff rates was vested by the Constitution in the Congress of the United States, and the Congress should never have delegated this solemn duty to the President. It was a dangerous precedent, involving the centralization of power and authority in the hands of the Executive, to the detriment of the legislative branch of our Government. But under this bill the President must, upon receipt of the report of the commission, promptly transmit the report to the Congress with his recommendations, if any, with respect to the increase or decrease in duties proposed by the commission. It then becomes the duty of Congress to make such changes as circumstances may require. This bill, therefore, restores to the people the power that was improperly, and contrary to all the principles of democracy, vested in the President. Under an incompetent President this power could be exercised to incur favors and strengthen not only himself but the party that he represents.

This bill also provides for the establishment of a consumers' counsel whose duty it will be to represent the millions of unorganized and unprotected consumers of this country. Under our present system the millions of individual and competitive citizens have no voice in the determination of tariff rates and tariff policies. On the other hand, the privileged and favored classes who are well organized and represented by the ablest attorneys, auditors, and experts that unlimited wealth can procure are able to conceal and distort the facts and thereby secure for themselves exorbitant and unreasonable rates. Many of the industries that secure these favors are unwilling to pass on to their employees and a helpless consuming public a fair share of the benefits received. Under our present system the millions of farmers have no voice in the determination of our tariff rates and policies, but they are compelled to pay for these exorbitant rates in increased prices for the necessities which they require, and in decreased prices for the products which they must sell. There is no effective tariff to protect the farmers of this country who have exportable surpluses, such as the cotton, corn, and wheat farmers.

They must sell what they produce in direct competition with the cheap pauper labor of foreign countries, but they are compelled to purchase in a market where prices are maintained by the tariff laws at an artificial, and, in many instances, unreasonable level. This bill is the first great move leading to the ultimate objective of making the tariff law function for the farmers the same as it does for big business. It is not perfect, but compared with the selfish policies of the Republican administration in its efforts to enrich a few at the expense of the many, and to take from the farmers and wage earners the fruits of their toil in tariff and taxes to increase the already swollen fortunes of the protected few, it marks a great advancement in unselfish economic legislation.

But the bill does not stop here. Recognizing that we have been the chief offender against economic laws, it di-

rects the President of the United States to invite in friendly conference the representatives of the nations of the world, many of whom have enacted retaliatory tariffs against us, that there may be entered into mutual agreements to lower the tariff walls so that the normal flow of business and commerce may be restored, and so that we may be able to dispose of our immense manufactured articles and agricultural surpluses. If the President can be induced to throw off the shackles of Republican restraint and to make a sincere and bona fide effort to lessen the retaliatory tariffs that have been erected against us, inestimable benefits will result to the whole country.

Mr. Chairman, during the last presidential campaign the spokesman for the Republican Party assured the country that it was necessary to return the Republican Party to power if prosperity was to continue. The people were promised a full dinner pail, chicken in every pot, and a bulging pay envelope. Credit for the unparalleled prosperity, produced by our virgin resources and by a combination of favorable circumstances, and the smiling favors of a benign and generous Providence, was claimed by the Republican Party. Although they claimed all credit for prosperity, they now seek to shirk the responsibility of this depression. As some one has said, "Those who claim credit for the rain must bear the responsibility for the drought."

Mr. CHINDBLOM. Did Texas go Republican?

Mr. DIES. Yes; but not with my vote. It voted for Hoover because your party financed a campaign of deceit and misrepresentation unparalleled in the history of this country. [Applause.] You fooled the people for a short time, but you are not going to fool them much longer. The day of reckoning for the Republican régime is at hand. Its doom is sealed, and the handwriting is on the wall. Like the Bourbons of old, your party forgets nothing and it learns nothing. You may not listen to my feeble words now, but the mandate of the American people next November will return many of you gentlemen to the quiet precinct of private life, and you will be compelled to fold your political tents and silently steal away into the dark corridors of oblivion. [Applause.]

Mr. Chairman, as I said a few moments ago, this bill is not perfect, and it only represents the first effective step in the right direction. The Nation knows that we only have a bare majority of Democrats in this House, that the Senate is controlled by the Republican Party, and that a Republican President occupies the White House. A general revision of the tariff during this session of Congress is impossible, because it would never pass the Senate; and if by some miracle it could, it would be promptly vetoed by the President, in accordance with his statement to that effect. However, there is a possibility that neither the Senate nor the President will dare to defeat this bill in the face of present conditions and the universally acknowledged faults and injustice of the present tariff law.

In conclusion, let me assure you that I have an abiding faith in the integrity and patriotism of the American people. As I look with imperfect vision toward the vista of the future, I feel confident of Democracy's ultimate triumph. Other parties have risen since ours began; they flourished for a season, abided their time, and then disappeared in the silence of the past. But our party has increased in honor and usefulness as the years have come and gone. It has thrived on opposition and prospered under persecution.

Let not the clouds of the present mar our vision of the dawn of to-morrow. Let us here and now resolve to do all within our power to correct the economic ills that afflict our country. Let us resolve to dedicate our lives and influence to the service of democracy with the knowledge that in advancing the interests of democracy we are furthering the cause of humanity and the progress of this great Nation. Let us entertain at all times a decent regard for the judgment and rights of other nations, but for the sake of ourselves and our children's children let us diligently mind our own business and put our own house in order before undertaking to interfere with the affairs and policies of other nations. Let us be brave, true, and generous, and care for our own. Let us promote the community spirit but not the communistic spirit. Let us make life comfortable and toil honorable and rate men not by their bank balance but by their honesty, patriotism, and decency of life. [Applause.]

Mr. CANFIELD. Mr. Chairman, I yield to the gentleman from Kentucky [Mr. CHAPMAN] such time as he desires.

Mr. CHAPMAN. Mr. Chairman, ladies and gentlemen of the committee, through the medium of elaborate advertisements and supersalesmanship, bountifully financed by privilege-seeking special interests, the "Doctor Jekyll and Mr. Hyde" Republican organization in 1928 deceived a majority of the American voters into believing that the Republican nominee for President, Mr. Hoover, was a miracle performer, a versatile genius, and "great engineer" "whose mental monkey wrenches never failed an emergency." They promised affluence to industry, impetus to commerce, prosperity to agriculture, and luxury to labor. Brush the dust from a newspaper file three and a half years old and read the delectable legend in a paid display advertisement:

> Republican efficiency has filled the working man's dinner pail—and his gasoline tank besides—made telephone, radio, and sanitary plumbing standard household equipment, and placed the whole Nation in the silk-stocking class.
>
> Republican prosperity has reduced hours and increased earning capacity, silenced discontent, put the proverbial "chicken in every pot." And a car in every backyard to boot.
>
> Wages, dividends, progress, and prosperity say "Vote for Hoover!"

At Palo Alto, Calif., in accepting the presidential nomination, Mr. Hoover promised to abolish poverty, which he graphically described as "the grinding of undernourishment, cold, and ignorance, and fear of old age of those who have the will to work."

How was this miracle to be performed? By applying the shopworn and specious Republican doctrine that a high protective tariff increases the price of farm products and insures high wages to labor; that it is the cure-all for economic ills and the guaranty of prosperity. The President called Congress in extra session purportedly for a limited revision of the tariff for the benefit of agriculture. That "limited revision" turned out to be a general revision upward, the schedules of which were dictated largely by the chief lobbyist of the tariff barons and gatherer of Republican campaign funds, Mr. Grundy, of Pennsylvania, who brazenly stated to a senatorial committee that his purpose was to write such a bill as would return a profit to large contributors to the Hoover campaign chest of 1928.

After the hearings were completed the Republican majority on the committee excluded the minority members from the committee room and drafted a strictly partisan bill. They then passed it in the House, with its 694 sections and more than 20,000 separate items, under a rule issued by the Republican Rules Committee that permitted not one of the 435 Members of the House, except the 15 Republican members of the Ways and Means Committee, even to offer an amendment—a gag rule that would have caused a blush of shame to mantle the cheek of "Czar" Reed or "Uncle Joe" Cannon.

They proceeded to sell another gold brick to the farmer by an increase in rates on certain farm products, which is estimated at two-fifths of 1 per cent in cash value, and which results in depressing instead of increasing the price the farmer receives for every great staple crop, such as tobacco, wheat, corn, rye, cotton, and hogs, produced on American farms. Yet we find that during the months of July, August, and September, 1931, the rates on manufacturers' products averaged 40 per cent higher than during the last five months in which the preceding tariff law was in effect, extortionate as it was.

This Grundy tariff was hailed by Mr. Hoover and a Republican Congress as the open sesame to agricultural prosperity. One thousand and twenty-eight of our country's economists protested against it as a virtual embargo that would stifle our foreign trade. The President declared he

would not sign it, but he did sign it with precipitate haste because he explained:

It is urgent that the uncertainties of the business world, which have been added to by the long-extended debate, should be ended. They can be ended only by completion of this bill.

Not only a miracle man but a prophet! Vieing with him for the rôle of prophet were the Senator from Indiana, his floor leader [Mr. WATSON], who said:

If this bill is passed, this Nation will be on the upgrade financially, economically, and commercially within 30 days, and within a year from this date we shall have regained the peak of prosperity.

The Senator from Utah, high priest of high protection [Mr. SMOOT], who asserted:

The stock market, of course, will recover.

And our own debonair colleague from New York, Doctor CROWTHER, who enthusiastically prophesied:

If we pass this bill, within 30 days prosperity will be back in this country.

Those prophecies were uttered in June, 1930. Where is the promised prosperity, the full garage, the chicken in every pot, the sanitary plumbing, the abolition of poverty? Instead, industry is paralyzed, commerce has collapsed, agriculture is prostrated, and 8,000,000 American citizens out of work and 6,000,000 more with only part-time employment walk the highways and streets begging in vain for the opportunity to work with their hands and, under the primal curse, to "earn their bread in the sweat of their faces."

Mr. Chairman, the lamented Dwight W. Morrow, during his senatorial campaign in 1930, told the people of New Jersey that the party which claims credit for the rain must assume responsibility for the drought.

As we seek the cause of this scourge of panic and depression that afflicts America let us call as a witness the great international economist and apostle of foreign commerce, the President of the United States, whose striking metaphor of 1928, "International trade is the lifeblood of civilization," still lingers in our memory, and who contended in that campaign that the balance of trade in our favor, the excess of our exports over our imports, is the basis of American prosperity.

But, ladies and gentlemen, foreign trade is a system of barter. If we sell, we must also buy. By enacting into law the prohibitive rates of the Hawley-Smoot tariff they erected a Chinese wall around American ports, which constitutes an insuperable barrier to our profitable foreign commerce. They closed our markets to friendly foreign customers, and month by month our favorable balance of trade, which Mr. Hoover said was the basis of our prosperity, is slipping away. In return 40 nations have raised tariff walls against American products, and many of them are undisguisedly intended as measures of reprisal. They have closed their doors in our faces.

Those countries to which we said by this act of legislative folly: "We do not want to trade with you"; those to which we said, in the words of President Hoover, "We are able in considerable degree to free ourselves of world influences and make a large measure of independent recovery because we are so remarkably self-contained"—those countries have ceased to purchase the surplus products of American farms.

Yes; but they say they placed a duty on many farm products. Neither the veriest tyro nor the most reactionary champion of Grundyism will hardly contend that the tariff is effective in increasing the price of any product of which we produce an exportable surplus. The United States produces an exportable surplus of tobacco amounting to 40 per cent; wheat, 25 per cent; rye, 50 per cent; cotton, 50 to 60 per cent; and lard, 30 per cent. With foreign markets closed in retaliation against the iniquities of the Grundy-Hoover tariff, who can wonder that those staple farm products must be sold to-day at less than it cost the American farmer to produce them? Why seek further for an explanation of the truth, according to official reports of the United States Department of Agriculture, that the total value of major farm products in 1929, before the birth of this tariff monstrosity, was $8,038,494,000, and in 1931, after a year of "protection to agriculture," the value was only $4,122,850,000, a decrease of nearly $4,000,000,000 under the fostering care of Grundy and Hoover.

The district which has honored me with a seat in this House is the greatest burley-tobacco producing district in the world, and Lexington, its center and metropolis, is the largest loose-leaf-tobacco market in the world. Tobacco impoverishes the soil more than any other crop and requires nearly a year for production and marketing. Tobacco growing is the hardest work known to farm life. Burley tobacco is our principal money crop in that section of Kentucky.

Burley tobacco is used largely for domestic manufacture, only about 10 per cent being exported; but in western Kentucky and Tennessee, in what is known as the Black Patch, for generations they have produced dark tobacco which is largely an export crop. When the Grundy-Hoover tariff closed American markets to the best customers of the Black Patch they destroyed the foreign market for dark tobacco and prostrated the dark-tobacco industry. Those farmers, accustomed to depend on tobacco as their money crop, knew no alternative except to resort to the cultivation of burley tobacco, for which they could find a domestic market, with the result that every pound of burley grown in the Black Patch diminishes the price of every pound grown in the burley district and depreciates the value of every acre of farm land in the great fertile burley belt, in consequence of which this year our burley crop of approximately 460,000,000 pounds is selling below cost of production, and thousands of farmers in Kentucky and bordering States are unable to pay their taxes. This is just one of many striking examples of the effect on American agriculture of a liberal dose of Grundy-Hoover tariff tonic.

So much for the farmer. But they said: "Labor must be protected." The authors of this tariff law had the effrontery to proclaim in its very title that it was "an act * * * to protect American labor." Oh, labor, what crimes have been committed in thy name! In his speech of acceptance, stating the terms of the compact he proposed to form with the American people, Mr. Hoover said:

There is no guaranty against poverty equal to a job for every man. This is the primary purpose of the economic policies we advocate.

Those "economic policies" erected tariff walls that actuated other countries through motives either of self-preservation or retaliation, or both, to raise similar tariff walls against the products of American factories. To-day there are 2,000 factories owned by American capital that have been located in other countries where they escape the tariff prohibitions aimed by those countries at American products. Hundreds of such factories have been established across the border in Canada, and it is interesting to note that the eighty-seventh American company to locate a plant in Canada subsequent to the enactment of the present tariff law was the American Aluminum Co., reputedly controlled by the man who through the last three Republican administrations has been the American Mussolini, Andrew W. Mellon. Those 2,000 factories financed by American capital in other countries are 2,000 monuments to the economic fallacy of the doctrines of Grundyism and Hooverism, and every foreign laborer they employ deprives an American laborer of a job and adds another name to the roll of "Hoover tourists," the vast army searching in vain for the job that is a "guaranty against poverty."

Look at our dwindling foreign trade, "foundation of prosperity," "lifeblood of civilization." Our exports in 1929 were $5,240,995,000 and our imports were $4,399,361,000. After 18 months of Grundy-Hoover treatment we find that in 1931 our exports had shrunk to $2,424,183,000 and our imports to $2,090,107,000, a diminution in our favorable trade balance amounting to $507,558,000, and a total loss of foreign trade in the tremendous sum of $5,126,066,000, more than 50 per cent. From 1929, before the Grundy-Hoover tariff, to 1931, after the Grundy-Hoover tariff, bank clearings diminished $304,705,900,000; bank suspensions in-

creased 1,548; deposits in suspended banks mounted to $1,524,468,000; commercial failures increased 7,191 and their liabilities $253,058,906; the gross earnings of railroads, barometers of prosperity, diminished $2,148,700,000. These staggering figures further illustrate the value of "high protection of American industry" as the wellspring of American prosperity.

This law which has wrought havoc in industry, driven hundreds of factories from American soil, augmented the ranks of the unemployed, and destroyed the farmers' markets is recognized generally as a colossal economic blunder. No less an authority than Mr. W. W. Atterbury, president of the Pennsylvania Railroad and former Republican national committeeman from Pennsylvania, has said that among factors "which must be corrected" before this panic and depression can be overcome are "the tariff walls which nearly all nations are building against one another, tending to separate the different countries into hermetically sealed compartments so far as commerce is concerned."

America is a peace-loving nation and cherishes the laudable aspiration to avoid future wars, with all the suffering and horror that accompany them and their aftermath. Most wars have been economic wars, and who can be so blind as not to see that there are germs of war in economic reprisals such as are involved in retaliatory tariffs of the kind being levied against us by more than 40 nations as the direct result of this legislative iniquity—the Grundy-Hoover tariff.

By the terms of this bill (H. R. 6662) we request the President to initiate a movement for an international economic conference, which we believe would go far in promoting friendly reciprocal trade agreements, in lowering discriminatory and prohibitive tariff walls, in bringing a return of prosperity to our country, and in advancing America to practical realization of the Jeffersonian conception, expressed in his immortal first inaugural address, of "peace, commerce, and honest friendship with all nations."

Mr. Chairman, viewed from the standpoint of the welfare of the American people, the consuming masses of our citizenry, a vital section of this bill is the provision to create the office of consumers' counsel. When an investigation is conducted by the Tariff Commission to ascertain whether the duty on a given article should be raised or lowered the parties with great financial interest in the outcome employ the ablest counsel obtainable. The producers of manufactured articles or raw materials and the wealthy importers of large quantities of merchandise are represented by high-salaried attorneys, economists, statisticians, and accountants, whose business it is to protect the selfish interests of their employers.

But the more than a hundred million American people who must purchase in a highly protected market the necessaries and comforts of life have no counsel to speak for them. They are the helpless victims of the licensed freebooters who by means of contributions to Republican campaign funds buy the special privilege of picking the pockets of American consumers. They are the unprotected prey of those who practice legalized piracy and refuse to subscribe to the historic Democratic doctrine that stealing is stealing even though the offense is committed under the forms of law.

The average citizen, who must worry over the family budget as he pays tribute to the tariff looters in the purchase of nearly every necessary of life, from the swaddling clothes to the shroud and from the cradle to the casket, and finally the tombstone that marks his last resting place, the man whose voice has not hitherto been heard before the Tariff Commission, is the one whose interests we would safeguard by creating the office of consumers' counsel.

If this section becomes a law, it will be the duty of the consumers' counsel to represent the housewife who now pays tribute to the sugar barons in every cup of coffee on the breakfast table and every can of fruit in the pantry. He will represent the taxpayer who pays a tariff to the cement interests in every mile of concrete road that is built. He will be the spokesman of every man engaged in the building trades and every man inspired by the honorable ambition to provide a home for his loved ones and who is now compelled to pay a tariff on brick and tile and cement and nails and lumber. He will voice the heretofore unheard protest of the tiller of the soil and the workman in the shop who pay a tariff tax on their every implement of toil. He will be the advocate of the father who must pay a tariff on the shoes his children wear to school. He will be the champion of every little child who hangs a tariff-protected stocking by the fireplace Christmas Eve to receive toys on which an exorbitant tariff is imposed by those whose heartlessness has placed a penalty on the merriment and laughter of innocent childhood at the Christmastide.

Go ask all of these if they want a consumers' counsel to represent them before the Tariff Commission, and ask the woman who pays the tariff that advances the price of every garment, whether she wears cotton, wool, rayon, silk, or fur, and ask the housekeeper, stinting to feed hungry mouths, and from whose market basket the tariff robbers have been privileged, in repayment of campaign contributions, to exact their daily toll—go ask them if they want a consumers' counsel to stand between them and the greed of protected predatory interests.

Notwithstanding the blighting effect on our economic structure that has resulted from the enactment of this legislative Frankenstein, the Grundy-Hoover tariff, its worst feature is the flexible tariff provision. The very existence of such a flexible tariff law is a challenge to our faith in American institutions and a menace to constitutional government.

By its terms the Tariff Commission files its report with the President, and not with the Congress, recommending an increase or decrease in the tariff on a specified article. It confers on him the power to approve or disapprove the commission's recommendation or to ignore it altogether, as the record shows that both President Coolidge and President Hoover have done in numerous instances. It also forbids the transfer of a dutiable article to the free list or an article on the free list to the dutiable list. When the American Congress enacted the law granting such a power to the Chief Executive and a commission appointed by him, it placed in his hands the power to tax, and "the power to tax," said John Marshall, "involves the power to destroy." By so acting, Congress was violating the spirit and meaning of the Constitution and was blasting the foundation of our Government.

There is nothing more basic than that taxation is a legislative function. The power to fix the rate of any tax, direct or indirect, is a power vested by the Constitution, expressly and exclusively, in the legislative branch of the Government. Our English-speaking forebears wrested that power from the hands of despots centuries ago. Those who bequeathed to us our priceless heritage of liberty were battling to maintain the right of the people to be taxed only by their own consent expressed through their chosen representatives even before Christopher Columbus visioned the beauties of the western world. That right was confirmed by charters signed by English kings and became muniments of English liberty.

When the seeds of liberty were spreading and germinating in American soil our Revolutionary fathers recognized that right as fundamental and immutable. Their ancestors had worn the yoke of tyrants who usurped control of the Nation's purse strings. The principle that "taxation without representation is tyranny" became the rallying cry of the War for Independence. It was translated into the American Constitution as a pillar of constitutional liberty.

Ever since the War between the States there has been a constantly growing disposition on the part of the executive branch of the Government to usurp the powers and functions of the legislative branch. Such instances are startlingly numerous. Even more shameful has been the action of the Congress, time after time, in supinely surrendering its own prerogatives to the executive department. No more dangerous example of such spineless abdication of its rightful power by the Congress can be found than is involved in the present flexible tariff law.

By the terms of this bill we propose to restore to the people, acting through their chosen representatives, the power to tax. We invoke the Jeffersonian axiom that governments derive their just powers from the consent of the governed. This bill provides that the recommendation of the Tariff Commission to raise or lower a duty or transfer an article from the dutiable list to the free list or vice versa must be approved by action of the Congress before it can become effective. The enactment of this section of the bill will restore tariff revision to constitutional methods and will be a fundamental reform.

If this tariff bill passes both Houses and the President vetoes it, such a veto will be difficult to defend at the bar of public opinion. Already we have evidences on every side that the country has turned against the party whose leadership has betrayed those who entrusted it with power. Recently we have witnessed great Democratic triumphs in Michigan, New Jersey, and New Hampshire, whose traditional Republicanism has been as rock ribbed and unyielding as her ancient mountains. Under the wise, courageous, and inspiring leadership in this Democratic House the party of Jefferson, Jackson, and Wilson has passed from the slough of despond and is marching militantly and confidently to the delectable mountain of victory.

Mr. CANFIELD. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, ladies and gentlemen of the committee, we have before us now a bill to amend section 336 of the tariff act of 1930, known as the Smoot-Hawley Tariff Act, and which is now in effect and which in my opinion has done a great injury to America and to the American people.

The Democratic Party, with which I am affiliated, has always been an advocate of a reasonable tariff. The present tariff bill was not written in the interest of the whole people of the United States but is so framed that it gives special privileges to certain classes which makes it exceedingly hurtful to others. What the United States needs is a well-balanced and properly adjusted tariff bill, which would give proper consideration to all persons affected thereby.

The present tariff act has practically built a wall around the United States so high that other nations can not get in to trade with us, nor can we, under the retalitory measures passed by them, trade with them. I wish it were possible that we could rewrite this tariff bill of 1930 and make it the bill that it should be, but with the House in control of the Democratic Party and the majority of the Senate and the President being of the opposite party it would be impossible to effect that legislation now. But we hope before the close of this year that this condition will be changed and that we will have a majority in both Houses of Congress, and a Democratic President who will not hesitate to sign a just and equitable tariff bill to affect all of the people alike and not one in the interest of special classes and a favored few.

Section 336 of the tariff act of 1930 is one of the most dangerous provisions in that bill. It gives the President of the United States the power to raise or lower tariffs 50 per cent. This is too much power to place in the hands of any one man regardless of who he may be. With this provision in a tariff bill the public is kept constantly in fear as to what tariff might be raised or lowered, by this power, and it already has very materially hurt the business interests of our country.

The bill now before us provides that the Tariff Commission, on its own motion, will upon application of any interested parties, showing a good and sufficient reason therefor, investigate and ascertain the differences in the cost of production of any domestic article and of any like or similar foreign article. If the commission finds it shown by the investigation that the duty imposed by law upon the foreign article does not equal the difference in the cost of production of the domestic article and of the foreign article when produced in the principal competing country or countries, then the commission shall report to the President and to the Congress such increases or decreases in the duty upon the foreign article as the commission finds to be necessary in order to equalize such differences in the cost of production.

The bill further provides that any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, and also provides that it may make a change in the form of duty or a change in the classification.

This bill further provides that the report shall be accompanied by statement of the commission setting forth the finding of the commission with respect to the differences in cost of production, the elements of cost, including the cost of production of respective articles as ascertained by the commission and any other matter deemed pertinent by the commission.

There is nothing in the present tariff act of 1930 that requires this finding to be reported to Congress where it should be reported, and where the Congress can act speedily on any matter pertaining to tariff without rewriting the whole structure of the tariff bill and disturbing business conditions.

The bill further provides that the President upon receipt of such information from the Tariff Commission shall promptly submit the report to the Congress with his recommendation, if any, with respect to the increase or decrease of the duty proposed by the commission.

This bill further provides that any bill having for its object the carrying out in whole or in part of the recommendations made by the commission in any such report shall not include any item not included in such report, and in consideration of such bill either in the House of Representatives or in the Senate no amendment thereto shall be considered which is not germane to the items included in such report.

With this provision just mentioned the Congress can very speedily correct any wrong that is found in any tariff schedule by the Tariff Commission.

This bill further provides that before any of these changes are recommended by the commission to the President and by him sent to Congress for its approval or disapproval, that the party proposing the change shall have a right to appear before the said Tariff Commission and that notices shall be given that hearings will be had so that this will give a reasonable opportunity for the parties interested to be present and produce evidence and to be heard before the Tariff Commission.

This bill further provides that in ascertaining differences in the cost of production the commission shall take into consideration, as far as it finds practicable, the difference in conditions of production, including wages, cost of material, and other items in cost of production of like or similar articles in the United States, and in competing foreign countries and that it shall also take into consideration cost of transportation and other costs, in the principal markets of the United States and of the principal competing country or countries, and costs of reconditioning or repacking whereever incurred.

Section 3 of the bill provides for a consumers' counsel as follows:

There shall be an office in the legislative branch of the Government to be known as the office of the consumers' counsel of the United States Tariff Commission. The office shall be in charge of a counsel to be appointed by the President, by and with the advice and consent of the Senate. No person shall be eligible for appointment as counsel if such person has at any time acted in tariff matters before Congress or the United States Tariff Commission, either on his own behalf or as attorney, at law or in fact, or as legislative agent. The counsel shall be appointed for a term of four years and shall receive a salary of $10,000 a year. The counsel shall not actively engage in any other business, vocation, or employment than that of serving as counsel.

(b) It shall be the duty of the counsel to appear in the interest of and represent the consuming public in any proceeding before the commission. In any proceeding before the commission in which the counsel has entered an appearance the counsel shall have the right to offer any relevant testimony and argument, oral or written, and to examine and cross-examine witnesses and parties to the proceeding; and shall have the right to have subpœna or other process of the commission issue in his behalf. Whenever the counsel finds that it is in the interest of the consuming public to have the commission furnish any information at its command or conduct any investigation as to differences in

costs of production or other matters within its authority, then the counsel shall so certify to the commission, specifying in the certificate the information or investigation desired. Thereupon the commission shall promptly furnish to the counsel the information or promptly conduct the investigation and place the results thereof at the disposal of the counsel.

We saw in the writing of the last tariff bill an imperative need for the producer of raw material and the consuming public to have a part in the writing of tariff bills. The hearings conducted on the tariff bill of 1930 will disclose the fact that every interest having a special desire for an increase in tariff appeared before the committee with its shrewd representatives and gave testimony for increased tariff rates, and when the tariff bill was written they usually got their increase.

If the consuming public and the producer of the raw materials had had a representative before the committee writing this bill the result would likely have been different. [Applause.]

With this provision written into this law, when the matter of increasing or decreasing tariff is submitted to Congress by the Tariff Commission, we then have a chance to hear both sides of the question made out before this fact-finding body, that can be relied upon, and thus an intelligent action can be taken on same by Congress.

If the Tariff Commission will immediately get busy on their own initiative and help reduce many of the high-tariff rates that we have now in that bill, and will recommend the reduction of the high tariffs in that bill, Congress then in a very short time could correct the evils of the bill and make it what it should be.

To my mind section 4 of this bill amending section 336 is very vital. It proposes the calling of an international economic convention and reads as follows:

That the President is respectfully requested to initiate a movement for a permanent international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices, and other economic barriers affecting international trade and finance, (b) preventing retaliatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations between nations; but with the understanding that the question of the cancellation or reduction of intergovernmental debts shall not be considered or discussed by the representatives of the United States in such conference.

If this bill passes with this provision in it, and the President of the United States will do his duty and call this conference, we can soon interest enough of the great nations of the world in reciprocal trade agreements and relations to enable us to sell everything that we have to export at a fair and reasonable price. [Applause.]

The trouble now is with the high tariff wall of 1930 built up around us, and other nations having passed retaliatory measures against us, this is the only way by which we can get immediate relief and establish trade relations and confidence with each other.

The enactment of this bill would do more toward restoring confidence in the United States and in the world than any measure proposed by the President and we believe that it would open up the markets of the world where we could sell our millions of bushels of wheat, rice, and corn and our millions of bales of cotton that are lying now under sheds awaiting a market. If we could open up trade relations that would find a market for these products we would then give new cheer and comfort to the thousands of American people that are to-day wondering what the future is to be for them.

We hope this bill will pass by a large majority. [Applause.]

Mr. CANFIELD. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Chairman, the Republican tariff law, known as the Hawley-Smoot law, has been the greatest disappointment to the farmers and consumers of this Nation of any act of Congress ever passed in its entire history. The average rate on dutiable imports for the first year of the act's effectiveness was more than 50 per cent, as compared with 40 per cent for the year of 1929, the last year under the Fordney-McCumber Act, making a 10 per cent increase, which increase has practically ruined our foreign trade.

This Hawley-Smoot bill, passed at the special session of the Seventy-first Congress, is the farm relief bill that President Hoover and the Republican Congress gave our farmers. How tragic the results have been. How disappointing the relief has been. In 1929 the value of a 15,000,000-bale crop of cotton was one and one-fourth billion dollars; in 1931 the value of a 17,000,000-bale crop of cotton was less than a half billion dollars. This is a loss of $750,000,000 to the cotton farmers of Alabama and the other Southern States. On a percentage basis we have a loss of 60 per cent.

But, gentlemen, permit me to read from the Republican platform of 1928, on which Mr. Hoover stood for election:

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure prosperity and success.

Mr. Hoover, in his acceptance speech made at Palo Alto, Calif., said the problem of agriculture was "the most urgent economic problem" confronting the country, and in a radio address of the campaign he declared for his party that "we have pledged ourselves to find a solution."

Almost four weary years of suffering and bankruptcy have passed, and to-day the farms and farm homes of our Nation are hopelessly submerged in mortgaged indebtedness, with many of them being sold under the sheriff's hammer. Farm renting is increasing at the most rapid rate in all the history of our Nation. The Republicans admitted in their 1928 platform that the farmers were in the greatest need of any group of our people. Their nominee pledged the party for the solution of this farm problem; but what have we?

In his acceptance speech President Hoover said, "The poorhouse is vanishing from among us." He said, speaking at Newark, N. J., over a national hook-up, September 17, 1928, "We are able in considerable degree to free ourselves of world influence and make a large measure of independent recovery because we are so remarkably self-contained." Yes; the poor are vanishing and we are still remarkably self-contained. In 1930 there were in the United States 1,345 bank failures and in 1931 there were 2,290 bank failures, while during the whole eight years of the Wilson administration we only had 578 bank failures.

Two years of Mellonism under the great engineer, who pledged himself and his party to find a solution for the already troublesome farm problem, and who assured us with the wisdom of a sage that we were able in considerable degree to free ourselves of world influence and make an independent recovery because we were so remarkably self-contained, have given us 3,635 bank failures involving two and one-half billion dollars.

In 1930 we had two and three-fourths billion dollars of foreign trade less than in 1929, and in 1931 we had two and one-third billion dollars less than in 1930, making a total loss in two years of over $5,000,000,000, more than a 50 per cent reduction. That is the reason for our being so remarkably self-contained. To-day we have a carry-over of more than 6,000,000 bales of cotton due to the loss of our foreign trade. We have wheat carried over in millions of bushels. A conservative estimate places the number of unemployed at 7,000,000. To-day the poorhouse has grown to the enormous proportions of including at least 75 per cent of all American homes.

Gentlemen, I maintain that the largest part of our economic distress is chargeable to the Hawley-Smoot protective tariff—the farm-relief tariff.

[Here the gavel fell.]

Mr. CANFIELD. Mr. Chairman, I yield to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman, in the extension which I will make I ask consent to include a short letter on the subject of the importation of lumber manufactured by convict, forced, and indentured labor.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The letter referred to follows:

BROOKS-SCANLON CORPORATION,
Foley, Fla., January 6, 1932.

Hon. R. A. GREEN,
Representative Second Congressional District,
State of Florida, Washington, D. C.

DEAR SIR: We are very anxious to see some effective measure enacted which would prevent importation of lumber manufactured by convict, forced, and indentured labor.

In reviewing House Bill No. 6585 we believe this bill provides reasonable and effective means of securing the protection which we need for the life of our industry here in Florida. We urge you to consider this Kendall bill, and if possible use every effort to act upon it favorably.

Should you desire any information from the lumber manufacturers' standpoint, we would appreciate your asking C. W. Bahr, of the National Lumber Manufacturers' Association, general offices in the Transportation Building there in Washington, to give you such information as you need.

Yours very truly,

BROOKS-SCANLON CORPORATION,
J. S. FOLEY, *President.*

Mr. GREEN. Recently I have conferred with members of the Ways and Means Committee and urged the passage of legislation which would prevent importation of lumber manufactured by convict, forced, and indentured labor. I hope my colleagues will give favorable consideration to this matter. It is urgent.

Among my State's great resources are lumber and naval-stores products. Our forests are now large, and we are reforesting cut-over areas. Russian and other lumber is coming into our country and beating down the price of American lumber, even below the cost of production. It is a matter which can be and should be remedied. I urge the cooperation of my colleagues. I shall, I hope, address you at length on this subject at a later date.

Mr. CANFIELD. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman and colleagues, in the consideration of this measure, and in all of our deliberations, I think we should be guided by a spirit of candor and fairness. Several Republican Members have in the course of the debate on this bill inquired why the Democrats did not bring in a measure to repeal the Hawley-Smoot Tariff Act if our criticisms against this measure were sincere and well founded. May I say in the beginning that I hold no commission from the Democratic Party of the Nation to announce its policies on the tariff or any other national issue nor have any authority from the leaders and members of the Democratic majority in this Chamber to forecast their program with reference to the tariff, but in what I shall say I am merely reflecting my own individual views.

The minority should realize that at the present time the activities of the Democrats in Congress are unfortunately circumscribed and limited because of the lamentable and unprecedented depression which has hung on the heels of the administration since the superman, the world's most advertised engineer, Mr. Hoover, self-heralded as the one and only annointed apostle of prosperity, entered the White House. If you Republicans were to-day in control of both branches of the Congress, your activities would in like manner be circumscribed and restrained by reason of existing conditions, and you would be standing in the well of this Chamber apologizing and explaining to the country why you could not proceed to consummate your party program and put in force the policies which embody the political philosophy of your party.

If Republicans were now in control of Congress, existing deplorable economic conditions would eloquently suggest that you proceed deliberately and with extreme caution in formulating constructive legislation which vitally affects our national life. The Democratic majority is displaying good judgment and common sense in refusing to act precipitately. If conditions were normal and not the most deplorable in our national history; if this nation-wide economic distress did not hang like a pall over every vocational group, the Democratic Party would be in a position to immediately formulate and carry out a definite and constructive policy of tariff revision.

You Republicans who are taunting the Democrats to bring in a bill for the complete revision of all the tariff schedules are neither ingenuous nor sincere. If this should be done, you would yell your heads off and frantically assert that we were rocking the economic boat and contributing to the further unsettling of business conditions. Every Republican newspaper from ocean to ocean would, in double-leaded editorials, proclaim that by proposing a general downward revision of the tariff we would delay, neutralize, and defeat the so-called relief program of the President. You would charge us with prolonging the depression and preventing the return of normal business conditions.

For these reasons the Democratic leadership of the House considered it wise to postpone the opening of the tariff question for the present. But this does not mean that we are to have no downward revision of the tariff schedules at this session. Speaking for myself, I think the Ways and Means Committee should within the next few weeks bring in a bill making very substantial reductions in many of the schedules which are unconscionably high. I believe the Hawley-Smoot Act is in part responsible for present calamitous conditions, and until the cause is removed we can not expect conditions to materially improve. When this bill was under consideration I denounced its provisions in unmeasured terms. Experience has conclusively demonstrated that my criticism of the measure was just. The bill was a vicious one when it was enacted and it is still bad, and it will become more and more unbearable the longer it remains in force.

Yesterday the gentleman from Massachusetts [Mr. TREADWAY] said:

> A few days ago the gentleman from Kansas [Mr. STRONG] and myself asked specifically for answers to the direct question, "What rates in the act of 1930 do you [Democrats] say are too high?"

I am perfectly willing to answer the gentlemen from Massachusetts and Kansas. I do not hesitate to enumerate some of the high tariff rates that I would reduce if I had the power. The Hawley-Smoot Act is full of extortionate and unconscionable schedules. Hundreds of items are so high as to amount to extortion. I would begin with the chemical schedule, the rates of which are disgracefully excessive. They deal with drugs and chemicals with which the people are not familiar and have no way of knowing how high these duties are. These rates shelter and enrich the chemical monopoly that lays heavy burdens on the sick, lame, halt, and blind, and has brought the retail druggist to his knees. This is probably the most indefensible of the 15 schedules. Acid rates are as high as 115 per cent, chlorides as high as 185 per cent, coal-tar products 71 per cent, dyes 102 per cent, magnesium compounds 136 per cent, tooth paste and toilet articles 117 per cent. These are samples of the robber rates in the chemical schedule.

Turning to the other schedules we come face to face with rates like these: Table, toilet, and kitchen ware, 88 per cent; chinaware, 71 per cent. Then in the metals schedule: Tungsten ore and concentrates, from 191 to 212 per cent; steel bars, 36 per cent; galvanized iron, 95 per cent; strips of iron, 33 per cent; iron and steel wire, 33 per cent; wire, n. s. p. f., 33 per cent; wire rope and strands, 35 per cent; telegraph and telephone wire, 35 per cent; galvanized fencing, 14 per cent; bailing wire, 23 per cent; woven wire, 50 per cent; forgings, 33 per cent; anvils, 45 per cent; cast-iron pipe, iron-castings, tubes, pipes, etc., 25 per cent; bolts, nuts, washers, horseshoe nails, wire nails, spikes, brads, staples, and rivets, 30 per cent; horseshoes, 21 per cent; screens, 25 per cent; table, household, kitchen, and hospital utensils, enameled ware, bathtubs, lavatories, aluminum, and tinware, 56 per cent; saws, 20 per cent; needles, 85 per cent; buckles for belts, clothing, slippers, and shoes, 57 per cent; hooks and eyes, 57 per cent; knives, running as high as 138, 146, 167, 172, and 236 per cent.

And that is not all. Table, kitchen, and butcher knives, 62 per cent; scissors, shears, and blades, 166 per cent; razors, 287 per cent; files, 42 per cent; surgical instruments, 55 per cent; cream separators, 25 per cent; shovels, spades, scoops, scythes, sickles, grass hooks, corn knives, and drainage tools,

30 per cent; axes, tools, hinges, wire, 45 per cent; hats, bonnets, and hoods, 159 per cent; tooth brushes, 123 per cent; ivory buttons, 75 per cent; pearl buttons, 101 per cent; agate buttons, 358 per cent; hosiery, 90 per cent; blankets, 90 per cent; cotton wearing apparel, 90 per cent; combs, 60 per cent; handkerchiefs, 98 per cent; fountain pens, 151 per cent; leather gloves, 171 and 189 per cent.

I will add that some articles in the foregoing groups carry higher or lower rates, depending on value and character of finish.

But why continue this tiresome enumeration? You asked some Democrat to tell you what rates are too high, and I have given you a long list of articles, the cost of which is tremendously and unreasonably increased by the excessive tariff rates. And I could name probably as many as 1,000 items where common decency demands a very substantial reduction of existing rates. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield the remainder of the time on this side of the House to the gentleman from New York [Mr. CROWTHER.]

Mr. CROWTHER. Mr. Chairman, during the discussion of the President's message after the opening of the Congress there was a great deal of unjust and unfair criticism leveled at the President of the United States. Much of this criticism was made because, in the estimation of his critics, he had interested himself too much in international affairs and had taken an interest in the affairs of other countries that were in worse financial condition than we were, and yet these same gentlemen on the Democratic side are now willing to submit one of the most important of our domestic policies to the mercies of a permanent international conference. [Applause.] This is inconsistency plus.

If any group of legislators ought to have been equipped to write a good tariff bill at this time, it is the gentlemen on the Democratic side of the House, because they have been on all sides of this subject. They have been against it, they have been for it, and frequently they have demonstrated that they did not know exactly where they were headed on this policy.

Let me go back to 1912 and see what you said then in your national platform; it reads:

> We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for purposes of revenue.

There you declare the policy of protection absolutely as unconstitutional. You had a President that made that declaration, but in his wisdom he saw fit to withdraw that statement before he retired from office.

All through the passing years you have had a sort of vacillating policy as to just what kind of tariff you would be for—a competitive tariff, and several other designations, including a revenue tariff—but in 1928, 16 years after this declaration against the constitutionality of the policy, you said this in your national platform:

> Duties that will permit effective competition, insure against monopolies, and at the same time produce a fair revenue for the support of the Government.

Nobody ever suggested on this side of the House what a fair revenue might be. We have never had that information.

Then you said, "Actual difference between the cost of production at home and abroad."

And here is the very unique phrase that was used at that time. It was substituted for our declaration in behalf of American industry in 1908, because you thought it would appeal to labor:

> Adequate safeguard for the wage of the American laborer must be the extreme measure of every tariff rate.

I tell you, gentlemen, it is a far cry from the declaration of unconstitutionality in 1912 to 1928, 16 years afterwards, when you said to the tariff, "You are no longer a stepchild; come, come up to the fireplace and sit on my knee. I want to embrace you." [Laughter and applause.]

This is what you said in 1928. We had the picture of the protective-tariff policy and the Democratic Party walking down the street arm in arm, like Damon and Pythias. There was not anything wrong with it then, when it appeared to be a good move politically.

But, oh, when the hearings on the tariff bill commenced then the mask was torn away and we had presented to us just what the real attitude was of our Members who were on the minority side at that time.

We were notified in the press, and I quote from the Boston Transcript of January 4, of the policy committee's statement. The statement of the brain trust of the Democratic Party, and knowing the qualifications and the integrity and the ability of the Democratic side of the House, I am surprised that you would in a sense subject yourselves to the determination of party policy by a few master minds. Why do you not act for yourselves? [Laughter.]

The article is as follows:

> Under the situation which prevails with respect to legislation in the House, the Republicans being in control of the Senate and the Presidency, it is believed by the committee that the most practical and helpful results relating to the tariff to be accomplished at this time may be brought about through the enactment of a bill incorporating what is known as the Simmons amendment.

Then it says at the close of his article, and I bring to the attention of my colleagues, that probably this is the last effort that will be made at tariff tinkering on the part of my genial friends on the Democratic side of the House, because the policy committee said:

> The committee does not undertake at this time a further or complete definition of policy respecting tariffs.

So if this is a bona fide statement as given to the public, I presume this is the last opportunity we shall have on either side to express ourselves as regards the value or lack of value of a protective tariff.

Now, this bill contains several items that have been thoroughly discussed and fairly criticized by Members of the House. Knowing and recognizing the remarkable ability of the 15 Members now in the majority of the Ways and Means Committee, and realizing that they have accepted this poor weakling and reported it out and brought it to us for action, I can only say that I consider it a complete surrender of intellectual integrity. [Laughter.]

Mr. SIROVICH. Will the gentleman yield?

Mr. CROWTHER. Just for a question.

Mr. SIROVICH. While I do not wish to disparage or cast any aspersions on the gentleman from New York, does he remember when he turned around and faced the press gallery and said, "Gentlemen of the House, if we pass this tariff bill within 30 days prosperity will be back in this country"? [Applause.]

Mr. CROWTHER. I agree with the gentleman, that dealing in prophecy is a doubtful venture. I agree with the gentleman from Mississippi [Mr. COLLIER], my honored chairman now, who said he was not going to venture into the realms of prophecy, because you could not tell what might happen. But I do want to state one fact, and that is that the tariff bill has not been the real cause of the failure of the return of prosperity in this country. [Applause.]

Another distinguished Democrat in another body of this Capitol made a radio speech—and I may mention his name; it was Senator CONNALLY, of Texas, a former colleague—and in this radio speech he said:

> I do not charge that the Hawley-Smoot tariff bill enacted by the last Republican Congress is entirely responsible for the present economic distress. There have been several contributing factors—post-war deflation; the overcapitalization of industry; the wild orgy of stock-market gambling; the fall in the price of silver and the increase in the value of gold; war debts, both national and of corporations, industries, and individuals, have had their effect in producing present conditions. Some of these abuses can not be corrected by legislation. Some lie beyond our shores.

So he was fair enough to suggest many other reasons, and it might have been paving the way to call to our attention that nothing very radical was going to be done affecting tariff legislation.

There has been a good deal of criticism of the present tariff law. Let me tell you gentlemen of the House that as a matter of fact the present tariff bill is not a protective measure. It grows less and less a protective measure day by day, due to Tariff Commission adjustments. Even if we

did not have before us the problem of nations going off the gold standard, it would still be growing less protective. Take England—with an ad valorem duty on a commodity imported from England, it would be reduced 33⅓ per cent because of the reduced value of the pound sterling.

Such criticism was made by a distinguished Senator who scored the high duty on pottery, and yet among the last duties we would expect to see reduced are the duties on pottery and crockery. Do you know that the pottery and crockery industry in the United States is fighting tooth and nail in order to hold half of the domestic business, shops running two and three days a week, while foreign countries have to-day 50 per cent of our crockery and pottery business? Go into the leading hotels, go into the rooms of your friends, in the dining rooms, and you will find yourself eating from dishes made in Czechoslovakia, Bavaria, Japan, and England and many other countries, while our workmen in the potteries in this country are trying to get along with a pay envelope for three days a week. The pottery rates are not high enough. And this statement applies to many other commodities in the tariff law. As a matter of fact, we now have a law which, due to the administrative provisions of the Tariff Commission, is a competitive law, because the yardstick that is used upon appeal to the Tariff Commission, and the only yardstick they can use, is the difference in production costs at home and abroad.

In 1908 the Republicans had in their platform the statement that in addition to the allocation of duties that would represent the difference in the cost at home and abroad, there should be provision for a reasonable profit for the American producer, and nothing less than that is real protection in my estimation. [Applause on the Republican side.] What is the situation to-day? Every one of these protests and appeals made to the Tariff Commission is settled on one basis—the difference in production costs at home and abroad; and let me tell you further, it is not quite a competitive law under the present procedure, because the Tariff Commission is availing itself of an administrative provision which was placed in the law very much against my wishes. I refer to a provision that reads something like this, "Where foreign costs are not readily ascertainable the commission may use the weighted average of invoices"; and everyone knows that there are several other items than production costs in the invoices. The law under the present administrative sections is scarcely a competitive tariff law, because that cost premise is in a sense a false one upon which the adjudications are made. Talk about international complications and conferences! I wonder if the people of this Nation are willing to submit this important domestic policy of this country to a conference of the nations of the world?

I have an idea that the people at home know that we have not emerged from such conferences with any great degree of success, and if our representatives went in there and did not have a well-defined policy, with 40 or 50 nations of the world, for the purpose of arranging the tariff rates for this country, let me tell you that Uncle Sam would emerge from that conference with less clothes than Gandhi wore when he was in England. Before they were through they might even steal the safety pin from him. [Laughter.] This tariff law is not as high as it appears. We are going to have this year 70,000 appeals before the customs court in New York, an average of nearly 6,000 a month. No matter how careful we are in trying to write this legislation, somehow or other there are holes left in it through which these custom lawyers drive a horse and wagon in behalf of their clients who want a change in classification, which means a lower rate. I do not know the numerical strength of their successful efforts, I have not followed that, but time and time again I see that the importer wins. I do not know what the percentage of winning is by the importer in these contests, which are always between the producer and the importer, but every time the importer wins that in effect reduces the tariff, because there is a lower tariff collected due to a lower classification than was originally intended. When it is in favor of the producer we do not gain anything, because the original rate can not be raised. So we are always losing, and in effect reducing the rates in the bill by decisions made in the courts in the quarrel over classification.

They have a provision in this bill for a consumers' counsel.

CONSUMERS' COUNSEL

The marrow of the Democratic tariff theory is that a Democratic tariff, under whatever name it masquerades, is designed to benefit the consumer, as distinguished from the producer. In other words, the Democratic Party has consistently held that the interest of the consumer and the interest of the producer are different and are antagonistic. Upon that philosophy they base their opposition to a protective tariff, to higher rates for any class of producers, whether they be textile manufacturers, steel manufacturers, or plain farmers producing wheat and butter.

As a corollary to this position, the Democratic Party traditionally favors the lowering of all tariff rates in order that more goods may be imported and thereby the consumer benefited because of the competition between foreign products and American-made products of whatever kind or description.

It is in exact line with this theory that the Collier bill contains the provision for a so-called consumers' counsel. If there is any integrity and sincerity and honesty in the Democratic position, then this counsel will be the perpetual opponent of every American producer who has a case before the Tariff Commission. He will be the perpetual attorney for the importers desiring either to break down rates or prevent existing rates being raised in order to protect American producers.

Summed up, the Collier bill proposes that the Federal Government shall reach down into the Public Treasury and pay a lawyer $10,000 a year for the specific and sole purpose of representing the importing interests of the United States in every case that comes before the Tariff Commission.

Furthermore, the law clothes this importers' attorney with extraordinary powers. It gives him access to all confidential information possessed by the Tariff Commission, access to the confidential information which the Tariff Commission has obtained from American producers. Not content with this, it confers upon that importers' attorney the power to demand that the Tariff Commission make additional investigations, if he desires for the purpose of securing for him additional data of a confidential character, and it gives him the right to summon before the Tariff Commission in either public or executive hearings those whom he desires to subpœna in order that he may extract from them such information as he thinks he needs to make out a case for the importing interests as against the interests of American producers representing either factory or farm or mine. And in addition it confers upon him the right to build up at Federal expense an extensive staff of clerks and assistants and investigators for the purpose of harrassing American producers.

The Democratic Party has continually harped upon the fact that the advocates of a protective tariff are representatives of special privilege and that they generally obtain what they desire because of the "underhold" they have upon the legislative machinery of the country when the Republican Party is in control. But there could not be a more glaring and flagrant example of special privilege than the provision of this bill which provides that the importing interests of this country shall have an attorney within the executive councils of the Tariff Commission with full power and authority to place himself in possession of all sorts of confidential information to be used against other American interests.

This bill, which is a product of the deliberate and mature judgment of the brain trust of the Democratic Party, is only fresh proof of the vacillation that is inherent in Democratic Party councils, and is the latest addition to the cumulative evidence of the congenital incapacity of the Democratic Party to govern.

The other evening the gentleman from Illinois [Mr. RAINEY] had an alleged radio interview with Mr. Hard, carefully prepared, and Mr. Hard said:

I conclude, then, Mr. Congressman, that you might favor the calling of an international tariff conference?

Mr. RAINEY said:

I do absolutely favor international negotiations regarding the tariff. I am assisting now in the preparation of a resolution which will provide for a world economic conference. The principal object of this conference will be the lowering of tariff walls.

If we should lower our own tariff walls right now without this cooperation, our markets would be flooded with foreign goods.

That is quite an admission on the part of the minority leader.

So, evidently the only conclusion you can come to is that these rates are not to be adjusted until we have received the cooperation that is desired from this permanent economic conference. If the people of the United States are to wait for any benefit that will be derived from any such policy as that, God help them in the emergency.

There has been a great deal of criticism of the present administration, and I just want to read to you Members on the Democratic side a few criticisms from your own Members. You have held us up to ridicule to the public, especially for our spending of Government money. Let me read this to you. In the platform of 1912, which was followed by Woodrow Wilson and a Democratic Congress, they said:

We demand a return to that simplicity and economy that befits a democratic government, and a reduction in the number of useless offices the salaries of which drain the substance of the people.

Within 12 months the Democratic Party added 10,000 names to the roster and $10,000,000 to the pay roll. Extravagances multiplied and revenues dropped until President Wilson recommended an increase of a hundred million dollars in income tax to meet growing deficiencies.

On April 10, 1914, three years before we entered the war, Chairman Fitzgerald, chairman of the Committee on Appropriations, said:

Whenever I think of the horrible mess I shall be called upon to present on behalf of the Democratic Party, I am tempted to quit my job.

The week before that Congressman Sisson said:

We are writing ourselves down as the most outrageously and criminally extravagant Congress that ever sat on the American Continent.

That criticism was not from the Republican side of the House.

Dear old John Sharp Williams said:

The poor, dear old foolish Democratic Party is going through the same game she can be generally depended upon to go through soon after she gets into power.

That was not Republican criticism, gentlemen.

That is what led dear old Tom Reed to say in 1904:

You can not last. You can not govern the country. You can not govern yourselves.

Dear old Senator Ben Tillman said:

The wild asses of the desert, athirst and hungry, have broken into the green corn.

That applies all along the line. The Senators themselves are green, and the Democrats have been out in the cold so long that they are simply wild.

[Laughter and applause.]

Dear old Speaker Champ Clark left his station and came down to the floor and said:

Tell it not in Gath, proclaim it not in the streets of Askalon, that the Democratic Party will not keep faith with a confiding public.

They were not criticisms from our side of the House. So, gentlemen, you will have to keep your own record clearer in the future than you have in the past if you do not want to have criticism of this kind leveled at you in the days to come.

Oh, my Democratic colleagues, did some of you come down here with your party in the majority expecting to get a duty on oil? Did the gentleman from Arizona and his friends expect to get a duty on copper? Oh, be at once undeceived. Did you expect to come here and see the Smoot-Hawley bill laid on the operating table? Did you expect the Democratic surgeons to remove all the unconscionably high rates from it without even an anæsthetic? Be again undeceived, because the intestinal fortitude necessary to perform such an operation was conspicuous by its absence. [Applause and laughter.]

Once more we have the spectacle of the Democratic Party substituting political expediency for declared political policy. [Applause.]

[Here the gavel fell.]

Mr. CANFIELD. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, ladies, and gentlemen, it will be impossible, of course, in five minutes to reply to my genial friend from New York. I shall not attempt it.

The gentleman from New York [Mr. CROWTHER] in his closing remarks drew the attention of the House and of the country to the fact that during the Democratic régime stalwart Democrats warned their own Members against extravagance. Their members heeded that warning, of course, but not one Republican in the legislative history of this country has he paraded before the country seeking to protect the Treasury of the United States from being robbed. [Applause.]

Now, let us see where we are. We have had the fireworks. Now we come to deal with the situation. One thing this debate has made very clear—the relative general attitude of Democrats and Republicans toward the tariff. The gentleman from New York has just stated that the Hawley-Smoot bill is not a compensatory bill. In other words, the gentleman says to the country that the present tariff ought to be increased. Is that not a legitimate construction to be placed upon the gentleman's statement?

The gentleman from Indiana [Mr. WOOD], a Republican leader, until recently chairman of the Appropriations Committee of the House, said—I quote, "If there ever was a time when tariff walls should be raised higher, it is now." Upon that issue, gentlemen, we shall go to the country. So much for that. Now, what was the sensible thing, the practical thing, for the Democratic majority of the House to have done under the circumstances?

Everybody appreciates the tragic condition which confronts the country. Everybody appreciates the fact that the Democratic Party is not in control of the Government. It has no power to legislate or to govern. There is a Republican Senate, a Republican President, and within a few votes of a Republican House. It is perfectly clear from what is said here to-day, and what everybody knows, a general tariff bill originating in a Democratic House could not be passed. There is nobody with little enough sense not to know that. If there is any disappointment to the Republican side, it seems to me to grow out of this fact, that the Democrats did not do the senseless thing of proposing a general tariff bill. If the Democratic Party had brought in a tariff bill, then the Republican Party would have been able to go to the electorate next fall and say: The difficulty in the situation and the thing that has hurt us is that the Democratic Party proposed a bill which shook public confidence. The Republicans would give a great deal for what is known in common parlance as an "alibi." They have not been given it in this bill. The Democrats recognize the fact, and I recognize the fact, that the thing which is wrong is that the economic circulatory system is paralyzed. There are plenty of commodities in the world, but they are not moving. With regard to you gentlemen who represent agricultural communities, you have 200,000,000 bushels of wheat coming up from the plains of the West. I ask you: How are you going to get rid of those bushels of wheat unless you accept something in exchange? I ask another question. With the buying power of the agricultural producers paralyzed—and they cultivate 80 per cent of the acreage of America—how are you going to avoid a continuation of the economic paralysis

that has settled down over the country? I will yield in my five minutes to anybody who will answer that question. It can not be answered.

In dealing with the tariff from now on we are going to have to deal as horse traders deal. That is all there is about it. We are going to have to do some swapping. No nation can live unto itself economically. It ought to be possible in free conference, as is provided for in this bill, to make possible the natural movement of products from one country and one zone to the other instead of this utterly absurd and dangerous tendency, clearly a backward and dangerous movement, of each nation trying to shut itself within economic walls erected in violation of economic law. Trade is the world's greatest civilizer, and international intercourse and commerce the world's greatest preventive of misunderstanding of other peoples and of war.

It seems to me the most stupid thing of a long period of progressive stupidity is to try to destroy, to drive out of existence, these agricultural surpluses like cotton and grain.

These we do have left, these safeguards protecting millions of people against the hazards of current production, against hunger and cold. Now we are trying to destroy them, put ourselves on a hand-to-mouth basis so that grain and cotton will produce no surplus and come within the tariff wall. That is the Republican medicine proposed.

If there could be one thing more than another which could demonstrate the unfitness of a party to govern, it is this attitude towards God's bounty, giving us enough to eat and a surplus, insuring our people against want even in lean years of production.

What are we going to do with these 200,000,000 bushels of surplus wheat annually produced?

The answer of the Republican Party is destroy it.

These farmers have no share in the benefits of the protective tariff. This Government under this tariff compels them to pay a bounty out of wheat they sell to increase the sales price of its pets under the tariff system.

Are they not producers the same as other people? Are they valuable only at voting time?

Is it too much to ask of a Government which taxes them out of their poverty to pay a bounty to its tariff favorites, at least to create an agency to consider giving them some relief, if possible, from the world-wide retaliatory tariff blockade erected against these American citizens, innocent victims of our tariff policy?

[Here the gavel fell.]

The CHAIRMAN. All time for general debate has expired and the bill will be read for amendment under the 5-minute rule by sections. The Clerk will read the bill.

Mr. CRISP. Mr. Chairman, before the Clerk starts the reading of the bill, I ask unanimous consent to address the House for one minute.

The CHAIRMAN. The Chair doubts if that request is in order.

Mr. CHINDBLOM. It will be in order after the first paragraph has been read. All time for general debate is controlled under the rule adopted by the House.

Mr. CRISP. I think the committee will appreciate my motive in making the request.

Mr. CHINDBLOM. Let us do it by acquiescence.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia to address the House for one minute?

There was no objection.

Mr. CRISP. Mr. Chairman, yesterday the press carried the news that a great American, a former Member of this House, Hon. Joseph W. Fordney, of Michigan, had passed away. He was an outstanding figure in this country relative to tariff legislation, and when he passed away the House of Representatives, in which he served so long with great honor to himself, was considering a tariff bill.

I think that in the passing of Mr. Fordney America loses one of her great statesmen, a man who was sincere to his convictions, an earnest advocate of the high protective tariff system, and there was nothing partisan or sectional with Mr. Fordney. He favored the high protective tariff and he was in favor of giving that protection to every section of this country and to every item. He was not for protection for local interests but he believed in it as a policy.

His death is a loss to the country and I have lost a friend. [Applause.]

The Clerk read as follows:

Be it enacted, etc., That section 336 of the tariff act of 1930 is amended to read as follows:

"SEC. 336. RECOMMENDATIONS FOR ADJUSTMENT OF DUTIES.—(a) Upon its own motion, or upon application of any interested party showing good and sufficient reason therefor, the commission shall investigate and ascertain the differences in the cost of production of any domestic article and of any like or similar foreign article. If the commission finds it shown by the investigation that the duty imposed by law upon the foreign article does not equalize the differences in the cost of production, of the domestic article and of the foreign article when produced in the principal competing country or countries, then the commission shall report to the President and to the Congress such increases or decreases in the duty upon the foreign article as the commission finds to be necessary in order to equalize such differences in the cost of production. Any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, a change in the form of duty, or a change in classification. The report shall be accompanied by a statement of the commission setting forth the findings of the commission with respect to the differences in cost of production, the elements of cost included in the cost of production of the respective articles as ascertained by the commission, and any other matter deemed pertinent by the commission.

"The President, upon receipt of any such report of the commission, shall promptly transmit the report to the Congress with his recommendations, if any, with respect to the increase or decrease in duty proposed by the commission.

"Any bill having for its object the carrying out, in whole or in part, of the recommendations made by the commission in any such report shall not include any item not included in such report; and in the consideration of such bill, either in the House of Representatives or in the Senate, no amendment thereto shall be considered which is not germane to the items included in such report.

"(b) No report shall be made by the commission under this section unless the determination of the commission with respect thereto is reached after an investigation by the commission during the course of which the commission shall have held hearings and given reasonable public notice of such hearings, and reasonable opportunity for the parties interested to be present, produce evidence, and to be heard. The commission is authorized to adopt such reasonable rules of procedure as may be necessary to execute its functions under this section.

"(c) In ascertaining the differences in cost of production under this section, the commission shall take into consideration, in so far as it finds it practicable—

"(1) The differences in conditions of production, including wages, costs of materials, and other items in cost of production of like or similar articles in the United States and in competing foreign countries;

"(2) Cost of transportation;

"(3) Other costs including the cost of containers and coverings of whatever nature and other charges and expenses incident to placing the article in condition, packed ready for delivery, storage costs in the principal market or markets of the United States and of the principal competing country or countries, and cost of reconditioning or repacking wherever incurred;

"(4) Differences between the domestic and foreign article in packing and containers, and in condition in which received in the principal markets of the United States;

"(5) Differences in wholesale selling prices of domestic and foreign articles in the principal markets of the United States in so far as such prices are indicative of costs of production, provided such costs can not be satisfactorily obtained;

"(6) Advantages granted to a foreign producer by a foreign government or by a person, partnership, corporation, or association in a foreign country;

"(7) Any other advantages or disadvantages in competition which increase or decrease in a definitely determinable amount the total cost at which domestic or foreign articles may be delivered in the principal market or markets of the United States; and

"(8) DEFINITION OF COSTS OF TRANSPORTATION.—Costs of transportation for the purposes of this section shall be held to include, in so far as applicable:

"(1) Freight charges and all other charges incident to transportation, including transit insurance, costs of loading and unloading, and port charges and landing charges. These costs shall be computed to such principal market or markets of the United States as may most nearly insure equal competitive opportunity to domestic articles and like or similar foreign articles in the principal consuming region or regions of the United States. If this purpose may be best accomplished thereby, such costs on domestic articles and on like or similar foreign articles shall be computed to different principal markets of the United States.

"(2) (*A*) In the case of an imported article, the cost of transporting such article from the areas of substantial production in the principal competing country to the principal port of importation of such article into the United States; and (*B*) in the case of

a domestic article, the cost of transporting such article from the areas of substantial production that can reasonably be expected to ship the article thereto, to the principal port of importation into the United States of the like or similar competitive article."

With the following committee amendment:

On page 1, in line 6, after the word "upon," insert "the request of the President of the United States or upon."

The committee amendment was agreed to.

Also the following committee amendment:

On page 2, in line 4, after the word "production," insert "when efficiently and economically produced."

The committee amendment was agreed to.

Also the following committee amendment:

Page 5, line 15, after "(2)", insert "(A)."

The committee amendment was agreed to.

Mr. CHINDBLOM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CHINDBLOM: On page 3, beginning at line 1, strike out lines 1 to 7, both inclusive.

Mr. CHINDBLOM. Mr. Chairman and Members of the committee, I have offered an amendment to strike out the first seven lines on page 3, reading as follows:

Any bill having for its object the carrying out, in whole or in part, of the recommendations made by the commission in any such report shall not include any item not included in such report; and in the consideration of such bill, either in the House of Representatives or in the Senate, no amendment thereto shall be considered which is not germane to the items included in such report.

The Constitution provides that each House may determine the rules of its own proceedings. No law passed by both Houses can be an effective bar against either House in the adoption of its own rules or in the interpretation of its own rules. We can not pass a law here which will limit the power of the House of Representatives or of the Senate in the passage of rules for their own guidance and for their own control. The proposal is perfectly useless. There has been some talk here about gestures. If anything in this bill is a gesture it is the portion which I have moved to have stricken out of the bill. It can mean nothing. It can have no effect. It is only, as was admitted in the discussion in the Ways and Means Committee by one of the most distinguished Members of the majority side, a pious prayer that in the future consideration of tariff bills in the House or in the Senate Members may refrain from exercising their constitutional prerogative to invoke the rules of either House.

Certainly for the House of Representatives to send a bill to the Senate in which we suggest that we shall control their proceedings, that we shall place a bar against them in the adoption of such rules as they may see fit to adopt, is almost an effrontery on the part of this House.

I do not think the proposition needs much argument. There has been much said about it in the consideration of this bill in committee, both in open and in executive session. If the committee wants to leave the provision in the bill as a gesture, the responsibility is yours, but it is a foolish and a futile thing to put in by way of legislation.

Mr. CRISP. Mr. Chairman, I rise to oppose the amendment of the gentleman from Illinois [Mr. CHINDBLOM] to strike out the provision just read.

I recognize quite well that under the Constitution of the United States each House can make its own rules, but I also believe that if the Congress, which embraces both the House and the Senate, should pass a law narrowing the germaneness of amendments to be considered by the respective Houses in dealing with tariff bills, dealing with reports made by the Tariff Commission, both Houses would adopt rules in conformance with that statute; and even if they did not, in my judgment, there would be no conflict under the rules of the present House and such a statute. The rules of the present House provide that amendments shall be germane.

Under your precedents built up here, where a bill is before us dealing with one of the schedules of the tariff law, amendments can be offered dealing with other schedules of the tariff law, which at times results in logrolling. This amendment seeks to prevent logrolling in tariff bills; and some of the greatest criticism, if I do not even use the word scandal, in connection with tariff legislation has been logrolling in getting tariff bills through the Congress. [Applause.]

This amendment seeks to prevent that. This amendment, in my judgment, will serve a wholesome and useful purpose, and I may say that this amendment was adopted by the Senate in the last tariff bill discussion and was known as the Norris amendment, and its purpose then was to prevent logrolling in connection with tariff bills.

I say again I think any chairman would be thoroughly justified, under our present rules with respect to germaneness of amendments, if this were the law, to hold in this particular case that the rule of germaneness is narrowed so that with respect to any amendment offered to a bill dealing with a tariff change as recommended by the Tariff Commission the germaneness would relate to the items in the bill or things intimately connected with it, and would prevent amendments opening up different schedules of the tariff.

Mr. HOCH. The gentleman has been discussing the matter of amendments offered from the floor. As I read this provision, it does not include simply amendments offered from the floor. I read:

Any bill having for its object the carrying out, in whole or in part, of the recommendations made by the commission in any such report shall not include any item not included in such report.

Let me illustrate. The Tariff Commission has made a report on the subject of copper. If I read the language correctly, I could not to-day introduce a bill under this provision which covered, in addition, some other things which the commission had not reported upon, because it says here that in the consideration of it no item shall be included which is not included in such report. The gentleman certainly does not contend that we could foreclose any Member of Congress from introducing any bill that covered properly the subject matter.

Mr. CRISP. Most assuredly I do not. It would be ridiculous for Congress to adopt any such rule.

Mr. HOCH. That is what this does.

Mr. CRISP. No; this relates to bills reported from the Ways and Means Committee, and confines it to making effective recommendations of the Tariff Commission. The House of Representatives, under the Constitution, has the right to originate revenue legislation, and if the Tariff Commission should report on one item, anybody could introduce a bill, and it goes to the Ways and Means Committee, and if it contains other items or 40 other items the Committee on Ways and Means reports the bill to the House, the bill would be before the House and subject to all germane amendments, as they are to-day. This rule of germaneness would not apply to that at all. It is only intended to apply to bills reported by the Ways and Means Committee making effective tariff changes recommended by the Tariff Commission.

Mr. HOCH. I have the greatest respect for the gentleman from Georgia and his parliamentary knowledge. I submit that what the gentleman says is not in the language before us. I ask the gentleman to read the language and tell me wherein I have erred as to what it says. The language does not say a bill on the floor of the House. It says:

Any bill having for its object the carrying out, in whole or in part, the recommendation—

And so forth.

Mr. CRISP. I think the gentleman answers himself. The provision says "any bill having for its object the carrying out in whole or in part of the recommendation made by the commission"—that is, whether the tariff shall be increased or decreased, on any particular item reported by the Tariff Commission.

Mr. HOCH. I am sure the gentleman on reflection will not stand on that position. I am not putting any hypothetical case. The Tariff Commission has submitted, for instance, a report on copper, and I might introduce a bill that would have for its object the carrying out of the

recommendation of the commission. This provision would prevent me from including in a bill for introduction any item not included in the report.

Mr. CRISP. No; it would not. You can introduce a bill dealing with as many of the items of the tariff bill as you desired, but to such a bill this rule will not apply.

Mr. WILLIAMSON. The gentleman from Illinois [Mr. CHINDBLOM] moves to strike out the following language:

> Any bill having for its object the carrying out, in whole or in part, of the recommendations made by the commission in any such report shall not include any item not included in such report; and in the consideration of such bill, either in the House of Representatives or in the Senate, no amendment thereto shall be considered which is not germane to the items included in such report.

Mr. Chairman, it seems to me that this provision is both fatuous and innocuous. It is absurd to say that a provision of this character written into a bill can bind any Member of Congress in introducing a revenue measure or anything else. If a bill has ever been introduced in this House containing a provision that is clearly unconstitutional, this provision is. Neither this nor any other Congress by law or otherwise can deny to a Member the right to introduce a bill of any character he sees fit. If Congress by law or rule can determine in advance what a bill may or may not contain, it can deny to a Member the privilege of introducing any sort of bill. To introduce bills and determine their contents is a constitutional right that this body can not take away from individual Members, and I deny the constitutional right of this House to say that merely because the Tariff Commission may have reported a certain item and recommended a duty thereon, that I would thereby be precluded from introducing a bill carrying out the commission's recommendation, and including therein any other item I might see fit to include. Certainly no rule or law of this Congress could bind the Ways and Means Committee and so restrict that committee that it could not change the items of a bill which might be introduced. Neither could any rule or any law of this body prohibit the Ways and Means Committee from writing in a different rate than that suggested by the Tariff Commission; nor can it deny to that committee the right to include articles not mentioned in the report. These are fundamental prerogatives of Members, whether acting as individuals or in committee, that we can not take away by rule or law.

If binding, this kind of a provision would make the Tariff Commission's finding conclusive, tie the hands of Congress, and deny to it the right to enact such revenue legislation as it sees fit. The very statement of the proposal demonstrates its absurdity. It would in effect give legislative power to the commission and leave to Congress only the alternative of voting its recommendations up or down. Everybody knows that this can not be constitutionally done. The Democrats not so far back insisted that the powers already given the Tariff Commission were legislative and unconstitutional. Now they want to make Congress a figurehead and let the commission do its work. I do not believe this House can afford to go on record as writing into a law a provision as arbitrary and undemocratic as this provision is. I do not think we can afford to bind ourselves, if we could, or to attempt to bind any future Congress upon any matter involving legislation, especially where revenue is involved. As I said before, I do not think the item has any validity whatever; I do not think it has any binding force. I do not think any Member need pay any attention to it, nor need any committee of Congress pay any attention to it.

I not only deny the right of the Congress to bind the Members of the House with respect to what may be contained in a bill dealing with a recommendation of the Tariff Commission, but assert that the provision we are discussing is in direct conflict with that part of the Federal Constitution which declares that "all bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills."

It seems to me utter nonsense to contend that we can deny to the Senate the right to amend. The language of the Constitution is clear and does not admit of the construction here sought to be given it. We have no business to pass an unconstitutional bill.

Mr. MICHENER. Mr. Chairman, I move to strike out the last word. The gentleman from Georgia [Mr. CRISP] concedes that the Constitution provides that the House and Senate shall make their respective rules.

Mr. CRISP. I do.

Mr. MICHENER. He further suggests that the provision in question attempts by legislation to amend the Constitution.

Mr. CRISP. Oh, my friend would not put me in that attitude.

Mr. MICHENER. To limit the Constitution.

Mr. CRISP. No; to limit the rules of the House itself as to germaneness, the House, therefore, acquiescing in changing its own rules, making its own rules, and narrowing the rule as to germaneness.

Mr. MICHENER. So that we may understand the matter clearly, the position of the gentleman is that the Constitution provides that the House and Senate shall make their own rules. Here is a legislative bill which attempts by legislation to fix permanent rules for the House and Senate. I concede that as a matter of interpretation, provided the present House and the present Senate pass this law, it might be construed, and possibly would be construed, that this action would be tantamount to passing a rule for the control and regulation of the sitting Congress, but does the gentleman contend for a minute that this legislation would be binding upon a future Congress, so far as the rules of that Congress are concerned?

Mr. CRISP. I do not.

Mr. MICHENER. As a matter of fact, is not this simply the passing of a rule for the enactment of legislation in the present Congress, and not as a legislative act?

Mr. CRISP. My friend will recognize that any act of Congress can be repealed by a future Congress if that Congress concludes that law to be a bad law. My view is that if this is enacted into law it will be so helpful and will prevent logrolling to such an extent that all future Congresses will retain it.

Mr. MICHENER. I agree with the gentleman so far as the purpose of the resolution is concerned, but it does seem to me to be absurd to be enacting something which we must know is clearly unconstitutional for the sole reason that it might accomplish a purpose that we want to accomplish. This legislation passed in this Congress could not be binding upon a future Congress when the Constitution expressly provides that that particular body must and shall make its own rules.

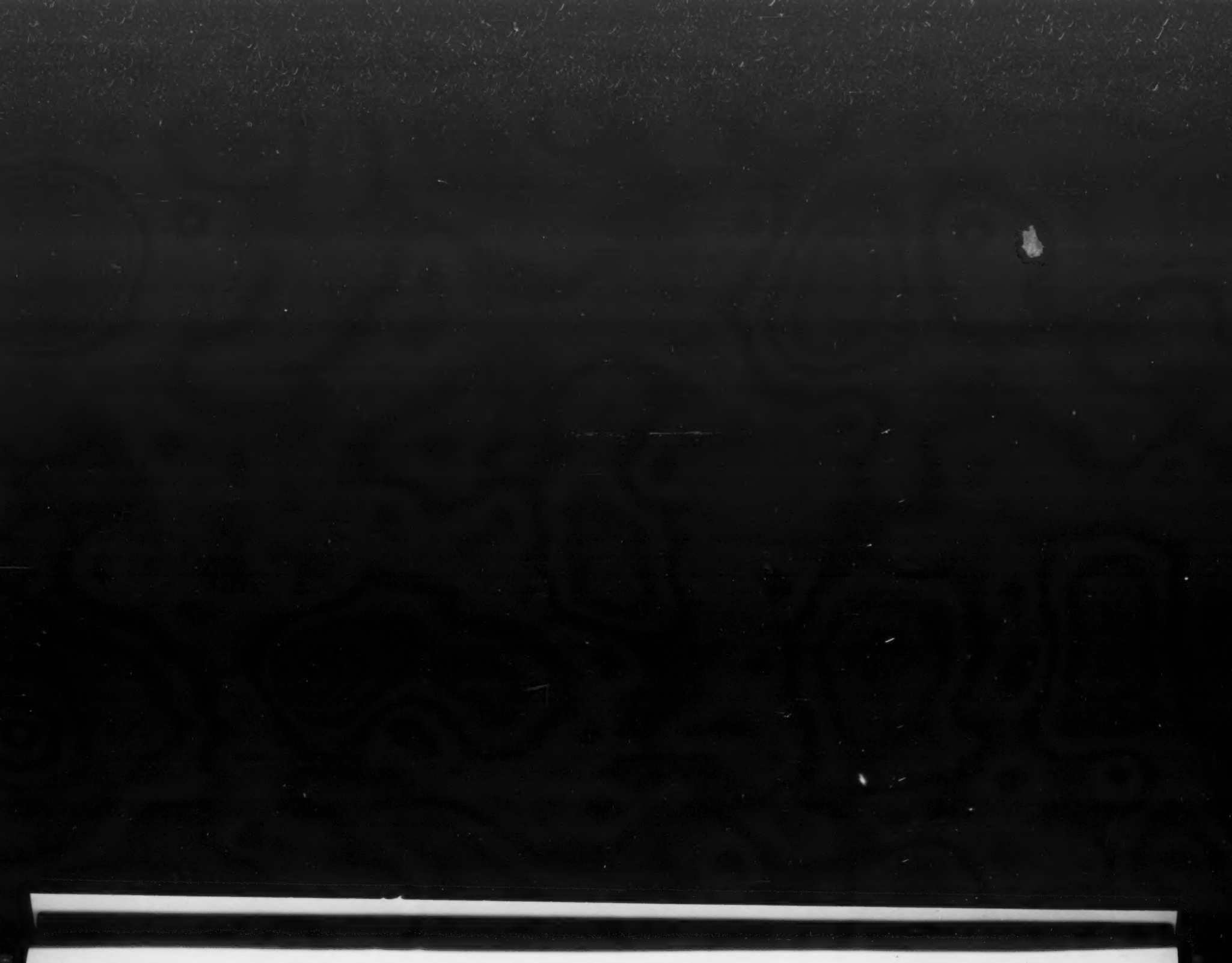
Mr. CRISP. I do not think it is unconstitutional at all. There are many powers vested in different governmental agencies under the Constitution that are never exercised one way or the other.

This simply provides that under the Constitution, when the House or Senate is making its rules, it can make its rules as to germaneness in conformance with the statute. If they do not desire to do it, they can make any kind of rule they please, under the Constitution.

Mr. LOZIER. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. LOZIER. Do we not by this language, in effect, adopt a special rule for the consideration by Congress of legislation of this character based on a finding and recommendation of the Tariff Commission? Reduced to its lowest terms, this language is a special procedural rule engrafted on this act of substantive law operative only when Congress is considering tariff rates initiated by the Tariff Commission, a procedural regulation embodied in a substantive act. Like any other rule, it can be recalled, revoked, or repealed at any time by this or any subsequent Congress, by this House or any subsequent House. Either the Senate or House may recall, repeal, or disregard this rule whenever it thinks proper, and without the concurrence of the other body. While this rule is embodied in a bill for the enactment of a substantive act which may be approved by both Houses and



the President, nevertheless, it is only a rule of procedure which this House or the Senate may at any time revoke or recall, in the exercise of the constitutional function and powers to make rules and regulations for orderly procedure. Of course, no Congress can bind or in any manner limit the prerogatives of any subsequent Congress.

Mr. DOWELL. Mr. Chairman, I rise in opposition to the pro forma amendment.

May I inquire of the gentleman from Georgia [Mr. CRISP]? As I understand, if this paragraph is adopted, it will require a rule of the House which will be in accord with this statute. Therefore the constitutional provision giving the House authority to pass such rules as it may see fit will be limited to the extent that it must not pass a rule that is in conflict with this statute. I call the gentleman's attention to Jefferson's Manual, sections 380 and 381, at page 150:

> The House of Representatives has frequently examined its constitutional power to make rules, and this power has also been discussed by the Supreme Court—

Citing volume 5, section 6755—

> It has been settled that Congress may not by law interfere with the constitutional right of a future House to make its own rules.

Mr. CRISP. Oh, that is academic. No one questions that. The Constitution itself says that each House can make its own rules.

Mr. DOWELL. But we can not make a rule that would not be in accordance with this paragraph and which would limit the power, under the Constitution.

Mr. CRISP. I think, under the power of the Constitution, each House can make its own rules. The House can make its rules, carrying into effect this provision, if it so desires. If it does not want to, it is not required to do so. It can repeal, modify, or change it any time it sees fit to do it. Now, what are the rules of the House?

Mr. DOWELL. Just another question. The gentleman realizes that this House can not make a rule that is in conflict with a statute, and if the statute is adopted, the Constitution limits the House to that statute.

Mr. CRISP. I do not agree with the gentleman.

Mr. DOWELL. Therefore, when we pass this law, with the Senate approving, the House is no longer free to pass a rule that is in conflict with this statute under the decision of the Supreme Court.

Mr. CRISP. I disagree with my friend. The highest law of the land is the Constitution. The Constitution says that each House may adopt its own rules. The House can adopt any rule it pleases to control its deliberations, a statute to the contrary notwithstanding.

Mr. DOWELL. But the gentleman well knows that if this statute is approved, it will require the House to pass a rule that the House may not desire to pass if it complies with the statute that we now enact.

Mr. CRISP. I do not agree with my friend there. The present rules of the House provide that amendments which are offered shall be germane. That is all. The question of germaneness is broad. One chairman might construe an amendment germane; another chairman might construe it not germane. The practice has been brought up that when we have a bill dealing with several subject matters you can add a new subject matter. There still remains the broad rule of germaneness. If we had this statute, the rules would remain just as they are to-day and the chairman would be authorized, in construing the general rule of germaneness, in view of this statute narrowed in this particular case, to confine the amendment to be germane to the item in the bill.

Mr. DOWELL. Not under the Supreme Court decision cited.

Mr. TEMPLE. Mr. Chairman, I move to strike out the last two words.

I do this for the purpose of asking a question of the gentleman from Georgia [Mr. CRISP]. It has been said frequently and admitted on all sides that each House may make its own rules. If the House to-day passes this bill, does this provision become a rule of the House, irrespective of the action of the Senate?

Mr. CRISP. It does not.

Mr. TEMPLE. Why not?

Mr. CRISP. Because it is not the law.

Mr. TEMPLE. But a rule is not a law and does not require the action of both Houses.

Mr. CRISP. No; but this is not purporting to be codified or included in the rules of the House as a part of the rules. This proposes to enact a law, and if it becomes a law, then under the regular rules of the House, in considering the rules of the House, the Chair will take judicial cognizance of the law. The Chair will not take cognizance of some bill that has passed the House and has not passed the Senate and has not become a law.

Mr. TEMPLE. One further question. If it should pass both Houses and be signed by the President, is it then a rule of the House?

Mr. CRISP. It is not a rule of the House.

I want to say to my good friend from Pennsylvania, for whom I have the highest respect, that this provision is only intended to become operative provided this bill becomes a law, and is only intended to deal with reports from the Tariff Commission dealing with the raising or lowering of tariff duties under the provisions of this law.

Mr. TEMPLE. One further question. Then, if the bill passes both Houses and becomes a law would the Speaker or the Chairman of the Committee be obliged to consider this as the rule of the House?

Mr. CRISP. Well, it would be up to the Speaker or the Chairman. If the Speaker or a Chairman made a ruling with which the House was dissatisfied, their constitutional right would be to appeal, and a majority of the House could reverse the Chair and adopt such rules as it pleased. Answering the gentleman frankly, were I in the chair and we had before the House a bill dealing with a report from the Tariff Commission, which this bill contemplates, I would unhesitatingly hold that this law did not repeal the rule of the House as to germaneness, but that it narrowed the rule. I would hold that amendments offered to a bill of that character had to be germane or relative to the items in the bill dealing with the report of the Tariff Commission.

Mr. TEMPLE. Then it would be a rule of the House adopted by statute.

Mr. CRISP. I do not agree to that.

Mr. CHINDBLOM. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Pennsylvania. Just one word more in this debate. The Constitution goes even farther than has already been suggested. With reference to procedure in the Senate, section 7 of Article I provides as follows:

> All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills.

The Senate may have any rule it likes with reference to amendments. The Senate may or may not require amendments to be germane, and we all know that the rule of germaneness is probably not enforced in the Senate to the extent it is in the House. If the Senate chooses to permit amendments which are not germane, or if the Senate chooses in the consideration of a tariff bill to permit amendments to other sections or to other items than those included in the original bill, it may do so. The Constitution gives the Senate that right. It may act upon these bills as upon other bills in conformity with its own rules. In fact, either House may at any time suspend or even disregard its own rules. But here we propose by statute to lay down a specific rule for the control of proceedings in the Senate. All I will add is that we are certainly engaging in an act of supererogation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. CHINDBLOM].

The question was taken and the amendment was rejected.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: On page 2, in line 8, after the word "Congress," insert "its findings and its order with respect to."

In line 20, after the word "commission," strike out the period and insert the following:

"Sixty days after the date of the report to Congress of such order by said commission, such changes in classification shall take effect, and such increased or decreased duties shall be levied, collected, and paid on such articles when imported from any foreign country into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, and the islands of Guam and Tutuila): *Provided*, That if before the expiration of such period of 60 days the Congress then in session shall have by joint resolution declared said order of said commission rejected, then the changes in classification, forms of rate, or increases or decreases in rates of duty specified in such order of said commission shall not go into effect."

Mr. LAGUARDIA. Mr. Chairman, this amendment carries out what may be properly called the Lewis plan, a plan suggested by a former member of the Tariff Commission. It makes inoperative the lines sought to be stricken out by the gentleman from Illinois, for the simple reason that the mechanics of the entire proposition is changed. When the Tariff Commission reports its findings and order, Congress has the veto power. If it fails to exercise that power within 60 days, the order becomes operative. If Congress within 60 days rejects the proposition, then, of course, the order becomes inoperative. Of course, this is only true if Congress is in session, and that is provided for in the amendment.

Gentlemen, it is futile for the Congress, if it is in favor of the order made by the Tariff Commission, to go through the motions of bringing in a resolution and voting upon it; and by simply failing to act upon it, it becomes operative within the time provided in the amendment.

Mr. MICHENER. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. MICHENER. Take an article on which there is no tariff and on which no rate has been fixed by Congress and the commission prescribes a rate; would the gentleman's 60 days operate then? Congress must then reject it within 60 days. If Congress fails to reject it within 60 days, it becomes operative.

In other words, can we delegate the power of Congress to fix a rate by negation on the part of Congress?

Mr. LAGUARDIA. We do not, because we retain control of the proposition by compelling the Tariff Commission to report to the Congress.

Mr. MICHENER. And what would happen if the Congress were not in session—is that taken care of?

Mr. LAGUARDIA. Yes; the wording of the amendment is "Congress then being in session."

Gentlemen, the reason I can speak so strongly in favor of this proposed amendment is because I claim no authorship of the proposition, but the progressive group considered the plan very carefully and approve it. We gave it a great deal of study. We had the benefit of an explanation by our colleague, the gentleman from Maryland [Mr. LEWIS].

This amendment would eliminate all the dangers and confusion that might be created by carrying out the provisions on page 3 as to fixing the rules of the House and the Senate in advance, and it would retain the best features of the flexible provision of the existing tariff.

Mr. RAMSEYER. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. RAMSEYER. Under the gentleman's amendment, would a resolution negativing the action of the commission require the signature of the President?

Mr. LAGUARDIA. It is a joint resolution; yes.

Mr. RAMSEYER. So your amendment would require the President to sign it in order to make it effective?

Mr. LAGUARDIA. Just as all joint resolutions.

Mr. RAMSEYER. If he should veto it, of course——

Mr. LAGUARDIA. It would then come back to us the same as any other veto.

Mr. LEAVITT. Suppose the Congress is not in session. Is there a provision that the 60 days shall not begin to run when the Congress is not in session?

Mr. LAGUARDIA. Yes.

Mr. OSIAS. Will the gentleman yield?

Mr. LAGUARDIA. I yield to the gentleman.

Mr. OSIAS. What is the effect of the gentleman's amendment upon products coming from the Philippine Islands if the report is disapproved?

Mr. LAGUARDIA. There is a proviso here covering that.

Mr. OSIAS. In other words, they are excepted?

Mr. LAGUARDIA. Yes.

Mr. CONNERY. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. CONNERY. As I understand the amendment, it has to do with some recommendation which is promulgated by the Tariff Commission, and if Congress could not take action within 60 days, what would then happen?

Mr. LAGUARDIA. It is held until we are in session and then it is reported to the Congress.

Mr. CONNERY. Suppose we adjourned on March 4 and the reports were made in April——

Mr. LAGUARDIA. It can not be reported to Congress when not in session.

[Here the gavel fell.]

Mr. FREAR. Mr. Chairman, I spoke on this same subject for a few moments last evening. This section of the bill as now written, we all agree, carries no weight; it gives you no benefit, for the commission has no authority to do more than find facts. The flexible tariff provision originally was passed for two reasons: One to provide for any emergency, when Congress was not in session, and also, second, to take up a specific item, which can not be done here by Congress, because, subject to amendment when the bill got on the floor, it might become a general revision of the tariff. The amendment now offered reaches both of those propositions, because it puts into effect the findings of the commission practically at once, and also provides for a single item proposition. Over on page 3 you have provided that the House and Senate will confine the report to germane amendments, while we all agree that is simply a gesture. It can not have any force or effect unless so ruled by the chairman when the question is raised, and then the decision is subject to appeal from the chairman's ruling. This amendment maintains the flexible tariff provision. It gives you the effect of a flexible tariff to be determined by the commission, and, because I do not believe we all understand it clearly, I want to read what the amendment provides. I have not seen it before as now written but will read for our information. It provides, according to my understanding, that 60 days after the date of the report to Congress of such order by such commission such changes and classification shall take effect, and so forth. That is, it becomes in force 60 days after the finding by the commission. Then there is the provision that if after the expiration of such period of 60 days, Congress then in session shall have by joint resolution declared such order of such commission rejected, then the classification and change of rate shall be repealed. So, if correctly stated, that it goes into effect the same as it would to-day in the case of the President certifying the order of the Tariff Commission under the flexible tariff provision, it would provide what we have been asking for, because it gives the individual item without a general revision. If oil or anything else in case of an emergency needs to be provided for, it will provide the machinery for doing so. That is as I understand it.

Mr. CONNERY. The gentleman yesterday spoke on this matter. Is the gentleman going to offer an amendment for taking care of this same proposition when Congress is not in session?

Mr. FREAR. Yes; unless this provides for it when Congress is not in session. Sixty days after the date of the report to Congress of such order by such commission, and so forth.

Mr. CONNERY. But suppose it is in the month of April, and 60 days after that Congress is not in session?

Mr. LaGUARDIA. If the gentleman from Wisconsin will read on in the amendment, he will find the provision "Congress then being in session."

Mr. FREAR. Does the gentleman restrict it only to the time Congress is in session?

Mr. LaGUARDIA. The order does not become operative when Congress is not in session.

Mr. FREAR. Oh, I get the point and the distinction. I supposed the order was to become effective under the amendment within 60 days after making.

Mr. CONNERY. If the gentleman is not going to offer an amendment, then I shall.

Mr. FREAR. I hope the gentleman will do so, and I shall support it, because I believe the flexible-tariff provision should be retained in effect whether the President or commission makes the order.

Mr. CRISP. Mr. Chairman, I desire to support this amendment. The consideration of this bill before the House demonstrates the difference between the way the Democrats and Republicans pass a tariff bill. This bill is brought before the House without any restriction under the rules of the House, and the Democrats themselves are not hog tied or bound to oppose any amendments that are proposed. Our attitude is to support helpful amendments, because we are legislating in this House for the American people, and every Representative, whether Democrat, Republican, or Progressive, has a right to express his views representing his people.

I am in sympathy with this amendment. I was in sympathy with it in the Committee on Ways and Means, and a number of Democrats of that committee as well as a number of Republicans favored it. I am opposed to the existing law that delegates to the President of the United States the right, subject to a report of the Tariff Commission, to write a tariff bill. I did not believe it was constitutional when it was passed, but the Supreme Court decided it was, and that is the end of the matter; it is constitutional now under the ruling of the court. This bill takes away from the Executive that prerogative and restores it to the Congress of the United States, whose province the fathers of the Constitution thought it was to pass bills levying taxes upon the people of the United States.

If you are going to have a Tariff Commission, a fact-finding commission, there should be some flexibility. The proposed amendment gives that flexibility. The LaGuardia amendment is the product of a Democratic Member of this House, the gentleman from Maryland [Mr. LEWIS], who for eight years served on the Tariff Commission and who knows more about the operations of the Tariff Commission than any Member of this House. [Applause.]

The effect of this amendment is simply this: If the Tariff Commission recommends a change in rates, it comes to Congress. Congress has every power guaranteed to it under the Constitution. If Congress does not desire to carry out the recommendation of the Tariff Commission, it passes a resolution disapproving it, and it does not become a law. If the Congress favors it, then Congress by remaining quiet, by acquiescing consents to the change, and it becomes a law. As I understand the amendment, there is a provision that this recommendation shall not become effective as law unless the Congress remains in session 60 days after the report reaches Congress. I would not support it otherwise. I want to retain in the power of the people's representatives the final veto on the action of the Tariff Commission as to whether or not changes should be made, and when that commission makes its report, if we favor it we can acquiesce, and in 60 days it becomes a law. If the Congress does not favor it, it can express its disapproval. That gives flexibility to it. It meets the exigencies of business. You will find this will meet with the approval of business men. It makes the Tariff Commission a fact-finding body for the House, with flexibility in it.

Mr. LOZIER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LOZIER. As I understand, under the bill as originally reported, the report and finding of the Tariff Commission does not become effective unless there is affirmative action by Congress.

Mr. CRISP. That is correct.

Mr. LOZIER. Under the amendment offered by the gentleman from New York [Mr. LaGUARDIA], the power to fix duties and to change duties is still vested in the Tariff Commission, subject only to the veto power of Congress, and that veto power must be exercised by the concurrence of both the House and the Senate, and unless there is concurrent action by the House and Senate, this amendment will still leave the power to fix rates in the Tariff Commission.

Mr. CRISP. I think the gentleman has accurately stated the proposition.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, ladies and gentlemen of the committee, I have not thought much of this bill that was brought in by the Ways and Means Committee. It is beginning to take on some shape that is rather appealing to me. I liked the provision from the beginning that the Tariff Commission could consider a commodity, whether it was on the dutiable list or not. In other words, the power, in emergency, to take a commodity from the dutiable list and place it on the free list, or take it from the free list and place it on the dutiable list. That sounded very well, but as the bill came in, it left no power in which to create a tariff schedule. The amendment offered by the gentleman from New York [Mr. LaGUARDIA] will give us a breathing chance in the oil business. If the Tariff Commission will follow the report which it has recently made, it will give us a tariff of $1.03 per barrel on oil.

I can swallow a lot of gall on any proposition if I can get a little oil tariff along with it.

I do not like the latter part of this bill pertaining to the international relations. I think that is a lot of bunk. I am like Will Rogers. I recognize the fact that we have never lost a war, but, likewise, we have never won a treaty. But, be that as it may, it can not be a bill, as I like it in all its particulars.

I was much aggrieved last year when I found that the Ways and Means Committee of this House, the majority of which was Republican, turned down the State of Kansas in its plea for a tariff on oil, after Kansas had been sending Republican tariff Congressmen to this body since the Civil War. I am willing to grasp any opportunity any time any place to get a breathing chance for a tariff on oil.

Mr. BLANTON. Will the gentleman yield?

Mr. McGUGIN. In just a moment.

If the amendment offered by the gentleman from New York [Mr. LaGUARDIA] is adopted by this House, I shall support this bill on final roll call, even though I am opposed to the latter part of it, which pertains to an international conference. I hope to have an opportunity to help strike out that last section.

Mr. BLANTON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. BLANTON. I want to ask the gentleman this question: The gentleman's party is a high protective tariff party. Not only has the State of Kansas been demanding a proper tariff of a dollar a barrel on crude petroleum, but Oklahoma and Texas and the other oil States have been doing the same. If they had put that tariff on oil, as the gentleman wanted them to do, it would have put back to work 100,000 idle men who are now out of jobs in Kansas, Oklahoma, and Texas. How does the gentleman explain that to the country?

Mr. McGUGIN. Will the gentleman permit me to ask him a question now?

Mr. BLANTON. Certainly.

Mr. McGUGIN. I ask the gentleman, now that the great State of Texas and the Democratic Party have placed in the Speaker's chair one of their Members, and since the control of the Ways and Means Committee is in the hands of the

Democratic Party, will that committee this year bring up a bill doing justice to oil in Texas, Oklahoma, and Kansas alike?

Mr. BLANTON. Oh, if we put it in a bill and passed it, a Republican Senate would kill it. And a Republican President would veto it. For Mr. Secretary Mellon would never allow such a tariff against his foreign oil interests.

Mr. McGUGIN. I condemned the last Republican committee that turned us down. Will the gentleman condemn the present Democratic committee if it turns us down?

[Here the gavel fell.]

Mr. LEWIS. Mr. Chairman, I rise in support of this amendment.

I do not feel under a great necessity to add to the discussion on this particular subject unless, indeed, there be the necessity for a new justification arising from support for the measure, such as that just announced, with the confession that it was given to get a dollar a barrel on something for supporting this amendment.

Gentlemen of the committee, all of us in our time as Members here must prepare to meet the highest responsibilities. One of them is to recognize the reasonable limitations under which this body can wisely proceed. Let me say to you that the institution you are setting up to-day is not at all a novelty. The British Parliament for half a century has found itself having to face subject matters so complex, involving factual investigations so protracted in character, that while it thought itself—and, indeed, properly so—capable of passing on the general principles applicable to the subject, found itself incapable of making the factual investigations essential to the rightful application of such principles.

We have just such a case here in our tariff. With at least a dozen different subject matters the British Parliament lays down the principles and leaves the factual determinations to investigating commissions. Their reports are made to the Commons. If they are not rejected by the Commons, or if the Commons fails to act, failure to disapprove is taken as indicative of approval, and their orders go into effect. Here are examples of such subject matters:

First. The judiciary act amendment (1875).
Second. The tithe act (1891).
Third. The board of agriculture act (1889).
Fourth. The prisons act amendment (1898).
Fifth. The merchants' shipping act (1898).
Sixth. The London government act (1889).
Seventh. The mail ships act (1891).
Eighth. The foreign marriage act (1892).
Ninth. The agricultural rates act (1896).
Tenth. The interpretation act (1889).
Eleventh. The rules publications act (1893).

Many other similar and more recent acts could be found.

The Congress could make tariffs for the railroads of the United States the same as we make tariffs respecting foreign countries, and, indeed, you would find the task a much easier one than to pass in a wise way upon these customs tariffs.

Let me make one statement which may seem sensational, but which is not intended to be. I do not, in my experience, know anybody more competent to declare the intelligent opinion and the will of society on standards in tariff making than the body of which we are all proud Members.

On the other hand, I must state to you as the result of my experience that I know of no organized body less capable of passing on the factual questions necessary to be determined in order to apply with reasonable rectitude any standards or formulas upon which you might agree. I hope, gentlemen, that under such circumstances we will not destroy these flexible provisions.

[Here the gavel fell.]

Mr. AYRES. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LEWIS. I have but a sentence to add. I do believe that the change in the method of the exercise of the flexible provisions proposed in this legislation finds high justification. I must be frank. It is the shortest way, after all, to get through with this controversy. While no one, I trust, may lead me in respect for the office of the President of the United States, I still am not blind to the circumstances with which its human occupant is attended. In our country the occupant of the White House is going to be his party's chief, and on this subject of protection he is necessarily also a partisan committed to one side or the other. I do not think it fair to the office and I naturally do not expect from its human occupant that impartiality of judgment we are entitled to ask from a court of appeal from the Tariff Commission.

Mr. HARE. Will the gentleman yield?

Mr. LEWIS. I yield.

Mr. HARE. Do I understand it to be the purpose of this bill to relieve the House of Representatives in the future of the responsibility of passing upon any schedules in a tariff act? In other words, will this bill, in effect, remove from the House of Representatives the responsibility of bringing in a tariff bill that will deal with the specific items as they have been dealt with in legislation heretofore?

Mr. LEWIS. I will not undertake to be a prophet and answer you, but I will dare to express my own hopes. They are that this House will at length recognize that its relation to the subject of business tariffs is a relation similar to its relation to the tariffs of the railroads, and calls for the same wisdom, and that after laying down just and adequate standards for the determination of tariff rates, Republican or Democratic, Congress will leave the factual investigative functions to selected bodies of men capable of executing and wisely discharging them. [Applause.]

Mr. CRISP. Will the gentleman yield?

Mr. LEWIS. Gladly.

Mr. CRISP. I must disagree with my friend; and, if I thought his statement was binding on Congress, I would oppose this measure. My friend does not mean to create the impression that Congress, whenever it sees fit, can not pass a general tariff bill as heretofore, notwithstanding this bill becoming a law?

Mr. LEWIS. I am afraid I do not understand the gentleman. It must be my fault.

Mr. CRISP. I am afraid it is mine; but the gentleman does not mean to say, in answer to the question of the gentleman from South Carolina [Mr. HARE], that the passage of this bill would prevent future Congresses from passing a general tariff revision measure if they saw fit to do so.

Mr. LEWIS. Oh, certainly not.

Mr. CRISP. I wanted to make that clear, because the gentleman's answer might have carried that impression.

Mr. HARE. I am glad the gentleman has made that clear, because, if that were true, I would oppose the bill.

Mr. FREAR. Mr. Chairman, I offer a substitute for the LaGuardia amendment. Let me read it, if I may.

The CHAIRMAN. It is irregular for a Member, in offering an amendment, to read it himself. Under the rules the amendment must be read from the Clerk's desk.

The Chair is informed that the gentleman's amendment is a perfecting amendment, and not a substitute. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. FREAR to the LaGuardia amendment: Strike out all of the language beginning with "sixty days after the date of the reports to Congress," and so forth, and insert:

"Sixty days after the date of the report to Congress of such order by said commission, whenever Congress is not in session, such changes in classification shall take effect and such increased or decreased duties shall be levied, collected, and paid on such articles when imported from any foreign country into the United States or into any of its possessions, except the Philippine Islands, the Virgin Islands, the islands of Guam and Tutuila: *Provided*, That if before the expiration of a period of 60 days after the next Congress shall have been in session, it shall have by joint resolution declared said order of said commission rejected, then the changes in classification, forms of rates, or increases or decreases in rates of duty specified in such order of said commission shall not go into effect."

Mr. FREAR. Mr. Chairman, let me make clear to the committee, if I may, the purpose of this amendment. In speaking yesterday on the subject I stated I would offer an

amendment requiring the commission's order to go into effect within 60 days unless others did so, with the right on the part of Congress thereafter at its next session to repeal action of the commission within a period of 60 days. The purpose of this amendment is to carry out the real intent of the flexible tariff provision so that the order will go into effect the same as it would if it had been made by the President when reported by the commission, and thereafter Congress itself can change, within 60 days after its next session, the effect of the order. This is the only change in the LaGuardia amendment I have in mind, and if you do not want such tariff to go into effect within the 60 days, then you want to vote down the amendment I have offered.

I shall support the LaGuardia amendment, if you do not agree to this amendment I am offering, but the purpose of my amendment is to meet the situation where there may be a period of nine months from the time Congress adjourns until it meets again after the commission reports, whereas, to-day under the flexible tariff provision you can put such rate into effect at once.

Mr. KNUTSON. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. KNUTSON. Has the gentleman from Wisconsin the idea it would be possible to secure action by any Congress on any item in 60 days?

Mr. FREAR. In what particular does the gentleman mean?

Mr. KNUTSON. When it is referred to the Congress.

Mr. FREAR. Oh, you can amend it, if you choose, to 90 or more days or whatever time you want, but this amendment has for its purpose putting into effect the finding of the commission within 60 days after the order is made.

Mr. KNUTSON. But I am asking the gentleman the question as an expert on the tariff. Does the gentleman think, in view of his past experience here, it would be possible to get any action by any Congress on any item in 60 days?

Mr. FREAR. That is what is proposed in the original amendment.

Mr. KNUTSON. The whole thing is "baloney."

Mr. FREAR. Let me say to you that one of the gentlemen on the Republican side insists he will not vote for the measure unless it has the amendment, and I am simply trying to put into effect the ideas of the people who may want to get early relief with respect to oil or any other similar item without waiting until Congress meets six or more months thereafter.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. DOUGLAS of Arizona. Does the amendment of the gentleman from Wisconsin refer to transferring articles from the free list to the dutiable list or from the dutiable list to the free list, as well as to increases or decreases?

Mr. FREAR. Yes. It leaves that just as it was in the original bill.

Mr. COLLIER. Mr. Chairman, I do not believe I ought to detain you long on this amendment, because I believe that all the Members, or most of the Members—certainly all the Members on this side of the aisle—believe that the taxing power of the Government should remain in the Congress.

Here is an amendment, as I understand it—there was considerable confusion when it was read—but as I gathered from the reading, it provides that when Congress is not in session the Tariff Commission can repeal every tariff act that we have. A week after Congress adjourns this Tariff Commission can repeal every item in the tariff act. It could take any one of the 100 articles off of the free list and place it on the dutiable list, and when Congress comes here in December, we will find a hundred articles on the free list that will be taxed. I do not think the Members of this House want to surrender the right intrusted to them by the people of the United States, by the Constitution of the United States, to levy taxes in any such way as that. I do not feel that I need to take up any further time. [Applause.]

Mr. KVALE. Will the gentleman yield?

Mr. COLLIER. Yes.

Mr. KVALE. The gentleman's argument does not apply to the LaGuardia amendment?

Mr. COLLIER. No; I am talking about the Frear amendment.

Mr. STAFFORD. Will the gentleman yield?

Mr. COLLIER. Yes.

Mr. STAFFORD. I have difficulty in subscribing to the so-called LaGuardia-Lewis amendment, because I recognize that 60 days is a limited time for Congress to act on any recommendation made by the Tariff Commission.

Mr. COLLIER. I think 90 days would be better.

Mr. STAFFORD. The objection raised against the Frear amendment applies to the Lewis amendment.

Mr. CRISP. Mr. Chairman, I move to strike out the last word. I am not going to detain you, but in view of the speech I made on the floor a few minutes ago supporting the LaGuardia amendment, it would not be true if I did not say a few words opposing the Frear amendment. I do not think Congress should give the Tariff Commission the right to make a tariff rate effective without Congress itself being in session and having the right to veto it. [Applause.]

The Frear amendment takes that right away from Congress and makes effective the rates within 60 days, providing that Congress when it meets can repeal it if it wants to. It places in effect a temporary tariff which is certainly obnoxious to business. I am opposed to any flexibility that does not keep in Congress its right to veto it. [Applause.]

Mr. CONNERY. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, I listened to the argument of the distinguished gentleman from Georgia, and I still believe in the Frear amendment. I would like to call the attention of the gentleman from Georgia to the conditions which exist to-day. How many times has the Tariff Commission attempted to report or repeal an entire tariff bill in Congress? My idea of the Frear amendment is that when an emergency will arise, like the oil emergency, during the recess of Congress, the Tariff Commission will be able to remedy the situation, always subject to the veto of Congress when Congress meets, which, under the 60-day clause, would not be much longer than 90 days.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. FREAR] to the amendment of the gentleman from New York [Mr. LAGUARDIA].

The question was taken, and the amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from New York [Mr. LAGUARDIA].

The question was taken; and on a division (demanded by Mr. CANFIELD) there were—118 ayes, 83 noes.

So the amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 15, after the word "classification" insert the following: "or any change that would tend to place the producer of surplus agricultural commodities on a basis of equality with industry in the tariff system."

Mr. JONES. Mr. Chairman, there seems to be some disagreement among the members of the committee as to whether this is not already included in the bill under the power given in this stipulation but I offer the amendment in order to make it sure. The bill provides:

Any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, a change in the form of duty, or a change in classification.

I think if we are going to direct an investigation, the Tariff Commission should be given sufficient leeway to report on any measure that might tend, for once in all the history of this Republic, to bring the surplus-producing farmer on a basis of equality with industry in the tariff system. A while ago the statement of some Democratic Senators was read. Now, let me read some statements from some Republicans.

Senator CAPPER said of the farmer that—

As a seller he must take the world price; as a buyer he must pay the American protective price.

It is absurd to assume that the farmer will long remain content at such a disadvantage. Mr. Albert G. Cummins, a former Senator from the State of Iowa, said in reference to the surplus wheat production:

The wheat acreage to-day is producing a surplus which must be thrown into the world market, thereby keeping down the price of an important product, tariff or no tariff.

The Des Moines conference said practically the same thing. The effect of my amendment would be to give the Tariff Commission the right to consider the recommendation of any plan or proposal or change in the form of rate that would have for its purpose the tendency to place agriculture on a basis of equality with industry in the tariff system.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. SIROVICH. The gentleman might be interested in knowing that on June 14, 1930, when a bill similar to this on the tariff was being discussed, the distinguished gentleman from New York [Mr. CROWTHER], a member of the Ways and Means Committee, while standing in the pit facing the newspapermen, made the following statement:

They are finding fault with our agricultural rates. That is the trouble with them. These rates were made for the benefit of the farmers of the United States.

Then further he goes on:

Mr. Speaker and gentlemen of the House, once this bill becomes a law business confidence will be immediately restored. We shall gradually work out of the temporary slump we have been in for the last few months, and once more prosperity will reign supreme. Foreign reprisals will vanish into thin air and we shall continue to raise the standard of American labor and American wages. We shall dissipate the dark clouds of your gloomy prophecy with the sunshine of a continuing prosperity. [Applause, the Members rising.]

That is on June 14, 1930, and prosperity has not yet come.

Mr. JONES. I would say in answer to the gentleman that the gentleman from New York has gone from a major to a minor prophet.

Mr. SIROVICH. The gentleman does not mean me?

Mr. JONES. I mean the gentleman to whom the gentleman referred. I regard this as important, because I believe that one of the troubles we have to-day has been a lopsided tariff system. The surplus-producing farmer with the double burden of a high-priced supply market and the competition with cheap foreign labor has had his purchasing power destroyed, and that destruction has in its wake destroyed a large part of the market for industrial commodities. It is important that whatever policies may be adopted in America, they should be such that every man will stand on the same dead level of equality. The Tariff Commission should investigate and have the power to submit any change that would tend to place the producer of surplus agricultural commodities on a basis of equality with industry in the tariff system. There are in certain countries where they have the export and import system of exchange, whereby one portion of the country is leveled to another portion. There are a half dozen different systems in the different countries of the world where they have been trying out plans to place agriculture on a basis of equality within industry in the tariff system. Anyone who wants to be fair, who wants this country placed in such a way that all people will have the same rights before the law, can not be opposed to this amendment.

Mr. McCORMACK. Does the gentleman have in mind that the Tariff Commission would have the power to recommend, for example, the debenture clause?

Mr. JONES. I have in mind their studying and recommending anything that will remove this age-old discrimination that for 50 years has existed in this American land of ours, whether it is a debenture, the export or import system, or any other plan that may be devised and submitted by the students of the question that will give agriculture a fair deal in the economy of this Nation. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I dislike to rise twice in a discussion of the same bill, but this is a very important amendment proposed by my colleague [Mr. JONES], and irrespective of which side of the aisle you sit on or to which party you owe allegiance or from what section of the country you come I submit for your serious consideration what impresses me from a study of our economic difficulties as a very important factor entering into the situation which must be dealt with. Let us see if we can not agree on two or three fundamental facts upon which judgment ought to be constructed. The time has come now in the study of this question when, irrespective of party, we all agree that a tariff on a commodity that produces a very considerable exportable surplus does not protect the producers of that commodity.

I suppose that is not questioned by anybody. So we have a situation where this Government announced the general proposition that it is going to protect its producers against the cheap labor of the rest of the world.

May I direct the sympathetic consideration of you gentlemen who come from the cities to the fact that the people who live in the country are just as much producers in America as those who live in the cities, and are subject to the same economic laws. Here we have a situation where the Government declares a general policy, but when it comes to apply that policy it says to the producers of exportable agricultural surplus, "You do not get in on it." Is that not correct? I yield to interruption, because I am not talking as a Democrat now.

Mr. FREAR. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. FREAR. I am in sympathy with the general purpose of what the gentleman says, but how will the gentleman bring it about where there is exportable surplus? How are we going to put it upon a plane with other industry? What is to be the measure for the Tariff Commission to assume?

Mr. SUMNERS of Texas. Of course, in five minutes the gentleman will not ask me to enter into a discussion of what may be the reasoning of the Tariff Commission.

I wish to make this statement, and I make it not as a Democrat nor as a person who comes from an agricultural community, because I come from a city; but it is my judgment, poor as it may be, that it is not possible to revive this country economically, with the debt-paying power of the producers of agricultural surplus paralyzed. Is that not sound? I make the additional statement that it is not possible to remove the paralysis from those producers; I do not think it is possible to revive the debt-paying power of the producers of exportable surplus with the major burden of the tariff system resting upon them, when they do not participate in the benefits of that system.

Now, it is very difficult for a man residing in a city to think in the psychology of the economic situation of the farmer. That is strange to me, but that is the fact. Suppose you turn it around and you undertake to operate in America under a system where the farmers were receiving bounty from the Government and the manufacturers of America were compelled to compete with the cheapest labor on earth, as these grain and cotton farmers are now compelled to compete. How long could they stand up? We have exactly that situation with regard to the farmers of America. The farmers of America receive no benefit from the protective tariff. They must compete with the cheapest labor on the face of the earth, and when they come back to America with the proceeds of the sales made in competition with the cheapest labor on earth, this great Government compels them to take out of that money and pay tribute to the constituents of those of you who represent tariff-protected industries.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I ask unanimous consent that I may be allowed to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SUMNERS of Texas. Now, ladies and gentlemen, I am sure this question is not presented in a partisan way, nor

does it present itself to you as a partisan question. Those of you who live in the cities and who have idle people are interested in their becoming employed. I want to direct your attention to a historical fact that this economic paralysis that is gripping the country began with the paralysis of the buying power of the producers of exportable surplus. That is a historical fact. A good doctor, when he comes to treat a patient, wants to know how the disease started.

Those farmers cultivate 80 per cent of the agricultural acreage of America. I do not say this in criticism, but, as the tariff system has operated in this country, it has operated as a force pump to pump away from these producers of exportable surplus that which they have earned. I do not say that in any critical sense. It is a fact. That has been going on in America until they are bled white; they can not buy the products of your factories in Massachusetts.

I am not one of these academically educated people. I just walk around and look at things. As far as I can understand it, the economic body of the world is similar to your physical body. In your circulatory system there is one part pumping the blood away and another pumping it back. The trouble is, we have been pumping the blood away from the farmers of America artificially, by a force pump, and have not been putting it back. They can not buy. If they can not buy, how in the name of common sense can your factory people operate?

Mr. McCORMACK. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McCORMACK. To my mind, this amendment goes far beyond the intent of the bill and vests in the Tariff Commission the power to indirectly legislate on items outside of the tariff, on the debenture, for example, which is a separate and distinct legislative question in itself. My objection to the amendment is on that ground, that we are going further, in giving this commission indirect power on tariff matters, and this amendment may be unlimited in the scope of its operation.

Mr. SUMNERS of Texas. Well, I will ask the gentleman not to kill this amendment. Let the gentleman offer an amendment to the amendment, but, in the name of common sense, let us try to do something to give the farmers of America a chance to buy. [Applause.]

I make two prophecies. If you will revive the debt-paying and buying power of these farmers who cultivate 80 per cent of the acreage of this country you will put the idle people who are now walking the streets of your cities to work. [Applause.]

I make another prophecy: That unless and until those cultivators of 80 per cent of the acreage of America are able to buy, you can not take your idle people off the streets. [Applause.]

That is where this thing began. In these closing minutes let me impress it upon you as good doctors. Not as Democrats and not as Republicans, but as men who have common sense, why do you not apply your remedy at the spot where the disease began? [Applause.]

We are trying every sort of arbitrary and artificial stimulant and restorative. Why not try plain ordinary justice?

Nobody can claim that that part of our producers who raise grain, for instance, is given a square deal by this Government. Just stop and think about that for a second. For this Government to compel by law this part of its citizens to take out of their pockets what they have received from selling in competition with the cheapest labor in the world and hand it over to other producers in order that they may get a higher price for what they produce is a species of economic slavery. These farmers are not only the victims of this character of injustice—and I mean injustice, plain, ordinary injustice wrought by the Government—but they are at the end of the line in the passing of the accumulated burdens of the tariff system.

Suppose a manufacturer goes into the market and buys a commodity the price of which has been increased by reason of the tariff. He writes that increase into his production cost, does he not, and passes it on to the wholesale man?

The wholesale man writes it into his cost of buying and passes it on to the retail man, and the retail man in turn passes it on to the consumer. Even organized labor is frequently able when the cost of living goes up by an increase in the wage scale to pass these burdens on. Doctors and lawyers pass them on—everybody who presents a bill for what he sells or does; and so in America they are passed from one to the other to a very definite degree, until you get to the man who raises the bushel of wheat, who has to sell that bushel of wheat in Liverpool or in the domestic market at a price fixed by the world market, as he must in competition with Argentina and Russia and all of the other countries of the world, selling it to the highest bidder. He can not pass a penny of it on, and the cotton farmer can not pass a penny of it on. These farmers can not sell at a price which has figured into it the cost of production plus a profit.

But that is not all; in the price that the farmer has to pay for tuition, for instance—who buys clothes, of course, for his girl whom he sends to school—he has to pay not only the increase in the price of her clothes, which he can not figure into his selling price, but in the tuition which he must pay, he pays a part of the increased price resulting from the tariff on the clothes that the teachers who instruct his children buy. He can not pass it on when he comes to sell his goods, his cotton, his corn, his wheat. What is true with regard to the teacher is true generally. The same thing is true with transportation charges, and so forth. These farmers are at the final receiving end of this passing process. It is no wonder they are prostrate.

The situation was bad enough before the war when we were a creditor nation. Then these farmers could get rid of a considerable part of their products through the payment of interest on our foreign debts. Instead of paying them interest, now we require all the gold our former creditors can get to pay what they owe us. Added to this is our recent increase of tariff duties and the corresponding increase by foreign governments against us.

When these farmers would attempt to exercise their inherent natural right to barter what they produce for what they need and to make the trade in the market in which they must sell, this Government says to them, "You shall not do that; you must come on back home with the money which you received when you got rid of your wheat by underselling the Russian or your cotton by underselling the Egyptian and buy in the tariff-boosted market where your favorite brother is waiting to unload on you." That is exactly what happens.

That policy violates the fundamental law of justice, and the people of this Nation responsible for that policy are paying the penalty of violated law.

Suppose it should require a debenture to give back to these farmers what is being taken from them by the might of government to provide a bounty for others. That would not be a bounty to these farmers. It would be only restitution. It would be ordinary justice. It was theirs to start with.

The policy of the Republican Party toward these farmers, the policy of the beneficiaries of the tariff system toward them, of refusing while the present tariff policy obtains to give back to these farmers, even if it require a debenture, what is being arbitrarily taken from them is just as shortsighted and foolish as would be the policy of the branches and fruit of a tree shortsighted and foolish, if we may endow them with intelligence for the present purpose, if they should pump away from the roots to stimulate their own growth that required for the development of the necessary root structure to carry them through the drought.

What the venous system of the human body moves in one direction, the arterial system must return if the body should remain healthful. What the might of government arbitrarily moves from one group, arbitrarily the might of government must return if there is to be a healthful, economic body. If you pump away from the root of a tree that which

nature allocates to develop that root structure, you must pump it back or pay the penalty when the drought comes.

In a definite sense, agriculture is the root of the economic plant. When it is prosperous there is prosperity above. When it is not prosperous, nothing else can long prosper.

We would have reached the crisis earlier; but while we have been bleeding agriculture, agriculture has been bleeding the soil. We are at the end of the bleeding process. Both are bled white. Higher tariff, more blood, more and more credit, which means greater and greater indebtedness, the Republican panacea for all our ills, will not work. It is merely postponing the evil day and adding to its consequences.

Suppose we try the experiment of doing just ordinary, everyday, old-fashioned justice to these economic slaves. That is what they are made to be. They not only cultivate 80 per cent of our acreage, produce our food and clothing material, these people who toil in the fields of this country, but they are the great buyers of the products of the factories. Begin at the bottom; begin at the root instead of wasting these billions giving artificial stimulus, trying to keep alive an unnaturally developed economic plant, sucking the vitality and destroying the ability of its root to function.

I repeat what I said, you can not restore prosperity in this country until you restore the buying power of these farmers.

When you restore that buying power your factories will start again and prosperity will be a realization.

Until you either cease to bleed them through the tariff or return to their vein the blood which you arbitrarily take from them through the tariff, there can be no reasonable hope of restoring their now-paralyzed power to function. There are laws of justice which must be respected in the policy of nations as well as in the conduct of individuals, or the penalty of violated law must be paid. It would not be a bad idea for us to take off a little time and think about that before we shall have wasted our remaining billions trying to bring prosperity from the top downward and have finished the job of freezing up our credit resources, of which the Federal Treasury is now about all we have left.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. MICHENER. Before the gentleman begins his statement let me ask him whether this makes the debenture in order?

Mr. McCORMACK. So the mover of the amendment frankly admitted. I understand this will give the tariff commission power to make recommendations relating to the debenture.

Mr. JONES. Any plan that may be offered and which is normally and legitimately a part of the tariff.

Mr. BURTNESS. The equalization fee does not want to be overlooked. I would like to ask the gentleman from Texas whether it makes the equalization fee in order?

Mr. McCORMACK. I will let the gentleman from Texas answer that question.

Mr. JONES. I do not want to pass judgment on a measure before it is presented, but I doubt whether that measure would be included, because it is not primarily a tariff measure.

Mr. MICHENER. The gentleman wants to make this an agricultural relief bill rather than a tariff bill?

Mr. JONES. No, sir; absolutely not and this does not do that. It simply provides a study of the tariff system. I do not think it would cover the features that have been talked about but it would cover the question of the unfairness and the discrimination in the tariff bill against agriculture, and they could make recommendations on that.

Mr. MICHENER. Does the author of the amendment feel that this might bring in the question of the equalization fee and the debenture?

Mr. McCORMACK. I would like to have one minute of my time, if I may.

Mr. Chairman, I listened with a great deal of interest to the gentleman from Texas [Mr. JONES] and the gentleman from Texas [Mr. SUMNERS], toward and for whom I entertain the highest feeling of admiration, respect, and friendship. They talk about the farmers. Let me say something to my colleagues from the agricultural districts about at least one Representative in Congress from a city district who has not a farmer in his district.

I came here three years ago as a new Member. I sat here during the several weeks in which the agricultural marketing act was under discussion. I came here for the purpose of aiding the farmer, although representing a city district—290,000 people who wanted their Representative to do everything he could for the farmer consistent with our scheme of government. However, I did not come here to vote for a price fixing bill, neither did I come here to vote for a bill which constituted rank state paternalism. I did not come here to vote for a plan such as was incorporated in the agricultural marketing act. As much as I wanted to help the farmer, I could not in conscience vote for that bill, and I was one of the few Members of the House who voted against it.

I want to help the farmers. Every decent, thinking American wants to help our farmers, and I am ready to vote for any bill at any time or in any amount that is consistent with our scheme and our ideas of government that will do so. However, I do not want to vote for any bill that destroys the independence of the farmers. I do not want to vote for any bill which destroys the individual initiative of the farmers. I will vote for a bill appropriating $2,000,000,000 to buy land from the farmers, if the Government wants to do so, in order to cut down the surplus so that the law of supply and demand will be more evenly met. That is how far I am willing to go representing a city district. Every time a measure relating to the farmers came up I was prejudiced in favor of the farmers, and I was willing to give every benefit of the doubt to them. I looked to the Representatives of the farmers for aid and assistance, yet I am frank in stating that during the several weeks that the agricultural marketing act was under discussion I could not secure the evidence which I felt was necessary for me, even being in a favorable frame of mind, to vote for that bill.

I am not opposed to this amendment in any sense hostile to the farmers. I am as much profarmer as is any Representative of an agricultural district, and that is the viewpoint and the opinion of all decent thinking Americans, no matter where they come from.

This amendment broadens the scope of the bill. It is a delegation of legislative power not contained nor contemplated in the bill as it came from the committee. It would establish a dangerous precedent.

The gentlemen from Texas [Mr. JONES and Mr. SUMNERS] are two of the ablest and most constructive Members of the House. I realize that in their desire to do something along this line they will sometimes unconsciously go to extremes, which their calm and mature judgment at a later date will regret. This is a bad and a harmful amendment at this particular time, relating to a legislative subject matter which should be considered separately, and I therefore hope the amendment will be defeated. [Applause.]

Mr. COLLIER. Mr. Chairman, I am in hearty sympathy with the purpose of the amendment offered by the gentleman from Texas [Mr. JONES]; and, while many of us could think of many amendments that might be put in it, in view of what I stated at the beginning in regard to the fact that we were not putting in this bill many things which we desired because of the opposition that such a course would engender, which would defeat the bill in other quarters, and repeating my statement that I am in sympathy with the purpose of the gentleman from Texas, I do not believe the amendment at this time should be incorporated in the bill.

I now move, Mr. Chairman, that all debate on this section and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. TUCKER. Mr. Chairman, "this is the day I long have sought and sighed because I found it not"—the consideration of a Democratic tariff bill in this House.

I have been a Member of this House twice when the Democrats put through two splendid tariff bills. This, we say, is a gesture. Well, it is a little thing, but it has a heap of life in it. It has started a principle that is going to get rid of this flexible tariff, a tariff which has never been authorized by the Constitution of the United States.

But I rose simply to oppose the amendment of my friend, Mr. JONES, from Texas. He and his colleague, Judge SUMNERS, have appealed most eloquently for the farmers.

I ask the Clerk to read the amendment again.

The amendment was again reported by the Clerk.

Mr. TUCKER. Now, gentlemen of the committee, this amendment is practically the language of the caption of the farm relief bill and is out of order. It has been passed upon.

Three years ago we passed upon it, in the farm relief bill. Hear this language in the caption of that bill: "An act to establish a Federal Farm Board, to promote the effective merchandizing of agricultural commodities in interstate and foreign commerce and—selah—to place agriculture on a basis of economic equality with other industries."

That is this amendment. We have had three years of this law. Do you want to repeat it? For my part, if the opportunity comes, I shall gladly vote to repeal the law which was passed three years ago and abolish the Farm Board. Just look for a moment at what this amendment means and what this bill meant originally. Why, it is clear the Congress sought by law to place agriculture on a basis of equality with industry.

Where does this Government get the right to place any business on an equality with another? That is not a function of government; but if by artifice chicanery, or stealth, A attemps to injure or destroy B's property, the Government will prevent it. It is not the province of government to put money into my pocket but it is its province to keep your hands out of my pocket. Where does this Government get the power to make me equal to JOHN SCHAFER? [Laughter.] Where does the power come from? Not from the Constitution of the United States. You tried it three years ago against my protest. You have brought disaster to the farmers. You gave them a revolving fund of $500,000,000, and I would like to see you find any of those dollars now. Gone for salaries and to speculators! They have been spending that money for nearly three years now, and what is the result? Disaster! Want and despair!

Gentlemen of the committee, you can not do it. You have tried it once, but you had no power to do it and you failed. Surely, now, you do not want to renew that fight.

Mr. Chairman, I am against the amendment but for the bill.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, in view of the suggestion of some of my friends who are favorable to the amendment but would prefer that it not be put on this particular measure for fear it might complicate its passage, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HART. Mr. Chairman, I ask unanimous consent to speak out of order for two minutes.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to speak out of order for two minutes. Is there objection?

There was no objection.

Mr. HART. Mr. Chairman and members of the committee, I wish at this time to extend my thanks to the gentleman from Georgia [Mr. CRISP] for his remarks with reference to my illustrious predecessor, Joseph W. Fordney. Mr. Fordney was not only an illustrious Member of this body but a distinguished citizen of the district which I represent, and one of the foremost citizens of the city of Saginaw, my home.

Mr. Fordney was born on a farm near Hartford City, Blackford County, Ind., on November 5, 1853, and moved to Saginaw in June, 1869. In his early youth he became connected with the lumber industry, which at that time was one of the chief industries of Michigan. In this endeavor he was very successful.

In the fall of 1898 he became a candidate for Congress on the Republican ticket. He entered Congress March 4, 1899, and voluntarily retired on March 3, 1923. He was a great believer in the theory of protection and through hard work gained a great knowledge of the tariff question, and finally achieved his ambition, which was to become chairman of the Ways and Means Committee and write a tariff law. The tariff law which bore his name remained a law until a new bill was written during the Seventy-first Congress.

It is not alone by man's material achievements that he will be remembered. Mr. Fordney was successful in his business ventures and in his public career, but he will be remembered in our home city of Saginaw because of his charity, his genial disposition, and his regard for others. He never lost contact with those who knew him in his early lumber days. I have personally witnessed many times the warm greeting and the renewing of old acquaintance between Mr. Fordney and some of the older citizens whom he knew as a young man, who were less fortunate than himself. It was perhaps this kindly trait that endeared him to so many people.

Frequently he had opposition neither within his own party nor from the Democratic Party. He remained in Congress until he decided he had concluded his public work and refused to be a candidate.

Our city has lost one of its fine citizens and the Nation has lost one who conscientiously served the public.

Mr. LaGUARDIA. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 15, after the word "classification," insert a colon and the following: "*Provided*, That articles not produced in the United States and which are not substantially competitive substitutes of articles produced in the United States shall be exempt from duty when imported into the United States."

Mr. CRISP. Mr. Chairman, I make the point of order against the amendment. This is a bill that does not affect any rates of duty. It is a bill amending the general tariff law as to the powers of the commission under the flexible clause. It also amends it by providing for a consumers' counsel and for calling for an international economic conference. I do not think an amendment permitting the free entry of goods into the United States, which, of course, results directly in fixing tariff rates and duties, is germane to a bill of this character. Being on the committee, and believing myself that it is not germane, I am constrained to make the point of order.

Mr. LaGUARDIA. Mr. Chairman, if you read the lines immediately preceding the amendment, it provides that "any such increase or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, a change in the form of duty, or a change in classification."

Surely that opens the door for an amendment providing that any commodity not the product of the United States shall be included in the report. It does not change the duty, but only the report of the Tariff Commission.

Mr. CRISP. As I heard the amendment read, I understood it made commodities admissible without paying a duty. If it only provides for a report from the Tariff Commission, I do not think my point is well taken.

Mr. LaGUARDIA. The gentleman was correct. The amendment reads:

Any commodity not produced in the United States and not competitive with any substitute shall be entered free of duty.

Mr. CRISP. Then I make the point of order. Under the statement of the gentleman from New York the amendment would admit free of duty certain commodities.

Mr. LaGUARDIA. My reply is that the language of the section which I seek to amend is so broad that it opens the door, and makes my amendment germane.

Mr. LEWIS. Mr. Chairman, I have little to add to the suggestion made by the gentleman from New York; but if

it is possible to conceive a statutory statement which would admit an amendment because of its germaneness, it would seem to me to be this statement from the bill relating to an increase or decrease of duty:

Any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, a change in the form of duty, or a change in classification.

I take it that perhaps this House would like to vote upon the question at this time as to whether prohibitive duties should be imposed upon articles when they serve no protective purpose, but serve only as barriers to commerce between the countries of the world, duties on articles that have never come into consciousness of Congress, protective duties on articles not produced in the United States.

Mr. RAMSEYER. They might be revenue duties. Would the gentleman abolish all revenue duties in that way?

Mr. LEWIS. It would be a heartless method of securing revenue to tax the man upon his needs and not according to his ability to pay. I think clearly the subjects here are alike, are identical in character.

The CHAIRMAN. The Chair is prepared to rule. The Chair regrets that he can not agree with the views expressed by the gentleman from Maryland [Mr. LEWIS] as to the germaneness of the amendment. The section to which the amendment is offered deals exclusively with recommendations for changes in duty. There is no provision in the section that covers anything except administrative features and suggestions to be made by the commission. The amendment proposed affords mandatory authority to make a change in duty which is not contemplated, in the opinion of the Chair, by any of the provisions of the section. The Chair, therefore, sustains the point of order.

The Clerk read as follows:

SEC. 2. All uncompleted investigations instituted prior to the approval of this act under section 336 of the tariff act of 1930 prior to its amendment by this act, including investigations in which the President has not proclaimed changes in classification or in basis of value or increases or decreases in rates of duty, shall be dismissed without prejudice; but the information and evidence secured by the commission in any such investigation may be given due consideration in any investigation instituted under the provisions of section 336 of the tariff act of 1930 as amended by this act.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 6, after line 9, insert a new paragraph, as follows:

That Schedule 1 of section 1 of the tariff act of 1930 be, and is hereby, amended by adding, immediately following paragraph 97 of said section, the following paragraph:

"PAR. 98. (a) Crude petroleum and fuel petroleum, $1.03 per barrel of 42 gallons.

"(b) Petroleum products: Kerosene, benzine, naphtha, gasoline, paraffin, paraffin oil, and all other distillates, derivatives, or refined products of petroleum, 50 per cent ad valorem."

Mr. COLLIER. Mr. Chairman, I make the point of order on the amendment that it is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. McGUGIN. Mr. Chairman, I offer another amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: That at the end of section 2, page 6, there be added the following paragraph:

"That the tariff act of 1930 be, and is hereby, amended by striking any and all provisions thereof providing for a tariff or duty on aluminum, and that from and after the passage of this act aluminum shall be upon the free list."

Mr. COLLIER. Mr. Chairman, I make the same point of order for the same reason.

The CHAIRMAN. The Chair sustains the point of order.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word. My purpose in offering the two amendments which have been declared out of order was prompted by the debate on the floor of the House yesterday. It was almost virtually stated, if not stated, by the chairman of the Committee on Ways and Means and by other responsible members of the Committee on Ways and Means on the Democratic side of the House that there would be no schedule tariff bill introduced in this House this year. For two years since the passage of the Hawley-Smoot Tariff Act every Democratic orator has gone up and down the length and breadth of the land denouncing that tariff law as the venal thing that brought despair to this country. Why did you go out and ask for the election of a Congress and why did you obtain control of this Congress upon the ground that you are opposed to the Hawley-Smoot tariff bill if there is nothing that you can do about it now that you have control of the House? I asked the question yesterday of the chairman and was unable to obtain a direct answer as to whether any tariff bill would come before this Congress. I wanted to know whether there would be an opportunity to obtain relief for oil, which is in distress. Every Democrat I have ever heard talk on the matter has denounced the tariff on aluminum, and this is my only opportunity, and I present it now before this House, which is in control of the Democratic Party. One of the amendments I proposed provides for placing a tariff on every barrel of oil that Andrew Mellon ships into this country and the other one provides for putting his aluminum on the free list. I now beg of the Democratic Party, in control of this House, to give us a tariff in this session on oil. I beg of you to bring a bill out of your Ways and Means Committee and give us a chance to vote on aluminum.

I challenge you to bring a bill out of the Ways and Means Committee placing aluminum on the free list. I want to vote for that bill; I want to help put aluminum on the free list. When it looked as if this House was going to be organized by the Republicans the responsibility was absolutely upon the shoulders of us seven Republicans from Kansas to put a tariff on oil, and if we had come in here and permitted the Republicans to organize the House without an agreement that the Ways and Means Committee should give us a tariff on oil, then we would have betrayed our people and swapped the tariff on oil for committee assignments. When the majority slipped over to the Democratic side that responsibility shifted from our shoulders to somebody else. That responsibility fell upon the shoulders of the one Democratic Congressman from Kansas and the Democratic Members from Oklahoma and Texas. You Democratic Members from Oklahoma and Texas came here and helped the Democrats organize this House. You made possible the present control of the Committee on Ways and Means. If you did not obtain an agreement for justice for oil, then you traded oil in Texas and Oklahoma for committee assignments. The gentleman from Texas [Mr. BLANTON] held up his hands in holy horror at what has happened in Texas, due to the failure of the Republican Members of the Ways and Means Committee last year to give us a tariff on oil. To-day that responsibility is on the Democratic Members; and if the Democratic members of the Ways and Means Committee, who are in control, will bring in a tariff bill on oil, they will have my praise.

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman and members of the committee, on Thursday, January 7, the gentleman from Indiana [Mr. GREENWOOD] had placed in the RECORD a speech delivered by his colleague, Mr. CROWE. In looking over that speech I find these words—in making an attack upon the tariff bill he said:

When the time arrives I will stand for a lowering of the tariff. I know of no labor organization or laboring man who demanded this tariff.

At the time the committee was considering the Hawley-Smoot tariff bill there appeared an editorial in the International Labor News, printed and published in Washington. The editor of that publication is Mr. Matthew Woll, vice president of the American Federation of Labor. This is what he said:

For the first time in American history a large group of international labor unions have united to secure adequate tariff protection for the commodities they are engaged in making. For the first time in American history an American tariff bill stipulates protection of American labor in its title.

Again he says:

There are those who assail the bill as a whole. Most of those who level their broadside attacks pretend to be friends of labor. Labor has altogether too much of that kind of friendship.

Then he closes by saying:

As against the importers who are purely middlemen, and as against the international bankers, it is time the masses of the American people, the great army of those who work for wages, be heard and protected. To stop immigration is of little avail, if the would-be immigrant may send his competition through his manufactured output.

Mr. SABATH. Will the gentleman yield?

Mr. COOPER of Ohio. Not now.

Only yesterday my good friend Mr. CONNERY, a strong supporter of organized labor, stood on the floor and told us of the splendid fight he made to put a tariff on shoes in order to protect the American shoe worker and that industry. [Applause.] I was very glad to assist him. I call to the attention of my friend Mr. CONNERY the fact that during the consideration of the conference report our good friend from Texas, Mr. GARNER, now our Speaker, made a motion on the floor of this House to instruct the conferees to keep hides, leather, and shoes on the free list. If it had not been for the Republican side of the House standing by the gentleman from Massachusetts [Mr. CONNERY] and the dozens of labor representatives who came down here, men whom he and I met with and who appeared before the committee, we know we would not have any protection in that bill as far as it related to shoes.

Mr. CONNERY. Will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. CONNERY. The gentleman is convinced of something, also, which I did not say to the House yesterday and which has never been denied by any Republican in this House, that when the tariff on shoes, leather, and hides was taken out of the committee report it was done after conference between the gentleman from Oregon [Mr. HAWLEY] and President Hoover, and President Hoover struck out, therefore, the tariff on shoes. [Applause.]

Mr. COOPER of Ohio. I do not know anything about that; but my purpose in rising at this time was to show the membership of this House and the country—and the gentleman from Massachusetts [Mr. CONNERY]—that organized labor was back of this Hawley-Smoot tariff bill and did everything in its power to have it passed and become a law.

Mr. CONNERY. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio may have one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. CONNERY. The gentleman is in error, I believe, on one thing when the gentleman says that organized labor was in favor of the Hawley-Smoot bill. The representatives of labor who appeared before the Committee on Ways and Means did not appear except on certain schedules, and those were shoes, butter, and certain things which had a fair proposition in the tariff.

Mr. CHINDBLOM. The gentleman is mistaken.

Mr. COOPER of Ohio. Well, I take the position that organized labor stands for the protection of every American industry and laboring class that is suffering from foreign competition. [Applause.]

[Here the gavel fell.]

Mr. COLLIER. Mr. Chairman, ladies and gentlemen of the committee, we gave ample time under general debate for making political speeches. We gave very liberal time, 3 or 4 hours to-day and 5 or 6 hours on yesterday. I am now going to serve notice on the membership of the House that there will be no more political speeches. I am going to serve notice that all further debate shall be under the rules of the House and confined to the section of the bill under consideration.

Mr. Chairman, I move that all debate on this section and all amendments thereto shall now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 3. Consumers' counsel: (a) There shall be an office in the legislative branch of the Government to be known as the office of the Consumers' Counsel of the United States Tariff Commission. The office shall be in charge of a counsel to be appointed by the President, by and with the advice and consent of the Senate. No person shall be eligible for appointment as counsel if such person has at any time acted in tariff matters before Congress or the United States Tariff Commission, either on his own behalf or as attorney, at law or in fact, or as legislative agent. The counsel shall be appointed for a term of four years and shall receive a salary of $12,000 a year. The counsel shall not actively engage in any other business, vocation, or employment than that of serving as counsel.

(b) It shall be the duty of the counsel to appear in the interest of the consuming public in any proceeding before the commission and to conduct such independent investigation of matters relative to the tariff laws of the United States as he may deem necessary to enable him properly to represent the consuming public in any proceeding before the commission. In any proceeding before the commission in which the counsel has entered an appearance the counsel shall have the right to offer any relevant testimony and argument, oral or written, and to examine and cross-examine witnesses and parties to the proceeding, and shall have the right to have subpœna or other process of the commission issue in his behalf. Whenever the counsel finds that it is in the interest of the consuming public to have the commission furnish any information at its command or conduct any investigation as to differences in costs of production or other matters within its authority, then the counsel shall so certify to the commission, specifying in the certificate the information or investigation desired. Thereupon the commission shall promptly furnish to the counsel the information or promptly conduct the investigation and place the results thereof at the disposal of the counsel.

(c) Within the limitations of such appropriations as the Congress may from time to time provide, the counsel is authorized (subject to the civil service laws and the classification act of 1923, as amended) to appoint and fix the salaries of such assistants and clerks, and is authorized to make such expenditure as may be necessary for the performance of the duties vested in him.

With the following committee amendment:

On page 6, line 21, strike out the sign and figures "$12,000" and insert in lieu thereof the sign and figures "$10,000."

The committee amendment was agreed to.

Also the following committee amendment:

On page 6, line 25, after the word "of" insert the words "and represent."

The committee amendment was agreed to.

Also the following committee amendment:

Page 7, beginning in line 1, after the word "commission" strike out the remainder of the line, also all of lines 2, 3, 4, and down to and including the word "commission" in line 5.

The committee amendment was agreed to.

Also the following committee amendment:

Page 7, line 25, strike out the word "such."

The committee amendment was agreed to.

Mr. STRONG of Kansas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STRONG of Kansas: Beginning with line 10, on page 6, strike out all of section 3.

Mr. STRONG of Kansas. Mr. Chairman, ladies and gentlemen of the committee, I voted for the Smoot-Hawley tariff bill because of its splendid protection for agriculture and because of the fact that practically everything the farmer buys was upon the free list.

I have heard a great deal about the high rates of the Smoot-Hawley tariff bill—in fact, that has been the propaganda of the Democrats, supporters, and free traders, and the excuse of the "Republicans for office only" who opposed the bill. I have repeatedly asked every man with whom I could get an audience who talked of too high rates to name these high rates that are objectionable, but so far none have answered. Just before the holidays, on this floor, I chal-

lenged anyone to put in the RECORD the rates they objected to, but none dared do so, and I thought that when this Democratic tariff bill was brought out I would know what the high rates were.

I have feared all along that the purpose was to reduce the rates on agricultural products. I know now I was correct. Now comes this bill, with no mention of rates, but a purpose to delay until after election the true purpose intended. Look at this section setting up the proposition to pay a consumers' counsel for consumers who ask for reduction of rates. Consumers of what? Certainly the farmers are not going to come before the Tariff Commission and ask for a reduction of the tariff rates on agricultural products; or are they going to ask to have a tariff placed on the things which they buy and which are now on the free list. It is the consumers of agricultural products who will come before the Tariff Commission and ask for a reduction of the agricultural rates, and you are going to hire a $10,000 lawyer to help these consumers reduce the rates on agricultural products. Already from Boston an organization of consumers has filed an application to reduce the tariff on meat. Already from Boston these consumers have filed an application with the Tariff Commission to reduce the tariff on corn.

Let us not be fooled in the purpose of this, my friends! I think every man knows in his heart that it is for the purpose of letting the consumers in the cities strike down the high tariff rates we have secured on agricultural products. Then, if they do not win out before the Tariff Commission, or if perhaps the Tariff Commission thinks the tariff on agricultural products is justified, they have another avenue in this bill, section 4, and that will let them win in an international conference. Think of that! Asking a "league of nations" to pass on what tariff rates we shall have! They will have the right to call in gentlemen from Canada and ask them if they want to maintain the 42 cent rate on wheat or the 14 cent rate on butter. They will want to call in gentlemen from China and ask them if they want to reduce the 10 cents per dozen tariff on eggs. They will call in gentlemen from the Argentine and ask them if they want to reduce the 3 cents a pound tariff on beef and the 25 cents a bushel tariff on corn. They will ask men from Australia if they want to reduce the tariff on wool and on sheep. They will call in representatives from Norway, Denmark, and Sweden and ask them if they want to reduce the tariff on butter. Of course these gentlemen will be fair and just to the American farmer! Oh, will we be so foolish?

I want to protest against these provisions in the interest of agriculture, which is the principal industry in my State and which now has the best tariff rates that agriculture has ever had and has nearly everything it buys on the free list. I think this is a proposition to lower the rates on those things the farmer produces in the interest of the producers of cotton, tobacco, rice, and so forth, and to favor the cities, though it seems to me that when the farmer is feeding them below cost that they should be satisfied.

I want to strike out this consumers' counsel proposition. Think of hiring a $10,000 lawyer to help the consumers in the cities to strike down the rates and let foreign nations flood our markets with agricultural products; and it must be remembered that agriculture is now at low ebb and needs a market for every pound of products it has to sell.

Mr. COX. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. COX. When a case is made before the Tariff Commission involving, on the one hand, the rights of an individual, and, on the other hand, the rights of all the people, does not the gentleman think that both sides should be represented before the commission?

Mr. STRONG of Kansas. Yes. But there is no use in hiring a $10,000 lawyer to appear before the Tariff Commission for the consumer and attempt to reduce the rates on the things which the farmers produce.

Mr. SABATH. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. SABATH. Is there anything in this bill which directs the attorney to ask for a reduction of the tariff rates on anything produced by the farmers?

Mr. STRONG of Kansas. No; but in 1913 you put nearly everything the farmer produced on the free list and you have got to judge a party by what it has done in the past. [Applause.]

[Here the gavel fell.]

Mr. CRISP. Mr. Chairman, I have no desire to unnecessarily detain the House; but I do want to say a word in support of the provisions of the bill to which the gentleman from Kansas has just addressed himself. He set up a straw man and then with great vigor knocked it down. It has nothing in the world to do with the section of the bill which you are asked to consider.

The Tariff Commission is a quasi-judicial body to hear and determine whether or not a tariff rate should be raised or lowered. We have not lost our common sense. Of course, everybody in the United States, in a broad sense, is a consumer; but you know that the great body of the consuming public is unorganized and is not represented in these hearings to reduce tariff rates. [Applause.]

It is the interested party who appears before the commission and is represented by able counsel. Is it unfair for the great, unorganized consuming public to have counsel there to see that all of the facts are brought out and to aid the Tariff Commission sitting as a court to review all the testimony that is gathered by the commission?

The province of this counsel is to simply assist the Tariff Commission in getting all the facts of the investigation properly presented to it, and it is also to prevent counsel representing the interested party from having his say with no one on the other side to present all the facts.

This is all that it is intended to do. It will protect the farmers and all other consumers and is one of the best provisions in the bill. [Applause.]

Mr. COLLIER. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 7, line 11, after the word "behalf," strike out the remainder of the line and all of lines 12 to 20, inclusive.

Mr. WOLCOTT. Mr. Chairman, I want to take this opportunity, in my initial appearance, to thank the Members of this House for the courteous and kindly manner in which they have received me and I want to assure you, in reciprocation, that I will attempt during my career here to demean myself in accordance with the high and traditional standards of integrity and patriotism which many of you have had a part in establishing and which all are anxious to maintain.

The seriousness and dignity which mark the debates, the intelligence shown in the preparation of the arguments, and the zeal and aggression exhibited in reflecting the attitude of the American people make me cognizant of my obligation to add to these qualities and to do nothing in my official life which will detract from the honor which is yours because of them.

We have before us for consideration H. R. 6662, a bill which, in my opinion, merits little or no favorable consideration.

As set forth in the preamble to the Smoot-Hawley tariff act the purposes of tariff legislation are fivefold—

First. To provide revenue.

Second. To regulate commerce with foreign countries.

Third. To encourage the industries of the United States.

Fourth. To protect American labor.

Fifth. And for other purposes.

To which I would add the protection of American agriculture and the preservation of our national economic structure.

I do not believe there is one of us who would care to weaken the safeguards provided American industry and organization by that act by suggesting any specific changes in the schedules. I am doubtful if a majority of the House cares to destroy the protection afforded by that act by subterfuge. If there is ever a time when this House should be nonpartisan, it is in the consideration of this monstrosity, which if adopted will make this depression look like a "pink tea" compared to the panic which will follow, but since it appears to be a partisan measure let the party which is sponsoring it take the consequences.

In subdivision A of the Smoot-Hawley Act, which has to do with the flexible provisions of the act, the wording is in part as follows:

If the commission finds it shown by the investigation that the duties expressly fixed by statute do not equalize the differences in the costs of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the commission shall specify in the report such increases or decreases in rates of duty expressly fixed by statute (including any necessary change in classification) as it finds shown by the investigation to be necessary to equalize such differences. In no case shall the total increase or decrease of such rates of duty exceed 50 per cent of the rates expressly fixed by statute.

Five material changes which you contemplate in subdivision A are—

First. You open wide the door and allow the Tariff Commission to transfer an article from the dutiable list to the free list or vice versa.

Second. You destroy the guarantee to business that the duties will not be increased or decreased more than 50 per cent.

Third. You keep the business affected by the change in rates unstable because of doubt as to the final disposition of the recommendation for months until it can be considered by Congress.

Fourth. You provide for a report to Congress before the President has had an opportunity to consider the feasibility of the change and transmit his recommendation to Congress, a meaningless gesture which would further embarrass business by a discussion on the merits of the proposal previous to the receipt of the President's recommendation.

Fifth. And lastly, but by far the most important, you establish a false standard of comparison by providing that—

If the commission finds it shown by the investigation that the duty imposed by law upon the foreign article does not equalize the differences in the cost of production when efficiently and economically produced, of the domestic article and of the foreign article then the commission shall report—

Now, what standard are the President, the Tariff Commission, and this Congress to follow in determining the efficiency and economy by which articles are produced? In section 4 you request the President to call what you term a permanent international economic conference with a view to correct certain evils which are enumerated by innuendo and which you claim, without being specific, are coexistant with the Smoot-Hawley Tariff Act. Are the delegates to the conference from France, Great Britain, Germany, Italy, Czechoslovakia, Japan, or China to determine by their own standards of wages and production the standards by which American products shall be grown or manufactured? Can you imagine France ever suggesting or consenting to an increase of the duty on perfumes, or Great Britain on rubber or knit goods, or Germany on manufactured goods, and so on down the line?

You answer that we are not bound by the findings of this conference, and I retort that if that is the case it will have a most pernicious effect on American good will abroad; to refuse to confirm the action of such a conference, instigated by ourselves, will result in possible affront to every participating nation.

Rather than see this Nation of ours further enmeshed in the economic net of foreign governments, it would be preferable to sustain a total loss of our foreign trade. Let me explain why. For months we have all been steeped with the thought that the economic recovery of the United States depended wholly upon a resumption of a normal foreign trade. We have been led to believe that our commercial and agricultural structures were built upon our exports to foreign countries. The majority party in this House would have us believe that we should tear down our tariff wall in order that the people of the United States might buy abroad and thereby foreign capital would be created by these purchases with which to buy American goods. What an economic fallacy in face of the facts. Here they are, disappointing as they may appear, but the authority is the Department of Commerce, upon whom in this case we must place our reliance.

Production of movable goods and proportion exported

NOTE.—Agricultural production prior to 1925 is the estimated value of farm products, excluding crops fed to livestock; beginning 1925 it is gross income, excluding feed, seed, and waste. Value added to materials by manufacture is used to represent manufacturing. Values of mine products in 1909 and 1919 are census figures, while estimates for other years are based on date of the Bureau of Mines. As the figures are not adjusted for price changes, the increase or decrease in absolute values from period to period should be disregarded.

[Millions of dollars]

Year	Agricultural products	Manufactures	Mining	Freight receipts (railroad)	Total	Exports United States merchandise	Per cent of total
1899	3,385	4,831	600	[1] 981	9,767	1,253	12.8
1904	4,262	6,294	850	[1] 1,415	12,821	1,426	11.1
1909	6,472	8,529	1,238	[1] 1,801	18,040	1,701	9.4
1914	8,165	9,675	1,450	[1] 2,082	21,372	2,071	9.7
1919	17,677	24,748	3,158	3,625	49,208	7,750	15.7
1921	10,268	18,327	2,900	4,004	35,499	4,379	12.3
1923	12,382	25,846	4,300	4,712	47,240	4,091	8.7
1925	11,968	26,771	4,100	4,648	47,487	4,819	10.1
1927	11,616	27,585	4,000	4,729	47,930	4,759	9.9
1929	11,851	31,687	4,200	4,899	52,587	5,157	9.8

[1] Mean of preceding and following fiscal year.

Export of manufactured goods in relation to total production

NOTE.—Amounts in millions of dollars. The value of materials, excluding duplication, is necessarily an approximation and hence is expressed as a maximum and minimum. As the figures are not adjusted for price changes, the absolute increase or decrease from period to period should be disregarded.

Year	Value of product			Exports of United States merchandise	
	Materials, excluding duplication	Value added by manufacture	Total net value	Amount	Per cent
All manufactures:					
1899	2,300–2,800	4,831	7,100–7,600	745	9.8–10.5
1904	3,100–3,700	6,294	9,400–10,000	863	8.6–9.2
1909	4,300–5,200	8,529	12,800–13,700	1,001	7.3–7.8
1914	5,300–6,500	9,675	15,000–16,200	1,505	9.3–10.0
1919	12,500–14,500	24,748	37,250–39,250	5,449	13.9–14.6
1921	8,000–9,400	18,327	26,300–27,700	2,722	9.8–10.3
1923	11,500–13,200	25,846	37,350–39,050	2,625	6.7–7.0
1925	11,900–13,600	26,771	38,700–40,400	3,079	7.6–8.0
1927	11,750–13,450	27,585	39,300–41,000	3,145	7.7–8.0
1929	13,750–15,450	31,687	45,400–47,100	3,745	8.0–8.2
Foodstuffs manufactures:					
1899	1,300–1,500	415	1,700–1,900	312	16.4–18.4
1904	1,700–2,000	540	2,250–2,550	296	11.6–13.2
1909	2,200–2,700	750	2,950–3,450	281	8.1–9.5
1914	2,700–3,300	1,036	3,750–4,350	374	8.6–10.0
1919	7,100–8,300	2,434	9,500–10,700	1,963	18.3–20.7
1921	4,100–4,800	2,084	6,200–6,900	685	9.9–11.0
1923	4,750–5,500	2,460	7,200–7,950	583	7.3–8.1
1925	5,300–6,100	2,663	7,950–8,750	574	6.6–7.2
1927	5,500–6,300	2,885	8,400–9,200	463	5.0–5.5
1929	6,700–7,500	3,333	10,000–10,800	484	4.5–4.8
Other manufactures:					
1899	1,000–1,300	4,416	5,400–5,700	433	7.6–8.0
1904	1,400–1,700	5,754	7,150–7,450	597	7.6–7.9
1909	2,100–2,500	7,779	9,850–10,250	720	7.0–7.3
1914	2,600–3,200	8,639	11,250–11,850	1,131	9.5–10.1
1919	5,400–6,200	22,314	27,750–28,550	3,486	12.2–12.6
1921	3,900–4,600	16,233	20,100–20,800	2,037	9.8–10.1
1923	6,750–7,700	23,386	30,150–31,100	2,042	6.6–6.8
1925	6,600–7,500	24,108	30,750–31,650	2,505	7.9–8.1
1927	6,250–7,150	24,700	30,900–31,800	2,682	8.4–8.7
1929	7,050–7,950	28,354	35,400–36,300	3,261	9.0–9.2

You will note that the average exports for these 30 years constitute only about 10 per cent of our total trade. In other words, the United States as a Nation is self-contained to an exceptional and amazing degree; in fact, to the extent that it consumes about 90 per cent of the goods its produces.

The majority report of the Ways and Means Committee sets forth that there has been a decrease in our exports from $6,829,000,000 for the 17 months previous to July 1, 1930, to $4,007,000,000 for the 17 months subsequent thereto, or a decrease of 41 per cent. This is interesting, but is meaning-

less unless it is considered in comparison with the decline in our domestic trade during the same period.

Dr. E. Dana Durand, formerly statistical assistant to the Secretary of Commerce, in a book entitled "American Industry and Commerce," states on page 583:

> Were comparisons made between the value of foreign trade and the total output of the American people, the ratio would be very modest. At present (1929) it is only 5 or 6 per cent. This is a much lower ratio than in many other countries of the world.

When our house is burning we do not consider alterations in those of our neighbors. It is high time that we of the United States started thinking in terms of America. At least 90 per cent of our thoughts should be of home; the foreign 10 per cent will then take care of itself. The Republican side of this House refuses to be a party to any legislation which has for its purpose the possible destruction of 90 per cent of our trade, especially where there is but a remote, fantastic possibility of benefit to the other 10 per cent.

Mr. Chairman, I do not believe it was the purpose of the committee to establish by the proposed act a new fact-finding body. As I understand this particular part of the bill, which I have moved to strike out, it gives certain powers to this counsel which are now vested in the Tariff Commission. It sets up, therefore, another fact-finding body.

The other inconsistency is this: This counsel may request the Tariff Commission to hold investigations for his benefit, and the only benefit he can possibly derive from it is to turn that right back to the commission. It seems to me somewhat inconsistent; and although I do not press the amendment, because I do not want to be placed in the position of writing your tariff bill, I want to call it to your attention as an inconsistency in the bill. It does not appear to me consistent with your action in striking out the subject matter of lines 1 to 5, inclusive, and it seems to me that since you have done that the only consistent thing to do would be to strike out the lines, as indicated, from line 11 to line 20.

Mr. BURTNESS. Will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. BURTNESS. In fact, unless those words are stricken out this counsel could occupy most of the time of the Tariff Commission to the detriment of producers or anyone else that may have applications pending for increases or decreases.

Mr. WOLCOTT. Exactly; because this section makes it mandatory upon the commission to entertain his request.

Mr. BURTNESS. Certainly. They have no discretion in the matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. SCHAFER. Mr. Chairman, on page 6, line 25, I offer an amendment striking out the word "consuming."

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

> Amendment offered by Mr. SCHAFER: On page 6, in line 25, strike out the word "consuming."

Mr. SCHAFER. Mr. Chairman, this word is clearly ambiguous and means nothing, because, if my understanding is correct, every one of the people residing within the confines of our great Nation belong to the class designated as the consuming public.

Inasmuch as this word refers to the consuming public, I shall comply with the spirit of the rules in bringing to the House a few matters which I had intended to mention earlier in the day.

I am pleased, from the producing and consuming public standpoint, that I supported and voted for the Hawley-Smoot tariff bill. Oh, I recall the sob-sister stuff of our Democratic and left-wing Republican colleagues when going up and down the Nation telling the people how a tariff on sugar would increase the price of sugar, and yet to-day we find sugar selling at 4½ cents per pound, the lowest price in the history of the country, and it is far cheaper now than under the last Democratic administration and Democratic tariff during and immediately following the World War, when we paid as high as 30 cents a pound for sugar.

I shall be pleased to support and vote for a tariff on oil, because I believe in protecting the labor and the industry of America from the unfair competition of cheaply produced foreign products. Just because oil is not a resource of my district I am not going to follow the demagoguery of Democratic politicians and vote against a protective tariff on it. The Democrats want a high tariff on every foreign import which competes with the products of their districts and State and then vote against the tariff bill.

If the pending bill is a sample of the Democratic leadership of this House, God help our country.

The international bankers used the Democratic Party to drive us into the World War, placing a burden of many billions of dollars upon the taxpayers and increasing the cost of Government each year by over a billion dollars which is expended for the relief and care of those of our citizens who served in that war. You Democrats have condemned President Hoover and Secretary Mellon for about everything under the sun; but, my friends, you can not condemn President Hoover and Andy Mellon for one thing. You must condemn your Democratic President and your Democratic Secretary of the Treasury when you opened wide the floodgates of the taxpayers' Treasury and let billions of dollars go to foreign nations without, in some cases, having even an I O U. [Applause.]

If the Hawley-Smoot tariff bill was responsible for the unemployment and depression throughout this land, as your Democratic orators try to make the people believe, then, why in the name of goodness, when you have control of the revenue-raising branch of the Government, the branch of government in which a tariff bill must originate—if you have all the knowledge you talked about during the consideration of the Hawley-Smoot bill and on the political stump and in the newspapers of the country since, then why did you not bring in a tariff bill which you believe will cure the situation complained of instead of the camouflage monstrosity which is now pending? You must think that the American people are a bunch of morons and constitutional psychopaths if you believe you can present them with this bill as the tariff policy of the Democratic Party and continue to denounce the Republican tariff bill which was passed by the last Congress as the cause of the present depression and unemployment.

Democratic Members continually refer to the election casualties on the Republican side of the House and claim that they were the result of the tariff and other policies of the Republican Party. I want to say to my Democratic friends who reside below the Mason and Dixon line, where the representatives of the people talk and vote dry, that if they will study the election statistics they will find that the great majority of the Republican election casualties are the result of Republican candidates' stand on the prohibition question and not on the tariff or other policies. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Kansas [Mr. STRONG] to strike out the section.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

> SEC. 4. International economic conference: That the President is respectfully requested to initiate a movement for a permanent international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade and finance, (b) preventing retaliatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations between nations; but with the understanding that the question of the cancellation or reduction of the intergovernmental debts shall not be considered or discussed by the representatives of the United States in such conference; and
>
> That the President be, and he is hereby, authorized and requested, at as early a date as may be convenient, to proceed to negotiate with foreign governments reciprocal trade agreements under a policy of mutual trade concessions.

The committee amendments were read, as follows:

Page 8, line 15, after the word "conference," insert a period and strike out the word "and."

Page 8, line 16, strike out lines 16, 17, 18, and 19.

The CHAIRMAN. The question is on the committee amendments.

Mr. COLLIER. Mr. Chairman, I move that all debate upon this section and all amendments thereto close in 25 minutes.

Mr. ADKINS. Mr. Chairman, I move to amend that motion by making it 10 minutes.

The CHAIRMAN. The gentleman from Mississippi moves that all debate upon this section and all amendments thereto close in 25 minutes. The gentleman from Illinois [Mr. ADKINS] moves to amend that by having the debate on the section and all amendments thereto close in 10 minutes. The question is on the amendment to the amendment offered by the gentleman from Illinois.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now is on the motion of the gentleman from Mississippi as amended by the amendment of the gentleman from Illinois.

The amendment as amended was agreed to.

The CHAIRMAN. The question now recurs upon the committee amendment.

The committee amendment was agreed to.

Mr. CANFIELD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. CANFIELD: Page 8, line 5, strike out the words "a permanent" and insert the word "an," and in line 9 strike out the words "and finance."

Mr. CANFIELD. This eliminates the word "Permanent," and instead of it reading "a Permanent International Conference" it will read "an International Conference," and in line 9, by eliminating the words "and finance," it limits the conference to barriers affecting international trade.

Mr. BURTNESS. How is it contemplated that this conference is to continue if you strike out the word "Permanent"?

Mr. CANFIELD. Just like any other conference.

Mr. LaGUARDIA. Mr. Chairman, I offer the following amendment to the amendment offered by the gentleman from Indiana.

The Clerk read as follows:

Amendment offered by Mr. LaGUARDIA to the amendment offered by Mr. CANFIELD: Page 8, line 11, after the word "nations," strike out the words "but with" and the remainder of the paragraph and insert "but with the understanding that any agreement, treaty, or arrangement which changes any tariff then in existence or in any way affects the revenue of the United States, must first be approved by the Congress of the United States."

Mr. STAFFORD. Mr. Chairman, is the motion of the gentleman from New York offered in the nature of a substitute?

The CHAIRMAN. It is offered in the nature of an amendment.

Mr. STAFFORD. Then I make the point of order that under clause 7, Rule XVI, it is not in order. That clause provides:

A motion to strike out and insert is indivisible, but a motion to strike out being lost shall neither preclude amendment nor motion to strike out and insert.

The purpose of that rule is that the House shall have the right to vote on the proposal that is first submitted.

The CHAIRMAN. The Chairs overrules the point of order.

Mr. LaGUARDIA. Mr. Chairman, the amendment of the gentleman from Indiana strikes out the words "and finance." Therefore, there is really no reason for the statement which this Congress already expressed in a previous bill a few days ago.

All it adds is that in the question of tariff it must first receive the approval of Congress.

Mr. CRISP. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. CRISP. I have had some conference with the gentleman from New York and some of the other Members of the House on the minority side, and I am in favor of the gentleman's proposition. I do not see why we should have a permanent economic conference and I do not think the question of finance is involved. This is intended as a conference to remove tariff duties, trade barriers, and so forth, and with the word "finance" left out I can not see the necessity of Congress again repeating that it is not in favor of cancellation or reduction of any governmental debts. I am as much opposed to that as anyone in this House. In the moratorium bill passed a few days ago Congress went on record expressing its opinion against cancellation or reduction. Therefore I think the amendment offered by the gentleman is a good amendment, and, of course, I strongly favor the amendment offered by the gentleman from Indiana [Mr. CANFIELD], and I think the two amendments together very much improve the bill, and I am in favor of them.

The CHAIRMAN. The question is on agreeing to the amendment to the amendment offered by the gentleman from Indiana.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. HOWARD rose.

The CHAIRMAN. For what purpose does the gentleman from Nebraska rise?

Mr. HOWARD. Mr. Chairman, my devilish design was accomplished by the LaGuardia amendment. [Laughter and applause.]

Mr. REED of New York. Mr. Chairman, I move to strike out the last word.

Ladies and gentlemen of the committee, it was not my purpose to take the floor at this time, and what I have to say is nonpolitical. I would like to have the undivided attention of the committee for just about one minute.

I have listened with very great interest to the proposal to have a consumers' counsel to represent the consumers of the country in dealing with tariff schedules.

In one moment I just want to call your attention to one practical effect. We are living in a day of the mostly organized propaganda system in the history of the world. It had its birth during the war and it has continued down to the present time. As a result of it, minorities have exercised a great power over Congress. Men who have served here for some time recognize the propaganda that comes to their desks, but sometimes it is very subtle and very difficult to detect. Let me call attention to the danger of a counsel representing consumers. This will be the practical effect of it: When some special interest desires to break down a tariff barrier, he is going out to the people very adroitly and he will organize what are called "consumers' leagues."

Then the special interests will prepare their propaganda and in a little while it will break in a great wave and roll in on the consumers' counsel, demanding that this or that schedule be lowered. It would not be public sentiment. It would be organized propaganda. What can he do? He is helpless. Here are presented to him in regular form from what purports to be consumers' leagues requests that the tariff be taken off certain items. The result will be confusion in the House, and you will have a constant fight before the Tariff Commission, organized by special interests through little organizations all through the land, built up by them.

I want you to give serious consideration to the possibility of that feature when you vote on this bill.

The CHAIRMAN. Gentlemen, all time has expired.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York [Mr. CELLER] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 8, after section 4, add a new section, as follows:

"SEC. 5. Canadian reciprocity: That for the purpose of further readjusting the duties on importations into the United States of article or articles the growth, product, or manufacture of the Dominion of Canada, and of the exportation into the Dominion of Canada of article or articles the growth, product, or manufacture of the United States, the President of the United States is

authorized and requested to negotiate trade agreements with the Dominion of Canada wherein mutual concessions are made looking toward freer trade relations and the further reciprocal expansion of trade and commerce: *Provided however*, That said trade agreements before becoming operative shall be submitted to the Congress of the United States for ratification or rejection."

Mr. CRISP. Mr. Chairman, I make a point of order against the amendment. I am in sympathy with the amendment, but I do not think it is germane or relevant to the bill before the House, and therefore I make the point of order.

Mr. CELLER. May I be heard on the point of order, Mr. Chairman?

This amendment is offered for the purpose of initiating a movement or reviving a movement for the setting up of what is commonly known as Canadian reciprocity, something which we had some years ago, namely, between the years 1852 and 1866, which was attempted to be revived again in 1911.

It is germane for the reason, Mr. Chairman, that the acid test of germaneness, as I understand——

Mr. CRISP. Mr. Chairman, if I may be permitted to say so, on reflection, I rather think that amendment is in order, and I wish to withdraw the point of order I made, because I will not advocate a point of order here that I do not honestly believe.

The CHAIRMAN. Without objection, the point of order is withdrawn.

There was no objection.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York [Mr. CELLER].

The amendment was rejected.

Mr. HOLADAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HOLADAY: At the end of section 4 insert "but with the understanding that the question of the regulation of immigration into the United States shall not be considered or discussed by the representatives of the United States in such conference."

Mr. CRISP. Mr. Chairman, I make a point of order against that amendment.

The CHAIRMAN. Does the gentleman from Illinois desire to be heard on the point or order?

Mr. HOLADAY. I did not understand the gentleman's point of order.

Mr. CRISP. I did not state it, but I will state it. This is a bill having no connection whatever with immigration law. It is a bill providing for an international economic conference to consider tariff reductions, trade barriers, and so forth, which have no bearing whatever on immigration law. I can not see, to save my life, how that is germane to this bill.

Mr. HOLADAY. Mr. Chairman, I would like to be heard on the point of order. This section provides for the appointment of a permanent international economic conference to consider all questions affecting international commerce and international business relations. The tariff is one of those things. Immigration is another thing that has as direct and as important a bearing on the trade relations and the economic relations of our country as any other feature of the tariff. All through the immigration act and throughout all the history of immigration legislation the economic theory is the one that has been brought to the front.

There are two reasons for that: One is the maintenance of certain moral forces and standards which we may have, and the other is truly economic. In the immigration law we undertake to give protection to the commodities which the laboring man produces and to protect him from the unfair competition of other countries. This is the first time I have ever heard the suggestion made that the immigration law did not have anything to do with economics.

This section is broad, and it shows the general purpose and scope that was intended by the committee when they put in the bill a provision to the effect that there should be no discussion of the war debts. In other words, it may be assumed that when the committee reported section 4 they intended this international economic conference to have the power to consider everything that had any bearing on international commerce except one thing, and that was the war debts. As the bill now stands, this conference, if organized, has the right to consider the question of immigration. Why did the committee place a provision in this bill barring the consideration of war debts? I assume for the simple reason that it had a bearing on economic conditions, and also for the reason that it is a one-sided question, and that there was not anything in that question that the United States could afford to submit to arbitration.

I submit that the question of immigration—which is of far more importance to the economic future of our country than a matter of a few billions of dollars—is a question that is one-sided. There is not anything that we have to trade on the question of the restriction of immigration. Our citizens are not wanting to leave, but the entire world is coming here or wants to come. Therefore there is not anything that we can trade on the question of immigration.

I submit to the Chair that this amendment is germane, and unless the Chair can say and is of the opinion that the restriction of immigration has not anything to do with the economic condition of our country, with our trade relations, and with the commerce of the world, he must hold the amendment in order.

The CHAIRMAN (Mr. BANKHEAD). The Chair is ready to rule. Of course, the Chair in making a ruling upon a point of order can not consider the desirability of the amendment if it were held in order. The only question that presents itself to the Chair is whether, under the precedents of the House and under proper parliamentary construction, the amendment offered by the gentleman from Illinois is germane to this section of the bill, otherwise it should be held out of order.

This particular section undertakes to deal only with the mechanics of the authority that is bestowed upon this economic conference. It deals, or undertakes to deal, exclusively with the powers conferred, and those powers are enumerated in particular terms, to wit:

Lowering excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade and finance, preventing retaliatory tariff measures and economic wars, and promoting fair, equal, and friendly trade and commercial relations between nations.

If the committee were allowed by this amendment to undertake to consider the question of immigration, in the opinion of the Chair it would be bringing into the field of operation an entirely alien subject to that contemplated by this section—new matter which, in the opinion of the Chair, is not germane to the bill or to the section to which the amendment is offered.

The Chair therefore sustains the point of order.

Mr. COLLIER. Mr. Chairman, I move that the committee do now rise and report the bill back to the House, with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

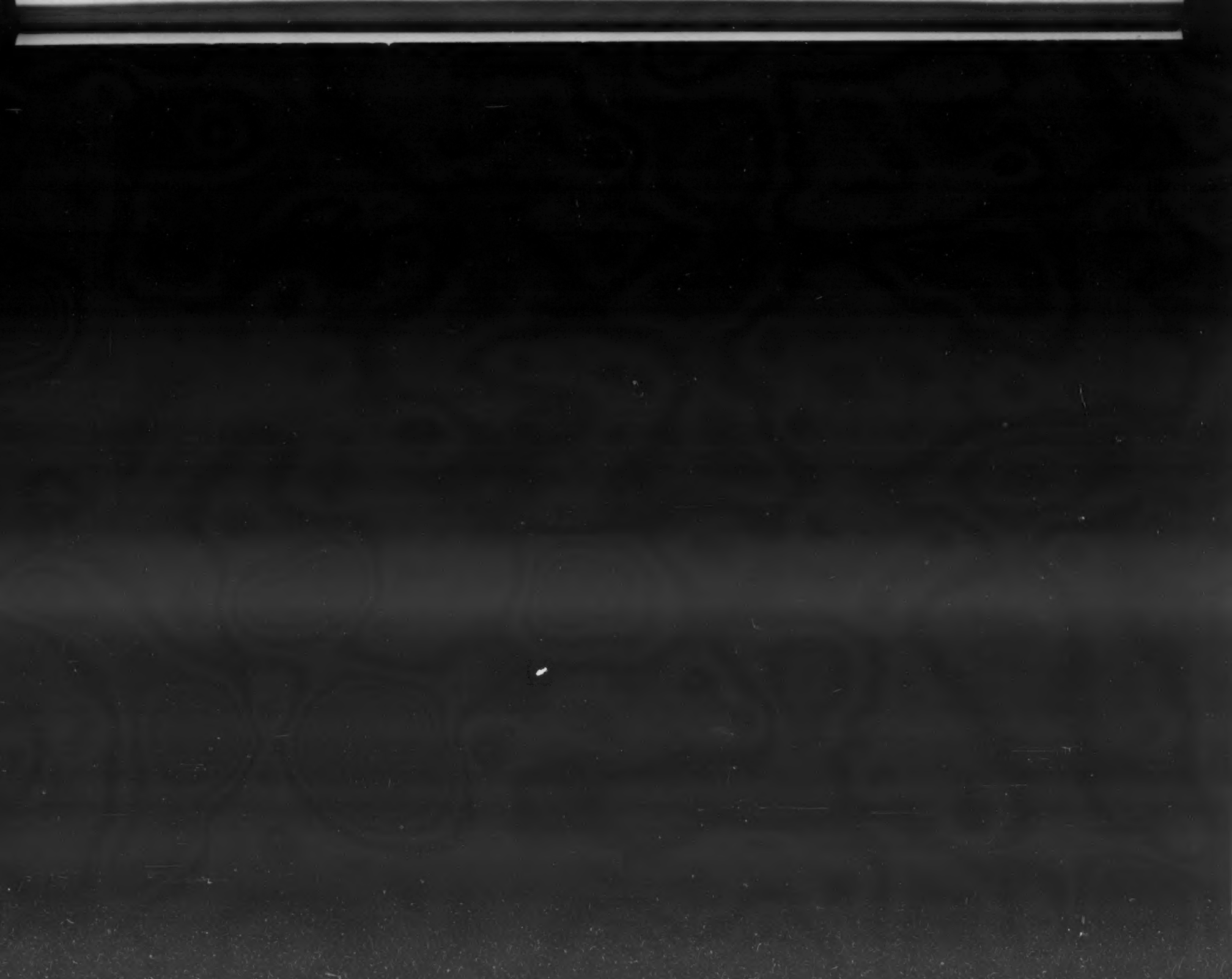
Mr. COLLIER. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.



Mr. CRISP. Mr. Speaker, I demand the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The question was taken; and there were—yeas 214, nays 162, answered "present" 1, not voting 36, as follows:

[Roll No. 9]

YEAS—214

Abernethy	Delaney	Johnson, Tex.	Patterson
Allgood	DeRouen	Jones	Peavey
Almon	Dickinson	Karch	Pettengill
Amlie	Dickstein	Keller	Polk
Arnold	Dies	Kelly, Ill.	Prall
Auf der Heide	Dieterich	Kemp	Ragon
Ayres	Disney	Kennedy	Rainey
Bankhead	Dominick	Kerr	Ramspeck
Barton	Doughton	Kleberg	Rankin
Beam	Douglas, Ariz.	Kniffin	Rayburn
Black	Douglass, Mass.	Kvale	Reilly
Bland	Doxey	LaGuardia	Romjue
Blanton	Drane	Lambertson	Rudd
Bloom	Drewry	Lambeth	Rutherford
Boehne	Driver	Lamneck	Sabath
Boileau	Eslick	Lanham	Sanders, Tex.
Boland	Evans, Mont.	Lankford, Ga.	Sandlin
Boylan	Fiesinger	Larrabee	Schneider
Brand, Ga.	Fishburne	Larsen	Schuetz
Briggs	Fitzpatrick	Lewis	Shallenberger
Browning	Flannagan	Lichtenwalner	Shannon
Brunner	Frear	Lindsay	Sinclair
Buchanan	Fulbright	Linthicum	Sirovich
Bulwinkle	Fuller	Lonergan	Smith, Va.
Burch	Fulmer	Lozier	Smith, W. Va.
Busby	Gambrill	Ludlow	Spence
Byrns	Gasque	McClintic, Okla.	Steagall
Canfield	Gavagan	McCormack	Stevenson
Cannon	Gillen	McGugin	Stewart
Carden	Glover	McKeown	Sullivan, N. Y.
Carley	Goldsborough	McMillan	Sumners, Tex.
Cartwright	Granfield	McReynolds	Sutphin
Cary	Green	McSwain	Swank
Celler	Greenwood	Major	Sweeney
Chapman	Gregory	Mansfield	Tarver
Chavez	Griffin	Mead	Taylor, Colo.
Christgau	Griswold	Miller	Thomason
Clark, N. C.	Haines	Milligan	Tierney
Cochran, Mo.	Hall, Miss.	Mitchell	Underwood
Cole, Md.	Hancock, N. C.	Moore, Ky.	Vinson, Ga.
Collier	Hare	Morehead	Vinson, Ky.
Collins	Harlan	Nelson, Mo.	Warren
Condon	Hart	Nelson, Wis.	Weaver
Connery	Hastings	Norton, Nebr.	West
Cooper, Tenn.	Hill, Ala.	Norton, N. J.	Whittington
Corning	Hill, Wash.	O'Connor	Williams, Mo.
Cox	Hornor	Oliver, Ala.	Williams, Tex.
Crisp	Howard	Oliver, N. Y.	Wilson
Cross	Huddleston	Owen	Wingo
Crosser	Hull, Morton D.	Palmisano	Woodrum
Crowe	Jacobsen	Parker, Ga.	Wright
Crump	Jeffers	Parks	Yon
Cullen	Johnson, Mo.	Parsons	
Davis	Johnson, Okla.	Patman	

NAYS—162

Adkins	Crail	Hogg, Ind.	Millard
Aldrich	Crowther	Hogg, W. Va.	Moore, Ohio
Allen	Culkin	Holaday	Mouser
Andresen	Curry	Hollister	Murphy
Andrew, Mass.	Dallinger	Holmes	Nelson, Me.
Andrews, N. Y.	Darrow	Hooper	Niedringhaus
Arentz	Davenport	Hope	Nolan
Bachmann	De Priest	Hopkins	Parker, N. Y.
Bacon	Dowell	Horr	Partridge
Baldridge	Dyer	Houston, Del.	Perkins
Barbour	Eaton, Colo.	Hull, William E.	Person
Beedy	Eaton, N. J.	James	Pratt, Harcourt J.
Beers	Englebright	Jenkins	Pratt, Ruth
Bolton	Erk	Johnson, Ill.	Purnell
Bowman	Estep	Johnson, S. Dak.	Ramseyer
Brand, Ohio	Evans, Calif.	Johnson, Wash.	Ransley
Britten	Finley	Kading	Reed, N. Y.
Brumm	Fish	Kahn	Reid, Ill.
Burtness	Foss	Kendall	Rich
Butler	Free	Ketcham	Robinson
Cable	Freeman	Kinzer	Rogers
Campbell, Pa.	French	Knutson	Sanders, N. Y.
Carter, Calif.	Garber	Kopp	Schafer
Carter, Wyo.	Gifford	Kurtz	Seger
Cavicchia	Gilchrist	Leavitt	Seiberling
Chase	Golder	Leech	Selvig
Chindblom	Goodwin	Lehlbach	Shott
Chiperfield	Goss	Loofbourow	Shreve
Christopherson	Guyer	Lovette	Simmons
Clague	Hadley	Luce	Smith, Idaho
Clancy	Hall, Ill.	McClintock, Ohio	Snell
Clarke, N. Y.	Hall, N. Dak.	McFadden	Snow
Cochran, Pa.	Hancock, N. Y.	McLaughlin	Sparks
Cole, Iowa	Hardy	McLeod	Stafford
Colton	Hartley	Maas	Stalker
Connolly	Haugen	Magrady	Stokes
Cooke	Hawley	Mapes	Strong, Kans.
Cooper, Ohio	Hess	Martin, Mass.	Strong, Pa.
Coyle	Hoch	Michener	Sullivan, Pa.
Summers, Wash.	Tinkham	Weeks	Wolcott
Swick	Treadway	Welch, Calif.	Wolfenden
Taber	Turpin	Welsh, Pa.	Wolverton
Taylor, Tenn.	Underhill	White	Wood, Ind.
Temple	Vestal	Whitley	Wyant
Thatcher	Wason	Wigglesworth	
Timberlake	Watson	Williamson	

ANSWERED "PRESENT"—1

Woodruff

NOT VOTING—36

Bacharach	Gibson	Manlove	Somers, N. Y.
Beck	Gilbert	Martin, Oreg.	Swanson
Bohn	Granata	May	Swing
Buckbee	Igoe	Montague	Thurston
Burdick	Kelly, Pa.	Montet	Tilson
Campbell, Iowa	Lankford, Va.	Overton	Tucker
Doutrich	Lea	Pittenger	Withrow
Fernandes	McDuffie	Pou	Wood, Ga.
Garrett	Maloney	Quin	Yates

So the bill was passed.

The following pairs were announced:

On the vote:

Mr. McDuffie (for) with Mr. Bacharach (against).
Mr. Martin of Oregon (for) with Mr. Woodruff (against).
Mr. Pou (for) with Mr. Lankford of Virginia (against).
Mr. Igoe (for) with Mr. Thurston (against).
Mr. Montague (for) with Mr. Bohn (against).
Mr. Garrett (for) with Mr. Gibson (against).
Mr. Maloney (for) with Mr. Manlove (against).
Mr. Somers of New York (for) with Mr. Kelly of Pennsylvania (against).
Mr. Quin (for) with Mr. Buckbee (against).
Mr. Fernandes (for) with Mr. Swanson (against).
Mr. Lea (for) with Mr. Doutrich (against).
Mr. Withrow (for) with Mr. Granata (against).
Mr. Overton (for) with Mr. Pittenger (against).
Mr. Gilbert (for) with Mr. Swing (against).
Mr. May (for) with Mr. Tilson (against).
Mr. Tucker (for) with Mr. Yates (against).
Mr. Wood of Georgia (for) with Mr. Burdick (against).

Mr. WOODRUFF. Mr. Speaker, I have a general pair with the gentleman from Oregon, Mr. MARTIN. I voted "no"; but I notice that the gentleman from Oregon has not voted, and I withdraw my vote and answer "present."

Mr. CRISP. Mr. Speaker, I had a pair with the gentleman from New Jersey, Mr. BACHARACH. With his consent, I transfer the pair to the gentleman from Alabama, Mr. MCDUFFIE. Had the gentleman from New Jersey, Mr. BACHARACH, been here he would have voted "no." He requested me to make this announcement.

The result of the vote was announced as above recorded.

On motion of Mr. CRISP, a motion to reconsider the vote whereby the bill was passed was laid on the table.

FINANCE RECONSTRUCTION BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to have until midnight to file the report on the finance reconstruction bill, H. R. 7360.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. RAINEY. May I ask the gentleman how long the bill will take?

Mr. STEAGALL. We are providing for general debate of eight hours, which will mean two days. We hope there will not be more than one day to consider the bill under the 5-minute rule. Of course, the bill is of far-reaching importance, and somewhat lengthy and highly technical. So it is difficult to say how long it will take to consider it under the 5-minute rule.

Mr. RAINEY. Then there will be no vote taken on it before Wednesday?

Mr. STEAGALL. I think there will be no vote taken before Wednesday.

Mr. BANKHEAD. Mr. Speaker, by vote of the Committee on Rules, I present a privileged report for printing under the rule. I desire to state that the rule makes in order the bill which the gentleman from Alabama has just spoken of.

The rule is as follows:

House Resolution 99

Resolved, That immediately upon the adoption of this resolution it shall be in order for the House to go into Committee of the Whole House on the state of the Union, under the general rules of the House, for the consideration of H. R. 7360, entitled

"A bill to provide emergency facilities for financial institutions to aid in financing agriculture, commerce, and industry, and for other purposes."

General debate, which shall be confined to the bill, to be limited to eight hours, one-half to be controlled by the chairman of the Committee on Banking and Currency and the other half by the ranking minority member. At the conclusion of the consideration of the bill, under the 5-minute rule, the previous question shall be considered as ordered.

Mr. SNELL. I desire to ask that if perchance the Senate bill should come over, does the gentleman mean to take up the House bill or the Senate bill?

Mr. STEVENSON. I was just over in the Senate, and they have adjourned without finishing the bill.

The SPEAKER. The rule provides for the consideration of the House bill.

THE TARIFF

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the tariff bill just passed, and to include therein a copy of the paper known as "The Bankers' Manifesto on the Tariff."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, being unable to obtain time from the committee having in charge the present tariff bill proposing to amend the tariff laws, I desire to call attention by inserting in the RECORD a proposal known as the "Bankers' Manifesto," reported in Bulletin No. 3 of the Free-Trade League of New York City of November, 1926, proposing "the reconstruction of Europe through the removal of the barriers on trade." For the information of the House, the document is as follows:

THE RECONSTRUCTION OF EUROPE THROUGH THE REMOVAL OF THE BARRIERS ON TRADE—A PLEA FOR THE REMOVAL OF RESTRICTIONS UPON EUROPEAN TRADE

We desire, as business men, to draw attention to certain grave and disquieting conditions which, in our judgment, are retarding the return to prosperity.

It is difficult to view without dismay the extent to which tariff barriers, special licenses, and prohibitions since the war have been allowed to interfere with international trade and to prevent it from flowing in its natural channels. At no period in recent history has freedom from such restrictions been more needed to enable traders to adapt themselves to new and difficult conditions. And at no period have impediments to trading been more perilously multiplied without a true appreciation of the economic consequences involved.

The break-up of great political units in Europe dealt a heavy blow to international trade. Across large areas, in which the inhabitants had been allowed to exchange their products freely, a number of new frontiers were erected and jealously guarded by customs barriers. Old markets disappeared. Racial animosities were permitted to divide communities whose interests were inseparably connected. The situation is not unlike that which would be created if a confederation of states were to dissolve the ties which bind them, and to proceed to penalize and hamper, instead of encouraging, each other's trade. Few will doubt that under such conditions the prosperity of such a country would rapidly decline.

To mark and defend these new frontiers in Europe, licenses, tariffs, and prohibitions were imposed, with results which experience shows already to have been unfortunate for all concerned. One state lost its supplies of cheap food, another its supplies of cheap manufactures. Industries suffered for want of coal, factories for want of raw materials. Behind the customs barriers, new local industries were started, with no real economic foundation, which could only be kept alive in the face of competition by raising the barriers higher still. Railway rates, dictated by political considerations, have made transit and freights difficult and costly. Prices have risen, artificial dearness has been created. Production as a whole has been diminished. Credit has contracted and currencies have depreciated. Too many states, in pursuit of false ideals of national interest, have imperiled their own welfare and lost sight of the common interests of the world, by basing their commercial relations on the economic folly which treats all trading as a form of war.

There can be no recovery in Europe till politicians in all territories, old and new, realize that trade is not war but a process of exchange, that in time of peace our neighbors are our customers, and that their prosperity is a condition of our own well-being. If we check their dealings, their power to pay their debts diminishes, and their power to purchase our goods is reduced. Restricted imports involve restricted exports, and no nation can afford to lose its export trade. Dependent as we all are upon imports and exports, and upon the processes of international exchange, we can not view without grave concern a policy which means the impoverishment of Europe.

Happily, there are signs that opinion in all countries is awakening at last to the dangers ahead. The League of Nations and the international chamber of commerce have been laboring to reduce to a minimum all formalities, prohibitions, and restrictions, to remove inequalities of treatment in other matters than tariffs, to facilitate the transport of passengers and goods. In some countries powerful voices are pleading for the suspension of tariffs altogether. Others have suggested the conclusion for long periods of commercial agreements embodying in every case the most-favored-nation clause. Some States have recognized in recent treaties the necessity of freeing trade from the restrictions which depress it. And experience is slowly teaching others that the breaking down of the economic barriers between them may prove the surest remedy for the stagnation which exists. On the valuable political results which might flow from such a policy, from the substitution of good will for ill will, of cooperation for exclusiveness, we will not dwell. But we wish to place on record our conviction that the establishment of economic freedom is the best hope of restoring the commerce and the credit of the world.

OCTOBER, 1926.

AUSTRIA

OSCAR BERL.	LUDWIG NEURATH.
OTTO BÖHLER.	REDLICH.
SIEGMUND BROSCHE.	RICHARD REISCH.
PAUL HAMMERSCHLAG.	LOUIS ROTHSCHILD.
ALFRED HEINSHEIMER.	RICHARD SCHOELLER.
MAXIME KRASSNY-KRASSIEN.	RUDOLF SIEGHART.
ARTHUR KRUPP.	FRITZ TILGNER.
JULIUS MEINL.	LUDWIG URBAN.

BELGIUM

J. CARLIER.	J. JADOT.
HECTOR CARLIER.	O. LEPREUX.
M. DESPRET.	F. M. PHILIPPSON.
CHARLES FABRI.	R. TILMONT.
E. FRANQUI.	P. TRASENSTER.
F. HAUTAIN.	T. WIENER.
J. VAN HOEGAERDEN.	PAUL VAN ZEELAND.

CZECHOSLOVAKIA

JOSEF BARTON.	VILEM POSPISIL.
O. FEILCHENFELD.	JAROSLAV PREISS.
HANUS KARLIK.	VACLAV SCHUSTER.
BOHUSLAV MARIK.	ADOLF SONNENSCHEIN.
IAN NOVOTNY.	EDUARD STUTS.

DENMARK

A. O. ANDERSEN.	ERNST MEYER.
C. C. CLAUSEN.	FR. NÖRGAARD.
EMIL HERTZ.	P. P. PINSTRUP.
ROSENKRANTZ.	

FRANCE

Les soussignés, craignant que des passages du plaidoyer puissent donner lieu à certaines divergences d'interprétation, tiennent à préciser les points sur lesquels ils sont d'accord.

Ils estiment que l'état d'instabilité et de désordre économique dans lequel se débattent à l'heure actuelle les pays européens a son origine dans les conséquences de la guerre et, en particulier, dans les crises monétaires qui en sont résultées. Ils croient que, pour éviter l'aggravation d'une situation inquiétante, il convient avant tout que les pays où la monnaie n'est pas encore stabilisée s'acheminent le plus rapidement possible vers une monnaie saine: ces pays le pourront d'autant plus aisément que les relations économiques entre les peuples seront rétablies sur des bases normales favorisant les échanges commerciaux.

Ils pensent, à cet égard, que l'élévation ou la rigidité excessives de certains systemes tarifaires, les exagérations directes ou indirectes de protectionnisme, de discrimination ou de préférence, les obstacles apportés aux transactions internationales par des réglementations abusives des transports, doivent être condamnés.

Ils se déclarent en conséquence favorables à toutes mesures qui tendraient à la suppression de telles barrières artificielles, qui s'opposent à la libre reprise des relations économiques d'avant guerre entre les nations.

Ils ne sauraient, en effet, oublier qu'il est impossible a aucun État moderne de vivre et de prospérer sans entretenir avec les autres États des rapports commerciaux et que, par suite de l'étroite interdépendance entre les peuples, ce n'est que par un échange mutuel de services de crédits et de marchandises que l'équilibre économique mondial peut être finalement obtenu.

R. P. DUCHEMIN.	HORACE FINALY.
E. FOUGERE.	R. LAEDERICH.
M. LEWANDOWSKI.	R. MASSON.
H. DE PEYERIMHOFF.	P. RICHEMOND.
CH. SERGENT.	

GERMANY

Geh. Kommerzienrat DR. BOSCH.	Geheimrat FELIX DEUTSCH.
DR. CARL MELCHIOR.	FRANZ VON MENDELSSOHN.
DR. SCHACHT.	KARL FRIEDRICH VON SIEMENS.
FRANZ URBIG.	Generaldirektor VÖGLER.
F. H. WITTHOEFFT.	

GREAT BRITAIN

ARTHUR BALFOUR.	WILLIAM CARNEGIE.
HENRY BELL.	W. H. COATS.
HUGH BELL.	JOHN COWAN.
BRADBURY.	L. CURRIE.

MONTAGU C. NORMAN.	R. MCKENNA.
NOVAR.	MACLAY OF GLASGOW.
A. A. PATON.	ADAM NIMMO.
J. BEAUMONT PEASE.	FELIX SCHUSTER.
EUSTACE R. PULBROOK.	GEORGE J. SCOTT.
REVELSTOKE.	JOSIAH STAMP.
ALEXANDER ROBB.	D. M. STEVENSON.
LIONEL N. DE ROTHSCHILD.	R. G. THOMAS.
F. C. GOODENOUGH.	DOUGLAS VICKERS.
NORMAN L. HIRD.	WEIR.
R. M. HOLLAND-MARTIN.	GLYNN H. WEST.
INCHCAPE.	WM. WHITELAW.
INVERNAIRN.	F. VERNON WILLEY.
WALTER LEAF.	PERCY WOODHOUSE.
KENNETH LEE.	A. K. WRIGHT.
FREDERICK LEWIS.	D. YOUNG.
ANDREW MCCOSH.	

HOLLAND

C. J. K. VAN AALST.	A. F. PHILIPS.
S. P. VAN EEGHEN.	D. W. STORK.
F. H. FENTENER VAN VLISSINGEN.	C. E. TER MEULEN.
E. HELDRING.	Q. J. TERPSTRA.
A. J. VAN HENGEL.	M. W. F. TREUB.
P. HOFSTEDE DE GROOT.	F. G. WALLER.
PAUL MAY.	TH. VAN WELDEREN BARON RENGERS.
W. A. MEES.	G. VISSERING.

HUNGARY

ANTHONY EBER.	MAURICE KORNFELD.
CHARLES DE ERNEY.	PAUL KORNFELD.
HENRY FELLNER.	MARCEL MADARRASSY-BECK.
GUSTAVUS GRATH.	EMIL MUTSCHENBACKER.
JOHN HADIK.	LADISLAS SOMSSICH.
JOHN HARKÁNYI.	JOHN TELESKY.

ITALY

The undersigned, whilst signifying their agreement with the spirit which has dictated the above manifesto, wish to place on record that had it been possible for them to cooperate in the framing of the document, they would have preferred to give a different and more precise form to some of its passages. Above all, they would have liked that criticism should have been exercised not only as regards the excessive height of customs tariffs and the rigidity of customs' regulations in force in some countries but also in respect of all the numerous forms of direct or indirect protection, discriminations or preferences, artificial subsidies and restrictions on emigration.

With such reservations they willingly subscribe to the manifesto.

G. AGNELLI.	FELICE GUARNERI.
ANTONIO STEFANO BENNI.	GINO OLIVETTI.
BIAGIO BORRIELLO.	NICOLA PAVONCELLI.
ETTORE CONTI.	ALBERTO PIRELLI.
RICCARDO GUALINO.	L. TOEPLITZ.

NORWAY

CÆSAR BANG.	KAMSTRUP HEGGE.
THOS. FERNLEY.	A. F. KLAVENESS.
HIERONTYMUS HEYERDAHL.	H. WESTFALL-LARSEN.
N. RYGG.	WILH. WILHELMSEN.
E. C. BORCH.	

POLAND

HENRY ASCHKENOVI.	STANISLAW KARPINSKI.
MARJAN SZYDLOWSKI.	A. DE WIENIAWSKI.

RUMANIA

MAURICE BLANK

SWEDEN

GUNNAR DILLNER.	IVAR KREUGER.
GUST EKMAN.	O. RYDBECK.
VICTOR MOLL.	K. A. WALLENBERG.
HELMER STEN.	MARC WALLENBERG.
J. S. EDSTRÖM.	

SWITZERLAND

G. BACHMANN.	FREDERICK DOMINICE.
LEOPOLD DUBOIS.	ALBERT LOMBARD.
RUDOLF SARASIN.	CARL SULZER SCHMID.

UNITED STATES

GATES W. MCGARRAH.	J. J. MITCHELL.
J. P. MORGAN.	THOS. N. PERKINS.
MELVIN A. TRAYLOR.	ALBERT H. WIGGIN.

[From the New York Times, October 21, 1926]

TRUTH FOR EXPORT ONLY

The consternation of Republican high protectionists over the free-trade manifesto signed by leading American bankers gets a further comic touch through the explanations of some of those bankers themselves. Thus Mr. John J. Mitchell, of Chicago, declares that he signed the document because he thought it pertained "exclusively to Europe." In opposing and even denouncing tariff barriers he understood that there was no allusion whatever to those which we ourselves set up. It is only the European protective tariffs that are bad. "The American tariff is a different matter."

There is in this a delightful assumption that we in this country have a set of economic laws and rules of trade purely our own. It is very much as if we spoke of a strictly "American" arithmetic or geometry. As concerns Europe, we are quite ready to lay down a set of principles which ought to be religiously followed by all foreign nations, but when they ask us if we mean to act on them ourselves we blandly smile and say, "We have changed all that in America." Unfortunately, however, the particular things which we are now seeking to change are economic truths of universal application. If they are not that, they are nothing, and it would be the height of impertinence for us to recommend them to Europeans. The statements which our bankers signed have to do with the very questions of maintaining our commerce across the seas and receiving payments on the war debts, which are now uppermost in all discussions of American policy and American public finance. To say that this country is exempt from the economic laws operative everywhere else is very much like saying that the law of gravitation does not function in the United States. Americans are no doubt a peculiar people, but they are not so exceedingly peculiar as that.

It is probable that our bankers did not closely attend to the document which they signed. This is one reason why they are so astonished at the stir which it has caused. But if the statements to which they set their names are true they are as good for this country as they are for Europe. We can not allow foreigners to have a monopoly of sound economic doctrine. The fact is that when the bankers assert that if we do not permit imports we can not expect to have exports they are uttering a truth for which they have the best protectionist and American authority. In the last speech of President McKinley, just before he was assassinated, he warned his countrymen that if they would not buy from foreign countries they could not sell to them. Why get into a panic to-day just because international bankers say the same thing?

I desire to call your particular attention also to the fact that the gentlemen who have signed this manifesto are the principal bankers of the foreign countries which are interested in international debts owed to the United States, and many of these men are now engaged in the conferences taking place in these countries in connection with these debts as affected by the Hoover moratorium and the coming conference abroad which is supposed to deal with reparations and war debts.

Note especially the signatures to this document of the men who were attempting to speak on behalf of the United States, namely, Gates W. McGarrah, former chairman of the board of the Federal Reserve Bank of New York, now head of the Bank for International Settlements at Basel, Switzerland; J. P. Morgan, head of J. P. Morgan & Co., who has for the past several years been engaged in the flotation of foreign securities in the United States; Melvin A. Traylor, chairman of the board of the First National Bank of Chicago and a member of the committee under the Young plan that set up the Bank for International Settlements at Basel, Switzerland; J. J. Mitchell, deceased, formerly of Chicago, president of the Continental and Commercial National Bank; Thomas N. Perkins, lawyer, of Boston, who is always closely identified in all international operations in which J. P. Morgan & Co. or Thomas W. Lamont is interested and was active in the formation of the Young plan; Albert H. Wiggin, head of the Chase National Bank, of New York, and chairman of the committee on short-term acceptance credits in Germany and head of the bankers' committee of the United States, who hold these German acceptances which are involved in the short-term debt situation under the standstill agreement with Germany, which is a part of the complicated international debt situation which the Hoover moratorium was intended to save.

I desire to point out that the pending bill attempts to carry out in 1932 practically what was intended to be carried out by these international bankers in 1926, and I want to voice my opposition to the provision in the present bill which provides for an international conference between foreign countries and the United States in regard to tariffs. It is just as bad if not worse than the mix-up in which we find ourselves relative to the leadership of the international bankers in involving financial institutions of the United States, banks, insurance companies, and investors. The loading up of these institutions by these international bankers of these foreign securities is a big factor in our present unfortunate economic and financial situation in the United States which has resulted in such a great unemployment situation.

I agree with my correspondent, who says:

It seems to me it is preposterous for our Government to assume responsibility for the collection of loans made by our banks in foreign countries purely as private investors, on questionable

security and because of exorbitant interest rates far exceeding possibilities here. Such loans are bankers' gambles to land the tremendous commissions on the deals. I'll bet these bankers would not like to be compelled to tell the size of the rake-offs they pocket from some of these foreign loans, so treacherously cutting off investments in our own industries and the employment and beneficial exchanges which would come from our domestic business expansion, but for these foreign loans at usurious interests.

For our Government to butt in and take the risks out of these private gambles, robberies of our own pay rolls, for the benefit of foreign competitors in robbing our domestic market, exposes its officials to the suspicion of being in on the graft in some way and personally interested in landing it safely.

He further states:

These international bankers made shady loans abroad and exact exorbitant profits (as is now being shown in the hearings before the Finance Committee of the United States Senate), and then these bankers appeal to this country to save them from loss by paying both interest and principal of the loans out of the American pay roll.

For this is just what it comes to. To be more definite, these men, Thomas W. Lamont, A. H. Wiggins, Julius Barnes, and the whole lot of such fellows, tell us we shall chase Americans off their jobs by reducing protection and keep foreign producers at work in order that the American pay roll thus passed across the water may regurgitate into Wall Street, here to pay off these gambling loans abroad.

These bankers are taking advantage of the American people by such tactics. They gamble and because they lose they pass around the hat among our money earners and ask them to turn over their wages in advance to them to save the latter and help make up their losses.

The influence of this international group is so great that they are so thoughtless as regards American pay rolls that they are willing to substitute the slave pay rolls of the foreign countries in place of free American pay rolls and thus force reductions in protection which surrender our domestic market to them, which in turn results in taking our people off their pay rolls. This eventually results in the purchasing abroad of products, the service once supplied to this country by the gainful American activities now drowned out by imports. That is the whole story.

He further states:

This is no poetry, no idyllic humanitarianism in this international trade over which our college professors so fondly embrace each other with tears in their eyes. It is just drab commercial gain which keeps it moving. Our domestic pay-roll pirates do not buy goods abroad and dump them here for love; and foreign pay-roll pirates do not buy goods here and dump them abroad for love. It is just filthy lucre which moves goods either way. But to hear some of our international bankers and traders talk you would think that foreign trade was kept alive by sheer wet-eyed sentiment.

He goes on to state:

Our national pay roll is not simply the list of laborers in the factories and minings by which workers are paid off from time to time; but it also takes in every fluent and fluid cent, and every farthing of credit, as it passes back and forth over this whole country, through the markets and daily transactions liquidating gainful activities everywhere and resulting in millions and millions of beneficial exchanges every hour, by which our whole people find admission to our vast reservoirs of market products and human services which make life possible; and every drop of that whole pay-roll flood is needed here for the happy living of our whole people; and any one who scoops up any part of it and diverts it to foreign trade is an inhuman pay-roll pirate breaking the hold which human beings here have on life.

Foreign trade in either direction is pay-roll robbery at home or abroad, and pay-roll robbery is deliberate murder, for people can't eat without their pay roll; and those who by foreign trade cut people at home out of their pay rolls, know the havoc they are playing by introducing starvation where plenty was before; and whether slow or swift, starvation is death.

Of all the people in the world, we Americans are in the most exposed and cruel position for the attack of pay-roll pirating market robbers; because we pay our people in gainful activities, whether in the fields and factories in direct creative production, or in our channels of transportation, storing and trading, or in whatever calling they may find their gainful activities within the law—pay them all at least five times as much for the same product unit as similar people receive on the average in the world at large.

Let's look at that a moment. Our pay roll is the highest in the world. Let's call it the 100 per cent pay roll. Then compared with that pay roll those in the Far East, Malaysia, China, Japan, and India stand at from 2 to 5 per cent. As you go westward and around into Europe you find but slight changes until you get into the latter country, and there you find in Greece and Italy 15 to 20 per cent of our wages paid for the same unit of product in any capacity of gainful activity. In France and Germany you rise to 25 to 35 per cent, and in Great Britain you find from, say, 10 per cent in some pursuits to 45 per cent, and perhaps 50 per cent in the very highest paid employments.

Under these circumstances to say that our American average pay roll is five times as high for the same volume of product as in the world at large is extremely conservative. And it is from this world at large that our market-robbing pay-roll pirates bring the stuff which they dump here, and from which the Smoot committee found some years ago these pirates were selling to the American public over their department-store counters at prices representing from 500 to 2,500 per cent of their importing invoices.

It follows, therefore, that when we say that our pirates dumped on this country during a certain period some five billions of foreign products we are not giving any idea of the power to kill domestic gainful activities and beneficial exchanges contained in so vast a volume of imports expressed in dollars. We have to express it in volume, for it is volume of product that counts in canceling the domestic demand and not any arbitrary value in dollars. Since we pay here five times as much for a unit of product in American pay rolls as these importers pay for the same unit abroad, it follows that every dollar of imports represents the cancellation of a $5 space in our own pay roll, so that when the pirates dump here $5,000,000,000 of foreign stuff they wipe out twenty-five billions from the American pay roll, which means American business in beneficial exchanges; for the pay roll as defined above exactly measures American business.

Balances of trade, figured by merely taking the dollar footings of the total annual imports and exports and subtracting the smaller from the greater, are fatally misleading, because they cover up, not only the quintuple ration by which imports destroy volume demand upon our own producers but also the terrific destruction in our market of beneficial exchanges vetoed at the start by the choice of service from abroad instead of service from our own people.

For example, Mr. Hetzel, in his letter to the Herald Tribune, published November 6, figured a trade balance for this country for the fiscal round year under the working of the new Hawley-Smoot tariff as being some $600,000,000, whereas, multiplying the imports by 5, to reach the quintuplex destruction of volume in American production and wages (pay roll) before comparing with exports, and the result instead of being $600,000,000 to the good was $9,000,000,000 to the bad at first, or $90,000,000,000 to the bad in beneficial exchanges paralyzed by the import list.

These facts expose the secret of our present "depression," a secret so anxiously hidden in the fog of unavoidable cycles in business by our international bankers and traders and our hard-working college professors. How quickly they sidestep the deluge of foreign imports as the cause of disinherited pay rolls in this country with a disgusted "Pshaw, pshaw! Impossible!"

But the man in the street who thinks knows that the reason of our shortened business procession is the shortened pay roll. He knows that it is not "want of confidence" that keeps our factories running on short time or shut down entirely, but want of orders on the books of our producers. And he knows that those orders are being filled from abroad through our pay-roll pirating market robbers. For he knows that the consumption of all kinds of goods by 120,000,000 people, whose average per capita consumption is ten times as great as that in the world outside, is right now such an immense continent of myriad-formed products that if their demand were lodged on the books of our own producers there would not be an idle wheel of production anywhere to be found in this whole country. He knows that this miserable protection cheat of a Hawley-Smoot law is a reed fence and not a concrete wall, and that foreign products are overwhelming the shelves of all our dealers, and that, as Mr. Hetzel says, 69 per cent of foreign products are on the free list, and that to that extent the pay-roll pirates are made a sheer Christmas gift of our market, which is ten times as rich per capita as the average market of the world.

It is the overhanging cloud of foreign competition through our market thieves which makes all this business depression. Our niggardly protection is a fake. There can be no real protection without prohibitive tariffs, because, as long as the wall is not so high that they can not climb over it at all these market thieves cartel and dump American competition out of existence by prices which would ruin the American if he tried to follow. He shuts down his mill. Then the cartel raises the price so high that it gets back all its losses from dumping out the American, and fabulous profits besides, until the American starts in again, when the cartel dumps once more; and now the American lies down for good. And then the cartel, by our pay-roll pirates, go to Congress and the White House and point to this product and say, "See! There is no output of that kind in America. Imports can harm nobody. Please put that on the free list on pain of having our campaign contributions cut off at the next congressional elections!" And the article goes on the free list, for the wealth of this cartel runs into the billions in mass, and the congressional graveyard is yawning for any Congressman who refuses to throw another hunk of the American pay roll into the cartel maw.

And thus, one after another, American industries are thrown to the lion cartels and American producers are crowded on to a narrower margin of production; and American gainful activities and their beneficial exchanges are more and more limited, while this growing monster of foreign trade is reducing the American Nation to the slavery of a world-wide competition with the coolies and peons that infest the earth and are already keeping such countries as Japan, China, and India begored with hunger insurrections.

We are starting on the same toboggan, and already have the ever-yawning free list as the evidence. The tariff was to "equalize

the cost of production at home and abroad and give us an equal chance in our own market with foreign producers," to use Mr. Coolidge's very words in one of his "Calvin Coolidge Says" paragraphs in the Herald Tribune last year. Yes; we Americans are given by the tariff laws the blessed privilege of shooting it out with the pay-roll pirates to see which will have our own pay roll. The law makes it lawful for the gangsters, armed to the teeth, to go into the bank and shoot it out with the bankers to see who shall have possession of the vaults. This is made an absolutely legal operation by the provision in the law that the bankers shall be provided with automatics as good as those of the gangsters and have an equally good opportunity to compete in the scrimmage for the possession of what is already their own.

No; there is nothing mysterious about our "business cycles." The "cycle" is merely the merry-go-round of the pay-roll pirates happily hunting for automatics to shoot it out with us for what is already our own. Our good times are while they are hunting; our "cycle" of good times ends when they have found the right guns and are getting the "drop" on us.

The rising and falling of the gangsters' drop on our market is the falling and rising of our tides of prosperity. It can be nothing else.

Put a high "revenue" tariff on every article in that 60 per cent free list and treble the tariffs on all the rest, and every producing wheel would be sending out sparks in half an hour all over this country, and good times would continue until the market-robbing pay-roll pirating "cartels" had organized their "dumping" campaigns for a fight to the death against American producers and had deluged our market with imports irrespective of price.

That is the sort of a fight we Americans are always up against—a fight with the robbers of our richness, with "international-trade" gangsters like the Morgans, the Lamonts, the Wiggenses, the Barneses, and the "solid South." And so it will be until protective tariffs are superseded by absolutely prohibitive tariffs and pay-roll piracy and market robbing are made high crimes and misdemeanors and spell "gibbet" for every transgressor.

The merchant is like fire, a good servant but a ravishingly destructive master. Confined within national limits he helps us all to happiness and comfort. But allowed to wax into international size his conflagrational sweep destroys nations. He has very nearly burned Great Britain to ashes, and the fire boys of protection are running out their engines to squirt on the ruins and save enough to be worth rebuilding.

This correspondent has put this subject so clearly and to the point that I desire to emphasize that which seems to me is most important; that is, the great volume of cheap goods that are coming into this country and sold through chain stores and mail-order houses and others, where the prices are stepped up so enormously, which amounts to nothing but profiteering on the American people. If these cheap foreign goods were not permitted to come in, many of our own factories would now be producing necessities and would be supplying Americans in America.

Another phase of this situation that I desire to touch upon at this time affects the farmers of the United States, and particularly the dairying interests in the East, especially the district I represent in Congress. The last session of Congress attempted to deal with this situation by increasing the tariff on milk products shipped into the United States from Canada. That increase in tariff helped the situation temporarily, but at the present time it is much worse than it was a year ago when the tariff was increased. This is due to the fact that England a few months ago went off the gold basis.

Canada has been affected in her purchasing power by the reduction of the value of the pound, and this has been greatly to Canada's advantage so far as shipping milk products into the United States is concerned. My understanding is it makes a difference in the purchasing power of between 30 per cent and 40 per cent, and now Canadian milk products are coming into the United States markets in great volume, principally in New England, New York, and Pennsylvania, in competition with the production of milk products produced in these States. This has resulted in the lowering of the prices paid to farmers for milk in the United States to an alarming extent, and if continued will force the dairying industry into great hardship if not drive them out of business entirely.

I submit that this is a matter of great importance and that this Congress should deal with this particular situation without any further delay. The present tariff on milk products coming into the United States from Canada should be increased 40 per cent at once.

Mr. SNELL. Mr. Speaker, do I understand that all Members of the House have the right to extend their remarks in the RECORD on the tariff bill?

The SPEAKER. All gentlemen who have spoken on the bill for five legislative days.

Mr. SNELL. I ask unanimous consent that all Members have the right to extend their own remarks on the tariff bill for five legislative days.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SPARKS. Mr. Speaker, ladies and gentlemen of the House, when the organization of the House was perfected under Democratic leadership, it was confidently predicted by newspapers and leaders throughout the Nation that some effort would be made by the Democrats in the House to change some of the rates in the Smoot-Hawley tariff bill. The Democrats, since the adoption of that law, have proclaimed throughout the Nation that it was the most infamous piece of legislation enacted in recent years, that it was a material factor in continuing the economic disaster that has engulfed our Nation.

When opportunity was afforded to them to attempt a repeal of such claimed obnoxious legislation, or a part thereof, they designedly prolonged its claimed ruthless ravages by making it impossible to secure action thereon within a reasonable time.

In the bill which the House considered (H. R. 6662) the Democrats proposed to invite the countries of Europe to assist in the solution of our own economic problems.

It is proposed in this bill to have an international economic conference for the purpose of lowering excessive tariff duties, eliminating discriminatory and unfair trade practices, preventing economic wars and other economic barriers.

The bill then seeks to enlist the wisdom of Europe in the solution of our domestic problems. Their economic conditions are so vastly different from ours that to place our economic problems on the same plane with that of Europe would be in effect placing our laborers and farmers and, in fact, our whole business system on a level with theirs. Do we in America desire that the years which have been spent in building our economic system to a plane that is unparalleled in the history of the world, shall now be leveled to the conditions of the Old World and our laborers and farmers compelled to compete with the wage and living conditions that prevail over there? America has met and solved every problem that it has encountered in its progressive march down the avenues of time, and it shall not now acknowledge its inability to solve the problems now confronting it without the aid and assistance of those who are antagonistic to its laws and regulations for the protection of its people.

It is proposed in this bill to select a consumers' counsel who shall endeavor to protect the interest of the consumers before the Tariff Commission. Agriculture has struggled for many years against innumerable odds in trying to present its pleas effectually for relief from the disparity existing between industry and agriculture. The Democrats propose to add an additional burden upon agriculture by hiring at Government expense an attorney to oppose the plea of agriculture for tariff protection upon any items that might be under consideration for increase, or new rates, or, when claim is presented by consumers, for lowering of rates. Just why the consumers need such assistance before the Tariff Commission, and the greatest producing class in the United States, the farmers, are not to enjoy equal privilege, is unexplained by the advocates of the measure.

The United States is not seeking foreign entanglements. We prefer to adjust our own problems unhampered by the influences that dominate the policies of foreign governments, and we shall continue to adhere to the policy that has guided our course throughout the years of our national existence by circumscribing our economic program and plans of operation within our own borders. Let us not surrender our traditional policy that the United States can and will guide and control its own destiny.

Mr. HORR. Mr. Speaker, the bill under discussion (H. R. 6662), presented by the Democratic majority, does not remedy present conditions or meet the present crisis. In fact it

is scarcely a tariff measure. It is merely a change in the administration of the present Smoot-Hawley bill of 1930. No revision of the present schedules is suggested or provided.

While power is granted to lower or raise duties on items or place articles either on the free or dutiable lists, in no particular does it prescribe a lower or higher tariff. The measure is a makeshift permitting our Democratic majority to go to the people with a tariff gesture without accomplishing anything either in raising or lowering of present schedules.

In fact, the bill leaves to a future Congress the task of really enacting a reform tariff measure. If a reform in the present law is needed, and I for one think it is, why not, then, present a bill that means something, with revised schedules and reformed administrative procedure? Our Democratic friends must know that under this bill, before a change can be made in the existing law, any and all suggestions for revision must first be submitted to the Tariff Commission. This will require long hearings by that body, examination of many witnesses, accumulation of much data, and long investigations. After this has been done their report must be submitted to the President, and then it must finally be sent to Congress for action or inaction. By the time many of the articles under consideration are ready for final determination Congress may have recessed. I readily foresee that the final result of this bill, H. R. 6662, will be that the Democrats will go to the next election claiming that they tried to reform the tariff, but disclaiming responsibility because they did not have an opportunity to put their proposal in operation. An attempt, as I take it, to deceive the people.

Section 4 of the bill requests the President to call a conference of nations to work out reciprocal tariff charges, and so forth. Have we not had enough of international conferences? Have we forgotten the failures of former international conferences? Do the gentlemen have any remembrance of the recent disarmament conferences when we agreed to scrap good naval armament in exchange for blueprint destructions? Must the gentlemen be reminded of the epigram of the good Democrat from Oklahoma, Will Rogers, who said of us that "we are the only Nation that never lost a war and never won a conference."

The country decries foreign entanglements in international affairs. The people certainly will oppose the leaving of our domestic affairs to foreign determination.

In the discussion of this Democratic tariff bill I am particularly attracted to the arguments of the gentlemen on the other side of the House. I agree with the gentlemen over there in that there are many things in the Smoot-Hawley tariff that I do not approve.

The thought occurs to me, would our Democratic friends take off all duty on all products whether manufactured or agricultural? Would my friends from the South applaud the removal of protection from their cotton, their tobacco, their sugar, and so forth?

The State that I represent knows what it means to have foreign products, made with cheap oriental labor, thrown in competition with their local industry. In our State of Washington out of every dollar derived from industry 60 cents of that dollar represented timber and lumber products. Timber and lumber is our basic industry.

What has been the result of free trade or near free trade in this industry in the State of Washington? That once prosperous industry is dead. The mills are closed. Thousands of men are out of employment, capital is frozen, and daily from across the Canadian border come rafts of logs, lumber, and shingles made by foreign labor to stifle and render impotent one of our major industries.

Carload after carload of Canadian shingles pass through our erstwhile shingle-industry centers and take over the trade that formerly belonged to our State and to our people.

The only timber operations in our State are those which are endeavoring to get back a part of their investments, investments that are tied up in standing timber. Their money can not forever remain invested; but, on the other hand, the timber investor who is running his mill or cutting his timber is doing so at a loss.

Our shingle industry has not been merely crippled, but it has been killed outright. The governor of our State, after having attempted to operate his shingle mill for several years and after he had sunk a considerable portion of his personal fortune in this operation, was compelled to tear down his plant and junk his machinery. Thus passed out of existence an industry worth $250,000. His is only one of many similar experiences in our State. The cities of Everett and Ballard were once busy centers of the shingle industry, employing thousands of men. To-day their mills are closed, and the shingle weaver has gone the way of the buffalo. And, gentlemen on both sides of the House, may I remind you that this condition is the result of your failure to give us needed protection for our industry.

The gentleman from Ohio spoke of General Motors, the rubber industry, and Henry Ford going into foreign countries to establish their factories and in some instances returning their product to the United States duty free. We have Henry Fords in our State—men who have made their fortunes when timber was easily accessible and when wages were low, but who now have invested their American-acquired dollars in Canadian timber. They now employ Hindu and other cheap foreign labor and through purchase of cheap stumpage can export into our country timber products cheaper than our own people can produce them. These same men have been before Congress and the Tariff Commission, and have stated that a tariff on lumber and timber products was unnecessary. They are American citizens in name, but in fact they are commercial aliens.

I belong to a party that favors protection, but I can not understand how the Republicans overlooked our State unless it is another one of those "noble experiments."

Even the Democratic Members from my State in either branch of Congress could not survive and still advocate this free-trade doctrine as applied to timber products. Our Democratic junior Senator and the esteemed Representative on the other side of this House will bear me out in my declarations.

If you expect our State to recover normalcy and to solve our unemployment problem, give us a tariff on timber products, and we in turn will buy from you. You in the Southland will soon be asking for that which you deny us. A few more textile plants and manufacturing industries in Dixie will cause you to ask for help to maintain those industries, or you will maintain them with men employed at a wage destructive of the living standard of American laboring men. In fact, in 1930, for the first time, you sought and were given the substantial tariff of 7 cents a pound on commercial raw cotton.

I agree that the present tariff law should in some manner be made to meet present conditions. Rates are too high on some items and other items are on the free list which should be on the dutiable list. You gentlemen from agricultural States are continually asking for aid for the farmer, and I want you to get it. God knows the farmers in our State need help. We of the timber country are for you, and then you desire us to buy at a higher price from you and then allow you to purchase the products which our State produces from foreign countries? Gentlemen, I ask of you, is this fair, is it neighborly, is it the American way of doing things?

And I ask you gentlemen who come from States which formerly produced timber products, if because your forests have been "logged off" and your timber is gone, have you forgotten the time when you had a protective tariff on lumber and logs? If your theory of protection, that our labor must be saved from the cheaper labor abroad, is correct and industries must be stimulated, then why do you permit the ruthless destruction of one of the major industries of my State?

Although my remarks relate with single purpose to one subject—protection of the vital industries of my State of Washington—they may be divided into two general classifi-

cations. First, I have attempted to show how the lack of protection has paralyzed the chief industries of our State, and now may I call to your attention a condition that affects not only my own State but industries in the country at large. It is the crisis created by foreign countries changing their monetary standard and by the depreciation of their currencies.

To make this point plain I am going to use a specific industry as an example. The example is simply explained by a pulp man from my State, Mr. Ralph Shaffer, president of the Shaffer Box Co., of Tacoma, Wash. In a letter to me he said, in part:

> The pulp mills of the Pacific Northwest are in a position where they must shut down within the next few months entirely on account of the difference in Swedish currency against the United States currency. These pulp mills in Washington and Oregon employ 2,500 men. At the present time the Swedish exchange is nearly 31 per cent under United States currency. This makes it possible for Swedish pulp (as well as other Scandinavian and German pulp) to come into the eastern and central parts of the United States at a price 31 per cent less than the pulp made in the Pacific Northwest. For instance, in July the price of Swedish unbleached sulphite pulp delivered in Atlantic coast ports was $44 per ton. To-day, less than three months since Sweden went off the gold standard, the price is $32 per ton; transposing this $32 of United States currency back into the Swedish krona at the present rate of exchange, will give them the same net return in Sweden to-day as when they sold their pulp at $44 per ton delivered in the United States at the time their currency was on a par with ours. At the same time this $32 a ton nets the Pacific coast mills only $25 a ton at their mills, which is a loss of $4 to $7 a ton even on the present-day low wage scale and lowered cost of raw material.

I might add to this statement that American manufactured pulp has ably and without tariff protection met the competition of the entire world heretofore. This was a strain which practically no other major industry outside of the softwood lines had to face, and an impediment which should not have been placed in the way of the nascent industry, but nevertheless this industry managed to get by.

Various organizations in my State, such as the State Manufacturers Association, the Everett Chamber of Commerce and the Port Townsend Chamber of Commerce, have adopted resolutions explanatory of this crisis with special reference to pulp. The situation is somewhat as follows:

The forest industries of the State of Washington, representing more than 65 per cent of the industrial activity of the State, constitute the key to the general welfare of our citizens; other industries of this State and farm prosperity depend largely on employment in the forest industries.

Demand for lumber, veneers, plywood, doors, furniture, and other similar timber products has suffered a terrific drop in the last few years, to the extent that the direct pay roll in the logging and lumbering industry has fallen from $106,700,000 in 1928 to $79,900,000 in 1930, and for the year of 1931 it is estimated that this pay roll will have further diminished to $59,000,000. It will be further reduced by the closing down of lumber camps and sawmills within the State during the coming months.

The pulp and paper industry, another branch of the forest industries, which up to the year of 1929 had succeeded in building up a direct pay roll within the State of in excess of $9,000,000 with total per man days of 1,734,000 and thereby partially offset some of the diminishing per capita demand for direct lumber products, is now suffering the same fate as the lumber industry, this in spite of the fact that contrary to the diminishing market for lumber products we have within our own country an enormous demand for pulp and paper products.

This pulp industry has during the years of 1930 and 1931 suffered by the drop in prices on the importation from Canada and Scandinavian countries to the extent that two of our new plants have had to close down, the financial return of the others has suffered losses, and it is but a question of time when additional plants will also have to close down. This pulp product, made from forest wood and timber, is admitted duty free to this country and without restriction of any kind. The prices on the product have been lowered by the foreign manufacturers from 35 per cent to 50 per cent of the fair and reasonable market price prevailing for this identical product during the prior 10 years.

A total of 2,000,000 tons of pulp entered the United States during each of the last few years, including 1930, in spite of lowered consumption in this market, and the diminishing demand for the product has had to be absorbed by the domestic producers unable to compete with the price policy fixed by the foreign manufacturers, this testifying that the dumping of these products is continuing unabated.

This dumping has been materially aided and increased by the devalorization of currencies in Canada and the Scandinavian countries, the direct competitors of our domestic production. This devalorization has automatically given these countries a further advantage of from 15 per cent to 25 per cent, making it possible for them to further lower the market price on these products exported to the United States by this percentage of devalorization. This in terms of lumber prices means $2 to $3 per thousand feet and in terms of pulp from $10 to $15 per ton.

These foreign countries are and will continue to use this advantage in currency devalorization for capturing our own home consuming markets, forcing the domestic producers to meet these prohibitive prices or close down.

The above-named countries have not treated this commodity on a reciprocal basis but have always had and now have a 25 per cent ad valorem duty on the same product entering their countries, making it impossible for American producers to sell in their own markets. This in spite of the fact that their wage standards in many instances are but one-half of the wage paid to American workmen engaged in the same industry, and labor and transportation in the manufacturing of pulp represent the bulk of the total cost of the commodity.

Needless to say, pulp is not the only industry affected. The salmon industry, the timber industry, the shingle industry—in fact, practically every industry in the United States is to some degree affected by this differential in exchange. It is truly a nation-wide problem, and one to which every section must turn its best thought for solution.

Other nations have made provision for this kind of a contingency. France, Argentina, and the Irish Free State through law and decree have provided for increase of duties and surcharge in dealing with nations whose currency has depreciated.

If you gentlemen on the other side of the aisle really desire to render aid to the country bring out a real tariff bill, hold your hearings, revise schedules in keeping with present conditions, and provide by law for the differential in exchange values of depreciated money.

To remedy this condition I have introduced a bill (H. R. 6707) which provides in part that "for the relief of American industry, production, and growth from the premium accruing to certain foreign countries because of depreciation of their currency from legal parity and/or because of said foreign countries changing their monetary standard the Secretary of the Treasury be, and he is hereby, authorized and directed to levy, collect, and pay upon all imports, whether dutiable or free of duty, a compensating charge exactly equal in amount to the difference in exchange between the United States and the country of origin of the import on the day of exportation."

Although the principle of this bill is not novel, it differs radically from other measures inthat it avoids tariff and tariff surcharges. I have used the term "compensating charge" to clearly indicate that my bill is simply a counterbalancer—a neutralizer of the exchange differential. It simply stabilizes monetary value in commerce, and without doubt if it becomes law will result in international agreement on value of money standards. It applies to all imports, whether dutiable or free, and is simple to administer. It does not affect the present tariff law in any particular.

Mr. COCHRAN of Missouri. Mr. Speaker, I read in Saturday's RECORD the remarks of my colleague, Mr. HOPKINS, of Missouri, part of which was made on the floor and the remainder inserted in the RECORD under leave to revise and extend his speech. Mr. HOPKINS, a good reactionary Repub-

lican, takes his Democratic colleagues from Missouri to task for their failure to introduce a tariff bill, a privilege, he correctly states, any Member has. He cites in his remarks various speeches made by the Democratic Members of his State in opposition to the Hawley-Smoot law. Mr. HOPKINS expresses the opinion the present tariff law is in no way responsible for the depression.

I challenge this statement now, and if I am a candidate for reelection I will assail his contention in my campaign.

Under the rules of the House a Member has the privilege of introducing a bill. It must be printed, regardless of size, and is sent to the committee having jurisdiction over the legislation. Mr. HOPKINS has done considerable research work in an effort to disclose that his colleagues have never offered a tariff bill. Let me suggest to him that he continue this research work not only during recent years but go back as far as 1914, when the Democratic Party controlled the legislative branch of the Government as well as the executive branch, and when all Republicans were opposed to the Underwood law, and see if he can find where any member of his party or of the Democratic Party ever introduced a complete tariff bill unless it was the chairman or the ranking member of the Ways and Means Committee, with one exception. That exception was Mr. CRISP, of Georgia, who, if I recall correctly, offered a substitute to the Hawley-Smoot bill. The late Senator La Follette on more than one occasion offered an amendment to a tariff bill in the Senate by taking the bill before that body, changing the rates throughout, and having it printed.

If there is one question upon which the Democratic and Republican Parties are not in accord, it is on the tariff question. While it is true some Democrats are in favor of some of the rates in the present law due to the fact that their section of the country is vitally concerned, I think a conservative statement would be that 200 Members now on the Democratic side, if not more, would vote for a revision if such a bill was brought in. Add to this number the Progressive Republicans.

What does it cost to print a tariff bill? The Public Printer advises me that the cost of printing the Hawley-Smoot bill, when it was introduced, was $1,030.30. This, the cost for what is termed the first print, and the required number of copies that must be run off under the rules. Therefore, if the 200 Members on the Democratic side who are in favor of reducing the tariff would have each introduced a bill, the cost to the taxpayers would have been $206,060. Would the gentleman from Missouri [Mr. HOPKINS] approve of such expenditures at a time such as we are now experiencing, when he knows that the bill that is considered is the bill agreed upon by the Ways and Means Committee? Would the taxpayers of the fourth district of Missouri, which Mr. HOPKINS represents, approve of such expenditures? I venture the assertion that he could not find one taxpayer in his district who would agree that such a procedure as Mr. HOPKINS suggests be followed.

My real purpose in answering my colleague is to make it perfectly plain to him and to the people of my State where I stand on the Hawley-Smoot tariff law. I will vote for a revision downward to-morrow. I would make the exception that I would be willing to let the agriculture section stand, although I know, as does Mr. HOPKINS, that a tariff can not be made to work for the benefit of agriculture when there is a surplus in this country of agricultural products. I would be willing to accept the new administrative features where they have proved satisfactory, but as to the rates, I am in favor of a general reduction.

Our Supreme Court has just rendered a decision which indicates that the 13 Members of Congress from Missouri must be elected at large in 1932. That means a state-wide campaign this fall for those who decide to become candidates. I am perfectly willing, if I enter the campaign, to advocate a reduction in the tariff; because I feel it has set up a wall about our country that has prevented our foreign customers from sending their products to this country, and as a result, being unable to sell their commodities, they have no money with which to buy ours, as they did have prior to the enactment of the Hawley-Smoot law. In plain language, it is my opinion this present tariff law has destroyed our foreign trade. For proof of this consult the figures of the Bureau of Foreign and Domestic Commerce. It has caused foreign nations to set up an equally prohibitive tariff wall, affecting American business institutions to such an extent that some of them, including the great aluminum corporation owned by the family of Andrew Mellon, Secretary of the Treasury, is now arranging to construct a factory in a foreign country. Lord Derby, in a recent speech in England, is credited with saying that over 25 American manufacturers were seeking sites for the construction of factories in England alone.

Special privilege is responsible for this situation. The great corporations that have dominated the Republican Party's tariff policy for generations have gone too far in their demands, the result being they have been parties to destroying their own industries.

Every fair-minded person knows, as does the Ways and Means Committee, that it would be futile to bring in a general tariff bill at this session. It could not get by the Senate, and if it did it would be vetoed by the President. So why try and expect the impossible under existing conditions. There will be a change next November, and then my colleague will see a tariff bill drawn in the interests of the masses and not in the interests of those seeking special privileges passed. There are, I admit, other causes for this depression, but the tariff law is the outstanding cause.

Mr. HOPKINS classes the bill submitted by the Ways and Means Committee as nothing more than a blank sheet of paper. Of course, in his remarks he shows he is opposed to it and attacks certain features of the bill as being unsound.

As my colleague desires to know why the Democrats from Missouri did not introduce tariff bills, let me ask him, in view of the fact that a most liberal rule permitting amendments and a motion to send the bill back to committee was brought in, why he did not exercise his right and offer amendments while the bill was under consideration, or why he did not move to send the bill back to the committee?

Other members of the Republican Party offered amendments, some of which were adopted, but Mr. HOPKINS was silent throughout the debate, when amendments could have been offered.

Mr. HOPKINS uses the phrase "political demagoguery" in his remarks. It is my opinion that this phrase would be an excellent title for his remarks, as his remarks are purely political demagoguery and were made purely for home consumption. Mr. HOPKINS has been a Member of the House long enough to know, or should know, how tariff legislation is written. By his remarks he has attempted to mislead the people of his State who are not familiar with the procedure relative to tariff legislation in the House of Representatives.

WILLIAM J. MURPHY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to insert in the RECORD a resolution passed on yesterday by the Committee on World War Veterans' Legislation.

The SPEAKER. Is there objection?

There was no objection.

The resolution is as follows:

Resolution

Whereas it has pleased the Almighty God to call to his eternal reward William J. Murphy, past national commander of the Disabled American Veterans; and

Whereas Commander Murphy and his organization have been most helpful to the Committee on World War Veterans' Legislation through their counsel and advice; and

Whereas the death of Commander Murphy removed a valuable and respected figure among the organized World War service men: Therefore be it

Resolved, That the Committee on World War Veterans' Legislation, at its first meeting of the first session of the Seventy-second Congress, extend its sympathy to the family of Commander Murphy, as well as the organization which has lost an able leader; and be it further

Resolved, That copies of this resolution be forwarded to the bereaved family and become a permanent part of the record of this committee.

LEAVE OF ABSENCE

By unanimous consent, the following leaves of absence were granted:

To Mr. WITHROW (at the request of Mr. PEAVY), indefinitely, on account of the death of his mother.

To Mr. MONTAGUE, indefinitely, on account of the illness of his brother.

EXTENSION OF REMARKS—SHALL CHAIN STORES BE TAXED?

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a part of my speech entitled "Shall Chain Stores be Taxed?" in radio debate with R. W. Lyons, of the National Chain Store Association, broadcast over station WOR January 3, 1932.

The speech is as follows:

Opposition to chain stores has gained great impetus in the past few years. That opposition is due primarily to the fact that the birth of every chain store means a death of an independent retailing establishment.

Self-preservation is the first law of nature. Therefore, independent retail merchants, being crowded to the wall by the great power and wealth represented by the chain stores, naturally seek help through the strong arm of the Government. Recent events have encouraged retail merchants to believe that chain stores can be curbed by legislation. Anti-chain-store legislation has been introduced in more than a score of legislatures. Between 80 and 85 bills imposing some form of taxation, directly or indirectly penalizing the chains, are now pending in many of the States. Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Florida, Illinois, Iowa, Kentucky, Maryland, Georgia, Indiana, North and South Carolina, Mississippi, Kansas, Louisiana, Maine, Massachusetts, Missouri, Michigan, Minnesota, Montana, New Hampshire, Oregon, Oklahoma, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin are the States where an intense battle is being waged against the great growth of chains.

In almost all instances antichain store bills have been heretofore declared unconstitutional by the lower courts as offending either the State or the Federal Constitution. It was with the greatest amount of enthusiasm, therefore, that the decision of the United States Supreme Court, upholding the constitutionality of the Indiana progressive chain-store license tax, was received. Indiana exacts from the chains a special revenue, but primarily she seeks to save her independent merchants from extinction by saying to the chains "Open all the stores you want, but the more you open the higher tax you pay on each." The independent free of the progressive tax can now compete with the chain upon a parity in Indiana.

The Supreme Court having in mind the country-wide public sentiment against the chains and sensing the danger to the future democracy of the country, determined to strike a blow at chains. It overrode all legal precedents and rendered not a "legalistic" but a purely "economic" decision. It held that singling out chain retailers was not arbitrary or unreasonable, even if the tax against them was prohibitive. Thus the court said we must help the independent even at the expense of the chain. Although the hand of Roberts wrote the opinion, it is the voice of Brandeis speaking. It is not curious that Brandeis, many years ago as a fighting lawyer in Boston, before he ascended the bench, in speaking of chain-store abuses, said: "* * * already the displacement of the small independent business man by the huge corporation, with its myriads of employees, its absentee ownership, and its financier control, presents a grave danger to our democracy. The social loss is great, and there is no economic gain."

More recently the Supreme Court of the United States reaffirmed its decision in declaring the North Carolina progressive license chain-store tax constitutional. The way is now blazed for a similar statute in New York and other States.

Few realize the tremendous growth and therefore the tremendous menace of the chain-store advance upon the well-being of individual merchants. There are to-day some 7,839 chain-store companies operating over 198,000 chain stores. To give you a comparison: In 1914 the total volume of sales of 2,030 chain stores did not exceed $1,000,000,000, whereas in 1930 the almost 200,000 retail chain stores sold in excess of $15,000,000,000. Where will it end? When reduced to percentages, the chains have increased during the last 16 years about 400 per cent in number of parent companies, 800 per cent in number of store units, and 1,500 per cent in volume of business. As is pointed out in the second of the series of articles by M. M. Zimmerman in Printers' Ink (October 2, 1930):

"These figures are the basic reason why they (chains) are feared by many independent retailers, why they are accused in some quarters of monopolistic tendencies, why the Federal Trade Commission has been asked by the United States Senate to investigate them, why there are 85 bills in State legislatures waiting action either to curb their future growth or to put them out of business—and why some manufacturers and advertisers * * * hesitate and refuse to sell them. Summing it up, chain expansion created a mass buying power that no retailer or group of retailers ever enjoyed before. Unwise and unjudicious use of this power, coupled with the chains' resistance to become a part of the business and social life of the communities they serve, precipitate the major problems that now confront them and those who do business with them," and has let loose upon them the dogs of war.

I venture the assertion, ladies and gentlemen, that unless some drastic economic changes occur by 1940 almost all the retail distribution will be in the hands of chain units, and very likely between fifty and seventy-five billion dollars' worth of business will be done in the chain stores. Then there will be practically no independent retailers left.

This great growth of chains may mean more economic gain for some, but the social and spiritual loss to the Nation by throwing out of business thousands of individual merchants is too great.

The independent baker, butcher, confectioner, hardware man, and druggist are well worth saving. The retail cigar man is gone. The grocer is moribund. Shall the others also walk the plank? What prospects are held out to youths whose fathers are grocers and butchers? They can not take their fathers' places. They can not open any new stores. Go to any new suburb and see how the chains preempt locations long before the populations arrive. Those sections are barred to those young lads, and in the city a young man would not dare open a shop with the Great Atlantic & Pacific Tea Co. across the street, a Bohack's store on one side and a Reeves's establishment on the other. Thus the grocer's son knows he hasn't a chance for his white alley. He can only be a number, a robot, an order taker, or a store tender in a great chain-store company.

Chains are making us a nation of clerks and are robbing American manhood of opportunity. We pride ourselves on our independence in thought and in action. That is the cause of our success at democracy. What independence has a man in Kansas City or Kalamazoo whose job depends upon the whim and caprice of an executive sitting in a swivel chair in the Woolworth Building in New York? Chain stores mean absentee control. Absentee control is the very antithesis of democracy.

Does it not tend to make men under such control servile, with no will of their own? Economic subservience rarely permits political or social independence. If I am dependent upon you for my daily bread, you well-nigh own me. I am just a pawn in your hands. Not much independence in that.

Not even lower prices of which chains (falsely) boast can compensate the loss of the independent merchant, whose very independence quickened and advanced the religious, commercial, and political thought of our villages, towns, and cities and made the great growth of our country possible. Chains are never drawn into the life of the communities they serve. They do not support local charitable, civic, or communal efforts. The money taken in by the chain is not redistributed in the town. It lies in the local bank 24 hours and is then sucked to Chicago or New York. The locality reaps no benefits from the chain-store receipts.

We deplore the increase in unequal distribution of wealth in this country. Many of our present-day ills are attributable to that difficulty. On the one hand, we have graineries bursting with grain and, on the other, thousands of our inhabitants starving. On one hand, we have the increasing number of millionaires, and, on the other, we have 8,000,000 men out of employment. Concentration of more wealth in chain-store owners only aggravates this distressing situation. Such concentration of wealth certainly gives handle to the intense criticism we hear on all sides against our economic system. The Great Atlantic & Pacific Tea Co. reported a net profit in 1930 of over $30,000,000, three-quarters of which went into the pockets of John Hartford, son and heir of the founder of the firm. Meanwhile millions of our fellow citizens are out of work. I could not have given utterance to these observations three or four years ago without being labeled a dangerous radical. But to-day we see things differently. Our eyes have been opened. We are suffering as never before. We are in the abysmal depths of economic pain and privation. We must open our eyes still further and see that greater chain-store growth, making for greater unequal distribution of wealth, making myriads of free and independent citizens ignoble serfs, only digs wider and deeper the grave of democracy and renders more difficult our ability to rescue ourselves from just such an economic plight that now torments us.

Heartened by the Supreme Court decision, New York independent retail merchants have banded together and have formed an organization, known as the New York State Independent Retail Merchants' Association, and they are determined to write into the law a progressive chain store license tax in the State of New York, the salient suggested features of which are to be as follows:

Every person, firm, corporation, association, or copartnership opening, establishing, operating, or maintaining one or more stores or mercantile establishments, within this State, under the same general management, supervision, or ownership, shall pay the license fees hereinafter prescribed for the privilege of opening, establishing, operating, or maintaining such stores or mercantile establishments. The license fee herein prescribed shall be paid annually.

The license fees suggested are as follows (it being understood that these amounts may be changed depending upon legislative exigencies):

(1) Upon one store, the annual license fee shall be $5.

(2) Upon two stores, the annual license fee shall be $10 for each store.

(3) Upon three stores, the annual license fee shall be $15 for each store.

(4) Upon four stores, the annual license fee shall be $20 for each store.

(5) Upon five stores, the annual license fee shall be $25 for each store.

In each case, the annual license fee shall be the equivalent of the number of stores multiplied by $5. For example:

(6) The annual license fee on 100 stores shall be $500 each store.

(7) The annual license fee on 200 stores shall be $1,000 each store.

In no case shall the annual license fee for any one store be in excess of $1,000.

CHAINS FOOL THE CONSUMER INTO THE BELIEF THAT THEY SELL CHEAPER

Articles have appeared in the public press in opposition to the campaign now waged by the New York State Independent Retail Merchants' Association to have written into the laws of this State a multiple chain-store license tax, in order that independent merchants may be placed upon a parity with the chains in their struggle for existence.

Most of these articles are inspired by the association, whose members will be most affected by the tax, namely, the National Chain Store Association. The opposition seems to be centered in the thought that the chains now are selling more cheaply than independents and that burdens placed upon them would cause them to raise commodity prices. Chains do not sell more cheaply than the independents. They do, however, give the semblance of doing so. They indulge, for example, in the practice of "loss leaders." They will take a nationally advertised brand and mark same below cost. They will take three cans of soup that ordinarily retail for 10 cents each and sell them for 25 cents. They hoodwink the housewife into the belief that all the other articles in the store are just as cheap, whereas in truth and in fact, on the so-called "blind" articles in the store, such as tea, coffee, rice, sugar, flour, eggs, butter, etc., and which are not usually sold in packages, she pays the high price. In other words, on the "open" articles the chain store will lose money, but on the "blind" articles it will more than make up the difference. The "loss leaders" are used as a bait to entice the housewife into the store and into the belief that she is getting a cut price on everything. No man does business at a loss, and the chains must make up these losses.

Many of these "blind" articles are put up under private brands and the chain-store clerk, when asked for a nationally advertised article, will palm off on the customer a private brand as a substitute, with the statement that "it is just as good." There is plenty of evidence in the files of the Federal Trade Commission to indicate that substitutions are practiced by the chain stores on a widespread scale.

Chain stores have not only used their mass buying power selfishly but have used it so abusively that many have questioned the mass buying power of the chains in our system of distribution. They will often force the manufacturer to put up an inferior or adulterated article under the same label that covers the more expensive but unadulterated article sold to the independent. Chains can often dictate the manufacturing policies of large manufacturers. They force them to use a different formula and reduce the quality of the goods, while the same label is used as on the regular brand. In that way, of course, the article sold by the chains is cheaper. It is cheaper in quality and, therefore, must be cheaper in price.

Some chains have been known to advertise, for example, a vanilla wafer at 17 cents per pound and then substitute common molasses cakes, placed in the bags of a well-known advertiser of biscuits and wafers, to create the impression that these wafers were the product of this national advertiser.

They have often forced manufacturers to reduce the size of the packages so that only the closest scrutiny would yield the fact that the cheaper package bought at the chain store was smaller than the package bought at the independent store. The consumer, however, is deceived into the belief that he is buying the identical package at the chain store at a reduced price.

It was recently discovered that a well-known brand of salt was put up in packages for a number of chains and ran 32 boxes to the case instead of the usual 24 boxes, as in the case sold to the independent retailer. The total amount of salt in each case was the same. The chains naturally sold the salt cheaper than the independent, but gave a reduced quantity. The housewife was deceived into the belief that she was getting the same package.

In certain instances some chains have advertised cloth at a width of 24 inches, and upon opening the package the consumer finds to her sorrow that the width is but 18 inches.

The files of the Federal Trade Commission, now investigating chains under a Senate resolution, may be consulted for all manner and kinds of false advertising by chains.

Some chains have been known to charge different prices for the same goods in different sections in the same city.

When dealing with a number of chains, it is a case of "caveat emptor."

As to the question of price cutting on nationally advertised brands by the chains, or the so-called loss leaders, let me point out what Judge Brandeis said many years ago on this subject:

"Americans should be under no illusions as to the value or effect of price cutting. It has been the most potent weapon of monopoly—a means of killing the small rival to which the great trusts have resorted most frequently. It is so simple, so effective. Farseeing, organized capital secures by this means the cooperation of the shortsighted, unorganized consumer to his own undoing. Thoughtless or weak, he yields to the temptation of trifling, immediate gain, and, selling his birthright for a mess of pottage, becomes himself an instrument of monopoly."

I should like to ask the professional men—the doctors, lawyers, dentists, architects, engineers, ministers—of the towns, villages, and cities, what are your chain-store reactions? You, Mr. Village Lawyer, do you get any business from J. C. Penney? You, Mr. Village Doctor, does Mr. Woolworth come to you to be cured? And you, the country minister, how many of your parishioners are chain-store owners? And the city architects and engineers, what work have you secured from the Kroger Grocery & Baking Co. or the Walk-Over Shoe Co.?

The same is true of the local artisans—the town carpenter, plumber, mason, bricklayer—they get no work from the Safeway Stores (Inc.), the Pender Grocery Co., the Ligget Drug Stores Co. All their work is standardized and is performed by their own men sent out from the metropolitan centers.

Local artisans, workers, and professional men must align themselves on the side of the independent in his struggle against the chain.

It is not my purpose to destroy chains. They represent mass distribution, a necessary corollary of mass production. They serve an economic necessity, otherwise they never would have grown so fast. They can exist and the independent can exist, but in order to put the independent upon a competitive parity with the chain it is necessary to tax the chains so that the greater the number of chains the greater will be the tax or license per store unit. Then and only then will the independent merchant be given a chance for his white alley.

ADJOURNMENT

And then (at 7 o'clock p. m.), on motion of Mr. RAINEY, the House adjourned until Monday, January 11, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

366. Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting the draft of a bill to authorize credit under accounts of certain disbursing officers of the United States Army and for the settlement of individual claims approved by the War Department, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BANKHEAD: Committee on Rules. H. Res. 99. A resolution providing for the consideration of H. R. 7360, entitled "A bill to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes"; without amendment (Rept. No. 35). Referred to the House Calendar.

Mr. STEAGALL: Committee on Banking and Currency. H. R. 7360. A bill to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes; without amendment (Rept. No. 36). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 707) granting a pension to Ella I. Dewire; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 6198) granting a pension to Ross C. Ramsay; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 5948) granting an increase of pension to Emily F. Ailshie; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 712) for recognition of meritorious service performed by Chief Gunner Clarence L. Tibbals; Committee on Invalid Pensions discharged, and referred to the Committee on Naval Affairs.

A bill (H. R. 6229) granting a pension to Belle Hockensmith; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 7014) authorizing the restoration and occupation of the houses and grounds known as Belvoir on the former Lord Fairfax estate upon the Fort Humphreys Military Reservation in Fairfax County, Va., appropriating $40,000 for such uses, and for other purposes; Committee on

Public Buildings and Grounds discharged, and referred to the Committee on Military Affairs.

A joint resolution (H. J. Res. 77) for the relief of Leila Sneed Reuter; Committee on World War Veterans' Legislation discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWNING: A bill (H. R. 7356) to create a Federal Farm Loan Corporation; to the Committee on Banking and Currency.

By Mr. WOODRUM: A bill (H. R. 7357) to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended; to the Committee on the District of Columbia.

By Mr. JONES: A bill (H. R. 7358) to provide for research work in connection with the utilization of agricultural products other than forest products, and for other purposes; to the Committee on Agriculture.

By Mr. MAAS: A bill (H. R. 7359) to authorize the erection of a 350-bed addition to the United States Veterans' Administration hospital at Fort Snelling, Minn.; to the Committee on World War Veterans' Legislation.

By Mr. STEAGALL: A bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes; to the Committee on Banking and Currency.

By Mrs. ROGERS: A bill (H. R. 7361) authorizing the construction of a new hospital and diagnostic center at Boston, Mass.; to the Committee on World War Veterans' Legislation.

By Mr. LARSEN: A bill (H. R. 7362) to authorize the Secretary of the Treasury to construct in Dublin, Ga., on the site now used for a post office, an addition to the present Federal building for the use of the United States court and other Federal offices, and making an appropriation therefor; to the Committee on Public Buildings and Grounds.

By Mr. SMITH of Virginia: A bill (H. R. 7363) to provide for the construction of a suitable approach to the Arlington Memorial Bridge connecting Lee Boulevard (route 711 of Virginia) with the memorial bridge; to the Committee on Roads.

By Mr. JOHNSON of South Dakota: A bill (H. R. 7364) to provide for adjustment of rank and grade of warrant and commissioned warrant officers of the United States Navy; to the Committee on Naval Affairs.

By Mr. SINCLAIR: A bill (H. R. 7365) to establish a Federal trade court, and for other purposes; to the Committee on the Judiciary.

Also, a bill (H. R. 7366) to amend the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7367) to amend the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914; to the Committee on Interstate and Foreign Commerce.

By Mr. KOPP: A bill (H. R. 7368) to make the United States liable for all damages resulting from the construction, maintenance, and/or operation of locks and dams in the Mississippi River by the United States between the mouth of the Missouri River and Minneapolis, Minn., and for other purposes; to the Committee on Rivers and Harbors.

By Mr. McSWAIN: A bill (H. R. 7369) to authorize the leasing of the Muscle Shoals property, upon certain terms and conditions, to provide for the national defense, and for the regulation of interstate commerce, and for other purposes; to the Committee on Military Affairs.

By Mr. BEEDY: A bill (H. R. 7370) to provide for the advancement of funds to receivers of insolvent banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. DISNEY: A bill (H. R. 7371) making an appropriation for improving the Arkansas River from Tulsa, Okla., to the point where it flows into the Mississippi River, for purposes of navigation; to the Committee on Rivers and Harbors.

By Mr. HARE: A bill (H. R. 7372) authorizing refund of tax levied and collected on raw cotton from 1866 to 1868, inclusive; to the Committee on War Claims.

By Mr. HOCH: A bill (H. R. 7373) providing import duties on crude petroleum and its refined products imported into the United States from foreign countries; to the Committee on Ways and Means.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 7374) to provide for the renewal of 5-year level premium term policies without medical examination and without increase in premium rate; to the Committee on World War Veterans' Legislation.

By Mr. TAYLOR of Colorado: A bill (H. R. 7375) to create a grazing district for the regulation of the public-domain range and to authorize the Secretary of the Interior to withdraw certain lands in the State of Colorado from entry under the homestead laws and administer the same as a grazing district; to the Committee on the Public Lands.

By Mr. SCHAFER: A bill (H. R. 7376) to authorize the attendance of the Marine Band at the Spanish-American War veterans' convention at Milwaukee; to the Committee on Naval Affairs.

By Mr. WOLCOTT: A bill (H. R. 7377) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. CABLE: A bill (H. R. 7378) to prevent corrupt practices in the nomination and election of Senators and Representatives to the Congress of the United States; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. NELSON of Wisconsin: Resolution (H. Res. 96) to pay Amy C. Dunne for extra and expert services to the Committee on Invalid Pensions; to the Committee on Accounts.

By Mr. DAVIS: Resolution (H. Res. 97) providing for an inquiry into operations, policies, and affairs of United States Shipping Board and Emergency Fleet Corporation and the American merchant marine; to the Committee on Rules.

By Mr. BLACK: Resolution (H. Res. 98) to investigate the Narcotics Bureau; to the Committee on Rules.

By Mr. JONES: Joint resolution (H. J. Res. 194) to correct section 2 of the act of March 4, 1931, to coordinate the agricultural experiment-station work, and to extend the benefits of certain acts of Congress to the Territory of Porto Rico; to the Committee on Agriculture.

By Mr. HARTLEY: Joint resolution (H. J. Res. 195) recognizing the medal awarded by the American Red Cross to its female overseas personnel, as the official commemorative medal, and granting similar medals to the male forces; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of Elizabeth C. Morrow, acknowledging receipt and expressing appreciation of the House resolution adopted in connection with the death of Hon. Dwight W. Morrow; to the Committee on Memorials.

Memorial of Charles Beach Edwards, acknowledging receipt and expressing appreciation of the House resolution adopted in connection with the death of Hon. Charles G. Edwards; to the Committee on Memorials.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDRESEN: A bill (H. R. 7379) granting a pension to John Divine; to the Committee on Pensions.

By Mr. BUCHANAN: A bill (H. R. 7380) granting a pension to Norah E. Martin; to the Committee on World War Veterans' Legislation.

By Mr. BLAND: A bill (H. R. 7381) for the relief of the Virginia Engineering Co. (Inc.); to the Committee on Claims.

By Mr. BEERS: A bill (H. R. 7382) granting a pension to Sarah E. Flickinger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7383) for the relief of Jacob Schell; to the Committee on Military Affairs.

Also, a bill (H. R. 7384) granting an increase of pension to Drusilla Barnhart; to the Committee on Invalid Pensions.

By Mr. BEAM: A bill (H. R. 7385) for the relief of Sidney Joseph Kent; to the Committee on Naval Affairs.

By Mr. CARDEN: A bill (H. R. 7386) granting a pension to William H. Jones; to the Committee on Invalid Pensions.

By Mr. CARLEY: A bill (H. R. 7387) for the relief of Samuel Auster, deceased; to the Committee on Naval Affairs.

By Mr. CHIPERFIELD: A bill (H. R. 7388) for the relief of James M. Winston; to the Committee on Military Affairs.

By Mr. COLE of Maryland: A bill (H. R. 7389) for the relief of Virginia C. Merritt; to the Committee on Claims.

By Mr. COOPER of Ohio: A bill (H. R. 7390) granting an increase of pension to Mary Augusta Thackara; to the Committee on Invalid Pensions.

By Mr. CRAIL: A bill (H. R. 7391) for the relief of Harrison Brainard, alias Harry White; to the Committee on Military Affairs.

Also, a bill (H. R. 7392) for the relief of Edwin Senior; to the Committee on Military Affairs.

Also, a bill (H. R. 7393) granting an increase of pension to Mabel M. Callahan; to the Committee on Pensions.

By Mr. DYER: A bill (H. R. 7394) granting a pension to Eddie Bassett; to the Committee on Invalid Pensions.

By Mr. EATON of Colorado: A bill (H. R. 7395) to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; to the Committee on the Public Lands.

By Mr. EVANS of Montana: A bill (H. R. 7396) granting a pension to Granville Hickey; to the Committee on Pensions.

Also, a bill (H. R. 7397) granting a pension to George A. Cole; to the Committee on Pensions.

Also, a bill (H. R. 7398) granting a pension to Annie Turnage; to the Committee on Pensions.

Also, a bill (H. R. 7399) granting a pension to Maurice J. O'Leary; to the Committee on Pensions.

By Mr. FINLEY: A bill (H. R. 7400) granting a pension to Robert O. Higginbotham; to the Committee on Pensions.

By Mr. GREENWOOD: A bill (H. R. 7401) granting an increase of pension to Mary C. Hunter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7402) granting an increase of pension to Mary Gibson; to the Committee on Invalid Pensions.

By Mr. HARTLEY: A bill (H. R. 7403) granting a pension to Richard J. Barrett; to the Committee on Pensions.

By Mr. HESS: A bill (H. R. 7404) granting an increase of pension to Rebecca L. Beach; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7405) granting a pension to Emma Burdge; to the Committee on Invalid Pensions.

By Mr. HOOPER: A bill (H. R. 7406) for the relief of August Schaller; to the Committee on Military Affairs.

By Mr. JOHNSON of Washington: A bill (H. R. 7407) granting a pension to Albert L. McGoffin; to the Committee on Pensions.

By Mr. KLEBER(?): A bill (H. R. 7408) for the relief of J. M. Heiskell, Henry Maymon, and D. T. Taylor to the use of A. J. Riesto; to the Committee on Claims.

Also, a bill (H. R. 7409) for the relief of Chambliss L. Tidwell; to the Committee on Claims.

Also, a bill (H. R. 7410) for the relief of Jessie Jameson; to the Committee on Naval Affairs.

Also, a bill (H. R. 7411) for the relief of Alex Bremer; to the Committee on Claims.

Also, a bill (H. R. 7412) for the relief of Karim Joseph Mery; to the Committee on Claims.

By Mr. McMILLAN: A bill (H. R. 7413) granting a pension to Carl Wilhelm Janssen; to the Committee on Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 7414) for the relief of Walter Malone; to the Committee on Military Affairs.

By Mr. MITCHELL: A bill (H. R. 7415) granting a pension to William Vanderbilt Cole; to the Committee on Pensions.

By Mr. HARCOURT J. PRATT: A bill (H. R. 7416) granting an increase of pension to Catherine Wyms; to the Committee on Invalid Pensions.

By Mr. SNOW: A bill (H. R. 7417) granting a pension to Annie S. Nealley; to the Committee on Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 7418) granting an increase of pension to Nancy Kinter; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 7419) granting a pension to Amelia G. Ballou; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7420) granting a pension to Ira J. Davis; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 7421) granting a pension to Willard Fulk; to the Committee on Pensions.

By Mr. WEST: A bill (H. R. 7422) granting a pension to Clara Nye Fischer; to the Committee on Pensions.

Also, a bill (H. R. 7423) granting an increase of pension to Margaret R. Sapp; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Missouri: A bill (H. R. 7424) granting a pension to Margarette Woods; to the Committee on Pensions.

Also, a bill (H. R. 7425) granting a pension to John Mayfield; to the Committee on Invalid Pensions.

By Mr. WILLIAMSON: A bill (H. R. 7426) granting a pension to Milton M. Cummings; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

327. By Mr. LEWIS: Petition of citizens of the State of Maryland against increase in taxes; to the Committee on Ways and Means.

328. By Mr. SWEENEY: Petition opposing Postmaster General Brown's suggested postal-rate increase on first-class mail; to the Committee on the Post Office and Post Roads.

329. By Mr. BEAM: Petition from North Western Post, No. 430, the American Legion, favoring the payment of the balance due on adjusted-compensation certificates; to the Committee on Ways and Means.

330. By Mr. GOLDSBOROUGH: Petition of citizens of Baltimore, Md., opposing increase of taxes and favoring reduction in the cost of Government; to the Committee on Ways and Means.

331. By Mr. RUDD: Petition of Chamber of Commerce of the State of New York, favoring the necessary funds for the proper housing and equipment of the United States Army; the amount necessary to provide that the full training which has brought the National Guard to its present state of efficiency may be continued; to the Committee on Appropriations.

332. By Mr. SINCLAIR: Petition of 10 motor companies of Minot, N. Dak., protesting against any increase in taxes on motor vehicles, tires, accessories, and service parts; to the Committee on Ways and Means.

333. By Mr. STRONG of Pennsylvania: Petition of officers and members of Troop L, One hundred and fourth Cavalry, Pennsylvania National Guard, Punxsutawney, Pa., opposing any reduction of the appropriation for the National Guard for the fiscal year ending June 30, 1933; to the Committee on Appropriations.

334. By Mr. THURSTON: Petition signed by 81 citizens of Wayne County, Iowa, setting forth certain suggestions to be carried out by the United States representatives attending the Peace Conference to be held at Geneva, Switzerland, in February, 1932; to the Committee on Foreign Affairs.

335. Also, resolution submitted by the president and secretary of the Wayne County Taxpayers Association, of Cory-

don, Iowa, demanding the best efforts of Members of Congress to increase the volume of money by reasonable inflation; to the Committee on Banking and Currency.

336. By Mr. WHITTINGTON: Petition of Exchange Club, Cleveland, Miss., urging loans for agricultural production in 1932 because of lack of sources of local credit; to the Committee on Agriculture.

SENATE

MONDAY, JANUARY 11, 1932

(Legislative day of Thursday, January 7, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Hull	Pittman
Austin	Dale	Johnson	Reed
Bailey	Davis	Jones	Robinson, Ark.
Barbour	Dickinson	Kean	Robinson, Ind.
Barkley	Dill	Kendrick	Sheppard
Bingham	Fess	Keyes	Shortridge
Black	Fletcher	King	Smith
Blaine	Frazier	La Follette	Smoot
Borah	George	Lewis	Steiwer
Bratton	Glass	Logan	Swanson
Brookhart	Glenn	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Thomas, Okla.
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harris	Morrison	Vandenberg
Caraway	Harrison	Moses	Wagner
Carey	Hastings	Neely	Wolcott
Connally	Hatfield	Norbeck	Walsh, Mont.
Coolidge	Hawes	Norris	Waterman
Copeland	Hayden	Nye	Watson
Costigan	Hebert	Oddie	Wheeler
Couzens	Howell	Patterson	White

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is necessarily detained on official business. I ask that this announcement may stand for the day as to all roll calls.

Mr. HASTINGS. I wish to announce that my colleague the junior Senator from Delaware [Mr. TOWNSEND] is necessarily absent for the day.

Mr. LA FOLLETTE. I wish to announce the unavoidable absence of the senior Senator from Minnesota [Mr. SHIPSTEAD]. I ask that this announcement may stand for the day.

Mr. COOLIDGE. I desire to announce that my colleague the senior Senator from Massachusetts [Mr. WALSH] is necessarily detained from the Senate in attendance upon the funeral of a member of the Supreme Court of the State of Massachusetts. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, in which it requested the concurrence of the Senate.

MANUFACTURE AND SALE OF MALT AND SPIRITUOUS LIQUORS (S. DOC. NO. 47)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting, in compliance with Senate Resolution 123 (agreed to January 4, 1932), data showing the number of persons reported to the Census Bureau as engaged in the manufacture of distilled, malt, and vinous liquors for the years 1909, 1914, and 1919; also tables showing fermented liquors produced during the fiscal years 1901 to 1920, inclusive; also distilled spirits produced during the fiscal years 1901 to 1930, inclusive (in tax gallons), and stating that the other information requested in the resolution was not available, which, with the accompanying papers, was ordered to lie on the table and to be printed.

CLAIM OF THE RIO GRANDE SOUTHERN RAILROAD CO.

The VICE PRESIDENT laid before the Senate a communication from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Rio Grande Southern Railroad Co. against the United States, which, with the accompanying paper, was referred to the Committee on Claims.

REPORT OF THE AMERICAN WAR MOTHERS

The VICE PRESIDENT laid before the Senate the report of the American War Mothers, submitted pursuant to law, from January 1 to October 1, 1931, which was referred to the Committee on Military Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint memorial of the Legislature of Arizona, memorializing Congress to build and maintain a road from Kingman, Mohave County, Ariz., to the Hoover Dam, now being constructed on the Colorado River, which was referred to the Committee on Post Offices and Post Roads. (See joint memorial printed in full when presented to-day by Mr. ASHURST.)

The VICE PRESIDENT also laid before the Senate resolutions adopted at a special meeting of the Bar Association of Erie County, Buffalo, N. Y., favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by a mass meeting of citizens at Des Moines, Iowa, favoring the taking of "immediate measures to compel the owners of the sources of life to permit access to the means of production so that the people may produce for their needs," which was referred to the Committee on Education and Labor.

Mr. ASHURST presented the following joint memorial of the Legislature of the State of Arizona, which was referred to the Committee on Post Offices and Post Roads:

STATE OF ARIZONA,
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA,
State of Arizona, ss:

I, Scott White, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Joint Memorial No. 1, first special session, Tenth State Legislature, House of Representatives, State of Arizona, "memorializing the Congress of the United States to build and maintain a road from Kingman, Mohave County, Ariz., to the Hoover Dam, now being constructed on the Colorado River," all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed my official seal. Done at Phoenix, the capital, this 8th day of January, A. D. 1932.

[SEAL.]

SCOTT WHITE,
Secretary of State.

HOUSE OF REPRESENTATIVES,
TENTH STATE LEGISLATURE,
FIRST SPECIAL SESSION.

House Joint Memorial No. 1

Memorializing the Congress of the United States to build and maintain a road from Kingman, Mohave County, Ariz., to the Hoover Dam, now being constructed on the Colorado River

Whereas there is now being constructed on the Colorado River, between the States of Arizona and Nevada, a dam for the storage of water of such colossal magnitude as to dwarf all other engineering feats; and

Whereas there is no direct, adequate, or serviceable road connecting convenient shipping or railroad points in Arizona with the said dam; and

Whereas the said dam, designated and known as the Hoover Dam, in honor of the President of the United States, has been under construction for more than one year, and in all probability will be many years more in active construction, and a direct road from Kingman, in the county of Mohave, Ariz., would greatly benefit all individuals and industries engaged in the construction of the said dam and greatly benefit the agricultural and other activities of the State of Arizona: It is therefore

Resolved, That the house of representatives, first special session, of the Tenth State Legislature of the State of Arizona, the State senate concurring, does hereby memorialize the Congress of the United States to direct the Secretary of the Interior and make such other provisions as may be necessary to cause a road to be

constructed from the town of Kingman, in Mohave County, Ariz., to the Arizona bank of the Colorado River at the said Hoover Dam from funds appropriated by the Congress for the construction of said Hoover Dam, a distance of approximately 84 miles; it is further

Resolved, That a copy of this memorial be forwarded to the Senate and House of Representatives of the United States, a copy to the Secretary of the Interior, and a copy each to the Representatives in Congress from the State of Arizona.

Passed the house January 5, 1932, by the following vote: 59 ayes, 0 nays, 0 absent, 4 excused.

W. G. ROSENBAUM,
Speaker of the House Pro Tempore.
LALLAH RUTH,
Chief Clerk of the House.

Passed the senate January 7, 1932, by the following vote: 18 ayes, 0 nays, 1 not voting.

FRED SUTTER,
President of the Senate.
W. J. GRAHAM,
Secretary of the Senate.

EXECUTIVE DEPARTMENT OF ARIZONA,
OFFICE OF GOVERNOR.

This bill was received by the governor this 7th day of January, 1932, at 4.34 o'clock p. m.

J. W. STRODE,
Secretary to the Governor.

Approved this 8th day of January, 1932.

GEO. W. P. HUNT,
Governor of Arizona.

EXECUTIVE DEPARTMENT OF ARIZONA,
OFFICE OF SECRETARY OF STATE.

This bill was received by the secretary of state this 8th day of January, 1932, at 1.15 o'clock p. m.

SCOTT WHITE,
Secretary of State.

Mr. BLAINE presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Banking and Currency:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to enact appropriate legislation to cure present abuses in the Federal land bank system

Whereas when times were prosperous many farmers throughout this State and the Nation borrowed money from the Federal land bank system; and

Whereas because of the depression there now exists such a shrinkage in farm values and such low prices prevail for agricultural products that the vast majority of these farmers are at the mercy of their creditors and are faced with the loss of their homes and farms; and

Whereas there have grown up in the Federal land bank system many abuses, including the policy of refusing to allow any reduction in the loans to farmers who have borrowed conservatively and then foreclosing the mortgages, driving these farmers from their homes in order that they may be sold to others at prices far below the amount of the mortgage, with high sales commissions to the agents; and

Whereas the greater number of these farmers might save their homes if permitted to have their mortgages reduced to the figure for which these same homes are later sold; and

Whereas the Federal Government has seen fit to reduce foreign debts and grant moratoriums to foreign creditors: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Congress of the United States be requested to take proper steps to eliminate all abuses now existing in the Federal land bank system and to extend to farmers sufficient time to meet their obligations.

Resolved further, That properly attested copies of this resolution be sent to all Members of both Houses of the Congress of the United States.

Resolved further, That the chief clerk of the assembly is instructed to procure the printing of 500 extra copies of this resolution.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

Mr. JONES presented the petition of Dr. Emmogene Powell Sherman and other citizens of Chehalis, Wash., praying for the entry of the United States into the World Court, which was referred to the Committee on Foreign Relations.

Mr. BAILEY presented a petition of sundry citizens, being farmers and landowners, of Pitt, Greene, and Wayne Counties, N. C., praying for the passage of legislation to relieve the distressed tenants and farming conditions in eastern North Carolina, especially by the making of a seed loan to be disbursed and administered as was the farm seed loan in 1930 and 1931, which was referred to the Committee on Agriculture and Forestry.

Mr. SHEPPARD presented the petition of Mrs. W. E. Timblin, Mrs. Paul J. Pond, and other women voters, all being citizens of the State of Texas, praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a petition of the Wichita Falls Club, American Association of University Women, the College Woman's Club, and the United Daughters of the Confederacy, all of Wichita Falls, Tex., praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. BARBOUR presented a letter in the nature of a memorial from the Woman's Christian Temperance Union, of Pleasantville, N. J., remonstrating against any proposed referendum on the eighteenth amendment to the Constitution, which was referred to the Committee on the Judiciary.

He also presented a resolution unanimously adopted at a union service of the Protestant churches of Salem, N. J., protesting against any proposed referendum on the eighteenth amendment to the Constitution, which was referred to the Committee on the Judiciary.

Mr. BARBOUR. Mr. President, also I have received other petitions, two of which I would like unanimous consent to have printed in the RECORD. One is from the Woman's Republican Club of Orange, N. J., in favor of the World Court; the other is from the Tri-County Auto Trade Association, of Pompton Lakes, N. J., opposing a further tax on automobiles.

The VICE PRESIDENT. Without objection, the petitions will be printed in the RECORD and appropriately referred.

The first petition, in the form of a resolution, was referred to the Committee on Foreign Relations, as follows:

At a meeting held recently by the Woman's Republican Club of Orange, N. J., on November 23, 1931, the following resolution was unanimously adopted by the members of the Woman's Republican Club of Orange, and the club had ordered the resolution be forwarded to the honorable United States Senators, HAMILTON F. KEAN, WARREN BARBOUR, and PETER A. CAVICCHIA, Congressman from the ninth congressional district of the State of New Jersey:

"Whereas there has been in existence for nine years—largely as the result of the recommendation made by the United States to the rest of the world 30 years ago at the first Hague conference—an international court of justice which has proved its usefulness to the world by the settlement of 36 questions, from any one of which the seeds of war might have sprung; and

"Whereas in 1926 the United States Senate, by a vote of 76 to 17, passed a resolution providing for the participation of this country in the World Court, with five reservations; and

"Whereas, according to Secretary Stimson, the three World Court protocols or treaties now awaiting the Senate's action entirely meet the position taken by the Senate in its 1926 resolution; and

"Whereas their ratification by the Senate this winter will achieve the entry of the United States into the World Court, thus realizing a long-standing American tradition and making effective the Senate's own resolution of 1926: Now, therefore, be it

"*Resolved*, That the Woman's Republican Club of Orange, N. J., record as approving favorable action on the protocols by the Senate of the United States this winter; and be it further

"*Resolved*, That copies of this resolution be sent to the two New Jersey Senators, with the request that they give this matter special consideration."

MOLLIE C. BESLY,
Corresponding Secretary Woman's Republican Club of Orange, N. J.

JANUARY 4, 1932.

The second petition was referred to the Committee on Finance, as follows:

POMPTON LAKES, N. J., *January 6, 1932.*

Mr. WARREN BARBOUR,
Rumson, N. J.

MY DEAR SENATOR: It has been brought to our attention that at the present session of Congress a law is about to be passed to tax automobiles.

There is no question, in our opinion, but what the imposition of further taxation on automobiles would adversely affect retail sales of automobiles, thereby delaying just that much longer the return of more normal business and economic conditions in this country.

Such action would not only cause reduction in output of automobile factories but would result in a decline in the production of iron, copper, lead, rubber, cloth, gasoline, lumber, etc., and further aggravate the employment situation, which we are all putting forth so much effort to relieve. This would undoubtedly decrease the buying power of the public and our retail sales of automobiles.

For this reason we feel that Congress should do everything possible to avoid any further taxation of automobiles; that Congress should give first consideration to effecting the most rigid economies through the elimination of all programs and activities already begun or under contemplation not absolutely essential to the proper functioning of the Government and the curtailing of all Federal expense to the lowest possible minimum.

After that has been done, should it then be found necessary to secure additional income through further taxation we believe that Congress should distribute such further tax burden fairly and without discrimination and not by singling out any one industry to carry more than a just portion of it.

We are making this appeal direct to you as our Senator against this unfair and discriminatory tax legislation. Need we say more to show you the urgent necessity in using all the influence you can against the imposition of a tax on the sale of automobiles?

Yours very truly,

James Motor Co., William James; Scherer Motor Co., Emil Scherer; Kochka Bros., Robert S. Kochka; John I. Marion; Miller's Auto Service, Frank A. Miller; Roach & Casler Co. (Inc.), R. C. Casler, Treasurer; Babcock Motors (Inc.), Harry Babcock, President; Degraw Garage, Abraham Degraw; Olds Sales and Service, Thomas J. Mauny; Harry C. Fitzpatrick; Vreeland-Kirkland Auto Sales, Chas. Roger Vreeland, members of the Tri-County Automobile Association.

THE PROHIBITION QUESTION

Mr. BROOKHART. Mr. President, this morning I was asked by the senior Senator from West Virginia [Mr. HATFIELD] to participate at a hearing before a subcommittee of the Committee on Manufactures, upon the Bingham beer bill. In the course of the questioning reference was made to the attitude of the press and the press associations of the United States toward prohibition.

All of us have noticed the outlandish and unreasonable publicity which has been given to the wet side of the prohibition question in the last few years. A few days ago information came to me, very innocently, along this line that the Anti-Saloon League and the other dry societies had refused or neglected to buy space in the newspapers, and that the papers had turned against those organizations and had organized a sort of a "racket" against them; that that was the secret of this publicity, that all the press associations were in it alike. There was no distinction between them, according to the information which came to me. This information was entirely outside the temperance organizations, and none of them know about it.

I want to say to the press associations, the representatives of some of which have spoken to me since I received this information, that it is time for them to look into the unreasonable and disgusting publicity which has been given in these papers, and it is time for them to clear themselves of this charge. If they do not, it will not take much more evidence to make it worth while to have an investigation of the matter in a congressional way.

REMONETIZATION OF SILVER

Mr. THOMAS of Idaho. Mr. President, I present a letter from Mr. R. E. Shepherd, president of the Idaho State Chamber of Commerce, inclosing copy of a resolution adopted by the ninth divisional meeting, Chamber of Commerce of the United States, western division, at Spokane, Wash., December 4 and 5, 1931, relative to silver. I ask that the letter and resolution be referred to the Committee on Foreign Relations and printed in the RECORD.

There being no objection, the letter and accompanying resolution were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

JEROME, IDAHO, *December 15, 1931.*

Re: Silver.

Hon. JOHN THOMAS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: We had a most interesting meeting of the western division of the Chamber of Commerce of the United States, at Spokane, on the 4th and 5th instant.

I am inclosing a copy of the resolution which was unanimously adopted, relating to silver.

We are not so much concerned with the mining of silver as we are with the effect it would have if remonetized on some satisfactory ratio. There is a certain amount of fiat, even in gold. The recent action of Japan is indicative of what is bound to be, and before long the United States, and possibly France, will be left with no customers at all for their exportable goods. Manifestly, the nations of the world that are off the gold basis, either in whole or in part, are not going to buy from the United States anything except that with which they can not be supplied from other countries.

A Mexican having to do with the foreign commerce of Mexico appeared before our convention and told us that a few years ago Mexico bought from the United States upwards of $130,000,000 of commodities annually. Now that their money is of so little value in this country, their purchases have been reduced to around $30,000,000. And that is what is going on with other countries.

There is this distinction between the situation in 1896, when Bryan was proposing his 16 to 1, and the present time. Then we were a debtor Nation. We were obliged to pay proper regard to the attitude of our creditors toward our monetary system. To-day we are the creditor nation, and it is for us to say what we will accept in payment of foreign debts. So far as our internal business is concerned, no outside nation is involved, and after all, this is the big question with us. As to foreign debts, I think it must be manifest by this time that they can't be paid in gold, and we don't care to accept payment in commodities. So even treating silver as a commodity, as Senator SMOOT, I understand, is proposing to do, it is the only commodity we could accept which would not disarrange our internal system; and from my viewpoint, I think we had better take silver, rather than nothing.

If this would result in bringing the price of silver up somewhere near where it should be for the advantage of all the silver nations, it would certainly promote trade. I think there are a number of our people who would even be glad to sell $100,000,000 worth of goods to Mexico just now. It would be bound to stimulate business with all the silver countries.

I do not understand that Senator KING is necessarily opposed to Senator SMOOT's idea, but he would prefer to see silver remonetized, if possible.

I am afraid there has not enough serious thought been given to our internal idebtedness, which amounts to over one hundred and forty-five billions, and of which agriculture owes over fourteen billions. The present price levels do not admit of the liquidation of this debt in full. The farmers just can't pay. Anyone doubting this statement need only study the farmer's income, his tax bill, and his meager allowance for living expenses. I can see nothing ahead but general bankruptcy and debt settlements through the bankruptcy court, or what will amount to that.

On the other hand, we can have the inflation—if you choose to call it that—or, what I believe is a better term—restoration—which would be brought about by cheaper money, so that we may be able to reduce this tremendous indebtedness. It would be far better for everybody. Even the holders of gold will be better off. We are not seeking more moratoria or debt extensions or increased opportunities to go farther into debt. What the country needs is a chance to liquidate this vast indebtedness down to where it is no longer sapping the lives of our people.

If something isn't done, don't be suprised if we have a social revolution. It is foolish to think of foreclosures on a large scale on the farms of this country. The farmers have a right to expect that their crops will be of sufficient value to meet their obligations. Men now in charge of our Government must realize this, and it is up to them to provide a monetary system of the United States, without regard to other countries, which will restore conditions. And this should be done speedily. I think we can well afford to subordinate all other business until this fundamental question is settled.

I think all of the bankers will admit that the remonetizing of silver would lead to higher commodity prices. We know that by increasing the purchasing power of agriculture it would at once make a home demand for a tremendous amount of the various commodities, which in turn would start up the lumber business and the iron business, and all of the fundamental lines, into activity. It has always been the boast of the United States that we had the best home market and were not so much concerned with foreign markets; but it seems now as though we were all trying to find some place to ship something out of the United States. Even at the high tide our foreign exports represented but a small percentage of our total production.

I do not need to go on at length, but I do want to say that the people generally are giving these matters a whole lot of thought, and they are going to expect this Congress to consider America first. We believe that our condition in this country can be remedied to a very large extent, and the controlling thought back of it all should be how to reduce debts and increase trade among ourselves, rather than working out ways for more debts, and foreign trade. It seems to me foolish to be trying to figure how we can ship more goods into countries that are now broke and can't even pay what they owe. Let's build up our business in the Western Hemisphere and with the Orient. I think you gentlemen of this Congress, regardless of party, should get together and bring these things about. If this isn't done, and the time is spent

jockeying for party position at the next election, we must not be surprised if the people lose faith in their respective parties and unite as they did in the election of Lincoln.

I have intended all this in the very best of spirit.

Yours truly,

R. E. SHEPHERD.

[Inclosure]

Resolution adopted by the ninth divisional meeting, Chamber of Commerce of the United States, Western Division

SILVER

It is manifest that the maintenance of the gold standard is dependent upon increasing the monetary metal reserves of the world; and

The present reserve of monetary gold and the prospect for future gold production afford no hope that gold will continue to serve unaided as a sufficient and satisfactory monetary and credit base; and

The present eve of commodity prices is rapidly approaching a point where productive industry is becoming unprofitable, and the payment of taxes and other debts is becoming impossible, a condition which will inevitably result in repudiation; and

It is estimated that over 1,000,000,000 people, or more than one-half the population of the world, have always used, and will doubtless continue indefinitely to use, silver as their exclusive money metal, and hence the foreign trade of the United States with these countries is dependent upon the buying power of silver.

The Western Division of the United States Chamber of Commerce, in convention assembled in Spokane, Wash., on December 5, 1931, does hereby earnestly call upon the President and Congress of the United States, as well as upon the leaders of finance, industry, labor, foreign trade, and agriculture in this country, to assume the initiative in bringing about, preferably by international agreement, the increased use of silver as a money metal, in order that the gold standard may be preserved, our foreign and domestic commerce rehabilitated, our standard of living maintained, and that the confidence of the people in our institutions may be perpetuated.

REPORT OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 1769) to authorize pay patients to be admitted to the contagious-disease ward of the Gallinger Municipal Hospital, reported it without amendment and submitted a report (No. 80) thereon.

EXECUTIVE REPORTS OF THE JUDICIARY COMMITTEE

As in executive session,

Mr. BRATTON, from the Committee on the Judiciary, reported favorably the nomination of Herbert K. Hyde, of Oklahoma, to be United States attorney, western district of Oklahoma, to succeed Roy St. Lewis, resigned, which was placed on the Executive Calendar.

Mr. HEBERT, from the Committee on the Judiciary, reported favorably the nomination of Paul F. Jones, of Illinois, to be United States attorney, eastern district of Illinois, to succeed Harold G. Baker, term expired, which was placed on the Executive Calendar.

RECONSIDERATION AND RECOMMITTAL OF ARMY OFFICERS CONFIRMED

Mr. REED. Mr. President, as in executive session, I ask for a reconsideration of six Army nominations confirmed by the Senate on Saturday last, because it was not noticed by the Committee on Military Affairs that the appointments were made to take effect a long time in the future, one of them so late as January, 1933. I doubt whether the Committee on Military Affairs would have acted as it did upon the nominations if this fact had been brought to their attention.

Mr. ROBINSON of Arkansas. May I ask the Senator what was the purpose in making the appointments to take effect so far in the future?

Mr. REED. That I do not know, and we would like to get the nominations recommitted on that account. I ask unanimous consent that they may be reconsidered and recommitted to the Committee on Military Affairs.

Mr. ROBINSON of Arkansas. I concur in the request of the Senator.

Mr. WHEELER. What are the names?

Mr. REED. They are the nominations of General Collins, Colonel Nuttman, Colonel Burgess, Colonel Abernethy, Colonel Smith, and Colonel Coleman.

Mr. NORRIS. Was the President notified of the confirmations?

Mr. REED. He was not.

Mr. NORRIS. Then I have no objection.

Mr. CONNALLY. May I ask if General Coleman is in the list?

Mr. REED. General Coleman is in the list of those I move to reconsider. His nomination was not to take effect until April 22, 1932.

The PRESIDENT pro tempore. The Senator from Pennsylvania moves the reconsideration of the six?

Mr. REED. All six. I ask that the confirmations be reconsidered and that the nominations be recommitted to the Committee on Military Affairs.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from Pennsylvania. The Chair hears none, and the order is entered.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KENDRICK:

A bill (S. 2842) to authorize construction of the Casper-Alcova division, North Platte project, Nebraska-Wyoming; to the Committee on Irrigation and Reclamation.

By Mr. DILL:

A bill (S. 2843) granting a pension to Henry G. Mauzey; and

A bill (S. 2844) granting an increase of pension to Helen A. O'Haver; to the Committee on Pensions.

A bill (S. 2845) for the relief of Lucille McClure; to the Committee on Claims.

By Mr. WHITE:

A bill (S. 2847) for the relief of the Fidelity Trust Co., of Portland, Me.; and

A bill (S. 2848) for the relief of the Forest City Trust Co., of Portland, Me.; to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 2849) for the relief of Lucile B. Belcher; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 2850) granting an increase of pension to Viola Devore; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 2851) for the relief of Joseph P. Jaeger, Edward J. Jaeger, L. F. Stanley, George A. Lovejoy, and the Fidelity & Deposit Co. of Maryland; to the Committee on Public Lands and Surveys.

By Mr. CAREY:

A bill (S. 2852) relating to the induction of Richard J. Jackson, who applied and was accepted for induction and assigned to an educational institution for special and technical training under the act approved August 31, 1918;

A bill (S. 2853) to provide for the commemoration of the Battle of Wagon Box, in the State of Wyoming; and

A bill (S. 2854) to provide for the commemoration of the Battle of Dull Knife, in the State of Wyoming; to the Committee on Military Affairs.

A bill (S. 2855) for the relief of Con Murphy;

A bill (S. 2856) for the relief of the Cook brothers; and

A bill (S. 2857) for the relief of George W. Parkins; to the Committee on Claims.

A bill (S. 2858) granting a pension to Hector J. Robitaille; to the Committee on Pensions.

A bill (S. 2859) validating application for entry upon public lands; to the Committee on Public Lands and Surveys.

Mr. JONES. Mr. President, on behalf of my colleague Senator DILL and myself, I introduce a bill to provide for the construction, operation, and maintenance of the Columbia Basin project in Washington, and ask that it be referred to the Committee on Irrigation and Reclamation.

By Mr. JONES and Mr. DILL:

A bill (S. 2860) to provide for the construction, operation, and maintenance of the Columbia Basin project in Washington, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. GORE:

A bill (S. 2861) authorizing the appointment of William J. Schaal, jr., as a captain of Field Artillery, United States Army; to the Committee on Military Affairs.





By Mr. SMOOT:

A bill (S. 2862) for the relief of W. H. Hendrickson; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2863) for the relief of Karim Joseph Mery; to the Committee on Claims.

A bill (S. 2864) for the relief of Leslie V. Patterson; to the Committee on Naval Affairs.

By Mr. HATFIELD:

A bill (S. 2865) for the relief of Francis L. Sexton;

A bill (S. 2866) for the relief of Richard J. Slater; and

A bill (S. 2867) for the relief of Charles P. McDonald; to the Committee on Military Affairs.

A bill (S. 2868) granting a pension to Carrie B. Mozingo;

A bill (S. 2869) granting a pension to Eliza Gawthrop;

A bill (S. 2870) granting an increase of pension to Mary Ensminger;

A bill (S. 2871) granting a pension to Lillie M. Price;

A bill (S. 2872) granting an increase of pension to Hannah Miller;

A bill (S. 2873) granting a pension to Levi Blake;

A bill (S. 2874) granting a pension to Andrew J. Bissett, jr.;

A bill (S. 2875) granting an increase of pension to Margaret E. Wilt;

A bill (S. 2876) granting a pension to Ida M. Darrah; and

A bill (S. 2877) granting an increase of pension to Emma B. Hicks; to the Committee on Pensions.

By Mr. JONES:

A bill (S. 2878) to authorize the construction of a receiving barracks at the United States Navy Yard, Puget Sound, Wash.; to the Committee on Naval Affairs.

A bill (S. 2879) for the erection of a public building at South Bend, Wash.; to the Committee on Public Buildings and Grounds.

A bill (S. 2880) to provide for restoration of the Old Fort Vancouver Stockade; and

A bill (S. 2881) for the relief of James W. Cleary (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2882) authorizing and directing the discontinuance of the transport services of the Army and Navy, and for other purposes; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 2883) prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located offshore, and for the purpose of promoting the safety of navigation; to the Committee on Commerce.

By Mr. HARRISON:

A bill (S. 2884) granting a pension to Thomas J. Sanders; to the Committee on Pensions.

By Mr. ODDIE:

A bill (S. 2885) providing for the application of State laws within the Boulder Canyon project Federal reservation; to the Committee on Irrigation and Reclamation.

By Mr. COPELAND:

A bill (S. 2886) for the relief of Clara E. Wight; to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 2887) for the relief of Ned Anderson; to the Committee on Military Affairs.

A bill (S. 2888) relating to the retirement of certain officers in the Navy and Marine Corps; to the Committee on Naval Affairs.

A bill (S. 2889) for the relief of W. P. Fuller & Co.;

A bill (S. 2890) for the relief of the California Security Loan Corporation, of Pasadena, Calif.; and

A bill (S. 2891) for the relief of the Pasadena Building & Loan Association, of Pasadena, Calif.; to the Committee on Claims.

By Mr. DILL:

A bill (S. 2892) granting an increase of pension to John O. Jones; to the Committee on Pensions.

By Mr. BROOKHART:

A bill (S. 2893) granting a pension to the three orphan children of Joseph A. Ryan (with accompanying papers); to the Committee on Pensions.

By Mr. CAREY:

A bill (S. 2894) prohibiting the sale in the District of Columbia of theater tickets in excess of the number of seats available; to the Committee on the District of Columbia.

INTERSTATE SHIPMENT OF OLEOMARGARINE

Mr. DILL. Mr. President, I introduce a bill to prohibit the interstate shipment of oleomargarine in certain cases.

I introduce this bill because some States, and particularly the State of Washington, have enacted a law to limit the sale of oleomargarine unless a tariff or tax of 15 cents per pound has been paid thereon. Shipments are being made into the State without the payment of that tax. The bill is designed to meet that situation.

The bill (S. 2846) to prohibit the interstate shipment of oleomargarine in certain cases was read twice by its title and referred to the Committee on Interstate Commerce.

HOUSE BILL REFERRED

The bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, was read twice by its title and referred to the Committee on Finance.

AMENDMENT OF THE TARIFF ACT OF 1930

Mr. VANDENBERG. Mr. President, I offer a substitute for House bill 6662, amending the tariff act of 1930, and I ask that it may be printed and referred to the Committee on Finance.

The VICE PRESIDENT. The amendment in the nature of a substitute will be printed and referred to the Finance Committee.

PRINTING OF PROCEEDINGS AT UNVEILING OF STATUE OF GEN. JOHN SEVIER

Mr. McKELLAR submitted the following concurrent resolution (S. Con. Res. 7), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That there be printed with illustrations and bound 5,000 copies of the proceedings in Congress, together with the proceedings held at the unveiling in Statuary Hall, upon the acceptance of the statue of Gen. John Sevier, presented by the State of Tennessee, of which 1,000 shall be for the use of the Senate, 2,500 for the use of the House of Representatives, and the remaining 1,500 copies shall be for the use and distribution of the Senators and Representatives in Congress from the State of Tennessee.

The Joint Committee on Printing is hereby authorized to have the copy prepared for the Public Printer and shall procure suitable illustrations to be published with these proceedings.

CONDITIONS IN HONOLULU AND HAWAII

Mr. McKELLAR submitted the following resolution (S. Res. 133), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Whereas on yesterday the New York Times and the New York Herald Tribune, two of the most reputable newspapers in the United States, printed stories of a condition of lawlessness in Hawaii and especially in Honolulu that is shocking to a degree; and

Whereas Rear Admiral Yates Stirling, commanding the naval base at Pearl Harbor, has made a report published in these papers condemning officials intrusted with the enforcement of laws in Honolulu and Hawaii; and

Whereas it is apparent from said report that many revolting crimes have recently been committed in Honolulu and no real efforts have been made by the authorities to punish such crimes; and

Whereas it has been deemed necessary by the Navy Department to issue orders that American sailors and marines and American naval officers are prohibited from disembarking at Honolulu, which is American territory, because of the lawlessness and criminality rampant in said city: Now, therefore, be it

Resolved, That the said Committee on Territories and Insular Affairs is authorized and directed to appoint a subcommittee of five Senators, who shall make a thorough investigation of conditions in the said city of Honolulu and in the Territory of Hawaii, and report its findings to the Senate at the earliest possible moment, particularly with reference to the following:

(1) The character and efficiency of all executive officials from the governor on down;

(2) The recent acts of crime committed in said city and in said Territory and the attitude of the executive officials of the law in reference to said crimes; and

(3) The attitude of the people of Hawaii toward the Navy and its personnel.

For the purposes of this resolution the committee or any duly authorized subcommittee thereof is authorized to hold such hearings, to sit and act at such times and places, to employ such experts and clerical, stenographic, and other assistants as may be deemed necessary, to require by subpœna or otherwise the attendance of witnesses and the production of books, papers, and documents, to administer oaths, to take testimony, and to make such expenditures as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $1,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

LAW ENFORCEMENT IN TERRITORY OF HAWAII

Mr. BINGHAM. Mr. President, in view of the very bad news received yesterday from Honolulu, I ask unanimous consent, out of order, that the resolution which I send to the desk, asking for a report from the Attorney General, may be read and considered.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Let it be read for the information of the Senate.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 134) was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Attorney General of the United States is requested to report to the Senate at the earliest practicable date upon the administration and enforcement of the criminal law in the Territory of Hawaii by the police authorities, the prosecuting officers, and the courts of said Territory, and whether in his opinion any change in the organic law for the Territory of Hawaii is desirable in the interest of prompt and effective administration of justice in said Territory.

Mr. HARRIS. Mr. President, the Governor of Hawaii, Mr. Judd, was here in December and met in conference with the members of the Committee on Territories and Insular Affairs, and we discussed at length with him many things concerning Hawaii, but he did not mention anything or refer in any way to the deplorable conditions existing in the island to which the Senator's resolution refers.

I desire to know from the chairman of the Committee on Territories and Insular Affairs, the senior Senator from Connecticut [Mr. BINGHAM], whether Governor Judd said anything to him about such conditions. The Associated Press carried the statement that 40 of these assaults on women had been made within a year. If that is true, Governor Judd has been derelict in his duty in not bringing crimes of this sort to the attention of Government authorities, as we ought to know about it.

I ask the senior Senator from Connecticut if Governor Judd gave him any information about all these assaults?

Mr. BINGHAM. Mr. President, that matter did not come up in conversation with the governor. May I say to the Senator that under the organic act the governor has no power either to appoint the sheriff or to remove him. I think it is unfortunate that the sheriff is elected by the people of the city of Honolulu, and has the power of controlling the police. I hope the governor will call an extra session of the legislature, and that the Territory will change its laws so as to give the governor the necessary power over the sheriff and the police and the city of Honolulu.

The resolution which has just been passed asks the Attorney General to investigate and report whether it is necessary for us to make changes in the organic act. Changes may be necessary; but, as the Senator knows, at the present time the only administrative officials in Hawaii who are appointed by the President and confirmed by the Senate are the governor, the secretary, and the treasurer of the Territory.

Mr. HARRIS. I think the governor has neglected his duty in not calling this matter to the attention of the chairmen of the Senate and House committees, so that if necessary Congress could have done something to prevent the terrible conditions existing in that country. I think such conditions are a disgrace to our Government. Governor Judd should have acted long ago, and by doing so might have avoided the present deplorable conditions there. Such assaults on women should not be allowed on American soil, and it was the duty of Governor Judd and other officials to see that women were protected in Hawaii.

PROPOSED APPROPRIATIONS BY CONGRESS

Mr. GOLDSBOROUGH. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Washington Post of this morning relating to appropriations sought in the Senate and House.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

[From the Washington Post, January 11, 1932]

TWENTY-NINE BILLION ASKED ABOVE BUDGET BY BILLS AT CAPITOL—POST'S COMPILATION BARES HUGE SUMS SOUGHT FROM FEDERAL TREASURY IN BOTH SENATE AND HOUSE—LA FOLLETTE MEASURES PUT $5,750,000,000 IN 5-YEAR TOTAL—DEMOCRATS AND PROGRESSIVES TAKE HEAVY LEAD; NO ACTS MAKE PROVISION FOR RAISING AMOUNT THAT WOULD BE SPENT

Staggering total of appropriations demanded in bills before Congress

Increased expenditure upon Federal employees	$514,000,000
Irrigation and reclamation	275,000,000
Public works, buildings and parks	7,933,000,000
Public roads	8,525,000,000
Army	25,500,000
Navy	411,200,000
Aids to Indians	28,000,000
Aids to agriculture	1,931,000,000
Unemployment relief	577,000,000
General welfare	8,201,000,000
Veterans	637,000,000
Total	29,057,700,000

Bills and resolutions introduced by Senators and Representatives before the holidays call for a total expenditure during the next five years of more than $29,000,000,000 over and above the Budget.

Additional bills, not specifying amounts to be appropriated, would call for at least $5,000,000,000 more.

The Washington Post has made a compilation of bills carrying more than $1,000,000 each, and has made a conservative estimate of the amount that would be expended under each bill. No estimate can be made of the sums that would be required under certain other bills, and they are not included in the compilation. They would entail expenditure of unknown sums.

Democrats and Progressives take a heavy lead in offering bills calling for huge expenditures, although some Republicans also propose great appropriations.

NO BILLS SUGGEST MEANS OF RAISING REVENUE

None of the bills in question makes any provision for raising the revenue that is proposed to be expended.

Unless specifically stated in the bill, the sum itemized is an estimate made by the Post after careful inquiry and comparison with appropriations heretofore made.

Some of the largest appropriations proposed are the following:

By Senator La Follette (Progressive)	
Construction of public works	$5,500,000,000
Relief of unemployment	250,000,000
Total	5,750,000,000
By Senator Norris (Progressive):	
Highway construction	3,000,000,000
Muscle Shoals	126,000,000
Total	3,126,000,000
By Senator Brookhart (Progressive):	
Aid to agriculture	1,000,000,000
Veterans' bonus	2,500,000,000
Total	3,500,000,000
By Senator McKellar (Democrat):	
Construction of post offices	300,000,000
Canal across Nicaragua	150,000,000
Aid to agriculture	100,000,000
Veterans' insurance relief	60,000,000
Amend veterans' act	250,000,000
Total	860,000,000
By Senator Shipstead (Farmer-Labor), river and harbor projects	500,000,000
By Representative Campbell (Republican), conserve flood waters	750,000,000
By Representative Holaday (Republican), rural post roads	5,000,000,000

By Representative Lankford (Democrat):	
Loans on farm products	$500,000,000
Department of general welfare	5,000,000,000
Total	5,500,000,000
By Representative Connery (Democrat):	
Old-age pensions	3,000,000,000
Employment American citizens only in Canal Zone	60,000,000
Total	3,060,000,000
By Senator Bankhead (Democrat):	
Aids to agriculture	250,000,000
Aids to disabled in industry	8,000,000
Total	258,000,000
By Representative Patman (Democrat), veterans' bonus	2,500,000,000
By Representative Crail (Republican):	
Loans to veterans	1,600,000,000
Increase Civil War pensions	100,000,000
Uniform pension law	375,000,000
Indian war pensions	6,000,000
Total	2,081,000,000
By Representative Huddleston (Democrat):	
Relief of destitute	100,000,000
To prevent frauds in commerce	123,000,000
Total	223,000,000
By Representative Crisp (Democrat), post-office buildings	300,000,000
By Representative Celler (Democrat), unemployment relief	227,000,000
By Representative Garber (Democrat), dependents of veterans	257,000,000
By Senator Hale (Republican), naval construction	407,000,000
By Representative Owen (Democrat), to acquire toll bridges	200,000,000
By Representative Rudd (Democrat):	
Leave to postal employees	82,000,000
Study periods for postal clerks	32,000,000
Postal employees' longevity pay	128,000,000
Total	242,000,000
By Representative Almon (Democrat), 2-year highway program	300,000,000

Following is a list of proposed appropriations included in bills offered during the present session of Congress up to the time of adjournment for the holidays:

INCREASED EXPENDITURE UPON FEDERAL EMPLOYEES

By Representative Celler (Democrat), to fix salaries of certain judges of the United States	$1,000,000
By Representative Foss (Republican), to amend the postal pay act	22,000,000
By Representative Rudd (Democrat):	
Granting 30 days' sick and annual leave to postal employees	82,000,000
To provide study periods for postal clerks	32,000,000
Postal employees longevity	128,000,000
By Representative Kelly (Democrat), leave of absence with pay to substitutes	8,000,000
By Representative Hogg (Republican), to extend free-delivery system	10,000,000
By Representative Oliver (Democrat):	
Granting substitute postal employees not less than 36 hours' employment weekly	45,000,000
To reduce night work in post offices	87,000,000
By Representative Buckbee (Republican), to adjust salaries of postmasters of first and second class	8,000,000
By Representative Connery (Democrat):	
Employment of American citizens only, on Panama Canal Zone	60,000,000
Forty-four-hour week for employees, Panama Canal and railroad	3,000,000
By Senator Tydings (Democrat), increased grades for certain noncommissioned officers	1,000,000
By Representative James (Republican):	
Increased allowances for retired enlisted men of Army, Navy, and Marine Corps	11,000,000
Allow double time for certain service in retirement of enlisted men of Army, Navy, and Marine Corps	4,000,000
Separate Air Corps promotion list	3,000,000
By Senator McNary (Republican), relief of officers and enlisted men, Philippine insurrection	6,000,000
By Representative Kahn (Republican), travel, pay, etc., to certain soldiers, Philippine insurrection	2,000,000
By Senator Shortridge (Republican), readjust pay of certain warrant officers and retired enlisted men of Army and Marine Corps	$1,000,000
Total	514,000,000

Duplicates of some of above bills in whole or in part by Representatives Kelly (Democrat), Hogg (Republican), Oliver (Democrat), Sweeney (Democrat), Guyer (Republican), Knutson (Republican), Selvig (Republican), Senator Jones (Republican).

Appropriations for irrigation and reclamation

By Representative Thomason (Democrat), construction of reservoir at Angeles Dam site, on Pecos River, Tex	$7,000,000
By Representative Burtness (Republican), loans to drainage and other districts	100,000,000
By Representative Buchanan (Democrat), to establish a national reclamation policy	100,000,000
By Representative Leavitt (Republican), construction of reservoir at Chain of Lakes, Milk River drainage, Montana	2,500,000
By Representative Smith (Republican), storage works in public-land States	50,000,000
By Representative Butler (Republican), Deschutes reclamation project in Oregon	12,500,000
By Senator Thomas (Republican), moratorium on construction charges under Warren Act contracts	3,000,000
Total	275,000,000

Duplicates of some of the above bills in whole or in part by Representative Fulmer (Democrat), Representative Barbour (Republican), Representative Smith (Republican), Senator Glenn (Republican), Senator Thomas (Republican), and Senator McNary (Republican).

Public works and public buildings and parks

By Senator La Follette (Republican), construction of public works	$5,500,000,000
By Senator McNary (Republican):	
Forest-protection board	2,000,000
Establish State parks	25,000,000
Improvements on national forest	21,000,000
Increase proportion of annual receipts from national forest to States from 25 per cent to 50 per cent	6,000,000
Inland Waterways Corporation, extension of facilities	7,000,000
By Representative McMillan (Democrat), commercial airport in District of Columbia	3,000,000
By Representative Sinclair (Republican), to establish Roosevelt National Park in North Dakota	1,000,000
By Representative Crisp (Democrat) and Senator McKellar (Democrat), authorize construction of building for certain post offices on basis of postal receipts	300,000,000
By Representative Allgood (Democrat), to provide for construction of post-office buildings in all county seats	60,000,000
By Representative Kelly (Democrat), for purchase or construction of buildings for post-office stations, branches, garages, etc	45,000,000
By Senator Hawes (Democrat), flood control, Mississippi River and tributaries (probably cost several billion dollars)	
By Representative Ragon (Democrat), improvement of Arkansas River	50,000,000
By Representative Hastings (Democrat), improvement of Arkansas River	20,000,000
By Representative Drane (Democrat), memorial, war with Spain	1,000,000
By Representative Lovette (Republican), flood control, Cove Creek Dam, Clinch River, Tenn., etc	40,000,000
By Representative Garber (Republican), maintenance and stabilization of channels of navigable streams, control of flood waters and their use, etc	225,000,000
By Representative Patterson (Democrat), make Coosa River, Ga., navigable	20,000,000
By Representative Driver (Democrat), flood control, St. Francis River and tributaries	4,000,000
By Senator McNary (Republican), Inland Waterways Corporation, extension of facilities	7,000,000
By Senator Norris (Republican), Muscle Shoals	126,000,000
By Senator Shipstead (Republican), early completion of river and harbor projects (bond issue), interest at 4 per cent	500,000,000
By Representative Campbell (Republican), to conserve the run-off of flood waters of Nation, etc	750,000,000
By Representative Crosser (Democrat), river-regulation fund	60,000,000
By Senator McKellar (Democrat), canal across Nicaragua	150,000,000
By Representative Smith (Democrat), further development of George Washington Memorial Parkway along the Potomac	7,500,000

By Representative Montague (Democrat), extend and complete Capitol	$3,500,000
By Representative Drane (Democrat), memorial to dead Spanish War veterans	1,000,000
By Representative Beck (Republican), George Washington Memorial Building	5,000,000
Total	7,933,000,000

Duplicates of some of above bills in whole or in part by Representatives Crail (Republican), Englebright (Republican), Kelly (Republican), James (Republican), Rich (Republican), Mansfield (Democrat), and Senators Keyes (Republican), Patterson (Republican), Capper (Republican), Wilson (Democrat).

Funds for Federal-aid public roads

By Senator Walsh (Democrat, Montana), funds to States for road building on basis of drought conditions	$10,000,000
By Senator Norris (Republican), highway construction, Federal-aid system, without matching by States	3,000,000,000
By Representative Almon (Democrat), Federal highway system, 2-year program	300,000,000
By Representative Holaday (Republican), rural post roads, other than Federal-aid highway system	5,000,000,000
By Representative Owen (Democrat), acquire toll bridges	200,000,000
By Representative Leavitt (Republican), to authorize expenditure of $7,500,000 for construction of roads and trails in national parks during each of the years 1934 and 1935	15,000,000
Total	8,525,000,000

Duplicates of some of above bills, in whole or in part, by Representatives Patterson (Democrat), Allgood (Democrat), Huddleston (Democrat), Burch (Democrat), Almon (Democrat), Fulmer (Democrat), Tarver (Democrat), Summers (Republican), McSwain (Democrat), Glover (Democrat), Senators Swanson (Democrat), Oddie (Republican).

Vast additional sums for Army and Navy

By Representative Goss (Republican), procurement of ordnance material	$10,000,000
By Representative LaGuardia (Republican), increase acreage of depots	2,500,000
By Representative Andrew (Republican), records of World War	13,000,000
Total	25,500,000
By Senator Hale (Republican), to authorize construction and modernization of naval vessels (total cost, 1933 to 1944, $835,000,000)	407,000,000
By Senator Jones (Republican), to authorize construction of machine shop, Puget Sound Navy Yard	1,500,000
By Representative Lankford (Republican), to authorize construction of barracks and mess hall at Hampton Roads base	1,200,000
By Representative Hare (Democrat), to authorize construction of barracks, etc., at Parris Island, S. C	1,500,000
Total	411,200,000

Duplicates of some of above bills, in whole or in part, by Representative Britten (Republican) and Senator Bingham (Republican).

Twenty-eight million dollars proposed for aid to Indians

By Representative Hill (Democrat), of Washington, free homesteads in diminished Colville Indian Reservation, Wash	$1,000,000
By Representative Hill (Democrat), submit claims of Lower Spokane, Lower Pend d'Oreille, or Lower Calispell Tribe to Court of Claims	6,000,000
By Representative Hill (Democrat), submit claims of Okanogan, Methow, San Poells, Nespelem, Colville, and Lake Indian Tribes in Washington in Court of Claims	4,000,000
By Representative Cartwright (Democrat), purchase by United States of coal and asphalt deposits in the Choctaw and Chickasaw Nations, Okla	12,000,000
By Representative Summers (Republican), construction of highway across Yakima Indian Reservation, Wash	1,000,000
By Senator Jones (Republican), submit claims of Cowlitz Tribe of Indians of Washington to Court of Claims	2,000,000
By Senator Thomas (Democrat), submit claims of Osage Nation of Indians of Oklahoma to Court of Claims	2,000,000
Total	28,000,000

Duplicates of some of above bills in whole or in part by: Representatives Peavey (Republican); Garber (Republican); McClintic (Democrat); Leavitt (Republican); Hawley (Republican); Wickersham (Republican); Senators Jones (Republican), McNary (Republican); Frazier (Republican); Thomas (Republican).

Assistance to agriculture put near two billion

By Senator Bankhead (Democrat), to encourage development of agricultural resources, establishment of rural homes, etc	$250,000,000
(By Senator McKellar (Democrat), similar bill for $100,000,000.)	
By Representative McSwain (Democrat), to promote agricultural progress	6,000,000
By Representative Fulmer (Democrat), to divert lands unsuited to agriculture to profitable forestry use	10,000,000
By Representative Selvig (Republican), reimburse States for expenses of combating grasshopper infestation	2,000,000
By Representative Lankford (Democrat), to provide a system for loans on farm products	500,000,000
By Representive Robinson (Republican), to authorize emergency appropriation for special study of and demonstration work in rural sanitation	3,000,000
By Senator Byrnes (Democrat), authorizing Secretary of Treasury to purchase coupons upon outstanding bonds of the Federal land banks	100,000,000
By Representative Glover (Democrat), loans to farmers	60,000,000
By Senator Brookhart (Republican), amend agricultural marketing act	1,000,000,000
Total	1,931,000,000

Duplicates of some of the above bills, in whole or in part, by: Representatives McClintic (Democrat), French (Republican), Christopherson (Republican), Leavitt (Republican), Sinclair (Republican), Larsen (Democrat), Williamson (Republican), Senators Brookhart (Republican), Norbeck (Republican), Wheeler (Democrat).

More than half billion in unemployment relief bills

By Senator La Follette (Republican), cooperation with States to relieve unemployment	$250,000,000
By Representative Huddleston (Democrat), relief of destitute	100,000,000
By Representative Celler (Democrat), special Army reserve to aid unemployment	227,000,000
Total	577,000,000

Duplicates of some of the above bills, in whole or in part, by Representative Frear (Republican).

General welfare total passes eight billion

By Representative Lankford (Democrat), department of general welfare	$5,000,000,000
By Representative Kelly (Republican), University of the United States	5,000,000
By Representative McClintic (Democrat), United States board of affairs to prevent waste in purchase	7,500,000
By Representative Huddleston (Democrat) to prevent fraud in commerce	123,000,000
By Representative Montague (Democrat), publish names of heads of families	4,000,000
By Representative Britten (Republican), establish commodity quantity units	5,000,000
By Representative Reed (Republican), to create a department of education	7,500,000
By Senator King (Democrat), to deport certain alien seamen	1,000,000
By Representative Glover (Democrat), to assist States, old-age pensions	12,000,000
By Representative Mead (Democrat), national employment service	8,000,000
By Senator Dill (Democrat), payment of damages to American citizens in State of Washington for property destroyed by Consolidated Smelter Co., of Trail, British Columbia	1,500,000
By Senator Copeland (Democrat), reduction in passport fees	1,000,000
By Senator Keyes (Republican), world-wide extension of education by the cooperation of national governments	10,000,000
By Senator Jones (Republican), to promote the general health of rural population of United States and welfare of mothers and children	6,500,000
By Representative Shott (Republican), cooperation with States for rehabilitation of crippled children	16,000,000
By Representative Crosser (Democrat), promotion of safety of employees on railroads and highways	2,500,000
By Senator Hawes (Democrat), creates 7 regional commissions to cooperate with and assist Interstate Commerce Commission	8,000,000
By Senator Bankhead (Democrat), cooperation with States for rehabilitation of persons disabled in industry	8,000,000
By Representative McKeown (Democrat), cooperating with States in granting old-age and disabled-persons pensions	10,000,000

By Representative Connery (Democrat), to provide old-age pensions to citizens of the United States	$3,000,000,000
By Senator Sheppard (Democrat), inspection of vessels	2,000,000
Total	8,201,500,000

Duplicate of some of above bills in whole or in part by Representatives McSwain (Democrat), Bankhead (Democrat), Fulmer (Democrat), LaGuardia (Republican), Senator Hatfield (Republican).

Five billion more sought for veterans

By Representative Patman (Democrat), immediate payment of face value of adjusted-service certificates	$2,500,000,000
By Representative Crail (Republican), assist by loans veterans of any war	1,600,000,000
By Senator Smoot (Republican), additional hospital and domiciliary facilities	21,000,000
By Representative Clancy (Republican), amending section 502 of World War adjusted compensation act	25,000,000
By Representative Vinson (Democrat), appointment of county agents to aid veterans	37,000,000
By Senator McKellar (Democrat), providing insurance relief for certain World War soldiers	60,000,000
By Representative Schafer (Republican): Granting increase of pension to soldiers and sailors of the Regular Army, Navy, and Marine Corps, and their dependents	60,000,000
By Senator Steiwer (Republican): Amend section 201, World War veterans' act, to provide allowances to widows and orphans	88,000,000
By Senator McKellar (Democrat): Amend World War veterans' act	250,000,000
By Representative Johnson: To extend the time within which suits may be brought on yearly renewable term insurance	12,000,000
By Representative Cannon (Democrat): To increase pensions, Civil and Mexican Wars	92,000,000
By Representative Crail (Republican):	
Granting pensions and increase of pensions, Civil War	100,000,000
Uniform pension law	375,000,000
Amendatory pension law, Indian wars	6,000,000
By Representative Garber (Republican): To provide dependency allowances for widows, children, and parents of deceased World War veterans	257,000,000
By Representative McClintic (Democrat): Hospitalization of World War veterans in private hospitals	14,000,000
By Representative LaGuardia (Republican): Compensation and treatment for veterans having tubercular disease	70,000,000
By Representative Wolcott (Republican): Amend section 502, World War adjusted compensation act	70,000,000
Total	5,637,000,000

Duplicates of some of above bills, in whole or in part, by Representatives Clancy (Republican), Connery (Democrat), Almon (Democrat), Brunner (Democrat), Cartwright (Democrat), Collins (Democrat), Seger (Republican), Hastings (Democrat), Condon (Democrat), Kelly (Democrat), Ragon (Democrat), Evans (Democrat), and Senator Brookhart (Republican).

THE MOONEY CASE

Mr. COSTIGAN. Mr. President, I ask unanimous consent to have printed in the RECORD a letter of Hon. Franklin A. Griffin, the judge who presided during the California trial of Thomas J. Mooney. The letter was written on March 28, 1931, with reference to the Mooney case to Hon. William S. Kenyon, a former distinguished Member of this body and now a justice of the United States circuit court of appeals. Judge Kenyon was a member of the Wickersham Commission, and a copy of the letter to Judge Kenyon was included among the papers of the Wickersham Commission received by the Senate in the last few days, by order of the President, in response to a resolution of the Senate.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

SAN FRANCISCO, CALIF., *March 28, 1931.*

Hon. WILLIAM S. KENYON,
National Commission on Law Observance and Enforcement, Washington, D. C.

DEAR JUDGE KENYON: I have not heretofore replied to your letter of December 27 last, for the reason that immediately after its receipt I became engaged in the trial of a case which occupied some two months and which kept me, I am frank to say, extraordinarily busy; and subsequently I did not see what I could say in relation to the Mooney case which I have not repeatedly said these past 13 years, and which is set forth fully in the record of the case, which I assume has been presented to your committee. However, those who are interested in the Mooney case have asked me again to put myself on record.

I have, it is true, become convinced that the conviction of Mooney is a gross miscarriage of justice. It is now conceded by all that three of the four witnesses who testified to Mooney's participation in the crime testified falsely. They are the notorious Frank C. Oxman and the two Edau women. Not only did they testify falsely, but, in my opinion, they were willful and deliberate perjurers. The only other witness who connects Mooney with the crime is John McDonald. Having heard him testify, I think I can safely say that he convicted himself on the witness stand. Indeed, I go farther and say that at the time of Mooney's trial nobody believed McDonald, and an analysis of his testimony clearly demonstrates, in my opinion, its falsity. Moreover, McDonald has himself admitted that he perjured himself and has been only recently condemned by the advisory pardon board of the governor of this State as a "pathological liar." In view of all of this, it is a severe strain upon one's credulity to ask now that McDonald be given any consideration.

Not only did these four witnesses perjure themselves, but the disclosures since Mooney's trial point almost conclusively to the fact that they were produced as witnesses with knowledge that their testimony was false. At the time McDonald testified in the Billings case there was in the possession of the district attorney and concealed by him a photograph showing Mooney's presence elsewhere than at the scene of the crime where McDonald placed him, and conclusively proving the falsity of McDonald's testimony. When the existence of this photograph became known to the defense, McDonald's testimony was changed to meet the situation, and it is this changed narrative given in the Mooney case which in my judgment does not stand the test of analysis.

The Edau women were produced with knowledge in the hands of the prosecution that they had theretofore and at the time of the bomb explosion given an entirely different account of their activities on the day of the tragedy than that to which they testified in the trials of all the defendants. This was shown at the trials of Mrs. Mooney and Weinberg, who were speedily acquitted.

Frank C. Oxman, who, in my judgment, convicted Mooney and who appeared in no other case, could not have learned the facts to which he testified except from those who were anxious for Mooney's conviction, and the later affidavit of Draper Hand, a police officer at the time, is corroborative of this conclusion. Oxman, who was not within 90 miles of the scene of the crime and who was not a witness in the trial of Billings (the first case tried) nor in those subsequent to Mooney's trial, could have acquired his knowledge of the case in no other manner than is related in the very interesting statement of Hand.

I state these matters only briefly because, as I have heretofore indicated, I assume that the whole record is before you. It is because of them that I have insisted, first, that Mooney should have been tried again, and, later, as the facts developed more clearly, that in the absence of any evidence of his guilt he should be pardoned.

I send you my apologies for what must seem an inexcusable delay in replying to your inquiry and an assurance that it was not meant to be discourteous.

Yours very truly,

FRANKLIN A. GRIFFIN.

PROPOSED RELIEF LOAN

Mr. BROOKHART. Mr. President, I ask leave to have printed in the RECORD an article from the New York American of yesterday, showing how a loan of $5,000,000,000 would be used, and giving the report of 31 scientific economists on programs for relief of the jobless and business by a $5,000,000,000 bond issue.

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

[From the New York American, Sunday, January 10, 1932]

HOW $5,000,000,000 LOAN WOULD BE USED

In recommending a $5,000,000,000 prosperity loan for public works a group of leading economists indicated that the expenditures could be made within the next 18 months. Here are some of the details of how a major portion of the funds would be spent. Full details are in the complete report below:

Federal	
Roads, forest roads and trails	$300,000,000
Bridges	50,000,000
Reclamation work, rivers and harbors	300,000,000
Flood control	150,000,000
Airships and aircraft	50,000,000
Buildings	350,000,000
Grade-crossing elimination	100,000,000
State, county, and municipal	
Streets, roads, and pavements	$800,000,000
Bridges	400,000,000
Water and sewers	700,000,000
Landing fields, parks, playgrounds	600,000,000
Buildings	1,000,000,000
Grade-crossing elimination	500,000,000

REPORT OF 31 SCIENTIFIC ECONOMISTS ON PROGRAMS FOR RELIEF OF JOBLESS AND BUSINESS BY $5,000,000,000 UNITED STATES BOND ISSUE

(Following is a report of 31 qualified scientific economists, members of the faculties of the principal universities in the United States, on a program for relieving unemployment and business depression in 1932 by means of a $5,000,000,000 Federal bond issue for emergency public works. The memorandum was prepared after a conference in New York City of leading specialists on public works.)

For over a decade economists have been advocating the construction of public works in periods of depression in order to relieve unemployment and restore purchasing power. Despite a popular belief to the contrary, the total annual expenditure on public works in this country has not been greatly increased during the depression.

Although the Federal outlay has grown, State and local expenditures showed only slight increase in 1930 and have actually decreased in 1931. As a result the total expended on public works showed only a small gain in 1930 and was actually less in 1931 than in 1929. So despite all that has been said concerning the construction of public works, the fact remains that no significant increase in total expenditures for public works has yet been made.

EMERGENCY COMPARABLE TO WAR

The immediate adoption of a large-scale program of public and possibly semipublic construction is now an urgently pressing need. We raised billions of dollars in loans to finance the Great War. The total American outlay at the time was, according to a recent study by Prof. J. M. Clark, over $35,000,000,000.

An emergency of magnitude comparable to that of a war is now upon us, and to meet it we need to raise billions of dollars for the purpose not of manufacturing munitions or sending soldiers to Europe, but of constructing roads, bridges, reclamation, and flood-control projects, reforestation, and elimination of grade crossings and public buildings.

With courageous leadership and the patriotic spirit aroused by a national emergency the achievement of such a program is possible of accomplishment.

Though even a very ambitious program of public works probably could not relieve all current unemployment, yet directly and indirectly vast numbers of those now idle could be put to work if we are willing to recognize the national emergency and to erect necessary public works. The direct advantages to be gained need little emphasis.

The human benefits in terms of supplying adequate food and clothing, of providing medical attention, and even of keeping families together, are apparent. But no less important is the preservation of the self-respect of the working man himself. Certainly it is urgent to save him from the inroads upon his efficiency and general morale which are the most inevitable results of prolonged unemployment.

A second direct benefit to be derived from employing men on public works is that labor power, otherwise irretrievably lost, may under such a scheme be saved to society. Those who emphasize the inefficiency which often accompanies the execution of public works commonly ignore the tremendous social waste which results from supporting literally millions of men in enforced idleness.

MANY WORKERS WOULD BENEFIT INDIRECTLY

And it must not be overlooked that in addition to the men directly employed on public-work projects many more would benefit indirectly. Thus, according to the United States Bureau of Public Roads, merely in the field of manufacturing and transportation of road materials two workmen are given employment for every one actually engaged in road building.

A courageous program of public works, dramatically introduced and effectively carried through, may mean much more than immediate unemployment relief and the avoidance of great social waste from idleness. Such a program may well inject into our depressed economy the vitality necessary to start us on the road to a real economic recovery.

The recession of 1914 was brought to a speedy termination by extraordinary war-time activities. And that of 1921 was ended in no small part through the great pressure of private construction to meet accumulated needs. It is indicated that a great public-building campaign undertaken at the present time would give the fillip to business necessary to start us safely on the road to a definite revival.

Such expenditure would be especially effective, inasmuch as the construction industry is one of the most depressed at the present time, most recent statistics indicating that the value of all construction contracts in 1931 was less than 50 per cent of the 1928 peak.

After a speculative orgy such as we experienced in the closing stages of the last boom a certain amount of liquidation became necessary and, in fact, desirable. But with two years of deflation now behind us, we should be ready, given the proper stimulus, to substitute for further drastic liquidation a gradual but controlled credit expansion. The belief that a great public-works program will provide this stimulus to business finds extraordinary justification, therefore, under the existing circumstances.

PROGRAM, TO BE EFFECTIVE, MUST BE LARGE

In order to be effective, however, a public-work program must be sufficiently large. For this reason we propose that in addition to the sums normally appropriated the Federal Government raise by means of a bond issue about $5,000,000,000, the proceeds of this loan to be allocated during the next 18 months to public works as rapidly as is consistent with reasonably efficient management.

Inasmuch as these United States Government bonds could be used as the basis for advances to member banks from the Federal reserve banks, they could easily be absorbed with the aid of our credit system.

Once resolved upon such a program, there should be no great difficulty in utilizing the proceeds of such a loan in much-needed projects. To attain this end the purchasing power should be made available not only to the Federal Government but also, through Federal grants and aid and loans, to States and municipalities.

Many projects are susceptible of immediate development. The programs of many State highway commissions, for example, are now in a position to be pushed forward at once were Federal help forthcoming. As a people we can raise capital most cheaply through the Federal Government, whose credit is of the highest.

Plans for other public works in which some delay is necessary could be rapidly pushed to the construction stage if under the stress of the emergency we were willing to cut red tape and expedite matters at every possible point.

Time is the very essence of the situation. Even though some waste be incurred through haste, it is most unlikely that the loss could even approximate that which must inevitably result from continued unemployment and industrial stagnation.

The spending of from four to six billion dollars on public works within the next year and a half appears entirely feasible. In a recent survey, a construction engineer of wide experience in public works during the war found that an emergency public and semipublic work program entailing an expenditure of $5,400,000,000 during the year 1932 was entirely practicable.

SOME OF MOST IMPORTANT POSSIBILITIES

Prof. Leo Wolman, of Columbia University, who conducted the research on the planning and control of public works for the committee on recent economic changes of the President's Conference on Unemployment, advocated last April the prompt expenditure of several billion dollars on public works.

In asking for this expenditure, he noted the obstacle of administrative difficulties, but declared:

"It is unthinkable that after the lapse of a year and a half the essential elements of a huge program of public construction can not be found in Washington."

Only those who are directly connected with the various Federal, State, and municipal departments concerned are in a position to say exactly how much can be spent to advantage within their jurisdiction. Nevertheless, realization of the vast possibilities for public and semipublic work expenditure may be indicated to outsiders by merely listing some of the most important possibilities.

The construction engineer referred to above has proposed the following emergency public and semipublic work program for 1932:

Federal:		
Roads	$250,000,000	
Forest roads and trails	50,000,000	
Bridges	50,000,000	
Reclamation work	50,000,000	
Rivers and harbors	250,000,000	
Flood control	150,000,000	
Water and sewers	15,000,000	
Ship construction	85,000,000	
Airships and aircraft	50,000,000	
Buildings	350,000,000	
Grade-crossing elimination	100,000,000	
		$1,400,000,000
State, county, and municipal:		
Streets, roads, and pavements	800,000,000	
Bridges	400,000,000	
Water and sewers	700,000,000	
Landing fields, parks, and playgrounds	600,000,000	
Buildings	1,000,000,000	
Grade-crossing elimination	500,000,000	
		4,000,000,000
Total		5,400,000,000

OTHER POSSIBLE PROJECTS LISTED

The foregoing statement lists a number of projects for which estimates have been attempted. Obviously, wide fields of possible expenditures have not been included. Some realization of the possibilities of an extensive public-work program may be afforded by the following more complete, though by no means exhaustive, list of suggestions. Although some of the projects listed could be gotten under way but slowly, others are now ready for execution as soon as funds are available.

Possible projects for a public-work program:

1. Highways.
   - (a) Repair and clean up, plant trees, general improvement of roadsides.
   - (b) Construction of new thin routes and widening of old ones.
   - (c) Build roads to local markets.
   - (d) Construct overpasses at important highway junctures.
   - (e) Build by-pass roads around cities.
   - (f) Construct sidewalks along highways where foot traffic is common.

2. Construct Federal buildings for postal, Health Service, and other departments.

3. Push the Geological Survey to more rapid completion.
4. Additional Federal subsidiaries to research projects.
5. Airport construction.
6. Further development of Public Health Service.
7. Bridge construction and repair.
8. Execute flood-control projects.
9. Improved schools and hospitals for the Indians.
10. Rivers and harbors development.
11. Reclamation projects and drainage of swamps and mosquito-breeding marshes.
12. Repair lighthouses and construct buildings for the Coast Guard.
13. Improve and extend the national-park system.
14. Reforestation and construction of fire breaks, fire towers, roads, and ditches.
15. Removal of slums and promotion of housing developments, through tax exemption and other governmental aid.
16. Build schools, hospitals, libraries, etc.
17. Carry through city and regional plans, many of which are now ready for rapid execution, involving street paving and widening, improving of water systems, construction of plants for sewage disposal, making parks and playgrounds, etc.

The impossibility of drawing up any hard-and-fast procedure in advance is obvious. Adjustments would have to be made from time to time, but a huge public-works program is believed to be entirely within the range of possible achievement. Of course, should conditions improve, the public-works program would be tapered off and Government expenditures rapidly curtailed.

We are now going through the third winter of depression. This is the time to take those measures calculated to save us from a fourth, and even a fifth, winter of unemployment.

Thomas N. Carver, Harvard University; W. N. Loucks, University of Pennsylvania; James C. Bonbright, Columbia University; Paul F. Brissenden, Columbia University; R. M. Maciver, Columbia University; Merryle Stanley Rukeyser, Columbia University; Willard L. Thorp, Amherst College; George R. Taylor, Amherst College; William T. Foster, director, Pollak Foundation; Arthur Evans Wood, University of Michigan; Frank H. Streightoff, Indiana University; Thomas S. Luck, Indiana University; N. J. Ware, Wesleyan University; C. O. Fisher, Wesleyan University; John Ise, University of Kansas; Seba Eldridge, University of Kansas; Arthur Gayer, Barnard College; Gordon B. Hancock, Virginia Union University; H. H. McCarty, University of Iowa; Le Roy E. Bowman, the National Community Center Association; Edwin A. Elliott, Texas Christian University; David D. Vaughan, Boston University; Paul H. Douglas, University of Chicago; Everett W. Goodhue, Dartmouth College; Edward Berman, University of Illinois; Phillips Bradley, Amherst College; C. W. Doten, Massachusetts Institute of Technology; Trueman C. Gigham, University of Florida; Walter J. Matherly, University of Florida; John E. Brindley, Iowa State College of Agriculture and Mechanic Arts; Jacob E. Rossignol, University of Nebraska.

RECONSTRUCTION FINANCE CORPORATION

The Senate resumed the consideration of the bill (S. 1) to provide emergency financing facilities for banks and other financial institutions, and for other purposes.

The VICE PRESIDENT. The pending amendment is the amendment offered by the Senator from South Carolina [Mr. SMITH] to the amendment of the committee, which will be stated.

The CHIEF CLERK. At the end of the substitute bill it is proposed to insert the following new section:

SEC. —. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, which sum, or so much thereof as may be necessary, shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States who, because of the failures of banking institutions and conditions resulting from the general depression, are unable to obtain credit for crop-production purposes. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine.

(b) Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both.

Mr. WAGNER. Mr. President, events are taking place in the great city of New York which we can not pass unnoticed, nor can we avoid taking the only logical action which they dictate.

It would be superfluous for me to describe to you the extent of the relief problem with which the city of New York is grappling. As the nerve center of the industrial and commercial life of the country, both domestic and foreign, it has been particularly sensitive to the depression and has received the full force of the economic gale which is blowing throughout the country.

In addition, New York has always been, and still is, the Mecca of thousands from all parts of the country who flock there in the hope that in so large a city opportunities may be open which are closed at home. Private and public forces have been enlisted in the effort to cope with this tremendous and intense need of relief. On its part the city government responded generously. Eighty-one million dollars is the 1931 expenditure for welfare activities. It has meant that 15,000 widows were maintained; that 60,000 orphan children have been kept either with their mothers or in institutions; that 20,000 aged persons have been spared the necessity of begging their bread. It has included the expenditure of three and a quarter million dollars for needy veterans. It has paid for the direct employment by the city of 16,000 workers who would otherwise be pounding the pavements, and for the placement of 65,000 workers with private employers by the free municipal employment office.

For the coming year the city plan calls for a total outlay for both public work and relief of $346,000,000. Such is the incomparable record of the city of New York. Where is the city on this continent or anywhere else that has matched it?

More recently the city of New York opened a home-relief bureau to supply the bare essentials for keeping body and soul together to thousands of destitute families. Five million dollars were appropriated for that purpose. It has also conducted a work-relief bureau which has supplied made work to heads of families three days a week. Fifteen million dollars were appropriated to finance this project.

Last Wednesday, Mr. President, the people of New York City were startled witth the frightening news that the home-relief bureau had suspended its aid to the 30,000 families already on its rolls and suspended the registration of sixty or seventy thousand additional families reported to be in need of home relief.

On Thursday there was more distress in the news. It was reported that there was imminent danger of shutting down the work-relief bureau, which was giving partial employment to 30,000 men. The second arm of the city's relief was about to be paralyzed.

It was not until Saturday that the true meaning of these events became known. In anticipation of its receipts the city had expected to finance both relief bureaus by borrowing, but that has been delayed as a result of a controversy between the city and the bankers concerning matters of policy. It is reported that the continuation of the 5-cent transit fare was one of the items in dispute.

Though I differ with them, I do not care at this time to dispute with the bankers the wisdom of their decision on the 5-cent-fare question; but everyone must recognize that this is the most inopportune time to assert their position and back it up by withholding funds intended to feed the hungry, shelter the homeless, and provide a little work for at least a portion of those who are out of employment.

It becomes even more difficult to understand the attitude of the bankers when we recall that at this very time Congress is considering a bill which will extend $2,000,000,000 of Federal aid to the banks to help them out of their own predicament.

I would not be making these remarks if there were any question, in the minds of bankers or anyone else, of the credit of the city of New York. The fact is that no one has even suggested any doubt as to the complete safety of the requested loan. The credit of New York is higher than that of any other municipality in the world. Only last fall it borrowed money at an interest rate of 1½ per cent. The assessed value of property within the city reaches

a figure approximating $20,000,000,000. I am told that its borrowing capacity is still $400,000,000 away from its debt limit.

It is not the taxing power alone which gives value and safety to the obligations of the city of New York. In its own right this city is the owner of vast and valuable properties. Outside of its public buildings it owns some 4,700 miles of streets and 4,000 miles of water mains, and mile upon mile of water front, piers, and docks on the finest harbor in the world. Scattered throughout its area, including some of the most valuable sections, the city owns over 14,000 acres of parks and playgrounds. It owns the subway systems. It owns hundreds of busy bridges. It would require a vast catalogue to list the valuable assets of this marvelous city, first in the world and foremost in its persistent provision for the needs and comfort of its vast population.

Never in its long history has this city passed an interest payment or failed to redeem its promise on its due date, and it will not.

It is these vast assets and this record of financial stability which have made of New York's promise to pay one of the premier securities of the world.

There enters no problem of safety in the dispute between the bankers and the city of New York. The controversy is concerned with collateral matters of policy. To withhold funds from the relief of the hungry and destitute is not a proper method of persuasion.

The city of New York is still a democracy wherein the choice of governmental policy is a popular function, not a banker's prerogative. I am fully confident of this. Bankers or no bankers, New York will somehow manage to go on with its relief program. But it is intensely disappointing that obstacles should be placed in the path of a municipality that is already carrying an overwhelming load and attempting to do the proper and humane thing for its residents who are in distress. Such a city is entitled to consideration by Congress.

My colleague [Mr. COPELAND] has offered an amendment to the Reconstruction Finance Corporation bill which would permit the corporation to lend money to municipalities so situated. I urge the Senate to incorporate that provision in the bill. I have every reason to believe that the mere availability of that source of assistance will make it unnecessary for the city to employ it.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Washington?

Mr. WAGNER. I yield.

Mr. DILL. Does the Senator know whether the bankers to whom he refers are the same crowd of bankers who were reported to be trying to control the policy of the British Government when that Government asked for loans a few months ago?

Mr. WAGNER. I can not say as to that.

Mr. DILL. The policy of holding a gun at the Government is the same whether the bankers are the same or not.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from California?

Mr. WAGNER. Yes.

Mr. SHORTRIDGE. What is the present outstanding bonded indebtedness of the great city of New York?

Mr. WAGNER. I can not tell the Senator that exactly. I can say, however, that there is a margin of borrowing capacity now of $400,000,000. That is a perfectly safe margin.

Mr. SHORTRIDGE. That may well be——

Mr. WAGNER. I may add that never in the history of the city has it defaulted in the payment of interest, and of course it has never failed to meet its bonds at maturity.

Mr. SHORTRIDGE. That is a splendid record. I asked that question in order to propound this one: The great city of New York, with that splendid record, has a certain outstanding bonded indebtedness?

Mr. WAGNER. Yes.

Mr. SHORTRIDGE. Do I understand that it seeks to increase its bonded indebtedness and that it is unable to make the loans or to raise the money desired?

Mr. WAGNER. No; these loans are sought in anticipation of the collection of taxes. The provision for these appropriations was made in the budget of this year and the loans are simply sought at this time because they are needed for unemployment relief, and any amounts borrowed for that purpose are to be retired, of course, the moment the taxes are collected. This has nothing to do with long-term bond issues at all and the funded indebtedness of the city.

Mr. SHORTRIDGE. But the city as a municipality finds itself unable, as I understand the Senator, as of now, to borrow the necessary money to carry on the charitable work the Senator has mentioned?

Mr. WAGNER. The city undoubtedly will be able to sell its bonds. It is this group of bankers who heretofore have purchased the bonds at par or over—because the charter of the city provides that bonds shall not be sold under par—who, as I understand, as a condition for taking up this particular note issue, are insisting that the city shall pursue a certain policy, which policy has to do with the 5-cent-fare situation. I say that this is no time, if it is proper at any time, to raise that issue. The bankers ought to be concerned with the credit of the city——

Mr. SHORTRIDGE. Certainly.

Mr. WAGNER. And not with the question as to whether there ought to be charged a 5-cent fare, making up the deficit if there is one, by means of taxation, or charging a fare which would make the subway self-sustaining. That is not a matter that should be discussed at this time, or, as a matter of fact, at any time, so long as the credit of the city is unimpaired.

Mr. SHORTRIDGE. In other words, unless the city agrees to pursue a certain policy, the bankers, the Senator says, decline to loan the money desired?

Mr. WAGNER. I can not say that is their definite attitude, but that is the implication from the attitude which they have assumed with reference to this particular loan.

Mr. SHORTRIDGE. So that the city is in need of money and there is no immediate way to secure the required money?

Mr. WAGNER. The city will get the money.

Mr. SHORTRIDGE. Then, I do not understand the point of the Senator's thoughtful and, to my mind, very distressing statement touching conditions in his great city.

Mr. WAGNER. I think that the bankers are going to relinquish their position, and particularly will that be so if we incorporate in the pending bill the amendment offered by the senior Senator from New York [Mr. COPELAND]. The mere availability of another source from which to secure the funds will, in my opinion, bring these bankers to terms.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to his colleague?

Mr. WAGNER. Yes.

Mr. COPELAND. Let me give a little clearer explanation of the situation of the question raised by the Senator from California [Mr. SHORTRIDGE]. This is not budget time in New York; we make our budget in the early fall. When an emergency arises, such as an imminent danger to the public health or, as in this case, unemployment, there is made an emergency appropriation which is taken care of by short-term notes or corporate stock until the making of the next budget.

Now, the city of New York is asking for $20,000,000 for the relief of unemployment, pursuant to the request of the President and others in authority that the respective localities throughout the country should take care of the poor and unemployed. The citizens have raised $20,000,000. The city itself has voted an additional $20,000,000, but now, when the city officials ask that these notes shall be taken by the banks until the new budget comes around, when they can be provided for by the regular budget, the bankers see their opportunity; they say, "Well, now, let us see about this; let us see what we can do about the 5-cent-fare transit business."

An attempt is made to squeeze the city of New York, "playing politics with human misery." Under every other circumstance in the past there has been no hesitation on the part of the bankers to take these short-term notes. As my colleague has said, the city has never defaulted on any obligation, and its notes would be eagerly sought by the bankers except for the fact that they see a chance now to choke the city of New York and to squeeze it into an increase in transit fare. I shall speak more at length of this matter some time to-day.

Mr. SHORTRIDGE. As I understand, the Senator desires to enlarge the powers of this corporation so that it may loan, upon proper security, to the cities, including, of course, the city of New York?

Mr. COPELAND. Yes; in order that the municipalities may be regarded as "other financial institutions" mentioned in the bill, and that if such municipalities wish to apply directly to the corporation their securities shall be given the same attention and value by the corporation as the securities of a bank or a building and loan association or a joint-stock land bank or something else already provided in the bill. As my colleague has said, if the Congress should see fit to include municipalities in the bill it is unlikely that a municipality would ever have occasion to apply to the corporation. Certainly so far as New York is concerned, the bankers would do as they have in the past, would finance us. Without congressional assistance they are quite likely to continue to make the effort to squeeze the municipality of New York into an unwilling increase in the fares. To have those transit fares increased would be an outrageous thing.

Our subways, which are owned by the municipality, are profitable in themselves; but, operated as they are by the privately conducted surface lines and elevated lines, these private concerns can not make enough money out of the subways to pay the great returns they desire on the stocks and bonds which are now issued as against the privately owned surface lines.

Mr. SHORTRIDGE. May I ask the Senator a question at that point? The bill provides for the loaning of money by this corporation to financial institutions?

Mr. COPELAND. Yes, sir; it does.

Mr. SHORTRIDGE. As interpreted as of now, a municipality would not be regarded as a financial institution?

Mr. COPELAND. I have not yet ventured to ask the chairman of the committee as to that.

Mr. SHORTRIDGE. Before we are through with the discussion I should like to ask the introducer of the bill what kind of institutions are comprehended by or fall within the term "financial institution."

Mr. COPELAND. I hope the Senator will ask that question.

Mr. SHORTRIDGE. I should like to have that matter cleared up.

Mr. LEWIS. Mr. President, may I ask the Senator if he will hear me to say that the amendment I am tendering in connection with the able Senator from New York uses the words "municipal corporation," so that his query is pertinent, as such amendment is now, or soon is to be, on the table.

Mr. DILL. I desire to address myself for just a few moments to the situation discussed here by the Senators from New York.

There is an old saying that "Those whom the gods would destroy they first make mad," and it seems to me that applies to the bankers of New York as it never did before.

We have just had in the Finance Committee the most remarkable exposures of the activities of these bankers in connection with the sale of bonds of foreign governments, amazing almost beyond belief. These hearings show how, for the receipt of certain commissions, they have placed upon the markets of the country these bonds, to be bought by unsuspecting citizens, bonds which have decreased in value more rapidly, probably, than any other securities our people have bought; and the bankers, having received their commissions and disposed of the bonds, are now free from any liability or responsibility as such. Then we have one of these bankers appearing and making the almost unbelievable statement that private debts should be considered sacred, but that public debts are but political obligations!

I can not find any explanation for the reasoning of any citizen of this great Republic when he says that the money borrowed by one individual from another, that individual loaning the money voluntarily, is a sacred obligation, while the money that is borrowed by one government from another—both governments knowing that the money was raised by the force of law in the form of taxes—is but a political obligation.

There is no more sacred trust than the trust imposed upon those in authority who collect the people's money and expend it or dispose of it by any method. When men in great banking positions in America have reached the sordid depths where they will stand before a Senate committee and say that while obligations between individuals of nations should be sacred, those between governments are but political obligations, I tremble for the future of my country. If a public trust in government is not to be considered sacred, what is left of the principles of democracy for which our fathers died and of which we have so long boasted?

But that is not all. Now they come to the officials of the city of New York and propose to hold over that city the refusal to permit the city government to have funds for a few weeks to feed the hungry, to feed the victims of this panic which they, through their manipulations, were more responsible for bringing about than any other class of people in America. They attempt to dictate the policy of a great city on the question of street-car fare. That question has been a political issue in the great city of New York in one election after another; and now the daring and the boldness of these bankers have reached the point where they say, "You change the policy of your city government, in defiance of the pledges you made to the people when you won control of that government, else we will refuse to allow you to have the money so badly needed to save the starving and hungry people of your great city"; and, in addition to all that, they attempt this thing at a time when there is pending before the Senate a bill asking for $500,000,000 of appropriation, with the possibility of $2,000,000,000 of liability on the Treasury, for the purpose of saving the very banks that are attempting this thing.

I say that not in my knowledge of the history of bankers have bankers under a free Government like this proposed such a damnable proposition as this is.

Mr. KING. Mr. President, I desire to ask my friend if he has given consideration to the fact that quite recently, at the request of the President, an organization was formed known as the National Credit Corporation. It was advertised that that corporation was to loan money to banks and to institutions, perhaps, that were in distress. My information is that that organization has scarcely functioned; that the big banks said they would subscribe, and possibly they have subscribed, but they have paid but little into the fund, so that the banks of the country that were in a position to give some relief apparently have failed to do so.

I ask the Senator if he is familiar with the operations of this National Credit Corporation, and whether they have measured up to the expectations of the President and those who were so anxious to have that organization perfected?

Mr. DILL. I am only familiar with them by reason of the reports that are familiar to us all, namely, that it has not functioned and has not given this relief.

Mr. LEWIS. Mr. President, in connection with the subject matter being discussed by the Senators from New York, I beg to tender an amendment and ask to have it read and lie on the table.

The VICE PRESIDENT. There is an amendment already pending.

Mr. LEWIS. I beg to tender the amendment.

The VICE PRESIDENT. It will be printed and lie on the table. Does the Senator desire to have the amendment read?

Mr. LEWIS. Yes, sir.

The VICE PRESIDENT. The amendment will be read for the information of the Senate. The pending amendment is the amendment of the Senator from South Carolina [Mr. SMITH] to the amendment of the committee.

The CHIEF CLERK. After the word "bid," in line 16, on page 21, insert:

Also, loans may be made on the securities of any municipal corporation rightfully organized under the laws of any State where the security tendered as lien for the sum to be advanced will, in amount and value, meet the approval of the board administering this act.

The VICE PRESIDENT. The amendment will be printed and lie on the table. The question is on agreeing to the amendment offered by the senior Senator from South Carolina [Mr. SMITH] to the amendment of the committee. [Putting the question.] The noes seem to have it.

Mr. SMITH. Mr. President, this matter is of great importance. Everyone recognizes that there is no provision in the pending bill for the class of people for whom I am offering this amendment. It is an amendment which is a simple rider to the bill, but it would provide a fund for the relief of farmers, and it is drawn under a principle which has already been established.

I can not afford to allow this aid to the farmers, the class of our citizens who can not avail themselves of the credit corporations, to go without a record vote. I suggest the absence of a quorum, and then I shall ask for a record vote.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Hull	Pittman
Austin	Dale	Johnson	Reed
Bailey	Davis	Jones	Robinson, Ark.
Barbour	Dickinson	Kean	Robinson, Ind.
Barkley	Dill	Kendrick	Sheppard
Bingham	Fess	Keyes	Shortridge
Black	Fletcher	King	Smith
Blaine	Frazier	La Follette	Smoot
Borah	George	Lewis	Steiwer
Bratton	Glass	Logan	Swanson
Brookhart	Glenn	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Thomas, Okla.
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harris	Morrison	Vandenberg
Caraway	Harrison	Moses	Wagner
Carey	Hastings	Neely	Walcott
Connally	Hatfield	Norbeck	Walsh, Mont.
Coolidge	Hawes	Norris	Waterman
Copeland	Hayden	Nye	Watson
Costigan	Hebert	Oddie	Wheeler
Cousens	Howell	Patterson	White

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. TRAMMELL. Mr. President, I want to make a few remarks in regard to the pending amendment.

Ordinarily I am opposed to amendments to the main features of a bill which are not in keeping with the general policy and purpose of the particular measure. In this instance, the amendment proposed by the senior Senator from South Carolina [Mr. SMITH], in my opinion, is not only germane but exceedingly appropriate and very timely.

The whole object and purpose of the pending legislation is to endeavor to relieve a distressed financial and industrial condition which unhappily prevails throughout our country. Unfortunately, the provisions of the pending bill do not extend to or embrace the great agricultural interests of America, except as it might remotely and only indirectly reach them. It is my opinion that under the provisions of the bill, without this amendment, the great agricultural interests of this country will receive very little, if any, assistance from the legislation.

In times of depression, such as are upon us now, I know of no class of our people who are more helpless for the want of financial facilities than are the agricultural interests. What a tragedy and injustice that the farmer should be the last to be given credit in the heyday of prosperity, and the first to whom credit is denied as the horizon grows gray. The average bank is probably not in a position to make loans to the farmer. This tiller of the soil is absolutely helpless without borrowing privileges. If he can obtain the money for the purchase of fertilizer, for the purchase of feed, and for the maintenance of his stock, he can go ahead and make a livelihood. Without it his opportunity for producing the necessaries of life for himself and his family is absolutely barred. Make prosperous and contented our rural population and you will furnish a ray that will burst forth into the sunshine of a better and brighter day.

I can not see why, when we are providing assistance in the amount of $500,000,000, with a possibility of a $2,000,000,000 commitment of our Government, principally to the financial interests of the country, we should turn a deaf ear to the cry and needs of the agricultural people of this country.

My attitude is not one of unfriendliness toward the main purpose and object of the bill, but it is that of cooperation and assistance in carrying out the main object and purpose; that is, to relieve those in financial distress throughout this country. How better can that purpose be accomplished than by our providing a sufficient sum which may be loaned to the farmers of America?

The farmers are not going to get any substantial relief under the provisions of this bill as it stands. Let no Senator fool himself; the farmers will get but little if any relief through the measure in its present form. I would like to have some Senator explain how the farmers are to get any benefit, if anyone thinks they are to receive any benefit of consequence from it. Conditions may be helped somewhat, some financial disaster may be stayed, and I hope to God it will be stayed, by the provisions of the bill, and in that way, very indirectly, it might be of some assistance to the agriculture of the country. But the farmer will not be the recipient of any direct benefit, he will get no loan privileges, or opportunity to procure the funds necessary for carrying on his operations, under the provisions of the bill.

Why should the adoption of an amendment of this character result in the defeat of the bill? To say that the amendment of the Senator from South Carolina [Mr. SMITH] would defeat such a measure is to say that the agricultural interests of the country and the farmers of the country must not have any relief, or at least that they must not have any relief until we get through dealing with the big financial institutions of the country, the banking and railroad interests principally.

I see no reason why the farmers should be pushed aside, why relief should be denied them, and we should say, forsooth, "After a little while, after a little folding of the arms and the administering of relief to the bankers of the country, we may give you some assistance."

Mr. BULKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Ohio?

Mr. TRAMMELL. I yield.

Mr. BULKLEY. The Senator will recall that this measure is not designed to promote new business at all but is supposed to be a relief to frozen credits, and that the single exception permitting the aiding of new business under the terms of the bill is in favor of agriculture. Agriculture is the only business that is favored by being permitted under the terms of the bill to have loans to support new transactions.

Mr. TRAMMELL. But the bill provides for assistance to the railroad interests of the country.

Mr. BULKLEY. Not for new business.

Mr. TRAMMELL. No; but to maintain and carry on their business.

Mr. BULKLEY. That is all.

Mr. TRAMMELL. The bill provides funds for banks to maintain and carry on their business, and yet the Senator apparently desires to deny to agriculture the privilege of securing funds to assist them in carrying on their industry. That is what it would seem to mean.

Mr. BULKLEY. I think the Senator has not correctly understood the bill. So far from being any denial to agriculture, the sole exception to permit new transactions is in favor of agriculture.

Mr. TRAMMELL. I believe I understand the provisions of the bill about as well as the Senator from Ohio does.

Mr. BULKLEY. Surely the Senator does not find in the bill any provision containing a prohibition against agricultural purposes.

Mr. TRAMMELL. I do not find any prohibition against it; neither do I find any assistance to amount to anything. There is a provision in regard to making loans to certain associations for agricultural purposes, but it is very limited and restricted in its operations.

Mr. BULKLEY. So is the entire bill.

Mr. TRAMMELL. With the amendment proposed by the Senator from South Carolina we do not venture into new fields and we do not venture into an experiment. The Government in a smaller way, acting through the Department of Agriculture, has made loans to the farmers of the country, and the transaction with the farmers of the country in loans of that character have in the main been exceedingly satisfactory and have rendered great assistance to agriculture.

So why not in this bill take care partially at least of agriculture? It certainly will not be of any disadvantage to the financial institutions of the country, the banking institutions of the country, because as we give to agriculture a greater degree of prosperity and success, we will at the same time help the financial institutions and we will help the general business interests of the country. I would build up, strengthen, and make more secure our banks and other commercial enterprises, but I think the whole proposition should go along hand in hand and that we should render to agriculture the assistance provided under the amendment of the Senator from South Carolina. I favor his proposal and shall vote for the amendment.

Mr. SMITH. Mr. President, there seems to be some misapprehension about my amendment. As I stated on Saturday, it is a rider on the bill. It does not interfere with the $2,000,000,000 at all, nor does the proposed appropriation in my amendment have any reference whatever to the $2,000,000,000 for the financial institutions of the country. My amendment provides an appropriation of $100,000,000 to be dispensed by the Department of Agriculture. It does not interfere with the magnificent machinery which Senators have taken all this time of the Senate to set up to provide relief for the jeopardy of stocks and bonds and the credits of the banks.

I made the proposition to appropriate $100,000,000, $45,000,000 of which is already in the hands of the Department of Agriculture, having been returned to that department as a part of the loan which we extended last year to the drought-stricken and storm-stricken regions. The condition of depression in those regions has been accentuated this year by the unprecedented collapse of all credit. I am simply asking the Senate to appropriate not more than an additional $55,000,000 of funds out of the Treasury to aid that class of farmers who can not take advantage of the credit corporation, the livestock corporation, or similar institutions, in that they have no collateral except in the form of a lien on the crop they make during the present year.

Be it said to the credit of those to whom we have extended this credit during the last three years that they have almost entirely repaid the loans. We must all recognize that in spite of the so-called prosperity during the last three years the farmers of the country have been in a state of poverty and collapse so far as credit is concerned, a condition which has now overtaken the banking institutions.

Mr. FLETCHER. Mr. President, may I ask the Senator a question at that point?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Florida?

Mr. SMITH. I yield.

Mr. FLETCHER. The amendment as offered by the Senator from South Carolina provides for $200,000,000.

Mr. SMITH. I modified it on Saturday by reducing the amount to $100,000,000.

Mr. FLETCHER. And now the Senator is talking about $55,000,000.

Mr. SMITH. The Department of Agriculture has collected $45,000,000 out of what we appropriated previously for a similar purpose. It is already in the hands of the Secretary of Agriculture.

Mr. FLETCHER. From previous loans?

Mr. SMITH. Yes.

Mr. FLETCHER. The amendment is now for $100,000,000?

Mr. SMITH. Yes.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. SMITH. I yield.

Mr. ROBINSON of Arkansas. May I make a suggestion for the consideration of the Senator from South Carolina [Mr. SMITH], the Senator from Ohio [Mr. BULKLEY], the Senator from Connecticut [Mr. WALCOTT], and other Senators as well? The bill has already been amended so as to authorize advancements by the corporation to agricultural and livestock credit associations and land banks. As pointed out by a number of Senators, there are still groups who would not be able to avail themselves of the advancements made under those provisions. I think, however, that the amendment of the Senator from South Carolina carries a larger amount than would be required to meet those conditions.

I am of the opinion that perhaps an authorization of $50,000,000 would meet the purposes which the Senator from South Carolina has in mind. I am going to suggest for the consideration of Senators, in view of the contest which exists here, a modification of the amendment to that extent and that the amendment go into the bill.

Mr. BULKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH. Certainly.

Mr. BULKLEY. I think what the Senator from South Carolina has said to the effect that his rider will not interfere with the structure of the bill is perfectly accurate. The objection that I see to his amendment is that it puts the Government in the business of lending directly to its citizens. I am conscious that we established that precedent last year.

Mr. SMITH. Yes; and the year before, and the year before that.

Mr. BULKLEY. Yes; under stress of the drought. I still think it is a bad and a wrong thing to do. I think that if Government funds are to be advanced at all we ought to have the advantage of banking knowledge and the indorsement and guaranty of bankers of these loans by the Government.

Mr. SMITH. I understand that perfectly.

Mr. ROBINSON of Arkansas. May I make this additional statement? There is much force in the declaration just made by the Senator from Ohio, but I would point out that the conditions which made necessary the extraordinary provision of last year in some localities have been accentuated by a total breakdown in the credit institutions. I feel, after much consideration of the matter, that while we ought to safeguard appropriations in every possible way, there is a gap which it will be necessary to fill before the Congress completes its labors. I believe that an authorization of $50,000,000 would be adequate, although, of course, I have not detailed information concerning the amount.

Mr. SMITH. Mr. President, let me reply first to the Senator from Ohio [Mr. BULKLEY]. Our people are getting restive under the very proposition that the Senator makes. I am aware of the necessity for safeguarding the currency of the country. It of course is the very lifeblood of our commerce. But we stand face to face with the fact that those very institutions to which the Senator refers are not only closing up all over the country but have become bomb-proof for the sequestration of our circulating medium to the extent that we have as much or more money than we ever have had and the banks are helpless to accommodate the people. We are now proposing to extend to them $2,000,000,000 to allow them through the processes of ordinary banking to meet the demands of those who have the securities called banking securities.

In 1929 the Senate granted funds on a resolution of mine to aid the storm-stricken sufferers. It was a companion measure to a measure carrying twenty-odd million appropriated for Porto Rico, where the property of the people had been destroyed by the same storm that swept up our coast. We appropriated finally $6,000,000, taking a lien on the crops, charging a reasonable rate of interest, and in spite of the low prices they have paid back practically every dollar of the loan. If the interest collected by the Government were added to the principal, they have paid back practically all of it. We had an unprecedented drought in 1929. In 1929, as I said, we got $6,000,000. In 1930 we had the flood in our section, and we came and asked that $60,000,000 be granted to 12 or 14 stricken States, and after we fought back and forth we got $45,000,000.

At that time I asked for $2,000,000 for the stricken in the South Atlantic States, which were not so much stricken by the drought as they were by this very element of bank failures. I got it. The Government got its money back. It was the best investment it ever made. The disaster was too great to be absorbed locally. The banks were so stricken that they could not help and the only place we had to go was where it is proposed that the banks shall go to-day.

Mr. BULKLEY. Mr. President, if the Senator will yield——

Mr. SMITH. Certainly.

Mr. BULKLEY. The distinction between that situation and the present one is that, as the Senator said, at that time the great difficulty was the inability of the banks to function. To-day we are proposing by the bill to put the banks in a position so they can function, and it does not seem to me the emergency is so acute as it was at that time. I do not wish to quarrel with the Senator about that, however.

Mr. SMITH. Does the Senator mean to say that the emergency amongst the ordinary farmers is not as acute as it was when the drought was there?

Mr. BULKLEY. Here is what I mean to say. Just as the Senator himself has said, the farmers last year could not borrow from the banks because the banks were not in a position to lend. By the amendment proposed by the Senator from Arkansas [Mr. ROBINSON] which the Senate adopted the other day, we are making an exception in favor of agricultural loans so that the banks will be in a position to lend in that way.

Mr. SMITH. But I have tried to point out to the Senator that 50 per cent of our farmers under present conditions can not go to these credit corporations because they have not the collateral. All they have is their seasonal crop. We can not reach them in this way. In some communities we have no banks. Forty-seven banks went out of existence in my State in one day. But the crop will be planted, and, in view of what little is going to be planted, the farmer will be out on the road augmenting the numbers of unemployed before the relief which is proposed in this bill can be afforded even to the class who can take advantage of it.

What I am seeking to do is to provide relief, as we did last year and the year before, and allow it to go to those who can not take advantage of even the Robinson amendment, so as to help poor individual farmers who are more responsive to their debts than are some others whom we are now trying to help, because the searchlight of investigation does not show up some of the financial institutions very favorably, either as to patriotism or as to good financing. The poor devils, however, whom I have in mind come back and pay their debts. Yet we are willing to extend the credit of the Government to the extent of $2,000,000,000 and establish machinery through which some money might trickle down, but are not willing to extend credit of a hundred million dollars to the millions of farmers throughout this country.

Mr. FLETCHER. Mr. President, may I make a suggestion to the Senator right there? Of course, it would not be wise to establish an additional agency if the existing agencies can supply the demand. I should like to hear the Senator on the question as to whether or not the intermediate credit banks are in position to take care of situations such as he contemplates in the amendment.

Mr. SMITH. They are not in such a position, because, as the Senator knows, the intermediate credit banks can not extend any credit to a farmer unless he be a member of a credit corporation. Such a credit corporation takes a chattel mortgage and also takes land paper and whatever other assets the individual has. Then he is called upon to take stock to the amount of 10 per cent of what he borrows. The result is that nine-tenths of the farmers have been in difficulties because the price of the cotton went down so low and the value of the chattels decreased to a point where they were jeopardized, and it made it impossible for the farmers to take up their borrowings.

The machinery is already set for the Agriculture Department to handle the loaning of this money; it is set up for handling it all over the country. Now, why in the name of reason can we not extend this credit, which if it is not available by the 1st of March, will not be of use at all? The provision in the bill that is now before us would never reach the class that I am standing here pleading for and who are my next-door neighbors.

Mr. WHEELER and Mr. MORRISON addressed the Chair.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield first to the Senator from Montana.

Mr. WHEELER. I want to say to the Senator from South Carolina that I am very much in sympathy with the amendment he has offered, and I agree with him entirely that the bill pending before the Senate will not extend any credit to the farmers. There is nothing in the bill out of which the farmers in the Northwest will get any benefit whatsoever.

The farmers in my section of the country, those who own land, are not now able to get any money from the banks; most of them have given mortgages to the insurance companies, which we are seeking to help out. The insurance companies are charging the farmers generally 6 per cent interest, and on top of that they have to pay a premium. Unless we can provide some direct aid to the farmers in the Northwest who are actually living on their farms they will be compelled to leave their farms wholesale.

Everyone who knows anything about the present financial situation, in my judgment, knows that there can not be any improvement of industry in this country unless the farmers are helped. They can not put in their crops this year, or if they do put in crops they are going to have back liens on them and are not going to be able to get money enough at present prices to pay for putting in the crops. Something has got to be done to keep those farmers upon their farms. There is only one way to do it, it seems to me, and that is by direct loans to the farmers themselves by the Government of the United States. We might just as well face that situation. It seems to me that the only way we are going to be able to put a measure of this character through this Congress is by attaching it as an amendment to the pending bill. We may say it ought to be separate legislation; but, as a practical proposition, we know perfectly well that we are not going to be able to get such a measure passed separately.

It may be said, "Well, but you are putting the Government into the business of loaning to the farmers." I do not see any difference in putting the Government into the business of loaning direct to farmers and loaning direct to insurance companies, to big banking institutions, to railroads, and the shipping industry and all the rest of them. I therefore hope that the amendment proposed by the Senator from South Carolina will be adopted.

Mr. SMITH. Mr. President, let me call the attention of Senators to this condition: The agricultural credit corporations that are provided for in the pending measure are already loaded up with 1931 paper which has not been liquidated, for the reason that the prices of crops did not bring enough to liquidate it. Let me give an illustration of a situation which existed right near my home last year. A farmer secured a loan from an agricultural-credit corpora-

tion for $4,000. His share of the crop—most of those farmers are share croppers—was 80 bales of cotton. That 80 bales of cotton lacked about $700 of paying the amount of his loan. If cotton had commanded a normal price, those 80 bales would have brought instead of $3,300 something like $6,000; but his share of the cotton crop brought $3,300. The agricultural-credit corporation took his note for the balance, and he went back this year and borrowed only $2,000 and had it added to the $700 which he already owed, having failed to pay it. Therefore, the bank ostensibly, according to its bookkeeping methods, had loaned him $2,700 This year his share of the crop was 70 bales of cotton. He had curtailed his crop, but he made a good one, and when he turned it over, that 70 bales of botton only brought him $1,600, leaving a balance on his indebtedness to the bank of more than a thousand dollars, which, after giving all his crop, he has now got to go out and hunt up the wherewithal to make good. He is not eligible any more. Why? Because the price of the cotton that he turned over did not pay for the fertilizer that went under it. That is the condition that confronts us; and what is the use of offering a remedy that is not a remedy?

Mr. MORRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from North Carolina?

Mr. SMITH. Yes.

Mr. MORRISON. The Senator has satisfied me that this measure is separate and distinct from the bill to which it is to be added. I am satisfied about that; but all similar loans for sudden emergencies heretofore have had a fixed time within which they should be made. As I look at it, the amendment seems to authorize a permanent appropriation and not one for any particular year.

Mr. SMITH. No, Mr. President. After consultation with the officials it is understood that, under the terms of this amendment, they will have the right to determine the rules and regulations under which they will lend the money. They can fix the time to suit themselves.

Mr. MORRISON. But the objection to me now is that as a separate item it does not confine itself to the year in which we find the emergency to exist, which may justify some of us, holding the views we do, in supporting the measure; but it is perpetual. A hundred million dollars may be loaned at any time. I wonder if it would be objectionable to amend the amendment so that it would apply to this year?

Mr. BULKLEY. Mr. President, will the Senator from South Carolina yield to me?

Mr. SMITH. I yield.

Mr. BULKLEY. The authority of the corporation is limited as to time. All loans authorized under this bill must be made within one year and must mature within a limited period.

Mr. MORRISON. I am sure the Senator is reciting a fact. I could not support this measure unless what he says is correct.

Mr. BULKLEY. There is no doubt about that.

Mr. MORRISON. The authority under the amendment is vested in the Secretary of Agriculture, and the Finance Corporation will not have anything to do with it. If the amendment conferred perpetual authority, I would not favor it, as sympathetic as I am with the proposal for emergency legislation.

Mr. SMITH. Mr. President, my whole object was that the amendment should apply only to the crop of 1932; and under the terms incorporated in the amendment to the effect that the Secretary of Agriculture may make such rules and regulations as he may see fit, that limitation may be imposed.

Mr. MORRISON. The board set up in the bill itself has nothing whatever to do with the administration of the proposed amendment.

Mr. SMITH. Not a thing. I am perfectly willing to accept an amendment to the effect that the provision shall apply to the crop year of 1932.

Mr. MORRISON. I hope that such an amendment will in some form be adopted.

Mr. SMITH. I will offer that amendment to the amendment now, Mr. President.

Mr. MORRISON. That would meet the greatest difficulty I experience regarding the amendment.

Mr. FLETCHER. Mr. President, if the Senator from South Carolina will yield to me, I suggest that on line 9, page 1, of the amendment after the word "purposes," where it reads "because of the failures of banking institutions and conditions resulting from the general depression, are unable to obtain credit for crop-production purposes," there be inserted the words "for the year 1932."

Mr. SMITH. Mr. President, I think that is about as good a place as any, and I should like to perfect my amendment by adding, after the word "purposes," in line 9, page 1, the words "for the year 1932."

Mr. MORRISON. For the year 1932 only.

Mr. SMITH. "For the year 1932."

The PRESIDING OFFICER. The Senator from South Carolina has the right to perfect his amendment. The amendment is now pending in its perfected form.

Mr. BULKLEY. Mr. President, if the Senator from South Carolina will yield to me for a moment, I take it that the principle of the Government going into the business of lending to its own citizens is so bad that no necessity can make it good. However, it is perfectly true that within the past we have yielded our principles in favor of what we regarded as an urgent necessity. It becomes a question of individual judgment whether the present necessity is such as to make it necessary to yield a proper principle. It still seems to me, in view of the exception that is made in favor of agricultural loans carried by the amendment offered by the Senator from Arkansas [Mr. ROBINSON], that we are not justified in adopting this amendment; but I cheerfully concede the right of anyone to take an opposite view.

Mr. SMITH. Mr. President, that is very liberal on the part of the Senator—to reaffirm what he has already said. He has gone to the extent of saying that he stands now just where he stood before; but it remains true that, unless this amendment shall be adopted, the class of farmers to whom I refer will obtain no relief during the present year 1932.

I was amazed a moment ago when the viva voce vote was taken that there was such a meager response. I can not understand, Mr. President, why we are consuming all this time arguing that the Government ought not to go into the lending business, while we are recognizing the crisis that is on us and putting the Government into the business of lending to banks and credit institutions.

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Connecticut?

Mr. SMITH. I yield.

Mr. WALCOTT. I think I sympathize with what the Senator from South Carolina is saying as much as anyone in this Chamber. I feel strongly, however, that this rider does not belong on this bill and should not be placed on the bill; but, as the Senator from South Carolina knows my sympathies for the measure, I am going to suggest that he adopt the suggestion made by the Senator from Arkansas; that he reduce the amount proposed from $100,000,000 to $50,000,000, and then in conference, or perhaps in the House, the language may be so changed as to put the provision in a workable position with reference to the revolving fund or the fund to be created as a revolving fund, which now exists in the Department of Agriculture, namely, the drought and storm area fund, which was originally $45,000,000, and which has been paid back, I think, to the extent of 93 or 94 per cent. That would immediately put him in the saddle, so that he could lend to the farmers; and, so far as I am concerned, I think it would probably facilitate what the Senator is after if that should go along as a rider on the bill, provided he is ready to accept $50,000,000, which covers, in round figures, the sum that is actually available. Otherwise, he must depend upon Congress for an appropriation, which I think at this time, in view of the size of this measure, it would be very difficult to get.

I think that is the easy way out, and it probably would meet practically no objection.

Mr. SMITH. Mr. President, in view of that statement, let us have a vote on the $50,000,000.

The PRESIDING OFFICER. Does the Senator further modify his amendment?

Mr. SMITH. If this is acceptable we shall have to have a vote, as a matter of course. I am perfectly willing to test the sentiment of the Senate on $50,000,000.

The PRESIDING OFFICER. Does the Chair understand that the Senator desires to perfect his amendment further by substituting $50,000,000? Is that the Senator's desire?

Mr. SMITH. Yes, sir.

Mr. HARRIS. Mr. President, I should like to state that if conditions in the other agricultural States are like they are in my State, and Senators know those conditions in their States as I do in mine, and if they knew the great help this appropriation would be to our farmers and all kinds of business, I am sure there would not be a single vote in this Chamber against this amendment for $200,000,000 as originally asked by the amendment of the senior Senator from South Carolina to help the farmer; but the Senator will have to accept the $50,000,000, which seems to be all the Senate will agree to give, and we shall be glad to get even that much. There are tens of thousands of farmers unable to make a crop and who are out of employment through no fault of their own. If they could get the benefit of this appropriation it would mean that all these men could go to work in raising their crops, and all business would be helped. When you help the farmers and they prosper all business improves.

Mr. President, there is one thing about this bill to which I wish to call attention. I am supporting it, but I regret that there is no limit to the amount that can be loaned to the railroads or any other industry. If we let the railroads have anything like the greater part of this $2,000,000,000 fund, it will be the entering wedge of Government ownership of railroads in this country; and we might just as well be prepared for it.

I know the serious condition that confronts the railroads of the country at this time, and I hope there will be constructive and helpful legislation passed within a short time; and I shall support helpful legislation. This bill will do a great deal for them. However, the farmers need help more than the railroads; and nothing will help the railroads as much as placing the farmers in a position to raise another crop. As great as I know the needs of the railroads to be, the needs of the farmers are greater.

While I am disappointed in not securing the full amount, of course, I will support the $50,000,000 appropriation, which is all we can get.

Mr. TRAMMELL. Mr. President, I desire to make an inquiry of the Senator from South Carolina. This amendment refers to farmers in broad terms. I wish to know if it is his purpose and object to include fruit growers, and whether that term includes fruit growers.

Mr. SMITH. Yes, Mr. President. In discussion with the officials I have learned that they will use this authority exactly as they used the authority granted in other bills, even where those terms were not expressed.

Mr. TRAMMELL. Of course, I think the term unquestionably should include fruit growers and vegetable farmers. I rather believe the broad term "farmers" includes them all from the standpoint of dictionary definition.

Mr. SMITH. That was the information given to me.

Mr. TRAMMELL. But from the standpoint of departmental construction I want to be absolutely positive that it includes vegetable growers and fruit growers.

Mr. SMITH. It does.

Mr. McNARY. Mr. President, in the consideration of a similar measure before the committee last year the Department of Agriculture gave explicit testimony that the word "farmer" is general in its application, and includes fruit growers, horticulturists, berry growers, vegetable growers, and producers of agricultural products of all kinds.

Mr. SMITH. Yes; that is just the information they gave me.

Mr. TRAMMELL. I simply desired to have that statement in the RECORD to show the intention of the Senate in taking action on this amendment.

Mr. WHEELER. Mr. President, I notice that in line 8 the amendment says:

Because of the failures of banking institutions and conditions resulting from the general depression.

I should like to have the attention of the chairman of the Committee on Agriculture and Forestry. When the amendment says "conditions resulting from the general depression," I am apprehensive that the Secretary of Agriculture might hold that he was bound strictly by the technical use of the term "general depression" and might feel that he was not entitled to make any loans in the drought-stricken section, where the trouble of the farmers was caused, as it was partially caused in North Dakota, South Dakota, Nebraska, and Montana, by the drought condition.

Mr. McNARY. I assumed that a general depression existed in all the States.

Mr. WHEELER. It does, but——

Mr. McNARY. I understand that this does not limit the bill in its application to the drought-stricken region, or those regions that require seed, feed, or fertilizer, but that it has general application to all the States wherever this economic condition does in fact exist.

Mr. WHEELER. That is my judgment about the matter; but I asked the question by reason of the technicalities that have been raised by the Secretary of Agriculture heretofore, when we specified that the officials should take security; and the Secretary of Agriculture, as the Senator knows, began to quibble as to what was security and stated that he wanted more explicit statements in the law.

Mr. McNARY. I think I may say to the eminent Senator from Montana that this language is precisely that which has been employed; namely, it is considered adequate security if the Secretary of Agriculture takes a lien on the growing crops.

Mr. WHEELER. But I was wondering whether the Senator feels that this language, "resulting from the general depression," is sufficient to cover the situation where there is a drought-stricken section.

Mr. McNARY. I think so.

Mr. SMITH. Oh, it is ample.

Mr. McNARY. I think there is no question about it.

Mr. WHEELER. I wanted to be sure about that.

Mr. THOMAS of Idaho. Mr. President, I notice that the amendment asks for money for the purpose of crop production. Is it the thought of the author of this amendment that in the drought areas it would also take care of feed for livestock and cattle?

Mr. SMITH. Oh, to be sure, Mr. President. This is to extend the same privileges that were extended under these previous measures, and we used the language "general depression" in order that it might be all-comprehensive. The Secretary is at liberty to buy seed or to use this money in order to enable them to make a crop.

Mr. THOMAS of Idaho. Would the Secretary be at liberty to select the territory in which he would loan the money?

Mr. SMITH. Wherever the general depression exists.

Mr. THOMAS of Idaho. That would include the entire United States.

Mr. SMITH. I know it would, and that is the reason why I asked for $100,000,000. It is said that under these credit corporations, and the liberalizing of the bill to which I add this as a rider, provision will be made for, perhaps, 50 or 60 per cent of the farmers to get credit through the livestock corporations—that is incorporated, I think—to give new money to them and to give new money to the agricultural credit corporations. The joint-stock land banks and the Federal land banks, under the Robinson amendment, are now made a part of the beneficiaries of the present pending bill to get new money. To supplement that with this amount will help some; and in order to get some I am accepting the $50,000,000, hoping that the amount we can get under the

Robinson amendment will enable the farmers to make a living.

Mr. WHEELER. Mr. President, has the Senator any objection to my inserting, on line 8, after the words "resulting from," the words "crop failures or," so as to read "crop failures or from the general depression"?

Mr. SMITH. Would it not be better to say "crop failures and from the general depression"?

Mr. WHEELER. No, Mr. President; I think not.

Mr. SMITH. No; it should be "or."

The PRESIDING OFFICER. Does the Senator further perfect his amendment as indicated?

Mr. SMITH. I have no objection to that going in.

Mr. GORE. Mr. President, I should like to ask the Senator from South Carolina if he would object to inserting an amendment so that those who are in arrears on previous loans would not come within the purview of this bill?

Mr. SMITH. I would object to that, Mr. President, for the reason that heretofore there existed this same condition, and the department were very generous, and they took cognizance of those who had not paid up, and gave them an amount to go on next year, and just added it to the first amount, and it worked well. I prefer not to have that language inserted, because the department officials have taken care of just that situation under previous loans that I have gotten through here.

Mr. GORE. The point is that it will be cumulative, and there will have to be further advances made year after year unless those who borrow are required to pay.

Mr. SMITH. Yes, Mr. President; but I am taking cognizance of this fact: There will have to be a reduction in agricultural activities all over this country. All that the farmers can do from now on is to try to make a living. It is suicidal to grow a cash crop, for there is not any cash in it. It is useless to grow wheat, for you can not sell it. It is useless to grow cotton, for you can not sell it. It is useless to grow potatoes, for they rot in the ground. All this is true, in spite of the fact that millions are starving to death, thanks to our beautiful system of banking and financing. Our capitalists have at last proved their ability to bankrupt the country.

Mr. SHORTRIDGE. Mr. President, as amended, to what year does the Senator's amendment apply?

Mr. SMITH. Nineteen hundred and thirty-two.

Mr. SHORTRIDGE. It is limited to 1932?

Mr. SMITH. It is limited to 1932.

Mr. HARRISON. I ask to have the amendment stated.

The VICE PRESIDENT. Has the Senator from South Carolina modified his amendment?

Mr. SMITH. I have.

The VICE PRESIDENT. The amendment, as modified, will be stated.

The LEGISLATIVE CLERK. At the end of the substitute reported by the committee it is proposed to insert a new section, as follows:

SEC. 18. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $50,000,000, which sum, or so much thereof as may be necessary, shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States who, because of the failures of banking institutions and conditions resulting from crop failures or the general depression, are unable to obtain credit for crop production purposes for the year 1932. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine.

(b) Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Carolina, as modified, to the amendment of the committee.

The amendment, as modified, to the amendment of the committee was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 21, line 3, it is proposed to strike out the following words:

Or other bona fide financial institution.

Mr. LA FOLLETTE. Mr. President, the purpose of this amendment is to take out the catch-all phrase on page 21, line 3.

This bill carries extraordinary power, which is to be placed in the hands of the directors of this corporation. I recognize that if it is to perform the work which its sponsors maintain it will perform, great discretion must be placed in the hands of those who are to direct the corporation. However, I do believe that Congress should specify the institutions which are to receive the emergency assistance from this corporation. Therefore I urge that the words "or other bona fide financial institution" be stricken from the bill; and if there be any Senators who contend that institutions are not taken care of which should receive the assistance of this corporation, then I think that type of institution should be mentioned specifically in the bill by the inclusion of additional amendments.

Therefore I hope that the amendment will prevail.

Mr. WALCOTT. Mr. President, I am entirely in sympathy with everything the Senator from Wisconsin says relating to safeguarding this bill. But may I explain to him and to the other Senators just what is intended by this phrase?

I have had several conferences with the Under Secretary of the Treasury and with the governor of the Federal Reserve Board. Even as lately as this morning we discussed this very matter. I was quite insistent upon the importance of leaving that language as it is, because there are quite likely to be, as in the case of the War Finance Corporation, various corporations set up for the purpose of doing export business in connection with agricultural commodities, such as wheat and corn, but particularly cotton. Cotton is the most important item which might come under this.

In order to safeguard that business the words "indorsement or guaranty" have been inserted in order that this corporation, in making such loans, may be fully secured.

If we should follow the suggestion of the amendment and take out the words "or other bona fide financial institutions," we then make the words "indorsement or guaranty" qualify all the preceding, which would compel a bank, for instance, coming to this corporation for a loan, to have perhaps the guaranty or indorsement of its directors, which naturally would be impossible, or would be very cumbersome.

Therefore, Mr. President, I beseech the Senator to consider the matter in that light, and leave the bill as flexible as possible, so that it can take care of certain kinds of export business. It is aimed particularly at wheat and cotton.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. WALCOTT. I yield.

Mr. FESS. I had been wanting to ask the chairman of the subcommittee about this section, and the opportunity is now afforded.

Is the language broad enough to include a new bank which is the result of a merger of closed banks, where, for example, four banks seem to be solvent, their assets are good but they have closed to protect their depositors, and instead of those banks individually reopening, they would likely combine in the form of a new bank, the new bank purchasing the assets of the old banks, and becoming an institution entirely separate from the old banks. Is the language broad enough to include that sort of a banking institution?

Mr. WALCOTT. Mr. President, it is so intended. One of the major purposes of this bill is to facilitate the reopening of a bank on the verge of solvency, and it may be easily conceivable that such a bank, which had been formerly closed, would have to reorganize itself in order to be opened.

Mr. FESS. This will be a new bank.

Mr. WALCOTT. It would be virtually a new bank. It would be a new corporate entity.

Mr. FESS. Yes.

Mr. WALCOTT. And as such, it is believed this language would allow that bank to open, with a little help from this corporation.

I want to be perfectly frank with the Senator. I think the Senator from Virginia [Mr. GLASS] shares my view in this matter, but he will perhaps speak for himself. The Under Secretary of the Treasury and the Governor of the Reserve Board, who were engaged in conversation with me this morning on this very point, think it is still not quite broad enough to take care of such a situation.

Mr. FESS. Mr. President, if the Senator will permit, the suggestion has come to me this morning from an expert that he does not believe this language is broad enough to include that sort of an institution. In his opening address, the Senator in charge of the bill spoke of 2,200 banks closed. A very large percentage of those banks are solvent; they are not in liquidation; they are not in the hands of receivers; they have assets, but the assets can not be realized upon. I assume that this bill is broad enough to assist in reopening those banks, if their assets are good; but would it be broad enough to assist in the establishment of a new bank using the assets of old banks if three, for instance, are merged into one?

Mr. WALCOTT. Mr. President, I would like to read a memorandum from the expert of the Federal Reserve Board, and I would like very much to have the attention of the senior Senator from Arkansas [Mr. ROBINSON] to this, as it involves a suggestion he made the other day. I will ask Senators to bear in mind that this is one of the major purposes of this bill, and it is very important that we should get it right. I hope Senators will follow this with the reprint of the bill.

On page 22 of the latest print, beginning with the word "Except," in line 10, and running down to and including the word "banks," in line 18, the language should be stricken out entirely.

This suggestion comes from the conference this morning with Governor Meyer and Under Secretary Mills.

If this can not be done, then we suggest the consideration of the idea originally proposed by Senator ROBINSON of Arkansas, which would insert a proviso in line 15 in place of the proviso which he accepted, which is confined to agricultural or livestock credit corporations or Federal or joint-stock land banks. That proviso would read then as follows:

"*Provided*, That said corporation shall not engage in commercial banking business in competition with existing banking institutions."

Mr. WALSH of Montana. Mr. President, will the Senator please read that again?

Mr. WALCOTT. The entire memorandum?

Mr. WALSH of Montana. The proposed substitute.

Mr. WALCOTT. It reads:

Provided, That said corporation shall not engage in commercial banking business in competition with existing banking institutions.

In other words, it would leave it with the provision so broad that this corporation could, under proper circumstances, if the loans were fully and adequately guaranteed, open a bank now closed, provided it were reasonably solvent or near enough solvent, so that it had free collateral enough to put it over the top. Do I make myself clear?

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Arkansas. Mr. President, the Senator addressed himself to me, and I must say that I do not understand how this question now arises. On a former occasion I presented an amendment striking out certain language.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. WALSH of Montana. I understand the Senator from Connecticut is now offering the language he read as a substitute for the paragraph which was amended the other day.

Mr. ROBINSON of Arkansas. I do not understand that he is.

Mr. WALSH of Montana. Then I misunderstood the situation.

Mr. ROBINSON of Arkansas. I do not understand the Senator from Connecticut to be offering anything. Am I correct about that?

Mr. WALCOTT. I have not offered anything.

Mr. ROBINSON of Arkansas. Very well.

Mr. WALCOTT. I am reading an opinion from the Federal Reserve Board.

Mr. ROBINSON of Arkansas. If the Senator will be good enough to state his proposition, I will be glad to give it the best consideration of which I am capable.

Mr. WALCOTT. I am merely suggesting that we want to have the bill liberal enough so that we can open certain banks which are near solvency, which might have to reincorporate or become new corporate entities in order to open. That is the question of the Senator from Ohio. That is a very desirable purpose of this bill.

Mr. ROBINSON of Arkansas. Conceding that to be true, does the Senator propose an amendment to accomplish that purpose?

Mr. WALCOTT. It is my opinion that if we do not adopt the amendment just proposed by the Senator from Wisconsin, the bill will be all right as it stands. There is some question about that, but that is as far as I personally would care to go, leaving the bill as it is.

Mr. FESS. Mr. President, may I ask the Senator from Arkansas a question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. FESS. Is the amendment of the Senator from Arkansas, which was voted into the bill the other day, broad enough to cover a situation like the one I shall set forth, one with which my colleague is very familiar?

Let us suppose there are four banks, three of which at least are reasonably solvent. Instead of an attempt to open each one of them, they are considering forming a new bank, using the assets of these closed banks. The question is whether this bill is broad enough to apply to the new bank.

Mr. ROBINSON of Arkansas. Mr. President, the amendment I offered, and which was finally agreed to, as I conceive it, has no relationship whatever to that subject.

Mr. BULKLEY. I think that is exactly true. I think Senators are talking about two entirely different things.

Mr. ROBINSON of Arkansas. Entirely different things. I first offered an amendment, which was prompted in part by my friend the junior Senator from Virginia [Mr. GLASS]. Foreseeing some of the difficulties which have since appeared I sought to strike out the exception which I believe is designated as section 5 (a), which limited the loans to be made by the finance corporation to debts already the basis of credit extended by banking institutions.

The suggestion was made that the amendment was too broad and would leave the matter too open, and that the real purpose of the committee would be accomplished by denying to the finance corporation the power to engage in competition with commercial banks. I offered an amendment along that line, and thought it was right. But during the course of some two or three hours' debate it was finally decided to leave the exception in section 5 (a) in the bill, with the modification "That the foregoing limitation shall not apply to loans made to agricultural or livestock credit corporations or Federal or joint-stock land banks."

Elsewhere in the bill as reported by the committee there was a provision permitting loans for the purpose of reopening banks now closed which are thought to be solvent. My amendment had nothing to do with the latter phase of the problem. It did not relate to solvent or insolvent banks. It related only to agricultural credit or livestock associations, and to Federal or joint-stock land banks, and to the loans made by them.

I doubt the wisdom, without an opportunity of studying it, of trying to recede from those arrangements and going back to where we were in the beginning, namely, leaving



the board without any limitation on its power to make loans.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. The Senator from Arkansas now has the floor. Does he yield to the Senator from Wisconsin?

Mr. ROBINSON of Arkansas. I am glad to yield.

Mr. LA FOLLETTE. I would like to say that all this discussion, as I see it, is not pertinent to the amendment which is pending. I would not like to have any Senator who came in after my amendment was proposed assume that it touched upon the matter which the Senator from Arkansas has been discussing. The amendment which I have proposed is that on page 21, line 3, there shall be stricken from the bill the words "or other bona fide financial institution." My purpose in offering the amendment, if the Senator from Arkansas will permit me further——

Mr. ROBINSON of Arkansas. Yes; I yield further.

Mr. LA FOLLETTE. We can get a different interpretation from practically every member of the Banking and Currency Committee as to what is included in the phrase "or other bona fide financial institution."

Mr. ROBINSON of Arkansas. The original language was "other financial institution."

Mr. LA FOLLETTE. My contention, may I say, is that there may be included under that blanket provision institutions which should receive assistance from the corporation; but if so, I contend that it should be written in the bill by Congress and that we should not leave the interpretation of that broad language to the directorship of the corporation.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Virginia?

Mr. ROBINSON of Arkansas. I yield.

Mr. GLASS. This whole discussion arises out of the fact that some of the gentlemen to whom will be committed the administration of this measure are not content with the unparalleled power which the bill already confers upon them. I see no objection whatsoever to eliminating the words proposed to be eliminated by the Senator from Wisconsin [Mr. LA FOLLETTE].

The reopening of this particular question has no relationship whatsoever to the amendment the other day proposed by the Senator from Arkansas [Mr. ROBINSON] and accepted by members of the committee. I do not think that the purpose of the bill is to set up new banking institutions. I have understood that it is an emergent relief measure to relieve those solvent banks which can not realize on their frozen assets. We had the Comptroller of the Currency before the committee and discussed this point minutely with him. He told us that frequently it happens that the doors of a bank may be closed yet the bank not by any means be insolvent. As I understood it, it was the unanimous verdict of the committee that the bill was intended and did operate to enable any receiver of a bank of that description, which had been closed but yet was solvent, to reopen its doors. It was not intended to cover the proposition now presented by the junior Senator from Ohio [Mr. BULKLEY] to enable any one bank to gobble up all the banks in the community and to take possession of their assets and to apply to this corporation to afford it capital with which to perform that sort of operation.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Ohio?

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. The Senator from Virginia has answered the question which I rose to propound to him. When the Senator from Wisconsin [Mr. LA FOLLETTE] offered the amendment to strike out this language, that was the opportunity for me to propound the question that has come to me from many sources in Ohio, namely, Is the language of the bill broad enough to include a merger growing out of three or four banks which are solvent but closed? The banks themselves individually will probably not reopen, but a new one will be instituted out of the assets of those banks. My information is that the bill is not broad enough for that purpose, and I was desirous of making inquiry as to whether it would apply to a situation of that kind.

Mr. GLASS. Why should a new bank be created? If there is a bank in the community sound and solvent enough and with resources sufficient to buy the assets of failed banks, it does not necessarily have to transform itself into a new institution. It can do that as an existing institution.

Mr. FESS. There is strength in what the Senator says. May I ask the opinion of the Senator from Virginia, and I would like to have the attention of my colleague from Ohio?

In Ohio our State banks that do not go into liquidation or into the hands of receivers are turned over to the State department of banking to protect the depositors. They are turned over to the superintendent of banks. They are not in the hands of receivers. They are not in the process of liquidation. Such a bank is simply waiting, the deposits are dead, the money is not at work, the bank is not open; it is in charge of the superintendent of the banks in the State of Ohio. Would the bill be broad enough to include borrowing by the superintendent of banks of Ohio to render aid in a case of that kind?

Mr. BULKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the junior Senator from Ohio?

Mr. ROBINSON of Arkansas. I yield.

Mr. BULKLEY. It was my understanding that the bill was broad enough to include any institution which had not actually gone into liquidation, as to which the process of liquidation had not begun. I can not see that there is any prohibition against the combination of the assets of several banks. In such a case the business will probably be carried on under the name of one or the other of the banks which has been in trouble. If the assets of that bank, whether by combination with other banks or otherwise, should be sufficient to permit the restoration to solvency of that bank, I can not see why it would not come within the language of the bill. There is certainly no prohibition against a combination.

Mr. FESS. Would it be broad enough if the amendment of the Senator from Wisconsin is adopted?

Mr. BULKLEY. I can not see that that affects it at all. I agree with the Senator from Wisconsin that that is an entirely different subject. That part does not refer to institutions to which loans may be made. It refers to the character of assets upon which loans may be made. It means that we can not make a loan for the purpose of promoting any new business. It is not a limitation on the institution which may borrow. It is a limitation on the purposes of the loan.

Mr. FESS. Then may I have this final word from my colleague on the two questions which I have propounded? Where in a city three banks are closed and in the name of one of them or in another name one of those banks is opened, is the bill limited so that the opened bank could not utilize its purposes?

Mr. BULKLEY. I do not think so.

Mr. FESS. Secondly, where a bank has been turned over to the State superintendent—he does not own it; he is simply the officer acting on the part of the depositors—is the language broad enough for a loan to be made in his name?

Mr. BULKLEY. I doubt that. I think so long as the bank has not actually gone into liquidation, so that there is a possibility of its reopening, it would come within the terms of the bill; otherwise it would not. I do not think loans could be made to receivers under the provisions of the bill.

Mr. FESS. But the bank to which I refer is in liquidation; it is preserving the assets of the bank.

Mr. BULKLEY. I think it is difficult to anticipate what the interpretation might be, but I feel that the principle is clear that so long as they have not gone into liquidation and so long as there are assets to justify the reopening, a loan may be made under the terms of the bill.

Mr. ROBINSON of Arkansas. Mr. President, I think I am justified in saying that the committee brought in a bill materially restricting the powers of the corporation and limiting the purposes for which loans might be made. If the committee had desired or intended to give unlimited power to the board, it could have escaped any issue regarding that question upon its own initiative by reporting the provision in the original bill which authorized loans to be made to banks, banking associations, insurance companies, building and loan associations, railroads, and other financial institutions. The committee's draft of the bill was framed on the theory that the powers granted to the board in the original bill were too elaborate, too comprehensive, and required limitation. They imposed a limitation which, unmodified, would have prevented the making of any loans by the board for new purposes or new enterprises and which would have confined the board to the financing of frozen assets or existing loans which were the basis of banking credits.

The amendment which was adopted by the Senate at my instance incorporated a modification of that limitation, in so far as agricultural credit associations, livestock associations, and land banks were concerned, for the very reason that on its face the restriction was too narrow to permit the board to assist those classes of institutions in their proper functioning.

The question naturally arises whether the board shall have unlimited power to make loans for any purpose that it chooses. That was the theory of the original draft. The question that now arises is whether, after the Senate has in large part threshed out the exceptions that shall be made and incorporated in the measure the exceptions, we shall go back where we were in the beginning, abandon all the efforts we have made, all the agreements we have entered into, and all the amendments we have adopted, and give the finance corporation unlimited power. That is the question.

Mr. COUZENS. Does the Senator from Arkansas favor that?

Mr. ROBINSON of Arkansas. I do not; though, frankly, I stated in the beginning that I thought the powers of the corporation ought to be very broad.

Mr. FLETCHER. Mr. President, may I interrupt the Senator from Arkansas?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Florida?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. FLETCHER. It would be a mistake to agree to the amendment to strike out those words. That is the subject with which we are dealing. In the first place, they are not dangerous words when we consider the qualifications attached to them. I would agree with the Senator if those were the only words in the bill, but we must consider that in connection with the words "or other bona fide financial institution" there follows this language:

> In the United States having substantial resources, whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation.

Those are the kinds of additional or other bona fide corporations or financial institutions that are mentioned, institutions that can furnish this kind of security.

Just let me finish this thought. If we strike out the words "or other bona fide financial institution," we ought to strike out the remainder of the sentence, because those are the "other bona fide financial institutions" that the language following those words was intended to refer to. If those words be stricken out, the language following them would then refer to banks, trust companies, building and loan associations, insurance companies, agricultural or livestock credit associations in the United States "having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation."

Mr. GLASS. Why should it not refer to them?

Mr. FLETCHER. That was not the intention at all. The intention was by the use of the language "in the United States having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation" to refer to other bona fide financial institutions and not to refer to banks, credit associations, and that class of institutions; it never was intended to refer to those.

Mr. GLASS. Mr. President, I do not agree with my colleague from Florida that the language never was intended to refer merely to that class of institutions, and I do not see now why those words should not refer to banks, insurance companies, and financial institutions.

Mr. FLETCHER. I do not yield just now, Mr. President.

Mr. ROBINSON of Arkansas. I have the floor.

Mr. FLETCHER. I thought the Senator from Arkansas yielded to me.

Mr. ROBINSON of Arkansas. I did yield to the Senator from Florida.

Mr. FLETCHER. I do not ask anyone to yield for anything. I thought I was explaining to the Senator that this question would leave the whole matter——

Mr. ROBINSON of Arkansas. I merely wished to remind the Senator from Florida that I had the floor, and I yielded to the Senator from Florida. The Senator from Florida has nothing to take exception to.

Mr. FLETCHER. No; I do not. I was simply trying to show that if we struck out the words "or other bona fide financial institution" we would destroy the purpose of the bill and would not make sense out of it. We would thereby destroy the meaning of the bill. Of course, the language "having substantial resources whose obligation," and so forth, refers to "other bona fide financial institutions"; that is what it refers to. Nothing else can be made out of it, and that is the meaning of it. The language is:

> • • • Livestock credit corporation, or other bona fide institution in the United States having substantial resources whose obligation, indorsement, or guaranty—

And so forth.

That qualification refers to these other financial institutions; it was not intended, and the language can not be so read as to make it refer to banks, trust companies, building and loan associations, and credit corporations.

Mr. COUZENS. Mr. President, will the Senator from Arkansas yield to me?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Michigan?

Mr. ROBINSON of Arkansas. I yield to the Senator from Michigan.

Mr. COUZENS. I will try to give a concrete example of what the Senator from Florida, I think, means to imply. I see his point quite clearly. Take, for example, the national credit corporation which makes loans that will go to the Reconstruction Finance Corporation when organized. If, for example, the national credit corporation, having made loans to banks during the interim between the time when the trouble arose and now wants to go to the Reconstruction Corporation to secure loans on the same securities on which the banks themselves could have made loans if this corporation had been in existence, under this language the National Credit Corporation could go to the Reconstruction Credit Corporation and make loans on the same sort of collateral as the Reconstruction Corporation would have accepted, had it been in existence at the time, and indorse them.

So that what the Senator from Florida is referring to is that in case a corporation such as the National Credit Corporation did approach the Reconstruction Finance Corporation for loans it would be required to put up the same security that it had for its loans. In addition to that its indorsement and guaranty would add materially to the loans which are made by the Reconstruction Finance Corporation. I think the Senator from Florida has made a correct interpretation of the intention of the language.

Mr. ROBINSON of Arkansas. Very well.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Virginia?

Mr. ROBINSON of Arkansas. I think I have held the floor as long as I am entitled to it, and, therefore, I yield it.

Mr. GLASS. Mr. President, this whole issue arose in the committee upon the very definite proposition that the Congress should not engage in setting up a central bank with unlimited authority to compete with existing commercial institutions. This measure was intended as a relief measure; it never was its purpose to set up additional banking institutions in this country, and I think nothing was further from its purpose or the purpose of the Committee on Banking and Currency than to permit the so-called National Credit Corporation in New York, which has proved so ineffective that we could not get the president of it by letter or telegram or telephone message to come here and tell us what it is doing, to unload its acquired assets on this proposed finance corporation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Virginia yield to me for a moment?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Arkansas?

Mr. GLASS. I yield.

Mr. ROBINSON of Arkansas. May I ask the Senator from Michigan a question? I inquire whether it is true, if this language is retained, that the National Credit Corporation can refinance the loans it has made—the few loans it has made—through this Government-created corporation, the Reconstruction Finance Corporation?

Mr. COUZENS. That is my understanding; yes.

Mr. GLASS. I think undoubtedly it might, and therefore I am in favor of striking it out.

Mr. ROBINSON of Arkansas. If that is true, I do not think it ought to be permitted.

Mr. GLASS. I do not think so either.

Mr. ROBINSON of Arkansas. The National Credit Corporation was created as the first step in a great program of reconstruction. It was announced and understood that if the efforts of that organization proved inadequate, then an organization like that created by this bill would be resorted to, and as a part of the program it was understood that this private National Credit Corporation should be created and should function just as efficiently as might be found possible.

Mr. COUZENS. Mr. President, may I interrupt the Senator there?

Mr. ROBINSON of Arkansas. Just a moment. Now, to say that one of the primary purposes of the Reconstruction Finance Corporation is to relieve the National Credit Corporation, is, in my judgment, condemnatory of the provision sought to be stricken out if that provision is rightly interpreted here.

Mr. COUZENS. Mr. President——

Mr. GLASS. I yield.

Mr. COUZENS. I want to say that I am not arguing against the amendment offered by the Senator from Wisconsin. I am trying to explain what I understand to be the interpretation of this language by the Senator from Florida. It is obviously a fact that the National Credit Corporation has fallen down in its functioning; the National Credit Corporation has not done what was expected of it, and the reason is because communities would not put up the cash. Bankers in several communities were not disposed to put up the case for the use of the National Credit Corporation. For example, one large city was required to put up some $16,000,000 as its proportion of the stock of the National Credit Corporation. The bankers of that city, however, said they were not willing to take $16,000,000 out of that particular community and send it to New York to be loaned by the National Credit Corporation when they feared that they might need it in their own community.

Mr. ROBINSON of Arkansas. If the Senator from Michigan will pause there for just a moment, and if the Senator from Virginia will yield——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Arkansas?

Mr. GLASS. I yield.

Mr. ROBINSON of Arkansas. While this does not involve directly the question of the extent to which the National Credit Corporation has functioned——

Mr. COUZENS. No.

Mr. ROBINSON of Arkansas. It does involve the question as to whether Government credit shall be employed to relieve the National Credit Corporation to the extent that it has functioned. It may be right to do that; it may be necessary to do it; I do not wish to reach conclusions hastily; but I should like to have some information on that subject. I am told that that corporation did loan something like $16,000,000—it was expected to have a capitalization of $500,000,000—that during the course of its operation it relieved the situation in three or more different places, and that the extent of the loans made by it was something like $16,000,000 or $18,000,000. Now, it appears that there is a purpose to let the National Credit Corporation come to the Reconstruction Finance Corporation and get back the money that it has loaned, thus relieving it of any responsibility whatever, except such as may be implied from its indorsement of the paper upon which it secured funds. If that be true, I think we ought to give a little more than merely casual consideration to the subject.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I am through, and I thank the Senator from Virginia.

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Michigan?

Mr. GLASS. I yield.

Mr. COUZENS. I am frank to say that I do not get the connection of the language in the bill to which the Senator from Florida refers, if the amendment of the Senator from Wisconsin shall be adopted. In other words, whose obligations and whose indorsements are referred to? When it is provided in the bill that some other corporation whose substantial resources, obligation, and indorsement or guaranty would add materially to the security of the loans, what kind of a corporation is referred to? I think that all the language ought to be stricken out if the interpretation is such as the one put on it by the Senator from Florida.

Mr. LA FOLLETTE. Mr. President, will the Senator from Virginia be kind enough to yield to me?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Wisconsin?

Mr. GLASS. I yield to the Senator.

Mr. LA FOLLETTE. Mr. President, the reason why I offered this amendment striking out only the words "or other bona fide financial institution" was because I wanted to raise this question. I have had this provision interpreted for me a half dozen different ways by men who are supposed to have had something to do with the writing of this bill. I wanted to raise the issue here as to whether or not we are proposing to extend up to $2,000,000,000 the credit of the Government of the United States to any bank, savings bank, trust company, building and loan association, insurance company, agricultural or livestock credit corporation which has no substantial resources and whose obligation, indorsement, or guaranty would not add materially to the security of the loans to them by the finance corporation. If that is the intent of Congress, then I think it should be made clear. Furthermore, if the Congress desires to remove that restriction, it can do so after we have acted on the amendment to strike out the language which I have referred to before; namely, "or other bona fide financial institution in the United States."

Mr. COUZENS. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Michigan?

Mr. GLASS. I yield.

Mr. COUZENS. If the Senator from Wisconsin will read the language following "United States" in the third line——

Mr. LA FOLLETTE. I have just read it for the benefit of the Senator by putting in negatives in the place of the affirmatives.

Mr. COUZENS. Yes; but I wondered what institutions he is referring to that would have substantial resources other than those who make the direct borrowing. What institutions does he refer to? I mean, the language there all works together.

Mr. LA FOLLETTE. In the first place, there are those on the Banking and Currency Committee, according to the information which I have been able to extract from them, who think that the language following the words "United States," at the end of line 3, down to and including the word "solvency," on line 8, refers only to "other bona fide financial institution." There are others who contend that it refers to all of the institutions to which this corporation may make loans.

Mr. COUZENS. That is not the language, anyway. No matter what they contend, that is not the language.

Mr. LA FOLLETTE. That may be true, Mr. President; but, in the first place, it seemed to me that after the Senate had spent days here in selecting the types of corporations and institutions that were to receive the benefit of this act we should not then conclude that by throwing in a catch-all phrase which would open the door to any bona fide financial institution, in the discretion of the board.

Therefore, in order to raise these two issues, I have proposed the amendment to strike out only the words "or other bona fide financial institution." Then, if that amendment prevails, the Senate, in its discretion, can strike out the balance of that sentence, if that is what the Senate wants to do; but with the members of the committee not being able to explain this matter satisfactorily to me, I wanted to raise the issue here for the Senate to determine.

Mr. GLASS. Mr. President, I am satisfied that the purpose in putting in this bill the words "other bona fide financial institution in the United States" was to give to this corporation the power to set up new banks, new insurance companies, new livestock associations, and anything else that it wanted to set up, and to do practically a commercial banking business by making loans to these new institutions.

Suppose the language of the bill were this:

> The corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, agricultural or livestock credit corporation having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation.

Would that be meaningless? Are we proposing to loan to banks, savings banks, trust companies, and building and loan associations having no substantial resources? There are many such. Are we proposing to loan to them?

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Michigan?

Mr. GLASS. I do.

Mr. COUZENS. I assumed, in reading the other portions of the bill, that the security in itself was to be adequate; and I have been repeatedly asked by individual Members of the Senate and by private citizens whether or not the securities that would be put up as security for these loans would be securities measured as adequate by existing conditions or by the conditions that existed at the time the loans were made by the institutions. I have contended that the interpretation of the word "adequacy" would depend upon the value of the securities as of now, rather than the value of the securities at the time the loan was made.

Mr. GLASS. The Senator will agree that we never had the purpose to set up new businesses, new enterprises.

Mr. COUZENS. That is true.

Mr. GLASS. The whole purpose of this bill was to meet an extraordinary, phenomenal emergency, and to arrest the deflation which has been consequent upon these failures and these threatened failures. We never purposed setting up new bona fide financial institutions.

Mr. COUZENS. Oh, I think the Senator is quite right about that. I do not think there is any disagreement on that.

Mr. GLASS. Under this language that could be done. I agree with the Senator from Wisconsin that that language should be stricken out; and, if the Senator please, I would rather have all of the language following, which he says applies only to other bona fide institutions, stricken out than to leave that other language in there.

Mr. COUZENS. If the Senator will yield, I should like to say that I assume, and I think that would be anybody's interpretation, that any of these banks, trust companies, building and loan associations, insurance companies, or others, would obviously be required to indorse and guarantee the loans; and if this makes it any stronger——

Mr. GLASS. And they should obviously have substantial resources whose obligation, indorsement, or guaranty would add materially to the security of the loans.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Wisconsin?

Mr. GLASS. I yield.

Mr. LA FOLLETTE. When I proposed this amendment in the present form, simply striking out the words "or other bona fide financial institution," to one prominent member of the Banking and Currency Committee, he said it would absolutely paralyze the activity of this corporation if I did not proceed to take out the balance of the sentence, because he contended that we could not get the indorsement of a single director of a single corporation that was going to obtain loans under this bill; that we could not get them to put up their securities or their obligations.

If that is what the Senate and the Congress want to do, I want them to know what they are doing while they are about it. That is why I have offered this amendment, simply to take out the language "or other bona fide financial institution," leaving the balance of the sentence to apply to all the other institutions that are enumerated under this bill.

If the majority of the Senate feel that they want to provide for the extension of up to $2,000,000,000 of the Government's credit to institutions whose directors will not indorse the loans, who have not any substantial obligations or securities or resources, then I want the Senate to do it with its eyes open.

Mr. COUZENS. Mr. President, I desire to point out to the Senator from Wisconsin that there is nothing in the bill which requires any director or anybody else to indorse the loan. It refers only to corporations.

Mr. LA FOLLETTE. But that is just the point. One of the very prominent members of the Banking and Currency Committee said just exactly what I have stated on this floor concerning this matter; so that I want Senators to know exactly where I got that information.

Mr. NORRIS and Mr. WALCOTT addressed the Chair.

The VICE PRESIDENT. Does the Senator from Virginia yield; and if so, to whom?

Mr. GLASS. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, as I understand this controversy—and I want to ask the Senator from Virginia about it——

Mr. GLASS. Let me interject right here, if you please, that I am simply a humble member of this committee. I have not charge of the bill; and when Senators appeal to me for an interpretation of it I simply have my own interpretation of it. I do not speak for the committee.

Mr. NORRIS. I understand that. Nevertheless the Senator's opinion is worth something to his colleagues. When we are asking him questions about it, it is because we have respect for his judgment and his opinion, even though he does not have charge of the bill.

Mr. GLASS. I thank the Senator.

Mr. NORRIS. The question involved, as I understand, is whether the words—now, follow me—commencing with line 4, "having substantial resources," and so forth, apply to the "other bona fide financial institution," or whether they apply to all the various kinds of corporations enumerated.

Mr. GLASS. It has been my interpretation that they apply to all of them.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. Please wait until I get through with my question. If we insert a comma in line 3 after the word "States," then it seems to me all the balance of the phrase will apply to all the enumerated corporations.

Mr. GLASS. I think it should.

Mr. NORRIS. If a comma is not inserted—and there is not any there now—then those qualifying clauses commenc-

ing with line 4 apply only to the phrase "other bona fide financial institution."

Mr. FESS. That was the observation I wanted to make.

Mr. GLASS. I think there should have been a comma there.

Mr. NORRIS. If there is not a comma put in there, I have no doubt but that a court would say that the qualifying phrase following would apply only to "bona fide financial institution." On the other hand, if there is a comma, there could be no doubt but that it applies to everything.

Mr. COUZENS. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Michigan?

Mr. GLASS. Yes; I yield.

Mr. COUZENS. I was going to say that I was reading the language as it was in the bill, without the comma, and that was the interpretation that the Senator from Florida put on it when he rose in response to the statement of the Senator from Arkansas. It was my interpretation in the committee; and while, of course, I can not say what other members of the committee thought about it, or how they interpreted it, certainly without the comma, just as the Senator from Nebraska says, it refers only to the "other bona fide financial institution."

Mr. WALSH of Montana. Mr. President——

Mr. GLASS. At the beginning of the discussion I frankly had not in mind the following phraseology after the words proposed to be stricken out by the Senator from Wisconsin; but the Senate might as well understand that if those words are permitted to remain in the bill this corporation can set up any kind of new financial business that it pleases, and contribute its funds to so setting it up and so maintaining it. It undoubtedly could; and I am not so sure that it would not permit this National Credit Corporation, which started out with such a flourish and ended in such ignominy, to unload its acquired frozen assets on the corporation that we are proposing to establish here.

There has been some curiosity expressed as to why the National Credit Corporation has not functioned. To me the explanation is simple enough. When it was organized with such a flourish, when it was stated to us that the New York banks alone had subscribed $250,000,000, or $150,000,000, I believe, toward it, it was when assurances from some source here had been given that it would be permitted to dump en bloc in the lap of the Federal reserve banking system its acquired frozen assets.

As soon as it was made known, which was very speedily, that that proposition would be resisted in the Congress, the corporation delayed for three months even making an assessment upon its subscribers, and only two weeks ago did it make a call for payment of 10 per cent upon the subscriptions, and I am told has had great trouble in collecting that 10 per cent from the banks which subscribed to its capital under a process of coercion to begin with.

The distinguished Senator having charge of this bill knows perfectly well that he made effort after effort to get the president of that corporation to come to Washington to testify before our committee, to let us know what the corporation had done and what it proposed to do, and he resisted every invitation, by letter, by wire, by phone, to do that, although on one occasion I happen to know he passed right through Washington in the night and went farther south.

Mr. President, I am not willing to leave words in this bill which may be interpreted as granting authority to this corporation to loan to an institution like that.

Mr. WALCOTT, Mr. BARKLEY, and Mr. LEWIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Virginia yield; and if so, to whom?

Mr. GLASS. I yield to the Senator from Connecticut.

Mr. WALCOTT. Mr. President, with reference to the comments of the Senator from Wisconsin, I desire to add just a word. We must be very frank with ourselves here; we must not fool ourselves. This word "indorsement" in my opinion does not mean the actual indorsement by the directors of a bank making application. It simply means, in my opinion, those whose indorsement might add to the stability of the loan, but that that indorsement is to be required is not intended by this bill. I want to say that so as to be perfectly frank with the Senator from Wisconsin. I think perhaps he has misunderstood the language in that respect.

With reference to any opposition to the amendment before us to-day, I was quoting, at the outset, the opinion of the governor of the Federal Reserve Board and the Under Secretary of the Treasury, who stated that in their opinion this language should be left as it is, in order to facilitate the export of commodities like wheat and cotton, with a new corporation, perhaps, to be formed.

In view of the comments of the distinguished Senator from Virginia [Mr. GLASS], I withdraw any objection I may have had personally, if I seemed to have any objection originally, because I am in entire accord with his comments on this bill. I go so far as to say that if it was the intent, or if there is any provision in this bill which would enable this new corporation to take over the credit corporation, I would personally favor its being specifically prohibited in the bill.

Mr. BARKLEY. Mr. President, will the Senator from Virginia yield to me?

Mr. GLASS. I yield.

Mr. BARKLEY. I want to inquire about the status of this New York Credit Corporation. Was it ever actually incorporated? Is it a legal entity, or was it just a sort of voluntary association of men and institutions, more or less nebulous, out of which it was hoped that some credit facilities might be obtained? I do not recall that any articles of incorporation were ever filed anywhere, in any State, which would give it a legal entity. Am I mistaken about that?

Mr. BULKLEY. If the Senator from Virginia will permit me, it was incorporated in Delaware.

Mr. BARKLEY. That is the information I am seeking.

Mr. GLASS. Mr. President, I do not care to detain the Senate any longer.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BULKLEY obtained the floor.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. COUZENS. May I suggest that a comma be inserted after the amendment just made?

Mr. BULKLEY. I understand that the amendment has been adopted, and I think we ought to take care of the question of commas a little later.

Mr. President, I shall suggest an amendment which I think clearly ought to be adopted and which, I believe, naturally follows after the adoption of the amendment of the Senator from Wisconsin.

I think the Senator from Connecticut will recall that mortgage-loan companies were specifically assured that their business was included in the phrase "bona fide financial institution." Now that that clause has been stricken out, I move that we amend the bill by inserting, in lieu of the language just stricken out, the words "or mortgage loan company."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BULKLEY] to the amendment of the committee.

Mr. BLAINE. Mr. President, it had been my intention to defer discussion of the bill on its merits until all the amendments had been disposed of. But under the unanimous-consent agreement under which we are operating, it now appears clear to me that we will run beyond the usual time of adjournment, 5 or 6 o'clock in the afternoon, before all the amendments will be disposed of. Therefore, I do not want to await action on those amendments before undertaking the effort which I feel should be made, and I desire at this time to address myself to the merits of the bill.

Moreover, I observe that as the debate goes on the confusion concerning the provisions of the bill becomes greater.

Mr. WHEELER. Mr. President, will the Senator yield while I suggest the absence of a quorum?

Mr. BLAINE. I would prefer to go on.

Mr. WHEELER. I think we ought to have a quorum, and have more Senators present, since the Senator is about to discuss the bill.

Mr. BLAINE. There is a goodly number of Senators present, and others may come in during the course of my remarks.

Mr. President, I do not know that I can approach this proposition as temperately and as moderately as is desirable. The feeling of contempt for this bill which I entertained at its introduction has been growing greater from day to day. But what I say this afternoon will be respectful to my colleagues, and to other persons and individuals.

The time has come, Mr. President, when there should be some plain talk. Executives, administrative officers, parliaments, and legislatures are whiling away the time with babble and prattle and chatter on the inside, and we had a demonstration last week of what is going on outside. Twelve thousand unemployed workingmen appeared on the Plaza of the Capitol, seeking, not to discuss frozen assets, not to discuss an emergency, but to bring to the attention of the Congress the necessity for positive and immediate action, that there might be food for those who hunger and that there might be jobs for those unemployed.

As I looked over those 12,000 men I observed that they were Americans, of fine physique, men who bore themselves modestly and quietly, but with a determination that this Government was to serve the people of this country, who, after all, make up the sinew of our Nation, determined citizens, of character beyond reproach, led by that patriotic and determined Catholic priest, Father Cox; yet their voice goes unheard.

Mr. President, it takes no stretch of the imagination to see that crowd, the same splendid men, increased ten times, demanding the attention and action of Congress, when the feeble babble and prattle and chatter of parliaments and presidents and administrative officers will fall upon their ears, and be thrown back at governments, demanding that the Congress and those in authority should proceed in this crisis to remedy in a fundamental way that which has brought evil among us financially and economically.

Mr. President, we seem to be unmindful of the fact that in the last 11 years there have been two major depressions. The depression under which we are now laboring is called an emergency. As I understand the English language, an emergency is an unforeseen occurrence. Yet the very causes which have contributed to that which is called an emergency have been known to Government ever since the close of the war—were known to intelligent governmental agents long before the war.

We are told that this is the aftermath of a war crisis. Well might we have prepared our house before the war or during the progress of the war against the very situation we now have. Well might we have followed the advice of that great Swedish economist, Gustav Cassel, when he was calling the attention of the nation to the proposition that they were conscripting men, that they were killing men, but that governments were not conscripting capital. He pointed out that a war such as that which cursed the world should have been financed as the war progressed. Instead, that war was conducted almost wholly upon borrowed money, credits.

Mr. President, I invite attention to a suggestion made by one of the great economists of the United States, an economist of the university of my own State, Doctor Commons. He said our difficulty to-day is the depression of prices, the lack of purchasing power, the inability to pay, and the whole debate has demonstrated clearly that therein lies the cause of the present so-called emergency. It is a question of credit. It is a question of the lack of ability to purchase the necessities of life, the lack of ability to pay obligations which have been heaped upon the people publicly and privately. As to the result of the falling prices, I quote Doctor Commons:

> The depression of prices following the Napoleonic wars lasted 35 years and prices fell 60 per cent from 1815 to 1850. The depression following the Civil War lasted another 35 years and prices in this country fell 65 per cent from 1865 to 1897. Gold prices in England during this time fell 50 per cent.
>
> The present fall of prices since 1929 is a continuation of the fall which began in 1920. During these 11 years the level of commodity prices has fallen 52 per cent in the United States and 65 per cent in England. Judged by this experience of 115 years, it is entirely possible that commodity prices may continue to fall another 25 years.

Mr. President, that is historical. It is not an opinion expressed by Doctor Commons. It is a recitation of the facts of history.

We have overlooked the facts as reported by the MacMillan committee created by the British Parliament when it said:

> A study of history would, we believe, confirm the opinion that it is in the changes in the level of prices, and in the consequential alterations in the position of debtors and creditors, entrepreneurs and workers, peasants and the tax gatherer, that the main secret of social trouble is to be found.

Yes; the contest is one between debtor and creditor, between tenant and landlord, between taxpayer and tax-gatherer. I submit, Mr. President, that there is not a single word, not a single item, in the bill now before the Senate which undertakes to solve the problem, such as the problem is. It overlooks the causes of the trouble. In fact, it accentuates the present crisis.

Moreover, Mr. President, the plan under this bill is nothing new. Its possible efficacy can be tested from the Nation's experience in the past, from the public corporations which have been organized to take money out of the Public Treasury. Among them have been the Shipping Board, the Emergency Fleet Corporation, the Farm Board, the War Finance Corporation, and the United States Sugar Equalization Board. I speak of those of later years and not of any war activities. They had all been designed, every one of them, to advance money, to loan money, to furnish credits. That is what this bill proposes to do. Some of these organizations, however, were to furnish money for productive purposes. This bill contemplates no such object whatever, as has been so well defined by the Senator from Virginia [Mr. GLASS]. And yet, with all of the millions and billions of dollars appropriated for such purposes under these corporations, the questions of credit, currency, and monetary problems have been widened and deepened.

Whatever successes any of these organizations have attained, they have been but fleeting and temporary in their effect. On the whole, they have done more harm than good. Bankruptcies, depression, unemployment, have become more widespread. We are now paying the price of their follies, heaping the burdens of obligations and debts higher and higher upon industry, individuals, and Government. Are we never to learn by such experiences? Are we to adopt another expedient, to further "treat the eye with blear illusions"; to stand enthralled "by magic, poor deluded fools"?

Mr. President, the bill will undoubtedly foster an upturn on the stock exchange. It will bring about an inflation in security values which have not reached the deflation they attained in 1921. But every time we pass a measure that encourages the inflation of securities of the character treated in this bill, to that extent we are building for the future another opportunity when the crash will be more resounding than is the present crisis.

I invite attention again to a public statement of Doctor Commons when he was discussing the phantoms of hope that are being held out to our people. He said:

> Another illusion is the optimism occasioned by the short recoveries that always occur during a long period of several decades of falling prices. In 1923 there was a short recovery which slumped in 1924. Then another short recovery which slumped in 1927. Then another which slumped in 1929. We gain for a time the illusions of permanent prosperity. We may expect other short recoveries in the next year or two followed by slumps and recoveries, always, however, on the downward slope of a long period.

That is just exactly as followed the Napoleonic and the Civil Wars.

These short recoveries—

Said Doctor Commons—

occurred in 1824, 1836, and 1844, although prices as a whole were falling 60 per cent in 35 years. These occurred again in 1868 and 1880, when prices were falling 65 per cent in the 35 years. These short recoveries have always occurred and are always to be expected. They arise from various causes.

I need not here outline those causes. In the face of this experience, are we going to create a larger debtor class and pyramid existing obligations—industrial, private, and governmental? For every time we levy a tax we make the taxpayer a debtor. This bill is urged as an emergency measure, despite the fact that the present existing crisis has been on ever since 1920, now 11 years.

This crisis is older than December 7, when Congress convened; it is older than March 4, 1930, when Congress closed its last session; it is older than the stock crash of 1929. It goes back to the time when individuals were obligating themselves, receiving cheap money and disposing of inflated goods and lands. It goes back to the time when corporations were increasing their bonded obligations; when the public debts of States, counties, cities, villages, were mounting higher; when the individual was increasing the loans upon his property; and when all governments were conducting the war out of money received from the sale of bonds.

Now, getting down, if you please, Mr. President, to the question that has so often arisen during the debate, the desire, if possible, to furnish some credit in this emergency when there are widespread bank failures, and to do it according to the method employed under the War Finance Corporation, let us look at our experience, if you please, before 1921. That was before Mr. Mellon, "the greatest Secretary of the Treasury since Alexander Hamilton," became Secretary of the Treasury of the United States. In the course of the period from 1911 to 1920, both inclusive, we had 762 bank failures in America. In the subsequent 10 years we have had 7,160 bank failures. During the glorious era of prosperity following the election of 1920, from then down to the stock crash, embracing the period of about 10 years of the great prosperity about which we have heard so much, bank failures numbered 7,160; yet they began this 10-year period of unprecedented prosperity by extending the authority of the War Finance Corporation so as to continue the Government in business from a period of war into a period of peace. The authority of the War Finance Corporation was extended so that it began operating in peace times. During the 11 years since 1921 the big bankers, the prosperity shouters, have cried out for a free hand from Government control; they have cried out against Government in business, and during those times, when they were operating freely and without control, they have brought down upon us over 9,000 bank failures, a bankrupt agriculture, over 7,000,000 men unemployed, and tens of millions of our people on the margin of starvation.

While we have been surrounded with material goods in almost unlimited quantities and have had the potential capacity further to multiply consumable goods in almost unlimited amounts, yet in 11 years, with big bankers and big business having a free hand from Government control—the very same interests which to-day are asking the Congress to grant them $2,000,000,000, brought upon us, to be exact, 9,450 bank failures. Are they to be trusted with the beneficence of our Government to the extent of $2,000,000,000? It is recognized that they have failed; the men representing large banks acknowledged their failure before the committee having charge of this bill. Now they want the Government to come to their rescue.

The War Finance Corporation was organized and its power was extended so that it began to operate in peace times in 1921. It was organized along substantially the same lines as the corporation proposed to be created by this bill. Under its organization, during the four years in which it was actually engaged in business, we find that there were 2,283 bank failures in America.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from Wisconsin yield to the Senator from Montana?

Mr. BLAINE. Let me finish the sentence and then I will yield. During the four years following, years reflecting the results of the administration of the War Finance Corporation, there were 2,890 additional bank failures, or a total of 5,173 banks which failed during those years of administration by the War Finance Corporation under the direction of Mr. Meyer. Mr. Meyer, testifying before the Committee on Banking and Currency, boasted that loans were made during that time to 4,317 banks. So, Mr. President, we find there were more bank failures than there were banks which were aided. Now I yield to the Senator from Montana.

Mr. WHEELER. Mr. President, I should like to ask the Senator a question. It has been said on the floor of the Senate that this is an emergency measure, and that we must pass it very rapidly, and some, perhaps, have even gone so far as to say that there should not be any discussion on it. Does the Senator know of any banks, savings banks, trust companies, building and loan associations, or insurance companies that need the particular credit provided by this bill or desires to have it at the present time?

Mr. BLAINE. Mr. President, the Senator calls for my personal experience. Let me first state the official record. There was not a single country banker, there was not a single banker from a city in the agricultural districts, outside of the city of Chicago in the person of Mr. Traylor, who came before the committee when it was considering this bill; and Mr. Traylor's main testimony went to the proposition of guaranteeing bank deposits, not to the relief that has been suggested by this bill. Not a single insurance company has come before the committee and asked for relief. On the other hand, there have been insurance companies whose representatives have personally—the only way they dared to approach anyone—said "for God's sake, take insurance compan.es out of the bill, for the very suggestion of their being in the bill imputes the possible insolvency of our insurance companies."

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. BLAINE. I yield.

Mr. BROOKHART. I think the Senator does not quite have the idea Mr. Traylor had in his suggestion. It is not to guarantee any bank deposits but to make loans to closed banks on part of their assets that were good, sound securities, so that they could more speedily pay dividends.

Mr. BLAINE. I accept the correction. I understand that to be the case—that the proposal is to loan money to insolvent banks in order that cash might be advanced to the depositors much more rapidly than under the jurisdiction of the receiver, who is under the jurisdiction of the Comptroller of the Currency.

Mr. BROOKHART. That is correct.

Mr. BLAINE. I submit that that suggestion is a very good one, but it is wholly unnecessary if the Comptroller of the Currency will administer insolvent banks expeditiously. But what happens? The Comptroller of the Currency puts in as receivers and agents political appointees who want to hold their jobs just as long as possible, and thereby consume and waste money that belongs to the depositors of those insolvent banks. If the receivers would promptly take charge of those banks and reduce to cash the assets of the banks and immediately have a dividend declared, then the depositors would receive exactly the same relief that has been suggested by Mr. Traylor.

It is a matter of administration. The failure of expeditious and prompt declaration of dividends in case of insolvent banks is due to a lack of proper administration by that department of government having them under its control.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. BLAINE. I yield.

Mr. BORAH. The Senator has stated that insurance companies and country banks and others mentioned by him did not come before the committee and ask for this bill. Did the railroads?

Mr. BLAINE. The railroads did.

Mr. BORAH. From what source came the principal request for the bill?

Mr. BLAINE. From the large banks of the city of New York and the railroads.

Mr. BROOKHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. BLAINE. I yield.

Mr. BROOKHART. On that proposition, Mr. Bruere, the president of the Bowery Savings Bank—which is a mutual or cooperative bank, and, he claimed, the largest savings bank in all the world—came in and said they did not need this bill, and would not make use of it; and the president of the Metropolitan Life Insurance Co.—the largest insurance company, as he claimed, in the world—made a similar statement in reference to his company.

Mr. BLAINE. The Senator is correct. He was present at the time of the hearing.

Mr. NORRIS. Mr. President, that is the point I wanted to bring out. I understood the Senator to say that these insurance companies, for reasons which I think would be apparent to every one, did not want to appear before the committee, but privately, to members of the committee, expressed the opinion that they did not want to be named in the bill. Is that correct?

Mr. BLAINE. That is correct. I can say, so far as I know personally and as a member of the committee, that a representative of perhaps one of the largest insurance companies of the United States, an insurance company operating under the laws of the State of New York, came to my office. He introduced himself. I recognized him by name. He was an officer of the company, and he said he wanted to talk to somebody on the committee. He was unable to go before the committee. There was no insurance company representative who would go before the committee. They did not want to incur any difficulties; and he asked if it were not possible to have insurance companies taken out of this bill, and thereby at least assure the country, so far as that is giving assurance, that insurance companies are solvent during these times.

I understand, and I discussed the matter with him, that insurance companies operate on long-time contracts. They receive their daily premiums. Their investments are in long-time contracts. Their obligations do not heap upon them, unless some great natural catastrophe should destroy a whole section of the country where the policyholders reside, such as an earthquake or a great fire in several cities; and they are amply able to take care of all the demands that would legally be made upon them and remain solvent indefinitely. They are not asking for this.

Mr. BORAH. Mr. President, if it will not interrupt the Senator, I should like to pursue a little farther the matter which he was discussing a few minutes ago. I had understood that there was a very general demand for this legislation from all parts of the country. I understand from the Senator that the demand was confined almost entirely to a particular section of the country.

Mr. BLAINE. I will say to the Senator that as far as the hearings are concerned, as far as the witnesses who appeared were concerned, there was no case made out that there was any such emergency or any such crisis as would justify the enactment of this bill. I will say to the Senator by analogy that if the Government or the economic conditions were under indictment, the witnesses against that economic condition testified so feebly that a judge of intelligence would dismiss the case.

Mr. BARKLEY. Of course, Mr. President, in a prosecution, the defendant must be proved guilty beyond a reasonable doubt. That does not necessarily apply to legislation.

Mr. BLAINE. Mr. President, the witnesses testified expressly that they did not believe there would ever be much of a demand on this corporation; that they did not believe that very much money would be loaned. They testified that legislation was not going to do very much good. They testified that the sole purpose of this legislation was a psychological purpose, and I think no Senator who sat and listened to those witnesses will dispute that statement.

Mr. BROOKHART. Mr. President, on that proposition the general demand, if there was one, or anything that seemed like a general demand, was for the Traylor suggestion to take care of these closed banks; and for that purpose Mr. Traylor estimated that $500,000,000 would be required. Mr. Ogden Mills and Mr. Eugene Meyer both said that they could manage it by a bluff; that they would not need to put up any money; that the psychology would take care of it. As to this National Credit Corporation that has been formed, this $500,000,000 corporation, we had before us one fellow who knew about that, though we could not get the president. He testified that they had got subscriptions for the $500,000,000, but had not called any of the money, and not one dollar of that subscription had been paid in; that they had made $10,000,000 of loans, but that was all on borrowed money, and really that corporation had been nothing but a big bluff, to bluff psychology along in the right direction.

Mr. WAGNER. Mr. President——

Mr. BLAINE. I just want to call attention to the testimony of Mr. Ward, and then I will yield to the Senator from New York.

Mr. WAGNER. Very well.

Mr. BLAINE. Mr. Ward, president of the Irving Trust Co., of New York, testifying, said:

Mr. WARD. Counter-deflationary influence would at this time, in my opinion, be beneficial and helpful.

* * * * * * *

Senator FLETCHER. Do you think that the chief benefits under this measure will accrue to the banks?

Mr. WARD. Do you mean, Senator, to the commercial banks?

Senator FLETCHER. Yes; all banks.

Mr. WARD. No; I do not. I think under this measure that the chief benefits would come to the insurance companies, the savings banks, the building and loan associations, and to the railroads, and through them to the banks holding long-term securities. The commercial banks, generally speaking, are not very large holders of long-term securities.

So he limits the benefits largely to insurance companies, savings banks, building and loan associations, and the railroads; and yet not a single representative of a savings bank came before the committee asking this legislation. I have received not a single communication from a person interested in the savings banks asking for this legislation. Not a single representative of a building and loan association came before the committee asking for any such relief as here proposed. I have heard no word whatever from a single representative of any building and loan association.

Getting down to the specific things, in my opinion the proposal here is to undertake to peg railroad bonds. I think before I get through I shall be able at least to convince those who are willing to be convinced that we are engaging in an unsound proposition in any endeavor to peg prices or sustain the price of railroad stocks and bonds.

I now yield to the Senator from New York.

Mr. WAGNER. Mr. President, I was going to ask the Senator if it is not a fact that the presidents of two large insurance companies of this country, and also the president of the largest savings-bank institution in the world, did appear before the committee and urge the passage of this legislation?

Mr. BLAINE. Will the Senator name them?

Mr. WAGNER. Yes; Mr. Brainerd, of the Ætna Life Insurance Co.; Mr. Ecker, of the Metropolitan Life Insurance Co.; and Mr. Bruere, president of the Bowery Savings Bank.

Mr. BLAINE. Let us dispose first of the representatives of the life-insurance companies. They made no claim that the life-insurance companies desired the benefits of this act.

Mr. WAGNER. The Senator is quite right, except——

Mr. BLAINE. They made the claim that the bill ought to pass for other reasons.

Mr. WAGNER. Yes; that is true. If the Senator recalls, however, there was in the testimony of Mr. Brainerd this exception to that general statement: He did say that, because of the enonomic depression under which we are suffering now, the demands upon insurance companies for loans had exceeded any in the history of their particular companies, and that while thus far they have been able to meet these loans by the cash which is coming to the companies' offices, if the depression continued there would probably come a time when there would not be enough cash on hand to meet these loan demands. He said then the companies would be required to throw upon the market the securities which they now held, and their own tremendous loss upon these investments would further depress the market; and when that occasion arises, they thought that having this available source to secure loans would perhaps prevent that added catastrophe.

Mr. BLAINE. But their desire for the legislation was largely due to the fact that it would sustain railroad bonds.

Mr. WAGNER. The Senator is quite right.

Mr. BLAINE. There is not any question about that.

Mr. WHEELER. Mr. President——

Mr. BLAINE. Before I yield to the Senator——

Mr. WHEELER. I just want to make one suggestion.

Mr. BLAINE. I want to follow the Senator on Mr. Bruere. I said that no representative of the savings banks came asking for this legislation. I am absolutely correct in that statement literally.

Mr. WAGNER. The Senator did not understand me to dispute that statement?

Mr. BLAINE. No.

Mr. WAGNER. I said they favored the enactment of the legislation, however.

Mr. BLAINE. Let me read what Mr. Bruere said. After being introduced and making some comments. He said:

> We are not here because we are likely at the outset in view of the present situation to utilise the powers of the bill.
>
> • • • • • • •
>
> The savings banks in New York State at present are not in a position where they are seeking help.

I could go on through the testimony in confirmation of my statement.

Mr. WHEELER and other Senators addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. BLAINE. I yield to the Senator from Montana.

Mr. WHEELER. Mr. President, is not the reason why these banks are afraid they will not have the money to meet the emergency they have spoken of the fact that they have gone abroad and taken German bonds and South American bonds and unloaded them on the people of this country until they have taken so much money out of the country that they have not the money they otherwise would have to meet the emergency?

Mr. BLAINE. Mr. President, that may be an element, a factor, in the situation. But the fact is—and this is significant, in view of the Senator's suggestion—that the liquidity of our big banking institutions to-day stands from 35 to 90 per cent. That is no indication of lack of credit facilities, lack of cash. They are liquid to-day, perhaps in excess of their condition at any period prior to the time during which this bill has been discussed.

I want to pursue that just a little farther. What the banks contend, notwithstanding the liquidity of the large banks, is that in some mythical way, some unforeseen way, this liquidity which they now propose will finally trickle down to agriculture, to the unemployed, to the little business man. According to Doctor Laider, these big banks of which I have been speaking, constituting only 1 per cent of the banks in the country, control 99 per cent of the banking assets. To be accurate, I had my secretary call the Comptroller of the Currency on the day after this bill was reported to the Senate, and it was stated that on June 30, 1931, the total banking assets of the 22,071 banks in the United States were $70,209,149,000, of which $884,327,000 were in cash and $5,717,642,000 in Government securities. With these figures as a basis for calculations, we find that this 1 per cent of the banks, 220 banks, had in assets sixty-nine and a half billion dollars. The same 220 banks held in cash on June 30 last $875,000,000, and they held in United States bonds $5,660,000,000.

Mr. President, they have utterly refused to cooperate in changing the course of events. With liquidity sufficient, with assets sufficient, controlling the banking policy of the United States, why do they admit their failure? Why do they contend that they had a right to refuse? Their complaint now is that they are afraid of the small banker.

Mr. FLETCHER. Mr. President, will the Senator yield to me?

Mr. BLAINE. I yield.

Mr. FLETCHER. Referring to the situation regarding life-insurance companies, I call the Senator's attention to the statement, merely for the purpose of getting it accurately on the record, made by Mr. Ecker, president of the Metropolitan Life Insurance Co. He said:

> I am convinced that there is an emergency, and that the enactment of this legislation would be helpful for the purpose indicated. I think it would afford an opportunity for banks to secure relief, for building and loan associations, and other moneyed institutions, although, so far as the institution of life insurance is concerned, there has not yet developed any situation which would require aid of that character.

That is the testimony of Mr. Ecker. My recollection is I asked him the direct question whether he objected to including life-insurance companies in the bill, and he said that he did not.

Mr. BLAINE. I was not contending that he objected.

Mr. FLETCHER. Mr. Brainard, president of the Ætna Life Insurance Co., said, as appears on page 154 of the hearings:

> The interest of the insurance companies in this bill, as I see it, is more indirect than direct. I can quite agree with Mr. Ecker that at the moment I see no immediate need for a life-insurance company having to avail itself of the borrowing provision, although a situation might arise due to the tremendous payments for policy loans where it would be very helpful. The need for casualty and fire insurance companies is perhaps a little greater, but I see nothing imminent there. Personally I should prefer to leave that provision in the bill rather than to eliminate it.

I think both of those gentlemen testified there was an unusual demand for loans on policies.

Mr. BLAINE. But no witness testified that a single insurance company was unable to advance the moneys asked for by policyholders. As a matter of fact, the insurance companies make no pretense that there is an emergency in connection with their business, or that there is any necessity for this type of legislation for the protection of the insurance companies.

I suggested to the committee, Mr. President, that the mere suggestion of the possible insolvency, present or future, of insurance companies would defeat the very purpose of the insurance companies at the present time, which is to advance their business in soliciting additional policyholders. I am of opinion that that is exactly what the effect will be, that due to the fear which the committee has created, and which the Congress has created, and which the President has been creating, these insurance companies will be more endangered by the passage of this bill than by reason of any actual condition which now exists.

Mr. President, let us approach the attitude of these big banks. The National Credit Corporation was organized. If I am not mistaken, the President of the United States, or his spokesman, announced the organization of that corporation to the world, and much was claimed for it.

It was stated that it was going to relieve the present depression. Yet, according to the testimony before the committee—and I think the testimony varies a little bit—that credit corporation has extended not over $13,000,000

of credit. The purpose of the National Credit Corporation was identically the purpose designed under this bill for the Reconstruction Finance Corporation.

The same bankers were unwilling to risk their own funds, liquid as they were, and liquid as they are, in the hands of the National Credit Corporation, for the purpose of extending credit.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. Was it not the theory that this National Credit Corporation would, simply by its organization, bring into activity the same psychology which is attempted to be brought into existence by the passage of this measure?

Mr. BLAINE. Exactly the same.

Mr. NORRIS. The prosperity was not right around the corner in that case, and in this case, I suppose, we are going around a different corner.

Mr. BLAINE. The National Credit Corporation, through the big banks to which I have referred, had access to ample funds, access to ample credit.

Mr. President, I want to call attention also to the further fact that these 220 banks to a large extent are the directing agents of corporations of the United States. Substantially all of our industrial corporations are under the financial influence of these 220 banks, and 90 per cent of the manufactured products of the United States are produced by those corporations.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. BLACK. Is it not also true that while they control the manufactured products, they control also the natural resources of the country, in the main, the power, and coal, and steel, and copper?

Mr. BLAINE. Yes, I think it can be truly stated that members of these larger banks have become to a large extent the directors of utilities and industries. The time was when they were manipulating life-insurance companies.

Mr. WHEELER. They still are.

Mr. BLAINE. I presume they still are. But, at any rate, it is well known that the same bankers have gone far afield from banking, and have become, to a large extent, the industrial kings of the United States. Having control of these banks' liquid assets, having direct contact with industry, they absolutely refuse to come to the support of those industries under their wing through the National Credit Corporation. They now ask the American people to go down into their pockets to the tune of $2,000,000,000 to help out the big bankers, who are largely responsible for the financial condition.

I invite attention to the fact that the policies of the central banks everywhere are the policies of the associated private bankers, and the world's money and credit policies are bankers' policies. Our present condition, financial and monetary, can be laid at the door of those who control credit, finance, and currency, and yet we propose to place under their control, under their guardianship, $2,000,000,000 of the people's money.

The president of the National Credit Corporation to which we have referred, it has been demonstrated here this afternoon in the course of the debate, could not be found. If any communication was sent to him, no reply was made. He did not respond to the request of the committee, and so the committee was without the information that he might have given. Had we had the president of the National Credit Corporation before the committee we would have been able to examine into the details of the present situation concerning credits and currency. I think that implies something; I think it imputes to the National Credit Corporation and in turn to the big bankers the proposition that they want to unload certain securities which they hold upon the people of the United States through the Reconstruction Finance Corporation. Of course, it was to bolster confidence, it was to create a psychology, it was to take away fear, and as far as I have heard in the debate the only argument in favor of the bill has been that it will relieve fear, that it will create confidence, that it will develop a psychology, and thus do away with the long, long crisis of 10 years of falling prices which promises to continue for another 25 years unless we attack the problem from the standpoint of money and currency in connection with credit.

Mr. BLACK. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Alabama?

Mr. BLAINE. I yield.

Mr. BLACK. The Senator will recall that the only argument made some time ago for a certain reduction in taxes was the psychological effect. As I remember it, the senior Senator from Michigan [Mr. COUZENS] made a very excellent argument in favor of that reduction wholly on the ground of the psychological effect of a reduction in taxes. Many of us thought it might have a good psychological effect, along with other psychological propositions which had been asserted, but, so far as I have been able to discover, it is necessary to add to the psychology each session, and it is getting more and more expensive all the time.

Mr. BLAINE. Mr. President, I thank the Senator for his observation. Of course psychology is not going to furnish a mouthful of food and it is not going to furnish a day's work.

Let me pursue my discussion of this proposal a little further. With this legislation, if passed, goes the stamp of approval by Congress of past methods and practices. No changes whatever are proposed in the whole structure of our financial system and its institutions. Broad powers and tremendous resources are to be given to this corporation without a declaration of public policy other than what the gentlemen who shall have charge of the corporation shall declare. In other words, the Congress fails to point out the public policy designed by the bill, but turns it over to the organization without restriction and without suggestion.

The broad discretionary powers with which the board is empowered are commensurate, if you please—I do not like to call names, but let us be frank—with the policy of the Soviet and the Fascist governments. There is no doubt about the fact that we are paralleling the policy of Europe in placing labor and agriculture under the heels of the boots of bankers; in our case international bankers. The Senator from Montana [Mr. WHEELER] raised that very question. These bankers, as has been disclosed before the Finance Committee of the Senate, have been making their fortunes out of the sale of bonds of foreign governments. We propose to place agriculture, labor, and business under the heels of their boots and to place in the hands of this organization absolute dictatorial powers. What does that mean? It is within the powers of the directors of this corporation, through the allocation of loans, to dictate the policies of banks, to dictate the policies of railroads and industry, not only in connection with their own affairs but to dictate their policy respecting labor, organized and unorganized. Furthermore, it is to be within the power of this corporation either to promote or destroy industry or corporations at will, not according to the declared public policy or public purpose but according to the private purposes and private interests of a handful of dictators.

Mr. Mitchell, president of the National City Bank, and other big bankers testified before the La Follette committee that there was absolutely no justification for a national economic council. Yet, under the terms of this bill we shall be subjected not only to an economic dictatorship but also a dictatorship over credit facilities.

Let us examine some of the other purposes of the bill. Mr. Meyer testified that—

> The purpose of the bill, I think, is to bring the resources of the Nation through the Government into action on a scale large enough as to resources and with powers of an unusual character and adequate to really accomplish an important and desirable result.

Yet in his testimony he does not define what that result will be or can be. It is a general statement of opinion rather than a specific thing. In comparison with the War

Finance Corporation he stressed the aid to agriculture through loans to country banks, livestock associations, and cooperative marketing associations. He testified that there were loans made to 4,317 banks. Earlier in my remarks I called attention to the fact that during the administration of the War Finance Corporation, after its powers had been extended, there was a larger number of bank failures than there were banks which received loans; that 5,173 banks failed during that period and loans were granted to only 4,317 banks. Yet during all that period the continued deflation in agriculture was accelerated.

Let us examine into the operations of the War Finance Corporation, according to the testimony before the committee:

First. The peak of all loans was $200,000,000.

Second. The peak of loans to banks was $134,000,000; total to banks was only $172,000,000 during the 7-year period, 4 years of actual operation and 3 years when the corporation was going through the process of liquidation.

Total to livestock associations was only $60,000,000.

Total to cooperatives was only $40,000,000.

Peak to cooperatives was only $10,000,000.

Granting that the Reconstruction Finance Corporation may have a job of two to three times the magnitude of the War Finance Corporation, even such a job as this is not beyond the resources of the National Credit Corporation. The National Credit Corporation had an authorized capital stock of $500,000,000. Its loans on December 19—and if I am mistaken in this I want to be corrected—according to the testimony, were $10,000,000. The War Finance Corporation had a peak of loans of $200,000,000.

Mr. WALCOTT. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Connecticut?

Mr. BLAINE. Certainly.

Mr. WALCOTT. I hestitate to interrupt the Senator, but he asked for correction with reference to the National Credit Corporation. I have just had them on the telephone. Mr. Buckner is authority for the statement that their loans now aggregate just over $100,000,000.

Mr. BLAINE. It is strange that Mr. Buckner, the responsible officer of the corporation, did not come before the committee and there testify so we would have the official record.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BLAINE. Certainly.

Mr. McKELLAR. The Senator was speaking of Mr. Meyer's testimony. Did Mr. Meyer testify as to what time we are to have a return to prosperity if this bill passes? Did he fix a date?

Mr. BLAINE. Mr. Meyer was rather indefinite about the efficacy of the bill. Throughout his testimony it was largely a question of psychology. We have had psychology for 11 years, I submit, and during all that time prices have fallen, unemployment has increased, and bankruptcies and bank failures have multiplied.

Mr. McKELLAR. But this bill is to cure all those ills, and what I want to know is what time are we to be cured of our financial ills?

Mr. BLAINE. Well, we had the moratorium in June. It was designed to create a psychology that would cure our ills. Then we had the National Credit Corporation in October, which was to bring about a psychology that would cure all our ills. Now we have brought before us this $2,000,000,000 credit corporation, which through psychology is to cure all our ills.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. BLAINE. I yield.

Mr. LEWIS. May I ask the Senator in the presence of the chairman of the subcommittee, the Senator from Connecticut (Mr. WALCOTT), what he understands to be the meaning of ex officio member of this board, which phrase is contained in the bill?

Mr. BLAINE. I prefer not to be interrupted.

Mr. LEWIS. I thought the Senator was discussing Mr. Meyer as an ex officio member of the board.

Mr. BLAINE. Does the Senator ask me the question?

Mr. LEWIS. I take the liberty of doing so unless it involves a departure from the Senator's present discussion. If so, until he gets to it, I will not interrupt him.

Mr. BLAINE. If the Senator will do so, I prefer to pursue the subject I am now discussing.

Mr. LEWIS. I shall not interrupt the Senator. I thought he was referring to that matter.

Mr. BLAINE. If the National Credit Corporation were to receive the support of these 220 banks to which I have called attention it would have assets and the cash enumerated, and even though it increased the loans testified to before our committee ten times, $130,000,000, it would still have 60 per cent of its original subscription to place at the disposal of the railroads, or over $300,000,000.

I understand the testimony is that not over $134,000,000 of railroad bonds or short-term obligations will become due within the next few months.

Now, Mr. President, coming to the question of the attempt to "peg" the price of railroad bonds, I want to call attention to some very pertinent matters which I think ought to receive consideration. I think the testimony, or at least the information before me, is that the face value of railroad bonds outstanding is $10,700,000,000, in round numbers, and it is intended that we, through this corporation, shall lift, then peg, their prices. If so, we propose by this bill to ignore the 30,000,000 people who are directly engaged in agriculture; to ignore the seven or eight million people who are unemployed; to ignore the twenty or twenty-five million people dependent upon them; to ignore productive industry; by this bill to ignore all those undertakings that will create a larger purchasing power and greater ability to pay. We are undertaking to take care of what I characterized the other day as "dead horses"; moribund, unproductive securities, if you please. We are furnishing, under this bill, not a single mouthful of food and not a single day of employment.

Mr. Mills, Under Secretary of the Treasury, testified before the committee, when he was questioned respecting agricultural relief, in effect, that the Government would have difficulty in raising $1,000,000,000 for supporting agricultural prices. His direct testimony, as I recall, was that the Government could not raise the money, which was none other than saying that the big banks would boycott such a proposition by refusing to float the issue.

It has now become a matter of dictation from two sources: First, from the White House; second, from the large banking institutions. From the White House it was the policy to do nothing, a policy of keeping Congress from convening so that the banking interests and the business institutions might steer the ship. How have they steered the ship? Only into waters where there are greater dangers; and it is proposed now to place us under the command of the larger banking interests of the country that own 99 per cent of the banking assets of the country.

Of course the banks do not want the railroad corporations to take the bankruptcy course; they do not want as creditors, to take their losses. They want the entire burden to fall upon the debtor. It is simply the demand of the creditor not to share any losses whatsoever in this downward swing of the cycle.

Mr. President, let us examine into business and agriculture and unemployment. Doctor Leiserson, a noted economist of Antioch College, Ohio, of which the distinguished Senator from Ohio [Mr. FESS] once was president, said this:

> In 1930, for example, while the workers' earnings were reduced $10,000,000,000, the payments made by business corporations in interest on bonds and dividends on stocks actually increased by $600,000,000. Interest payments were $200,000,000 greater and dividends $400,000,000 greater than in the preceding prosperous year. We are now in the second year of the depression, and, while our paymasters have found it necessary to reduce wage payments 40 per cent, they have managed to increase interest payments for the first nine months of the year (1931) almost

$150,000,000 over the corresponding months of last year, and $350,000,000 over the same months in 1929. Dividend payments have declined this year to some extent. Up to and including September—

This was in 1931—

Total dividends paid were $100,000,000 less than for the same period in 1930, but they were still $300,000,000 more than the dividends paid at the height of prosperity in 1929.

That does not indicate any great depression in industry so far as the receipt of interest and dividends is concerned.

Let me call attention also to the fact that industry has not taken the depreciation that agriculture, labor, and the ordinary business man have taken during this crisis.

R. L. Barnum, whom I understand to be a reputable and able writer and economist, has prepared a table, including 14 of the leading industrial corporations, wherein he has made proper allowances for stock split ups, stock dividends, and other devices that easily obscure long-range comparison. I will not read all the table, but I will ask that it be made a part of the RECORD. I will refer, however, to the fact that the price of the stock of the American Can Co. at the low point in 1921 was 23.5; in October, 1931, adjusted to the 1921 basis, it was 461. The price of the stock of the Du Pont Co. at the low point in 1921 was 105; on October 31 it was 500. In the case of General Motors, the low point in the price of its stock in 1921 was 9.38; in October, 1931, it was 50.75.

I now ask that the table may be inserted in the RECORD.

The PRESIDENT pro tempore. Without objection, the table will be printed in the RECORD.

The table referred to is as follows:

Stock	Price at low point in 1921	Price October, 1931 (adjusted to the 1921 basis)
American Can Co	23.5	461
Air Reduction	30	195.75
American Tobacco ("B")	110	353
American Water Works	4	340
Commercial Solvents	15	197.5
Consolidated Gas	77.5	197.5
Du Pont	105	500
General Electric	109.5	528
General Motors	9.38	50.75
United States Steel, common	70.25	104.75
Woolworth	105	750
National Biscuit	102	660
Union Carbide	40.5	114
Nash Motors	70	1,140

Mr. BLAINE. I have made a computation which I have indicated on a card, showing by relative percentages the price of the stocks on October, 1931, and the low point in 1921. Take, for instance, the stock of the American Can Co. It is 1,961 per cent above the low price of 1921.

So representative industrial stocks are still much higher than they were in 1921. Few of them have gone to the low point of 1921, whereas all of the 14 to which I call especial attention have increased enormously in percentage, thus indicating that they have not taken the fall in prices as have agriculture, labor, and the smaller business man.

I ask that that card may be made a part of the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

Figures show the relative percentage of price of these stocks in October, 1931, over low point in 1921

	Per cent
American Can	1,961.70
Air Reduction	652.50
American Tobacco	320.909
American Water Works	8,500.00
Commercial Solvents	1,316.66
Consolidated Gas	254.83
Du Pont	476.19
General Electric	482.19
General Motors	541.04
United States Steeel, common	149.11
Woolworth	714.28
National Biscuit	647.05
Union Carbide	281.48
Nash Motors	1,628.57

Mr. BLAINE. I call attention also to a list of dividends actually paid during the first half of 1931 compared with the first six months of 1930. This is taking industry and business by categories.

Banks and insurance companies in the first half of 1931 received dividends of $227,000,000, in round numbers, as compared with only $132,000,000 in the first half of 1930—almost $100,000,000 more than the first half of 1930.

Public utilities have received far in excess in dividends the first half of 1931 over the first half of 1930.

These figures give an accurate picture of how various lines of industry have weathered the depression in general trade starting in October, 1929. While the number of bank failures has reached a high record, nevertheless it appears that the banks, despite the trade depression, the many failures, and the existing low interest rates for money, have fared mighty well.

I give for my authority an article written by the financial writer, Mr. Barnum, published in the Milwaukee Journal July 5, 1931:

List of dividends actually paid during the first half of 1931 compared with the first six months of 1930

	1931	1930
Banks and insurance companies	$227,380,000	$132,880,000
Chain stores	51,663,000	59,222,000
Coppers	49,349,000	116,431,000
Department stores	14,067,000	16,138,000
Food, packing	105,917,000	125,510,000
Mail order	7,118,000	14,321,000
Motors	62,367,000	113,765,000
Motor equipment	27,884,000	35,501,000
Oils	167,600,000	239,935,000
Public utilities	624,765,000	495,909,000
Railroads	264,172,000	280,547,000
Railways equipment	28,844,000	32,833,000
Steels	78,544,000	100,061,000
Tobaccos	55,375,000	41,060,000
Miscellaneous	619,394,000	658,958,000

The tobacco companies, in the face of the widespread warfare in price cutting, have been able to treat their shareholders better. It is plain, too, that public-service companies have been going ahead piling up earnings in the face of the worst period of trade depression in history.

What is the lack of confidence to-day? It is not a lack of confidence in the ability of the farmer to feed the country, or in the ability of the workers to turn out our commodities. It is a lack of confidence on the part of the general public in the ability of the bankers to direct our industries with private profit as their goal. The fear lies in the fact that the public has lost confidence in the ability of the bankers to carry on.

Does that mean, Mr. President, that Congress is to give $2,000,000,000 over to organizations who have so shamefully and utterly failed us in the crisis for the past 11 years? If so, it will not be with my support.

Now, let us turn to agriculture. I want to demonstrate conclusively the extent to which these various interests have accepted their losses.

According to the Bureau of the Census, agriculture has taken a loss of $20,000,000,000 in land values—a loss, Mr. President, in excess of the total true valuation of the railroads. The farmers have taken a loss in their equipment of nearly $300,000,000. In addition to these losses, measured by dollars and cents, they have taken a loss of six and a half million horses, 12,000,000 cattle, 25,000,000 hogs. They have taken a loss in their incomes.

I want to call attention again to the régime of Mr. Meyer, when he was administering the War Finance Corporation, which he claimed did so much for agriculture. I want to call attention to the fact that the Federal Government, in its reports on crops and markets published by the United States Department of Agriculture, points out that in the first two years of the operation of the War Finance Corporation after its reorganization, the result was 4.2 per cent below zero by way of earnings for the farmer—not a single penny of profit but a loss of 4.2 per cent.

In 1921 and 1922 that loss was not quite so great. It was represented by a minus of 2.3 per cent.

There was no profit until 1923, when that profit was only 1.2 per cent.

So agriculture took its loss during a part of the term of the operation of the War Finance Corporation; and yet Mr. Meyer had the temerity to come before the committee and claim that the advancement of loans to the banks had been of great aid to agriculture; that the advancement of loans for livestock associations and cooperatives had been of great value to agriculture, although agriculture during those years actually did not receive any profit whatever. Agriculture paid operating expenses, if you please, out of capital assets of agriculture.

Now, let me pursue this just a little further.

The bankers do not want the railroad companies to take the course of bankruptcy. They propose, under this bill, to come to the support of the railroads. I am not advocating that we should drag the railroads down, or that we should drag industry down, or drag the banking interests down, or drag any other group down. I should like to see all groups raised to the level of justice if that were possible by law. I want to call attention to the fact, however, that it is uneconomic, that it is unsound to undertake to bolster up any industry when the progress of the times points clearly to the fact that industry to-day is capitalized far in excess of its value under present price level.

The value of railroad corporations depends upon the anticipated return of railroads. It does not depend upon the valuation found by the Interstate Commerce Commission. So far as bonds are concerned on the stock market or among the public, the value of those bonds depends upon the prospective returns. Now, let us see what the prospective returns of railroads can be or may be.

Railroad bonds to-day are highly speculative, and any attempt to peg the price of railroad bonds is certainly unsound. Let us examine into this for a few moments.

Many of the railroads, or their divisions, a large number of miles of their trackage, have become absolutely obsolete. That mileage of railroads is comparable with the old Potomac Canal—no longer used or useful. That tendency is bound to accelerate. The Federal Government has been engaged in promoting the development of highways that will carry heavier loads, larger trucks, passenger busses with increased capacity; and so we have brought into competition with the railroads the trucks and the busses, the one for the conveyance of freight, the other for the transportation of passengers.

Then we are engaged upon a large program for the development of waterways, coastal waterways, inland waterways, and transportation upon the Great Lakes. I call attention to the fact that the tonnage of transportation upon the Great Lakes is 40 per cent of the total water tonnage of the United States. The coal from the docks on Lake Erie to the Northwest, and in turn the iron ore on the return voyage—all of that is now transported by water instead of by rail, or at least the rail transportation is only for a comparatively short distance as compared with the water transportation. The development of the Mississippi River, making it navigable, is a further tendency, a pressure against the railroads. The development of the airplane for long-distance travel, quick travel, is a possibility that will become highly developed. There is no end to the possibility of transportation by airways.

Then there are the pipe lines transporting oil, the pipe lines transporting gas, which at some great distance is transformed into power, substituting for coal. There is electrical development, the generation of electricity at the mouth of the mine, transporting that energy hundreds of miles in place of coal.

Let me call attention to the fact that west of the Great Lakes there are three great parallel railway transportation lines, the Great Northern, the Northern Pacific, the Chicago, Milwaukee & St. Paul, and another railroad in Canada, closely paralleling them, all of them suffering from the deflation in transportation of freight and passengers. The same applies to the East, the same to the South, and the same to the Southwest. Economic pressure against railroads is going on at a rapid pace, all of which, I point out, is bound to depreciate the value of railroad securities.

Then, sir, why should the Government of the United States be asked to take out of the Public Treasury possibly $2,000,000,000 to support institutions which are, in the very nature of things, bound to depreciate because of the factors I have pointed out?

Mr. President, I repeat that the $10,700,000,000 of railroad bonds in existence to-day is probably the entire value of all our railroad systems under the present price level.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. BLACK. I ask the Senator whether he does not think it would be analogous to attempt to lend money to all the wholesale grocers of the United States? A great many of them are in difficulties by reason of a new kind of competition, and perhaps in order to keep all the wholesale grocers in operation throughout the country it would be necessary for the Government to come in and supply the money to trade.

Mr. BLAINE. Including the chain stores?

Mr. BLACK. Of course, we would tax the chain stores in order to supply the money, just as here it is proposed that we tax trucks to maintain the railroads. If the Government is going into the business of supporting all industries which are meeting with new kinds of competition, personally I can not see why we should not take care of all of them out of the public Treasury and tax every individual in the country to keep them going.

Mr. BLAINE. Mr. President, pursuing this question of railroad securities, let us consider this angle: By what method are railroad values to be written down? I warn Congress now that the value of railroad bonds can not be pegged any more than the value of wheat can be pegged, and with less probability, for the reasons I have pointed out.

The railroad values must be written down by the process that is going on, a depreciation in capitalization, or we will have to impose a tremendous burden upon industry and agriculture to sustain a return upon the alleged railroad values.

Mr. President, is the Congress willing to impose that burden upon the taxpayers of this country? Is Congress willing to impose that burden upon the shippers of freight, on agriculture, on industry? Whenever a freight rate or a passenger fare is increased it affects every man, woman, and child in the United States.

Agriculture has taken its capital-value loss plus an accelerated loss in net income on lower values. Can we, under those circumstances, boost the value of railroad securities without imposing additional burdens upon industry and agriculture? That is what is proposed to be done.

Of course, I think it is as plain as the noonday sun that the whole purpose of this bill is to bolster and support the stock exchanges on the theory that the rise in stocks will mean an advance in price levels. That will be a fictitious rise in stocks. The Federal Government is not strong enough to support the stock market. The Federal Government is not strong enough, because it is only as strong as the capacity of the people to pay in taxes. But let me call attention to the law of trade, that a rise in stocks, when substantial, will occur only when there is evidence of prospective increased returns from industry and agriculture. There can not be a permanent rise in stocks until there is a prospect of increased returns from industry, transportation, and agriculture.

We are faced with threatened increases in freight rates. As I recall, only recently the Supreme Court of the United States indicated that it might be necessary to increase the rates on agricultural products over and above those proposed by the recent order of the Interstate Commerce Commission.

Mr. President, the dilemma in which we find ourselves is this, a lack of purchasing power, a lack of ability to pay, to pay obligations and to pay taxes; and I want to examine into that. Before doing so I want to submit some evidence in support of my contention that there has been and is

potentially sufficient bank credit at the command of our banking system if they only resolve to use it. I have in my hand page 608 of the Federal Reserve Bulletin, which indicates that reserve-bank credit in 1931 rose from less than $1,000,000,000 in September to over $2,200,000,000 by the end of October, and this increase came, mind you, not from increased business activity but from a sorely pressed period of business.

The National City Bank, in its bulletin of January, 1932, makes this statement, and I refer to page 3 of the bulletin:

> The contraction of credit and decline of prices in this country since 1929 has not been due to incapacity for credit expansion but to a disastrous reaction from an excessive use of credit in previous years.

There is a big bank setting forth testimony contrary to every theory that has been promulgated in support of this bill, stating that there has not been a lack of credit facilities since 1929, and as a matter of fact the disastrous reaction, according to this authority, has been due to an abusive use of credit. Is not that the very danger which confronts us in the passage of this measure?

I want to quote from the Standard Trade and Securities Bulletin of December 28, 1931; and this is a conservative organization; this is not a Bolsheviki organization, but an organization which furnishes statistical information to the conservative business men of this country, and is regarded as thoroughly reliable and accurate. Let us see what they say:

> Arbitrary attempts to arrest the course of deflation have served only to lengthen the process and delay natural revival.

The Senator from Connecticut, in his statement the other day in answer to an inquiry I put to him, stated that this bill was designed as counterdeflation.

What does this organization further say?—

> Unless recourse is had to rabid inflation, the coming year will witness increasing recognition of the uselessness of such measures and the necessity of budget balancing among individuals, industrial units, municipalities, and the State and Federal Governments.

In other words, that attempts of this kind for counterdeflation serve only to lengthen the period of our misery and our agony unless we go to the heart of the matter.

My colleagues no doubt receive the bulletins issued from time to time by members of the New York and Chicago Stock Exchanges with reference to investments.

I find that one of the responsible members, or at least so reputed to be, and I have no doubt is—Frazier Jelke & Co.—in its October bulletin said:

> The outstanding cause of the business demoralization is the unprecedented burden of international, national, Federal, State, municipal, corporate, private, and personal debt, the repayment of which has been made increasingly difficult by the continuous decline in commodity price levels.

I observe from a cartoon sent to me the other day an illustration of this principle. Agriculture is depicted taking a dollar from the bank in the form of a loan 8 or 10 years ago, while to-day, in order to pay the bank that dollar which it received, it is marching three dollars back to the bank. Loans were made upon inflated values and debtors given a cheap dollar now are faced with the possibility of supplying a dear dollar in the same number as they received of the cheap dollar. It can be put in no better language than the language of Mr. Macaulay, president of the Sun Life Insurance Co. of Canada, in a statement furnished by the Wall Street Journal. He explains that it is not a question of surplus production, not at all. In that article, in June, 1931, he said:

> A drop in the price of any one, two, or three articles may be explained by overproduction, but when the drop applies to all commodities a general cause must be sought.

Doctor Commons said practically the same thing that Mr. Macaulay said:

> There can be one explanation, a change in the value of the dollar itself. The dollar is the measure for value precisely as the acre is the measure for land and the ton for weight. If the dollar measure means one thing to-day, something different in six months, something entirely different again in five years, then business has no enduring foundation; it is built on shifting sand.

The other authority from which I was quoting puts the proposition in this way:

> Suddenly debtors discovered that they had borrowed dollars, pounds, francs, marks, and guilders during the war madness at a time when money carried a subnormal purchasing power. As the loans became due they would be payable in currency units with a much enlarged buying power; it took more bushels of grain, a larger number of acres of land, more days of labor, and more years of reduced profits to retire the loans than had been anticipated at the time the borrowing was arranged. Very much more gradually lenders now are coming to the sad realization that many claims, particularly against foreign private and government borrowers, are not worth their face value.

Mr. Macaulay, in a more specific illustration, states the case thus:

> According to official statistics—
>
> Speaking now back in last June—
>
> the average commodity price to-day is but 75 per cent of the corresponding average for the years 1922–1929. To be conservative, we shall say 80 per cent. In other words, for commodity purchases, 80 cents to-day is the equivalent of $1 formerly, and $1 to-day equal to $1.25 formerly.
>
> Let us note how this change affects debtors and creditors. All amounts owing on bonds and mortgages and all interest and taxes must be paid in currency worth at least 25 per cent more than formerly. This adds 25 per cent to the weight of all debts. Twenty-five per cent more of the products of farm and factory must be used to meet these obligations. It enriches the creditor classes and impoverishes all others.
>
> On industrial corporations the effect is particularly severe. These have to sell their products at but 75 per cent or 80 per cent of the prices they formerly obtained, and yet must pay not only their bonds and interest, but also the wages of their employees in currency worth 25 per cent more in purchasing power.

Mr. President, to me it is obvious that the struggle is between the debtor and the creditor, between the tenant and the landlord, between the taxpayer and the tax gatherer. The bill now before us does not face that issue. It makes no attempt to face that issue. The tendency under this bill will be to accelerate the spread between the debtor and the creditor, between the taxpayer and the tax gatherer. We can not create value out of the purchase of securities of institutions which are near the point of insolvency.

If we are going to attack this proposition not only for a permanent cure, but as well for an emergency cure, if we are going to come out of this crisis within a reasonable time, we will have to adopt other measures than those proposed by the bill. If we want to go through the agonizing process of borrowing, supporting industry, supporting agriculture by loans, pushing the interest burden higher and higher, perhaps in the course of 25 years of grief, years of agony, years of distress, years of unemployment, with hopes raised and then the hopes so promoted dashed again and again to lower depths, the working man, the business man, the agricultural worker, shall be thrust into a greater depression than is now upon us.

Mr. President, I say the President's administrative officers and Congress may cackle and babble about frozen assets, but so long as we permit the dollar valued in terms of gold as fixed now by law to control our lives and our industry, just so long will we permit the purchasing power of the dollar expressed in terms of wholesale prices to go upward, upward, and upward, as indicated by the heavy line upon the chart to which I invite attention. The dollar expressed in terms of gold is going to unknown heights.

Mr. President, we can not go on with these makeshifts very long before we reach the point of repudiation. I am opposed to that. There is no necessity for governments or individuals to repudiate. I believe in the payment of every debt justly contracted. But I do not believe that that payment should be made in coin of any different value than the coin received when the obligation was entered into. I am opposed to repudiation. I am opposed to the tendency toward repudiation involved in the bill. Repudiation, of course, may be necessary, but I am opposed to driving this Nation and our people to that necessity.

So, Mr. President, the contest being one between the debtor and the creditor, the tenant and the landlord, the taxpayer and the tax gatherer, I am willing to meet that contest fairly and squarely and to say to the creditor, to the landlord, and to the tax gather, "You shall have your pay according to

the terms agreed upon, but in dollars on a parity with the dollars at the time of the obligation, measured by purchasing power."

Mr. President, with these enormous bond obligations, seventeen and one-half billion dollars of the Federal Government, $2,000,000,000 of a deficit existing in the public Treasury, ten or twelve billions of a debt upon transportation, from twelve to fourteen billion dollars of a debt upon agriculture, and in addition to that all the States, counties, towns, cities, and villages burdened with tremendous obligations, then upon that the private debts, I assert that there is not sufficient strength and power of muscle or endeavor to discharge these enormous obligations on the basis of the dollar measured in terms of gold—a dollar which no debtor ever received but a dollar now demanded of him far in excess of that for which he gave his obligation.

So I say, Mr. President, that, if the executive department has not the courage, if those charged with the administration of the Federal Reserve Board have not the courage, then I, for one, insist that the Congress exercise its power in adjusting the inequality between debtor and creditor, and in its failure so to do, then, Mr. President, I can not follow along the road to such repudiation as this bill points the way.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio [Mr. BULKLEY] to the amendment reported by the committee.

Mr. COPELAND obtained the floor.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Alabama?

Mr. COPELAND. I yield.

Mr. BLACK. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from New York yield for that purpose?

Mr. COPELAND. What I desire to say, Mr. President, I really should like to say to some Members of the Senate who are not now present.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Pittman
Austin	Cutting	Jones	Reed
Bailey	Dale	Kean	Robinson, Ark.
Barbour	Davis	Kendrick	Robinson, Ind.
Barkley	Dill	Keyes	Sheppard
Bingham	Fess	King	Shortridge
Black	Fletcher	La Follette	Smith
Blaine	Frazier	Lewis	Smoot
Borah	George	Logan	Steiwer
Bratton	Glass	McGill	Thomas, Idaho
Brookhart	Glenn	McKellar	Thomas, Okla.
Bulkley	Goldsborough	McNary	Trammell
Bulow	Gore	Metcalf	Tydings
Byrnes	Hale	Morrison	Vandenberg
Capper	Harris	Moses	Wagner
Caraway	Harrison	Neely	Walcott
Carey	Hatfield	Norbeck	Walsh, Mont.
Connally	Hawes	Norris	Waterman
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Oddie	Wheeler
Costigan	Hull	Patterson	White

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

Mr. COPELAND. Mr. President, I realize that there is an amendment pending. I had hoped that might be disposed of so that at this moment the amendment I offered on Saturday evening might be considered.

However, I desire to call the attention of the Senate to this particular amendment. I ask that it may be read from the desk in order that Senators may know the purpose and objective of what I have to say.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read the amendment.

The LEGISLATIVE CLERK. On page 23, after line 8, it is proposed to insert the following:

Within the foregoing limitations of this section, the corporation may also make loans to a municipality to aid in temporary financing, when, in the opinion of the board of directors of the corporation, such municipality is unable to obtain funds upon reasonable terms through banking channels or from the general public and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith.

Mr. COPELAND. Mr. President, the pending bill is a recognition of the terrific pressure on the financial institutions of the country. The title of the bill reads, "To provide emergency financing facilities for banks and other financial institutions, and for other purposes." There are no institutions in this country that have suffered more or are suffering more than the municipalities. Everyone is familiar with the reports which have gone out from various cities regarding the difficulties experienced by their fiscal officers in obtaining the funds necessary to carry on municipal operations.

The President and the administration and all others in high place have said that each community should take care of its own poor; that in the relief of unemployment it is the duty of the locality to provide relief.

There is no community which is more greatly distressed than my own city—the city of New York. Those of you who heard the telegram from the mayor read here on Saturday evening, or who have read it in the RECORD, realize what a terrible state of affairs exists. Bear in mind that we have 800,000 unemployed men and women in New York City.

Mr. President, I feel so seriously on this subject that I wish there might be general attention given to my words. We are in great distress in New York. I never spoke in more serious vein than on this occasion. I am anxious that Senators may do me the honor of listening patiently. If I am uninterrupted, as I hope to be, I hope to finish what I have to say in 20 or 25 minutes.

We have 100,000 heads of families in New York without work. Every Democrat, certainly, heard Governor Smith at our dinner the other night tell about the conditions of unemployment in New York. I think probably half of the Republicans in the Senate were listening at the radio, and they heard, too. He recited, as the mayor has in his telegram, that our kind-hearted citizens have privately subscribed $20,000,000—an enormous sum. Various philanthropic organizations have subscribed liberally; but in spite of these tremendous amounts not half those in need of food are getting it. The mayor has told us in eloquent words how the situation really is.

These facts were well known to our city government. Without a dissenting vote the appropriating body set aside another $20,000,000 to use for the relief of those in need of food and shelter and clothing.

Mr. President, we are not prepared in New York City, any more than is anybody in the country prepared, on short notice, no matter how rich he may be, to provide $20,000,000. We make up our city budget in New York early in the fall. When any emergency arises, like imminent danger to the public health, or a great calamity of any sort, or when, as in this case, a problem such as unemployment presents itself, we issue short-term notes or corporate stock, securities which are taken over by the banks. The money is supplied to the city, and then when the next budget is made up provision is made for the cancellation of the notes and for some permanent disposition of the appropriation.

Nobody doubted that the twenty millions we needed would be supplied at once by the banks. When the comptroller of the city asked the banks for this money, to his amazement and distress he found it impossible to get the money—twenty millions. An exorbitant interest rate was proposed; and these banks and bankers appeared to play politics with human misery in order that they might bring money into the coffers of the banks.

When the comptroller and the officials discovered the attitude of the banks a conference was held in the comptroller's office last Friday. The banks represented in that conference were J. P. Morgan & Co., Kuhn, Loeb & Co., the Chase National Bank, the National City Bank, the Guaranty Trust Co., the First National Bank of New York, the Bankers Trust Co., and the Bank of Manhattan Trust Co. This information I gained from the New York Times of Saturday, January 9.

Mr. President, I want Senators to learn what happened in this conference, and I quote this language from the New York American of January 10:

Behind closed doors of Comptroller Berry's office in the Municipal Building the bankers are reported to have bluntly told the mayor they will not willingly lend the city one dollar unless it makes certain changes, of their choosing, in its financial policy. One of the city's leading bankers is declared to have said—

According to this paper, this is a quotation—

"I don't know whether we will lend you any money. We are not under obligation to lend you a penny. We are not satisfied with the administration's policy in regard to transportation, and when I say transportation I mean rapid transit."

Mr. President, I want to quote a little bit more, because I want the Senate to have a picture of the situation in New York City, showing what the paper indicates to be the outrageous and inexcusable attitude of the bankers of New York toward human misery. These bankers know the dire necessity of the city. Yet they seek to take possession of the policies of the city government and to dictate at this time a change in the transit rate, the street-car rate in New York City. This they do, of course, in order that greater profits may come from the privately owned stocks and bonds of the privately owned transit lines—the same transit lines which operate the publicly owned subway system of New York.

I do not know how much of detail I should give you, but I want you to have the picture.

The city of New York has spent six or seven hundred million dollars in building a subway system. You will recall the geography and topography of New York City—a great, long, narrow strip of land; business at the lower end of the island; the people living on the northern part of the island or in the Bronx or across the river on Long Island. The distances traveled by the workers, those engaged in the factories and those engaged in the offices, are very great; and there is no matter of public interest in my city so vital to every family as the question of transportation and the cheapness of transportation.

Years ago—it was about the time I went myself to live in New York—I attended a dinner given to Mayor Gaynor. With great enthusiasm it was reported to the city and to the public that a contract had been entered into by which these publicly built subways should be operated under the terms of a contract which would forever and ever provide a 5-cent fare.

Since that time great changes have taken place in New York and in the means of transportation, just exactly as in the city of Washington. The taxicabs and the busses have absorbed a lot of the surface travel, the short-distance travel of the people. The same state of affairs has happened there. The surface lines and the elevated structures in New York City are owned by the Interboro and the Brooklyn Rapid Transit, and those same concerns, as I said before, operate the subway. While the subway is very profitable, yet in spite of that they do not make money enough out of it to pay the large returns they would like to have on the privately owned surface lines and elevated lines. In consequence, for a long time there has been a struggle to force the city into the position of abrogating that old contract and permitting a double charge to be made—a 10-cent fare instead of 5.

See what that means. It means an additional charge upon the people of the city of New York of $50,000,000 a year. That is what it means. Take a family in the Bronx, where the father works, three or four children work, and others go to school, perhaps four or five riding every day on the subway. If, instead of a 5-cent fare, they pay a 10-cent fare, it means 50 cents a day more for that family to pay for transportation.

Bear this in mind, Senators: You think about New York City as a rich city. You think about its wealth. You never think about its poverty. We have in the public schools of New York City a million school children, and 750,000 of those school children live in the tenements. It is a matter of great concern to us whether we have a 5-cent fare for the tenement dwellers or whether they are to be forced to pay 10 cents in fare.

Mr. SMITH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from South Carolina?

Mr. COPELAND. I do.

Mr. SMITH. What revenue does the city derive from the operation of these rapid-transit companies?

Mr. COPELAND. The city itself has not derived much revenue—very little revenue.

Mr. SMITH. What connection does the banking business, or the negotiability of the obligations of the city, bear to the revenue that it gets from these companies? In other words, did the bankers have a reasonable ground to fear that the city could not meet its obligations on account of the low fare on the lines of these transportation companies?

Mr. COPELAND. I shall answer that question within a few minutes. I think every question that can possibly be answered will be dealt with if I may be permitted to go forward.

I wish at this moment to point out the significance of this present agitation in New York upon stocks and bonds of these privately owned corporations. I quote now from the Herald Tribune of Saturday:

The reaction of Wall Street to reports of the negotiations was shown strikingly in the fact that transit securities—

That is, privately owned stocks—

improved materially while other city securities suffered slight declines. On the basis of the possibility of an increased fare, Interborough stock moved up 1½ points to 8, an increase of more than 20 per cent, while Brooklyn-Manhattan Transit common and preferred advanced from 1 to 3 points. The turnover in bonds of the two systems spurted substantially, with advances of 2 to 3 points in price.

That is the beginning of what the bankers want. They hold these privately owned transit-line securities. If they can force the city of New York to a 10-cent fare, these transit-line stocks will go nobody knows how high.

Let me tell about those, since I have been diverted from my thought.

Mr. TYDINGS. Mr. President, the Senator said a moment ago that a 10-cent fare would cost the city of New York $50,000,000.

Mr. COPELAND. I mean the citizens of New York.

Mr. TYDINGS. Does the Senator mean that each cent would be equivalent to $10,000,000 of increase?

Mr. COPELAND. Yes.

Mr. TYDINGS. In other words, it costs $50,000,000 now at 5 cents, and if the fare were 10 cents it would cost a hundred million?

Mr. COPELAND. Yes. Arthur Brisbane, in his column yesterday, said this:

Home affairs are equally amusing. New York bankers that have scattered American billions all over Europe and South and Central America, dissipating the savings of thousands of Americans, now refuse to lend even a few millions to the city of New York for needed improvements unless the banks may dictate New York's policy and management.

Delightfully humorous is the suggestion that the banks will, perhaps, lend money if the city will increase street-car fares.

The public-spirited proposition would be to take fifty millions a year out of the working people in increased fare, balancing the budget nicely, and yielding good profits to the Street Car Trust and financiers that control it.

Finance does not show its usual intelligence in this matter. It is not wise to irritate the little people too much. They have a way of replying. Ask Europe.

Now, Senators, let me go on in the order in which I have the matter laid out for your information. I want Senators to know a little more about that conference the other day. I think if reports are correct, that it was one of the most outrageous gatherings ever brought together anywhere. The bankers appear to seek control of the policy of a community like ours! I have heard Senators from the South and West talk about the relation of bankers to their problems. I think I have never had brought home to me so forcibly, as in the last two or three days, the efforts of the bankers to control our policies as a people.

Mr. KING. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.





Mr. KING. I would like to ask the Senator what the attitude of the public press of New York City, the great metropolitan journals, is? Do they support that policy of the banks?

Mr. COPELAND. I have noticed, in the years that I have lived in New York, that whenever you drive a nail into the boiler of the Interborough, the steam comes out of some of the newspaper offices! There are many people in New York in high place, and in newspaper positions, who would wish to have these great corporations which control the utilities of my city get a higher return on their investment.

What is their investment? They have included in their equipment charges—speaking, now, about the privately owned lines of New York—everything that has been purchased since the War between the States. They have horse collars and harness which they used to put on the horses drawing their cars included in the assets of the company. Is the stock watered? Yes. It is outrageous. But if they can drive us into a 10-cent fare they can draw interest on their dead horses.

The bankers do not refuse to accept the bonds and securities of the city because they are not good. The Senator from South Carolina [Mr. SMITH] will be interested in this. There is no question on the part of the bankers as to the security offered by the city. In the conversation to which I have referred, one of these bankers said—and I quote from the newspaper the language:

> The fact is, no one is buying bonds. If they were, I am sure they would buy New York City's bonds in preference to any others.

There is no question about the money being available. Some one may ask that. Mr. Insull wanted some money; he went to New York last Saturday and got $50,000,000 on short-term notes. There is no trouble about the money being there. But the bankers see an opportunity to squeeze New York and to force that city into an increased fare in order that they may be benefited.

The mayor of my city, Mr. Walker, sent to us a vigorous telegram of protest. I want Senators to hear what he said in this conference. I read:

> I want to know something. What is the matter with your banks? Are you going on the rocks or are you going to stay in business?
>
> You men come here and tell us that the credit of New York City is better than any other municipality in the country. I want you to tell me—and tell me now—why you bankers won't lend this city any money? You have money to lend to cities abroad; to corporations, both here and abroad; to foreign countries. Just tell me why you won't lend New York City, with the best security in the world, the money it needs, as you have been doing for the past 40 years. What is the reason?

This is the reply of one of the bankers, according to this paper:

> I'll answer that. I want you to know, Mr. Mayor, we are under no obligations to lend the city anything.

Then the mayor said:

> All right; you haven't any obligation to this city. And when we stop feeding 30,000 widows and orphans because you won't lend us any money I am going to tell them that we can't go on feeding them because the banks that have no obligation to the city have refused to lend the city any money.

One of the bankerr tried to speak, but the mayor stopped him, saying:

> Wait a minute. I haven't finished. We will stop all these public works and improvements, the way you want us to. But when the thousands of men who are thrown out of work want to know why, I am going to tell them it is because the banks, who owe no obligation to the city, won't lend the money to go on paying them.

He was interrupted by the banker.

> Wait a minute. We are not asking you to stop your relief work nor your necessary public improvements. But we do believe that public works should be made to pay for themselves. What I am talking about is your transportation program—and when I say transportation I mean rapid transit.

The mayor then said:

> You mean you want to see the 5-cent fare—

The banker interrupted:

> Yes; I want to talk about the 5-cent fare. Are you ready to talk about that?

Looking his inquisitor right in the eye, the mayor said slowly and distinctly:

> All right; we'll talk about that—and now.

But there came an interruption. The banker who had opened the conference said:

> I'm sorry, gentlemen, but I have got to go. I'm late now for another meeting.

And, like the character in the Bible, he passed by on the other side. He turned from the wounded and naked and the half-clad.

This is a battle on the part of the bankers to resuscitate the dying stocks and bonds of the privately owned transit lines of New York City. They would starve the poor and interfere with our relief program, taking advantage of the necessity of the city to get a 10-cent fare. I have already shown what happened last Friday and Saturday on the stock exchange with reference to the stocks and bonds of these privately owned transit lines. On the mere hope that the higher rate may be secured the securities boomed.

I said a moment ago that the banks are not pressed for funds. They can not be, because Samuel Insull did not have any trouble in getting money. I read from the New York Herald Tribune of yesterday a front-page article:

> INSULL OBTAINS NEW YORK BANK CREDIT ON VISIT HERE—CHAIRMAN OF MID-WEST UTILITIES CO. REPORTED TO HAVE ARRANGED $50,000,000 LOAN
>
> Substantial short-term credits sufficient to meet current financial requirements of the Middle West Utilities Co. were obtained recently, it was disclosed yesterday, following revelation that Samuel Insull, chairman of the $1,000,000,000 utility system, had been in New York. Information received in banking circles indicated that, although the negotiations for the credits were opened in Chicago, they were concluded here at the principal offices of New York banking institutions.

Fifty million dollars! But the bankers would not let us have twenty millions to relieve the hungry and distressed in the city of New York on securities infinitely better, as everybody knows, than any that could be presented by any utility corporation.

I want to say just a bit more about the value of the securities. We have in New York a very able comptroller, Mr. Tremaine, of Buffalo, N. Y., the State comptroller. On Friday, three days ago, Mr. Tremaine spoke before the members of the New York State Bankers Association who belong to the Federal reserve system. He discussed the advisability of having municipal bonds made discountable by the reserve banking system.

I am not attempting to discuss that particular question, but I want to quote this from the New York Sun of January 8:

> The comptroller devoted much of his speech to an exposition of the excellent financial position not only of New York State and its municipalities but of New York City in particular, pointing out that he was giving facts, not his opinions. He said in part:
>
> "The financial position of the city of New York is far stronger than is generally realized, for the very obvious reason that the city and county debts are combined; that is, there is no county debt prior to that of the city debt, as might be the case in other localities.
>
> "In other words, while both counties and cities are limited in their bond-selling capacity to 10 per cent of their assessed value, it is possible to have a situation in some localities where the county and its principal city could each owe 10 per cent of the assessed value. This could not happen in New York City, because the functions of the counties are merged into those of the greater city.

It is abundantly apparent that the securities of New York City are as gilt-edged as any that can be produced by any division of government, excepting, perhaps, the Federal Government itself.

The mayor the other day, as will be remembered, in the telegram which he sent me, and which was read into the RECORD, pointed out that New York City has never defaulted on a bond or a note, that its credit is unimpaired, and that the rate on its securities is the highest of any other munici-

pality in the world. Yet this same city is denied consideration by its own banks. Mr. President, I again say that there is no appeal except to the Congress itself. That is the reason why I have ventured to bring this matter before the Senate to-day.

Think of it. In a country which is the richest in the world, in a city which is the richest city in the world, the plight of 800,000 is so great that they must depend upon private or public charity. We appeal to you, Senators. The remedy is here, and I beg of you to give us the consideration to which we feel we are entitled.

Think about this cold-blooded action of certain bankers. Is it not in keeping with their attitude during the last two years? Why did we have this orgy of speculation in the United States? If the Federal Reserve Board had put on the brakes at the proper time, we would have been spared much of the distress from which we suffer. Because of the failure of the Reserve Board to do that, and because of the hysteria of the bankers at the present moment, every sort of enterprise in America—manufacturing, industrial, and agricultural—is in distress. These bankers have learned nothing. Their psychology is dreadful beyond words. They think now that among all the other enterprises in distress is the city of New York and that they can squeeze us into granting a 10-cent fare in order that their securities on these privately owned lines may increase in value.

I have here a private letter which I wish I might read, because it comes from a man who for many years was president of one of our great banking institutions, written with his own hand yesterday, Sunday, to commend me for presenting this amendment and to say that the selfishness of the bankers of New York in this emergency is beyond comprehension. Are we going to tolerate such a situation?

Who will be master in this country? Who is to be the master, Mr. President? We have a great question to decide here. Who is to be master? Who shall decide what shall be the policy of government, what shall be the policy of the municipality? Are the bankers to determine the policies of government or are the people to decide?

Senators, I beg of you to let the bankers know that we have observed their grasping methods. If this amendment is adopted, I do not believe that one dollar will be demanded from the corporation by my city. I can not speak for other cities, but I do not believe that one dollar will be demanded by the city of New York. Whenever the bankers of New York find out that the Congress of the United States has repudiated their selfish stand, then they will make loans to the city of New York as they have not hesitated to do for private interests like the Insull utilities of the West.

The railroads need this help. I realize that. There are frozen securities in the banks which must be released. I fully approve helping these institutions. But let us not give it all to the bankers. Let us have the poor and the suffering of the country know that when their interests and welfare are at stake, the Congress of the United States has turned aside from considering alone the wishes of the great bankers of the country and that those who are poor and needy are given tender thought.

Mr. LEWIS. Mr. President, I tendered an amendment which recited the privilege under the pending bill of borrowing by the "municipal corporations." Previously or at the same time, the eminent Senator from New York [Mr. COPELAND] tendered an amendment which related to the borrowing or obtaining of relief by cities. His amendment having been by us transformed so as to include the municipalities, it now becomes unnecessary for the special amendment which I have upon the table to be taken up by me separately from that which is included in the joint proposal of the Senator from New York and myself. Therefore, the moment that I shall occupy is in support of the amendment of the Senator from New York, because it embodies that which I sought to advance in behalf of the constituency for which I am honored to speak.

I beg the liberty to call attention to what I feel is the governmental distinction that can be accepted by the honorable Members of this body as to constitutional or geographical divisions, despite any of the past teachings of the founders of Government of the relative lines of demarcation between governmental instrumentalities—local, State, or national. If the conditions of the land be as has been described on both sides of this Chamber in the speeches of the Senators, we are in similar peril as that of war. There never was a time when war visited threats of devastation upon this Nation greater than that which is pictured and disclosed by the description of the needs of our Nation and the miseries of its people. We will not forget that in such an emergency we meet it not because it is a military war but because it is an emergency that calls for suddenness of action, protection of citizenship, by concentration of power. At such time we for the moment forego the distinctions of governmental divisions heretofore established by this constitutional and statute definition that laid the foundations of the Republic, defining differences in the exercise of local power for local uses and that of national power for the general governmental welfare.

I can not fail to ask the Senate to recall that in similar situations as that which now surrounds us, though not of such peril as now existing and certainly not of such amazing magnitude of suffering, we did not hesitate from this honorable body to lend ourselves to an aid of the flooded countries by such measures as we felt met the situation and as the legitimate contribution from government to its citizens could afford.

In addition to this there was a great conflagration. I observe the eminent Senator from California [Mr. SHORTRIDGE], and it is to his beloved and renowned locality (whose description he gave a short while ago, in such an epic of oratory) to which I allude—San Francisco. We did not hesitate to advance such relief as conditions called for, nor did we decline to do so by urging methods upon a mere construction of the relative functions of government as outlined by ancient statutes as obstruction to defeat the relief. Surely the parallel justifies us for the moment to say that that which calls upon us now equally exacts from us the same consideration.

In my city, and I refer to the city of Chicago, enduring something of the conditions described by the Senator from New York [Mr. COPELAND] as existing in his own imperial municipality, there are situations slightly more pathetic, indeed, something of tragedy. The conditions of the country have brought my community where it can not rescue itself in the ordinary needs of life among its ordinary citizens. To the school-teachers I particularly allude, who in thousands can not obtain salaries from a community that can not obtain taxes in a city that can not obtain a return for its labors or its commerce. These teachers have been toiling through months and months without compensation. Children who have sat beneath their teachings come from families so poor that the little ones shiver in hunger through the day and shudder at evening for want of habitation where their little bodies may pallet themselves to sleep. These teachers have taken of their little possessions to feed the children under their care and have robbed themselves of what they might have commanded in order to give it to those who are helpless.

Surely we might conceive that they hear the voice of the ancient Master proclaiming, "As ye did it unto the least of these, ye did it unto Me." Can it be possible that a condition of this kind is to be allowed to be continued by a great Government with a generosity such as ours, and that we are to be met with the reply that every effort to relieve it must fail because the relief is not according to some delicate distinction of defined government intended to apply in the normal conditions of human life and ordinary situations of a prosperous nation?

I prefer to adopt a paraphrase of Cassius to Brutus, "It is not the time, it is not meet, that such nice distinctions be drawn at the demand of misery for relief." This is the moment when I ask that the provisions of the amendment which are now presented be considered on the basis of their merit, upon the theory that these divisions of our Government are part of the Nation, that these States are divisions

of our Republic, that we are seeking to rescue them that they may still have a patriotic devotion to their country, and that they may recall that in the hour of their need, their need was met by rescue by these honorable Representatives who speak for their country, and that those who suffer in government of cities and local governments shall never have occasion to remember that in such an hour of their misery they were met by responses which drove them farther and farther from the table wherein bread might be given to the hungry or from the habitation or shelter that might be given to the homeless.

This is the hour when anything that might be done by this honorable body within the law should be done, that we should glory in the patriotism that will assure our defense by its citizens, secure the guardianship of its people and be guaranteed in the noble sacrifice of the souls of its patriots. For that, sir, I take the liberty to ask that the amendment be received at the hands of this honorable body in the spirit that it knows it is tendered, and that we can justify it in the sacred line which is familiar in the echo of the chorister:

Throw out the life line!
Throw out the life line!
Some one is sinking!
There is some one to save!

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Ohio [Mr. BULKLEY].

Mr. TYDINGS. Mr. President, it has been so long since we have heard the amendment stated. May we not have it read?

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. At the top of page 21, line 1, an amendment heretofore having been agreed to in that line to strike out the words "or other bona fide financial institution," the Senator from Ohio moves to insert the words "or mortgage loan company," so as to read:

* * * or mortgage loan company in the United States having substantial resources—

And so forth.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Ohio. [Putting the question.]

The amendment was agreed to.

Mr. COPELAND. Mr. President, I present an amendment——

Mr. GLASS. Let us have the yeas and nays on the amendment of the Senator from Ohio, Mr. President.

Mr. SMOOT. I call for the yeas and nays.

The PRESIDENT pro tempore. Were the yeas and nays demanded on the amendment?

Mr. SMOOT. Yes, Mr. President.

Mr. McNARY. A parliamentary inquiry. Does not the request for the yeas and nays come too late after the vote thereon has been announced?

The PRESIDENT pro tempore. That is the decision of the Chair.

Mr. McNARY. I make the point of order against the request.

Mr. GLASS. I misunderstood the amendment that was voted on.

The PRESIDENT pro tempore. The amendment voted on was the amendment proposed by the Senator from Ohio [Mr. BULKLEY].

Mr. GLASS. I withdraw my call for the yeas and nays.

The PRESIDENT pro tempore. The bill is still on its second reading and is open to amendment.

Mr. COPELAND. I offer an amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment proposed by the Senator from New York will be stated.

The CHIEF CLERK. The Senator from New York offers the following amendment. On page 23, after line 8, it is proposed to insert the following:

Within the foregoing limitations of this section, the corporation may also make loans to a municipality to aid in temporary financing, when in the opinion of the board of directors of the corporation, such municipality is unable to obtain funds upon reasonable terms through banking channels or from the general public and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York. [Putting the question.] The noes appear to have it.

Mr. COPELAND. Mr. President——

Mr. BLAINE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cousens	Jones	Pittman
Austin	Cutting	Kean	Reed
Bailey	Dale	Kendrick	Robinson, Ark.
Barbour	Davis	Keyes	Robinson, Ind.
Barkley	Dill	King	Sheppard
Bingham	Fess	La Follette	Shortridge
Black	Frazier	Lewis	Smith
Blaine	George	Logan	Smoot
Bratton	Glass	McGill	Steiwer
Brookhart	Glenn	McKellar	Thomas, Idaho
Bulkley	Goldsborough	McNary	Thomas, Okla.
Bulow	Hale	Metcalf	Trammell
Byrnes	Harris	Morrison	Tydings
Capper	Harrison	Moses	Vandenberg
Caraway	Hatfield	Neely	Wagner
Carey	Hawes	Norbeck	Walcott
Connally	Hayden	Norris	Walsh, Mont.
Coolidge	Hebert	Nye	Watson
Copeland	Hull	Oddie	White
Costigan	Johnson	Patterson	

The PRESIDENT pro tempore. Seventy-nine Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment proposed by the Senator from New York.

Mr. STEIWER. Mr. President, I do not rise to address the Senate, but merely to propound a question or two. I am wondering if the Senators from New York or others who are interested in the amendment now proposed can state whether any estimate has been made as to the amount of money that will be required to answer the demands made upon the corporation in case this amendment should be adopted?

Mr. COPELAND. Mr. President, I do not believe a dollar will be required. I believe that when the bankers see that the cities have the right to appeal to the corporation created under this bill, they will lend the money which may be needed.

The securities of the cities are first-class securities; the bankers want those securities; they may want to peddle them out to their customers. I repeat, I do not believe there will be a dollar demanded of the corporation. That is my judgment.

Mr. STEIWER. In answering the question, the Senator, I assume, is speaking of the city of New York?

Mr. COPELAND. Yes.

Mr. STEIWER. Has any inquiry been made to determine just what will be embraced in the term "municipality" as it is used in this proposal?

Mr. COPELAND. I presume the phrase will be construed in its ordinarily accepted meaning.

Mr. STEIWER. Does the Senator think it would be limited to cities?

Mr. COPELAND. Yes.

Mr. STEIWER. In my State, for instance, irrigation districts are declared by statute to be municipal corporations.

Mr. COPELAND. I may say to the Senator that I have nothing else in mind than cities in offering the amendment.

Mr. STEIWER. Could the Senator say whether or not a school district in a certain State would be included?

Mr. COPELAND. I would think not under the terms of my amendment, but the Senator from Illinois has sought to widen it by including school districts.

Mr. LEWIS. Mr. President, I will say, if I am not intruding, in answer to the interrogation, that I urged the word "municipality" as distinct from the word "city" that the amendment might comprehend any subdivision within

State or city which has been organized as a municipal corporation by the State.

Mr. STEIWER. I thank the Senator. It is my own opinion that the phrase here used would cover any municipality wherever the State statute had declared that it was a subgovernmental municipal organization.

Mr. COUZENS. Mr. President, I send a telegram to the desk bearing on this subject and ask that it may be read.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

DETROIT, MICH., *January 11, 1932.*

Hon. JAMES COUZENS,
Senator, Senate Office Building:

I have been asked to express a view on the proposed bill of Senator COPELAND providing aid to municipalities in fiscal difficulties. I have not seen or studied the bill, and therefore can not express an opinion upon it. However, I would oppose any legislation that would relieve municipal governments from recourse to uncompromising economy in order to bring expenditures of government within income such as we have done in Detroit. If municipalities have resorted to drastic economies and curtailed their services so as to operate within their income on a pay-as-you-go plan, then Federal aid might be proper.

FRANK MURPHY, *Mayor.*

Mr. COPELAND. Mr. President, I should like to say that I am in heartiest sympathy with the mayor of Detroit. I think that is right; I believe every municipality should reduce its expenditures just as much as it possibly can and balance its budget; but, of course, that is not the question involved in this particular matter at issue.

SEVERAL SENATORS. Question!

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York to the substitute reported by the committee.

Mr. COPELAND. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BROOKHART (when his name was called). I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). The senior Senator from Virginia [Mr. SWANSON] is unable to be present. I have promised to take care of him for the day with a pair. I do not know how he would vote if present. If I were at liberty to vote, I should vote "yea."

Mr. GLASS. Mr. President, I am advised that my colleague would vote "nay."

Mr. KING (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. SCHALL]. Not knowing how he would vote, I withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. McKELLAR (when his name was called). On this question I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. Not knowing how he would vote, I withhold my vote.

The PRESIDENT pro tempore (when Mr. MOSES's name was called). The present occupant of the chair has a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. In the absence of that Senator he transfers that pair to the junior Senator from Iowa [Mr. DICKINSON] and votes "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is detained at his home on account of illness. In his absence I withhold my vote.

Mr. THOMAS of Idaho (when his name was called). On this question I have a pair with the junior Senator from Montana [Mr. WHEELER] and withhold my vote. I do not know how the Senator from Montana would vote. If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. BARKLEY (after having voted in the negative). I have a pair with the senior Senator from Colorado [Mr. WATERMAN]. I understand that he would vote as I have already voted. Therefore I will allow my vote to stand.

Mr. LA FOLLETTE. I desire to announce the unavoidable absence of the senior Senator from Minnesota [Mr. SHIPSTEAD] and the junior Senator from Oklahoma [Mr. GORE]. These two Senators are paired.

Mr. FESS. I desire to announce that the Senator from Delaware [Mr. HASTINGS] has a general pair with the Senator from Alabama [Mr. BANKHEAD].

Mr. COOLIDGE. I wish to announce that the senior Senator from Massachusetts [Mr. WALSH] is necessarily detained from the Senate in attendance upon the funeral of a member of the Supreme Court of Massachusetts.

The result was announced—yeas 28, nays 45, as follows:

YEAS—28

Ashurst	Costigan	Kendrick	Pittman
Black	Dill	La Follette	Sheppard
Blaine	Frazier	Lewis	Shortridge
Bratton	George	McGill	Smith
Bulow	Harris	Neely	Thomas, Okla.
Coolidge	Hayden	Norris	Trammell
Copeland	Johnson	Nye	Wagner

NAYS—45

Austin	Cutting	Hull	Robinson, Ark.
Bailey	Dale	Kean	Smoot
Barbour	Davis	Keyes	Steiwer
Barkley	Fess	Logan	Tydings
Bingham	Glass	McNary	Vandenberg
Bulkley	Glenn	Metcalf	Walcott
Byrnes	Goldsborough	Morrison	Walsh, Mont.
Capper	Hale	Moses	Watson
Caraway	Harrison	Norbeck	White
Carey	Hatfield	Oddie	
Connally	Hawes	Patterson	
Couzens	Hebert	Reed	

NOT VOTING—22

Bankhead	Gore	Robinson, Ind.	Townsend
Borah	Hastings	Schall	Walsh, Mass.
Brookhart	Howell	Shipstead	Waterman
Broussard	Jones	Stephens	Wheeler
Dickinson	King	Swanson	
Fletcher	McKellar	Thomas, Idaho	

So Mr. COPELAND's amendment to the amendment of the committee was rejected.

Mr. GLASS. Mr. President, it will be recalled that several days ago—on this legislative day, however, I think—I gave notice that I intended to move for a reconsideration of the amendment proposed by the Senator from Minnesota [Mr. SHIPSTEAD]. I have delayed doing so because of the continued absence of that Senator; but inasmuch as we are to complete the consideration of this bill to-day, if it is in order, I now move the reconsideration of that amendment which includes State debts and bonds.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Virginia.

The motion to reconsider was agreed to.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment proposed by the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. BULKLEY. Mr. President, as I recall, there were several amendments that went together on this proposition. Does the Senator's motion comprehend all of the amendments?

Mr. GLASS. I, of course, intended to include in my motion possible alterations in other parts of the bill.

Mr. BULKLEY. That is what I wanted to make clear.

The PRESIDENT pro tempore. In order to clarify the situation, the clerk will state the language in the substitute which is proposed to be stricken out.

The CHIEF CLERK. On page 21, in line 8, after the word "require," insert a proviso to read as follows:

Provided, That loans to a State may be made upon the bonds thereof pledging the credit of such State. For the purpose of consummating a loan to a State, the corporation may submit a bid for the purchase of the bonds of such State where the law thereof requires such bonds to be sold upon competitive bids.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the Senator from Minnesota [Mr. SHIPSTEAD].

The amendment to the substitute was rejected.

Mr. GLASS. There are other alterations consequent upon the first proposed amendment. I intended to comprehend them all in my motion.

The PRESIDENT pro tempore. Very well. The Chair intended to have all of them stated.

The CHIEF CLERK. Also, on motion of the Senator from Minnesota on the 8th instant, on page 21, line 21, after the word "loan," there were inserted the words "except a loan to a State," so that it will read:

Each such loan, except a loan to a State, may be made for a period—

And so forth.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Minnesota [Mr. SHIPSTEAD] to the substitute of the committee.

The amendment to the substitute was rejected.

The CHIEF CLERK. On page 20, line 23, after the word "determine" and the comma, there were inserted the following words:

To any State for use in operating a system of rural credits established and maintained by such State, or.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Minnesota to the substitute of the committee.

The amendment to the substitute was rejected.

Mr. HARRIS. Mr. President, I offer the amendment which I send to the desk and ask to have it stated.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. The Senator from Georgia offers the following amendment to the amendment of the committee:

Insert at the proper place the following words:
"Not more than 25 per cent of this fund shall be loaned to any one kind of industry."

Mr. HARRIS. Mr. President, I think every Member of this body understands the great need the railroads have for help; and I am one of those who are willing to help them in other ways besides this. But, Mr. President, as I have said before on the floor of the Senate, if the railroads get the greater part of this $2,000,000,000, it means the entering wedge in Government operation and the beginning of our taking over the railroads and operating them. The farmers should have every consideration shown them. When the farmers succeed, all business prospers. For that reason, I hope the Senate will limit to 25 per cent of the total amount the amount that any one kind of industry can use.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Georgia to the substitute of the committee. [Putting the question.] By the sound the noes seem to have it.

Mr. HARRIS. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment to the substitute was rejected.

Mr. ASHURST. Mr. President, I ask the clerk to read the amendment I proposed last Friday, as I wish to perfect the same.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Arizona offers the following amendment to the amendment of the committee:

On page 23, line 8, after the word "section," add a new paragraph, as follows:
"Further within the foregoing limitations of this section, the corporation may also make loans to or aid in the temporary financing of any person who is a citizen of the United States, when in the opinion of the board of directors of the corporation, such citizen is unable to obtain funds upon reasonable terms through banking channels or from the general public, and whose prospective earning power or income, together with the character and value of the security offered by such person, are such as to furnish adequate assurance of his ability to repay such loan within the time fixed therefor and to meet his other obligations in connection therewith."

Mr. ASHURST. Mr. President, some Senators have drawn the inference that my amendment was proposed for the purpose of harming this bill, but I assure Senators I do not fight that way.

Exercising my right, I wish to perfect the amendment so it will provide that credits may be extended to the citizen if and when such citizen tenders to the corporation, as security for such loan, bonds issued by the Government of the United States.

I ask the clerk to read my perfected amendment.

The PRESIDENT pro tempore. The clerk will read the perfected amendment to the substitute of the committee.

The CHIEF CLERK. The Senator from Arizona proposes to modify the amendment on page 1, line 4, after the words "United States" and the comma, by inserting:

When such citizen tenders to the corporation, as security for such loans, bonds issued by the United States Government, and—

So that it will read:

Who is a citizen of the United States, when such citizen tenders to the corporation, as security for such loans, bonds issued by the United States Government, and when in the opinion of the board of directors of the corporation such citizen is unable to obtain funds upon reasonable terms through banking channels or from the general public.

The remainder is stricken out.

Mr. BARKLEY. Mr. President, do I understand that the Senator proposes to limit the benefits of his amendment to those citizens who now possess United States bonds?

Mr. ASHURST. Yes.

Mr. BARKLEY. There are only two of them left in the country, so I am afraid there is not much benefit to accrue from this amendment.

Mr. ASHURST. Mr. President, I am not one of them. I want it known that the Senate passed a bill which extends to the citizen the same privilege it extends to the gigantic corporations and financial institutions.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Nebraska?

Mr. ASHURST. I yield.

Mr. NORRIS. The Senator, under his modified amendment, provides that the only kind of security available to the citizen of the United States is United States bonds. Why does he require the citizen to present bonds of the United States, and let corporations get the funds upon any other kind of security the officials of the Finance Corporation have a mind to accept?

Mr. ASHURST. I am not oblivious to the fact that I could not secure the adoption of my original amendment. I ask that a quotation from the Wall Street Journal showing the sale of United States bonds and the figures for the sales last Saturday be included in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From Wall Street Journal, Monday, January 11, 1932]

Stock-exchange bonds, Saturday, January 9, 1932—United States Government issues

	Jan. 9, 1932						1932–1931		Since listed			
	Sales [1]	Open	High	Low	Last	Decline	High	Low	High	Year	Low	Year
Liberty 3½'s, 1932–1947	$33	96.9	96.9	96.28	96.00	9	102.23	96.28	103.1	1922	96.00	1921
Liberty first 4¼'s, 1932–1947	15	98.29	98.29	98.22	98.25	7	103.16	98.22	103.28	1927	84.00	1920
Liberty fourth 4¼'s, 1933–'38	1,201	99.3	99.3	98.24	98.31	6	105.5	98.15	105.5	1931	82.00	1920
Treasury 3½'s, June, 1940–'43	36	89.24	89.24	89.00	89.00	16	103.16	89.00	103.16	1931	89.00	1932
Treasury 3½'s, March, 1941–'43	21	89.16	89.16	89.8	89.8	8	103.16	89.8	103.16	1931	89.8	1932
Treasury 3½'s, 1943–'47	2	89.00	89.00	89.00	89.00	----------	103.18	89.00	103.18	1931	89.00	1932
Treasury 3¼'s, 1946–'56	20	91.16	91.16	91.13	91.13	1.19	107.22	91.13	108.10	1928	91.13	1932
Treasury 4's, 1944–'54	94	96.18	96.18	95.10	95.20	1.1	109.22	95.10	111.12	1928	95.10	1932
Treasury 4¼'s, 1947–'52	586	100.3	100.3	99.31	100.00	3	114.8	99.31	116.6	1928	98.11	1923
Treasury 3's, Sept., 1951–'55	124	83.16	83.24	83.11	83.16	10	99.21	82.25	99.21	1931	82.25	1931
Treasury 3½s, June, 1946–'49	89	84.24	84.24	84.8	84.8	4	101.21	84.8	101.21	1931	84.8	1932

[1] Last 3 ciphers omitted. Fractions represent thirty-seconds; 101.1 means 101 1/32.

Mr. ASHURST. I know of not a few citizens who out of patriotic impulse purchased Government bonds at 100 cents on the dollar and who are now in need of credit, and it may astonish some Senators to learn that citizens in some parts of the country are unable to obtain satisfactory loans on Government bonds.

Mr. BARKLEY. Mr. President, would the Senator mind modifying his amendment so as to provide a means by which the citizen could obtain the bond, in order that he might put it up as collateral for the loan he seeks?

Mr. ASHURST. It is assumed he would offer the bonds as collateral.

I ask for the yeas and nays on my amendment.

The yeas and nays were not ordered, and the amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the following amendment.

The PRESIDENT pro tempore. The amendment will be reported for the information of the Senate.

The CHIEF CLERK. On page 21, line 8, after the period, the Senator from Wisconsin moves to amend by inserting:

No such loan shall be made, directly or indirectly, to any financial institution, or any corporation, which has paid dividends within the 3-month period prior to the application for the loan from the corporation; and payment of dividends shall not be resumed until all obligations to the corporation are fully discharged, and each loan agreement shall so provide.

The PRESIDENT pro tempore. The question is on agreeing to the amendment. [Putting the question.] The noes appear to have it.

Mr. LA FOLLETTE. Mr. President, I ask for a division on the amendment. The sponsors of the bill have maintained that it is for the benefit of institutions which are in distress, and it seems to me that the Senate should safeguard against any loans being made to corporations by the Federal Government, which will at the same time pay dividends to their common or preferred stockholders.

Mr. BRATTON. Let the amendment be read.

The amendment was again stated.

Mr. ROBINSON of Arkansas. Mr. President, I would like to ask the Senator from Wisconsin the practical application of the expression "no such loan shall be made, directly or indirectly," to any corporation that has paid a dividend.

Mr. LA FOLLETTE. The purpose of the language——

Mr. ROBINSON of Arkansas. I understand the purpose of the language generally.

Mr. LA FOLLETTE. The word "indirectly" was intended to cover any refinancing operations which might be made through the corporation or some institution as intermediary.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

On a division the amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the following amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 33, the Senator from Wisconsin moves to strike out lines 1 to 9, inclusive, and to insert in lieu thereof:

SEC. 15. The corporation shall submit monthly to the President and to the Senate and House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a full and detailed report of its activities and expenditures, together with a statement showing the condition of any funds administered by it, including a statement of the volume of loans or other transactions entered into under this act during the period covered by the report, the names of the persons, financial institutions, or corporations with whom contracts of loan or other transactions were entered into, and the amount involved in each case, and a similar statement with respect to all loans or other transactions contemplated or under negotiation. Such reports shall, when submitted, be printed as public documents. The corporation shall at least once in each year include in such reports a complete list of all officers and employees and shall specify the rate of compensation fixed for, and other forms of remuneration paid to individuals or institutions for services rendered shall also be stated.

Mr. LA FOLLETTE. Mr. President, we are about to pass a bill which will extend perhaps $2,000,000,000 of the Government's credit to the corporation provided for. Under the terms of the measure the corporation would be given extraordinary power. I contend that if the people's money is to be used by this corporation, the beneficiaries under this bill, the people to whom the money belongs in the last analysis are entitled to know currently how that money is being loaned, and for what purposes.

We are all familiar with the experience which we had with the Farm Board. For months and months its transactions, on a huge scale, were unknown to the people of this country or to the Members of Congress. It was only shortly before this session convened, when the Senate Committee on Agriculture and Forestry conducted an investigation and called before it the members of the Farm Board, that the public was given information as to how those transactions had been carried on and how that money had been used.

Senators, you are about to give to this $2,000,000,000 corporation money which, in the last analysis, is the property of the people of this country, and if we are to do that thing, I sincerely hope that we shall at the same time provide for current information to the people of this country as to how those funds are being employed.

Mr. WALCOTT. Mr. President, may I ask the Senator from Wisconsin what kind of a report he would require? For instance, the United States Steel Co. issues a report quarterly, but it is merely a balance sheet. It would be very expensive, of course, as the Senator knows, to make a report on the operations of $2,000,000,000. We want to save all the money we can and at the same time get all the information possible, and I was wondering whether or not the Senator would be satisfied with a semiannual report, which should be made a full report.

Mr. LA FOLLETTE. Mr. President, the main features of the report are provided for in the amendment. It provides for a statement of the volume of the loans and for other transactions entered into under the act; the names of persons, financial institutions, or corporations, with whom contracts of loans or other transactions are entered into, and the amount involved in each case; and a similar statement with respect to all loans or other transactions contemplated or under negotiation.

Such a report can be made monthly from the books of this corporation, and if that report is made public during the sessions of Congress it will afford to the Members of Congress and to the country as well information as to how this enormous sum of money is being used.

Mr. MORRISON. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. MORRISON. All the transactions would be official records and open to the public at all times, as all official records are under the United States Government. Is there necessity for a report being made, under those circumstances, when all the transactions of the corporation, just as all other transactions of the Government, are open to the public? The chairman of the subcommittee suggests a semiannual report. It seems to me that an annual report would be sufficient, when the record is public, and in no sense secret, as a private corporation's transactions might be.

Mr. LA FOLLETTE. Mr. President, I just cited the example of the experience which we have had with the Farm Board. It has been utterly impossible until recently to ascertain the details of the transactions of that board dealing with the enormous sums of money which were provided by the Congress out of the Treasury. In view of that experience, I think the Congress is on notice that it should provide for these regular reports, in order that we may know what use is being made of the money which is provided.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. LA FOLLETTE. I yield.

Mr. VANDENBERG. Does the Senator think it is essential to require a report as to the anticipated commitments

as well? Would those perhaps not be confidential situations, reports of which, if the loans did not materialize, might be embarrassing, and therefore dangerous, rather than helpful, in a net result?

Mr. LA FOLLETTE. I think perhaps the suggestion of the Senator is a sound one. I had not anticipated that the information would be given out unless the loans were about to be negotiated. But I would be willing to modify the amendment to strike out the language "and a similar statement with respect to all loans or other transactions contemplated or under negotiation." I so modify the amendment.

The PRESIDENT pro tempore. The modification will be made.

Mr. VANDENBERG. I think the amendment as perfected is appropriate.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin as modified.

Mr. GLASS. Mr. President, would not the Senator from Wisconsin be willing to modify the amendment so as to require quarterly reports instead of monthly reports? It would be an enormous amount of work to make monthly reports.

Mr. ROBINSON of Arkansas. Mr. President, I was about to make the same suggestion. It occurs to me that the information would be quite valuable and useful, and that quarterly reports would meet every reasonable purpose and requirement and would not subject the corporation to the difficulty of having to devote so much time to the compilation of reports.

Mr. NORRIS. Mr. President, the amendment has been modified by striking out the part which it seems to me ought to be out of it. But I can not understand what great work it would be to prepare the reports. Practically the only thing that is left to be done is to furnish a list of the people who borrow the money, the interest they are paying, and the time of the loan. A clerk could do that. It could be taken from their books. There is no reason, it seems to me, why a further change should be made. If we make any change at all it ought to be the other way, that the information should be given to the public daily as to what they do in the way of making loans, who gets them, and how much they get. There would be no hardship involved, and it would cost practically nothing to do it.

I have before me, as other Senators have, the daily statement of the United States Treasury. That comes to us every day, issued by the Government. I do not suppose it takes the time of one clerk to do that work, although there are three large pages of it, and it is a great deal more complicated than the report of the corporation would have to be, according to the proposed amendment. It is nothing but giving publicity to what appears on the books of the corporation, and that would be a very simple task.

Mr. BARKLEY. Mr. President, I should like to ask the Senator from Wisconsin whether he has given thought to the phase of his amendment which provides for publicity of the rates of interest. If it ever becomes necessary to use the powers conferred upon the corporation to issue its bonds and debentures to obtain money to lend to corporations, it is well understood that the rate of interest will fluctuate depending entirely upon the price of the bonds, the interest they bear, and probably upon the condition of the market at the time they are issued. There can not be, consequently, a uniform rate of interest charged to all corporations. Assuming that there would be a difference in the rate of interest from time to time charged to the different corporations, does not the Senator feel that to make the rates of interest public would tend to arouse jealousy and envy and criticism upon the part of the borrowing corporations? I wish the Senator would think about that phase of it in connection with the requirement that the interest rates be made public.

Mr. LA FOLLETTE. Mr. President, in the first place I do not contemplate that this corporation is going to extend its credit at varying rates of interest. If that should be the case then I think the people and the Congress are entitled to know what the rates of interest are.

Mr. GLASS. Mr. President, I again appeal to the Senator from Wisconsin so to modify his amendment as to make the reports quarterly. There is involved in this proposition a vast deal of danger. Suppose the corporation reports that it is loaning money to this or that or the other bank because of its necessities, how long will it take for the depositors of that particular bank to withdraw their funds? Yet this is to be done monthly, and if a bank is being loaned funds to bolster up its position and status, and it is noted that it is doing this month after month and month after month, it seems to me that it is a dangerous proposition and would undoubtedly precipitate a run on that particular bank. I would not like to leave my funds, if ever again I have any more, in a bank which the monthly statement of this corporation would show to be constantly borrowing month after month in order to sustain itself.

I hope the Senator will reconsider the modification suggested and make it provide for quarterly reports. The very fact that the corporation will be required to make a report will be very wholesome, in my judgment.

Mr. THOMAS of Idaho. Mr. President, in reply to what the junior Senator from Virginia [Mr. GLASS] said about making monthly reports, I quite agree with the Senator from Wisconsin [Mr. LA FOLLETTE] that the reports should be made periodically. Why would it not be better to make the reports so they fall due at the same time as the calls for the banks? The banks, when they are called upon, publish the report as to their borrowers.

Mr. GLASS. That is done quarterly.

Mr. THOMAS of Idaho. I believe it is done five times a year.

Mr. GLASS. No; I believe it is done only quarterly.

Mr. BARKLEY. Mr. President, in order that the Senate may express its view I desire to offer an amendment to strike out of the amendment of the Senator from Wisconsin all reference to interest rates on loans.

It was developed in the hearings before the Committee on Banking and Currency that after the initial $500,000,000 which we are hereby appropriating has been exhausted and the corporation enters upon the issue of bonds and debentures in order to obtain from the public money with which to make loans to private corporations, banks, railroads, and others entitled to them, the rate of interest will necessarily vary. There can not be any uniform rate of interest. It is not contemplated or anticipated that the variation will be very great, but it will necessarily vary, dependent entirely upon the money market at the time the money is obtained and the bonds are issued.

This being a Government corporation I can very well imagine how easy it would be for a corporation located in one part of the country, which has paid one-half of 1 per cent greater interest charge than some other corporation in another part of the country, to make a protest and enter upon criticism because a Government institution is making loans to one section of the country at a rate of interest lower or higher than the rate granted somewhere else. I do not see what is to be gained by making public the rates of interest on each individual loan. I do not see what is to be gained by the publicity. I therefore move to strike out of the amendment of the Senator from Wisconsin all reference to reports on interest rates.

Mr. NORRIS. Mr. President, I make the point of order against the amendment that it is one degree too far.

The PRESIDENT pro tempore. The Chair was about to remark that the Senator from Wisconsin is at liberty to perfect his amendment before any amendment is offered to it.

Mr. LA FOLLETTE. Would not an amendment offered to my amendment be an amendment in the third degree?

The PRESIDENT pro tempore. It would not be in view of the status of the measure as it comes from the committee.

Mr. NORRIS. The Senator has offered an amendment to the committee amendment. The Senator from Kentucky

has now offered an amendment to the amendment to the amendment. That is one degree farther than is permitted.

Mr. BARKLEY. It is a committee amendment in the nature of a complete substitute for the language of the bill, which has been reported by the committee. If the Senator's point is well taken it will be impossible for the Senate to perfect or modify in any way any amendment offered to the language of the bill as it is presented to us.

The PRESIDENT pro tempore. The Senator from Wisconsin is at liberty to perfect his amendment.

Mr. LA FOLLETTE. I realize that the statement made by the Senator from Virginia is very persuasive, but so far as I am concerned I think the facts concerning these institutions are less damaging than the rumors which are floating about the country even to-day. It seems to me that if we are to create a corporation which is to have the use of $2,000,000,000 of the people's money we are entitled to a report every month on how that money is being employed and for what purpose it is being used. Therefore I submit the amendment without the modification suggested by the Senator from Virginia.

Mr. GLASS. I move to so modify the amendment of the Senator from Wisconsin as to make the requirement for reports quarterly rather than monthly.

The PRESIDENT pro tempore. The clerk will state the amendment to the amendment.

The CHIEF CLERK. The Senator from Virginia moves to amend the amendment of the Senator from Wisconsin by striking out, in the first line, the word "monthly" and inserting the word "quarterly."

Mr. NORRIS. Mr. President, has the Chair held that the point of order made against the suggested amendment by the Senator from Kentucky was well taken?

Mr. BARKLEY. Mr. President, I withdraw my amendment because in the amendment submitted by the Senator there is no specific reference to interest rates.

The PRESIDENT pro tempore. The point of order made by the Senator from Nebraska is overruled. The Chair holds that this is an amendment in the second degree. The question is on agreeing to the amendment proposed by the Senator from Virginia to the amendment of the Senator from Wisconsin.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, there is on the clerk's desk an amendment which I desire to offer, and I ask that it may be read at this time.

The PRESIDENT pro tempore. The clerk will read as requested.

The CHIEF CLERK. The Senator from Oklahoma offers the following amendment:

On page 19, line 21, after the word "salaries," strike out the balance of said line and insert in lieu thereof:

"In like amounts drawn by Members of Congress per annum each, payable monthly."

And on page 19, line 3, strike out the figures and words "$12,000 per annum" and insert "the amount provided herein," so as to read:

"The four directors of the corporation appointed as hereinbefore provided shall receive salaries in like amounts drawn by Members of Congress per annum each, payable monthly: *Provided*, That any director receiving from the United States any salary or compensation for other services shall not receive as salary from the corporation any amount which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the corporation exceed the amount provided herein."

Mr. THOMAS of Oklahoma. Mr. President, this amendment has to do with the salaries of the four extra or additional members of the board. The bill as now drawn provides that the Secretary of the Treasury shall be ex officio a member of the board. At any time he is absent the Under Secretary of the Treasury shall fill his place. The second member is the governor of the Federal Reserve Board. The third member is the farm loan commissioner. This is purely an administration measure. The three members who have just been named will control and dictate the policy, and that is proper. It is a Treasury matter, and they should dictate the policy. That means that they will do the work so far as the policy is concerned. Then the board will have experts and clerical asistants and bureau chiefs to carry out their policy. The bill then provides that the President can name four others in addition to the men who are going to rule. Those four additional members are to be appointed by the President and confirmed by the Senate.

The salary fixed in the bill is $12,000 per annum. Mr. President, that is a prosperity salary. We are living now in hard times. There is a bill now pending before this body providing for the reduction of salaries commencing with the President and coming on down to the Supreme Court, the Cabinet, and the Congress itself. The amendment suggested by me provides that the salary of the four directors appointed by the President shall be the same salary as that received by Members of Congress.

If Congress provides a salary of $12,000 for the directors and then reduces the salaries of Members of Congress to $7,500 or even $8,000 the directors will be drawing salaries almost twice as large as the Members themselves. It may be that these four positions will be filled by "lame-duck" appointments, and I desire to know whether or not a "lame duck" is worth more than a live duck? [Laughter.] For that reason I have proposed the amendment and am ready to submit the question to a vote of the Senate.

The PRESIDENT pro tempore. The Chair will hold that the two amendments may be voted on together, inasmuch as they cover the same subject. The question is on agreeing to the amendment proposed by the Senator from Oklahoma [Mr. THOMAS] to the amendment reported by the committee. [Putting the question.]

The amendment to the amendment of the committee was agreed to.

Mr. LA FOLLETTE. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Wisconsin to the amendment reported by the committee will be stated.

The CHIEF CLERK. On page 23, line 15, before the period, it is proposed to insert a colon and the following:

Provided further, That the corporation shall not make any such acceptances growing out of transactions involving the sale or shipment of armaments, munitions, or other war materials, or the sale or shipment into countries which are at war of any merchandise or commodities except food and supplies for the actual use of noncombatants.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Wisconsin to the amendment reported by the committee. [Putting the question.] The "noes" appear to have it.

Mr. LA FOLLETTE. I call for a division, Mr. President.

The PRESIDENT pro tempore. On this question a division is demanded.

The Senate proceeded to divide.

Mr. BINGHAM. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kendrick	Robinson, Ark.
Austin	Dale	Keyes	Robinson, Ind.
Bailey	Davis	King	Sheppard
Barbour	Dill	La Follette	Shortridge
Barkley	Fess	Lewis	Smith
Bingham	Frazier	Logan	Smoot
Black	George	McGill	Steiwer
Blaine	Glass	McKellar	Thomas, Idaho
Bratton	Goldsborough	McNary	Thomas, Okla.
Brookhart	Hale	Metcalf	Trammell
Bulkley	Harris	Morrison	Tydings
Bulow	Harrison	Moses	Vandenberg
Byrnes	Hatfield	Neely	Wagner
Capper	Hawes	Norbeck	Walcott
Caraway	Hayden	Norris	Walsh, Mont.
Carey	Hebert	Nye	Watson
Connally	Hull	Oddie	White
Coolidge	Johnson	Patterson	
Copeland	Jones	Pittman	
Costigan	Kean	Reed	

The PRESIDENT pro tempore. Seventy-seven Senators having answered to their names. A quorum is present.

The question is upon agreeing to the amendment proposed by the Senator from Wisconsin to the substitute reported by the committee.

Mr. LA FOLLETTE. Mr. President, for the benefit of those Senators who were brought in by the quorum call, I merely wish to make a brief statement concerning the amendment which I have offered.

This amendment is designed to prevent any acceptances being made by the corporation under section 5a of this bill growing out of transactions which involve the sale or shipments of armaments, munitions, or other war materials, and to prevent the corporation from making any acceptances for the sale or shipment into countries which are at war of any merchandise or any other kind of commodities except food and supplies for the actual use of noncombatants.

I can not believe, Mr. President, but what a majority of the Senate would be in favor of such an amendment when it is understood.

Mr. WALCOTT. Mr. President, it seems to me that this amendment is entirely proper, and I, for one, as a member of the committee, shall not raise any objection to it. I can not speak for the entire committee, but I think the amendment should prevail.

The PRESIDENT pro tempore. At the time a quorum was called a division had been demanded and ordered, and the Chair will resume the consideration of the question at that place.

On a division, the amendment of Mr. LA FOLLETTE to the committee amendment was agreed to.

Mr. WALCOTT. Mr. President, on page 19, line 3, the provision as to the qualifications of a director reads as follows:

> No director of the corporation shall directly or indirectly, or through any other corporation or otherwise, be the beneficiary of any loan made under this act.

That provision was put in at the request of one of the members of the Committee on Banking and Currency who has since changed his mind about it and is willing to accept as being sufficiently strict the provision which was used in the War Finance Corporation act. Therefore, I move that the words I have just read be stricken out and that there be substituted in their place the provision found in the War Finance Corporation act, which reads as follows:

> No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the deliberation of any question affecting his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

The point is that under the provisions of the bill which it is desired to strike out a person would be ineligible to act as a director who owned, perhaps, let us say, a single share of stock in a corporation which has a deposit with a bank in St. Louis or Chicago, if that bank should go to the reconstruction finance corporation to borrow money. Under the strict interpretation of wording as it is now in the bill, under such conditions the director would be ineligible. It would probably be impossible to find any desirable person who could serve under that strict qualification, because in the case cited there would still be an indirect benefit, although he might own simply a share of stock in a corporation which had a deposit in the borrowing bank. Therefore, the provision which I propose as a substitute, which served for many years in the case of the War Finance Corporation, is suggested.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. I yield.

Mr. LA FOLLETTE. If some such situation arose as that which the Senator has suggested, why could not the director divest himself of the share of stock in the corporation which would be benefited?

Mr. WALCOTT. The reason is that the director might be entirely unconscious of the business of the corporation in which he owned a share of stock, but it might be proven against him later on that he was illegally sitting in the meeting and voting. A man can not possibly know, as the owner of a single share of stock, or of 50 or 100 shares, for that matter, whether a huge corporation has a deposit in a particular bank which is interested in dealing with the corporation which we are about to create.

Mr. ROBINSON of Arkansas. Mr. President, I believe the amendment which the Senator from Connecticut [Mr. WALCOTT] has suggested would improve the bill. I do not think the provision in the bill can be very easily understood, and I doubt whether its application is very clear. If a director owned stock in a corporation which applied for a loan or which received the proceeds of a loan his service would be in violation of the letter of the act. The purpose of the act is to prevent the abuse of their power by directors of the corporation. That purpose will be accomplished, as I conceive it, by the terms that were incorporated in the War Finance Corporation act. I am entirely satisfied, so far as I am concerned, with the amendment suggested by the Senator from Connecticut.

Mr. BULKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Ohio?

Mr. WALCOTT. I do.

Mr. BULKLEY. Mr. President, I recall to the Senator from Connecticut the fact that this very proposition, this very change that is now proposed, was fully considered in the committee, and the committee voted with full understanding to reject it and to put the provision the way it appears in the text of the bill.

I do no think this amendment will leave adequate protection against personal interest being served by directors of the corporation. Especially do I think that we ought to defer voting on this amendment, and perhaps defer even discussing it, during the absence of the Senator from Michigan [Mr. COUZENS], who proposed this amendment in the committee.

Mr. WALCOTT. Mr. President, I should like to say, for the benefit of the Senator from Ohio, that I would not even have thought of bringing up this matter if I had not conferred with the Senator from Michigan, who, within 15 or 20 minutes, told me to go ahead and offer this amendment and he would not object to it. He had to absent himself, but he told me I might go along. Otherwise I should not have brought it up, because he brought it up in the committee.

Mr. McKELLAR. Mr. President, will the Senator be good enough to tell us why the present statement in the bill is not proper? What interest is to be subserved by allowing the men who are the directors of this corporation to lend money in this kind of an emergency to the corporations with which they are connected? What is behind it? What is their interest? Why is the provision changed at this late day, after the committee has passed on it and reported it out here?

Mr. WALCOTT. Mr. President, I feel that the wording of the bill as it is drawn now, just as the Senator from Arkansas has said, is impossible, because we could not get substantial men to serve under that provision—not because there is any suspicion to be attached to anyone but because it would not be physically possible. You can hardly find a man who has not a share of stock in some corporation that might conceivably be borrowing at a bank, which bank might be in trouble. If that bank comes to this Reconstruction Corporation and borrows some money, and it is afterwards found out that the corporation in which a director might have had a share of stock was interested even to the extent of having a deposit in that bank, that man might be prosecuted, might be brought into the courts, although he could not possibly have had any knowledge of the business of the corporation in which he held a share of stock.

Do I make myself clear?

I do not think it would be possible to get any responsible man who would know enough to help operate this company if we left that provision as it is. I am as eager as anyone to have it as strict as possible. It can not be made too strict

to suit me in order to insure integrity; but we must be careful not to make it inoperative.

Mr. McKELLAR. Mr. President, if the Senator will yield——

Mr. WALCOTT. I yield.

Mr. McKELLAR. What we are doing when we make the change is that we are giving these seven directors of this corporation the right to be on both sides of a proposition. They have their selfish interest on one side. They have their public duties on the other. It will be remembered that a very celebrated Personage 2,000 years ago said that no man could serve two masters; and I think that is still good logic up to this date.

Mr. WALCOTT. I can not agree with the Senator at all that the director would be on both sides of the fence, because this language specifically provides that he must not participate in the determination of that loan; he must absent himself.

Mr. ROBINSON of Arkansas. Mr. President, the language which the Senator proposes to incorporate in lieu of that which is now in the bill is language which I think was originally suggested by the Senator from Colorado [Mr. COSTIGAN] in connection with some tariff matters. In any event, in enacting legislation to prevent members of the Tariff Commission from passing on subjects in which they themselves or their families were interested, we incorporated language very similar to that which was in the War Finance Corporation bill. I think that is a more accurate statement than the first.

This amendment prevents any director of the corporation from passing on his own case. That is a rule that applies in court; but the rule that is now in the bill is so indefinite and uncertain that it would be quite difficult for a director always to know in advance whether he was entitled to be a member of the board if some corporation in which he might be a stockholder should present an application for a loan.

After all, what we want to do is to prevent the board from exercising favoritism and partiality and from performing its duty in a way that would discriminate against others.

Mr. WALSH of Montana and Mr. McKELLAR addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield, and if so, to whom?

Mr. WALCOTT. I yield first to the Senator from Montana.

Mr. WALSH of Montana. Mr. President, everybody must realize that embarrassments may arise whichever of these proposed drafts is accepted by the Senate; but I think it must be agreed upon all hands that the amendment now offered by the Senator from Connecticut would really not accomplish anything.

It is a very easy thing for one member of the board, when the matter comes up of a loan to a corporation in which he is interested, to step out in the hall, and when that is done he comes in; and then another loan is brought up to a corporation in which another member of the board is interested, and he steps out, and the rest of the board act upon that. That, it seems to me, might easily give rise to scandal of the most offensive character.

It is a fact, as suggested by the Senator from Connecticut, that some difficulty might arise about getting men to serve on the board if all corporations in which they were interested were debarred from borrowing; but I imagine very likely the selection will be made from men who are not likely to be borrowers, either directly or indirectly, and, of course, that matter will be taken into consideration in the appointment and in the acceptance of the appointment.

I am very sure that the amendment tendered now by the Senator from Connecticut would furnish very little assurance of perfect fidelity in the discharge of the duties of this office. Of course, if we make any of these provisions at all, we recognize the liability of infidelity or of favoritism, and we are endeavoring to guard against that.

I submit that the amendment offered by the Senator from Connecticut will not be particularly efficacious.

Mr. McKELLAR. Mr. President, if the Senator will now yield to me——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Tennessee?

Mr. WALCOTT. I do.

Mr. McKELLAR. Is it not true that a very large percentage of the bank failures of the country are due to improvident loans made to the directors of the bank?

I do not know what the percentage is. I imagine the Senator from Connecticut could give me the percentage, or substantially the percentage. It is very large. I have understood that it was considerably over 50 per cent, though I do not give those figures, because it has been some time since I looked into the matter; but I know that the largest cause of failures of banks is improvident loans that directors make to themselves, or where one director walks out while the others make a loan to that particular director, just as would be provided for under the Senator's change.

In establishing an emergency corporation like this I do not think we ought to provide that these directors may loan to themselves simply by stepping aside. I think it would be very unfair and unjust to the people of this country at this time.

Mr. WALCOTT. Mr. President, I do not wish to detain this body any longer in discussing this matter. I think the Senator from Montana [Mr. WALSH] has made a perfectly fair statement of it. All I am trying to do is to make this bill a little more workable.

I think we are ready to vote on this amendment unless some one desires to discuss it further.

Mr. COSTIGAN. Mr. President——

Mr. WALCOTT. I yield to the Senator.

Mr. COSTIGAN. I wish to offer a substitute for the amendment at the appropriate time. I thought the Senator from Connecticut had concluded.

Mr. WALCOTT. I should like to keep the floor, if I may. I should like to have a vote on this amendment unless the Senator desires to address the Senate regarding it.

Mr. COSTIGAN. I wish to tender a substitute for the amendment.

The PRESIDENT pro tempore. The Senator from Colorado is recognized for that purpose.

The CHIEF CLERK. The Senator from Colorado offers the following substitute for the amendment of the committee:

On page 19, line 3, after the word "shall," insert: "participate in making any loan as provided in section 5 of this act to any financial institution in the management or resources of which such director, or any member of his family, has a financial interest; and no director shall."

And on page 19, line 6, after the word "act," it is proposed to insert the following:

"Whoever shall knowingly violate the provisions of this section shall be fined not more than $5,000, or be imprisoned not more than two years, or both."

Mr. COSTIGAN. Mr. President, I offer the amendment as a substitute for the amendment of the Senator from Connecticut.

The PRESIDENT pro tempore. The Senator from Colorado offers the amendment which has just been stated as a substitute for the amendment proposed by the Senator from Connecticut.

Mr. DILL. Mr. President, will not the Senator from Colorado, or somebody else, explain what the difference is? I do not know what the difference is.

Mr. COSTIGAN. Mr. President, by way of preface to the consideration of the amendment, I feel constrained to comment briefly upon the important measure pending before the Senate. I shall follow this comment with an answer to the Senator's inquiry.

In asking the Senate to vote for the amendment, it is fair to say that, with reasonable amendments, I am disposed to vote for the bill of the Senator from Connecticut. My decision will, of course, be deferred until all amendments are settled. Nevertheless, in its broad outlines, in the midst of the alarming conditions now existing in America, it would

appear that the pending bill must be supported. The consequences of general financial and industrial collapse which the bill aims to avert threaten every home in America, and in that sense the measure is of large public importance.

Nevertheless, a final decision to vote for the bill is not being reached without hesitation. All of us recognize that the pending legislation is being pressed by various business interests, some of which have declared before, and doubtless will again, in opposition to what they like to term "Government in business," except in their own business and for their own substantial private profit.

These sponsors of the bill are not equally concerned about the "general welfare," specified in the Federal Constitution, of all the people of the United States. To-day they ask our votes; in an equally grave crisis for the Nation I fear they will withhold their votes. Some of these private interests oppose what they confusedly call "doles," by which they apparently mean Government relief, which now happens most vividly to relate to deserving citizens facing, through no fault of their own, the last extremities of human need. The same spokesmen in the same breath smilingly demand a dole to the extent of $2,000,000,000 of Government-secured, Government-guaranteed credit for the financial and industrial structures they have inexpertly allowed to become perilously undermined.

Lest these statements be doubted, it may be well to cite an authority whose equipment to judge as a conservative observer will not be questioned. I refer to Dr. H. Parker Willis, former secretary of the Federal Reserve Board, at present, I believe, professor of banking at Columbia University, and for some 10 years editor of the Journal of Commerce, published in New York City.

In the World-Telegram of January 6, 1932, Doctor Willis was quoting as saying in part:

> It is certainly amazing to note how many business leaders are to-day urging the greater participation of the Government in business. Only a few years ago it was popular to spend much time in harping upon the reasons why Government activity in a business way was to be reckoned so disastrous. There were a thousand and one good reasons against such sharing, and any of them seemed sufficient to afford warrant for the attitude of the business man.
>
> According to some persons the main reason why Congress was not called into session earlier in the autumn lay in the fact that political managers believed there would be a movement to force the Government to render aid to unemployment by providing a dole, or, in other words, getting into the labor market. Now there is no hesitation in asking a dole for many kinds of capitalistic enterprise, and many of the very men who were most outspoken in their protests against Government participation in labor are firm in their conviction that public aid is urgently needed to keep things on a level keel in finance.
>
> CONFLICTING VIEWS
>
> Is there some sort of reason in these conflicting views? Certainly there should be, for otherwise those who oppose Government participation can never hope to be very successful in urging their views in the future. If there is hopeless inconsistency in their attitude they can never expect with any reason to find others in agreement with them. It is needful to clarify our economic philosophy a good deal more or else it will hardly be able to sustain itself.
>
> Private ownership of capital and private operation of business are not "natural rights," but they are opportunities created by society. They will exist probably about as long as they result in a recognized surplus of benefit. They will come to an end about as soon as it becomes recognized that they do not result in a surplus of advantage.
>
> MISMANAGEMENT CITED
>
> Now, in the present circumstances, a hard blow has been dealt to private enterprise by the incompetent management of private and business affairs during the years since the war, and by wanton rejection of tried and established principles of banking by those in whose hands the management of business has been placed. Our business leaders confess failure when they ask for Government aid in time of difficulty.

Let me say, Mr. President, that such startling inconsistencies will not be forgotten either by the Senate or by history. As other issues arise in this body, the foremost spokesmen for the present measure will be confronted by this day's record. Other days will come, and it is to be feared before long, when appeals for justice to men, women, and children will be equally urgent and even more meritorious than to-day's combined petitions for generosity to business.

As I view the situation, however, the primary task of responsible public men at this hour is to salvage America, not for some of us but for all of us. Only such an issue justifies the grant of war-time powers in a period of peace. The credit of the United States must be impregnably maintained. That being the objective, firm efforts must be launched to put new props under, and otherwise to fortify, the Government's financial resources against the assaults of unreasoning fear. Whether we succeed or fail, our duty to-day appears to be unavoidably the same.

In answer, now, to the inquiry of the Senator from Washington, permit me to say that the first portion of the substitute for the amendment of the Senator from Connecticut, which was read a few moments ago, was suggested to the Senate last Friday, because, under the original provision of the bill presented by the Senator from Connecticut, no provision appeared for nonparticipation by a director in the authorization of loans by the board when the board deals with a corporation in which such a director is interested.

When the subject arose the other day the amendment submitted to-day was suggested. The amendment was printed, laid on the table, and is now called up.

The purpose of the amendment is obvious. It aims to preclude a director from actively participating in making any loan to any corporation in which he or members of his family have a financial interest.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield.

Mr. BLACK. As I understand the effect of the Senator's amendment, it would simply be to prevent the making of a loan in which one of the directors participates. Does the Senator not think that the bill should provide that no loans should be made to any company in which a director is interested?

Mr. COSTIGAN. That is already provided in the original language.

Mr. BLACK. I do not so understand it, and did not so understand it from the discussion of the Senator a few moments ago. It is my understanding that as it is written now, one director could step aside and say, "I am interested in this application," and then the loan could be made to his company. Then one of the other directors who had participated in making that loan could step aside for a loan to a company in which he was interested, and the other directors would make a loan to his company.

Mr. COSTIGAN. The Senator is quite right with respect to the insertion which constituted the first part of the substitute motion, but that insertion was to be made in a clause reading, "No director of the corporation shall, directly or indirectly, or through any other corporation or otherwise, be the beneficiary of any loan made under this act." That language is preserved in the substitute motion.

Mr. McKELLAR. Oh, no, Mr. President; the Senator is mistaken about that.

Mr. COSTIGAN. I may say to the learned Senator that I refer now to the substitute for the amendment of the Senator from Connecticut.

Mr. McKELLAR. It may be in the substitute, but the amendment of the Senator from Connecticut would virtually strike out that language.

Mr. COSTIGAN. In the substitute the original language of the bill is preserved and the clause which requires a director to step aside in a case affecting himself is added.

Mr. BLACK. The point in which I am interested is this: I understand that under the Senator's substitute the director would have to step aside if he were interested in a pending application for a loan.

Mr. COSTIGAN. That is true.

Mr. BLACK. But would the corporation have a right then to make a loan to the company in which the director was interested?

Mr. COSTIGAN. The language of the bill as originally drafted makes it unlawful for any director to be interested in any respect as a beneficiary in any loan so made.

Mr. DILL. Mr. President, as I understand the Senator's amendment, it does not obviate the objection which the

Senator from Montana made clear, I thought, namely, that on one loan a director having an interest in that particular corporation could step aside, and the other members would make the loan. Then another loan would be proposed, and some other director interested in that would step aside, and the corporation would make the loan.

I can not understand what there is about this organization which should make us so sensitive about the feelings of the men who are to be on this board. When we created the Interstate Commerce Commission we provided that the interstate commerce commissioners should not have any interest in a railroad stock. When we created the Radio Commission we did not allow the members of that commission to have any interest in any radio manufacturing, or broadcasting, or any other kind of radio business. What is there that makes us so tender about the men who are to be on this board? If they have stocks in these corporations, let them do what the members of these other commissions do; let them get rid of those stocks before they come on the board. It seems to me this idea of just requiring a man to step aside while the board acts is a mere camouflage. If we want to make these members free and if we want this board to be composed of men who will be independent, why not make the requirement that they shall not have any stock in a corporation to receive a loan from this corporation?

Mr. COSTIGAN. The Senator from Washington is entirely right. If the Senator will frame language which will more strongly raise the bar to which he refers and apply it to the last sentence of the first paragraph on page 19, I shall be glad to join him. However, it appears to me that if there is any objection to that sentence as it will stand under the substitute it lies in its sweeping inclusiveness.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. COSTIGAN. In a moment. No one has more respect than I have for the legal opinion of the Senator from Montana. Nevertheless, it does seem that the sentence to which I have just directed the attention of the Senator from Washington completely eliminates the objection. To that sentence has been added the provision that, in a case affecting a particular director, he shall step aside and not participate, and to that sentence has been added a provision making the penalty for a director's participation, or for knowingly becoming the benficiary of a loan, a fine or imprisonment, or both.

Mr. DILL. Mr. President, I repeat, that does not obviate in the least the objection of the Senator from Montana. I think the Senator from Alabama has an amendment to propose which will be clear.

Mr. BLACK. Mr. President, the Senator and I seem to desire exactly the same thing, and I have drawn up a sentence which, in my judgment, will meet the difficulty which I desire to suggest to the Senator to be taken in line with his suggestion. My proposal is to add the following:

> The Reconstruction Corporation shall not make a loan to any company or corporation of which company or corporation any director of the Reconstruction Corporation or any member of his family is a stockholder or officer, or in which they have an interest.

I might state to the Senator that in my judgment, if that should be adopted or if a sentence of that kind should be inserted, there would be no question but that it would be illegal to make a loan to any company if a director of the Reconstruction Corporation were interested in that company or corporation.

Mr. COSTIGAN. As suggested a moment ago, I have no objection to language of that sort if it is so framed as to be consistent with the rest of the bill. But at no place in the act, except the beginning, will the Senator find a reference to the "Reconstruction" Corporation. I am perfectly willing to incorporate the substance of that amendment in the substitute.

If I may say a further word, it is rather surprising to find in the pending bill no penalty attached for violation of the inhibitions of section 3.

There is, to be sure, in the bill as reported, a bar raised by the proposed statute. There is, however, no penalty imposed upon any director who fails to comply with the provisions of that section. Therefore the latter part of the proposed substitute has been submitted to the Senate.

Mr. BLACK. Mr. President, it seems to me that history has shown beyond a shadow of a doubt that whenever the Government goes into the business of granting huge subsidies or lending its credit, either by the millions or the billions, every possible precaution should be taken to protect the public interest. That has been proven true in every great subsidy that has ever been granted by the Government. Think of the Credit Mobilier episode, in which not only did the people lose a great deal of money, but in which was involved a scandal which blackened the pages of the history of our country. Think of the time when millions of acres of land were given to the railroads. There were certain matters connected with that event which involved great scandals and which would have been avoided if the Government had been better protected.

We are proposing here to make a potential loan of $2,000,000,000 of the taxpayers' money, violating the fundamental principles of government, which is that government should operate government and not operate business. There should be no hesitation in the world in attempting to see that a director of that huge corporation should not be interested directly or indirectly or through his family. What protection is it if that director, who sits there with five or six others, can step aside temporarily while a loan is made by five other directors to a company in which he is interested, and immediately another director says, "My company desires a loan and I now will step aside"?

The result will be that one by one these captains of industry, these masters of finance, who have reached the stage in this country where they must now come to the Federal Government and ask that money be supplied from the taxpayers to run the business which they have failed to run, will be borrowing huge sums of money from a Government corporation in that way.

Mr. MORRISON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. BLACK. I yield.

Mr. MORRISON. I understood the Senator to say that under the terms of this bill they could loan $2,000,000,000 of the taxpayers' money. Did I understand the Senator correctly?

Mr. BLACK. The Senator understood me correctly.

Mr. MORRISON. The Government furnishes only $500,000,000 of this money. The rest of it must be obtained by selling the securities, and honorable and decent conduct would be necessary to enable them to sell them. They are going to get only $500,000,000 out of the Government to start with, and that it will get back.

Mr. BLACK. I understand that at the beginning it is a small pittance of $500,000,000 of the taxpayers' money that they get, but I likewise understand that every debenture which they issue has behind it the guaranty of every taxpayer in America. I thoroughly understand that if this money is not handled properly, the United States Government will do what it has always done. It will back up its obligations. Therefore, I think it is a conservative statement to make that there is a potential liability on the part of the American taxpayer to the extent of $2,000,000,000 of the taxpayers' money.

Down in the State in which I live the constitution itself provides that the State shall not lend its credit directly or indirectly to any private business enterprise. It has always been my contention that that was the theory of the Federal Government or at least of the great Democratic Party to which I owe allegiance. If it be true that the time has come when the Government of the United States shall supply the capital for failing business and at the same time have no control over the agencies of the failing business, then it seems to me that it is the least that could be expected that we provide that there should be no chance for manipulation among the directors to secure loans for companies in which they are interested.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. BLACK. I yield.

Mr. McKELLAR. Some of the institutions that are provided for in the bill are banks which are about to fail. We all know from common experience that one of the commonest causes of the failure of banks is the lending of money by the directors to themselves. We are trying to correct such a situation, and yet we are proposing to give the same power to the directors of this institution to lend to themselves. Does not the Senator think that it is exceedingly important that we do not fall into the same error in creating this corporation that many of the other banking corporations have already fallen into in lending money to their own directors?

Mr. BLACK. I invite the attention of the Senate to an analogous case in which the law provided that a body should not employ any relatives of the various members of that body and that no member of the board should vote upon such an appointment. The result was that one of the five members would step aside and the four remaining members would appoint his relative. Succeeding that another one of the members would step aside and the four remaining members would appoint his relative. The result was that there was no literal compliance with the law.

Mr. President, the bill has been defined by one of the very able Senators upon the committee who is supporting it as a "czaristic financial enterprise." The Senator from Virginia [Mr. Glass] a few days ago in referring to it said it was a "czaristic financial enterprise" which gave practically unlimited powers to the board. It was defined by another Senator, a member of this body, as a "financial despotism." It proposes to dig down into the pockets of the taxpayers who are not stockholders in railroads, who are not stockholders in the beneficiaries of the measure, and extract taxes from them to pay the debts of enterprises which have failed to stand up in the test of competitive business of the day.

Being opposed in principle to Government operation of business, being opposed in principle to subsidies, being opposed in principle to the Government lending its credit to private enterprises, I certainly favor every precautionary measure that can be taken to protect the people of the country with reference to their $2,000,000,000. I can not see why there should be this delicacy about the directors who are to serve. Can it be true that some one already has been thought of as a member of the board who is interested in various financial enterprises that may desire to secure loans from this "czaristic financial enterprise," as it was defined by the Senator from Virginia? Is it possible that already some one has been selected whose companies may be so widely distributed throughout this Nation that it is thought that they will seek a loan and it is feared that we might not receive the benefit of his invaluable services?

Why this hesitation? Is it true that the manhood of the country is so limited that it is impossible to get three or four directors who have sense enough and intelligence enough to serve as directors, and can we not obtain them unless we get some one who is interested in companies that are going to borrow from this great corporation? Surely we have not reached that poverty of intellect and ability in America. Yet we are told, because we desire it be provided that this corporation shall not lend money to any company of which one of its directors is a member, that we may prevent the selection of the right type of men.

I would call attention to the fact that this very day an official is serving this Government contrary to law, written practically during the first administration in America, wherein it was provided that no man engaged in commerce and trade throughout the country should be Secretary of the Treasury. It is a well-known fact that we have a Secretary of the Treasury who is interested in commerce and trade contrary to that law. It is also well known that a President of the United States—President Grant—sought to have that law changed, but the Congress would not change it for him. However, I insist that if we are to depart from all custom, and if the time has come when the United States Treasury must be ransacked and raided to get $2,000,000,000 of the people's money, supported by the taxes of those who are not interested in the beneficiaries of this fund, we should at least be willing to tell the people that the directors who deal out the dole to capital will not be interested as stockholders in any company that receives the Santa Claus gift.

Mr. McKELLAR. Mr. President, if the Senator will yield, I will call his attention to section 3 of this proposed act which makes one of these directors, this very same Secretary of the Treasury, who is now holding his office in violation of the law, as the Senator has suggested.

Mr. BLACK. Does the Senator think it would be right if some company in which the Secretary of the Treasury is interested wanted to borrow money, that the Secretary of the Treasury, with his great influence on that board, from time to time should be entitled to let his companies receive that money simply because he steps aside for five minutes?

Mr. McKELLAR. Indeed, he would not. I do not think he ought to serve if his companies borrow from the board in this emergency.

Mr. BLACK. That is the sole issue here. It is whether or not the Senate and the House will protect, so far as they can, the rights of the people by providing that the directors shall not have any interest in the companies to which money may be loaned by this board with whom they sit day by day and hour by hour as they loan the money which has been supplied by the taxpayers of America.

I insist, Mr. President, that the amendment of the Senator from Connecticut should not be adopted and that we should at least leave the people this little particle of protection for their money which is to be voted out of their Treasury to support business which evidently is on a failing basis by reason of overcapitalization or watered stock and which we are to maintain with the people's money on a higher level than it can stand of itself in the open business of commerce and trade.

Of course I realize that the individual whose assets have shrunk has to take his loss. If he has a piece of real estate and that real estate has gone down in value, the Government does not pay the loss; the Government will not boost the price of his real estate. If he is a small merchant in some city and his goods have shrunk in value the Government is not going to take care of him. If he is a farmer whose land has shrunk in price from $100 an acre to $5 an acre, it is not proposed that the Government shall, by some means of stabilization, raise the value of his property from $5 to $100 an acre; but it is proposed that the business of this country, which has also had its value shrunk, shall be protected, and that its stocks and bonds shall be protected by digging down into the pockets of the American taxpayer to raise the value of corporation or company profits. Certainly, Mr. President, under these circumstances it seems to me a little strange that there should be the slightest objection from any source to the attempt to provide that the directors who serve on this board from day to day, from week to week, and from month to month, shall not have their companies benefited by loans from this source.

The history of the past speaks in loud tones and warns us. Go back to the railroad scandals in the early days of this country; go back to the Crédit Mobilier scandal; go back to the time when Senators of the United States would write to a great bank, which as a colussus, which was a czaristic enterprise, as the Senator from Virginia calls this one; go back to the time when Senators would write and say, "My fee has not yet been paid; you are about to ask for a renewal of the charter of your great bank." Look back over the history of every subsidy; think what millions and millions were lost last year by the Government in trying to keep up ship subsidies, paying steamship companies millions of dollars to carry four or five or six letters which could have been carried for two or three dollars,

according to the information which was furnished this body at the last session. Mr. President, it seems to me when we have done that we should certainly seek to throw around this bill, which opens up the door of the Federal Treasury to maintain business enterprises which probably can not maintain themselves, every precautionary measure.

Mr. BLACK. Mr. President, it is not my intention to delay the Senate for any length of time on this subject. It seems to me it is a little unfortunate that the discussion has departed so far from the range of the amendment. I desire, however, to call attention to a statement of the Senator from Florida [Mr. FLETCHER] with reference to this bill, made on January 9 and, I think, a very accurate statement.

It has always been my belief that the Democratic Party followed the principles of Jefferson in the main and that the other party followed the principles of Hamilton. The Senator from Florida [Mr. FLETCHER] is very familiar with this bill. He is a member of the committee which formulated it. He is an able man. I desire to read this statement, made by the Senator from Florida two days ago:

> The idea is to supply a combination of public and private credit. That is the law laid down by Hamilton.

And he is correct. There is no question but that this bill is in conformity to the very principles which Mr. Hamilton advocated. It is by reason of the fact that it proposes to give governmental benefaction to those who need it least; with the idea that as it goes through them it will gradually trickle down to the masses of the people, and they will obtain the crumbs that fall from the table, and that will give them happiness.

There have always been two contrary political philosophies with reference to things of this kind: One theory is that if you give the masses prosperity you can expect the country to proceed and progress. The other is that there are only a few people in each country who have the intelligence and the ability to manage the economic affairs of the Nation, and that if you will make them rich they will permit a portion of that which they have received by unfair laws and special privilege gradually to trickle down to the masses of the people; and it is upon that theory that this bill is founded. I challenge any human being to deny that this bill is founded upon that theory. What is it? It is communism turned upside down.

Communism is the theory of government whereby the masses of the people take from the few powerful and rich to spread it out among the many; but this bill adopts exactly the adverse idea. It turns communism upside down, and it will take from the great masses of American men and women tax-raised money in order to give it to the powerful and the great, with the idea that some prosperity will thereafter trickle down slowly to the masses of American men and women. It is true that as it goes down a huge toll will be taken. Long before it ever reaches them interest will be taken in various places, until if any of it ever gets there it will be such a small proportion that it will be difficult for them to recognize the original $2,000,000,000 which was taken out of the taxpayers' money in this country.

Mr. President, in so far as I am concerned, I should like to see this amendment adopted. With it adopted, I shall still vote against the measure. I believe it is contrary to sound government. I firmly believe it to be a step toward socialism in America. What difference does it make whether you give the money directly to the business enterprise or whether the Government proceeds to operate the business itself? There, of course, would be an advantage to the Government in operating the business directly itself, rather than in supplying the money to others. When we supply the money to organizations to operate the business, the Government can not control the agencies and the individuals. The Government could control the agencies and the individuals if the Government operated the business itself. So we have the evils of socialism, requiring people themselves, out of their pockets, to supply the money for the operation of the business, without having the control of the business upon which the people must depend. Therefore, it is my intention to vote against this measure, because I consider it to be a step toward socialism in this Nation.

It is said that we will lose no money. Who knows that we will lose no money? Who knows that this money will come back into the Treasury of this Nation? Is it not also true that it is admitted that we may perhaps have to pay 5 or 6 per cent interest on our bonds? What happens when we do that? These bonds will be guaranteed by the United States of America. It means immediately that we take that money out of the savings banks of this Nation and we transfer it into Government bonds, and thereby, instead of assisting our little banks, we weaken our smaller banks.

Mr. President, if I have the slightest conception of the philosophy of government on which Jefferson founded his structure, it is that this Government should permit business to run unmolested so far as possible. That principle was abandoned originally when the tariff acts came into existence, because that was the first paternalism we had; and now we are sweeping farther and farther on, following in the natural sequence, until to-day we propose to raise $2,000,000,000 to give the guarantee of the United States to $2,000,000,000 worth of securities not to aid in the competitive business system of this country but to destroy it.

The competitive business system is founded upon the theory that the business which is able to proceed will proceed until it stands or falls; but here we propose a new system of government—not the communistic system as it is to-day in Russia, not the complete socialistic system, but a hybrid between the two, a mongrel thing, whereby this Government proceeds to tax people who are not interested in the dividends of banks and railroads and other business enterprises, to take their money and raise the value of the securities of companies which evidently can not stand the test of competition in America.

I deny that is the kind of a principle of government which the greatest Democrat the world has ever known, Thomas Jefferson, ever tolerated, ever advocated, or ever would have stood for if he had been here to-day.

Mr. President, the issue in this amendment, of course, is simply this: Are we willing to protect the people's money after we take it from them to give it to the favored business enterprises?

I call your attention to the fact that under the very terms of this bill this will be a partisan board in control. The majority party will have the majority control. It creates the most stupendous giant and despotism in a financial way that this country has ever known. Andrew Jackson, the great fighting Democrat, came to Washington partly because there had grown up a financial despotism which had extended its arms throughout this entire Nation and controlled the politics of this Government by reason of its financial coercion. We are creating to-day one which is greater than the one which Jackson fought and the control of which he succeeded for the time being in taking away. Then, when we dare to suggest that we want directors of this fund who will at least not lend the money to companies in which the directors are interested, we are informed that the matter is of such a delicate nature that it is difficult to suggest it, and that we might be deprived of the services of men who are capable of serving in this capacity! Has the time come in this Nation when it is impossible to secure five or six men to serve as directors who are not interested in the large business enterprises that will control the financial destinies of every section of this country?

I ask these people from the South and West, where do they expect to get their control of this huge giant—this huge czaristic enterprise, as it was described by the Senator from Virginia [Mr. GLASS], who is supporting the bill? Let us at least, Members of the Senate, before the bill is passed, see that the directors are men who have no motive or incentive, directly or indirectly, to build up the fortunes of the companies in which they are interested.

This is not said with any criticism of any individual, nor is it said with any criticism of the committee, nor is it said with any idea of corruption at this time. But it is said with

a full knowledge of the fact that history shows that governmental subsidies usually mean governmental corruption and governmental graft. There is no use denying the issue or blinding our eyes to it. The pages of our history are marred with the fraud and corruption which have come from governmental subsidies. It is easy, when you are handling other people's money, as these boards are doing when they handle the billions of Government's money raised from other taxpayers, to feel that a certain company shall be favored.

With this giant machine being built up at this time, let us remember that we are departing from the American competitive system; we are getting away from the idea that business should succeed where its officers have the best ability, the greatest energy, and where individual initiative is an incentive to individual reward. We are departing from that system, and we are getting down to the Hamiltonian idea that the way to have a prosperous Nation is to dig down into the Treasury of the country and turn over unlimited funds to a board with unlimited power, with unlimited partisanship, to dispense the benefactions of that corporation, north, south, east, and west, as they see fit, without control of any power upon the earth.

It is a tremendous responsibility, and certainly we should not vote for the amendment of the Senator from Connecticut, but we should rather substitute the amendment offered by the Senator from Colorado, which, so far as it can, throws some safeguard around the money of the taxpayers, which is taken from them, to raise the value of bonds and securities in which they have no interest, from which they draw no dividends, and from which they will secure no profits.

The PRESIDENT pro tempore. The question is on agreeing to the substitute offered by the Senator from Colorado for the amendment offered by the Senator from Connecticut.

Mr. COSTIGAN. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. COSTIGAN. Mr. President, before the vote is taken, may I ask the permission of the Senate to state exactly what the substitute is?

Mr. McKELLAR. Let it be read.

Mr. COSTIGAN. I have it before me. It was so divided that if the Senator will permit me, I think I can read it better than the clerk of the Senate.

The amendment is to the last sentence of section 3 of the proposed act. If the substitute is adopted, this will be the way in which the language will read:

No director of the corporation shall participate in making any loan, as provided in section 5 of this act, to any financial institution in the management or resources of which such director or any member of his family has a financial interest, and no director shall, directly or indirectly, or through any other corporation or otherwise, be the beneficiary of any loan made under this act. Whoever shall knowingly violate the provisions of this section shall be fined not more than $5,000 or imprisoned for not more than two years, or both.

The PRESIDENT pro tempore. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BROOKHART (when his name was called). I have a pair with the senior Senator From Florida [Mr. FLETCHER]. In his absence I withhold my vote. If permitted to vote, I would vote "yea." I do not know how the senior Senator from Florida would vote.

Mr. HASTINGS (when his name was called). On this vote I have a pair with the junior Senator from Alabama [Mr. BANKHEAD], who I understand would vote as I intend to vote, and I shall therefore vote. I vote "nay."

Mr. JONES (when his name was called). Again announcing my pair for the day with the senior Senator from Virginia [Mr. SWANSON], I withhold my vote.

Mr. McKELLAR (when his name was called). On this vote I have a pair with the junior Senator from Delaware [Mr. TOWNSEND], which I transfer to the senior Senator from Montana [Mr. WALSH], and vote "yea."

Mr. MOSES (when his name was called). I have a pair with the Senator from Louisiana [Mr. BROUSSARD]. In his absence I transfer that pair to the junior Senator from Iowa [Mr. DICKINSON] and vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is detained at home on account of illness. I understand that if he were present, he would vote as I intend to vote, and therefore I am free to vote. I vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce that the junior Senator from Minnesota [Mr. SCHALL] has a general pair with the junior Senator from Utah [Mr. KING].

Mr. BARKLEY. I have a pair with the senior Senator from Colorado [Mr. WATERMAN]. Not knowing how he would vote, in his absence I withhold my vote.

Mr. LA FOLLETTE. I wish to announce the unavoidable absence of the senior Senator from Minnesota [Mr. SHIPSTEAD] and the junior Senator from Oklahoma [Mr. GORE]. Those two Senators are paired.

Mr. FRAZIER. My colleague [Mr. NYE] and the junior Senator from New Mexico [Mr. CUTTING] are unavoidably absent. If they were present, they would vote "yea."

The result was announced—yeas 32, nays 38, as follows:

YEAS—32

Ashurst	Connally	Hayden	Neely
Black	Coolidge	Howell	Norris
Blaine	Copeland	Kendrick	Pittman
Bratton	Costigan	La Follette	Sheppard
Bulkley	Dill	Lewis	Thomas, Okla.
Bulow	Frazier	Logan	Trammell
Byrnes	George	McGill	Wagner
Capper	Harris	McKellar	Wheeler

NAYS—38

Austin	Goldsborough	Metcalf	Smoot
Bailey	Hale	Morrison	Steiwer
Barbour	Harrison	Moses	Thomas, Idaho
Bingham	Hastings	Oddie	Tydings
Carey	Hatfield	Patterson	Vandenberg
Dale	Hawes	Reed	Walcott
Davis	Hebert	Robinson, Ark.	Watson
Fess	Kean	Robinson, Ind.	White
Glass	Keyes	Shortridge	
Glenn	McNary	Smith	

NOT VOTING—25

Bankhead	Cutting	King	Townsend
Barkley	Dickinson	Norbeck	Walsh, Mass.
Borah	Fletcher	Nye	Walsh, Mont.
Brookhart	Gore	Schall	Waterman
Broussard	Hull	Shipstead	
Caraway	Johnson	Stephens	
Couzens	Jones	Swanson	

So Mr. COSTIGAN'S substitute for Mr. WALCOTT'S amendment to the substitute of the committee was rejected.

The PRESIDENT pro tempore. The question recurs on agreeing to the amendment proposed by the Senator from Connecticut [Mr. WALCOTT] to the amendment of the committee.

On a division, the amendment was agreed to.

Mr. WALCOTT. Mr. President, I have three amendments to offer, which are verbal changes, to make the bill consistent with some amendments which have already been agreed to.

On page 19 I propose to amend the bill by striking out on line 13 the words "and shall establish its own offices therein."

The purpose is so that the new corporation, if it occupies offices in any of the Federal reserve-bank properties, must pay for such offices, and if it in any way employs any part of the Federal reserve-bank force it must compensate such person or persons for those services.

Turning now to page 25, lines 15, 16, and 17, I shall, if this amendment is agreed to, propose to strike out the following words:

But no loans under this act shall be made by any Federal reserve bank as agent of the corporation or otherwise.

And substitute therefor the following:

And the corporation may reimburse such Federal reserve bank for their services in any such manner as may be agreed upon.

The two really go together, but I offer the first amendment now and shall later offer the second one.

The PRESIDENT pro tempore. The question is on agreeing to the amendment on page 19 proposed by the Senator from Connecticut to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment proposed by the Senator from Connecticut, on page 25 to the substitute of the committee.

Mr. BULKLEY. Mr. President, may I inquire what language is stricken out?

The PRESIDENT pro tempore. The Senator from Connecticut will again state his amendment.

Mr. WALCOTT. On page 25, lines 15, 16, and 17 I propose to strike out these words:

But no loans under this act shall be made by any Federal reserve bank as agent of the corporation or otherwise.

And substitute therefor the following:

And the corporation may reimburse such Federal reserve bank for their services in such manner as may be agreed upon.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the Senator from Connecticut on page 25 to the substitute of the committee.

The amendment to the amendment was agreed to.

Mr. WALCOTT. On page 20, lines 16 and 17, I now move to amend by striking out the words "but no Federal reserve bank shall be included under this provision."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Connecticut to the substitute of the committee.

The amendment to the amendment was agreed to.

Mr. WALCOTT. On page 21, because of adopting the amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE], it is necessary to add a comma at the end of line 3, after the words "in the United States," in order to make what follows qualify all that is subsequent. I move to insert a comma after the words "United States" at the end of line 3 on page 21.

Mr. BULKLEY. Mr. President, I offer an amendment as a substitute for that and I ask the careful attention of the Senator from Connecticut as I think he will agree to it. The point of the amendment is that the words "United States" ought to qualify all of these institutions, relating all the way back, and I think my amendment will accomplish that purpose.

Mr. WALCOTT. Is the Senator now offering his amendment?

Mr. BULKLEY. I am offering it as a substitute for the amendment proposed by the Senator from Connecticut. An amendment has been adopted in line 3, page 21, inserting the words "mortgage loan company," and I am now proposing to insert a comma after the word "company." The amendment I propose is to be inserted after the word "company."

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LA FOLLETTE. Is this amendment offered as a substitute for the amendment offered by the Senator from Connecticut?

The PRESIDENT pro tempore. The Chair so understands it.

Mr. BULKLEY. Yes; it is.

Mr. LA FOLLETTE. But the Senator's amendment does not provide a comma in the place where the amendment of the Senator from Connecticut would place it.

Mr. BULKLEY. It does not, but it intends to accomplish the same purpose in a slightly different manner. If the Senator will permit the amendment to be stated, he will understand it.

The PRESIDENT pro tempore. The amendment of the Senator from Ohio will be stated.

The CHIEF CLERK. The Senator from Ohio heretofore had an amendment inserted in lieu of the words "or other bona fide financial institutions" in the words "or mortgage loan company." He now proposes to place a comma after the word "company," and after the words "United States" he proposes to insert the word "and," so it will read: "Or other bona fide financial institution or mortgage-loan company, in the United States and having substantial resources," and so forth.

Mr. BULKLEY. That is not quite correct. The word "situated" is there. It should read "situated in the United States."

Mr. LA FOLLETTE. I think that changes the entire sense of the paragraph. As I understood the reading of it, that makes the phrase "having substantial resources," and so forth, apply only to mortgage-loan companies.

Mr. BULKLEY. No; it is just the opposite, because we put the comma after the words "mortgage-loan company," and that separates it from "situated in the United States," so that "situated in the United States and having substantial resources" refers all the way back to the whole list of institutions there mentioned.

Mr. LA FOLLETTE. I wish I could be certain of that. I do not wish to question the Senator's ability to punctuate the English language and I certainly would not set myself up as an expert on the subject, but after having conferred with the legislative counsel this afternoon I became convinced that it was necessary only to insert a comma after "company" and a comma after "United States" to accomplish the purpose which the Senate had in mind when my amendment was adopted.

Mr. BULKLEY. I think so long as we are sure that the comma comes after the word "company," the rest of it is not so material, but it did seem to me that it was more clear if we should say, "company, situated in the United States and having substantial resources," and so forth.

Mr. LA FOLLETTE. Does the Senator contend that the phrase "having substantial resources whose obligation," and so forth, would apply to all the other groups mentioned in section 5 that precede it?

Mr. BULKLEY. Yes; I do. That is the exact intent of it.

Mr. WALCOTT. I accept the modification of my amendment.

Mr. NORRIS. Mr. President, the object of it all is to prevent this corporation from loaning money outside of the United States, is it not?

Mr. WALCOTT. Outside of the United States or to any institution or corporation not specifically covered by the bill.

Mr. NORRIS. That is what I meant. I was wondering whether the moratorium was sufficient for a foreigner, or whether we ought to let the corporation loan some of this money over there as well? There may be some doubt about the moratorium helping everybody in Europe. [Laughter.]

The PRESIDENT pro tempore. The question is on agreeing to the amendment as modified.

The amendment of the Senator from Ohio to the amendment of the committee was agreed to.

Mr. WALCOTT. Mr. President, this is the last suggestion I have to offer. On page 25, line 13, after the word "depositaries," I move to insert the words "custodians and/or fiscal agents." Those words are supplied by the Treasury Department, who feel that they should be included, as they are a part of the Treasury law.

Mr. SMOOT. Did the Senator say "and/or"?

Mr. WALCOTT. I said "and/or."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Connecticut to the substitute of the committee.

The amendment to the amendment was agreed to.

Mr. HOWELL. Mr. President, I offer the amendment which I send to the desk, and ask that it be reported.

The PRESIDENT pro tempore. The amendment will be reported for the information of the Senate.

The CHIEF CLERK. The Senator from Nebraska offers the following amendment: On page 21, line 8, after the period, insert:

It shall be a condition to any loan made by the corporation as herein provided that the financial institution or corporation to which the loan is made shall not declare any dividend while such



loan is outstanding, and it shall be expressly stated in each contract of loan that if any such dividend is declared, the loan shall immediately become due and payable, and the corporation shall proceed to enforce payment of the same; but the acceptance under section 5a of any draft or bill of exchange drawn upon the corporation shall not be considered a loan within the meaning of this prohibition.

Mr. HOWELL. Mr. President, if a corporation can pay dividends, it certainly should not come to the people of the United States under the present circumstances and ask that the people take over its frozen assets. If a corporation is in such straits that it needs to have a national corporation of this kind established so that the people of the United States may go down into their pockets and supply money to take over its frozen assets, the corporation certainly ought not to pay dividends but should conserve its earnings to take care of such frozen assets. All the amendment I have offered provides is that if a corporation is able to pay dividends it can not successfully ask the American people in this emergency to carry its frozen assets.

In offering the amendment I wish to invite the attention of the Senate to these facts: The pending measure is extremely broad. Nearly every amendment that has been adopted has increased its breadth. It is a measure that provides for the establishment of a Reconstruction Corporation to loan money to any bona fide financial corporation upon frozen assets as collateral; second, it is to make loans to needy railroads based upon "prospective" earnings; and, third, it is to make loans in the nature of indorsed foreign trade acceptances.

We all know what difficulty, for instance, South American nations have been encountering in securing exchange under the present circumstances with which to pay interest charges upon their borrowings of United States dollars. The corporation that is proposed in this measure can not be financed privately, so resort has been had to the United States Treasury and the Government is to be asked to extend credit to the extent of $2,000,000,000. We have surrounded this measure with scarcely any safeguards; we propose to place $2,000,000,000 in the hands of seven directors, who can loan it for a period of three years. They must make their loans within the next year, unless the President extends the time; in other words, it is a wide-open Finance Corporation; and every Senator here will be responsible for the result that accrues. This is no time to endanger $2,000,000,000 of the American people's money without every possible safeguard. The Treasury has not the money, but it is money that will have to be raised, if there are defaults, out of future taxation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Nebraska to the amendment reported by the committee. [Putting the question.]

Mr. LA FOLLETTE. I ask for a division.

The PRESIDENT pro tempore. On this question a division is demanded.

On a division, the amendment of Mr. HOWELL to the committee amendment was rejected.

Mr. BULKLEY. Mr. President, I offer an amendment to the committee amendment.

The PRESIDENT pro tempore. The amendment to the committee amendment will be stated.

The CHIEF CLERK. The Senator from Ohio proposes the following amendment:

On page 21, line 6, strike out the period after the word "solvency" and insert "and any banking institution that may take over the business of such closed bank in whole or in part."

Mr. BULKLEY. Mr. President, this amendment to the committee amendment, if adopted, would not change the intent of the bill. I am proposing it at the suggestion of my colleague the senior Senator from Ohio [Mr. FESS], to whom I replied this morning that in my opinion the provision already in the bill means the same thing even without this amendment; but inasmuch as the Senator from Virginia [Mr. GLASS] has expressed a contrary opinion, I think it would be safer to have this amendment to the committee amendment inserted so as to take care of the situation in case of a reorganization of one or more closed banks.

Mr. SMITH. Mr. President, may the amendment to the committee amendment be again stated?

The PRESIDENT pro tempore. The clerk will once more state the amendment proposed by the Senator from Ohio [Mr. BULKLEY] to the committee amendment.

The CHIEF CLERK. After the word "solvency," on page 21, line 6, it is proposed to insert "and any banking institution that may take over the business of such closed bank in whole or in part," so that it will read:

* * * guaranty would add materially to the security of loans to it by the corporation (herein referred to as financial institutions), including any closed bank whose assets are adequate to permit of restoration to solvency, and any banking institution that may take over the business of such closed bank in whole or in part.

Mr. SMITH. Mr. President, it seems to me that almost covers the suggestion that has been made by a banking institution that some difficulty may be experienced under the language of the bill in a bank reorganizing. The amendment that was suggested by the institution I referred to would strike out the words "including any closed bank whose assets are adequate to permit of restoration to solvency," and insert in lieu thereof the words:

Including suspended or failed banks or banks in process of liquidation, submitting feasible and sound plans of reorganization and rehabilitation either per se or through the medium of a new institution.

As the language now stands in the bill, and even including the amendment proposed by the Senator from Ohio to the committee amendment, it would have to be made clear that the frozen assets of the closed bank were of such nature and volume that the bank would be solvent if those securities or holdings were intrinsically sound.

It may be that a bank could make arrangements to avoid receivership and liquidation by means of a proper loan upon additional security, obtained either through present stockholders or depositors or through new stockholders and depositors. It might reorganize and avail itself of the benefits of the very credit corporation that we are now proposing to set up.

The amendment now proposed narrows it down to the point where a bank must have assets that would make the institution solvent if it could liquidate its assets. I maintain that, as time is the essence of this proposition, we ought to liberalize the bill so that consideration might be given to a closed bank, whose old assets are not sufficient to make it solvent, but which may bring in new assets from the community or adopt a method of reorganization, submitting the plan, of course, to the board, for it is all going to be under the jurisdiction of the board. So I think we should liberalize this provision so that banks that are not really solvent with the assets they have may not be permanently closed, because no one knows what is going to be the value of those assets intrinsically, and in time they may make the bank with such assets solvent.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BULKLEY. The Senator does not contend that the amendment which I have proposed narrows the operation of the bill, does he?

Mr. SMITH. No; I think it widens it, but I do not think it widens it enough.

Mr. BULKLEY. Yes.

Mr. SMITH. I think that we ought to give a sufficient latitude so that if a bank will bring forward a sound and feasible plan, either of reorganization or rehabilitation, it may submit that plan to the board of directors and bring itself within the scope of the intent which we have. In other words, I think we should help those banks that have failed or are in process of liquidation but which can bring forward a plan that would be feasible and allow them to take advantage of this proposition, and not narrow it down to where the board would have to confine itself to assets

that would make the bank solvent. Why are they not solvent now? They are not solvent because they can not get reasonable loans on the assets which they possess.

Mr. BULKLEY. Mr. President, I should like to say that that matter was carefully considered in the subcommittee and in the full committee, and we agreed, on the urgent recommendation of the Treasury Department, that the subject of closed banks should be held over for treatment in a separate bill. A new bill to cover that subject is now being considered by the committee.

Mr. SMITH. In response to what the Senator says, I have just casually gone over the bill which has been introduced from the Treasury Department.

Mr. BULKLEY. Let me say further to the Senator that I am personally in accord with his argument, but since the committee has agreed on the other course, I do not want to say anything contrary to what the committee decided.

Mr. SMITH. I really think that a careful study of the closed bank bill which has been introduced and is now on the desk of Senators will reveal such a remedy as the language which I propose would provide in this emergency.

I really think that the language such as I have proposed ought to be added to the bill so as to extend relief to those banks that are now capable of getting together assets sufficient to reopen or reorganize, in order to avoid the disaster of receivership and liquidation. In the next 60 days the damage will have been done, and I do not know, from a casual reading of the bill proposed to apply to closed banks or to failed banks, whether it provides the remedy that we are attempting to set up here for just that kind of institutions.

Therefore, Mr. President, on page 21, beginning after the parenthesis and the word "institutions," I move to strike out the language beginning with the word "any" in line 5 down to the word "All" in line 6 and to insert the language which I send to the desk as a substitute for the language of the bill I have suggested be stricken out and also for the language proposed by the Senator from Ohio.

The PRESIDENT pro tempore. Let the Chair understand the question. The Senator from South Carolina, moving a substitute for the amendment proposed by the Senator from Ohio, offers an amendment, which amendment would strike out and insert. Is that correct.

Mr. SMITH. To strike out and insert; yes.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 21, line 5, it is proposed to strike out the words "any closed bank whose assets are adequate to permit of restoration to solvency" and insert "including suspended or failed banks or banks in process of liquidation submitting feasible and sound plans of reorganization and rehabilitation either per se or through the medium of a new institution."

Mr. BULKLEY. Mr. President, inasmuch as this bill has been prepared on the theory that it is not to include closed banks I feel constrained to resist the adoption of the proposed substitute, with the purpose of which I am personally in sympathy. I hope the Senator from South Carolina will see fit to let the whole question of closed banks rest pending the report on the other bill. If any amendment is required to the other bill that can be considered in due course, and it will be a much more orderly way of proceeding, because, in contemplation of closed banks being excluded from this bill, there were other sections of the bill that we altered accordingly, and it would be disturbing to have the policy changed at this time.

Mr. BARKLEY. Mr. President, in that connection I wish to say, for the information of the Senator from South Carolina and other Senators, that this morning, in a meeting of the Banking and Currency Committee, a subcommittee was appointed to consider not only the Thomas bill but the whole subject of legislation for the benefit of closed banks, to deal with it comprehensively. It seems to me, in view of the fact that this subcommittee has been instructed to hold hearings at once—that is, to get information at once from any source that can be beneficial not only in advocating legislation but in seeing that it is properly safeguarded—we ought not to adopt an amendment to this bill that may not have received the same careful consideration that we hope to give that bill in the next few days.

Mr. SMITH. Mr. President, if the Senator will allow me, the reason why I offered this amendment is because I know of a case now that involves millions of dollars, and time is the very essence of the salvation of that institution and its connections.

If there had been no provision whatever in this bill for closed banks the situation might be different; but we have made provision for closed banks whose assets are of such a volume but of such nonnegotiable character that they would be considered solvent with the aid of this institution. That, however, will not apply to one-half of 1 per cent—it will hardly apply to any—of our banks and banking institutions that have closed their doors. After consultation with the officers, shrewd bankers, men who are as conservative as any man on this floor—no; I will not say that; but as conservative as they ought to be—they have brought this proposition to me, saying that unless a measure can pass this body that will incorporate the idea I have in practically the same time that this bill may pass, the help that they may look for will be too late.

It is not any use for us to say we are cumbering up things. We simply have a purpose in view; and if the purpose in view is to aid distressed, failed, suspended banks, and we recognize it to such an extent that we are willing to bring in another bill, why can we not have a provision here that will take care with the passage of this bill of the matter I suggest? It will all be submitted to the directors of this corporation and it will be a question of whether or not they think it is feasible.

Mr. THOMAS of Idaho. Mr. President——

The PRESIDENT pro tempore. The Senator from Ohio [Mr. BULKLEY] has the floor. To whom does he yield?

Mr. BULKLEY. I yield to the Senator from Idaho.

Mr. THOMAS of Idaho. I will say, in answer to the senior Senator from South Carolina, that I think it is the intention of the committee to expedite action on this depositor's bill; and I quite agree with him on the position he takes that in the situation to which he refers time is the essence of the situation.

The Treasury Department, in drawing this bill, found it a very difficult matter to get around the legal situation in order to advance money on the frozen assets of closed banks. I am afraid the amendment the Senator has suggested here will only add to the complications. The Treasury advised me, after a great deal of study, that they had decided the only thing to do was to organize a separate corporation for the purpose of taking care of this kind of a situation. They were willing to go ahead and expedite matters by doing as the Senator suggests; but, on the other hand, they were afraid legal complications would block the very things they are trying to do.

Mr. SMITH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio further yield to the Senator from South Carolina?

Mr. BULKLEY. I should like to say to the Senator from South Carolina that I agree absolutely with what the Senator from Idaho has said, and believe that in view of the technical situation we are likely to get action just as quickly by waiting for the other bill. The Senator may have the assurance that the committee is very much in sympathy with the purpose he wants to accomplish, and that there certainly will not be any undue delay.

Mr. BARKLEY. Mr. President, will the Senator yield further just there?

Mr. BULKLEY. I yield to the Senator from Kentucky.

Mr. BARKLEY. Reference has already been made to some of the legal and technical difficulties surrounding this whole subject of advancing money to closed banks, because of the various laws in all the States governing the conduct of State receivers or superintendents of banking departments in taking over State banks.

It is not the purpose, as I understand, of the Government, or of the Banking and Currency Committee, to pro-

vide merely for the assistance of national banks, or of banks that are members of the Federal reserve system; but it is the desire, if this legislation is to be really beneficial, to make it sufficiently comprehensive that it may be possible for this corporation to come to the aid of all sorts of banks if the legal technicalities can be accommodated.

Mr. SMITH. Mr. President, if the Senator from Ohio will allow me, the very terminology of your bill does not restrict it to national banks or to Federal reserve banks. It specifically applies to any bank or banking institution. It applies to them all. If it did not, you would not get enough votes here to know that it was being voted on.

Mr. BARKLEY. That raises the question whether this corporation or any corporation can loan money to a State superintendent of banks who happens temporarily to take over a bank without in some way making provision in a comprehensive manner that would enable all banks to be dealt with on the same basis.

I doubt whether, under the Senator's amendment, that would be true. Without attempting in any way to speak for the committee, I think he can be assured that the Banking and Currency Committee is just as anxious to deal with this subject as he is, and just as interested in it, and we recognize that time is of the essence; but time is not quite so much of the essence in relation to banks already closed as it is with reference to banks that may be on the verge of closing and that need to be bolstered up for the time being so that they will not have to close.

Mr. SMITH. Mr. President, I want to say just one word in conclusion.

I want to succeed in saving certain institutions in my State. It means as much to the people of South Carolina whether or not an institution that has gone down in the last few days can be saved as any kind of help that we could give them. It means as much or more than the amendment I was successful in getting through to-day.

If I can be assured that we can have expeditious action on the bill that has been introduced by the Senator from Idaho [Mr. THOMAS]——

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BULKLEY. Yes; I do.

Mr. BROOKHART. I have been more interested in this proposition than in any other proposition in reference to the bill. I am going to vote against the bill unless some proposition to take care of the closed banks is in the bill.

I have read the bill which the Senator from Kentucky [Mr. BARKLEY] has prepared, and I will say to you that there is no relief in it; and it is fixed up in such a way that it is sure to be defeated. It provides $100,000,000 out of the Treasury, and then it provides $50,000,000 out of the Federal Reserve Bank, which, as we know, is a private bank, and they have no more right to take that money out of the Federal Reserve Bank than they have to take it out of any other bank for this purpose; and that is not enough anyway. Mr. Traylor's estimate—the only one that was made—was that $500,000,000 would be required to handle the situation properly.

So I do not think the bill proposed is adequate at all. If we do not follow the Treasury's suggestion, we will get no bill. We all know that quite well.

Mr. BARKLEY. Mr. President, will the Senator yield there again?

Mr. BULKLEY. Yes; I yield.

Mr. BARKLEY. The Committee on Banking and Currency and the members of the committee are not committed to the bill that has been introduced by the Senator from Idaho [Mr. THOMAS]. We are proposing to go into the whole subject and deal with it independently, regardless of any bill that has been introduced. Of course that bill is only the basis for action because it is the only one that has been presented.

Mr. BROOKHART. Neither is the Treasury Department committed to any bill that the Banking and Currency Committee will report. What I am describing is what the Treasury Department is committed to, and I say it is inadequate. I say it will not meet this situation at all, and it will not give the relief.

Mr. BARKLEY. We can amend it so that the Senate committee can report it out verbatim.

Mr. BROOKHART. Further, it is so full of technicalities and red tape that nobody could get anything under it.

Here is the simple place where this can be done. The members of this board are given ample power, and all we have to do is to give them authority to make loans to these closed banks or their representatives. If we do that, they can provide the necessary red tape without a whole lot of legislation. It is perfectly simple if we do it in this bill, and it is so involved in the other bill that it can not succeed at all. If the Banking and Currency Committee has independence enough to report out a good bill, what will happen to it then over in the Treasury Department?

We have backed away from this proposition at the request of the Treasury Department. Everybody in the committee knew that the most pressing need in reference to this situation was for the relief of the depositors in these closed banks; and then they come back with this proposition, which I think is entirely inadequate to meet the situation.

Mr. BULKLEY. Mr. President, I want to assure the Senator from South Carolina, with all due respect to the Senator from Iowa, that in the committee the Senator from Iowa expressed those same views, and was heard fully; and, notwithstanding that, the committee came to the conclusion that it was better to handle this proposition in the way we are proposing to handle it.

The Senator's suggestion, with respect to what the Treasury Department will do to this bill, I think, is not quite in point. The Treasury Department has nothing to do with the passage of the act. The Senate and House will pass an act.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BULKLEY. I will.

Mr. ROBINSON of Arkansas. I have been very much impressed by the statement the Senator from Ohio has made. I realize the necessity for treating the subject with respect to closed banks; but what I am wondering is why his argument does not apply to his own amendment—why it is not practical to leave that phase of the subject to consideration by the committee?

It occurs to me, in spite of the statement that has been made by the Senator from Iowa that it is a very simple matter, that this is quite a difficult problem; that it is full of complications that will require more consideration than we are in a position to give to it on an amendment like that proposed by either the Senator from Ohio or the Senator from South Carolina.

Mr. BULKLEY. I can inform the Senator about my own amendment. The chairman of the committee will bear me out in the statement that my own amendment is only for the purpose of making more clear what the committee believed the bill meant in the first place. As to the drafting of it, I will say that I have used the very words of the secretary of the Federal Reserve Board, who has given exhaustive study to the subject, and who is one of those who advised us not to go generally into the question of closed banks at this time.

Mr. ROBINSON of Arkansas. Will the Senator yield for a question?

Mr. BULKLEY. I will.

Mr. ROBINSON of Arkansas. Under the amendment proposed by the Senator from Ohio, would it be possible for a group to buy up the assets of closed banks and organize a new institution and secure the money to carry on operations through the Reconstruction Finance Corporation?

Mr. BULKLEY. I understand that it would be if their assets were such as to assure their solvency when so reorganized.

Mr. GLASS. Mr. President, is not that the difference between the amendment proposed by the Senator from

Ohio and the amendment proposed by the Senator from South Carolina?

Mr. BULKLEY. I think it is.

Mr. GLASS. The one proposes to enable a reorganization of solvent banks, whereas the Senator from South Carolina proposes to reorganize banks that are in a state of liquidation.

Mr. BULKLEY. What I am afraid of is that the amendment of the Senator from South Carolina will project us into the whole question of closed banks, which is exactly what we agreed we did not want to get into with this bill.

Mr. GLASS. It not only projects us into that question, but the Senate should understand that in order to take care of banks that are in a state of liquidation we will require $1,786,000,000. That was the statement of the Comptroller of the Currency before the Banking and Currency Committee. In other words, if we go into that here at the beginning, we will practically exhaust the entire fund that we are proposing here to use.

Mr. SMITH. Then the Senator from Virginia admits that the $150,000,000 proposed in the closed bank proposition——

Mr. GLASS. Is a bagatelle.

Mr. SMITH. A bagatelle?

Mr. GLASS. Yes.

Mr. SMITH. And amounts to nothing?

Mr. GLASS. I do. But that does not justify the Senate in exhausting this entire fund at the very outset by undertaking to salvage banks, in a state of liquidation, which have failed.

Mr. BROOKHART and Mr. SMITH addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Ohio yield; and if so, to whom?

Mr. BULKLEY. I yield to the Senator from Iowa.

Mr. BROOKHART. Mr. President, I think the Senator from Virginia is mistaken in the statement of the amount of money that would be required. A billion seven hundred million was the total assets of these failed banks. Nobody proposes that the loans should be made to them to the full amount of those assets. The only estimate made as to the amount of loans which would be required was made by Mr. Traylor, who said it would be about $500,000,000. But $150,000,000 is a mere bagatelle compared to that also.

So far as the complication of the State laws is concerned, this corporation would have no more trouble with State laws than any other corporation. If a bank superintendent is not permitted under the State laws to borrow money from this kind of a corporation, the State law would have to be amended, whichever organization made the loan.

Mr. President, I can not see all this difficulty which seems to be anticipated. It looks to me as if it is as simple as any other law, nothing but sending out an examiner to look over the assets of the banks concerned, and then making loans on assets which are safe, and where the loans are to be repaid. That is all there is to it in either case.

Mr. BULKLEY. Mr. President, as against the opinion of the Senator from Iowa, we have the opinion of the Comptroller of the Currency, of the Under Secretary of the Treasury, and of the governor of the Federal Reserve Board on that question.

Did the Senator from Idaho wish to say anything more to the Senator from South Carolina?

Mr. THOMAS of Idaho. Not anything more, Mr. President, except a word in regard to the fund to be provided. Of course, that is a matter to be in the hands of the Committee on Banking and Currency. This is a suggested plan, and I am afraid that if the Senator from South Carolina should press his amendment, he would provide for the authorization for this corporation to make loans, but he would find that the Comptroller of the Currency was not empowered to authorize his receiver to accept the loans. There is a complication there that would be quite difficult to overcome. Frankly, I am not an attorney, and I do not care to get tied up with the legal phases of this question. But I am quite sure that when the Banking and Currency Committee gets through with this, they will have been satisfied that they are appropriating a sufficient amount of money to care for the situation as it should be cared for.

So far as the billion seven hundred and fifty million is concerned, there is quite a difference between assets and deposits. I think the comptroller's estimate is that there have been 2,200 bank failures in the country. A billion seven hundred and fifty million dollars of deposits are tied up, and the plan is to make funds available to relieve the people whose deposits are tied up, and not in the full amount, because the experience of the comptroller is that only about 60 per cent of the assets of a failed bank are available for loans. In other words, most banks that fail have their capital impaired and quite often a considerable amount of worthless paper as a part of the assets, and no one in the Senate would favor lending money on worthless security. The idea is to make conservative loans on those assets.

I would be perfectly willing to tie the other measure onto this bill, more than glad to do it, because it would expedite the matter. But what I am afraid of is that the Senator would block the very purpose he is trying to accomplish.

Mr. WALCOTT. Mr. President, will the Senator from Ohio yield to me?

Mr. BULKLEY. I yield.

Mr. WALCOTT. I would like to address myself for just a moment to the Senator from South Carolina. As he knows, I am very familiar with the situation in South Carolina. The representatives of the institution in trouble down there have been with us for many days. I am also very familiar with the workings of the other bill, as I have been working on that for about 10 days, and am about as familiar with that side of it as I am with the pending matter.

I feel quite strongly that the Senator from South Carolina should withdraw his request at this time, because I think there is a fair chance under the amendment offered by the Senator from Ohio [Mr. BULKLEY] to undertake just what the Senator from South Carolina wants us to undertake. But even if that should not be the case, I feel that the Senator's amendment would go too far, and would not carry with it the authority of the comptroller, which is essential in the case. In other words, the amendment which has been proposed by the Senator from Ohio takes care of marginal banks which are not insolvent.

If it appears on examination that the institution we are now discussing is really insolvent, and the receiver can not be discharged by the State authority, then it would have to come under the purview of the bill which is now under consideration, which is being fathered by the Senator from Idaho. Therefore, it seems to me that it would be wiser for the Senator from South Carolina to withdraw his amendment, letting the other one prevail, which clarifies the language distinctly, and if we can not help the Senator get in line under this measure, have the authority conferred in the other measure.

Mr. SMITH. Mr. President, may I ask the Senator from Connecticut a question?

Mr. WALCOTT. Certainly.

Mr. SMITH. In the opinion of the Senator, who is familiar with the facts of the situation, does he think the addition of the words proposed by the Senator from Ohio would make it possible for the people to whom I have referred to get relief under the pending measure?

Mr. WALCOTT. As I have already stated to the head of the institution, I think that in the event he has enough free assets, and can reorganize so that we would be dealing with a separate corporate entity, the institution can be saved and revived under the authority of the measure we are now discussing, provided we approve the amendment just proposed by the Senator from Ohio.

Mr. SMITH. Mr. President, with the statement from the Senator from Connecticut, because I have not had time to study fully the effect of the words proposed by the Senator from Ohio, I will withdraw my substitute, and I hope the amendment suggested by the Senator from Ohio will prevail.

Mr. BULKLEY. I thank the Senator.

The PRESIDENT pro tempore. The question recurs on the amendment proposed by the Senator from Ohio [Mr. BULKLEY] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BINGHAM. Mr. President, I ask the attention of my colleague to page 30, line 8. Between the words "State" and "county" it appears to me the word "Territorial" has been inadvertently omitted. If he has no objection, I should like to move to insert the word "Territorial" at that point.

Mr. WALCOTT. I can see no objection to that, and I think it would be consistent with the previous clause.

The PRESIDENT pro tempore. The Chair will ask the senior Senator from Connecticut to propose his amendment so that it will correspond with the first print.

Mr. BINGHAM. In the third line from the bottom of section 10, after the word "State," I move to insert the word "Territorial."

Mr. BULKLEY. Mr. President, I call attention to an error in the printing of the second print. How may that be corrected? Will there have to be a new amendment?

The PRESIDENT pro tempore. The second print is not the print being used officially. The second print is the print that was made for the information of the Senate. We are using constantly the print as the bill was reported.

Mr. BULKLEY. Is it appropriate to call attention to an error in that print, or shall we rely on the chance that the error will be corrected in the bill?

The PRESIDENT pro tempore. The Chair thinks a typographical error should be corrected.

Mr. BULKLEY. It occurs in an amendment I proposed the other day, which was agreed to. It was intended to be a new sentence, but it appears as part of another sentence.

The PRESIDENT pro tempore. The Senator means that it so appears in the unofficial new print?

Mr. BULKLEY. Yes.

The PRESIDENT pro tempore. The new print is not being used for the purpose of making corrections in the bill.

Mr. GLASS. It is plainly a typographical error, and there ought to be no trouble in the world about correcting it by substitution of a period for the comma, and starting the next sentence with a capital letter.

The PRESIDENT pro tempore. The chances are that upon reference to the print being used, which is the bill as reported from the committee, the amendment offered by the Senator from Ohio will be found in its proper form.

Mr. BULKLEY. Perhaps it would be well to state what the correction is, and then the clerks may take notice. On page 28, line 11, of the new print, after the word "States" there should be a period, and the beginning of a new sentence.

The PRESIDENT pro tempore. May the Chair ask the Senator what section of the bill that is?

Mr. BULKLEY. At the end of section 9.

The PRESIDENT pro tempore. The Chair is informed that that amendment is as it should be in the official print.

The question now is on the amendment proposed by the senior Senator from Connecticut [Mr. BINGHAM] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BLAINE. Mr. President, I desire to offer an amendment and ask that it be reported.

The PRESIDENT pro tempore. The amendment will be reported.

The CHIEF CLERK. The Senator from Wisconsin offers the following amendment: At the end of section 4 to insert a colon and the following:

Provided, That the Comptroller General of the United States, who may act personally or through such persons as he may designate or employ without regard to the provisions of other laws of the United States and who shall be paid by the corporation at his request, compensation fixed by him, shall be the comptroller of the corporation with authority to prescribe the accounting procedure and to determine the legal availability of the uses of corporate assets.

Mr. BLAINE. Mr. President, the reading of the proposed amendment is sufficient explanation. This is a very large undertaking, and there must be some accounting procedure. The Comptroller General's office is equipped and organized for that accounting procedure. Moreover, the General Accounting Office is also equipped to determine the legal availability of the sums which may be appropriated under this act. I think that as a mere matter of business we ought to arrange for the accounting-system procedure, and also for some check of the activities of this board within the law as it may be passed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Wisconsin to the amendment of the committee. [Putting the question.] The noes seem to have it.

Mr. BLAINE. I ask for a division.

On a division, the amendment to the amendment was rejected.

Mr. NORRIS. Mr. President, ever since this bill has been before the Senate I have been in a sort of dazed condition. I am wondering, after all, whether it is just a dream. Is it possible that we may awaken to find that if it is reality, we are in Russia, or down in Italy under a Mussolini?

I have been called a socialist, a bolshevik, a communist, and a lot of other terms of a similar nature, but in the wildest flights of my imagination I never thought of such a thing as putting the Government into business as far as this bill would put it in.

With powers almost limitless we have turned over to the corporation which the bill sets up $2,000,000,000 that must be wrung from the people by taxation. The corporation is to use the money, which it will get from the taxpayers of the Nation, with but slight limitation as to its use or the method of use. Undoubtedly most of this money will find its way into the hands of the international bankers, who are themselves to a great extent responsible for the terrible condition in which the country, including themselves, now is. Yet there seems to be a general belief that we must pass the bill.

Mr. President, what is this monstrosity which everybody is afraid of, which nobody wants, and for which nearly every body is going to vote? We have heard a great deal and are continually hearing daily from our constituents all over the United States: "Do not issue any more tax-exempt securities." Yet here we have $2,000,000,000 worth of them about to be issued and shoved over upon the public at once. My mail is filled with letters from business men and business corporations all over the United States protesting against more tax-exempt securities. The bill, at least when it was first brought here, went farther in the way of tax-exempt securities than any bill providing for any bonds during the World War without any exception, I believe. The nearest approach to it was the first series of Liberty bonds, which, as I remember it, were exempt from taxation of all kinds except estate or inheritance taxes.

Mr. President, the corporation we set up here is simply fiction. No one pays any money into it in reality, except the Government of the United States. Every bond that is issued will bear on its face, under the provisions of this bill, the clear statement that both the principal and the interest are guaranteed by the United States. Never, so far as I know, in any proposal that has been made by anyone for the relief of anybody have we gone that far or with that amount of money in a time of peace. The corporation will not have to come to Congress and ask Congress for money. It draws a check upon the Treasury of the United States on demand, without notice, for any amount that it sees fit to ask. All this is done ostensibly for the purpose of relieving the depression.

I realize that honest men may differ on this point, but in my judgment the men who are more responsible for the condition we are now in than any other class of people are going to receive this money. If the ordinary business man or the ordinary person gets anything, he will get it in the form of crumbs that trickle down from the table surrounded by these millionaires who have first loaned the money of the people on deposit in their institutions to foreign nations and to other corporations and the value of the paper upon which

it was loaned has in some instances gone down to absolute zero. Into those hands we are now about to put $2,000,000,000 to bring about recuperation.

It seems to me, Mr. President, it is not only unwise but it is unfair. We, as trustees of the American people, have no right, as I look at it, to take this money belonging to the people and give it to those men who are thus demanding it, and to whom we are going to delegate the job of relieving the depression. We are not only going to try to lock the stable door after the horse is stolen, but when we replace the horse with some other thing of value we are going to place it in the hands of the men who stole the horse.

It seems to me, Mr. President, we ought not follow the fear that evidently many honest men have in their hearts. Even if it is true that these men who are going to be the beneficiaries of this legislation have it in their power and would utilize the power to bring down the depression still further if we do not pass this bill, still I would say we ought not pass it. If that be true, as I think many Senators believe, while they hate to do it and realize that it ought not be done, yet they feel that in the hands of these international bankers and their associates the destinies of the country are so closely held that they dare not refuse their demands. If that be true it would be better, I think, to go still farther down and refuse them not only millions for defense but even one cent for tribute. If we obey this time, then when the next depression comes on, if there are enough of us left to have a depression, we will be confronted with the same proposal. If we refuse to follow now they will be careful never again to get into the kind of difficulty in which they now find themselves.

In my judgment there are many things we ought to do, and we will have to do things, which under ordinary circumstances we would not think of doing, in order that we may relieve the depression. But there is a way, I believe, to come out of it without turning over all of the funds of the Federal Government into the hands of men who will not employ a single additional person, who will not feed a single hungry child, and who will not clothe anyone, at least until after they have made good the terrible losses which some of them have sustained through gambling in the stock markets of the country.

Mr. President, it seems to me it is most unwise legislation. It will not bring permanent relief. It will not feed the hungry. It will not revive business, in any legitimate way at least. There is no reason we should make good the losses of those who gamble on boards of trade or stock exchanges any more than we should make good the losses of the men who have manufacturing establishments or the men who walk between the plow handles, raise a crop, and then see it all disappear because of dry weather or hot winds.

Mr. JONES. Mr. President, I have waited until I suppose all amendments dealing with the merits of the bill have been offered and disposed of. I want to propose an amendment now that deals more with the procedure which I think we should follow than with the merits of the bill.

The PRESIDENT pro tempore. The amendment will be reported for the information of the Senate.

The CHIEF CLERK. On page 17, line 7, after the word "hereby," insert the words "authorized to be," so as to read:

There is hereby authorized to be appropriated—

And so forth.

Mr. JONES. Mr. President, the bill as it is now reads, "There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000,000," and so forth.

In other words, this is an appropriation bill. If the bill can be considered in this way, it makes every committee in the Senate an appropriation committee. I do not think this provision was put in the bill in this way as a reflection upon the Committee on Appropriations, but I assume that it was put in the bill in the interest of haste in disposing of the measure. In my judgment it means just the contrary. There are many on this floor who know that there has been quite a controversy between the House and the Senate for a long time as to where appropriation bills should originate. That has never been brought to a definite conclusion between the two Houses, but the Senate has rather acquiesced in the idea that the House should initiate appropriation bills, in the interest of time and the expedition of legislation. This is, in my judgment, no time to enter upon a contest of the sort. This is not the time to challenge the right of the House to originate appropriation bills, however strongly we may believe in our right to originate them. What I expect, if the bill passes as it is worded now, though of course I may not be correct, is that it will never come back to the Senate. There will come over here a distinct House measure with a House number which we will have to take up ad initio and consider.

I think that would mean loss of time rather than expedition in action upon the measure. If the bill passes in the regular way authorizing the appropriation, there will be no delay in making the appropriation and all the appropriations that are necessary.

I can see also that the $500,000,000 will not all be needed overnight. We ought to have an estimate, I believe, from the administration as to how much money should be made immediately available for action under the measure. There ought not to be any delay in the passage of a measure of that kind. I do not believe that there would be any delay. I do not believe there would be any disposition on the part of the Senate or the House, after we have passed a measure authorizing an appropriation to meet the emergency situation, to delay early action in making the appropriation.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Kentucky?

Mr. JONES. Certainly.

Mr. BARKLEY. This is somewhat different from any proposition heretofore where a board was created by law and an appropriation of any particular amount there made. It might not all be required at the same time. Appropriations were made, as with the Wickersham Commission, from time to time. This is a proposal to organize a corporation with $500,000,000 capital stock that will be issued all at once. The Government can not subscribe to a little of that at a time. It must subscribe to all of it at once.

Mr. JONES. Grant that, Mr. President, the estimates will come in right away and be considered by the Appropriations Committee of either House. I am not going to take further time of the Senate. I think the proposition is perfectly plain. We should be departing from the usual course by making an appropriation in this bill directly to meet the situation that it brings up. The other House has its views with reference to how things of this kind should be done. I do not think this is the time to enter into a controversy with that House over a matter of procedure of this kind, and, in my judgment, we shall save time by following the regular course and depend upon the Senate and the House of Representatives to take prompt action in making the necessary appropriations.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Washington to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. JONES. I have not found any other places where similar language needed to be inserted, but the Senator from Nebraska suggests that there are two other places where that change should be made. I ask unanimous consent that if there are places where that should be done the clerk be authorized to make the change.

Mr. BLAINE. I suggest that the other place is at the bottom of page 26, the last line on the page, line 25, after the word "hereby," where the words "authorized to be" should also be inserted.

Mr. JONES. I offer that amendment to the amendment, if it be necessary.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

Mr. JONES. I ask unanimous consent, if there be other places in the bill where a similar change should be made, that the clerk be authorized to make it.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered. The question now is on agreeing to the amendment reported by the committee as amended by the Senate. [Putting the question.] The "ayes" have it, and the amendment as amended is agreed to. The question now is on the third reading of the bill.

The bill was read the third time.

The PRESIDENT pro tempore. The bill having had three several readings, the question is, Shall the bill pass?

Mr. NORRIS and Mr. BLAINE called for the yeas and nays, and they were ordered.

Mr. BARKLEY (when his name was called). I have a pair with the senior Senator from Colorado [Mr. WATERMAN]. I understand that if present he would vote as I intend to vote. Therefore I feel free to vote and vote "yea."

Mr. BLACK (when his name was called). On this bill I am paired with the senior Senator from Michigan [Mr. COUZENS]. If the Senator from Michigan were present, he would vote "yea." If I were not paired with the Senator from Michigan, I would vote "nay."

Mr. BROOKHART (when his name was called). I have a pair with the senior Senator from Florida [Mr. FLETCHER]. If he were present, he would vote "yea." I transfer that pair to the senior Senator from Wisconsin [Mr. LA FOLLETTE] and will vote. I vote "nay."

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. I understand that if present he would vote as I intend to vote. I therefore feel free to vote and vote "yea."

Mr. JONES (when his named was called). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent. I promised to take care of him on all votes during the day. I understand, however, that on this question he would vote as I intend to vote. Therefore I feel at liberty to vote, and vote "yea."

Mr. BLAINE (when Mr. LA FOLLETTE's name was called). I desire to announce that my colleague is unavoidably absent. If he were present, he would vote "nay."

Mr. MCKELLAR (when his name was called). On this vote I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. If he were present, I understand that he would vote "yea." If I were permitted to vote, I should vote "nay."

The President pro tempore (when Mr. MOSES's name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. My understanding is that if he were present, he would vote as I propose to vote. Therefore I will vote. I vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I am informed that if he were present, he would vote as I expect to vote. Therefore I feel free to vote, and vote "yea."

Mr. HARRISON (when Mr. STEPHENS's name was called). My colleague [Mr. STEPHENS] is necessarily absent. If he were present, he would vote "yea."

Mr. GLASS (when Mr. SWANSON's name was called). My colleague [Mr. SWANSON] is necessarily absent. As stated by his pair, the Senator from Washington [Mr. JONES], if my colleague were present, he would vote "yea."

Mr. COOLIDGE (when the name of Mr. WALSH of Massachusetts was called). The senior Senator from Massachusetts [Mr. WALSH] is in Massachusetts to-day attending the funeral services of Judge Carroll, of the Supreme Court of Massachusetts, a very dear friend of Senator WALSH. If the senior Senator from Massachusetts were present, he would vote "yea."

Mr. SHEPPARD (when the name of Mr. WALSH of Montana was called). The Senator from Montana [Mr. WALSH] is unavoidably absent. If present, he would vote "yea."

The roll call was concluded.

Mr. MCNARY. I wish to announce that the junior Senator from Iowa [Mr. DICKINSON] is necessarily absent. If he were present, he would vote "yea."

Mr. FRAZIER. I wish to announce that my colleague the junior Senator from North Dakota [Mr. NYE] and the junior Senator from New Mexico [Mr. CUTTING] are unavoidably absent. If they were present, they would vote for the bill.

Mr. THOMAS of Oklahoma (after having voted in the negative). I ask unanimous consent to withdraw my vote in order that I may announce a pair.

The PRESIDENT pro tempore. Without objection, that order will be entered.

Mr. THOMAS of Oklahoma. I have a pair on this question with the senior Senator from Montana [Mr. WALSH]. I understand if he were present, he would vote "yea." If privileged to vote, I would vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Utah [Mr. KING]; and

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Oklahoma [Mr. GORE].

I desire further to announce that the Senator from Minnesota [Mr. SHIPSTEAD] is absent on account of illness.

The result was announced—yeas 63, nays 8, as follows:

YEAS—63

Ashurst	Dill	Hull	Robinson, Ark.
Austin	Fess	Jones	Robinson, Ind.
Bailey	Frazier	Kean	Sheppard
Barbour	George	Kendrick	Shortridge
Barkley	Glass	Keyes	Smith
Bingham	Glenn	Lewis	Smoot
Bulkley	Goldsborough	Logan	Steiwer
Byrnes	Hale	McNary	Thomas, Idaho
Capper	Harris	Metcalf	Trammell
Caraway	Harrison	Morrison	Tydings
Carey	Hastings	Moses	Vandenberg
Coolidge	Hatfield	Neely	Wagner
Copeland	Hawes	Oddie	Walcott
Costigan	Hayden	Patterson	Watson
Dale	Hebert	Pittman	White
Davis	Howell	Reed	

NAYS—8

Blaine	Brookhart	Connally	Norris
Bratton	Bulow	McGill	Wheeler

NOT VOTING—24

Bankhead	Dickinson	McKellar	Swanson
Black	Fletcher	Norbeck	Thomas, Okla.
Borah	Gore	Nye	Townsend
Broussard	Johnson	Schall	Walsh, Mass.
Couzens	King	Shipstead	Walsh, Mont.
Cutting	La Follette	Stephens	Waterman

So the bill was passed.

WILLIAM ROBERT SMITH MEMORIAL—REPORT OF A COMMITTEE

Mr. SHEPPARD, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 2286) authorizing the William Robert Smith Memorial Association, of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas, reported it without amendment and submitted a report (No. 81) thereon.

ADDITIONAL REPORTS OF NOMINATIONS

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry post-office nominations, which were placed on the Executive Calendar.

Mr. HASTINGS, from the Committee on the Judiciary, favorably reported the following nominations, which were placed on the Executive Calendar:

W. Calvin Chestnut, of Maryland, to be United States district judge, district of Maryland, to succeed Morris A. Soper, appointed United States circuit judge, fourth circuit; and

Morris A. Soper, of Maryland, to be United States circuit judge, fourth circuit, to succeed Edmund Waddill, jr., deceased.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NORBECK:

A bill (S. 2895) to amend the national prohibition act; to the Committee on the Judiciary.

A bill (S. 2896) authorizing the Secretary of the Interior to erect a monument to commemorate the heroic sacrifices, and the services of Martin Charger and 10 other Indians in the rescue of white women and children held as captives by an unfriendly Indian tribe; to the Committee on the Library.

A bill (S. 2897) for the relief of Sarah Hay (with accompanying papers);

A bill (S. 2898) for the relief of Emerson E. Hunt and C. N. McMillan;

A bill (S. 2899) for the relief of Hannah Nielson Larsen;

A bill (S. 2900) authorizing the Secretary of the Treasury to pay Dr. A. W. Pearson, of Peever, S. Dak., and the Peabody Hospital, at Webster, S. Dak., for medical services and supplies furnished to Indians;

A bill (S. 2901) for the relief of H. C. Lafferty;

A bill (S. 2902) for the relief of Fred N. Dunham; and

A bill (S. 2903) for the relief of William A. Delaney; to the Committee on Claims.

By Mr. TRAMMELL:

A bill (S. 2904) for the relief of W. J. DuRant; to the Committee on Claims.

AMENDMENT OF FEDERAL FARM LOAN ACT

Mr. GEORGE submitted an amendment intended to be proposed by him to the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, which was ordered to lie on the table and to be printed.

ACCEPTANCE OF STATUE OF GEN. JOHN SEVIER

Mr. McKELLAR submitted the following concurrent resolution (S. Con. Res. 8), which was ordered to lie on the table:

Resolved by the Senate (the House of Representatives concurring), That the statue of Gen. John Sevier, presented by the State of Tennessee, and placed in Statuary Hall, is accepted in the name of the United States, and that the thanks of Congress be tendered said State for the contribution of the statue of this eminent man, illustrious for his distinguished service as a pioneer patriot of said State.

Resolved further, That a copy of these resolutions, suitably engrossed, and duly authenticated, be transmitted to the Governor of Tennessee.

THE TARIFF AND AGRICULTURE

Mr. NORBECK. Mr. President, I ask unanimous consent to have inserted in the RECORD the text of the address on the Tariff and Agriculture, delivered Saturday afternoon, January 9, 1932, before the National Republican Club, in New York, by Mr. F. E. Murphy, publisher of the Minneapolis Tribune.

The VICE PRESIDENT. Without objection, leave is granted.

Mr. Murphy spoke as follows:

Mr. Chairman, ladies and gentlemen of the National Republican Club, I welcome this opportunity to appear before you to-day to discuss the tariff in its relation to agriculture. At the same time I am somewhat abashed when I consider the nice things the chairman has been so kind as to say about me. I have a fear that possibly I will be unable to measure up to the standards of his compliments, but if I do not I will ask you to accept the effort in place of the accomplishment.

A protective tariff is inherently a special favor granted to a special group. It is a bounty paid by the consumer to compensate the producer for certain disadvantages.

There is nothing absolute or fixed about the theory of a protective tariff. A protective tariff is good or bad according to the prevailing conditions. A tariff that may be economically right this year may by the change of conditions be economically wrong next year. In the years preceding the enactment of the Smoot-Hawley Act it was generally recognized that agriculture was not being protected by the tariff. Both political parties recognized this fact in their 1928 platforms. The party that came into office definitely promised the American market to the American farmer. A special session of Congress was called to revise the tariff, primarily in the interest of agriculture. The result of this special session of Congress was the enactment of the Smoot-Hawley bill. I contend that this act has failed to remedy the conditions about which our farmers have so rightly complained for the past decade.

Proof of my contention is to be found in the December report of the Bureau of Economics, which gives these facts. On a pre-war base of 100, the present industrial wage level is roughly twice the pre-war figure, or 200. Farm taxes are over 250. Farm wages are about 120. The prices of things bought by farmers are 125. The prices received by farmers for their products average about 70. There is a difference of 55 points between what the farmer sells and what he buys. I will not go so far as to say that this disastrous discrepancy is the result of the tariff. I do insist, however, that this discrepancy proves conclusively that the Smoot-Hawley Act has been of little or no benefit to the American farmer.

In this tariff discussion we must not permit ourselves to be misled by percentages and the mere enumeration of agricultural items upon which there is a tariff. This arithmetical juggling has only a statistical value. It gives us no picture of reality. Counting the agricultural items on which duties have been raised, computing the total volume of our dutiable and free imports, means nothing.

Further, it must not be forgotten that some duties, ostensibly in the interest of agriculture, are in reality industrial duties. There is a duty of 2 cents a pound on coconut oil, except that imported from the Philippines. On the face of it that is a duty in the interest of agriculture. In reality it is a duty in the interest of industry and labor because copra, from which coconut oil is produced, comes into this country free of duty. The net result is an attempt to force the coconut grower to send his copra to be ground in the United States. The grinding mills and not the farmer are the beneficiaries of the duty on coconut oil.

Tariff duties on such important articles as corn, oats, barley, rye, cotton, pork, lard, and fresh eggs have little or no meaning. It may sound important to announce that we have a duty of 25 cents per bushel on corn, but, practically speaking, there isn't any importation of corn. We can make a fine statistical showing of the benefits conferred on agriculture by the Smoot-Hawley Act, but the actual benefits, and there are some, are all too few.

Looking back at the special session of Congress which enacted the Smoot-Hawley bill, we can see that a fundamental mistake was made in trying to write an agricultural tariff law in terms of industry. This is only natural when we consider that the tariff idea grew out of the necessity of industry. A hundred years ago when industry was in its infancy the theory was that a protected industry furnished a market for agriculture. That theory at that time was sound when 90 per cent of our people lived on farms. It is no longer sound unless subjected to some fundamental modification. Science and invention have brought agriculture face to face with the problem of surpluses. Science and invention have brought agriculture face to face with substitutes. Science and invention have brought about a change in the food habits of our people. Our per capita consumption of wheat has fallen off 1 bushel or 60 pounds in the last 25 years. Diet fads have further reduced the farmer's market, yet our American farmer remains an economic and a social necessity. He is grievously in need of protection—protection that is real and not a mere statistical sop—if he is to survive.

Any tariff act designed to help the American farmer must take into consideration the inescapable conditions that surround agriculture. Many of these conditions have no counterpart in industry.

An industrial tariff is easy to write. If we want to protect an American manufacturer of watches, we merely place a duty on foreign-made watches that will compensate for the cheaper labor or material abroad. The competition between the American and the foreign manufacturer is in watches. There is no substitute for a watch. There is no article produced anywhere in the world that can come into the United States and become a substitute for a watch. This is not always true in the case of the farmer. The Smoot-Hawley bill placed a duty on butter and on lard, but the Smoot-Hawley bill permits the importation of tropical oils out of which substitutes for butter, lard, and other animal fats are manufactured. The factor of substitutes, which plays no great part in industry, plays an all-important part in agriculture. Our future tariff legislation must take this distinction into serious consideration.

Some 300,000,000 pounds of margarine is consumed annually in the United States. This is largely made from tropical vegetable oils, which displace the animal fats produced by the American farmer. This margarine consumption is, roughly, one-eighth of our butter consumption. We would not think that we were dealing fairly with the American watchmaker if we permitted one-eighth of his market to be taken from him by the free importation of some device that could be substituted for a watch. Any future tariff legislation that does not take the factor of substitutes into consideration will fail of its purpose to the same extent as the present tariff act.

Our tariff makers must recognize that the farmer is confronted on all sides with invincible competition. He can not escape surpluses. If industry were compelled to keep all its factories operating full time with full crews irrespective of general economic conditions, industry then would be faced with the same surplus problem as the farmer. This is another difference between agriculture and industry which our tariff makers must take into consideration.

The farmer has his acres which he can not shut down when the demand for his products declines. The development of the automobile and the automobile truck has had a disastrous effect on the farmer. The disappearance of the horse in the cities has not only taken his horse market from him, but has forced millions of his acres, once utilized to produce horse feed, into the production of human food. If our farmer is going to be protected by a tariff it must be along such lines as will permit of the utilization of his acres. The acres that once produced oats for the horses are now producing more wheat than we can consume. This is a condition that the farmer is no more responsible for than is the industrialist for the cheaper factory labor in foreign countries. If we feel justified in protecting the manufacturer against the lower foreign production cost, there is just as much justification in protecting the farmer from the economic conditions that harass his business. The basic theory of a tariff is to stimulate. A tariff seeks to counteract depressive conditions. These depressive conditions are not necessarily limited to lower foreign production costs.

A tariff act designed to aid the farmer must take into consideration the difference between land and water transportation costs. It must take into consideration that 75 per cent of our national industry lies within 150 miles of either ocean, whereas 75 per cent of our agriculture is a thousand miles distant. The effect of this is to give the foreign producer easier access to our industrial markets than the American farmer. Flax grown down below the Equator in the Argentine can be shipped to the linseed mills in New Jersey at a cost of 10 cents a bushel, whereas it costs 30 cents a bushel to ship North Dakota flax to the same point. Ninety-five per cent of our flax is produced in Minnesota, North and South Dakota, and Montana. Defenders of the Smoot-Hawley bill may point out that there is a high duty on flax in the interest of the American flax grower, but 20 cents of that duty does not protect the farmer, because he has to pay it out in freight charges.

The policy of our Government which develops ocean transportation at the expense of rail transportation works to the serious disadvantage of the American farmer. Our Government buys and builds ships, subsidizes them with mail contracts, and at the same time fixes the wages and hours of labor on our railroads, creating a cost of operation that to a very large extent is borne by the American farmer. Agriculture must depend for its transportation on the railroads.

All these factors, geography, substitutes, and transportation problems must be compensated for in any tariff law that will be of tangible benefit to the American farmer.

We can not compensate the farmer for these conditions by the mere imposing of duties on wheat, corn, lard, and such products. Such compensations are only statistical; they are not real.

In my opinion, the outstanding failure of the Smoot-Hawley bill is in its refusal to protect the American farmer from the tropical oils which are now being used as substitutes for animal fats. A proper recognition of the part played in American agriculture by tropical oils might very well solve the problem of the agricultural surplus. The 300,000,000 pounds of margarine which are consumed in the United States forces millions of acres of American farm lands into the production of surpluses. When oleomargarine first came on the American market as a substitute for butter it consisted for the most part of animal fats. It was a competitor with butter, but it was produced by the American farmer. To-day the animal fat has all but disappeared and, strictly speaking, there isn't any oleomargarine; it is now called nut margarine.

There was a time when the American farmer had a market for his animal fats in the soap industry. Soap is now a vegetable-oil product containing very little animal fat. There was a time not many years ago when the American housewife cooked with the lard that was the product of animal fat. The lard substitutes have made the fat hog a drug on the market. To-day the farmer is penalized for a fat hog because the packers are forced to export so much of their lard.

With the American farmer the actual and potential competition of tropical vegetable oils is most serious. Science is finding new ways to make these oils palatable. Every day science finds some new method by which these tropical oils can come into competition with the American farmer. Science has even gone so far as to eliminate the odor and the taste from whale oil, infuse it with crystalized vitamins, and produce a margarine that can not be distinguished from the butter made from cream.

An agricultural tariff that amply protected the American farmer from these tropical oils would bring 10,000,000 acres of land into profitable use. And to-day this 10,000,000 acres of land is producing our surpluses. These 10,000,000 acres, which are now being farmed at a loss and imposing a loss on millions and millions of other acres, could be made to produce at a profit by excluding these tropical oils, including those from the Philippine Islands, from the American market. Either the Philippine Islands should be given their freedom, or restrictions placed on the importation of their products.

Then there is the matter of the coarse fibers that are grown in the tropical countries. While these fibers can not perhaps be grown in the United States, substitutes for them can be produced. The cotton grower of the South could gain a tariff benefit not by a tariff on cotton or cotton goods but by a tariff on other articles which in their manufactured form actually compete with cotton. The millions of square yards of linoleum used every year in the United States could be backed by American instead of imported fibers.

My limited time will not permit of further enumeration of the ways by which a tariff could be written for the benefit of agriculture. It can not be written in industrial terms. It must take into consideration those peculiar domestic and foreign conditions which bear with such competitive weight on the American farmer. I do not believe that the so-called agricultural problem can be solved by any tariff. I do believe that a proper tariff law, drawn in the interests of agriculture, will be of great help. Such a law will not consist of merely increasing the duties on a long list of agricultural products but will take into consideration the actual conditions that confront the farmer. I do not think it can be seriously said that the Smoot-Hawley Act has been of any appreciable benefit to American agriculture. In all fairness it must be admitted that the Smoot-Hawley Act does give protection to some agricultural items. For instance, there is a duty of 14 cents a pound on butter, which is a benefit to the dairyman, but at the same time it permits the importation of something over 600,000,000 pounds of tropical oils which are very largely used to make substitutes for animal fats. It can hardly be said in the face of this that the Smoot-Hawley Act gives the American market to the American farmer, and I submit that this promise was definitely made to the American farmer. A special session of Congress was called to give him this market and it has not done so.

There is a widespread reluctance to reopen the tariff question in Congress. Neither major political party, facing a presidential election, wishes to become involved in a tariff controversy. In the meantime, the American farmer must continue to pay $1.25 for the things he buys and receive only 70 cents for the things that he sells.

Congress—and industry too—may well take cognisance of this flagrant economic injustice. Industry insists on having tariffs to protect its American market. Why, I ask you, should industry allow its agricultural market, made up of 30,000,000 Americans, to become impoverished and deprived of buying power? Industry scurries around the globe looking for foreign markets. Industry shuts its eyes to its best market here at home where there is no need to teach the buyers to use American goods—where there are no high tariff walls, where there is no going off the gold standard, and where there is no talk of debt repudiation. A prosperous agriculture in America would more than take care of our vanishing foreign trade.

In conclusion, ladies and gentlemen, I want to say to you with all the earnestness at my command that there never can be a continuous prosperity in this country that does not include agriculture. We can not exclude 30,000,000 of our people and still have a prosperous Nation. We can not protect industry and leave agriculture unprotected. We must have a new concept of an agricultural tariff. The idea that a protected industrial market of and by itself is sufficient to insure agricultural prosperity must be discarded. It may have been true 50 years ago, but it is not true to-day. We must write our agricultural tariff act in terms of agriculture and not in terms of industry. We must protect the American acre so that the American farmer may produce those foods and articles for which there is a profitable market. If we do not, the American farmer is headed straight for the city slums or peasantry, and God forbid that so disastrous a fate should be his.

ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

Mr. McNARY obtained the floor.

Mr. CAREY and Mr. JONES addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Oregon yield; and if so, to whom?

Mr. McNARY. I yield first to the Senator from Wyoming.

Mr. CAREY. I ask unanimous consent that the Senate proceed to the consideration of the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes.

The PRESIDENT pro tempore. Is there objection?

Mr. McKELLAR. Mr. President, reserving the right to object, I inquire whether the Senator moved to proceed to the consideration of the bill?

The PRESIDENT pro tempore. The Senator from Wyoming asked unanimous consent to proceed with the consideration of the bill.

Mr. McKELLAR. I will be compelled to object to the request for this reason: I said some days ago that when the measure which has just been voted upon was disposed of, I would move to proceed to the election of a President pro tempore, and, if the Senator from Wyoming will yield to me, I should like to make that motion at this time.

Mr. CAREY. I am sorry I can not yield, Mr. President.

Mr. McKELLAR. I object, then, to the request of the Senator from Wyoming. Under the circumstances, I feel it my duty to do so.

The PRESIDENT pro tempore. Objection is made.

Mr. CAREY. Then, I move that the Senate proceed to the consideration of House bill 6172.

Mr. ROBINSON of Arkansas. Mr. President, do I understand the Senator from Wyoming moves to proceed to the consideration of the Federal land bank bill?

Mr. CAREY. Yes.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Wyoming.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

UNEMPLOYMENT CONDITIONS IN THE STATE OF WASHINGTON

Mr. JONES. Mr. President——

Mr. McNARY. I yield to the Senator from Washington.

Mr. JONES. A day or two ago certain testimony was given before the Committee on Manufactures with reference to unemployment, and certain statements were made with references to the unemployment situation in my State. I have here a telegram from a prominent newspaper man of the State of Washington with reference to that matter. I ask that the telegram may be printed in the RECORD and referred to the Committee on Manufactures.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the telegram was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

[Telegram]

WALLA WALLA, WASH.,
January 8, 1932.

Hon. WESLEY L. JONES,
Senate Office Building, Washington, D. C.:

Statements of Representative HORR before Senate unemployment committee on Tuesday are unwarranted. Walla Walla County needs no Federal assistance. A thorough check with city and county officials, Red Cross, and Salvation Army discloses ample financial and other relief facilities with everybody getting all necessary help. Additional assistance, if needed, will be quickly and cheerfully furnished. Please file with Senate unemployment committee.

JOHN G. KELLY,
Publisher Walla Walla Daily Bulletin.

MODIFICATION OF PROHIBITION—ARTICLE BY WILLIAM D. GUTHRIE

MR. WAGNER. Mr. President, I ask that there may be printed in the RECORD an article by Mr. William D. Guthrie, a leading authority on constitutional law, which appeared in the New York Times of last Sunday, entitled "Modifying Prohibition: An Approach from a New Angle."

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the New York Times, Sunday, January 10, 1932]

MODIFYING PROHIBITION: AN APPROACH FROM A NEW ANGLE—WILLIAM D. GUTHRIE OFFERS A PLAN TO PROTECT DRY STATES AGAINST LIQUOR IMPORTATION AND PERMIT THE OTHERS TO FIX THEIR OWN POLICIES

(The question of what the Nation shall do about prohibition—to preserve the present status, to repeal, or to modify—was thrown vividly into public debate again last week because of the proposal made by John J. Raskob, chairman of the Democratic National Committee, for a new amendment designed to permit each State to handle the liquor traffic as it saw fit. That discussion makes particularly pertinent the article that follows, which presents the problem and a proposed solution from a new angle. The author is a former president of the New York State and New York City Bar Associations and is a leading authority on constitutional law. This article is part of an argument which Mr. Guthrie has prepared for submission to Congress.)

By William D. Guthrie

The various movements in and out of Congress in the endeavor to secure the repeal or modification of the eighteenth amendment indicate the prominence that the constitutional aspects of national prohibition will probably have in the political campaigns of 1932. The following review discusses the antecedents or causes which directly led to the eighteenth amendment and the objections to its repeal. A modification is suggested that would permanently protect the prohibition States from the violation of their laws prohibiting the importation and sale of intoxicating liquors, and yet leave the remaining States at liberty to regulate the subject in accord with local public policy, needs, and sentiment, and thereby duly recognize their right to local self-government.

The recent public letter of the chairman of the Democratic National Committee suggests an amendment which is similarly intended to vest in the States full power to regulate the matter of intoxicating liquors in their own territory whether in interstate or intrastate commerce; but it differs materially in method, scope, and effect, as well as in technical form, from the modification proposed in the present review, and it would leave the States not affirmatively acting under his proposed amendment subject to the operation of the present eighteenth amendment as heretofore construed and applied by Congress.

There is clearly a rising tide of public opinion calling for reconsideration of the subject, and it is the most discussed issue of the times. After a decade of trial the eighteenth amendment has proved to be a disappointment to many of those who favored and promoted it. The experiment has created grave doubts as to the practicability of the enforcement of so compulsory and nation-wide a prohibition, in view of the failure and inability of many States to cooperate in its enforcement, principally because of the conflict with local public opinion and sentiment.

ANXIETY AND DISCONTENT

The attempted enforcement has become in many States the source of anxious apprehension on the part of countless citizens, who ponder with alarm over the widespread demoralization that is resulting from the disregard of the laws of Congress, the confession of the National Government of its inability adequately to enforce these laws without the cooperation of the States, the growth of an enormous illicit and debauching traffic in intoxicating liquors, and the evident undermining of moral standards that the open violation of law is causing in so many communities throughout the country. There is, furthermore, deep discontent and resentment and a dangerous spirit of rebellion against what many believe to be an unwarranted, oppressive, and intolerable interference with individual liberty and the right of the States to local self-government.

National prohibition presents a major political problem that can no longer be ignored by party spokesmen and that will probably be the controlling issue in the approaching election with sufficiently large numbers of voters in many, if not most, of the States to eclipse considerations of party fealty and all other political issues. It may, indeed, be decisive as to the election of the President and Congress. Sooner or later, between now and the election next November, it is practically certain that each of the two great political parties will find itself compelled to take a definite stand upon the question of the repeal or modification of the eighteenth amendment either in the party platform or through declarations of its candidates for President and Congress.

1. Repeal against modification

By 1919, the year when the eighteenth amendment was finally ratified, 33 States had enacted prohibition laws, and hence nearly three-fourths of the States of the Union were on record as in favor of local prohibition in one form or another, and in practically all the other States local option was in force, as, for example, in New York and Illinois. It is proper to assume that in these 33 States prohibition legislation had been enacted in accordance with public belief in its necessity and the prevailing local public policy and moral sentiment; for the records show that it had been adopted by constitutional provision in 20 States and, in several of the remaining States, by popular vote.

Why, then, was the eighteenth amendment deemed necessary? The answer is that the Supreme Court of the United States had theretofore held that intoxicating liquors constituted recognized and legitimate subjects of commerce, that as such their shipment in interstate commerce was within the scope of the commerce clause of the Constitution vesting in Congress exclusive power to regulate foreign and interstate commerce, and that it was not competent for any State to forbid the transportation of such articles from a consignor in one State to a consignee in another without express authority from Congress. This ruling had repeatedly rendered ineffective not only State prohibition laws, but likewise local option laws.

In view of the practical nullification of State laws and State policies which had resulted from the operation of a provision contained in the Constitution of the United States, the prohibitionists finally became convinced that the only adequate remedy and the only effective method of obtaining permanent protection against the violation and nullification of their State prohibition laws would be by means of an amendment to the Constitution of the United States which would bring intoxicating liquors within the scope and subject them to the operation of the police powers of the several States.

This was the solution which the Nashville Christian Advocate came to indorse early in 1913, reflecting the then sentiment and conclusion of many other religious journals, and later that year the movement for an amendment was taken up for the first time by the Anti-Saloon League.

However, the action finally taken to prevent the violation of State laws exceeded the necessities of the situation and the evil or grievance complained of. The framers of the proposed constitutional amendment made its scope extend beyond anything necessary for the protection of the States that had enacted or might enact prohibition or local option laws.

A review of the principal decisions of the Supreme Court prior to the adoption of the eighteenth amendment, relating to the subject of State prohibition laws, as well as of pertinent acts of Congress, will throw light upon the fundamental antecedents of the amendment, and may convince that repeal of the amendment would be an objectionable and unwise policy, and that such a course not only would ignore the lessons of many years of practical

experience prior to the adoption of the amendment, but would tend to restore the conditions that had led the prohibitionists to believe that a constitutional amendment was necessary.

Any proposal for outright repeal would invite justifiable, widespread, and probably insurmountable opposition in the prohibition States; while a modification of the language of the eighteenth amendment so as adequately to protect the prohibition States might well enlist the sympathy and support of liberal and tolerant prohibitionists and preserve the primary and main object originally sought by them, namely, the confirmation to the prohibition or dry States and those having local option laws of full police power effectively to enforce their own local policy and moral sentiment with respect to intoxicating liquors and protect themselves against the shipment of such liquors into their territory in violation of their laws, an object which for more than a quarter of a century they had unsuccessfully striven to achieve.

II. The court decisions

There had for many years been a controversy as to the respective spheres and constitutional powers of Nation and State in the regulation of intoxicating liquors; and the issue as between the police powers of the States, on the one hand, and the power of Congress to regulate interstate and foreign commerce, on the other hand, had been contested in litigation coming before the Supreme Court of the United States for adjudication as early as 1847, although the questions of constitutional law arising from this controversy were not finally determined by the Supreme Court until 72 years later, in January, 1919.

In 1847 the constitutional question of the power of the States to regulate the traffic in intoxicating liquors within their own borders was directly presented to the Supreme Court for decision in the famous License cases, and the point then was whether the license laws of a State were constitutional enactments as applied to the importation and sale of liquor shipped from abroad or from one State to another State in the course of foreign or interstate commerce. The validity of the State laws was unanimously upheld by the court.

This decision operated for nearly two generations to uphold the power of the several States with respect to the control of the liquor traffic within their own borders and afforded them protection against importations in violation of their laws.

But 40 years later, in 1888, the Supreme Court in the Bowman case (125 U. S. 465) adjudged unconstitutional and void a statute of the State of Iowa which prohibited the importation into that State of intoxicating liquors, and overruled the doctrine of the license cases in so far as the latter had held that the silence of Congress on the subject amounted to a tacit permission to the States to regulate the importation of liquor in their discretion under their police powers. The court now held that the silence or failure of Congress to act indicated its will that the subject should be free from all State regulation or interference. Two years later, in the leading case of Leisy *v.* Hardin (135 U. S. 100) the court held invalid and unconstitutional a law of Iowa which prohibited the sale of intoxicating liquors imported from another State.

EFFECT OF RULINGS

These two decisions thrust the whole subject and problem of prohibition into Congress, where it was to be agitated for a quarter of a century in connection with the campaign of the prohibitionists to obtain the enactment of remedial legislation preventing the shipment of intoxicating liquors into a State in violation of its laws and the efforts of the liquor interests to prevent any such legislation. These cases had opened the door wide to and encouraged the most undesirable and pernicious results and created intolerable conditions in the prohibition States. To quote from a vivid description in a treatise, Intoxicating Liquors, by Woollen and Thornton, published in 1910:

"The effect of these decisions was that a State could not enact a law which affected or interfered with intoxicating liquors manufactured in and shipped from a State into a sister State or Territory until Congress had made provision for such interference, and not then so long as it remained in the original packages. This led to the opening up in the States, which prohibited the traffic in liquor, or imposed a high license on the traffic, of what were properly called 'original-package houses.' Liquor imported in packages of all forms and sizes, but in original packages, was sold in these houses. In this way the retail traffic in liquor was practically established, and in many cases by the most irresponsible and unsuitable persons who were not citizens of the State and were indifferent to its welfare. Peaceful and quiet communities, from which the sale of liquor had been banished for years, were instantly afflicted with all the evils of the liquor traffic. The seats of learning were invaded by the 'original package' vendor, and the youth of the State who gathered there for instruction were corrupted and demoralized, and disorder, violence, and crime reigned, where only peace and order had been known before. The invaded communities were powerless to protect themselves. They could neither regulate, tax, restrain, nor prohibit the traffic."

The Leisy case was decided April 28, 1890. It created intense indignation and resentment, which were not confined to the prohibition States, and an immediate and insistent popular demand arose for prompt action by Congress. In less than four months Congress had enacted the Wilson law of August 8, 1890, which was intended to meet and set aside the ruling of the Supreme Court in the Bowman and Leisy cases. It provided "that all fermented, distilled, or other intoxicating liquors or liquids transported into any State or Territory or remaining therein for use, consumption, sale, or storage therein shall, upon arrival in such State or Territory, be subject to the operation and effect of the laws of such State or Territory enacted in the exercise of its police powers to the same extent and in the same manner as though such liquids or liquors had been produced in such State or Territory and shall not be exempt therefrom by reason of being introduced therein in original packages or otherwise" (26 Stat. 313, c. 728).

WILSON LAW INTERPRETED

The constitutionality of the Wilson law was at once challenged, but it was promptly upheld by a unanimous court as constitutional legislation in the Rahrer case, decided in May, 1891 (140 U. S. 545). Unfortunately, however, seven years later, in May, 1898, in the case of Rhodes *v.* Iowa (170 U. S. 412), the court extended its prior decision in the Rahrer case, and held that, notwithstanding the Wilson law, the State of Iowa could not prohibit the delivery of a box of spirituous liquors shipped from another State consigned to a resident of Iowa without violating the commerce clause of the Constitution of the United States. This conclusion was arrived at by a highly technical process of reasoning under which the term "upon arrival in such State" contained in the Wilson law was construed to mean not only "arrival" in the State but after actual delivery to the consignee therein.

The principal object of the Wilson law was frustrated by this adjudication, and the interstate traffic in intoxicating liquors was immediately resumed on an immense scale, and it could no longer be effectively prevented by the States having prohibition or local option laws. The decision rendered the Wilson law innocuous to the liquor trade for residents of a prohibition State could now freely order liquor to be shipped to them in interstate commerce in defiance of local policy and State laws.

Indeed, of what avail was it to a State to prohibit the manufacture and sale of liquor within its territory if its residents could, with but the slightest trouble, openly and legitimately order for themselves from another State by mail or express or other channels of transportation any amount of intoxicating liquor they desired, and do so under the protection and guaranty of the United States Constitution and the decisions of the Supreme Court?

The defeat of the purpose and intent of the Wilson law by the decision of the Supreme Court in the Rhodes case rendered necessary and ultimately inevitable either further remedial legislation by Congress or a constitutional amendment. Numerous bills were introduced in Congress, particularly at the instance of the Anti-Saloon League, aiming principally to overcome the effect of the decision in the Rhodes case. Ultimately, but only after 15 years of struggle and delay, the so-called Webb-Kenyon bill advocated by the league was enacted. It prohibited the transportation into a State in the course of interstate commerce of intoxicating liquors "intended * * * to be received, possessed, sold, or in any manner used, either in the original package or otherwise, in violation of any law of such State."

This language, as subsequently declared by Chief Justice White when the Supreme Court finally upheld the constitutionality of the law (242 U. S. 311, 324), rendered "it impossible for one State to violate the prohibitions of the laws of another through the channels of interstate commerce," and left no further room for doubt as to the intention of Congress "to prevent the immunity characteristic of interstate commerce from being used to permit the receipt of liquor through such commerce in States contrary to their laws, and thus in effect afford a means by subterfuge and indirection to set such laws at naught."

CONSTITUTIONAL QUESTIONS RAISED

The circumstances surrounding the passage of the Webb-Kenyon bill in 1913 were such as to leave its constitutionality a matter of grave doubt for a number of years. Senator Kenyon, the principal sponsor of the bill, had declared that it involved "close constitutional questions." Senator Elihu Root, the most distinguished lawyer in Congress, had declared his belief that the effect of passing the bill would be "that the courts of the United States will have to say that it is beyond the constitutional power of Congress. I think they will have to say that or stultify themselves." Many other Senators voiced similar opinions. In the House it was declared in debate that everybody knew that there was doubt as to the power of Congress to pass the measure.

When the bill was presented to President Taft he vetoed it on February 28, 1913, on the ground that it was unconstitutional and "violates the interstate commerce clause of our fundamental law," and his veto was based on an opinion to the same effect by Attorney General Wickersham. The next day, March 1, Congress passed the measure over the President's veto by a vote of 246 to 95 in the House and 63 to 21 in the Senate.

The constitutionality of the Webb-Kenyon law was not finally established by the Supreme Court until after the lapse of nearly four years, and then in the case of the Clark Distilling Co., 242 U. S. 311, decided January 8, 1917, although by a divided court, Justices Holmes and Van Devanter dissenting.

III. The drys' strategy.

After the passage of the Webb-Kenyon law, the leaders of the Anti-Saloon League campaign carefully and shrewdly abstained from any public admission of doubt or misgiving as to its constitutionality, but there can be no reasonable doubt that the misgivings expressed in the Senate and House as to the constitutionality of the measure, together with the veto of the President

and the opinion of Attorney General Wickersham, were the direct and immediate causes of the movement thereupon initiated by the Anti-Saloon League for the first time in November, 1913, for the definite and permanent settlement of the whole question of constitutional power by means of an amendment to the Constitution of the United States.

A constitutional amendment was proposed in December, 1913, and came to a vote in the House on December 22, 1914; but it failed to secure the necessary two-thirds vote, although a majority voted in its favor, the vote being 197 to 189. The Anti-Saloon League thereupon proclaimed its determination to continue its efforts to secure a constitutional amendment, and to that end to employ every possible means in its power to secure the election of a favorable Congress. When the Supreme Court finally upheld the Webb-Kenyon law in January, 1917, a new Congress already had been elected which was pledged to submit the amendment proposed by the league to the legislatures of the various States for ratification.

The decision of the Supreme Court upholding the Webb-Kenyon law, supplemented by enactment of the Reed amendment on March 3, 1917, afforded the prohibition States plenary and ample protection. In fact, it was rightly insisted in and out of Congress that these enactments, if duly enforced, obviated the necessity for any constitutional amendment. But the movement therefor, reinforced by the appeal to patriotism after the declaration of war, and the alleged necessity of then avoiding the use of food products in the manufacture of intoxicating liquors, had by this time acquired too much strength, enthusiasm, and momentum to be halted. The joint resolution for a constitutional amendment that ultimately prevailed was introduced April 4, 1917, and finally passed by Congress on December 18, 1917, and was thereupon submitted to the State legislatures for ratification.

TOO LATE FOR COMPROMISE

When Congress finally and adequately recognized the justice and necessity of the demands of the prohibitionists with respect to interstate commerce by the enactment of the Webb-Kenyon law and the Reed amendment, the day for temperate and tolerant compromise and moderate measures had passed. The Anti-Saloon League had by this time committed itself to compulsory nation-wide prohibition and would listen to no compromise, for it was flushed with its victories at the polls and the conviction that it would have the necessary votes in Congress to go to any extreme.

In addition, it was undoubtedly not forgotten by those insisting upon a constitutional amendment that it had taken 15 years of struggle to secure the enactment of the Webb-Kenyon law, and that aside from any doubts or misgivings as to its constitutionality, the law was subject to repeal or modification by any subsequent Congress, as well as subject to possible change of ruling by the Supreme Court. Agitation and clamor for the repeal of the Webb-Kenyon law had in fact already actively begun at the instance of the liquor interests.

Many prohibitionists had by this time become profoundly convinced that the only way to obtain permanent relief, settling, as they conceived, the policy of prohibition once for all and avoiding the possibility of future adverse action by Congress or the Supreme Court, and the return of the highly objectionable conditions arising under the doctrine of the Leisy case, would be by means of a constitutional amendment which would permanently withdraw the entire subject from the power of Congress further to complicate or upset or to authorize or permit the violation of State laws. It is that determination with which we must reckon in any proposal to change the present status.

EXTREMES IN INTERPRETATION

Much of the widespread unpopularity and public disapproval of the eighteenth amendment, and consequent difficulty in its effective enforcement, has been due, moreover, to the great lengths to which Congress has gone in interpreting it. The amendment itself expressly declares that Congress and the States should have "concurrent power" of enforcement. Yet this provision has been in effect nullified, and it has been held that Congress has paramount power to enforce the amendment, and that the power of the States is wholly dependent and subordinate.

Again, the eighteenth amendment is limited to "intoxicating liquors." Yet it has been construed as conferring power on Congress to prohibit beverages admitted in court by the Government to be nonintoxicating in fact. Similarly, the amendment on its face is plainly limited to intoxicating liquors used "for beverage purposes"; yet the paramount Federal jurisdiction has been extended so as to include alcoholic liquors used for nonbeverage purposes, and the right and duty of physicians to prescribe alcoholic liquor for medicinal purposes, necessary in the opinion of many eminent medical authorities in the adequate treatment and relief of their patients, have been denied. Similar reasoning would support any regulation, however drastic, even the total prohibition of alcoholic wines and liquors, not only as to medicinal uses, but as to sacramental, industrial, pharmaceutical, or other uses as well. Surely, it was not necessary to go to these extremes in order to carry out the eighteenth amendment according to the true meaning and intent of the congress that proposed and the legislatures that ratified it.

IV. A proposal

What, then, can be done to correct the present deplorable conditions and, at the same time, protect the individual prohibition and local-option States against the shipment of liquor into their territories in violation of their laws?

It is suggested that the following modification of the eighteenth amendment should be proposed by Congress for ratification by conventions in the several States consisting of delegates elected solely to represent and give effect to the will of the people with regard to the particular subject of prohibition, viz:

"The existing eighteenth article of amendment to the Constitution of the United States is hereby amended so as to read in lieu of its present language as follows:

"'ARTICLE XVIII

"'SECTION 1. The provision of clause 3 of section 8 of Article I of the Constitution vesting in the Congress the power to regulate commerce with foreign nations and among the several States and with the Indian tribes shall not be construed to empower it to authorize the shipment, transportation, or importation into any State of intoxicating liquors for beverage or other purposes whenever such shipment, transportation, or importation has been prohibited by the laws of such State, and any such shipment or importation of intoxicating liquors into a State in violation of its laws, whether by the Postal Service or otherwise, is prohibited, and, if any such shipment or importation be made, it shall become subject to the laws of the State immediately on arrival therein, both before and after delivery to the consignee, whether in the original package of shipment or otherwise.

"'SEC. 2. The Congress and the several States shall have power to enforce this article by appropriate legislation.'"

This form of modification would not only expressly prohibit interstate or foreign commerce in intoxicating liquors so far as such commerce would consist of attempts to ship liquors into a State in violation of its prohibition laws, but the power, obligation and duty of nation-wide enforcement of this prohibition by Congress would be just as full and complete as it is to-day under the eighteenth amendment.

It will no doubt be urged that such a constitutional amendment as is proposed here, providing for and recognizing the right of each State to regulate the traffic in intoxicating liquors for itself, under its own police power, and without any restriction or hindrance from the power of Congress to regulate foreign or interstate commerce or the postal service, would not afford as adequate and complete protection to the prohibition States as the existing amendment; that other States, if allowed to manufacture and sell, could ship liquor into the prohibition States, and that the only effective way to have actual prohibition in any States is through compulsory nation-wide prohibition and enforcement. But the experience of the period that has elapsed since the adoption of the eighteenth amendment has conclusively demonstrated that it is precisely in the matter of actual nation-wide enforcement that national prohibition has presented its weakest aspect. Experience has demonstrated the practical impossibility of such enforcement. The prohibition States are not now being adequately protected against shipments of intoxicating liquors, and it is claimed that some are even worse off in this respect than they were before the eighteenth amendment and the Webb-Kenyon law.

Whatever difficulties may inhere in the enforcement of State prohibition laws, far greater difficulties, if not in fact entirely insuperable ones, face the enforcement of compulsory nation-wide prohibition. If it was found difficult for prohibition States independently to prevent the illegal shipment of liquor over their borders, it has proved still more difficult for the Federal Government adequately to police the entire country and cope with the enormous quantity of illicit liquor smuggled across our borders from abroad or manufactured and distributed illegally at home, or to prevent the ominous violation of the law on the part of masses of ordinarily law-abiding citizens in States where the local sentiment is opposed to drastic and nation-wide prohibition.

The advocates of the outright repeal of the eighteenth amendment, if successful, would restore the operation of the commerce clause of the Constitution of the United States as to intoxicating liquors, with the possible renewal of all the grievances and evils that had previously existed thereunder, and would again place the States subject to the will of Congress to deny them adequate protection against the violation of their laws. Repeal would restore the power of Congress to permit the shipment of intoxicating liquors into any State in violation of its laws, and such permission would be implied if it omitted to enact any regulatory law at all.

Moreover, it is contended by many that the Wilson and Webb-Kenyon laws and the Reed amendment have been impliedly repealed by the national prohibition act (generally known as the Volstead law), and the official framers of the Code of Laws of the United States have apparently adopted the view that it did supersede these prior statutes. If this be so, the repeal of the eighteenth amendment would immediately restore the conditions existing under the decision in the Leisy case as above described and sought to be remedied by the Wilson, Webb-Kenyon, and Reed laws.

OPPOSITION TO REPEAL

The advocates of outright repeal are certain to antagonize those reasonable, conservative, and patriotic prohibitionists who conscientiously believe in prohibition and still want prohibition or local option and the suppression of the saloon in their own States, because they are convinced of the vital necessity of prohibition in the local public interest and for the protection of their families and home life, but who are nevertheless tolerant and willing to recognize the propriety and advisability of allowing other States to regulate the subject of intoxicating liquors in accordance with their own local necessities, local customs, local public policy, and local moral sentiment.

It is believed to be highly improbable that three-fourths of the States would ratify an amendment repealing the eighteenth amendment when such repeal would leave their police powers with respect to intoxicating liquors again completely subject to nullification by Congress whether through inaction or action on its part. If, however, the proposal submitted were to modify the existing eighteenth amendment in substantially the form and language above suggested so as adequately and permanently to protect the States in the enforcement of their prohibition or local option laws, the desirable, if not indeed now reasonably necessary, part of the eighteenth amendment would be preserved, and the drastic and practically unenforcible scope of the present all-inclusive language and nation-wide operation of prohibition would be eliminated.

STRENGTH OF FEDERAL SYSTEM

The main virtue and the main strength of our Federal system in the past have been that under it there was no undue interference by the National Government with local self-government or State sovereignty in matters concerning the personal habits, customs, or morals of the residents of the several States. That virtue and that strength can not long survive the centralization in the National Government of functions and police powers which in their essential nature belong to the field of local self-government, which are within the powers expressly retained by the States under the tenth amendment, and which should be administered and exercised in accordance with local customs, sentiments, and needs.

The disregard of this sound, wise, and salutary governmental policy under our Federal system by the eighteenth amendment has brought in its train incalculable injury and demoralization, and plunged the country into moral, legal, and political difficulties which imperatively call for adequate and patriotic remedial action.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

Mr. NORRIS. Mr. President, if the Senator will withhold that motion for a moment; does he expect to adjourn now?

Mr. McNARY. It is desired to have an executive session and then to take a recess until to-morrow.

Mr. ROBINSON of Arkansas. Mr. President, what is the occasion for an executive session at this late hour? It is now 10.30. The Senate has been in continuous session for 10 hours and 30 minutes; and I suggest to the Senator that he let that matter go over until to-morrow.

Mr. McNARY. It will take only about three minutes, and some Senators are anxious to have the executive session.

Mr. ROBINSON of Arkansas. I suggest that the report the Senator has in mind might be made as if in executive session.

Mr. McNARY. I have no report to make. Some of the Members of the Senate have asked for a short executive session. It will take only two minutes.

Mr. NORRIS. Mr. President——

Mr. McNARY. I yield to the Senator from Nebraska.

Mr. NORRIS. I had not finished when I was interrupted. I was going to make the opposite suggestion to that which the Senator from Arkansas has made. Certainly the bill that we now have taken up before the Senate is another emergency prosperity measure, and I do not see any reason why we should not proceed with it. It is only 10.30. We ought not to wait. Time is the essence of this whole thing. Let us proceed. Let us take it up and dispose of it tonight.

Mr. McNARY. Mr. President, I move an executive session.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Oregon.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The PRESIDENT pro tempore. There are no messages from the President. Reports of committees are in order.

Mr. ROBINSON of Indiana, from the Committee on the Judiciary, reported favorably the nomination of John Paul, of Virginia, to be United States district judge, western district of Virginia.

The PRESIDENT pro tempore. The report will be received and go to the calendar.

Mr. GLASS. Mr. President, I ask for the confirmation of the judge whose nomination has just been presented by the Senator from Indiana.

The PRESIDENT pro tempore. The Senator from Virginia asks unanimous consent for the present consideration of the nomination. Is there objection? The Chair hears none; and, without objection, the nomination is confirmed.

Mr. BLACK, from the Committee on the Judiciary, reported favorably the nomination of John D. Hartman, of Texas, to be United States attorney, western district of Texas.

Mr. SHEPPARD. Mr. President, there is no objection to that nomination. I ask for its confirmation.

The PRESIDENT pro tempore. The Senator from Texas asks unanimous consent for the present consideration of the nomination. Is there objection? The Chair hears none; and, without objection, the nomination is confirmed.

Are there further reports of committees?

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably the nomination of John R. Funkhouser to be postmaster at Albion, Ill.

The PRESIDENT pro tempore. The report will be placed on the calendar.

THE CALENDAR

The PRESIDENT pro tempore. The calendar is in order.

POSTMASTERS

Mr. ODDIE. I move that the nominations of postmasters on the calendar be confirmed en bloc and the President notified.

Mr. NORRIS. I object to that.

Mr. ROBINSON of Arkansas. I object to that.

Mr. NORRIS. If the Senator will confine it to the confirmation of the postmasters, I will make no objection.

Mr. ROBINSON of Arkansas. I suggest to the Senator that he ask unanimous consent that the nominations be confirmed en bloc.

Mr. ODDIE. That is what I intended to ask—that they be confirmed en bloc and the President notified.

Mr. NORRIS. No, Mr. President.

Mr. ROBINSON of Arkansas. I object to that.

Mr. McNARY. I suggest to the Senator that he just ask that they be confirmed.

Mr. ODDIE. I will accept that suggestion.

The PRESIDENT pro tempore. Is there objection?

Mr. NORRIS. To what?

The PRESIDENT pro tempore. To the request for unanimous consent that the postmasters be confirmed en bloc.

Mr. NORRIS. No.

Mr. ROBINSON of Arkansas. There is no objection to that.

The PRESIDENT pro tempore. Without objection, the nominations of all postmasters on the calendar are confirmed en bloc.

That completes the calendar.

RECESS

Mr. McNARY. I move, as in legislative session, that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 10 o'clock and 34 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, January 12, 1932, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 11 (legislative day of January 7), 1932

UNITED STATES DISTRICT JUDGE

John Paul to be United States district judge, western district of Virginia.

UNITED STATES ATTORNEY

John D. Hartman to be United States attorney, western district of Texas.

POSTMASTERS

ARKANSAS

Mary Brown, Alpena Pass.
Roy W. Stevens, Ashdown.
Thomas T. West, Beebe.

Milton R. Stimson, Brinkley.
Charlie I. Grayson, Camden.
Kay S. Rolley, Crawfordville.
Edith M. Cook, De Valls Bluff.
Robert M. Deason, El Dorado.
William J. Rumsey, Hardy.
Oliver A. Hill, Hartford.
Ralph C. Lehman, Hoxie.
Charles L. Jones, Junction City.
George H. C. Palmer, McGehee.
Dennis M. Townsend, Mena.
Ethel Roberts, Mountain Pine.
Harry L. Shambarger, Mulberry.
Paul Smith, Nettleton.
Roscoe J. Gammill, Ozark.
Ned P. Atkin, Parkdale.
James H. Ward, Quitman.
Edress A. Casner, Rector.
John J. Eckart, Subiaco.
Nona E. Robertson, Thornton.

MARYLAND

Earle H. Ault, Accident.
Nettie Fowler, Bowie.
George G. Young, Cumberland.
Leland T. Short, Denton.
Thomas E. Brian, Ellicott City.
Joseph J. Banz, Essex.
Beatryce B. Bounds, Fruitland.
William D. Wilkinson, Halethorpe.
George W. Nichols, Hurlock.
Jacob H. Reinhardt, Lansdowne.
Louis E. Lamborn, McDonogh.
Mary W. Stewart, Oxford.
Robert H. Phillips, Salisbury.
Turner B. Waters, Severna Park.
Floyd R. Bennett, Sharptown.
Herbert W. Mason, Snow Hill.
Victor F. Cullen, State Sanatorium.
William E. Tull, Stockton.
George W. Stevens, Sudlersville.
Howard R. Damuth, Thurmont.
Philip E. Huntt, Waldorf.
Harry M. Kimmey, Westminster.

NEVADA

Helen C. Thrasher, Gerlach.
Harold E. Haviland, Winnemucca.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 11, 1932

The House met at 12 o'clock noon.

Rev. William A. Shelton, pastor of Mount Vernon Place Methodist Episcopal Church South, Washington, D. C., offered the following prayer:

Almighty God, our Heavenly Father, hallowed be Thy name. Let us hear that Thy Kingdom may come on earth as it is in heaven.

O Lord, give us feeling for one another; teach us how to love Thee with all our heart and our neighbor as ourselves.

O Lord, give us vision, that we have dominion over poverty and crime, sickness and death; and make our bodies strong and beautiful temples for the indwelling of Thy Holy Spirit.

Give us a holy taste for Thy bread and wine; teach us how to live, that we be brethren of one Father, every man a king in his own right, dwelling together in health, peace, and plenty, increasing our liberties with Thy justice and mercy; bless all those who are near and dear to us, our church and our state, our race and our religion, and every just man throughout the whole world; teach us how to serve and beautify the community in which we live; let us make it more useful for all men in our time, and for our children, when we have given it to them, and to the posterity of mankind.

O Lord, anoint us with fine incense and sweet perfume; make us better and better every day in every way; give us long, useful, and happy lives; and at last save us in heaven, for Christ's sake. Amen.

The Journal of the proceedings of Saturday, January 9, 1932, was read and approved.

THE TARIFF ON WHEAT

Mr. AMLIE. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. AMLIE. Mr. Speaker, on the 22d of last December, which was the day on which Congress recessed for the holidays, I and other Members of this body received a news release from the Secretary of Agriculture setting forth the benefits to the wheat growers of our present high protective tariff on wheat. It was perhaps rather significant that this release was sent out to Members of this body at a time when some of the majority leaders of the House were proposing thoroughgoing changes in the tariff law at this session of Congress.

The statement to which I refer is in the form of a news release and reads, in part, as follows:

Secretary of Agriculture Hyde to-day issued the following statement on the benefit of the tariff to American wheat growers: The relation between wheat prices in the United States and Canada during recent months is a striking indication of how the tariff benefits the United States wheat growers. Ever since midsummer the price of wheat at Minneapolis has been much above the price in United States dollars of similar quality wheat at Winnipeg. Thus—

And he then gives what are presumably representative comparisons between the wheat market at Minneapolis and at Winnipeg between No. 1 dark northern at Minneapolis and No. 3 Manitoba northern at Winnipeg, a comparable grade. This and several other specific comparisons of prices here and in Canada would lead to the assumption that the advantage to the American wheat farmer, as a result of our high protective tariff law, would be between 23.3 cents and 31 cents a bushel. If the general assumption which this article seeks to create is true, it is of the greatest significance, because on the 1931 wheat crop of 884,000,000 bushels it would mean a price advantage to the American wheat farmers of approximately a quarter of a billion dollars for that year alone.

I was quite amazed that this could be the situation, because it was wholly contrary to what I had assumed was true as to the effect of a protective tariff on wheat. I discussed the matter with one of my colleagues from a wheat State and found that Secretary Hyde's statement was accepted by him as correctly stating the facts of the matter.

While I am not from a wheat district, I at least was raised on a wheat farm in North Dakota and still have the farm on my hands. If what the Secretary of Agriculture says by inference in his news release of the 22d is true, then I should have owed the grain dealer money for taking my grain last fall but for the existence of our present tariff schedules. This did not seem to me at all reasonable. And, of course, in so far as I am concerned, there was the further fact that if the Secretary of Agriculture was right as to the effect of a tariff on a crop having an exportable surplus, then I was wrong on one of the major issues on which I based my campaign a few months ago.

WHEAT AND TARIFF

In determining the effectiveness of the present tariff of 42 cents per bushel upon wheat it is necessary to consider the wheat crop by classes particularly with reference to the protein content. The classes of wheat containing a high degree of protein are at a premium because the domestic demand is greater than the supply. The low protein-content wheat is on a definite export basis at all times, and, of course, can receive no benefit from a tariff. In fact about 25 per cent of the total wheat raised in this country is exported.

CLASSES OF WHEAT

1. Soft red winter wheat normally constitutes 30 per cent of the domestic production. This wheat is grown in the

Mississippi Valley and in eastern agricultural States. This wheat is on an export basis and receives virtually no benefit from the tariff.

2. Hard red winter wheat comprises normally 30 per cent of domestic production. This wheat is grown principally in Kansas, Nebraska, Oklahoma, Texas, and Colorado. This wheat occasionally benefits from the tariff in that premiums, which result from the protein element, are paid for certain portions of this wheat, especially in years of large crops when there is a scarcity of protein. Domestic millers then tend to bid up the price for that part of the hard winter wheat which runs high in protein. To date this has not been an important factor in the 1931 crop. That this is true is strikingly borne out by the closing prices of May wheat futures in the Kansas City market, as compared with the market at Winnipeg. From September 19 to December 26, 1931, the price was from 1 to 9 cents a bushel lower at Kansas City than at Winnipeg. These figures are on the basis of adjusting the Winnipeg prices by the depreciated Canadian dollar.

3. Likewise the growers of durum wheat, comprising approximately 6 per cent of the domestic production, receive no protection. Durum wheat is so definitely on the export basis that a tariff in normal years does not play any rôle. The drought in the spring-wheat area of 1931 has diminished its production to a point that extraordinary premiums have developed for this particular wheat. Amber durum wheat at Minneapolis has been selling at a price higher than any other grade of wheat. It probably is this year the highest wheat quoted in the domestic market. Even though a tariff did not prevail there would be no imports of this particular kind of wheat. Canada grows virtually no durum wheat.

4. White wheat of the Pacific Coast States, eastern Washington, Oregon, and northern Idaho usually totals 7 per cent of the domestic production. This region is forced to sell its wheat abroad, much of it to the Orient. It has not and can not benefit from the tariff. It is low in protein. The quotation by Secretary Hyde regarding hard-wheat prices at Seattle and Vancouver tends to mislead. There is no hard spring wheat raised on our Pacific coast. The point of competition between Canadian and United States hard spring wheat is at Buffalo.

5. The figures of Secretary Hyde relate wholly to hard spring wheat. This wheat is grown in North Dakota, Montana, Minnesota, South Dakota, and Nebraska. In normal years it amounts to about 24 per cent of the domestic production; this year about 6.4 per cent. This year there was raised 57,000,000 bushels of this wheat as against 200,000,000 bushels in normal years. This is the reason this wheat is at a premium and why the tariff is of some benefit this year to this 6.4 per cent of the total crop.

Some years the tariff is of no value even on this type of wheat, because we have more of it than we can use at home.

1931 domestic wheat production, as estimated by the United States Department of Agriculture

	Production in millions of bushels	Per cent of total crop
Total	884	100.0
Winter wheat	775	88.7
spring wheat (Minneapolis area)	57	6.4
Other spring wheat	22	2.6
Durum wheat	20	2.3

During the period discussed by Secretary Hyde, from September 19 to December 26, 1931, the closing prices of May wheat futures ranged from 4 to 17 cents a bushel higher in Minneapolis than in Winnipeg, exchange allowed for. But for purpose of argument let us admit the Secretary's figures on hard spring wheat are correctly stated. They apply to less than 10 per cent of the total crop.

Instead, therefore, of a total benefit to the wheat farmers of around $250,000,000, which impression the Secretary by his statement sought to create, the actual benefits are probably less than 10 per cent of that amount.

Since a tariff on wheat was established in 1922, the average effectiveness over a period of six years following has been 9.8 cents per bushel on one-half of the hard wheat, which is 26 per cent of our total production. This gives an annual average benefit of $17,600,000. This benefit has been about 2 per cent of the total value of the crop. While the benefit to the hard spring wheat in 1931 may have been greater per bushel because of the great scarcity of the crop, nevertheless the average benefit to all wheat would in all probability be less than $17,600,000 for the year, and probably less than 2 cents per bushel as an average on all wheat. This is a far cry from 23 cents to 31 cents per bushel, which impression the Secretary of Agriculture by his news release to Members of this House has sought to create.

I charge that the release of the Secretary of Agriculture, even though the figures which he uses may be true, was intended to deceive and mislead the Members of this Congress. By making a general statement and then using specific incidents to back up the general statement, the Secretary has sought to create the impression that the benefit to the wheat grower has been ten times as great as is actually the case.

The whole thing was designed and calculated to mislead and deceive, and this is precisely the effect which it has had. The fact that it was released in that particular form at a time when majority leaders were discussing tariff reform goes to prove that he was merely trying to line up the Representatives from wheat districts with the administration.

If the Secretary was merely making a factual presentation, he could have shown in less space that the average benefit to wheat was around 2 cents a bushel instead of from 23 to 31 cents a bushel on certain types in certain instances. Surely he should have been able to do it better than a Member of Congress since he is at the head of a statistical and fact-finding department which for this fiscal year will spend over $215,000,000. I charge that the Secretary of Agriculture has shown himself to be without any sense of intellectual integrity or, if the term is not copyrighted, guilty of "abysmal ignorance."

In so far as this body is concerned, in this session of Congress the tariff is perhaps a closed incident. I have not gone into this matter for this reason. I have gone into it for a reason that is even more profound and far-reaching. I find myself as a new Member of this body in a peculiarly helpless position. I am called upon as a legislator to pass upon matters the facts pertaining to which I am obliged to take from the chiefs of the various executive departments. Perhaps no session of this body will be called to legislate upon matters where we must depend so wholly upon the factual presentation of the executive departments. Not long ago we voted on the moratorium. In analyzing the facts upon which I based my decision I found that virtually all of them came from the Treasury Department. I believe that I had a right to rely on those figures.

During the rest of this week we will be called upon to act without delay upon a $500,000,000 authorization for an appropriation to stabilize and hospitalize our credit structure. In this matter we will be dependent almost wholly upon facts given us by the executive branch of the Government. Of necessity we must have some confidence in the integrity of the various executive departments. When I discussed Secretary Hyde's release with several colleagues from wheat States, I was struck by the naïve manner in which the Secretary's statement was accepted. These men assumed that the statement of from 23 cents to 31 cents a bushel on wheat perhaps represented a fair picture. This would have meant an advantage to the wheat farmers of approximately one-quarter of a billion dollars. Actually the benefit is less than 10 per cent of that amount. Now, when I use the term "naïve," I do not wish to belittle any of my colleagues. On the other hand, I believe that the situation is quite a wholesome one. It shows that the Members of this body still have confidence in the executive departments. But surely that confidence can not long exist if we have further repetitions of the sort of thing that I have just discussed.

In the Senate debates last week I heard the conservative Senators berating the progressives and Democrats for hold-

ing up the President's relief program. In this they have been backed by the reactionary press of the country, although it is less than a year ago since the same press was demanding that Congress adjourn and give business a chance to take care of things.

It has taken me several weeks to make the analysis which I have made of Secretary Hyde's statement. If factual statements that we will receive must be analyzed in the same manner, this body certainly can not be blamed for taking its time before making a decision. Certainly at least the head of one of our great departments has put himself with that class of men which a client of mine once described as "truthful men but silent liars."

DISARMAMENT CONFERENCE AT GENEVA, 1932

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 163, to provide an appropriation for expenses of participation by the United States in a United States disarmament conference to be held in Geneva in 1932. This provides for an authorization of $450,000.

The SPEAKER. The gentleman from Maryland asks unanimous consent for the present consideration of a joint resolution, which the Clerk will report by title.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, this is a most important matter. It is asking for nearly half a million dollars for the expenses of the United States delegates to this conference. We ought to take some time on it. I am for "disarmament of nations" just as earnestly and strongly as any Member of this Congress, but there are other questions just as vital and serious also involved in this measure. I shall want some time on it in which to explain some matters connected with it.

Mr. LINTHICUM. We will give the gentleman time.

Mr. BLANTON. Could the gentleman arrange to let me have 20 minutes?

Mr. LINTHICUM. Mr. Speaker, I shall couple with that request the further request, if unanimous consent be granted, that we be allowed 40 minutes for the discussion of the joint resolution, 20 minutes to be controlled by myself and 20 minutes to be controlled by some one objecting to it.

Mr. BLANTON. I shall want 20 minutes myself.

Mr. BYRNS. Mr. Speaker, I have not had an opportunity to read the resolution. Does this provide for an authorization or an appropriation?

Mr. LINTHICUM. An authorization. It will be controlled by the members of the Committee on Appropriations, of which the gentleman from Tennessee [Mr. BYRNS] is the distinguished chairman. Mr. WOOD across the aisle, former chairman, and our good friend the gentleman from Texas [Mr. BLANTON] are on that committee also.

Mr. BLANTON. But when passed it would be a mandate to that committee to bring in a bill for nearly half a million dollars.

Mr. LINTHICUM. I have never known the Appropriations Committee to consider it as a mandate.

Mr. BYRNS. Does the gentleman consider it a mandate?

Mr. LINTHICUM. I do, but I notice that the Committee on Appropriations does not.

Mr. CLARKE of New York. Mr. Speaker, I reserve the right to object in order to propound a question to the gentleman from Maryland. How many delegates are supposed to be going to the conference?

Mr. LINTHICUM. Five; with the entire personnel it will be 45 in number.

Mr. CLARKE of New York. Why is it necessary to appropriate $500,000?

Mr. LINTHICUM. I shall go into that with the gentleman. This is far less in proportion than any other commission we have ever had.

Mr. CLARKE of New York. That is an alibi, not an explanation.

Mr. BLANTON. Mr. Speaker, for the present I object. Before we authorize this $450,000 appropriation we must be given proper time to discuss and amend it.

Mr. BYRNS. Mr. Speaker, there has been some disposition to criticize the Congress for not enacting this important legislation that is coming before the House to-day. I do not agree with that criticism; far from it; but I think under the circumstances, since the Committee on Appropriations could not possibly consider the appropriation under this resolution for some time, it ought to be deferred until the finance reconstruction measure is considered, and I am constrained to object for that reason.

The SPEAKER. The Chair agreed to recognize the gentleman from Maryland for the purpose of asking this unanimous consent, but with the distinct understanding that it would take but a few minutes to consider and pass it; otherwise the Chair thought we ought to go on with the regular order of the day—the consideration of the reconstruction measure. The colloquy thus far has indicated that there is to be considerable debate, not only in general debate but under the 5-minute rule, on this resolution. The Chair takes the responsibility of suggesting to the gentleman from Maryland that he withdraw the matter temporarily.

Mr. DYER. And may I suggest to the gentleman that he better get some arrangement by which there will be a full opportunity for debate; otherwise there can be no unanimous consent if it is going to involve the House in debate.

Mr. STEAGALL. Mr. Speaker, my responsibility is such in this situation that I am forced to object to the consideration of this joint resolution.

The SPEAKER. Objection is heard.

THE MORATORIUM

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks on the moratorium resolution passed by the House a few days ago.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, under leave to extend my remarks on the Hoover moratorium, House Joint Resolution 147, that passed the House some days ago, I propose to give some reasons why I would have voted against the passage of the resolution had I been present. However, my vote would not have changed the result, because the resolution was passed by an overwhelming majority.

The resolution was introduced at the request of the President to carry out his proposal to give to foreign countries 12 months' extension on their obligations due the United States. Millions of American farmers have been begging for relief since 1920; especially, at this time, for a moratorium on their land-mortgage obligations, which they find themselves unable to pay because of the serious economic situation that now exists. Farmers are making this request not because they have failed to produce abundant crops but because of the small income received for their farm products that are now selling below the actual cost of production.

For the past few years thousands of farmers have been sold out lock, stock, and barrel—in many instances the old home place that has been handed down for generations. This has happened to some of the most intelligent, hard-working, and industrious farmers in my district, men who have always been able to pay their obligations, educate their children, and enjoy some of the luxuries of life. This type of farmer, because of his intelligence and the deplorable financial condition that he finds himself in, realizes that there is something radically wrong and that he is not getting a square deal at the hands of his Government.

I used to do a very large supply business and came in close touch with the people in the community with whom I did business. I want to tell you that it grieves my heart to see farmers in that section of South Carolina who a few years ago were prosperous and their obligations worth 100 per cent on the dollar and who today are losing their farms, moving into tenant homes, with their children growing up without the proper educational opportunities. In the meantime fathers and mothers are going to an untimely grave because of actual worry.

The sad story about this situation is that I find much propaganda going out from the White House and much



speech making on the floor of the House about relief for this class of people. Yet we find the President and the Congress working overtime suggesting and passing measures solely in the interest of those who, I believe, are largely responsible for this serious economic situation. We have read in history about droughts, floods, and famines, but to my mind it will be startling news when the next generation is privileged to read about the present situation, wherein we find 10,000,000 of American citizens denied the right to labor for an honest living and thousands of farmers being sold out of their homes while we are stifling with the largest surplus feed, food, and wearing apparel ever stored in the warehouses in the history of this Republic.

When the Congress passed upon the debt settlements of foreign countries, it was stated at the time that the settlement was based on the capacity of these countries to pay.

We loaned them $11,552,354,000. These loans were to be repaid at the same rate of interest we were forced to give to secure the money. Of this every assurance was given. The rate then was 4¼ per cent per annum. In adjusting these foreign settlements, we lost $10,705,618,006.90.

I am appending a table, prepared in 1929 by the Treasury Department through the courtesy and at the request of Congressman Theodore E. Burton, who was then a member of the Debt Funding Commission, and is therefore official and authoritative.

This official table prepared by the Treasury Department shows (1) the countries with which settlements have been made, (2) the date of agreement, (3) the amount of debt funded, (4) interest to be received, (5) total amount to be received, (6) the amount that would have been received on a British basis (3–3½ per cent interest), (7) total amount that would have been received on a 4¼ per cent interest basis, (8) total amount canceled on a 4¼ per cent interest basis, and (9) total aggregate amount, being $10,705,618,006.90, canceled, lost, or remitted in all of the settlements:

Countries	Date of agreement	Funded principal	Interest to be received	Total	Total that would be received on British basis (3–3½ per cent interest basis)	Total that would be received on 4¼ per cent interest basis	Total canceled on a 4¼ per cent interest basis
Belgium	Aug. 18, 1925	$417,780,000.00	$310,050,500.00	$727,830,500.00	$1,041,597,000.00	$1,191,082,000.00	$463,251,500.00
Czechoslovakia	Oct. 13, 1925	115,000,000.00	[1] 197,811,433.88	312,811,433.88	262,890,000.00	327,854,000.00	15,042,566.12
Estonia	Oct. 28, 1925	13,830,000.00	19,501,140.00	33,331,140.00	[1] 33,331,000.00	39,428,000.00	6,096,860.00
Finland	May 1, 1923	9,000,000.00	12,695,055.00	21,695,055.00	[1] 21,695,000.00	25,658,000.00	3,962,945.00
France	Apr. 29, 1926	4,025,000,000.00	2,822,674,104.17	6,847,674,104.17	9,708,825,000.00	11,474,900,000.00	4,627,225,895.83
Great Britain	June 19, 1923	4,600,000,000.00	6,505,965,000.00	11,105,965,000.00	[1] 11,105,965,000.00	13,114,172,000.00	2,008,207,000.00
Hungary	Apr. 25, 1924	1,939,000.00	2,754,240.00	4,693,240.00	[1] 4,693,000.00	5,538,000.00	834,760.00
Italy	Nov. 14, 1925	2,042,000,000.00	365,677,500.00	2,407,677,500.00	4,923,820,000.00	5,821,552,000.00	3,413,874,500.00
Latvia	Sept. 24, 1925	5,775,000.00	8,183,635.00	13,958,635.00	[1] 13,959,000.00	16,464,000.00	2,505,365.00
Lithuania	Sept. 22, 1924	6,030,000.00	8,501,940.00	14,531,940.00	[1] 14,532,000.00	17,191,000.00	2,659,060.00
Poland	Nov. 14, 1924	178,560,000.00	257,127,550.00	435,687,550.00	[1] 435,688,000.00	509,058,000.00	73,370,450.00
Rumania	Dec. 4, 1925	44,590,000.00	[1] 77,916,293.06	122,506,293.06	107,488,000.00	127,122,000.00	4,615,739.95
Yugoslavia	May 3, 1926	62,850,000.00	32,327,635.00	95,177,635.00	154,651,000.00	179,179,000.00	84,001,365.00
Total		11,522,354,000.00	10,621,185,993.10	22,143,539,993.10	27,819,134,000.00	32,849,158,000.00	10,705,618,006.90

[1] Settlement made on British basis.

This table is official. The figures prepared by the Treasury Department can not be disputed. We lose, cancel, forgive, or remit on the settlements with the 13 countries, based on 4¼ per cent interest, the amount we pay on our Liberty bonds, the proceeds from which we loan these governments, $10,705,618,006.90.

It is true the resolution passed with an amendment placed thereon by Mr. RAGON, member of the Ways and Means Committee, before the bill was reported to the House, that would indicate the passage of this resolution would in no way commit the Congress to the complete cancellation of foreign debts. This is more or less a joke, because we all know that the passage of this resolution is an opening wedge for the complete cancellation of these obligations. Why, even before the final passage of this resolution the President was urging Congress to take up further revisions of foreign debts for consideration. Since the passage of this resolution I have been keeping up with the hearings before a Senate committee with a number of the international bankers testifying as to the amount of loans made by their institutions to various foreign countries and the floating of millions of foreign bonds, under high-pressure salesmanship, by these same institutions to the investing public of America with enormous profits on every transaction. Their statements indicate that immediately after the war these international bankers, instead of giving proper attention to agriculture through State and National banks and to American industry, turned their whole attention for selfish purposes to Europe. They made large blocks of loans to these foreign countries and bought up millions of foreign bonds, selling same to State and national banks and to the innocent investing public, making millions of profits and leaving these innocent investors with the bag to hold.

These international bankers are very shrewd—not only did they make the Government become morally obligated to them in making these loans, as will be shown by the statement of Mr. Lamont, member of the firm of J. P. Morgan & Co., in testifying before the Senate committee, but they were able to use the names of Presidents Coolidge and Hoover very successfully in what was known as the Coolidge and Hoover stock-market boom, wherein prices of bonds and stocks were inflated to the highest price record in the history of this country and unloaded on the investing public. One of the best banks in my home town happened to be one of these innocent investors. They bought some $200,000 worth of foreign bonds, largely German bonds, which became so depreciated in value that it had to close its doors with quite a loss to hundreds of innocent depositors.

I want to quote from Mr. Lamont's statement in testifying before the Senate committee in reply to a question by Senator WALSH, as follows:

Were the contracts for these foreign loans submitted to (our Government) the State Department for approval?

Mr. Lamont, replying, said:

President Harding in 1920 asked the banking (international bankers) houses to inform the State Department of such arrangements and to have the privilege of intervening.

Senator COUZENS. Did the Department of State give an affirmative in such cases?

Mr. LAMONT. The usual procedure was for the department to send a letter saying it had no objection.

Certainly the President and the Department of State under the President, understood in 1921—since that time even up to date as I understand the department has been giving the same usual answer all along—the serious financial plight these foreign countries were in and that they owed billions of dollars to our Government. It would have been much better and more businesslike on the part of the President, through the State Department, to have told these banking houses that they had better go slow and that our Government holds billions of claims that would have to be paid regardless of their loans.

International bankers appearing and testifying before the Senate committee clearly indicate that they are not so deeply concerned about the moratorium on foreign debts to our Government because of their holdings against these countries as will be shown by the following questions and answers thereto:

Mr. LAMONT. The large banks of the country are not loaded up with these bonds to the extent the people would believe.

Senator GORE. It is Tom, Dick, and Harry who have taken them.

Mr. LAMONT. It is true that upon the great investing public has fallen the blunt of the declines in these bonds and not upon [international] banks.

Mr. Lamont was asked if he thought the public is unduly exercised over the German bond situation and he stated:

I would say it is.

It is my belief that these international bankers are more interested in the President's moratorium and the final cancellation of foreign obligations to our Government for the sole purpose of being able to place these foreign countries in a position to take advantage of the depressed condition existing in this country and the depreciated values of foreign bonds now in the hands of the investing public, so as to be able to buy up these bonds for these foreign countries, making additional millions at the expense of the investing public that is now sacrificing these bonds. This is borne out by the testimony given before the Senate committee, wherein these bankers stated that a number of these foreign countries were calling and paying off lots of these obligations even before they were due because they were able to buy them at large discounts. Our people bought Liberty bonds and war-saving stamps until it hurt to enable our Government to make loans to our allied nations and for the purpose of successfully carrying on the war with Germany. Yet these same innocent banks and individuals who bought war-saving stamps and Liberty bonds were caught in the depression of 1921, put on by these same international bankers in conjunction with the Federal reserve system, wherein they were able to force the sales of these bonds at a price ranging from 75 to 85 cents on the dollar, again leaving the innocent investing public with the bag to hold.

Listen to what Mr. Kahn had to say to the Senate committee:

These securities in principle are all passed on to the investing public. The international banker is a merchant. He buys securities and sells them to the public. If he locks himself up with his own goods, he will very soon find himself locked up.

According to the various statements made by these international bankers, it appears that it is perfectly all right if they can pass on their securities in such manner that it will lock up the investing public and in the meantime have our Government grant a moratorium on foreign obligations due our Government, which will place them in a position not only to float additional loans with foreign countries but will enable them to rob the investing public of these securities, already passed on, at a discount anywhere from 25 cents to 75 cents on the dollar.

My friends, if you are at all interested in stopping these high-handed practices on the part of these international bankers, you will agree with me that it is high time we realize the first rights of this country are human rights—the rights of its approximately 120,000,000 people must be protected and preserved if this great Government, founded by the fathers, wherein it was intended that each section and each individual should have equal rights or opportunities, is to endure.

The sum total paid us by these foreign countries last year was $240,000,000. This year they were to pay us $246,000,000, about half of the interest we must pay; but the proposed moratorium will shift this $246,000,000 to the taxpayers of the United States.

You may ask: But could these European nations pay?

Last year these debtor nations spent some $1,600,000,000 on armaments, or about $430,000,000 more than was expended annually before the war. In the next instance almost invariably the American investors' money placed in European corporate issues was used to modernize, strengthen, or otherwise improve the competitive position of foreign corporations. In some instances the American capital provided the wherewithal to build new plants in foreign lands.

When the bill authorizing $100,000,000 for Federal land banks solely in the interest of the owners of land-bank bonds was up for consideration in the House, various Members, including myself, tried to write into the bill a moratorium clause for farmers who are unable to pay their installment due the land banks, but every amendment was promptly voted down. It plainly shows, so far as I am concerned, that these international bankers, as well as the administration that is now in power, are more interested in the welfare of Europe then they are in the millions of unemployed and broke farmers in the United States.

Why is this true? Listen to the statement issued some days ago by the Department of Commerce:

Real-estate agents of foreign countries are receiving a great many inquiries for factory sites from American manufacturers.

The London Chamber of Commerce, it is reported, received so many inquiries for such sites that it appealed to town clerks and development committees to forward particulars of suitable properties in their areas. It would be interesting for you to call upon the Department of Commerce for a list of investments by American industries who have already invested and built industrial plants or branch plants in foreign countries.

Following this statement, I would have a wonderful opportunity to discuss what the tariff bills of 1922–1930 have been and are doing in the way of helping American industries to locate in foreign countries. According to the following statement, issued by the Federal Reserve Board some few days ago, it appears to me that it is getting high time that these international bankers and this administration give some thought to constructive legislation for the relief of our own people.

MANY OCTOBER BANK FAILURES

An all-time record for bank failures was made in October, when 512 institutions, with deposits of more than a half billion dollars, closed their doors.

For the 10 months of this year total suspensions were 1,753, with deposits of $1,461,852,000.

The Federal Reserve Board, which reports these fatalities, says that conditions were better during November and that the indications are that most of the weak banks have been weeded out.

Not only are the investing public and farmers made the goat in having to hold the bag, having been caught with millions of dollars' worth of heavily deflated foreign bonds, but they are the losers of billions of dollars' worth of deposits caught in these closed banks—mind you, these are not the large banks represented by international bankers. You will note the Federal Reserve Board stated that the weak banks have been weeded out.

The position that I took against the $100,000,000 Federal land bank relief bill as passed by the House and that I am taking now against the moratorium resolution I am sure is in line with the views of my people. We have in South Carolina what is known as the Farmers' and Taxpayers' League, which is growing in numbers very fast. Since the passage of the Federal land bank bill the following statement was issued by its president:

Extension of relief by the Federal land bank to farmer debtors under the land bank bill should be made mandatory. Without amendments the bill is useless and will benefit mainly holders of bonds and speculators who might buy them for a rise on the strength of the passage of the bill. The bill leaves a moratorium for the land-bank debts to the discretion of land-bank officials who have shown a ruthless attitude toward foreclosures.

I was in hope when the Democrats took control of the lower branch of Congress that they would immediately commence to pass legislation in the interest of the masses instead of rushing through the President's program outlined by and for special interests. It is my belief that unless we pass or offer for passage a bill giving direct relief to agriculture, independent business, and labor that we will not be able to get very far with promises in 1932. Farmers are sadly in need of the proper functioning of the intermediate credit banks so as to furnish to them production credits. They need their purchasing power restored by establishing an up-to-date marketing and distributing system whereby they will be able to secure fair prices for that which they produce.

Millions of unemployed must be put to work at a fair wage, thereby restoring the purchasing power to these people. Yet I find the administration and the Congress working overtime giving a moratorium to Europe, placing the

burden of these obligations on the taxpayer of the United States, and ruthless voting millions for special interests.

I have a bill pending before Congress proposing to transfer the activities of the Federal Land Bank Board as it relates to the intermediate credit bank to the Department of Agriculture and authorizing a revolving fund of $20,000,000 to set up production credit corporations for farmers, as well as several other constructive bills that I expect to discuss at a later date. In the meantime I find the departments as well as Members of Congress who should be deeply concerned about this type of legislation seemingly uninterested.

Greed on the part of these international bankers as well as other large monopolistic corporations for the past 10 years has developed the erroneous idea that the masses have little excuse for living except in so far as they can serve business, whereas business should learn that it properly is the servant and not the master of the people and that the welfare of the people should come first and profits, if any, later.

In closing may I state that, so far as I am concerned, I expect to strive for the consideration and passage of constructive legislation in the interest of the people, and in the meantime vote against all legislation formulated by and directly in the interest of special interests.

SESSIONS OF COMMITTEE ON MILITARY AFFAIRS

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs be permitted to sit during the sessions of the House for this present week.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. STAFFORD. Reserving the right to object, do I understand that it is merely for this week? We had the privilege to sit for a week from last Tuesday. I understand this request is merely for this week?

Mr. RAINEY. It is merely for this week.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DISARMAMENT CONFERENCE

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. LINTHICUM. Mr. Speaker, ladies and gentlemen of the House, it was my purpose in calling up this resolution to-day to privide funds for this delegation and its personnel to attend this convention. The convention meets on the 2d day of February, next month. It had been arranged for the delegates to leave here one week from to-day, and it was my hope that we might get this authorization passed so that it could get through the Senate, and that an appropriation might be agreed upon and inserted in the present deficiency appropriation bill which is now pending before the Senate.

We have pledged ourselves to attend this conference. We have accepted the invitation and they are expecting us there on the 2d of February. The membership of the House can judge just how much time it will take to get this through unless it can be considered at an early date. I do not want to push myself upon the House in preference to other business, but I feel, and I believe the country feels, that this general disarmament conference is just as important as some of the legislation which it is endeavored to pass here.

Mr. DYER. Will the gentleman yield?

Mr. LINTHICUM. Certainly.

Mr. DYER. I, as one Member, do not have very much confidence in anything that will be done at this conference. I have seen the League of Nations fall down; I have seen the Kellogg pact fall down; and nothing has been accomplished to prevent war in China by either of those organizations, and I do not believe we are going to accomplish anything in Europe on reparations; and I feel it will be a waste of money to appropriate a single dollar.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. LAGUARDIA. We have seen the Ten Commandments fall down, but we have not given up hope yet.

Mr. DYER. That is another matter; but this is a very great waste of money and we will not accomplish anything.

Mr. LINTHICUM. We have accepted this invitation. We can not go back on our acceptance.

Mr. DYER. Well, I have not accepted it.

Mr. LINTHICUM. The gentleman has not, personally, but his representatives have accepted it. Certainly Congress does not want to fall down on a proposition like this.

Mr. BLANTON. Will the gentleman yield?

Mr. LINTHICUM. Certainly.

Mr. BLANTON. The gentleman knows there have been six preliminary conferences already, and each one of them has been called by the League of Nations. This particular conference has been called by the League of Nations. This is an invitation from the League of Nations, which is not recognized by our Government. Our Government has not a voice in the League of Nations, and until we have some standing in it we ought not to sit in its conferences.

Mr. LINTHICUM. I ask the gentleman not to take up all of my time.

Mr. BLANTON. When the time comes I wish to be permitted to be heard on the extravagance and the possible serious involvement of this $450,000 appropriation.

The SPEAKER. The time of the gentleman from Maryland has expired.

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to proceed for two additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. LINTHICUM. I desire to say to the gentleman from Texas [Mr. BLANTON] that the United States has participated in all six of the conferences which the gentleman mentioned, which conferences led up to this general disarmament conference. While the League of Nations issued this invitation, it did not issue it alone to members of the League of Nations. It issued it to all the nations of the world—some 63 in number, including Russia and every other country, whether they were members of the league or not.

Mr. TEMPLE. Will the gentleman yield?

Mr. LINTHICUM. Certainly.

Mr. TEMPLE. I would like to say that if this conference for the limitation of armaments fails, as the gentleman from Missouri [Mr. DYER] thinks it will fail, the United States ought not be in a position of having that failure laid upon us. It is worth $450,000 to avoid that blame.

Mr. LINTHICUM. May I say in addition, as a background for this legislation and the participation of our Government in this conference, that participation in all efforts looking toward a limitation or reduction of armaments is in accord with traditional American policy and that participation in this particular conference is dictated both by our own interests and by the moral responsibility for positions we have heretofore assumed.

Let us look very briefly at the American policy during the past 25 years. It has been singularly consistent and unwavering in favor of all constructive efforts toward lessening the burden of competitive armaments in the world.

In 1906 Mr. Root, in answering the note of the Russian ambassador, suggesting the outline of the program of the second peace conference at The Hague, said:

> The Government of the United States therefore feels it to be its duty to reserve for itself the liberty to propose to the second peace conference as one of the subjects of consideration the reduction or limitation of armaments.

At the second conference at The Hague, although considerable progress was made in provision for the peaceful settlement of controversies, only a mild resolution was passed with respect to lowering of armaments to the effect that "it is eminently desirable that the governments should assume the serious examination of this question." The dangers inherent to a race in preparation of armaments were thus

perceived before the war, but nothing constructive was accomplished to prevent it. Finally the great war resulted with the loss of millions of lives and untold treasure. Throughout its course men buoyed their spirits with the slogan that "it was a war to end war." The lesson that it was futile to seek to avoid hostilities by competing with one's neighbors by building up a vast machinery of warfare seemed learned. The failure of The Hague conference to check the race in armaments was viewed as the bankruptcy of pre-war diplomacy.

Yet within three years of Armistice Day, in 1918, a new race in armaments was under way, and it should be an unceasing source of pride that it was the United States which first took the initiative in breaking the endless chain of naval competition. In his opening speech at the Washington conference the Secretary of State, Mr. Hughes, spoke as follows:

> But if we are warned by the inadequacy of earlier endeavors for the limitation of armament, we can not fail to recognize the extraordinary opportunity now presented. We not only have the lesson of the past to guide us, not only do we have the reaction from the disillusioning experiences of war, but we must meet the challenge of imperative economic demand. What was convenient or highly desirable before is now a matter of vital necessity. If there is to be economic rehabilitation, if the longings for reasonable progress are not to be denied, if we are to be spared the uprisings of peoples made desperate in the desire to shake off burdens no longer endurable, competition in armaments must stop.

The Washington conference concerned itself primarily with the most pressing and most tangible object of limiting and reducing naval armaments. Unfortunately, its work turned out not to be complete. By limiting the larger types of ships it was hoped that all competitive building would cease. A new building race, however, began in the unlimited naval categories, and only following the abortive Geneva Naval Conference of 1927 was this problem finally solved at the London Naval Conference of 1930.

Naval armaments, however, constitute but one phase of armaments. The solution of the problem of land and air armaments has not advanced as far as that of naval armaments.

The treaty of peace signed at Versailles in 1919 contains two references to armaments.

The first is found in article 8 and reads:

> The members of the league recognise that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations.
>
> The council taking account of the geographical situation and circumstances of each state, shall formulate plans for such reduction for the consideration of the several governments. Such plans shall be subject to reconsideration and revision at least every 10 years.

The second is found in the following preamble to Part V of that treaty, entitled "Military, Naval, and Air Clauses":

> In order to render possible the initiation of a general limitation of the armaments of all nations, Germany undertakes strictly to observe the military, naval, and air clauses which follow.

In his covering letter presenting the treaty to the German delegates, M. Clemenceau wrote as follows:

> The allied and associated powers wish to make it clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible for Germany to resume her policy of military aggression. They are also the first steps toward that general reduction and limitation of armaments which they seek to bring about as one of the most fruitful preventatives of war, and which it will be one of the first duties of the League of Nations to promote.
>
> They must point out, however, that the colossal growth in armaments of the last few decades was forced upon the nations of Europe by Germany. As Germany increased her power, her neighbors had to follow suit unless they were to become impotent to resist German dictation or the German sword. It is therefore right, as it is necessary that the process of limitation of armaments should begin with the nation which has been responsible for their expansion. It is not until the aggressor has led the way that the attacked can safely afford to follow suit.

The efforts on behalf of disarmament made since that date by the members of the League of Nations have received the sympathetic approval of the American Government. After a few early and ineffectual efforts on the part of subsidiary league organs, such as the Permanent Advisory Committee for Military, Naval, and Air Questions, The Temporary Mixed Committee, The Coordination Commission, and so forth, the league assembly of 1925 adopted a resolution as a result of which the Preparatory Commission for the Disarmament Conference was set up in order to prepare the way for the holding of the General Disarmament Conference which was to meet by virtue of the provisions of the treaty above cited. The American Government was invited to participate in the Preparatory Disarmament Commission and gladly accepted the invitation. The reasons permitting this acceptance were stated by the President in his message to the Congress on January 4 in the following terms:

> The general policy of this Government in favor of disarmament and limitation of armament can not be emphasized too frequently or too strongly. In accordance with that policy, any measure having a reasonable tendency to bring about these results should receive our sympathy and support. The conviction that competitive armaments constitute a powerful factor in the promotion of war is more widely and justifiably held than ever before, and the necessity of lifting the burden of taxation from the peoples of the world by limiting armaments is becoming daily more imperative.

The preparatory commission held six sessions lasting from May, 1926, to December, 1930. In all of these sessions the United States Government took an active and helpful part. The preparatory commission succeeded in drawing up a draft convention setting forth the principles upon which the governments represented were able to agree and the methods by which it was felt the general conference could succeed in bringing about actual reduction and limitation. It is, therefore, merely a framework containing as yet no quantitative factors. The task of the general disarmament conference will be to adjust these principles to reality and to give life to the convention by the insertion of appropriate figures.

In our conferences with the other nations in the preparatory commission we have constant indications that we would continue to cooperate when the negotiations on method gave way to the negotiations on actual figures. Thus, in his message to Congress of January 4 recommending the appropriation of funds for participation in the work of the preparatory commission, President Coolidge pointed out that the purpose of this commission was "to make preparations for a conference on disarmament, which it is the announced purpose of the council to call at an early date." Similarly our delegates to the preparatory conference have consistently assumed our participation in the general conference. In his concluding statement at the last session of the preparatory conference the American delegate spoke as follows:

> I hope that, in separating at the conclusion of our labors, we shall not yield to the temptation to indulge in mutual congratulations that we may separate with becoming modesty and, on reporting to our various governments, that we do so with a full and frank recognition of the shortcomings of our present draft and of the duties and responsibilities still before our governments to lead the general disarmament conference to the success which our peoples so earnestly desire.

We are now preparing to enter the general disarmament conference. May I emphasize the importance of the word "general"; that is, universal. It is the first time that an effort has been made by all of the nations of the world freely to reach an agreement that would determine and stabilize their relative positions in armament. It is virtually impossible to estimate with any degree of assurance what may be the concrete achievements of the conference. So many differing and conflicting proposals are likely to be advanced that it would be vain to venture a prediction as to which ones of these or which combination or compromise plan are destined finally to emerge. But if any plan that is generally acceptable emerges from the conference, it would fulfill four purposes which would immediately redound to our advantage. First, it would put an end to the existing race in armaments. Second, it would thus remove an important element of international distrust and fear. Third, it would relieve the present crushing burden of nonconstructive expenditure. Fourth, it would lay the foundations for future

disarmament agreements—just as the Washington naval treaty was the precursor of the London treaty.

Such negotiations, however, will be not only arduous but long drawn out. It must be remembered that 63 states have been invited to participate and we are not aware of any nation having declined representation. In many ways it will probably be one of the most complex conferences in history. The estimate of its duration, from seven to eight months, seems conservative. In this we are borne out by the estimates independently reached by other nations and by the responsible officials of the permanent secretariat of the League of Nations. We should not forget that the London Naval Conference, during which five powers were negotiating on one phase of armaments alone, lasted three months.

May I, before closing, give you a few statistics in comparative costs between the sum asked for—namely, $450,000, or approximately $55,000 a month—and certain items of national defense. It must be remembered that of this $450,000, $99,167 is allocated to cover our pro rata share of the special league budget for the expenses of the general secretariat of the conference for a period of seven months. Thus only $350,000 is the direct cost of maintaining the delegation in Geneva, with its expenditures for personnel, travel, equipment, office space, telegraph and telephonic communication, and so forth.

As well stated by Assistant Secretary Rogers in the hearings, the $450,000 is approximately the cost of the annual maintenance and operation of one submarine, estimated at $436,363; about one-third of the annual maintenance and operation cost of a 10,000-ton cruiser, $1,250,000; or about one-fifth of the annual maintenance and operation cost of a capital ship, $2,200,000.

With relation to construction costs, $450,000 represents approximately three-fourths of the cost of one 16-inch coast-defense gun, unmounted—$575,000; less than one-fifth of the cost of construction of a 600-ton submarine; about one-fortieth of the construction of a 10,000-ton 8-inch-gun cruiser; or slightly over 1 per cent of the cost of a 35,000-ton capital ship.

Taking the total national-defense expenditures of the United States for 1930—$702,845,415—we find that the cost of sending the delegation is the equivalent of only six one-hundredths of 1 per cent of that sum, or the equivalent of maintaining the Army and Navy for six hours.

The United States has never yet failed to take its full part in efforts designed for the common good of mankind. It would, therefore, seem that participation in the coming general disarmament conference would be in line with our traditional policy, and would be a necessary contribution toward the goal which the entire world desires.

We can not afford to fall down on this matter; it is primarily our work, and our guidance is sorely needed.

RELIEF OF NELLIE FRANCIS

Mr. DE PRIEST. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DE PRIEST. Mr. Speaker and my fellow colleagues, I ask unanimous consent that the bill (H. R. 3899) for the relief of Nellie Francis, which is now before the Committee on Claims, be transferred to the Committee on Foreign Affairs of the House. This bill was before the Committee on Foreign Affairs in the Senate last year and was passed. I have spoken to the chairman of the Committee on Claims, and he has agreed that this might be transferred to the Committee on Foreign Affairs of the House. I would like to ask the chairman of that committee [Mr. LINTHICUM] if he will accept it?

Mr. UNDERHILL. Mr. Speaker, I will not stand for bills being sent from the Committee on Claims to any other committee. I object.

The SPEAKER. Objection is heard.

DISARMAMENT CONFERENCE

Mrs. OWEN. Mr. Speaker, I ask unanimous consent to address the House for five minutes on the subject of the resolution proposed by the gentleman from Maryland.

The SPEAKER. Is there objection to the request of the lady from Florida?

Mr. STEAGALL. Mr. Speaker, reserving the right to object, I shall not interpose any objection in this instance, but hereafter I shall have to object. I am glad not to object in this case.

The SPEAKER. Is there objection?

There was no objection.

Mrs. OWEN. Mr. Speaker, I feel it is appropriate to call to the attention of the House in connection with this resolution some pertinent facts which were laid before the Committee on Foreign Affairs, in order that the membership of this House may judge whether or not a delay in the consideration of this resolution is advisable.

The gentleman from Missouri [Mr. DYER] has just made the suggestion that the expenditure of $450,000 for the purpose of defraying the expenses of the delegation from our country to this disarmament conference is an excessive expenditure. I believe we must keep in mind the fact that behind this conference there are elements so momentous and so important that we can not place financial measurement upon them. We are considering in the House a great many pressing national questions. We are trying to adjust the problems of taxation so that the backs of our overburdened citizens can bear them. But we must not fail to remember that more than 70 cents out of every dollar of taxes paid by the people of this country goes to pay for past or future wars. To try to adjust our taxation burdens without taking cognizance of this fact is comparable to putting a plaster on a cancer. If we permit the armaments of this world, without any interference on our part, to expand to such an extent that they gradually absorb the resources of the nations we are overlooking the most vital problem facing the world to-day.

The estimated expense of the American group of 5 delegates and the total personnel of 40, including the advisers and employees, is $450,000. That sum represents the annual cost of maintenance and operation of one submarine. It represents one-third of the annual cost of the operation and maintenance of a 10,000-ton cruiser. It represents one-fifth of the cost of the operation and maintenance of one 35,000-ton capital ship.

Mr. BLANTON. Will the gentlewoman yield?

Mrs. OWEN. I have only five minutes.

Mr. BLANTON. I would like to make this observation, that the question of reparations and the question of the cancellation of public debts are very likely to come up at this meeting in Geneva.

Mrs. OWEN. Neither of those questions is included in the scope of the proposed agenda.

Mr. BLANTON. But they could come up to greatly embarrass us, and some question of affront to Japan or some other nation could arise that would involve us in serious international complications.

Mrs. OWEN. May I say to the gentleman that those questions are not included in the agenda that have been approved by the six preliminary conferences, in all of which our country has taken part.

Mr. BLANTON. I would call the gentlewoman's attention to a very large conference that was held last year, which lasted several months, and which cost only $13,000; $450,000 is a tremendous sum of money to spend on this conference. I am willing under proper limitations to appropriate $50,000 or even $100,000, but that should be the maximum amount. Most of this enormous sum of $450,000 would be wasted in extravagance.

Mrs. OWEN. May I make a personal reference to my own experience, only because I believe it parallels that of the great majority of thinking citizens? When war was declared in 1914 and in London I saw "the first hundred thousand" moving through the streets of London and was almost

within sound of the guns in France, I went to the American Embassy and read the documents which reported the steps taken by the nations of the world toward international understanding and agreement. I found that our own country had taken the leadership since 1906 in the international conferences in Geneva.

[Here the gavel fell.]

Mrs. OWEN. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Will the gentlewoman yield for a question?

Mrs. OWEN. Yes.

Mr. BYRNS. If this conference is to be limited to the reduction of armaments, there are some of us who would like to know why it is necessary to make an appropriation or authorization for eight months, because I understand this resolution provides for an eight months' conference.

Mrs. OWEN. I believe I can answer the gentleman. This conference contemplates the possible length of eight months. This is the first conference in which 62 nations will have participated. In the preliminary conferences only a small group of the greater powers participated, but in this one practically all of the nations of the world have been invited to participate. It will probably be impossible to terminate the conference in less than eight months. Possibly an even longer time will be necessary.

When I studied the movements which had been originated amongst the nations of the world to arrive at some international agreement, I found that our country since 1906 had taken a leading part in these conferences at Geneva. When the World War had focused public attention on the vital need of international understanding, our country again took the leadership in the proposal that the League of Nations should form a body of international arbitration. Although the United States has not been a member of the League of Nations, we have taken an unofficial part in the deliberations of that body. The present conference is the result of six preliminary conferences, which have been considering an agenda which could be submitted to all the nations of the world. The subjects to be considered by this conference concern the limitation of armaments and all questions which deal with preparations for war, armaments on land, on sea, in the air, and the use of all implements by which war is waged.

We must recognize that there are two groups of thought in our country, widely divergent in their views as to the method by which nations may be induced to keep the peace. There is one group which holds that the best way to keep the peace is to so arm ourselves that no nation will dare to attack us. There is another group which holds that the best way to keep the peace is to disarm ourselves and set an example which public opinion will force other nations to follow. Speaking for myself, I believe that neither of these courses will keep the peace.

The only way the nations of the world can keep the peace is by the establishment of some mechanism by which international disputes can be settled without recourse to arms. Until such mechanism has been perfected by the nations of the world, to neglect national defense is folly; but to fail to take every step that leads toward ultimate international decency and order is not only folly but criminal negligence on the part of a nation like the United States. [Applause.]

The gentleman has expressed his own doubt as to the possible accomplishments of the conference. I do not believe we can expect that this conference will solve all the problems of competitive armaments. We can not by this one conference remove the cancer that is absorbing the resources of the nations of the world, but this international gathering can show that the nations of the world are alive to the existence of this cancer. It can limit the extent of its growth. It can show that there is a disposition upon the part of the nations to try to acquire the courage and the wisdom to eventually endeavor to remove it. [Applause.]

[Here the gavel fell.]

THE TWO HUNDREDTH ANNIVERSARY OF THE BIRTH OF GEORGE WASHINGTON

Mr. BROWNING. Mr. Speaker, I ask unanimous consent to extend my remarks by having printed in the Appendix of the RECORD the program of major events in the District of Columbia in connection with the George Washington Bicentennial Celebration.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BROWNING. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following:

STATEMENT BY DR. GEORGE C. HAVENNER, EXECUTIVE VICE CHAIRMAN, DISTRICT OF COLUMBIA GEORGE WASHINGTON BICENTENNIAL COMMISSION

The program for the observance of the bicentennial of Washington's birth in the National Capital, which we are releasing to the public through the press, will be found in two sections. It provides for a series of major and collateral events, which will be presented at regular and frequent intervals throughout the 9-month period of the celebration, which will begin in the churches and Sunday schools on February 20 and 21 and which will be opened officially on February 22, continuing through to Thanksgiving Day on November 24.

For the convenience of the public, since it is expected that the celebration here in Washington will attract large numbers of visitors, a definite date has been assigned to each of these major and collateral events, which total about 60.

Preparations are being made for the reception and entertainment of a greater number of visitors from all parts of the United States and from Canada and foreign countries than has ever before visited Washington in any given year. Conservative estimates of this number have been placed at from six to eight million visitors.

Those events which we have listed as major events will be held under official auspices. As the program is carried out, they will constitute what may be termed the peak days. These events will be the greatest drawing cards in attracting visitors, and for this reason they have been given definite dates far in advance so that prospective visitors from all parts of the United States may arrange their travel itineraries accordingly.

The collateral events will be found to include various gatherings and celebrations, which while arranged sometimes without any cooperation on the part of our Bicentennial Commission, are in many instances being planned with full official cooperation and sponsorship. It is certain that some of these events will be staged upon a scale which will warrant their appearing among major happenings in the revised program. But their dates will remain as now announced, so that the public at large can arrange its travel itinerary to Washington with the assurance that the dates will not be changed.

It is a pleasure at this time to acknowledge the stanch support and assistance which I have received all along from Dr. Cloyd Heck Marvin, chairman, and the members of the District of Columbia Bicentennial Commission, with whom I have been associated in this work. From Senator SIMEON D. FESS, of Ohio, and Representative SOL BLOOM, of New York, vice chairman and associate director, respectively, of the United States commission, I have received hearty cooperation.

The United States and District of Columbia commissions are working in the utmost harmony. The programs here in Washington naturally will be of such a character that the work of the two commissions will frequently be cooperative and supplemental. In all plans for the celebration which the District commission is arranging we are drawing freely upon the splendid resources of the United States commission and are receiving invaluable assistance.

In addition to the schedules of major and collateral events in our program we are also including in a third section a list of 165 conventions to be held in Washington during the bicentennial year. This list has been compiled by the greater National Capital committee of the Washington Board of Trade. These conventions will bring not only large numbers of delegates to Washington but the usual number of unofficial visitors, such as members of delegates' families and friends, who will greatly augment the crowds which the bicentennial will attract.

February 22

12 noon

ADDRESS BY THE PRESIDENT OF THE UNITED STATES BEFORE THE JOINT SESSION OF CONGRESS

With an address by President Hoover as the outstanding tribute, the celebration of the two hundredth anniversary of the birth of George Washington will be inaugurated at high noon (on February 22 next), when a joint session of Congress will be held in the Hall of the House of Representatives under arrangements being completed by the United States George Washington Bicentennial Commission. The program will be broadcast through national and international hook-ups.

Invited to be present at this national tribute to the Father of His Country will be statesmen of national and international fame.

12.45 p. m

COMMEMORATIVE CEREMONY AT THE EAST FRONT OF THE CAPITOL

When President Hoover gives the signal from the east steps of the Capitol immediately after the conclusion of the joint session of Congress, the singing of America, to be taken up simultaneously by Americans in all parts of the country and throughout the world, will usher in the program arranged by the District of Columbia George Washington Bicentennial Commission and the various State commissions.

The magic of radio will make possible this mammoth chorus in which literally millions are expected to join in a spontaneous tribute of song to the Nation's founder. Besides being broadcast all over the country through one of the most elaborate national hook-ups yet arranged, plans are being perfected for an international broadcast through which the program will be carried to other listening millions overseas.

The exercises on the Capitol steps will be the first of a series of major events thus far arranged to be carried out by the District commission, of which Cloyd Heck Marvin is chairman and George C. Havenner executive vice chairman.

President Hoover, who as chairman of the United States commission will deliver the eulogy before the joint session of Congress, will also become the central figure in the program to be carried out immediately afterwards in behalf of the District of Columbia. It is expected that this program will begin about 12.45 p. m. As soon as the exercises in the House have been concluded the President and other distinguished guests will be received in the rotunda of the Capitol by the members of the District of Columbia commission and the national commission.

President Hoover will be escorted to the central portico of the Capitol, where all will be in readiness for him to give the signal for the vast assemblage in the plaza to join the singing of America. The great chorus will be conducted by Walter Damrosch. The principal singing unit will be composed of 10,000 Washington school children, who are being organized under the leadership of Dr. Edwin N. C. Barnes. An adult chorus of 2,000 voices is also being recruited by Mrs. Elizabeth K. Peeples.

Joining with these special units in the spontaneous tribute of song will be the throng gathered in the plaza, and there is every expectation that it will reach the proportions of the assemblage that gathers every four years for the inauguration ceremonies. As loud speakers will be provided, the plaza throng will be able to hear both programs—that carried on at the joint session in the House of Representatives and the outdoor demonstration which will immediately follow. The special national and international radio hook-ups will likewise carry the program throughout the entire country and to foreign countries, thus making possible the singing of America by an audience literally to be numbered by millions, which may well be the largest chorus ever joining in the singing of one song.

The accompaniment will be furnished by the United States Army, Navy, and Marine Bands, which will play as a unit under the direction of John Philip Sousa, famous all over the world and a particular favorite with those older Washingtonians who remember his leadership of the Marine Band years ago.

The singing of America will be followed by various old patriotic favorites, and since President Hoover's address will be delivered before the joint session of Congress another speaker of national renown will be invited to address the plaza assemblage.

After luncheon President Hoover, accompanied by the United States and District of Columbia George Washington Bicentennial Commissions, will go to Mount Vernon to lay a wreath on Washington's Tomb in the name of the Nation.

3 p. m.

EXERCISES AT WASHINGTON MONUMENT

At this hour a program of exercises in connection with the placing of wreaths at the base of the Washington Monument will be carried out by the District of Columbia Society, Daughters of the American Revolution; the District of Columbia Society, Sons of the American Revolution; the Society of the Sons of the Revolution in the District of Columbia; and the District of Columbia Society, Children of the American Revolution. The chairman of the committee is Miss Helen Harman, State regent, District of Columbia Society, Daughters of the American Revolution.

COLONIAL BALL IN EIGHTEENTH-CENTURY SETTING

This will be a pageant and costume ball. It will be held at the Mayflower Hotel; and being the opening social function in connection with the celebration, a magnificent and brilliant affair is being arranged. It will be under the joint auspices of the United States and District of Columbia George Washington Bicentennial Commissions.

February 21, 25, 26

THE WAKEFIELD MASQUE

While the official celebration will begin on February 22, there will be presented the evening before in Constitution Hall, Washington, a religious masque by Percy Mackaye, entitled "Wakefield." This masque is being produced under the joint auspices of the United States and the District of Columbia George Washington Bicentennial Commissions. Fittingly enough, February 21 falls on Sunday, so the presentation of the masque anticipates the opening program by one day only. The presentation will portray in symbolic form scenes in and around Washington's birthplace and the factors that were the moving force and inspiration of his great career. Music will be furnished by the United States Marine Band orchestra. This masque will be repeated on the evenings of February 25 and 26 in Constitution Hall.

FORMAL OPENING OF THE MOUNT VERNON MEMORIAL BOULEVARD

The United States George Washington Bicentennial Commission has supervised the construction of the great Mount Vernon Memorial Boulevard connecting the National Capital with Washington's old home. The construction work has been done by the Bureau of Public Roads of the Department of Agriculture. This project is now nearing completion. The highway will be thrown open to the public early in the new year and will be dedicated on a date to be determined later, with exercises arranged by the United States Bicentennial Commission.

April 6

CELEBRATION OF ARMY DAY

This is the anniversary of the entry of the United States into the World War and is annually observed as Army Day, with emphasis on the part played by the military forces in time of peace. The day's events will include a grand parade of military, patriotic, and civilian organizations through Pennsylvania and Constitution Avenues, culminating in a demonstration in the Monument Grounds, where the units will be reviewed by the Secretary of War, Hon. Patrick J. Hurley. The grand marshal of the parade will be Maj. Gen. Douglas MacArthur, Chief of Staff of the Army, and the marshal probably will be Maj. Gen. Paul B. Malone, commander of the Third Army Corps Area.

Included in the parade will be the United States Army Band; a battery of Field Artillery and a troop of Cavalry from Fort Myer, Va., both in Continental uniform; Tank Corps from Camp Meade; mechanized Artillery unit from Fort Hoyle; the Twentieth Regiment of Marines, with their band; District of Columbia National Guard; District of Columbia High School Cadets; Reserve Officers' Training Corps; units from Georgetown University and the University of Maryland; detachments of bluejackets and marines from visiting naval vessels, with their bands; veteran and patriotic organizations; representatives of the governors of the various States of the Union; representatives of each State jurisdiction of the Military Order of the World War. The program will be sponsored by the Military Order of the World War.

April–May

THE CHERRY BLOSSOM FÊTE

The annual blossoming of the cherry trees, a gift to the United States from the Japanese Government, makes the borders of the Tidal Basin in Potomac Park and the road around Haines Point a scene of incomparable beauty. This event is not only awaited locally with anticipation but it has become one of the principal attractions of Washington in the spring to visitors from all parts of the country.

A cherry blossom fête will be arranged in connection with the bicentennial celebration, its date, of necessity, dependent upon the advance of the season and the flowering of the trees.

May 7

REENACTMENT OF FIRST INAUGURAL RECEPTION AND BALL

This is the anniversary of the great inaugural ball in New York City on May 7, 1789. Plans are under way to reenact in the Capitol Plaza on the evening of this day the first inaugural ball and reception given by George and Martha Washington. All who attend this ball, which is open to the public, free of charge, must be attired in Colonial costume. Tickets will be given to all who apply to the District of Columbia Commission, but no one will be admitted unless dressed in period costume. Music will be provided by the United States Army Band, and it is expected that it will be one of the most colorful and interesting revivals in connection with the celebration, recreating the social atmosphere of the eighteenth century, with twentieth-century dances giving way to minuets, gavottes, mazurkas, and other stately dances of the Colonial period.

May 8

MOTHER'S DAY OBSERVANCE

The observance of this day will emphasize Washington's reverence and devotion to Mary Ball Washington, whose place as one of the great mothers in history will be the theme of song, sermon, and story. As Mother's Day falls on Sunday, it is expected to inspire widespread religious observance by the churches, both in individual congregations and in groups. The chairman of the committee arranging the observance in the Capital City in behalf of the District of Columbia commission is Mrs. Thora Seaton, chairman of the fine arts committee, District of Columbia Federation of Women's Clubs.

A notable service on Mother's Day will be held at Washington Cathedral at 4 p. m., in cooperation with the official committee, Right Rev. James E. Freeman, D. D., Bishop of Washington, will preach a special sermon. This service will be broadcast.

The commission makes an earnest appeal for a widespread observance of Mother's Day by all societies and organizations which can arrange to participate.

May 9–13

WEEK OF AMERICAN MUSIC

The program will be sponsored by the National Federation of Music Clubs, of which Mrs. Elmer James Ottaway, of Fort Huron, Mich., is president. It is planned to arrange a series of events

which will exemplify the evolution of American music from its beginnings back in colonial days. The program will include folk songs and folk dances and notable choral, concert, and orchestral features. The famous Philadelphia Harmonica Band, under the leadership of Albert N. Hoxie, and made up of some 60 boys from the Philadelphia public schools, ranging in age from 10 to 17 years, has volunteered for one concert. Mme. Ernestine Schumann-Heink, world-famous prima donna, will be invited to join in the celebration as soloist at this concert. Mrs. Gertrude Lyons, president of the District Federation of Music Clubs, is chairman of the committee in charge of local arrangements.

May 14

YOUNG FOLKS FÊTE DAY

This day is being planned in order to afford the young folks an opportunity to pay their tribute to Washington. Miss Sibyl Baker, supervisor of playgrounds for the District of Columbia, has accepted the chairmanship.

It is expected that the events to be arranged will take up the greater part of the day and will be presented in the public parks and in the playgrounds throughout the city. It is planned to arrange a series of programs which will demonstrate the activities of American children in every phase of their educational and recreational pursuits. Their music, their handcrafts, their games and athletics, their programs of dances and dramatics will all be drawn upon to make the day one of diversified and unique interest. The aim will be to enlist the active participation in some phase of this day's program of every child in the District of Columbia.

May 29

MASSING OF THE COLORS (MEMORIAL SUNDAY)

The annual ceremony of the massing of the colors on Memorial Sunday has become an event of increasing patriotic interest in Washington, and it is planned to make the observance one of outstanding interest in connection with the bicentennial celebration. It will be held in the Monument Grounds at 4 p. m., and all the exercises, in which the religious, military, and patriotic elements will be blended, will be carried out under field conditions. The United States Army Band will furnish the music.

The program for this day, in accordance with custom, will be sponsored by the Military Order of the World War, the committee being Rev. Arlington A. McCallum, chairman; Maj. Charles Demonet, and Maj. Edwin S. Bettelheim, jr. Already there are assurances that more than 200 military, patriotic, and civic organizations will send delegations to the exercises. It is also expected that all arms of the military service in Washington and its environs will participate. Maj. Gen. James G. Harbord has tentatively accepted the invitation to make the principal address, and Rev. Francis P. Duffy, of New York, former chaplain of the Rainbow Division, has been invited to be present as a special guest.

June 14

FLAG DAY CELEBRATION

This is the anniversary of the adoption of the Stars and Stripes as the national standard by the Continental Congress June 14, 1777, an event which lends itself naturally to special commemoration in the bicentennial year. There will be a great flag procession the evening of this day through Constitution and Pennsylvania Avenues to the east front of the Capitol. Specially invited guests on this day will be President Hoover and his Cabinet, the justices of the Supreme Court of the United States, the Diplomatic Corps, Members of the Senate and House of Representatives, and other notable personages.

Participating in the procession and in the pageant and grand review in the Capitol Plaza will be floats and marching units from most of the States of the Union. The various State delegations will carry their flags and in addition some of the most notable flags which have figured in the national history will be given places of honor. Units representing various national groups out of which America has been welded will participate and carry the flags of the nations of their origin. It is planned to unfold through this spectacle the story of the flag as it is bound up in the evolution of the Nation. A culminating feature will be the massing of all the standards in the procession, in the ceremonies in front of the Capitol. The bands of the United States Army, United States Navy, and United States Marine Corps will participate.

June 22–25

GEORGE WASHINGTON PAGEANT PLAY

The title of this play is The Great American, a Pageant Drama of George Washington. The scenario consists of a prologue, six actions, and an epilogue. The actions delineate Washington as surveyor, frontiersman, legislator, commander in chief, statesman, and the man at Mount Vernon. This pageant was prepared by the United States George Washington Bicentennial Commission "to be enacted by the people of the United States" during the Bicentennial year. In Washington the play will be presented evenings in the Monument Grounds.

It is planned to make this the most stupendous and brilliant patriotic pageant undertaken in America. In its presentation 5,000 persons will participate, with a chorus of 2,000 more, accompanied by the massed bands of the United States Army, United States Navy, and United States Marine Corps. Percy J. Burrell, of the staff of the United States Commission, and Marie Moore Forrest, director of plays and pageants for the District of Columbia Commission, will be in charge of the production.

The pageant scenario of The Great American follows:

"THE PROLOGUE

"The Call of 1732, in which the voice of America summons Truth, Courage, Devotion, and incarnates them in the youth, George Washington.

"THE DRAMA

"The Great American, in which these three virtues inherent in the youth flower into manhood and are revealed in words of wisdom and prophecy and by acts of leadership and sacrifice.

"THE EPILOGUE

"The Answer of 1932, in which the Voice of America summons the United States, a Nation that George Washington founded and bequeathed to the people thereof, and who in this day would so honor and emulate him as to insure the weal and the perpetuity of their common country.

"THE DRAMA—THE GREAT AMERICAN

"First action—The Surveyor: A great career begins, 1748.

"Section action—The Frontiersman: Scene 1, At Fort Le Bœuf, 1754. Scene 2. Burial of Braddock, 1755.

"Third action—The Legislator: The Virginia convention, 1775. (Raleigh convention, Williamsburg.)

"Fourth action—The Commander in Chief: Scene 1. Elected, 1775. Scene 2. Taking command of the Army, 1775. Scene 3. Valley Forge, 1778. Scene 4. Rallying the troops at Monmouth, 1778. Scene 5. Yorktown, 1781.

"Dramatic rhythmic movement—The Dance of Liberty: Scene 6. Farewell to his officers, 1783.

"Fifth action—The Statesman: Scene 1, Constitutional Convention, 1787. Scene 2. Farewell to his mother, 1789. Scene 3. The inauguration, 1789. Scene 4. The inaugural ball, 1789. Scene 5. Planning the Capital City, 1791.

"Sixth action—The Man at Mount Vernon: The great career nears its close.

July 4

INDEPENDENCE DAY CELEBRATION

It is planned to make this an old-fashioned Fourth of July celebration, also a home-coming day, a distinctly local day, with a program calculated to appeal strongly to local sentiment and to make old-time residents desire to return to the old-home environment for family reunions. It will be arranged by the Federation of Citizens' Associations of the District of Columbia under the leadership of a central committee composed of representatives of each of the many associations of citizens.

August 10

BOYS' AND GIRLS' DAY

The program for juvenile day will be given over to exercises showing the activities of the younger generation, both boys and girls. The date for this event coincides with a regional meeting of the Boy Scouts of America, who are expected to take part in the exercises. The Girl Scouts also will participate, together with the other boys' and girls' organizations. A colorful feature of the program will be a pageant by the Boy Scouts. In the afternoon there will be a pilgrimage of these young folks to Mount Vernon, while the day will be brought to a close with exercises in the Sylvan Theater at the foot of the Washington Monument.

September 5

LABOR DAY EXERCISES

The District of Columbia fire department has annually for several years organized an impressive Labor Day parade. It is planned to organize a committee to cooperate with the Washington firemen in staging a mammoth parade and pageant as a distinctive contribution to the George Washington Bicentennial on Labor Day of this year.

September

VISIT OF FRENCH WAR VETERANS

One of the outstanding events in Washington during the bicentennial celebration will be the visit here next September of some 1,500 French veterans of the World War. They are coming as guests of the United States Government and of the American Legion, upon invitations extended through the French Government by President Hoover and by Henry L. Stevens, jr., national commander of the American Legion. The District of Columbia George Washington Bicentennial Commission is cooperating with the American Legion in arranging for their proper reception and for a program of entertainment for them while they are in the National Capital.

The French veterans have not as yet signified the time of their arrival, but it is expected it will be after the national convention of the American Legion, which will be held in Portland, Oreg., September 12 to 15. A grand parade of honor of the visiting poilus will be one of the spectacular events. It is being arranged by Maj. Gen. Anton Stephan as chairman of parades for the District Bicentennial Commission.

Congress has authorized the expenditure of $50,000 in the entertainment of the French visitors. The hospitality to be extended will reciprocate the elaborate entertainment provided by the French Government when American legionnaires visited Paris in 1927. Events being arranged include a garden party at the White House, a dinner by the Secretary of State, a dinner given jointly by the Secretary of War and the Secretary of the Navy, and a grand ball. Then there will be pilgrimages to Mount Vernon and to the Tomb of the Unknown Soldier in Arlington Cemetery.

The chairman of the American Legion committee for this event is Commander E. E. Spafford, of New York, and Col. John Thomas Taylor, of Washington, is cooperating in the arrangements.

November 11

ARMISTICE DAY CEREMONIES

Armistice Day, coming toward the close of the bicentennial celebration, will be notable in 1932 for ceremonies in connection with the rededication of the Tomb of the Unknown Soldier at Arlington Cemetery. The beautiful white marble memorial to be placed over the tomb will have been completed in time for the ceremonies, which will be participated in by the highest officials of this and other countries under the leadership of the American Legion.

The American Legion at its Detroit convention in 1931 adopted a resolution instructing its national commander "to appoint a national committee to cooperate with the War Department and the George Washington Bicentennial Commission in arrangements for a national Armistice Day program in our National Capital on November 11, 1932, the climax of which will be the rededication of the Tomb of the Unknown Soldier by ceremonies in which all departments of the American Legion will be invited to participate."

This event is expected to inspire pilgrimages of American legionnaires to Arlington from all parts of the United States and from overseas, and preparations are being made for a larger number of visitors than witnessed the burial of the Unknown Soldier on November 11, 1921.

The District of Columbia American Legion bicentennial committee, of which W. N. Morrell is chairman, is arranging for a grand Armistice Day parade which will include not only World War units but also many of the ancient colonial commands and other historic military organizations. It is planned that the parade will form at the Capitol and the line of march will be through Pennsylvania Avenue. President Hoover, members of the Cabinet, and other high officials will be invited to review the parade. The committee is also arranging for an armistice night ball under the leadership of Brig. Gen. William E. Horton, U. S. A., retired.

The Veterans of Foreign Wars will hold an Armistice Day jubilee in the Washington Auditorium on the evening of Armistice Day. The proceeds will go for the benefit of destitute and disabled comrades.

November 24

THANKSGIVING DAY OBSERVANCE

Close of the celebration with exercises under the joint auspices of the United States and the District of Columbia George Washington Bicentennial Commissions.

OTHER MAJOR EVENTS

The present program is tentative. Other major events are being formulated and will be listed in the official program to be issued later.

COLLATERAL EVENTS

In addition to the major events which the District of Columbia commission is arranging there will be carried out from time to time during the bicentennial period an interesting series of collateral events. These events already number more than 30 and others are promised of equal interest. They will be arranged by various organizations and societies, and while they will be noteworthy contributions to the diversity of the bicentennial events, they will be staged for the most part independently, although sometimes with the cooperation of the commission where such cooperation is feasible.

Some of the more interesting of these collateral events follow:

February 20–25

NATIONAL EDUCATION ASSOCIATION ANNUAL MEETING, DEPARTMENT OF SUPERINTENDENCE

By a happy coincidence the sixty-second annual meeting of the department of superintendence, National Education Association, will be in session in Washington when the celebration of the bicentennial opens. It will bring to the city more than 10,000 educators connected with the public schools in all parts of the United States.

The theme of the convention will be "Education, our guide, and our safeguard, and one of the chief sources of our spiritual life, our cultural growth, and our material power."

February 22

GEORGE WASHINGTON UNIVERSITY CONVOCATION

The George Washington University Convocation on February 22 will be held in recognition of George Washington's interest in education. Every university and college in the United States is being asked to be present. Inasmuch as the department of superintendence of the National Education Association is meeting in Washington at that time they have been asked to join the university in the convocation, and it is hoped that many of the colleges and universities throughout the country will nominate members of the department of superintendence to represent them. An outstanding speaker has been asked to make the address of the evening, which will be looked upon as the keynote address for the bicentennial year.

PAN AMERICAN UNION

The Pan American Union is formulating a series of programs in which representatives of the three Americas will join in a bicentennial tribute.

At 11 o'clock on the morning of February 22, according to present plans, a special solemn session of commemoration will be held in the great Hall of the Americas in the Pan American Building, presided over by the Secretary of State and participated in by the diplomatic representatives of North, Central, and South America, at which an address on George Washington will be delivered by the vice chairman of the governing board, Señor Don Orestes Ferrara, ambassador of Cuba. A wreath will also be placed on the Washington Statue. This program will be broadcast.

Arrangements are being made to have the school children of all the countries of the Americas participate in tribute to Washington on certain days to be determined. Likewise, schools in different parts of the United States will present copies of Washington's portrait to schools throughout Pan America, where they will be accepted with appropriate exercises.

A special George Washington number of the Pan American Bulletin will be issued some time during the bicentennial year, printed in Spanish and Portuguese as well as in English.

ORDER OF WASHINGTON BALL

The Order of Washington, a patriotic order of descendants of colonial American families whose ancestors assisted in the Revolution, will hold its annual banquet and ball. Members of all colonial orders welcome.

March 1

ST. DAVID SOCIETY

This is St. David's Day, a festival beloved of Welsh people the world over. The St. David Society of Washington, of which Fred L. Harries is president, is arranging a banquet at which the principal address will be delivered by Hon. DAVID J. LEWIS of Maryland.

March 5

WASHINGTON PORTRAIT EXHIBIT

The United States George Washington Bicentennial Commission has arranged a great exhibit of portraits of George Washington and his contemporaries which will be opened this day in the Corcoran Gallery of Art.

March 16

WASHINGTON PLAY TOURNAMENT

The annual District of Columbia 1-act play tournament to be held the evening of this day in McKinley High School Auditorium will feature plays of the American Colonial or Revolutionary War period as a contribution to the bicentennial celebration. Four 1-act plays will be given under the auspices of the community center department with the cooperation of the Drama Guild of Washington.

The plays for the finals in the tournament—two serious and two light dramas—will be selected as a result of preliminaries to be presented on six nights between February 27 and March 12, when a total of 24 1-act plays will be produced. The preliminaries will be given in Wilson Teachers College and the East Washington community center. The judges of the finals will be the dramatic critics of the Washington newspapers.

The plays to be offered in this tournament may be chosen from among those available through the United States George Washington Bicentennial Commission or those made available at the community center department with the cooperation of the District of Columbia Public Library through the courtesy of the librarian, George F. Bowerman.

March 19

ANNUAL CHILDREN'S FESTIVAL

The offering for the annual children's festival arranged by the District of Columbia community center department will be Rip Van Winkle. A dance-pantomime version of this popular legend will be given in the evening in the auditorium of the central community center.

COMMUNITY CENTER CELEBRATIONS

Innumerable events and programs will be arranged for from time to time during the bicentennial year to emphasize the local character of Washington's participation in the celebration. Mrs. Elizabeth K. Peeples, director of the District community center department, announces a schedule of community center bicentennial dates, for which patriotic programs are being formulated including colonial balls and dances, plays, pageants, and other features.

The central community center will, under the direction of Miss Lisa Gardiner, give a program of dances at Central High School Auditorium on the evening of March 8. The dances will range from Le Maise of Debussy and will include music by Chopin and Smetana. The feature of the program will be the dances from Prince Igor of Borodine. The United States Army Band orchestra will furnish music.

Other community center events scheduled follow:

Chevy Chase, March 25, illustrated lecture.
Columbia Heights, April 20, Washington play.
East Washington, February 27, play.
Langley and Burroughs, February 24, dance program.
Macfarland, February 26, colonial ball.
Park View, March 11.
Southeast, October 13, children's colonial play.
Thomson, February 29–March 26, children's colonial play.
Birney, November 7, colonial dance.
Burrville, February 24, reception, colonial dance.

Dunbar, February 26, colonial dance.

Garnet-Patterson, February (date to be determined), colonial ball.

Lovejoy, April 20.

Armstrong, April 7, historic events.

Francis-West Washington, April 14, colonial ball.

March 27

EASTER DAY

Easter Day is always a festival of joyful religious interest in Washington, with services in the churches of the various denominations which appeal to visitors of all beliefs. Community and congregational sunrise choral services add color to the Easter celebration here.

ARLINGTON MEMORIAL BRIDGE

The recently opened Arlington Memorial Bridge over the Potomac River, which connects the central axis of the National Capital at the Lincoln Memorial with the Arlington National Cemetery, including the Mount Vernon Memorial Highway, which has cost nearly $7,500,000, will afford bicentennial visitors an opportunity to see one of the most beautiful and majestic bridges in the world. The entire project, including the decorative features of the approaches and the construction of Constitution Avenue from the Capitol to the Potomac River, is to be completed in three years more, and is estimated to cost $14,750,000, and is being built under a special commission, of which the President is chairman and the other members are the Vice President, the Speaker of the House, and the chairman of the Senate and House Committees on Public Buildings and Grounds.

The design and construction work are in charge of the commission's executive officer, Lieut. Col. U. S. Grant, 3d, the consulting architects are McKim, Mead & White, of New York, and the consulting engineer is Mr. W. J. Douglas, of New York, while the Commission of Fine Arts is advising in all matters of æsthetics. It is especially fitting that this finest and most expensive memorial built by the Government should not be to any one individual or group of individuals but should be a memorial to all those who have given their lives to the development of our country, and by its design and decorations should symbolise the unity and achievements of the entire Nation.

April 3

WELSH SINGING FESTIVAL

The St. David Society of Washington, of which Fred L. Harries is president, is planning two meetings for this day (Sunday) in observance of the bicentennial. Both will be held in the First Congregational Church, Tenth and G Streets NW. At 3 p. m. a Welsh singing festival will be held under the direction of Daniel Protheroe, of Chicago, famous conductor and composer. In the evening at 8 o'clock a commemorative meeting will be held at which historical addresses will be delivered dealing with Welsh contributions to the establishment of the Nation.

AMERICAN CREED DAY

The various churches in the District of Columbia will be invited to observe this day as "American creed day" with services centering around the American Creed, compiled by Hon. William Tyler Page. A patriotic mass meeting will be arranged for the afternoon.

April 4–8

PILGRIMAGE OF MIDWESTERN CLUB WOMEN

A group of club women from Middle Western States are planning to make a bicentennial pilgrimage to the National Capital at this time. Mrs. Edgar B. Meritt, president of the District of Columbia Federation of Women's Clubs, will act as hostess to the visitors, of whom about 500 are expected.

April 11–14

RED CROSS CONVENTION

The annual convention of the American Red Cross will be held at this time, with upward of 1,300 delegates in attendance, representing chapters in all parts of the United States.

April 14

PAN AMERICAN DAY, MOUNT VERNON PILGRIMAGE

The governing board of the Pan American Union is planning a pilgrimage to Mount Vernon on this day. The diplomatic representatives of the three Americas, according to the tentative program, will meet at the Pan American Building and proceed in a body to Mount Vernon, where wreaths will be placed on Washington's Tomb and where tributes to his life and work from the Presidents of the Latin American Republics will be read by their representatives.

NATIONAL SOCIETY, DAUGHTERS OF FOUNDERS AND PATRIOTS

The general court of this society will hold its annual meeting at this time and is preparing a program in recognition of the bicentennial.

April 18–23

DAUGHTERS OF THE AMERICAN REVOLUTION

This is the Forty-first Continental Congress of the National Society, Daughters of the American Revolution, of which Mrs. Lowell Fletcher Hobart is president general.

Simultaneously will be held the annual meeting of the National Society, Children of the American Revolution, of which Mrs. Samuel Shaw Arents is president.

The program in observance of the bicentennial of Washington's birth will be carried out under the direction of Miss Helen Harman, State regent of the District of Columbia.

April 23–25

NATIONAL SOCIETY, DAUGHTERS OF AMERICAN COLONISTS

The general assembly of this society will hold its annual meeting. On Tuesday, April 26, at 2 p. m., the District of Columbia Chapter, Daughters of American Colonists, of which Mrs. Pedro Capo-Rodrigues is State regent, will present a grandfather's clock to George Washington University.

April 27–30

ARTISTS, ARCHITECTS, AND CITY PLANNERS

During this period national conferences of artists, architects, and city planners will be held here in Washington. Some of the meetings will be held by the different bodies separately, while some more general sessions will be held. The groups which plan meetings are: National Capital Park and Planning Commission, National Commission of Fine Arts, American City Planning Institute, American Institute of Architects, American Society of Landscape Architects, National Sculpture Society, National Society of Mural Painters, American Civic Association, American Society of Civil Engineers.

April 30

EXERCISES AT ARLINGTON MANSION

This date being the birthday of George Washington Parke Custis, long owner of Arlington estate, has been chosen for a simple ceremony in connection with the acceptance of a painting of George Washington in the uniform he wore as an officer in the French and Indian wars. The painting is a gift for the mansion from the National Society of Colonial Wars. Other presentations will be made at the same time. These exercises will be held within the mansion and will not be open to the public because of lack of space.

George Washington Parke Custis was a grandson of Martha Washington, an adopted son of George Washington, and the father of Mrs. Robert E. Lee.

Arlington House, which has now been restored and refurnished to period by the construction division of the Quartermaster Corps of the Army, will be an added attraction to bicentennial visitors to Arlington Cemetery. As the house now stands it is both exteriorly and in its interior furnishings a splendid example of the old-time southern mansion.

May 4, 5, 6

COLONIAL DAMES OF AMERICA

The National Society of Colonial Dames of America will at this time dedicate their national headquarters, historic Bellevue, at 2715 Q Street NW. In this connection it is planned to have a fitting observance of the bicentennial.

May 9–12

AMERICAN GOLD STAR MOTHERS

The national convention of the American Gold Star Mothers, of which Mrs. George Gordon Seibold, of Washington, is president, will be held at this time. The date was chosen to permit delegates to participate in the observance of Mother's Day in Washington on Sunday, May 8.

May 9–14

DEDICATION OF MASONIC MEMORIAL, ALEXANDRIA, VA.

The United States George Washington Bicentennial Commission has designated the second week in May, 1932, as "Masonic Week."

It is estimated that upward of 300,000 Masonic visitors will be in Alexandria that week, when the peak day of the celebration will be the dedication of the great Washington Masonic Memorial.

The order of exercises will be as follows:

May 9, Monday: The Masonic Service Association of the United States will hold its annual meeting during this week, probably on May 9, and the conference of grand secretaries of the United States will be held on the evening of that date.

May 10, Tuesday: The conference of grand masters of the United States will be held either in Washington or Alexandria.

May 11, Wednesday: The annual convention of the George Washington Masonic National Memorial Association will be held in the Washington Memorial at Alexandria.

May 11, Wednesday, to May 14, Saturday: The annual convention of the National League of Masonic Clubs will be held in Washington.

The convention headquarters will be at the Willard Hotel. Maj. Gen. Amos A. Fries is general chairman of the convention committee, with Melville D. Hensey acting as chairman of arrangements for the league. The largest assembly in the history of the league is expected.

May 12, Thursday: Dedication of the George Washington Masonic National Memorial, Alexandria.

May 12, Thursday: The annual meeting of the grand commandery, Knights Templar, of Virginia, will be held in Alexandria.

May 15–19

SONS OF THE AMERICAN REVOLUTION

The annual congress of the Sons of the American Revolution will be held at this time, with headquarters in the Mayflower Hotel.

May 30

MEMORIAL DAY OBSERVANCE

Memorial Day will be a solemn and impressive day, with services commemorating the dead of all the wars. The program will be in charge of the Grand Army of the Republic Memorial Day Corporation, composed of the Grand Army of the Republic, the United Spanish War Veterans, the Veterans of Foreign Wars, the American Legion, and the Disabled American Veterans. James G. Yaden is president.

Working through committees and in cooperation with more than a score of associate organizations, the Memorial Day Corporation will decorate the grave of every soldier buried in the cemeteries of Washington and its environs. Exercises will be held in all of these cemeteries.

President Hoover will be invited to address an assemblage to be held in the Amphitheater at Arlington Cemetery, the national Valhalla. A memorial service for airmen will be held at the Key Bridge, while soldiers, sailors, and marines who have lost their lives at sea will be commemorated in a service to be held on the Potomac River, over which flowers will be strewn in their honor. The American Gold Star Mothers will decorate the memorial markers along Sixteenth Street.

August 16–20

SUPREME COUNCIL, KNIGHTS OF COLUMBUS

The annual convention of the Supreme Council of the Knights of Columbus will be held at this time. This is the annual deliberative assembly of the Knights of Columbus and will attract delegates from all parts of the United States. It is expected that the attendance this year will be larger than at any preceding convention. An outstanding event in connection with the meeting will be the dedication of a statue of the late Cardinal Gibbons, Archbishop of Baltimore and one of the successors to John Carroll, first Catholic bishop and archbishop in the primatial see of the United States.

August 19

AERONAUTICAL FESTIVAL

This day, Orville Wright's birthday, will be celebrated with an aeronautical festival in which the Army, Navy, and Commerce Departments and the various air transport companies will participate. There will be a demonstration of the most important phases in aeronautical development since Orville Wright's startling flight at Kitty Hawk, N. C., 28 years ago. Ground exhibits, including various types of aircraft engines, and other accessories, will be set up at the Army Air Corps station, Bolling Field, and at the naval air station at Anacostia.

Air maneuvers, night flying, radio signaling from ground to plane, and other interesting features will be provided. Modern transport planes will be on exhibition at Washington Airport to give the public an idea of the advances being made in air travel. Extensive aeronautical exhibits in the Smithsonian Institution, including Lindbergh's famous plane, *The Spirit of St. Louis*, will be an added attraction. The award of the continuing trophy of the District of Columbia Model Aircraft League for the best flying model of modern aircraft will be made on this day.

September 28–30

AMERICAN BAR ASSOCIATION

The annual convention of the American Bar Association, to be held in Washington at this time, will attract members of the legal fraternity in large numbers from all over the United States and from foreign countries. Its deliberative sessions will consider some of the most important legal and judicial problems confronting the country to-day. Addresses will be made by Guy A. Thompson, of St. Louis, president of the American Bar Association; Charles Evans Hughes, Chief Justice of the United States; and by other distinguished speakers from this and other countries.

October 1

UNITED STATES SUPREME COURT CEREMONY

An interesting ceremony set for this day is the placing of a commemorative tablet on the new building for the United States Supreme Court, now rising on Capitol Hill. The exercises will be carried out by the Chief Justice of the United States and the Associate Justices in the presence of a notable assemblage of jurists and other distinguished visitors. The date of this ceremony was fixed for the day after conclusion of the meeting of the American Bar Association in order to allow its members to participate.

September

MUNICIPAL AND CIVIC EXECUTIVES

During the last week in September, on dates to be determined later, there will be held a group of meetings planned by various workers in municipal and other civic activities. The organizations to be represented in these meetings are:

American Institute of Park Executives.
National Municipal League.
Proportional Representation League.
American Legislators Association.
National Association of Civic Secretaries.
American Society of Landscape Architects.

October 12

COLUMBUS DAY

The Knights of Columbus are planning a program to commemorate the anniversary of the discovery of America.

October 12–15

MILITARY ORDER OF THE WORLD WAR

The national convention of the Military Order of the World War will be held in Washington at this time. Delegates will be present from every State in the Union, as well as from France, Hawaii, the Philippine Islands, and the Panama Canal Zone. This order, which is planning elaborate exercises for Army Day (April 6), and in connection with the massing of the colors on Memorial Sunday (May 29), plans another notable event in observance of the bicentennial at this time.

October 27

NAVY DAY

This is the day annually observed as Navy Day and a celebration is being planned which would show the development of American sea defense from colonial days down to the present. For many years the celebration has been arranged by the Navy League with a program centering around the Washington Navy Yard, visits of naval vessels, parades, and other demonstrations participated in by the Navy, the Marine Corps, and patriotic and military organizations.

October 31

HALLOWEEN CARNIVAL

On the evening of October 31, the citizens of the District of Columbia will hold their annual parade on Pennsylvania and Constitution Avenues, followed by an open-air dance on Constitution Avenue. The floats and costumes will be typical of the fables and high jinks of Halloween. This event will be sponsored jointly by the greater National Capital committee of the Washington Board of Trade and the Federation of Citizens' Associations of the District of Columbia. The Washington Chamber of Commerce, the Merchants and Manufacturers' Association, and other civic bodies will cooperate in arranging this event.

WASHINGTON PUBLIC-SCHOOL PROGRAMS

All of the divisions and departments of the District of Columbia public-school system, including the teachers' colleges, senior high schools, junior high schools, and the elementary schools, will take part in special bicentennial programs now being formulated. These programs will be presented in the different schools from time to time during the bicentennial period. Mrs. Philip Sidney Smith is chairman of the committee making general arrangements for these celebrations.

ATHLETIC EVENTS

In the next issue of the District of Columbia bicentennial program many athletic events which will be held in the city of Washington during the bicentennial period will be listed. Some of these events have already been arranged for and others are now being planned.

OTHER COLLATERAL EVENTS

Other collateral events will be arranged in time for inclusion in the official program.

MEETINGS AND CONVENTIONS

There is here presented a chronological list of 165 meetings and conventions of various organizations to be held in Washington during the bicentennial year. Many of these meetings are of nation-wide interest and will attract delegates and visitors from all parts of the United States. For the guidance of the public, the name and address of the secretary or other person from whom full information regarding each meeting can be obtained is given with the name of each organization.

This convention list, which was compiled by the greater National Capital committee of the Washington Board of Trade, is as follows:

CONVENTIONS SCHEDULED TO BE HELD IN WASHINGTON IN 1932

	Estimated attendance
January: Anti-Saloon League of America, P. S. McBride, 33 Bliss Building, Washington, D. C.	
January: American Society of Landscape Architects, B. Williams, 9 Park Street, Boston, Mass.	100
January: International Seamen's Union of America, V. A. Olander, 623 South Wabash Avenue, Chicago, Ill.	50
January: Masters, Mates, and Pilots of America, J. J. Scully, 24 Moore Street, New York City.	
January: American Astronomical Society, R. Dugan, Princeton University Observatory, Princeton, N. J.	100
January 14–16: American Engineering Council, L. W. Wallace, 744 Jackson Place NW., Washington, D. C.	80
January 20: National Furniture Warehousemen's Association, Ralph J. Wood, 4259 Drexel Boulevard, Chicago, Ill.	800
January 29: National Rifle Association, C. B. Lister, 816 Barr Building, Washington, D. C.	100
February: Kappa Delta Pi (men and women), Prof. E. Williams, Heidelberg College, Tiffin, Ohio.	100
February: Association of American State Geologists, G. Branner, State capitol, Little Rock, Ark.	20
February: Beta Pi Kappa Fraternity, Prof. G. Walker, North Carolina State College, Raleigh, N. C.	
February: Association Retail Credit Bureaus, Columbia Conference, William Talley, Wilmington, Del.	100
February: Wholesale Stationers Association of United States, H. C. Whittemore, 250 Fifth Avenue, New York City	300

	Estimated attendance
February 2: Supervisors and Teachers Home Economics, Miss M. Buckley, 267 Fair Street, Paterson, N. J	
February 3: Independent Order Odd Fellows Grand Encampment, G. Decker, 1637 Gales Street NW., Washington, D. C	200
February 3-4: Sand Lime Brick Association, Miss E. Knight, 321 North Hamilton Street, Saginaw, Mich	200
February 7-12: American Ceramic Society, R. C. Purdy, 2525 North High Street, Columbus, Ohio	1,500
February 7-12: National Brick Manufacturers Research Foundation, R. C. Purdy, 2525 North High Street, Columbus, Ohio	1,500
February 11-13: National Association Secondary School Principals, H. V. Church, 3129 Wenonah Avenue, Berwyn, Ill	700
February 17-20: Department of Deans of Women, National Education Association, Miss L. Elliott, Central High School, Tulsa, Okla	500
February 18-19: International Council for Educating Exceptional Children, E. Gray, 485 Chesterfield, West Ferndale, Mich	500
February 19: American Wine Growers Association, L. J. Vance, 302 Broadway, New York City	250
February 18-20: American College Personnel Association, Miss L. Barbour, Ohio University, Athens, Ohio	
February 18-20: National Vocational Guidance Association, H. Dernbach, School Administration Building, South Bend, Ind	600
February 19-20: American Association of Teachers Colleges, C. W. Hunt, Western Reserve University, Cleveland, Ohio	250
February 19-20: National Council of Education, A Baylor, 1523 L Street NW., Washington, D. C	300
February 20-23: American Education Research Association, W. S. Gray, University of Chicago, Chicago, Ill	300
February 20-25: National High School Inspectors, National Education Association, J. S. Stewart, University of Georgia, Athens, Ga	
February 20-25: National Education Association, Department of Superintendence, S. Shankland, 1201 Sixteenth Street NW., Washington, D. C	10,000
February 20-25: National Council of Administrative Women in Education, Grace G. Swan, 1516 Shady Avenue, Pittsburgh, Pa	750
February 20-25: National Society for Study of Education, Prof. C. M. Whipple, 10 Putnam Street, Danvers, Mass	
Feb. 20-25: Department Supervisors and Teachers Home Economics, M. Buckley, 267 Fair Street, Paterson, N. J	350
Feb. 22-24: Department of Secondary School Principals, National Education Association, H. V. Church, 5129 Wenonah Avenue, Berwyn, Ill	
Feb. 22-28: Department of Rural Education of National Education Association, K. M. Cook, United States Office of Education, Washington, D. C	400
Mar. 1-4: American Concrete Institute, H. Whipple, 2970 West Grand Boulevard, Detroit, Mich	1,000
February or March: Joint Stock Land Bankers Association, George A. Harris, national vice president, Munsey Building, Washington, D. C	75
February or March: Department of Elementary School Principals, F. H. Duffy, 1616 Ridge Avenue, Steubenville, Ohio	600
March: Regular Conference Vocational Agricultural Education, A. P. Williams, 1523 L Street NW., Washington, D. C	25
March: National Firewaste Council, T. F. Cunneen, 1615 H Street NW., Washington, D. C	60
March: B'nai B'rith District Grand Lodge, No. 5, Ed. L. Levy, 1205 East Cary Street, Richmond, Va	
Mar. 1: Concrete Masonry Association, Jack Franklin, 7071 Plankinton Boulevard, Milwaukee, Wis	250
Mar. 7-9: Engraved Stationery Manufacturers Association, T. A. Isert, 2011 Fisk Building, New York City	150
Mar. 7-10: Southern Association of Vocational Workers in Agriculture and Home Economics, J. Wright, 1523 L Street NW., Washington, D. C	
Mar. 7-11: Federal Board for Vocational Education, trade and industrial, southern and north Atlantic regions, J. C. Wright, 1523 L Street NW., Washington, D. C	250
Mar. 14-15: Motion Picture Theatre Owners of America, M. J. O'Toole, 1600 Broadway, New York City	
March 28: Association of Civic Service Club Executives, C. E. Roth, 1362 Perkiomen Avenue, Reading, Pa	
Spring: Seventh-Day Adventists Spring Council, Rev. C. K. Meyers, Takoma Park, Washington, D. C	400
Spring: National Council of Primary Education, Miss M. Leeper, 1201 Sixteenth Street NW., Washington, D. C	300
Spring: American Guild Banjoists, Mandolinists, and Guitarists, Miss S. Harvey, 1801 Columbia Road, Washington, D. C	300
Spring: American Institute of Architects, Producers Club, J. C. Webb, 19 West Forty-fourth Street, New York, N. Y	
March or April: Warrant Officers Association, United States Army National Council, Thomas Lafferty, Box 317, Pennsylvania Avenue station, room 3150, Munitions Building, Washington, D. C., president	50-100
April: Pi Delta Epsilon, Dean H. Doyle, George Washington University, Washington, D. C	100
April: Daughters of American Revolution, National Society, Miss M. Barnett, Memorial Continental Hall, Washington, D. C	4,000
April: American Society of Newspaper Editors, A. H. Kirchhofer, secretary, Buffalo Evening News, Buffalo, N. Y	100
April: League of American Penwomen Mid-Administration Congress, Miss M. Pittle, Willard Hotel, Washington D. C	
April: Producers Council (Inc.) meeting, J. C. Babb, 260 Eleventh Avenue, New York City	60
April: American Association of Advertising Agencies, F. Gamble, 420 Lexington Avenue, New York City	
April: National Convention of Religious Education Association, J. Artman, 59 East Van Buren Street, Chicago, Ill	300
April 11-14: American National Red Cross, Miss M. Boardman, American Red Cross, Washington, D. C	1,500
April 12-15: National Society of New England Women, Mrs. C. Dame, 501 East Twenty-first Street, Brooklyn, N. Y	200
April 14: Daughters of Founders and Patriots, Mrs. T. Jones, 1828 I Street, Washington, D. C	
April 14-17: American Association of Bandmasters, Edwin F. Goldman, president, 194 Riverside Drive, New York	500
April 15-17: National Federation of Huguenot Societies, Samuel Herrick, president general, 1705 K Street NW., Washington, D. C	
April 19-23: Children of American Revolution, Miss A. Powell, national secretary, 12 Lafayette Square, Washington, D. C	200
April 25-27: National Academy of Science, Fred E. Wright, 2101 Connecticut Avenue, Washington, D. C	100
April 25-27: National Society of United States, Daughters of 1812, M. Blake, 223 Howard Street, New Brunswick, N. J	250
April 27-30: American Institute of Architects, F. Baldwin, the Octagon, Washington, D. C	3,500
April 28-30: American Physical Society, W. Severinghaus, Columbia University, New York	
May: American National Society Colonial Dames, Mrs. W. Wilmer, Johns Hopkins University, Baltimore, Md	150
May: Producers Council (Inc.), J. C. Bobb, 260 Eleventh Avenue, New York City	60
May: Women's International League for Peace and Freedom, D. Detzer, 1806 H Street NW	
May: Independent Order B'nai B'rith Sholom of Baltimore, Nathan Plotnick, 2931 Tilden Street	1,500
May: American Federation of Arts, Miss L. Mechlin, Barr Building, Washington, D. C	250
May: Motor Vehicle Administration, Eastern Conference, T. J. Keefe, Mills Building, Washington, D. C	
May, first week: Rotary (regional), Mrs. E. Ward, Willard Hotel, Washington, D. C	3,000
May 4-7: Association for Childhood Education, Mrs. George Hughes, 2311 Connecticut Avenue, Washington, D. C	5,000
May 11-13, Loyal Ladies of the Arcanum, Mrs. A. Beebe, 58 Meadow Road, Longmeadow, Mass	200
May 12-14: National League of Masonic Clubs, A. B. Eaton, 808 Land Title Building, Philadelphia, Pa	
May 14: Order Founders and Patriots of America General Court, R. Hawkins, 476 Hawthorne Avenue, Yonkers, N. Y	60
May 16-19: Sons of American Revolution, F. B. Steele, 1227 Sixteenth Street NW., Washington, D. C	350
May 23-25: International Association of Piano Tuners, Mary C. Gubbins, Box 1239, Detroit, Mich	500
May 29-30: Independent Order B'nai B'rith Sholom of Baltimore, Nathan Plotnick, convention chairman, 2931 Tilden Street	500
June: National Association for Advancement Colored People, W. White, 69 Fifth Avenue, New York City	300
June: Alpha Chi Sigma, J. Kuebler, 5503 East Washington Street, Indianapolis, Ind	100
June: National Wholesale Jewelers Association, George A. Fernley, 505 Arch Street, Philadelphia, Pa	300
June: American Business Clubs, H. Blankenbiller, 506 Pennsylvania Avenue, West, Reading, Pa	250
June: Independent Order of B'rith Sholom, M. O. Levy, 506 Pine Street, Philadelphia, Pa	500
June 1-8: World's Geological Congress, H. Ferguson, Department Interior Building, Washington, D. C	1,000
June 7: Funeral Benefit Association of the United States, H. Walter, 5521 Germantown Avenue, Philadelphia, Pa	300
June 7-10: National Conference on Weights and Measures, F. S. Holbrook, Bureau of Standards, Washington, D. C	300
June 12-15: American Institute of Homeopathy, Dr. George Boericke, 235 North Fifteenth Street, Philadelphia, Pa	750
June 14-15: National Association Certified Public Accountants, J. R. Hutchinson, 1340 New York Avenue, Washington, D. C	400

	Estimated attendance
June 14–16: International Association Comptroller and Accounting Officers, C. Chatters, Fidelity Trust Building, Detroit, Mich	400
June 17–18: American Radio Relay League, Atlantic division, Miss E. M. Zandonini, 3633 Everett Street NW., Washington, D. C	350
June 20–24: Royal Order of Scottish Clans, T. R. P. Gibb, 248 Boylston Street, Boston, Mass	400
June, third week: National Homeopathic Women's Medical Fraternity, Dr. M. E. Coffin, Wabash Building, Pittsburgh, Pa	
June 21–25: National Retail Credit Association, C. H. Hulse, 1218 Olive Street, St. Louis, Mo	1,000
June or July: World Wide Baraca and Philathea Union, C. Conrad, 907 Fifteenth Street NW., Washington, D. C	1,000
July 3–4: United Spanish War Veterans, Department of Potomac, J. H. Green, 922 Green Street, Portsmouth, Va	200
July 3–5: Boone Family Association, W. B. Douglass, 1638 Rhode Island Avenue NW., Washington, D. C	1,000
July 3–5: American Order of Pioneers (Inc.), W. B. Douglass, 1638 Rhode Island Avenue NW., Washington, D. C	5,000
August: Massachusetts Chiropody Association, W. H. Horn, 59 Temple Place, Boston, Mass	300
August: Gamma Sigma Fraternity, William B. Hales, secretary, 3623 Fourth Street NW., Washington, D. C	300
August: International Association of Printing House Craftsmen, L. M. Augustine, secretary, 3117 White Avenue, Hamilton, Baltimore, Md	800
August: National Association of Chiropodists, A. R. Morley, 607 Fifth Avenue, New York City	500
August: Knights of Columbus, D. J. Callahan, supreme treasurer, 508 Woodward Building, city	10,000
August: Society of Philatelic Americans, William Lycett, 1221 Washington Street, Cape May, N. J	150
August: Patriotic Order Sons of American State Conference, W. J. Heaps, 310 West Hoffman Street, Baltimore, Md	
August: International Printing Supply Salesmen's Guild, Thomas Croker, president, Boston, Mass	200
Aug. 15: Grand United Order of Odd Fellows (negro), J. Nedham, Twelfth and Spruce Streets, Philadelphia, Pa	
Aug. 15–19: Memorial Craftsmen of America, Lester E. Harris, 4750 Sheridan Road, Chicago, Ill., secretary; H. J. Pirie, 448 New York Avenue NW., Washington, D. C., local contact	1,500
Aug. 25–26: Order United American Men National Council, Charles S. Nagle, 7245 Ogontz Avenue, Philadelphia, Pa	100
Fall: National League of District Postmasters, Mrs. V. H. Stonesifer, 1430 Chapin Street NW., Washington, D. C	1,500–2,000
Fall: Federal Wholesale Druggist Association, R. Williamson, 123 Market Place, Baltimore, Md	150
September: Shepherds of Bethlehem of North America, Charles E. Carr, Sixth and Pennsylvania Streets, room 202 Publications Building, Camden, N. J	600
September: American Bar Association, William P. McCracken, 1138 North Dearborn Street, Chicago, Ill	5,000
September: National Association of Attorney Generals, Ed. Averill, State Capitol, Hartford, Conn	50
September: International Association of Public Employment Officials, B. C. Seiple, 8 City Hall, Cleveland, Ohio	125
Sept. 2–3: American Soybean Association, J. B. Edmondson, Clayton, Ind	2,000
Sept. 3–5: Alpha Sigma Lambda, W. L. Culkin, 1922 South Thirty-fourth Street, Omaha, Nebr	500
Sept. 6: Independent Order of Rechabites High Tent National Association, J. R. Mahoney, 333 C Street SE., Washington, D. C	100
Sept. 12–14: Northern Nut Growers Association (Inc.), Karl W. Green, care of Alien Property Custodian, Tower Building, Washington, D. C	75–100
Sept. 19–24: Conference of Commissioners of Uniform State Law, J. H. Voorhees, 1140 North Dearborn Street, Chicago, Ill	125
Sept. 24: World's Congress Convention of Occult World, Vera Beye, box 3124, Boston, Mass	1,000
Sept. 27: Independent Order Daughters of St. George, Mrs. Ada Stevanson, 11 South Hilder Street, Lowell, Mass	200
October: American Association Zoological Parks and Aquariums, R. Conant, Toledo Zoo, Toledo, Ohio	150
October: American Institute Park Executives and American Park Society, W. Walker, 224 Wakewa Avenue, South Bend, Ind	400
October: American Association of School Physicians, W. A. Howe, M. D., State Education Building, Albany, N. Y	
October: American Association of Engineers, M. E. McIver, eighth floor, Willoughby Tower, Chicago, Ill	400
October: Delta Omega (honorary public health), Ira V. Hiscock, 310 Cedar Street, New Haven, Conn	100
October: Capital district convention, Kiwanis Club, Henry Converse, district governor, Harrisonburg, Va	800
October: American Association of Superintendents of Dining Cars, F. R. Borger, 836 Federal Street, Chicago, Ill	100
Oct. 1: Tau Beta Pi Fraternity, Theodore Bishoff, 1607 East Capitol Street, Washington, D. C	200
Week of Oct. 3: National Safety Council, W. H. Cameron, Civic Opera Building, 20 North Wacker Drive, Chicago, Ill., secretary	8,000
Oct. 4–6: Association Feed Control Officials of United States, secretary, L. E. Bopst, College Park, Md	100
Oct. 11: Knights of Golden Eagle, Supreme Castle, W. Anton, 814 North Broad Street, Philadelphia, Pa	150
Oct. 12: Association of Waterline Accounting Officers, W. R. Evans, P. O. Box 987, Buffalo, N. Y	35
Oct. 18: Pennsylvania League of District Postmasters, Charles A. Benner, Farrandsville, Pa	
Oct. 20–21: American Clan Gregor Society, M. Magruder, 5562 Hobart Street, Pittsburgh, Pa	200
November: Alpha Iota Sorority, Elizabeth Hullerman, 625 Sixth Avenue, Des Moines, Iowa	200
November: American Association of State Highway Officials, W. Markham, 1222 National Press Building, Washington, D. C	500
Nov. 14–24: World Conference International Peace Through Religion, Dr. H. A. Atkinson, 70 Fifth Avenue, New York City	
December: American Institute of Chemical Engineers, Frederic J. LeMaistre, Bellevue Court Building, Philadelphia, Pa	400
December 3–5: National Warm Air Heating and Ventilating Association, A. Williams, 3440 A. I. U. Building, Columbus, Ohio	300
December 26–30: Association of American Geographers, O. E. Baker, Department of Agriculture, Division of Agricultural Economics, Washington	300
December 26–30: National Council of Geography Teachers, Miss Zoe Thralls, care of University of Pittsburgh, Pittsburgh, Pa	100
December 27–30: Music Teachers National Association, Donald M. Swarthout, University of Kansas, Lawrence, Kans	500
December 27–30: Phi Mu Alpha Fraternity, C. E. Lutton, 64 East Jackson Boulevard, Chicago, Ill	100
December 27–30: National Association of Schools of Music, Earl Moore, University of Michigan, Ann Arbor, Mich	75
1932: American Public Health Association and Conventions in conjunction, 450 Seventh Avenue, New York, N. Y., Dr. K. Emerson	3,000
1932: Maryland, Delaware, and District of Columbia Jewelers Association, E. A. Danis, 831 Market Street, Wilmington, Del	300
1932: Cast Stone Institute, C. Walker, 33 West Grand Avenue, Chicago, Ill	50
1932: Guild of Prescription Opticians, H. Shimwell, 1916 Pennsylvania Avenue, Brookline, Pa	150
1932: Columbian Library Association, Mrs. H. Steinbarger, Mount Pleasant branch Public Library, Washington, D. C	
1932: Army and Navy Legion of Valor of United States of America, George Faivall, Steelton, Pa	250
1932: American Peace Society, A. D. Call, 734 Jackson Place, Washington, D. C	2,000
1932: American Institute of Refrigeration, J. Nickerson, 435 North Waller Avenue, Chicago, Ill	100
1932: American Civic Association, Miss H. James, 902 Union Trust Building, Washington, D. C	
1932: Centennial Legion, Maj. W. Wells, 412 Barristers Hall, Boston, Mass	8,000
May 3–7, 1932: American Society of Mammalogists, P. Harper, 206 Dickinson Avenue, Swarthmore, Pa	75
1932: American Society for Clinical Investigation, Dr. C. Sturgis, Simpson Memorial Institute, Ann Arbor, Mich	300
1932: Conference of State Sanitary Engineers, R. Tarbett, C Building, 16 Seventh Street SW., Washington, D. C	50
1932: Clerical Alumni Association of Catholic University, Rev. Dr. Maurice Sheeby, Catholic University, Washington, D. C	
1932: American Racing Pigeon Union, W. F. Dismar, 3124 Fourteenth Street, Washington, D. C	

RECONSTRUCTION FINANCE BILL

Mr. BANKHEAD. Mr. Speaker, I call up House Resolution 99 and ask that the same be reported.

The SPEAKER. The gentleman from Alabama calls up a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 99

Resolved, That immediately upon the adoption of this resolution it shall be in order for the House to go into Committee of the Whole House on the state of the Union, under the general rules of the House, for the consideration of H. R. 7360, entitled "A bill to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes."

General debate, which shall be confined to the bill, to be limited to eight hours—one half to be controlled by the chairman of the Committee on Banking and Currency and the other half by the ranking minority member. At the conclusion of the consideration of the bill under the 5-minute rule the previous question shall be considered as ordered.

Mr. PURNELL. Mr. Speaker, will the gentleman from Alabama yield me some time?

Mr. BANKHEAD. I would like to inquire how much time the gentleman wishes to use.

Mr. PURNELL. I wish the gentleman would yield me the usual 30 minutes, and I promise to be as saving of time as possible. There is no opposition to the rule on this side, so far as I know, and I think we ought to get down to the consideration of the bill promptly.

Mr. BANKHEAD. I shall be pleased to yield to the gentleman 30 minutes, and shall reserve 30 minutes myself.

The SPEAKER. The gentleman from Alabama is recognized.

Mr. BANKHEAD. Mr. Speaker, it is my purpose only to make a very brief statement with reference to the resolution. I think I am in the same attitude as most Members of the House in confessing almost total ignorance of the provisions of the bill that is to be considered under the resolution, if adopted.

The Committee on Banking and Currency, I understand, has exercised every possible expedition; in fact, has been working under forced draft, if I may use that term, to get this bill presented to the House for its consideration. This course has been pursued by the committee because of the earnest recommendation, as I understand it, of the Chief Executive that this bill involves matters of extreme importance to all the people of the country as emergency legislation.

The resolution itself contains no unique features. It simply provides that upon the adoption of the resolution it shall be in order for the House to resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill under the general rules of the House. There is, of course, no limitation on the offering of amendments or any other restriction upon a full consideration of all the details of the bill. General debate is to continue for eight hours, one-half of which is to be controlled by the chairman of the committee, the gentleman from Alabama [Mr. STEAGALL], and the other half by the ranking minority member, the gentleman from Pennsylvania [Mr. MCFADDEN]. At the conclusion of the consideration of the bill under the 5-minute rule the previous question is to be considered as ordered.

I think this is all I care to say about the rule. There was no dissent in the committee as to the provisions of the bill. It was a unanimous report, and as I am informed this morning, the bill to be considered has practically the unanimous indorsement of the Committee on Banking and Currency, with possibly some minor exceptions. So, gentlemen, without consuming further time, I merely trust that at the end of the debate on the rule it will be adopted, so that we may proceed to the consideration of the bill. [Applause.]

I yield now to the gentleman from Indiana [Mr. PURNELL]

Mr. PURNELL. Mr. Speaker, there is no disposition, as far as I know, to delay the adoption of this resolution on this side of the aisle. I hope it will be adopted soon and that we shall immediately begin general debate leading to the consideration and final adoption of the measure which this resolution makes in order. I have only one request so far for time on this side. The gentleman from Iowa [Mr. RAMSEYER] desires to discuss some features of the bill, and I yield to him 10 minutes.

Mr. RAMSEYER. Mr. Speaker, I have asked for this time because last Saturday, after the Reconstruction Finance Corporation bill was reported, two Members came to me, one from each party, for my opinion on the constitutionality of one provision in this bill. That is the provision conferring on the Speaker of the House the power to appoint two members of the board of directors.

The bill before us is H. R. 7360, and provides for the establishment of a Reconstruction Finance Corporation with a capital of $500,000,000 to be subscribed by the United States of America.

In section 3 it provides that the management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, the Secretary of Agriculture, the Governor of the Federal Reserve Board, two persons appointed by the President of the United States, and two persons appointed by the Speaker of the House of Representatives by and with the advice and consent of the Senate.

The question presented is whether the appointment of two persons by the Speaker is an encroachment by the legislative branch on the executive branch of the Government.

The constitutional provisions we must consider are: Article I, section 1, which reads that—

All legislative powers herein granted shall be vested in a Congress of the United States.

Article II, section 1, of the Constitution reads:

The executive power shall be vested in a President of the United States of America.

Article II, section 2, paragraph 2, provides that—

He[the President] shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments.

In section 3 of Article II, we have this provision:

He (the President) shall take care that the laws be faithfully executed.

The question of the power of the President to appoint and remove was very exhaustively gone into in the case of Myers *v.* United States (272 U. S. 52). In that case the constitutionality of a statute was involved which required, for the removal of a postmaster, the consent of the Senate. President Wilson removed the postmaster, without the consent of the Senate, and the case came to the Supreme Court and was there decided in favor of the action of the President.

Mr. STEAGALL. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. STEAGALL. I call the gentleman's attention to the fact that the officers to be appointed under this bill are officers of a corporation, and are officers of a corporation like any other corporation.

Mr. RAMSEYER. All right. I am coming to that point. This is a Government corporation, and financed by the Government. That, I think, is definitely settled in Springer et al. *v.* Government of the Philippine Islands (277 U. S. 189), which was decided May 14, 1928. In that case the Philippine Legislature created a coal company and a bank, the stock of which was largely owned by the Philippine government. The law provided for a board of control to manage the corporation, consisting of the Governor General, the president of the senate, and the speaker of the house of representatives. In this case the attempt to repose in legislative officers executive functions was held unconstitutional.

I have not time to read this whole case to you, but the issue raised in this Philippine case was identical with the one raised in this bill; that is, taking away from the Executive the appointment of directors of a Government corporation, the capital stock of which is to be subscribed by the Government, the same as in the Philippine case, and placing the appointment of two directors in the Speaker of the House of Representatives.

Mr. STEVENSON. Mr. Speaker, will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. STEVENSON. How does the gentleman distinguish this corporation which is financed by the Government from

the farm-land banks to which we gave $100,000,000 of the Government's money the other day, in which the President has never had the right to appoint any directors, which is not provided for in the supplementary legislation?

Mr. RAMSEYER. The whole Federal land-bank system is in charge of a board which is appointed by the President. If the gentleman will let me proceed, I think I can convince him and others that this provision in the bill placing the appointment of two directors in the Speaker of this House is clearly unconstitutional. The gentleman does not claim that this proposition before us here is different from the proposition presented in the Philippine case, does he?

Mr. STEVENSON. Entirely so.

Mr. RAMSEYER. The gentleman is entirely mistaken. I shall read a couple of paragraphs on pages 201 and 202 from this case of Springer against the Government of the Philippine Islands. I wanted to discuss this issue before we get into the heat of debate, so Members may consider this issue calmly and dispassionately. I am sure they do not want to write a provision in the bill that is clearly unconstitutional and which the Supreme Court on a similar state of facts has held to be unconstitutional. I now read beginning at the bottom of page 201, as follows:

> It may be stated then as a general rule inherent in the American constitutional system that unless otherwise expressly provided, or incidental to the powers conferred, the legislature can not exercise either executive or judicial power; the executive can not exercise either legislative or judicial power; the judiciary can not exercise either executive or legislative power.

The Congress is vested with the legislative power. It makes the law. Congress does not execute the law. The executive power is vested in the President. The persons who execute the laws come under the executive branch of the Government and under the Constitution must be appointed by the President. It is the duty of the President to see that the laws are faithfully executed.

I read further from this decision:

> The existence in the various constitutions of occasional provisions expressly giving to one of the departments powers which, by their nature, otherwise would fall within the general scope of the authority of another department emphasizes, rather than casts doubt upon, the generally inviolate character of this basic rule.
>
> The legislative power, as distinguished from the executive power, is the authority to make laws but not to enforce them or appoint the agents charged with the duty of such enforcement. The latter are executive functions. It is unnecessary to enlarge further upon the general subject, since it has so recently received the full consideration of this court. (Meyers *v.* The United States, 272 U. S. 52.)

One of the members of the committee, who called upon me last Saturday and to whom I expressed the opinion that this provision is unconstitutional, cited the law establishing the Smithsonian Institution. Even that is referred to and answered by the court in this decision. I now read from page 204:

> But it is argued further that Congress, in creating corporations for governmental purposes, has sometimes devolved the voting power in such corporations upon persons other than executive officers. In the case of the Smithsonian Institution, cited as an example, Congress provided for a governing board of regents, composed in part of Members of the Senate and the House. There are two or three other instances in respect of nonstock organizations of like character. On the other hand, as pointed out by the Solicitor General, in the case of governmentally organized or controlled stock corporations, Congress has uniformly recognized the executive authority in their management, generally providing in express terms that the shares shall be voted by an executive officer, and in no instance attempting to grant such power to one or more of its members. Many instances of this kind are cited by the Solicitor General, but it is not necessary to repeat his enumeration. It is enough to say that, when we consider the limited number of acts of Congress which fall within the first class spoken of above, as well as the peculiar character of the institutions dealt with, and the contrary attitude of Congress toward corporations of a different character, such acts can not be regarded as lending support to a construction of the Constitution which would justify congressional legislation like that here involved.

In this Philippine case there was a Government corporation to be financed out of Government funds, and a committee of three was designated to manage this corporation, consisting of the Governor General, the president of the senate, and the speaker of the house of representatives. Under the provisions of this bill we are about to consider to-day a Government corporation is created, all of the capital of which is subscribed by the United States Government.

It provides for a board of seven directors, appointed as I have already stated. The appointment of two of these directors is taken away from the Executive and placed in the hands of the Speaker of the House. In this case I have cited the Supreme Court held the act unconstitutional as an encroachment upon Executive power.

The organic act of the Philippine Islands, in so far as defining the powers of the legislative, executive, and judicial branches is concerned, is identical with our own Constitution and with the constitutions of the various States.

I call this Philippine case to the attention of the Members, and if there is any doubt in Members' minds about my conclusion I hope that Members will read it and satisfy themselves.

Mr. BANKHEAD. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. BANKHEAD. I have not had an opportunity to read the decision which the gentleman has quoted, but by what method was this question of the constitutionality of the act raised?

Mr. RAMSEYER. I think in proceedings in the nature of quo warranto to test the right of the president of the senate and the speaker of the house to act.

Mr. BANKHEAD. Did it allow the Governor General to remain as one of the directors?

Mr. RAMSEYER. Of course, that is not involved. He is the executive of the Philippine Islands, just as the President is the Executive, under the Constitution, of the United States and its possessions.

Mr. BANKHEAD. I understand this is a decision of the Supreme Court of the United States.

Mr. RAMSEYER. A decision of the Supreme Court of the United States; yes.

Mr. BLANTON. Will the gentleman yield?

Mr. RAMSEYER. I yield for a question.

Mr. BLANTON. The logic of the gentleman would apply equally as well against Congress naming the Secretary of the Treasury as a member of the board, because the President might not see fit to so appoint him.

Mr. RAMSEYER. Not at all. That is merely giving that officer additional duties. Then, too, the President appoints and can remove the Secretary of the Treasury.

The SPEAKER. The time of the gentleman from Iowa [Mr. RAMSEYER] has expired.

Mr. PURNELL. I yield three minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, while I fully agree with the gentleman from Iowa [Mr. RAMSEYER] in respect to the phase of the matter to which he has addressed himself, I would call the attention of the House to another serious consideration. If this bill is passed, containing a provision which clearly is the subject of legal controversy, we shall put it in the power of any opponent of the legislation to take the matter into the courts. This is an emergency bill. The life of the corporation is restricted. It is of vital consequence to the country that it shall go into operation at the earliest possible moment. To permit an opportunity to raise a constitutional question might delay and even thwart the whole purpose of this bill.

Therefore, regardless of whether we may take one side or the other of the constitutional argument, it is evidently unwise to give opportunity for carrying the matter into the courts.

Mr. COX. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. COX. The gentleman has raised a very serious question for the consideration of the House. The gentleman does not combat the proposal, as I understand, that Congress has the right to name the administrative officer, as it is sought to do in this particular case? In other words, if I understand the gentleman, Congress would have the right to name the Speaker as a member of the board, but

not to empower the Speaker to appoint members. Is that the position which the gentleman takes?

Mr. LUCE. I have not faced the aspect of the matter brought up by the gentleman's question. What I clearly think is that Congress has no right to give such appointing power as this to the presiding officer of either branch, and I also think that to give it to but one branch endangers the proposal in another.

Mr. COX. But does not the gentleman concede that Congress may exercise appointing power in that it exercises power to name as it has done here, naming the Secretary of Agriculture, and so on?

Mr. LUCE. As I said, I have not given that study.

Mr. BANKHEAD. Mr. Speaker, I yield 15 minutes, or so much thereof as may be necessary, to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, ladies, and gentlemen, the question that has been raised is an important one. Although I am not a constitutional lawyer, yet I am of the opinion that the case cited by the gentleman from Iowa [Mr. RAMSEYER] is not "on all fours" with this case. In view of the fact that Congress has the right to incorporate in the bill the incorporators and at the same time create or make them directors, the Congress also has the right and power, I claim, to name the directors of such institution or corporation or vest that power in the Speaker, if it so desires.

The bill H. R. 6996, which I introduced, gave absolute power to Congress to name all of the incorporators and directors. I am sure the gentleman from Iowa [Mr. RAMSEYER] and the gentleman from Maine [Mr. BEEDY] would not attempt to argue that the Congress did not have that power. Consequently, if there should be any question at all I shall insist that my original plan and proposition—naming the directors and the board directly in the bill—should be adopted by Congress. I am confident that men which my bill designates as members of the board, or whom the Speaker would designate, will be men of such character, standing, and reputation that the country would immediately have confidence in the institution. It is maintained by even the proponents of this measure representing the President and the administration that what is needed is confidence. As I stated to the committee, and as I repeat again, it seems to me that the people have lost confidence in our Executive. Many charges have been made, due to the fact that in all important matters he has taken counsel from—yes, has been influenced by—the international bankers and from men who have not the interests of the country at heart. Therefore I feel that my original proposition, that the House should name the directors, would be well received by the people of this Nation.

This is an extremely important bill, and I am in favor of its passage, notwithstanding that some provisions of great value and benefit in my bill have been eliminated, but the underlying principles remain. Unfortunately, the power given to the directors is so tremendous that I feel it is absolutely necessary that men not only of ability but of unimpeachable character and reputation be chosen as directors, as otherwise I fear that the President may appoint a board that again will be influenced by the recommendations of the banking and railroad interests and that will disregard the general aid that was provided for and contemplated by me in my bill.

But, Mr. Speaker, ladies, and gentlemen, I do not wish to dwell upon that proposition any longer. I wish now to speak shortly on the resolution for special rule. It is a great satisfaction to me to know that there is no Republican in this House who raises his voice against it, and, justly, no one can do so. It is a liberal rule, giving the House full power to consider this important legislation without any restrictions whatever. Oh, what a difference from the rules which were submitted by the Rules Committee of the Republican Party, rules which completely abrogated the rights of the Members of this House. But this being such a liberal rule, it is impossible to raise any valid objection to it, and therefore I will take up the bill that this resolution makes in order.

I have observed, Mr. Speaker, ladies, and gentlemen, the clamor on the part of some of the Republicans and the President for this legislation. I have noticed the headlines in the Republican newspapers, demanding immediate action and criticizing Congress for not passing this legislation on the very first day of the session.

Mr. Speaker, ladies, and gentlemen, for nearly two long years I have pleaded, I have begged, I have advised, and I have urged the President and his Republican administration to pay some attention to the deplorable conditions existing in our country. I have advocated this and other legislation, which the President in his message, after two years, finally approves and recommends.

Mr. Speaker, ladies, and gentlemen, it is indeed to be deplored that the very interests and the very men who advised Congress to adjourn and go home are now the very men and the very interests who demand immediate action from Congress. In the near future I shall personally pay my compliments to these interests and to this element who have year in and year out attacked the integrity of the House; who desire to legislative only through the Executive, because they know that legislation recommended by him will be best suited their purposes.

The bill which I introduced on the first day of the session to create this corporation differs to some extent from the administration measure or the bill that was finally approved by the committee. However, I am satisfied that the bill before us is in certain respects an improvement upon my bill, as well as upon the administration bill. However, I greatly regret that the amount which has been recommended by the administration, namely, $500,000,000, as the capital stock of this corporation should have been accepted. I have advocated and my bill provided for $1,000,000,000, with the power to extend this, by the issuance of bonds, to $5,000,000,000.

If we read the evidence that has been presented before the Senate committee, as well as the House committee, I am satisfied that the amount provided as the capital, $500,000,000, is not sufficient. If we desire by this legislation to create confidence in the Nation, I feel the amount should have been large enough to meet any and all demands that are being made, that will be made, and that will be required to reconstruct the business and finances of the United States.

This bill, same as the administration bill, is called a reconstruction measure. I designated my bill as the National Relief Finance Corporation, and I believe that would be a proper title. But I do not object to the name of reconstruction, because it clearly demonstrates that something has been destroyed and must be reconstructed. It being destroyed, may I ask by whom? Naturally, by the Republican administration, and therefore they concede that the only agency that can reconstruct will be the Democratic House, by enacting this legislation which, to some extent, I believe, will relieve the situation and improve the existing deplorable conditions.

Now, Mr. Speaker, ladies, and gentlemen, it is amazing to hear some of the Republicans and the administration clamoring for haste and for action. As I have stated, I began to demand nearly two years ago such legislation as well as the broadening of the power of the Federal Reserve Board so as to enable it to accept for rediscount paper and securities held by the 2,400 banks, which, since then, have been forced to close.

And on December 9, 1929, on the floor of this House, I attacked the unscrupulous manipulators on our stock exchanges and demanded legislation for suspension of short selling and "bear raiding," and, furthermore, pointed out the approaching danger due to the fact that the reduced value of securities as well as commodities would have detrimental effect upon the affairs of our financial institutions and commerce of the Nation; therefore, to save the banks and thousands of depositors I advocated the extension of





the power of the Federal reserve system so as to give the banks an opportunity to rediscount some of their securities and make them available as collateral in their respective banks, and then in turn enable the banks to rediscount them under my proposed plan.

At that time it was my opinion that to relieve conditions and to retard, as I remarked, the fast-approaching crisis, it was necessary to work swiftly, and so I began to advocate the establishment of a corporation similar to the War Finance Corporation, after which this bill is patterned; but my advice, appeals, and recommendations were ignored by President Hoover and the Republican Congress. I am satisfied that if my recommendations prohibiting short selling and "bear raiding," extending the power of the Federal reserve banks, and creating this corporation were acted upon at that time, many of the 2,400 banks which have failed would still be in existence, the 6,000,000 depositors would not have suffered the loss of their life savings, nor would there be $2,000,000,000 tied up in the closed banks.

Mr. Speaker, if we had had a President in the White House at that time who was uncontrolled by Wall Street financiers and investment bankers there is no question in my mind that steps would have been taken to safeguard the interests of the country banks and the millions of depositors, and there would not be 8,000,000 men out of employment to-day and would be no necessity for raising large funds on the part of the city and State, yes, private charitable organizations, to feed the hungry and starving people. Unfortunately, President Hoover could not see or was not permitted to see the fast-approaching danger.

Mr. Speaker, ladies, and gentlemen, during the last session of Congress I again made repeated efforts to secure consideration for relief legislation, and again I was unsuccessful. The Republican Party, being in control of both Houses, refused to act, whereupon, immediately after adjournment in March, a general demand was made throughout the entire country that a special session of Congress be called. The press, business, as well as labor organizations and thousands upon thousands of men and women continued their demands for a special session, but the President remained deaf to these appeals.

There are many people in the country who feel and charge that his inactivity was deliberate—that he desired to delay and postpone any action, so that when something would be done it would come close to the convention and to the election. It is charged, therefore, that he has played politics at the expense and to the detriment of the country and millions of starving people in the Nation.

Mr. BLANTON. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. BLANTON. If the President had made it possible for Congress six or eight months ago to have passed proper relief measures, he could have obviated and prevented the failure of all of the scores of prominent banks that have been failing all over the country, everywhere—is not that correct?

Mr. SABATH. That is correct.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. SABATH. I yield to my colleague.

Mr. CHINDBLOM. And if this resolution had been passed six weeks ago, it might have done some good then? Why not be fair about it?

Mr. SABATH. I am, but ask you to be fair, and I will put the question right back to my colleague: Do you as a Member of this House think that it could have been passed six weeks ago? I put the gentleman on his honor for answer.

Mr. CHINDBLOM. I am not so sure, but I know we wasted last week, and we could have used last week.

Mr. SABATH. The gentleman can not answer that, and he knows it could not have been done, because Congress convened only five weeks ago. Let me say to my colleague that never in its history has Congress enacted more important legislation in the few days it has been in session than this Democratic House. [Applause.] I defy my scholarly colleague to bring the record of any previous Congress which has enacted more important legislation in that short space of time than this Congress has.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. SABATH. I can not yield now. I will yield later on, if I have the time.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman five additional minutes.

Mr. SABATH. In reply to the question as to whether this should have been done before or not, I will answer affirmatively. We could, yes; we should have passed it a year ago, or at least three months ago if the President had called a special session as he was requested by many Democratic Senators and Members. When I learned that the President had invited the Speaker, or it might be the next President—and I would be happy if it should be—to a conference in Washington, I immediately, on October 6, wired him as follows:

Hon. JOHN N. GARNER:

I read in to-day's papers that after a secret conference with the Wall Street bankers, the President is calling a conference of Democratic Members for the purpose of binding them to the Wall Street formulated program. As you know, the Federal Reserve Board, under the domineering influence of Wall Street, has miserably failed, and was in a great measure responsible for the complete demoralization of our industries and banking institutions. I, therefore, suggest that you do not bind the liberal and progressive Democrats to any Wall Street formulated program.

Demand that a special session of Congress be immediately called for the purpose of relieving conditions and to reestablish confidence. People have lost faith in President Hoover and his administration and are clamoring for action to save millions of people out of employment and out of food. Will demand the establishment of a $5,000,000,000 prosperity finance corporation to be managed by financiers uncontrolled by Wall Street destructive forces. Will also demand increase in income and inheritance tax and immediate liberalization of the Volstead Act.

I received this answer from the Speaker on the very same day. This is addressed to me and reads as follows:

Telegram received. Greatly appreciate your clear-cut analysis of situation. Have no intention of binding myself nor of attempting to bind Democratic Members of House. Concur fully in your view that situation justifies calling special session.

JNO. N. GARNER.

[Applause.]

Within the following day the newspapers were filled with President Hoover's $500,000,000 private bankers' pool, which was another clever New York-international financiers' scheme, and I immediately issued the following statement:

The publicity given to the recent Hooverian proposal with regard to the creation of a private bankers' pool has originally tended to encircle the plan, in the minds of the people, with a halo it does not rightfully deserve. For the entire plan has been exposed by the press as a rather naive scheme to relieve the large holders of railroad securities.

I doubt very seriously whether this scheme, evolved by Wall Street financiers primarily for their benefit, will ever materialize. No unbiased observer can help but see that it would be foolhardy for banks to invest their shrunken liquid funds in a corporation controlled by a few. It would not be presumptuous to think, therefore, that the corporation would exist solely for the benefit of Wall Street.

But whether it materializes or not, I will persist in my demands, and I am preparing such a bill for the creation of a Federal agency to deal with the serious situation practically and efficiently. I have often suggested that there be created a Federal Finance Corporation, capitalized for $1,000,000,000, with the power to issue bonds to the extent of five times its capital structure. Such an institution would not be difficult to create if the oversubscription of the Federal bond issues be a criterion.

Unlike the Wall Street-Hooverian pool, my proposal would not strain to a great extent the banks of the country, nor would it cost the Government anything; in fact, it would probably result in a profit. A Federal institution of this kind would bring liquid money into every business, emancipate banking from its troubles, and, particularly, bring aid to the small bank where it is most needed. I am satisfied that this plan, coupled with a broader rediscount power on the part of the Federal Reserve Board, would relieve not only the banks and make for a clearer perspective toward things but would be a positive blessing to all of the insurance companies and municipalities and to the business of the Nation in general.

It is because of these and other reasons that I have appealed to the President to call a special session of Congress. My appeals, however, go unheeded. What possible excuse can there be for the

President's refusal to call a special session? Conditions require it. If it be politics, then something should be done so that political differences do not retard the Nation's attainment of happiness and prosperity. If it be collusion between the party in power and Wall Street—and it is more than idle rumor which states that the Hooverian pool is a reciprocation for the extension of the moratorium and the cancellation of the European war debts—then it is a candid admission by the administration that it is solely concerned with giving aid to foreign nations and is indifferent to the best interests and welfare of our country.

Therefore, instead of groping around like the administration, trying everything but accomplishing nothing, the Nation's only salvation at this trying crisis is to call immediately a special session of Congress.

Mr. BLANTON. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. BLANTON. And the President of the United States and the distinguished gentleman from Illinois [Mr. CHINDBLOM] know that important bills involving important policies have to be submitted to the proper committees and subjected to proper hearings and receive orderly consideration before they can be passed in the House.

Mr. SABATH. Yes; but does not the gentleman know that some of the Republicans do not care to scrutinize any proposed legislation that the special interests desire or anything that may place the Democratic Party in an embarrassing position; and, as a matter of fact, they have nothing to criticize except to state that we have acted slowly, when, as a matter of fact, never before in our history has the House acted more speedily upon recommendations of the President or upon measures that might relieve the millions out of employment and the millions of suffering people in this country due to the neglect of the Republican President and the Republican Party. [Applause.]

Mr. CHINDBLOM. Will the gentleman yield now?

Mr. SABATH. Yes; I will yield now.

Mr. CHINDBLOM. The bill now before the House was introduced on January 9, 1932, but the legislation was introduced in the House on December 9, 1931, and, of course, the matter has been receiving consideration since that time.

Mr. SABATH. But it has required one week to select and approve the committee and, consequently, no action has been possible. But immediately after the organization of the Banking and Currency Committee it began to hold hearings on the land bank bill, and within 10 days reported this important bill, and shortly afterwards the House passed it. The same bill is still reposing in the Senate, presided over by a Republican Vice President, and in his absence by the great Republican leader from New Hampshire, of the "sons of wild jackasses" renown; but the House Banking and Currency Committee, as soon as the land bank relief bill passed in the House, began to consider the bill H. R. 5060 and my bills, H. R. 5116 and H. R. 6996, and has heard many witnesses. It has given the matter continuous consideration, and not only public hearings were held but executive session, due to the alarming evidence that was presented as to the financial situation of our country.

Mr. Speaker, ladies, and gentlemen, if my colleague and others would examine the administration bill and the committee's bill, he will be obliged to concede that it did require a great deal of time on the part of the committee to reconstruct this reconstruction bill so as to eliminate all the loopholes and to safeguard the interests of the people.

I feel that important legislation like this should be carefully and seriously considered, and this my colleague knows; therefore, I am compelled again to say that the clamor for haste is only for political reasons.

Mr. Speaker, ladies, and gentlemen, my time is nearly up and I am about to conclude, but before doing so I would wish to reiterate that this legislation can and will be of great benefit to the Nation and should have the effect of reestablishing confidence; but it can also be made a banker and railroad measure, and this I would greatly deplore. After all, it will depend upon the caliber of the directors who will be appointed. I realize this and I have provided that this House should select the directors and embody in my bill, H. R. 6996, that the directors should be composed of the Secretary of the Treasury; Calvin Coolidge, of Massachusetts; William G. McAdoo, of California; Alfred E. Smith, of New York; and Eugene E. Stevens, of Illinois, who is the chairman of the seventh Federal reserve district. My motive in submitting these names was for the purpose of securing the outstanding men in whom the Nation would have confidence to manage this extraordinary institution. Therefore, I regret that the committee has not seen fit to follow my plan and permit the House to select five members instead of giving the President the power to appoint two and the Speaker the power to appoint the other two.

I realize that this in a measure is a concession to my plan and will at least force the appointment on the part of the President of men who are uncontrolled by the financial interests which have caused in great measure the deplorable conditions in this country. That the Speaker will appoint men above reproach and unquestioned integrity and high ability—that I am satisfied of. Therefore, I hope that the provisions giving the Speaker the right to appoint two Members in the bill, regardless of the constitutional question raised by the gentleman from Iowa, will be given consideration. I greatly regret that some of the other provisions have not been adopted by the committee, as, for example, extending the same privilege to the municipalities that now find themselves on the verge of bankruptcy; and I give notice that when the bill is called, I will offer such an amendment, and I am hopeful that it will be adopted.

What Mayor James Walker, of New York, has stated about the situation existing in New York applies also to the city of Chicago and to many other municipalities—conditions that can not be ignored by the House.

The time does not permit me to explain the provisions of the bill as I have hoped to; therefore I will embody in my remarks the report of the Banking and Currency Committee, and I am inserting it for the information of the Members and the country at large, feeling that it accurately explains the bill. [Applause.]

The measure provides for the creation of a corporation with capital stock of $500,000,000, to be subscribed by the Treasury of the United States, with a board of directors, to be composed of the Secretary of the Treasury, the Governor of the Federal Reserve Board, the Secretary of Agriculture, and four directors, two of whom shall be appointed by the President of the United States and two of whom shall be appointed by the Speaker of the House of Representatives, and who shall be confirmed by the Senate. The term of office of the directors of the corporation is fixed at five years and the salary prescribed is $10,000 each. The corporation is authorized to issue its obligations to an amount aggregating not more than three times its subscribed capital, which obligations are to mature not more than five years from their dates of issue and which are guaranteed by the Treasury of the United States. The corporation is authorized to make loans for a period of one year and the President is authorized to extend the time for making loans one additional year. The obligations issued by the corporation are to be exempt from all taxation, except surtaxes, estate, inheritance, and gift taxes. It is provided that loans that may be made shall not exceed 10 per cent of the capital and obligations which the corporation is authorized to issue, and it is provided that the corporation shall not make any loans upon foreign securities or for carrying or liquidating such securities or acceptances.

The purpose of the bill, as indicated by the title, is to provide emergency financing facilities for financial institutions to aid in financing agriculture, commerce, and industry, and for other purposes. The necessity for such relief is recognized on all hands. Agriculture is suffering to a point that has alarmed all students of public affairs. The farmers of the country are borne down by the burdens of debt and taxation. Thousands of them face the loss of their homes and complete bankruptcy. Trade and commerce have been curtailed, and industry in many instances has collapsed. A prime underlying cause of all this is the disintegration of our banking system.

The records show that there have been during the year just ended 2,290 bank failures, with deposits of $1,759,000,000. Of these failures, 410 were national banks with deposits of $473,000,000. One hundred and eight State banks that were members of the Federal reserve system suspended business, with deposits of $302,000,000. During the last quarter of 1931 there were 1,049 bank failures, 199 of which were national banks and 51 of which were State banks that were members of the Federal reserve system. During the month of October, 1931, there were 522 bank failures, 100 of which were national banks and 25 of which were State banks that were members of the Federal reserve system. During the month of December, 1931, there were 353 bank failures, 64 of which were national banks and 18 were State banks that were members of the Federal reserve system. Failures are still occurring in large numbers. During the month

of December the failing banks that were members of the Federal reserve system had deposits of $133,000,000.

The best advices are that the net losses to depositors in failed banks will average about 50 per cent. There are, of course, no definite figures on the subject, but this estimate may be accepted as fairly reliable. The total net losses by depositors in national banks and banks that were members of the Federal reserve system from the enactment of the national banking law down to 1930 was about $80,000,000—an amount not far in excess of the total net losses of depositors incurred during the single year of 1931. These figures tell the story of what is happening to the banking structure of the United States. It presents an emergency that demands swift and effective action if relief is to be afforded in time to prevent most serious and far-reaching developments. The outstanding difficulty that confronts us springs from the loss of confidence and the general state of fear that has been created. Meantime the banks that are members of the Federal reserve system find themselves without such paper to offer for rediscount as the Federal reserve banks will accept. State banks that are members of the Federal reserve system are in the same situation, and State banks that are not members of the Federal reserve system are in the midst of practical difficulties equally as unfortunate, if not worse.

These developments have resulted in tying up deposits in large amounts, destruction of confidence, the breaking down of local credit facilities, widespread depreciation in values, and general demoralization of business. This has unquestionably had a part in bringing about the widespread depression from which we are suffering, and regardless of other remedies we must have an improvement in our banking system before we may expect a return of normal conditions in economic affairs.

Many of the banks to which reference has been made are entirely solvent, but not in position to liquidate their holdings nor to take care of their liability to depositors in the present situation unless something is done to provide accommodations or to relieve the present disturbed state of mind on the part of the public. The credit facilities provided in H. R. 7360, if the measure is administered wisely and well, will unquestionably afford relief to many banks that are worthy of credit but unable to command necessary accommodations that are afforded in normal times. In addition to the relief which is sought to be furnished to other institutions the bill provides for loans upon the assets of any banks that are closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks. It is hoped this provision will afford some measure of relief to communities that have been deprived of normal banking accommodations and aid such communities in the struggle for economic recovery.

The railroads of the country have been seriously affected in their revenues by the slackening of business, causing tremendous decreases in their freight loadings and income, as well as in their passenger traffic. The state of the financial market also affects their ability to refinance maturities that are coming due and in some instances pressing. There are some railroads who were in the course of construction, having made substantial progress with a certificate of necessity from the Interstate Commerce Commission and financing themselves without difficulty until the collapse of the security market, which has in a few instances left projects, apparently necessary and helpful to the public if completed, in an incompleted condition. The maturities of 138 Class I roads which fall due during the first quarter of 1932 are as follows: Bonds, $2,677,560; loans and bills payable, which include bank loans, $35,984,395; equipment trust obligations, $35,560,820. The making for the first quarter, $70,299,513, and the total amount of maturities during the year 1932 is $110,782,506.

Under the present market conditions it is impossible for these to be refinanced, and there is danger of disaster overtaking the transportation system if they are not afforded some relief. They are, therefore, provided for in this bill when, in the opinion of the board of directors of the corporation, such railroads or railways are unable to obtain funds upon responsible terms through banking channels or from the general public, and the corporation will be adequately secure. The loans are limited in terms to the same terms as loans to banking and other financial institutions, and can only be made upon approval of the Interstate Commerce Commission. The committee is of the opinion that the aid promised them in this legislation will probably enable them to secure financial accommodation elsewhere in large part, but the importance of the transportation system of the country is such that it would be calamitous for the country if a collapse in that system should be projected by the conditions recited.

Insurance companies throughout the country are confronted with unprecedented applications for loans by their policyholders. To meet these conditions the insurance companies are compelled to sell their securities to take care of such loans and to pay losses. The measure under consideration provides a method of affording some degree of relief in this connection, where the public welfare requires.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on the passage of the resolution.

The resolution was agreed to.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7360, with Mr. WARREN in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will read.

The Clerk read the title of the bill, as follows:

H. R. 7360, to provide emergency financial facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. Under the rule the gentleman from Alabama [Mr. STEAGALL] is recognized for one hour.

Mr. STEAGALL. Mr. Chairman, the Committee on Banking and Currency have worked at all hours for the past week when our presence was not required on the floor of the House during the day, and most of the time far into the night, in our efforts to expedite the consideration of this bill. We began hearings on it before the Federal land bank bill was passed. That bill was passed on Saturday, the 19th of December. I am one of those who urged an extra session of Congress following the conference at the White House in October. I still think it would have been much better had that course been pursued——

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. GOLDSBOROUGH. Is it not a fact that the administration asked the committee to consider the land bank bill first?

Mr. STEAGALL. The fact is that the chairman of the Committee on Banking and Currency desired to take up the consideration of the bill to relieve the Federal land banks as the first important work of the session. That purpose represented at least the attitude and feeling of the chairman of the Committee on Banking and Currency as to the program to be outlined for the session.

In that connection I will say that I appreciate the activities of Members of the House who have expressed more or less impatience in the matter of the preparation of the bill now before us. But if they will direct their efforts toward concluding the legislation now pending in the Senate, which is designed to afford relief to the farmers of the country, who find themselves unable to meet their installments on their mortgages to the Federal land banks without sacrificing their homes, they will win my gratitude. I do not know of any work of the Congress more necessary or important than that. [Applause.]

Now that there can no longer be found cause for impatience with the Committee on Banking and Currency in connection with the measure at present under consideration, I hope gentlemen will renew their interest and impatience and direct it toward getting action on the other bill to which I have referred. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLANTON. It should be understood that that bill for the relief of Federal land banks was passed by the House on December 19 and was immediately messaged over to another legislative body that is within the control of the President and his Republican Party.

Mr. DYER. Oh, the gentleman knows that that is not so. He makes a facetious remark, as the Senate is not controlled by the Republican Party.

Mr. BLANTON. It is not in the control of the Democratic Party. The Republican Vice President presides over it, and

a majority of its Members were elected on Republican tickets.

Mr. DYER. I do not think it is under any real control by any party.

Mr. BLANTON. Republicans claim domination of it. The controlling party is other than the Democratic Party, and it has held the bill unpassed since December 19, and to-day is the 11th day of January.

Mr. SABATH. The majority in the Senate is Republican.

Mr. BLANTON. Yes. Certainly.

Mr. DYER. I deny that that is the fact.

Mr. STEAGALL. Now, if we may proceed with the business before the committee, I will resume my discussion of the bill under consideration. This is probably the most important and far-reaching measure that will receive consideration at the hands of the present Congress.

It represents a departure from the principles and policies to which we have adhered through the years. This is due to developments which have created profound concern on the part of all who are clothed with responsibility during this unfortunate period.

Agriculture began its downward slide some 10 years ago. The farmers are borne down by debt, interest charges, and taxes. Their mortgage indebtedness has increased vastly. Thousands and thousands of them are threatened with bankruptcy and with the loss of their homes. The value of the Nation's farm products has shrunk $2,500,000,000 since 1930 and $5,000,000,000 since 1929.

This has left the farm population of the country where all they can make must go to pay on their debts, with nothing left to buy the things needed for use in their daily life. This means, of course, that factories can not run because they can not withstand the loss of 50,000,000 customers. This has brought an enormous decline in the value of land, as well as the products of farms and factories. The commerce of the country is upset and threatens to collapse. Our foreign trade has become disrupted and in large part destroyed. Our foreign trade fell off $2,379,000,000 in 1931. Since 1929 our foreign trade has fallen off $5,092,000,000, a decline of 50 per cent in the period of two years. The railroads and railways of the country are confronted with losses in operation, the curtailment of business and income, with a decline in the value of their securities that has brought them face to face with a situation where they can not obtain the accommodations in the credit world that are necessary for their operation.

The value of their stocks and bonds and other assets—and these securities are scattered throughout the country—in the hands of the public and the banks—in the life-insurance companies and other investors. They are maturities of the railroads and railways which they are unable to protect in the existing situation—and unfortunately there has been very little indication of improvement of late. The life-insurance companies are confronted with unprecedented demands for loans, and they must be able to realize on their investments if they are to continue to protect their obligations to their policyholders, both in the matter of losses and in responding to demands for loans.

The banks of the country have suffered throughout this period of falling prices, loss in values, depreciation in securities, and the general demoralization of the entire economic structure of the country—agricultural, industrial, and commercial. It is rather delicate to attempt to discuss in detail the conditions that confront us in connection with our banking system.

Mr. LAGUARDIA. Why? Will the gentleman yield?

Mr. STEAGALL. The gentleman from New York is too well informed to question the correctness of the statement I have just made. He knows the timidity of capital and credit and the fear that exists on every hand at this time. Some of the hearings in connection with this legislation have been held in executive session because of the fact to which I have called attention. But this much is of record and known to all men, that the banking system in many sections of the country as it has existed in the past and with the capacity to serve in the way in which we have been trained in our business pursuits has broken down. There have been in the last year, 1931, 2,290 bank failures in the United States, involving deposits of $1,759,000,000. Of this number 410 are national banks, with deposits of $473,000,000, and 108 were State banks, members of the Federal reserve system, with deposits of $302,000,000. I am not going into full details in this connection. I am only touching the high points. In one month during the year 1931, 522 bank failures occurred, with deposits of $478,000,000. I refer to October, 1931.

Some references have been made to-day to what took place in the Capital of the Nation on various occasions during the month of October, 1931. That is the record of bank failures in the United States during the month of October, 1931. Of that number 99 were national banks with deposits of $128,000,000 and 26 were State banks that were members of the Federal reserve system, with deposits of $37,000,000.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WOODRUFF. I do not want to divert the gentleman, but I desire some information which I think he can give me. He stated that during the past year there had been a certain number of bank failures, involving deposits of $1,759,000,000. Can the gentleman inform the committee what percentage of those deposits had been withdrawn by the depositors before the banks closed their doors?

Mr. STEAGALL. I take it that the figures here, which are furnished by the office of the Comptroller of the Currency, give the total of the deposits as disclosed by the examination at the time of the closing of these banks. This, I am confident, is true as to members of the Federal reserve system and, no doubt, also as to State banks. I have not made specific inquiry at the comptroller's office, but I am quite sure that is the fact, because any other method of calculation would be misleading.

Mr. WOODRUFF. I have heard different estimates placed upon the percentage of sums that had been withdrawn from the banks up to the time they closed. Does the gentleman believe that by calling the comptroller's office we can get the information that I am trying to secure?

Mr. STEAGALL. I think the gentleman already has it, in the figures I have cited, but I shall be glad to have the statement corrected if it is erroneous. I am not insisting that it is accurate. I feel sure that it is, but I could be mistaken.

I have not made specific inquiry on that point, but I hardly see how the comptroller would put out figures on any other basis than the condition of the banks at the time they closed. To base a statement on any other method of calculation would be to accentuate and give unnecessary emphasis and alarm to the situation, which, of course, all of us, and especially the comptroller, would naturally deplore; so I take it there can be no doubt that these figures are based on the disclosures made by the examiners at the time these banks were closed.

Mr. WOODRUFF. I think the gentleman is correct, but I have an idea that somewhere in the comptroller's department there is somebody who is interested enough in this particular proposition to examine the reports of the various banking institutions at some time prior to the time they closed their doors. The difference between the amount of deposits at the time the banks closed and the amounts shown by the previous annual reports would approximately be the amount of withdrawals.

Mr. STEAGALL. That would involve quite a study of the various figures. I feel sure they based it all on the last statement of the banks, which, of course, so far as the national banks are concerned, would give a complete account of the figures at the time of that statement. The gentleman, I am sure, will find these figures are based on the report of the examiners at the time the banks were closed.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LaGUARDIA. Is it not true that the runs and withdrawals from the banks, as a general proposition, took place when the public learned of the impairment of these banks by reason of their depreciated securities and reserves, and that the condition was not brought about by the withdrawal of deposits?

Mr. STEAGALL. Of course, as a rule, the closing of banks is preceded by the withdrawal of deposits, in some cases amounting to a run, as we call it, and in many other cases, of course, a steady withdrawal, gradually absorbing the cash balances of the bank, but not amounting to a run.

Mr. LaGUARDIA. But if a bank is solvent and liquid it can meet those withdrawals.

Mr. STEAGALL. Well, the gentleman will hardly insist upon the accuracy of that statement. Any individual or institution may be perfectly solvent but utterly without power to meet existing obligations in cash. Of course, if they were liquid, as the term is applied to banks, they could meet any withdrawals, even though they might be abnormal. But I will say to the gentleman I hardly think his statement is fully justified. All business and all business rules are founded upon experience and upon the test of years in the ordinary course of human affairs and when a bank has lived up to the lessons taught by experience and the lessons of business throughout a long period of years, the directors of the institution can not be found at fault if an economic cyclone strikes the country with such force that they are unable to meet it under the machinery set up as a result of the wisdom accumulated by experience.

Mr. HOLADAY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HOLADAY. I hope the gentleman will discuss some time during his remarks what effect, if any, there is on bank failures of the policy of the Comptroller of Currency in recommending and urging, and in some cases almost amounting to coercing, the banks to buy ordinary domestic and foreign bonds and curtail their local loans. What effect, if any, has that had on bank failures? I would like to have the gentleman discuss that some time during his remarks.

Mr. STEAGALL. The gentleman will understand that an answer to that inquiry would not be very helpful in the consideration of this particular legislation. I am not sure that I am prepared to give the gentleman just the information he desires for the reason that it involves a statement of the conduct of the office of the Comptroller of the Currency in connection with the absorption of holdings of the type to which the gentleman referred, by the banks of the country. I should not like to make a statement in that connection without having the record upon which to base it and with which to fortify it.

There has been from some sources, among those in positions of control, virtual insistence that the banks throughout the Nation should invest in securities which it was insisted were liquid, as distinguished from normal loans usually extended by community banks to their patrons. I think that unquestionably that was a mistake; and, if the gentleman desires it, I could say more on that point. Of course, we have had a great deal of voluntary leadership imposed upon the community banks of the United States in recent years. Many men who were looked upon as leaders in the banking world have set themselves up as critics of the great mass of banking officials scattered throughout agricultural sections and in charge of community banks, even to the point of having questioned the ability and competency of the banking officials in small towns and cities, men who grew up with the business, industrial, and commercial life of communities until they reached positions of leadership that come to officials of banks. These officials are men who know their people personally and have the knowledge of securities and conditions that is made possible only from intimate contact.

In my statement to the committee to-day I do not want to enter to any great extent into a discussion of general affairs but I will say to my friend, because I think I know what is in the gentleman's mind, the higher-ups in the banking world in the United States can no longer stand before any man and claim a monopoly of wisdom in banking affairs. [Applause.]

We have now come to the time when even an ordinary Congressman, with a little common sense and experience, may be permitted to express an opinion on the subject of banking without being laughed at and ridiculed out of court. [Applause and laughter.]

I do not mean to be unkind in any of my references, but some of the leaders have gone so far as to lay down the broad proposition that the average community or town of less than 10,000 population does not embrace in its citizenship men of sufficient competency to be trusted with the conduct of a bank adapted to the service and demands of that community.

That does not apply to all of them, but we have been confronted with that insistence on various occasions in our committee. I think perhaps that is another thing that has passed away and with which we are not likely to be confronted again! As a matter of fact, the big banks—the Wall Street institutions—replenish their banking experience every year from the interior small towns and communities of the United States. That is where they get their ablest leadership and their best brains!

Mr. SIROVICH. Will the gentleman yield?

Mr. STEAGALL. I yield to the distinguished gentleman from New York.

Mr. SIROVICH. Our distinguished colleague from New York [Mr. LaGUARDIA] asked the gentleman a question about what was the contributing factor toward the cause of runs on banks. I would like to tell the distinguished gentleman that according to the national laws every national bank must be examined twice a year.

Then the national-bank examiners examine the banks. Every bank is compelled by law to publish its statement three times a year in the newspapers. When they give out the capital, the surplus, the reserves, the undivided profits, the secured loans, the unsecured loans and bonds the public has an opportunity to judge the real and actual conditions of all banks. Later on the national-bank examiner submits his report to the Comptroller of Currency, who makes that bank wipe out from its reserve, from its bonds, the depreciated values, the losses from unsecured loans, the losses on collateral loans. When people read the report of the bank given out six months before, and when they see the present report, with losses in surplus, undivided profits, lost reserves, and so forth, they feel that the stability of the bank has been impaired, and that causes the run on the bank.

Mr. STEAGALL. Of course, that is often what occurs.

Mr. LaGUARDIA. Does not the gentleman believe that the depositors have the right to know the condition of that bank?

Mr. SIROVICH. Exactly.

Mr. MICHENER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MICHENER. What the gentleman says is correct. Is it not also correct that the people are in a nervous condition? In my district four or five banks closed this year, which were entirely solvent, so pronounced by the bank examiners, but banks had failed in near-by cities and people did not look for the report. They simply proceeded to take their money out. That is the trouble throughout the country, is it not?

Mr. STEAGALL. Unfortunately that is more or less true. I will say this in connection with what my distinguished friend from New York has just said I do not think that in most cases any criticism can be lodged against the office of the Comptroller of the Currency in the matter of the policies and rules enforced by that office in the examination of these banks. As far as I have observed—of course, having before me mainly the small banks of small towns—the comptroller's office has gone about the discharge of its responsibilities in a sympathetic and constructive way.

Gentlemen who are interested in developments in connection with the banking situation no doubt know of the recent action of the comptroller's office in undertaking to set up a sympathetic, helpful policy in the examination of banks

with respect to their bond holdings and other securities, and I have assurance from the comptroller's office that the same policy obtains with reference to the small banks in connection with their holdings based upon local credit.

Mr. DIES. Will the gentleman permit a question in connection with the bill? We know that the banks, or a great many of them, are broke, and we would like to get some information in regard to the bill. It reads this way——

Mr. STEAGALL. Will the gentleman withhold his inquiry until I go a little farther in my discussion?

Mr. DIES. We want to get to the bill. I think some of us would like to ask some questions on the bill.

Mr. STEAGALL. I want to finish what I have to say in connection with some more figures touching banks that have fallen into liquidation, but before doing that I desire to yield to the gentleman from Pennsylvania, a member of the committee and its former chairman.

Mr. McFADDEN. I am very much interested in the statement which the gentleman has been making as regards the operation of country banks. I want to call attention to the fact that most of this is due to the classification of eligible paper, a provision which was put in the Federal reserve act. I mean by that that the country banks were told by that provision in the law that they must keep themselves in a liquid condition through having eligible paper at all times. The activities of the Federal reserve system in operation and the activities of the supervision of the banks have all been to admonish the small country banks in particular to keep themselves in a liquid condition. It has been said to them: Why loan money to farmers and local people who do not pay their notes on the date of maturity? Why not buy bonds? Why not buy foreign bonds? Why not buy bonds issued through investment banking houses in New York and elsewhere? That is the reason why you have banks loaded to-day with that class of depreciated securities and local people are going without assistance from your community banks. [Applause.] I wanted to make that observation.

Mr. STEAGALL. I think the gentleman's statement is justified. I undertook to say something to that effect myself. But the worst trouble with the whole banking situation is the general distress, the universal decline in values, and the loss of confidence on the part of the public in the banks of the country. [Applause.] I do not care how solvent a bank is; if the community which constitutes its patrons has no confidence in it, such a bank can not do business under any rules yet known for the conduct of banks.

Mr. SIROVICH. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. SIROVICH. Is it not a matter of fact, after what I stated, that if we had guaranteed bank deposits, we would never have had any difficulty or trouble?

Mr. STEAGALL. The gentleman has touched upon a subject that tempts me to enter into a discussion that would hardly be of value, as a practical proposition, in connection with this particular legislation. Of course, the purpose of this bill is to guarantee deposits, although we have not said so. The bill does not have that language in it, but the purpose of this bill is to provide the funds necessary in particular cases to enable banks to respond to their liability on their obligations, both as directly incurred in the banking world and their obligations to their depositors. An important part of the work to be accomplished by this bill is to restore confidence and to give assurance to depositors that they need no longer rush to the banks to get their funds out in the fear that the banks will not be able to function normally and to meet their obligations.

Mr. WHITE. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WHITE. Does the committee intend that this shall provide funds beyond the solvency of the banks?

Mr. STEAGALL. No; it does not. The purpose is to aid by loans on solvent securities but which are not liquid.

Mr. WHITE. I can not see, then, how it could guarantee deposits.

Mr. STEAGALL. I did not enlarge upon that particular thought as I might have done in connection with some of the questions that have been propounded but, of course, we understand that all the banks carry in their portfolios securities upon which they can not and upon which they have never been expected to realize upon short notice. All they have ever been required to do is to adopt sound rules, found to be sound in the light of experience. National banks for a long time have been authorized to make loans on real estate.

I will say in this connection that some of the leading bankers of the country—some of the most conservative bankers whom I have the pleasure of knowing—came before our committee insisting upon an enlargement of the privilege of loans upon real estate on the part of the national banks of the country. There happened to be one humble Representative from a farmer-borrowing community of the United States who opposed any enlargement of that power on the part of the national banks because he thought, as he told the banking leaders, it was an unsound thing to do. Experience has always shown that real estate constitutes a source of danger to any bank whose business rests upon deposits, creating a liability to which a bank should always be ready to respond so far as conditions may be anticipated under normal circumstances.

In connection with what my friend from New York [Mr. SIROVICH] has said——

Mr. RAYBURN. If the gentleman will permit, does the gentleman intend, after he has made a general statement, to take up the bill in detail?

Mr. STEAGALL. Certainly.

Mr. RAYBURN. Then I would like to ask the gentleman a question, but I would prefer to have the gentleman proceed until that time.

Mr. STEAGALL. I am not going to take much more time, but I will say to my friend the gentleman from New York [Mr. SIROVICH], who is one of our brilliant Members, whom we admire and whose opinion we value highly, I am interested in the matter of guaranty of bank deposits, and if the House will indulge me a moment or two I will devote just a little time to the gentleman's suggestion.

The original Federal reserve law, as it passed the Senate of the United States, contained a provision for the guaranty of deposits of insolvent banks that are members of the Federal reserve system, to be paid out of the funds to be accumulated through the earnings of the system.

I will say in this connection that this was the Senate of 1913. The illustrious statesman from Mississippi, John Sharp Williams, who served his country with great honor both in the House and in the Senate, was the author of that provision in the original Federal reserve act as passed by the Senate. This provision was stricken from the act in conference. The provision was new. They were attempting to blaze a new trail, to make progress, to reach high ground in affording safe and proper banking facilities for the people of the country. Those who were responsible for that legislation were confronted on every hand with dire predictions and criticisms on the part of many men high up in the banking world. So the provision to which I have referred as being incorporated in the bill in the Senate went out in conference as a result of the appeal that they might be loading the bill down with burdens that the system might not be able to carry.

It was feared that the earnings of the Federal reserve banks would not be sufficient to undertake that responsibility. The fact is, contrary to many expectations, the Federal reserve system has made net profits amounting to more than $500,000,000. This leaves out of the calculation all their building expenditures and other large expense accounts. They have paid, in round numbers, $150,000,000 into the Federal Treasury as a franchise tax. The balance has been passed to surplus account.

In this connection I will say that the total net losses to depositors in national banks for the first 60 years of the operation of the national banking law amounted to less than $50,000,000. The total net losses to depositors in national banks, up to the end of the fiscal year 1930, amounted to just a little more than $30,000,000.

Mr. SIROVICH. In other words, the profits of the Federal reserve system would have paid every depositor 100 cents on the dollar?

Mr. STEAGALL. Every man may reach his own conclusion. There might be differences of opinion, but certain it is that the burden for the Federal reserve system would not have been so great as was feared at the time the act was passed. This is a safe statement to make. It is my opinion that deposits in insolvent banks should have been taken care of without difficulty out of the earnings of the Federal reserve banks. I have introduced bills embodying such a provision in several former sessions of Congress. I have no doubt that such an act, if passed years ago, would have saved us from much of the distress that has come about through the failure of insolvent banks, and solvent banks as well, that failed because of the fear on the part of the public that deposits were not safe.

The difficulties are different now. They have been multiplied. We face a different problem. The total net losses to depositors in insolvent banks are estimated to amount to about 50 per cent, and this is probably the best judgment on the subject, although it is not practicable to get accurate figures down to date. This is the best opinion on the subject and is fairly reliable. To show you how the picture has changed, the total deposits in failed banks in the Federal reserve system, both national and State member banks, for the month of December, 1931, alone amount to $133,000,000, involving almost as high an amount of net losses to depositors as was shown over a period of 60 years under the operation of the original national banking law. The total deposits in failed banks, national banks, and members banks for the year 1931 amounted to just a little under $800,000,000. So that for the last year the net losses to depositors must have been in the neighborhood of $400,000,000.

I give these figures in response to the desire of the gentlemen who are particularly interested in that phase of the banking situation. I must not devote further time to it now.

Mr. SIROVICH. But that only includes national banks and State member banks; how about the banks that are not members of the Federal reserve system?

Mr. McCORMACK. If the gentleman will permit, I have some information on that.

Mr. STEAGALL. I am leaving them out of the calculation, I will say to my distinguished friend from New York, because in all our consideration of that subject we have proceeded upon the idea that as a practical proposition anything that the Congress or the Federal Government might do in connection with an attempt to afford relief would be limited to national banks and State banks that are members of the Federal reserve system.

Mr. SIROVICH. Does the gentleman realize that if he included those banks, the losses would be over $1,000,000,000 for the year 1931?

Mr. STEAGALL. The gentleman is not quite accurate in his figures. He is giving the total amount of the deposits, and they do not represent the final loss to depositors.

Mr. SIROVICH. If you figure a 50 per cent loss, it would amount to $1,000,000,000.

Mr. STEAGALL. It may be that I have not all the figures in my mind, but my recollection is that the total deposits for 1931 was $1,759,000,000, and that something around $800,000,000 were represented by deposits in the National and State banks of the Federal reserve system. Those are the figures in round numbers.

Mr. McCORMACK. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McCORMACK. In connection with the failure of the member banks during December, I received this morning information from the Comptroller of the Currency that during December there was a failure of 64 national banks, with an aggregate deposit of $100,000,000, and 289 State banks, with an aggregate deposit of $119,000,000.

Mr. STEAGALL. The gentleman is correct, and in my haste I may have referred to the total of all banks rather than the number of national and State banks.

Now, I hope, gentlemen, that I may be permitted to get down to the provisions of the bill under consideration.

Mr. GREEN. Will the gentleman yield right there?

Mr. STEAGALL. I yield to the gentleman.

Mr. GREEN. We have in our State a number of banks that have gone into the hands of the receiver. I was wondering if any of the provisions of this bill would, if passed, give us any benefit.

Mr. STEAGALL. I will discuss that when we get to that part of the bill. But I will say that the bill provides in part for relief of the situation to which the gentleman calls attention.

Now, if I may proceed.

The thought and purpose of this bill are copied somewhat from the War Finance Corporation act, with which gentlemen are familiar, a corporation set up during the war, and which was revised in 1921. It was designed to help agricultural conditions in agricultural communities. It is accurate to say in that connection that many of us think the War Finance Corporation rendered good service to the farmer and the farm communities of the United States in providing credit facilities which had not theretofore been available to them.

The Committee on Banking and Currency had two or three bills that had been introduced. We had available some of the hearings that were conducted in the Senate on this legislation. The committee made a study of the question, which was made hurriedly, in view of the desire to extend aid as speedily as possible in meeting the emergency confronting us, and prepared a bill, which I introduced on last Saturday, H. R. 7360, the measure now before us.

Now, I want to take time in that connection to extend the thanks of the committee and this House to the distinguished gentleman from Illinois [Mr. SABATH] for his valuable aid to our committee in the preparation of this legislation. He had given it great study for many months, realizing the distress that existed, and his labors were of great value to the committee in the preparation of the bill which has been reported to the House. I am glad to pay this acknowledgment of the debt of gratitude of the committee and the House to the distinguished gentleman from Illinois [Mr. SABATH]. [Applause.]

The bill provides for the creation of a corporation with a capital stock of $500,000,000, to be subscribed by the Treasury of the United States. The measure also authorizes the corporation to incur obligations in the form of bonds, notes, and other securities to the amount of three times the capital stock, and the Treasury of the United States is made directly responsible for all the obligations incurred.

So that what we have done is to set up a corporation with resources of $2,000,000,000, to be furnished directly or indirectly by the Treasury of the United States.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BRIGGS. In other words, the gentleman means to indicate that the total amount to $2,000,000,000.

Mr. STEAGALL. That is correct, by way of capital stock and obligations which the corporation is authorized to incur.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, under the rule I have control of the time on our side and I shall yield myself more time.

The CHAIRMAN. The gentleman from Alabama will be recognized further.

Mr. CROSS. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes. I yield with pleasure.

Mr. CROSS. Why do indirectly in this bill what might be done directly? As I understand the bill, with the first $500,000,000 the corporation can step across the street and loan it to A, for example. It then can go and give its note or bond to B and let that note draw any rate of interest it sees fit, or it can discount that note; and, for the sake of argument, let us say that they get $450,000,000. They let

C have that. When B's note falls due and the corporation can not pay, B steps over to the Treasury of the United States and says, "I want my $500,000,000 with interest on it." That is promptly paid out to him. Why not go to the Treasury in the first instance and save that interest or the loss of that commission.

Mr. STEAGALL. The thought is that all the funds made available under this act will not be required, and that there will not be any practical need for the total amount of $2,000,000,000. We have before us the experience of the War Finance Corporation in peace times, and their loans, as I remember, did not exceed something in the neighborhood of $200,000,000 at any one time. It is not thought that there will ever be an occasion to use the entire sum that might be employed by the corporation. The thought of those who propose this measure is that the greatest service to be rendered would be in the restoration of confidence.

Mr. CROSS. I understand that.

Mr. STEAGALL. It is their thought that the power of this board to grant relief will in large part obviate the necessity for actual loans. It is hoped that it will enlarge bank deposits by reviving confidence, and draw from hiding enormous amounts of cash withdrawn from the usual activities of business.

Mr. CROSS. Of course, we know what the hope is. I am asking these questions because I want information, as we have to vote on this bill. The bill provides that this committee can go out and buy without stint and by any process they see fit, property, real estate, throughout the Nation and employ unlimited employees, and pay salaries without stint, for instance, as much as the Farm Board pays, or the cooperatives, $75,000 a year. With the Federal reserve banking system, with the post office, and the bank examiners, why could not this be handled directly, thus saving the setting up of all this enormous bureau and all these expenses, keep from creating a bureau that can become a power politically and financially and which once created can never be gotten rid of?

Mr. STEAGALL. Of course, the gentleman has made a good speech for those who agree with him as he always does, but if the gentleman will examine the bill he will find that he is laboring under a misapprehension as to its provisions. In the first place, the corporation exists for only one year, so far as its right to make loans is concerned, with the power in the President to extend it for one additional year. The Congress of the United States, representing the people of this country, will be in session then, with full power to renew the corporation or not, as in its wisdom it may see fit to do. I remind the gentleman also that the bill specifically limits the salaries that are to be paid to employees of the corporation. The salaries of the members of the board are fixed at $10,000 each, and the bill specifically provides that no salary to be paid any person employed shall exceed that of a member of the board. The language of the bill, on page 3, lines 23 and 24, reads as follows:

> Nor shall any employee receive a higher salary than that herein fixed for directors.

Furthermore, the gentleman is in error as to the power of the corporation to purchase real estate. The committee safeguarded the bill at that point also. There is no authority in the law for the corporation to purchase real estate. That, I think, fully answers the questions of my distinguished friend and very able colleague from Texas.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. JONES. I notice that there is included in the activities of this corporation agricultural credit corporations and the intermediate credit banks. We have carried a provision of that character in nearly every bill that came along but for some reason or other they have not functioned.

Is there any assurance that these provisions will not be a sort of dead letter, as they have been in a lot of other bills, that they will not be controlled by the same group that kept them from functioning heretofore?

Mr. STEAGALL. The gentleman is asking me to undertake a considerable underwriter's task. Of course, he refers to the Federal land banks and intermediate-credit banks. I am not prepared to say just what will be the action of particular agencies that have access to relief attempted to be afforded by this measure, but in so far as the committee of the House of Representatives has been able to do it, we have sought to accomplish what the gentleman has in mind in that connection.

Mr. JONES. I think the gentleman had that in mind and I think the House of Representatives has had that in mind, but may I ask the gentleman this question: If we are to profit by previous experience, would it not be well to allocate a portion of this to that particular purpose, so that it would have to go there instead of to some other place? Why not make it mandatory that agriculture get its part in the administration of the act?

Mr. STEAGALL. The purpose of this legislation is to grant the power and provide resources so that the different interests which we are attempting to serve may be assured that there is a place of refuge for them where they may be able to find adequate relief in the emergencies which confront them. If we were to attempt to specify each particular interest and allocate a particular amount to each interest we would run into stupendous difficulties, and when we finished we would find we would have restricted in each instance the service that might be rendered by this corporation if in the judgment of its board of directors it was desired to grant such service.

Mr. JONES. I appreciate the gentleman's position, but I would like to ask if the gentleman thinks this would restrict to anything like the degree it has been restricted by unfriendly administration heretofore the practical operation of those who have to administer the proposition as in these other instances? They have made similar provisions practically a dead letter and innocuous.

Mr. STEAGALL. A full and frank answer to the gentleman's inquiry would involve statements that probably neither the gentleman nor I would like to make on this floor, because the condition of a banking institution as to solvency is a delicate matter for public discussion; but I do not think it is improper to say that one of the difficulties with the intermediate credit banks last year in meeting the situation which it was sought to have them deal with through the special agencies set up at that time was that the intermediate credit banks were then in need of some such relief as we have attempted to provide in this bill. That is stating that case cautiously and conservatively, without going quite so far as I might.

Mr. JONES. It is the intention of the committee and the intention of this bill that they shall function?

Mr. STEAGALL. Yes, it is. It is the intention of this committee that this law shall carry its benefits to all interests, to all sections, and to all classes who have a right to share in the unusual provisions which it contains for aid from the Treasury of the United States.

Mr. JONES. I am glad to hear the gentleman say that, and I assume that he means there will be no discrimination against any of the institutions which have been named.

Mr. STEAGALL. Not in so far as we may be able to safeguard it by specific provisions of the legislation.

In that connection I will discuss that particular provision of the bill briefly. I read from section 5 of the bill:

> To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, the corporation is organized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, intermediate credit bank, agricultural credit corporation, livestock credit corporation, and any agricultural or farmers' association incorporated under the laws of any State, or other bona fide financial institution in the United States, including loans secured by the assets of any bank that is closed, insolvent, or in process of liquidation, to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same.

I think that language covers everything the gentleman has in mind.

Mr. JONES. If properly administered, it has the language. My only thought in making the suggestion to the gentleman was to know if there was any practical way of making an allocation, so that they would be compelled to administer it in accordance with the intention of the act.

Mr. STEAGALL. The gentleman, of course, understands if we begin to specify and to make allocations for certain interests there would be no end of difficulties.

Mr. JONES. That may be true; but this seems to be the only phase and the only group that has not been able to get the benefits of the previous acts. The others which have been named seem to always get in on the acts. Agriculture gets in on the language but not upon the results.

Mr. STEAGALL. I hardly think the gentleman's statement is fully justified there. The same bill that confers authority to relieve one situation confers specific authority to relieve the situation in which the gentleman and I are both deeply interested.

Mr. JONES. I understand. I think the language does it very clearly, but I say there should be some way provided so that they could not escape the proposition of treating them all fairly and alike.

Mr. STEAGALL. That is what the language of this bill does. It treats them all alike, and they will have a fund and they will have authority to go into the gentleman's district and into my district and afford relief to the intermediate credit banks and to the local agricultural credit corporation, through which the intermediate credit bank does business in part, and to the community banks in distress and that need aid, through which the intermediate credit banks do business, and afford the necessary funds to the intermediate credit banks to take care of the demands for credit facilities on the part of the farmers in his district and in my district, and similar situations elsewhere.

Mr. McFADDEN. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McFADDEN. Supplementing what the gentleman has just said and the question asked by the gentleman from Texas [Mr. JONES], I desire to call the gentleman's attention to the third line on page 6 of the bill, where it reads:

All loans made under the foregoing provisions shall be fully and adequately secured.

I quote that as an answer to the gentleman's question, that in the operation of this organization and similar organizations, it has frequently been found that the poor farmer did not have assets to secure adequately and fully his loans, and therefore he was not within the pale of the law and did not get relief.

Mr. JONES. I grant you that, but the gentleman realizes that even to the extent he had adequate security the agricultural-credit associations and intermediate-credit banks have not participated.

Mr. McFADDEN. I quite agree with the gentleman, and I think the same thing will prevail under this bill; that nothing will be done to aid agriculture directly except the title of the bill.

Mr. JONES. Why will it fail?

Mr. McFADDEN. It will fail in administration because this is a bill created for the purpose of helping the banks and the railroads of the United States.

Mr. JONES. I am wondering if that is true, and that is what we are trying to find out.

Mr. LaGUARDIA. The gentleman has no doubt about it, has he?

Mr. JONES. I wanted to get these experts on finance to disclose the whole situation. I want the motives behind the proposals disclosed, and the real facts developed. No one can object to that.

Mr. LaGUARDIA. The gentleman wants experts on crooked banking and not experts on banking.

Mr. JONES. The gentleman speaks facetiously. That may be what I get, but it's not what I want.

Mr. SABATH. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. SABATH. Is it not a fact that the committee is trying to protect from discrimination the institution called to his attention by the gentleman from Texas in that it provides that at least two of the members of the board shall be selected by the Speaker, and that is for the purpose of preventing the institution from being utilized only by the banks and by the railroads? Is not that about correct?

Mr. STEAGALL. That provision will insure the appointment of two men to whom my friend will not object.

Mr. RAYBURN. If the gentleman will permit, let me say that when Congress passes any law and turns over its administration to a commission or a board, it matters not what is in the law, the administration of it and its results are just as good or just as bad as the board itself. [Applause.]

Mr. SABATH. That is the thing.

Mr. RAYBURN. That is true of the Federal Reserve Board. That board, with its vast authority, with proper men upon it can be an agency of great benefit but with improper men upon it, it can be an agency of greatest oppression.

Mr. STEAGALL. The same is true of the Federal Farm Loan Board and the same is true of the Federal Farm Board, and to some extent the same will be true of the board provided in the pending bill. I will say this in that connection, that I had hoped I might make my statement without talking politics or indulging in harsh criticism.

I grant you it puts me to a severe test, but I am hoping to conclude without departing from this purpose. However, in view of the fact that we are doing an unusual thing and resorting to unusual methods to meet an unusual condition in our effort to find relief in an emergency that threatens serious consequences to the economic structure of the country, we have sought in this measure to safeguard its administration which is commanding support on both sides of the House, we have sought to safeguard its administration by providing that two members of the board of directors shall be appointed by a Democrat—who holds and honors the highest office within the gift of the people under our scheme of government next to the Presidency of the United States—Hon. JOHN N. GARNER, Speaker of the House of Representatives. [Applause.]

If that provision stays in the bill I will venture to assure my friends on this side of the aisle that there will be two men on that board who will speak the language that the gentleman from Texas and I understand. [Applause.]

Mr. ALLGOOD. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. ALLGOOD. On page 6 of the bill this language appears:

All loans made under the foregoing provisions shall be fully and adequately secured.

Then there is this language on page 7:

In no case shall the aggregate amount of advances made under this section to any one corporation and its subsidiary or affiliated organizations exceed at any one time 10 per centum of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

Does the same provision apply to the first as to the second?

Mr. STEAGALL. Yes; that limitation applies to any loan that may be made. I will say this to the gentleman: That unless our faith is misplaced far beyond anything I fear there is really not any very serious necessity for the incorporation of that limitation in the legislation. If the conduct of the War Finance Corporation may be taken as a guide that limitation will never be necessary.

Mr. BROWNING. Will the gentlemen yield?

Mr. STEAGALL. Yes.

Mr. BROWNING. I desire to say to the gentleman from Texas [Mr. JONES] that on Saturday I introduced a bill carrying the same amount of money involved in this bill, incorporating the Federal Farm Loan Board and directing them to loan through intermediate credit banks directly to farmers on first mortgages. That will settle the proposition as to whether or not agriculture will get any real relief.

I hope to enlist the aid of the gentleman from Texas as well as the aid of the chairman of this committee in passing that bill.

Mr. STEAGALL. I can assure the distinguished gentleman his bill will be given careful consideration.

Mr. BOYLAN. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BOYLAN. While I think the gentleman has brought in a very good bill, yet I think the scope should be extended in order to permit the corporation to loan to municipalities. At the present time they are having extreme difficulty in getting short-term loans, and have to pay very high rates of interest for them. Does not the gentleman think he should include them in the provisions of his bill, so that the corporation may make loans to the municipalities of the United States?

Mr. STEAGALL. Of course that would open up an opportunity for service the extent of which could not well be anticipated, and would present difficulties which we thought hazardous in the administration of this bill.

Mr. COX. Will the gentleman yield to me for a question touching a statement he made a few seconds ago?

Mr. STEAGALL. Let me first yield to the gentleman from Alabama, so that he may conclude his questions.

Mr. ALLGOOD. In connection with the inquiry I made, suppose we have a $50,000 agricultural corporation in Alabama, how much could they borrow under this bill?

Mr. STEAGALL. It would depend entirely on the securities, the opportunity for service, the demands for loans from others, and all of the multifarious conditions that would naturally enter into such a transaction. So that nobody can say definitely what would be done, but they would be able to lend up to the amount of 10 per cent of the original capital of the corporation plus the obligations of a billion and a half which they are authorized to incur under the law.

Mr. BANKHEAD. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BANKHEAD. As I understand the construction of this provision with reference to the limitation of loans, under the bill one corporation would be authorized to borrow 10 per cent of the total capital stock, which is $500,000,000, plus $1,500,000,000, if the board of directors saw fit to lend to one corporation that amount of money.

Mr. STEAGALL. That is true.

Mr. BANKHEAD. And it is also true that all of this money up to the sum of $2,000,000,000 could be lent to the railroads or to the banks or to any other one class of people, if the directors saw fit to do so.

Mr. STEAGALL. Quite true.

Mr. BANKHEAD. So that in the last analysis the statement made by the gentleman from Texas is a correct solution of this question so far as the allocation of these funds is concerned.

Mr. STEAGALL. That is entirely true.

I may say this: One member of the committee, of course, approaches this legislation from one viewpoint and another member approaches it from another viewpoint. To some extent all of us represent as best we can the interests of our constituencies. What I have tried to do, so far as my part in the preparation of this bill has gone, is to give the interests that have the greatest appeal to me my first consideration, as is usually the case with a member of a committee in framing legislation. Other members no doubt have done the same. We have selected the group of interests that are to have access to these funds for relief, and we have put them upon terms of equality in the bill, and if any interest does not receive fair consideration it will be the fault of the administration of the bill, just as the gentleman has said.

What I have had in mind, probably more than anything else, because of the peculiar conditions that exist in my immediate section, is the hope that we may carry some relief to those who are dependent upon the credit facilities of the intermediate credit banks and agricultural credit corporations for which we have made provision in this bill and aid to banks that are closed to aid in reorganization or liquidation.

We have provided that the board may extend relief to banks that are closed or in process of liquidation or that are insolvent to aid in reorganizing such banks or to aid in the liquidation of their assets, so that the depositors may be able to take the securities upon which they are not able to realize without enormous losses in this time of depression and negotiate loans on those assets, and to the extent that such relief can be safely extended to relieve the different communities who find themselves in this situation from the temporary distress which is so widespread in many sections.

Mr. RAYBURN. If the gentleman will permit, I would like to ask about three questions.

Mr. STEAGALL. I shall be very pleased indeed to yield to the gentleman.

Mr. RAYBURN. It has been suggested to me to ask just exactly what is the meaning of the language at the bottom of page 2 and the top of page 3:

> Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the corporation of any officer or employee of the United States in any board, commission—

And so forth. Does this language mean that even though a man has a position in the Government or if he be on a board or a commission already he can draw the compensation of the position he holds and draw compensation also for the position to which he would be appointed?

Mr. STEAGALL. The gentleman has raised a question that was considered by the committee, and it was thought that the language employed would prevent duplication of salaries. It was not thought we should deny the board the opportunity to call upon other departments or bureaus of the Government for the services of any of their employees who might have particular knowledge of any questions that might be presented in the conduct of the corporation, and it was the thought of the committee that the language at the bottom of page 3, limiting salaries, at least in practical effect, would safeguard any possibility of a duplication of salary for an employee of the board.

Mr. RAYBURN. I thought it would be a very wide departure from our policy, because in most of the State constitutions there is a provision that prevents a man from drawing two salaries, and I wanted this clarified, because some gentleman had suggested this to me. It is not, then, the intention of the committee that if a man who is a member of a commission or of a board is called in to help in this matter that he shall be paid any additional salary for it?

Mr. STEAGALL. Oh, no; not in the least, and I will say further to the gentleman that the corporation, of course, at the outset, will be confronted with applications for loans from banks and in the interest of economy of operation, it was thought it would be well to give the board of directors of this corporation access to the services of men in the comptroller's office or in any board where information might be available for the use of the directors of this corporation without having to pay unnecessary salaries to secure help in securing such information therewith.

Mr. RAYBURN. Now, there is one other question I want to ask. It is in line with the question my colleague [Mr. JONES] asked. In this section, naming the interests to which money may be loaned, can the paper of the joint-stock land bank be considered within this emergency?

Mr. STEAGALL. Unquestionably any banks, in the language of this bill, would have access to the accommodations of this corporation. In the consideration of the particular inquiry which the gentleman has made, the committee considered this particular language of the bill; and it was the opinion, and also the opinion of gentlemen who appeared before us to discuss the measure from the outside, that joint-stock land banks, intermediate credit banks, and the Federal land banks would be eligible to apply for loans under the provisions of the bill.

The gentleman will understand that in the administration of this law and in its purpose there was not so much of

purpose to indicate and anticipate the needs of joint-stock land banks and Federal land banks as would be the case in many other interests specifically referred to in the bill, because those banks make long-term loans that are in a different category from other institutions which would receive benefits under the law.

Mr. RAYBURN. I want to say to the gentleman that it is my purpose, and I am having prepared an amendment, and I want to ask the gentleman's reaction to it. If I may make a short statement in the gentleman's time, I will say that we have throughout the country some lawyers and some bankers who have a way when a subsidy of any sort is voted for the railroads of making up a deficit—they have a way of getting some of it, and the people to whom the subsidy is voted get only a part of it. It is my purpose to offer an amendment to the effect that no attorney, no banker, nor any intermediary shall participate in any of the funds to be loaned. What is the gentleman's reaction or the reaction of the committee to an amendment of that sort?

Mr. STEAGALL. I think the committee has fairly safeguarded the bill at that point; but I am sure all Members of the House would be glad to give consideration to any amendment offered by the gentleman from Texas.

Mr. RAYBURN. I know a case where there was an appropriation of $3,000,000 for benefit, and some law firm and bank took two or three hundred thousand dollars of that amount that ought to have gone to the original borrower.

Mr. COX. Will the gentleman yield?

Mr. STEAGALL. I will yield to the gentleman from Georgia, and then I refuse to yield any further, for I have already used more time than I desired.

Mr. COX. The gentleman has passed beyond the point on which I wish to question him. A few moments ago he referred to a provision of the bill empowering the Speaker of the House to name two members on the board of directors. I wonder if the gentleman has considered the point raised by the gentleman from Iowa [Mr. RAMSEYER] sufficiently to be in position to discuss it at this time. In other words, has the gentleman satisfied himself that that provision of the law will stand the test?

Mr. STEAGALL. In my view of the matter, without having given it such a study as a lawyer should give to an important question, I have no doubt as to the validity of that provision of the bill.

We simply set up a corporation with the right to sue and be sued, with powers usually conferred upon corporations.

Mr. COX. Is the gentleman sure that the corporation is a separate entity, wholly independent of the United States Government?

Mr. STEAGALL. Why, certainly it is.

Mr. COX. Is there any connection between the Government and the corporation that is supplied by the appointing power of the President to set up the board?

Mr. STEAGALL. The gentleman would not insist that the mere appointment of the board by the President would establish an inseparable connection with the Government?

Mr. COX. The gentleman concedes that this corporation is controlled by the Government. Is that true? Is the gentleman prepared to make that concession?

Mr. STEAGALL. In a sense, probably yes; in another sense, no. It will be a free board with Government funds.

Mr. COX. But the stock is all owned by the Government?

Mr. STEAGALL. Yes. As a practical proposition, of course, the President will appoint and has the control of three members of the board, because they are his appointees, with the right of removal.

Mr. COX. In the light of that statement on the part of the gentleman, has the gentleman considered the recent pronouncements of the Supreme Court touching the power of Congress to appoint administrative officers?

Mr. STEAGALL. Oh, yes; I think that we all know in a general way what the Supreme Court has decided on that point, but I have thought that I could distinguish this corporation and these officers from the type to which the gentleman refers. I ask the gentleman to take up that discussion with lawyers on the committee later in the debate, because I must conclude, not that I am not delighted to discuss it with the gentleman.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WILLIAM E. HULL. Take a defunct bank. How is it proposed to take care of it?

Mr. STEAGALL. There are three things that the corporation can do. First, the bank might be closed and a receiver never have been appointed for it. The directors may put a notice on the door saying that in the interest of the depositors and to conserve assets they closed the doors of the bank, but no receiver has been named. We put language in the bill that covers that case, and it makes available the funds provided in the control of the corporation, to be used in reorganizing that bank, or in reopening it, if it may be done, or in bringing about an orderly, economic administration of its assets with a view to saving the community and the creditors of the bank from losses incident to a forced liquidation in such a time as that through which we are passing now——

Mr. WILLIAM E. HULL. I think that is the most important thing in the bill.

Mr. STEAGALL. I quite agree with the gentleman that it is exceedingly important. I have given it considerable thought, and we have attempted to cover every case of that kind as far as can be done in definite language.

Mr. WILLIAM E. HULL. Say that the bank is in the hands of a receiver and, we will say, moderately solvent. I mean by that, that if it were not for its frozen assets it would be solvent. Is it proposed to take those frozen assets out by the use of this money and put them aside and then furnish the bank with funds to run on?

Mr. STEAGALL. That would depend upon each particular case. The corporation would have the money and would have the power to take over a part of the assets of the bank, upon which the bank could not realize without loss, and upon which it could not borrow; and to the extent that any new funds were made available for those interested in the institution, they would be aided in any effort to reopen the bank.

Mr. WILLIAMSON. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WILLIAMSON. In South Dakota and some other States we have rural credit departments. These are instrumentalities of the State, and funds are used for loaning purposes. What I want to know is whether the language of this bill is broad enough so that these corporations can rediscount paper with the finance corporation?

Mr. STEAGALL. That matter was presented to the committee, and the committee did not think the bill should be broadened sufficiently to include the service which the gentleman has in mind.

Mr. WILLIAMSON. As the bill now stands it does not include that kind of an institution?

Mr. STEAGALL. Not specifically. As to whether it is included or not, under the general terms of the bill, would be a matter of construction. I do not think it is included.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. LANKFORD of Georgia. Does the bill as drawn now authorize the corporation to take over the assets of the National Credit Corporation, recently brought into existence?

Mr. STEAGALL. We have worked night and day in the preparation of this bill, but so far as I know no gentleman on the committee ever worked overtime at night in an attempt to frame a provision designed especially to cover the existing National Credit Corporation! Probably under the language of the bill that institution would be eligible to apply for loans. Also in that connection, I will say to the gentleman, the National Credit Corporation is in prac-

tical effect little more than a myth. They called finally for 10 per cent of their $500,000,000 last week, and they have made loans to only an insignificant amount in the light of existing conditions. I am sure the gentleman is not very much disturbed about anything that may be done for the National Credit Corporation.

I am obliged to conclude. I promised to yield to the gentleman from Texas [Mr. BRIGGS], and after that I should like to conclude.

I yield to the gentleman from Texas.

Mr. BRIGGS. My understanding is that the committee expanded the terms of the bill as originally introduced, so as to make provision for agriculture.

Mr. STEAGALL. No. This bill was originally introduced last Saturday, and it has not been expanded since then, and it can not be expanded until it is reached for amendment this week on the floor of this House.

Mr. BRIGGS. I mean the purpose and character of legislation which had been heretofore proposed was expanded so as to carefully guard the interest of agriculture and give it an opportunity to receive recognition under this bill, to which it is entitled.

Mr. STEAGALL. I know what the gentleman has in mind, and I will say to the gentleman that the purpose he holds in connection with this legislation was entertained by a great many members of the committee; and in so far as it was in our power to express it in the English language, it finds proper expression in this bill.

Mr. BRIGGS. May I ask the gentleman if there is any provision in the bill whereby industries engaged in the utilization of agricultural products may have the benefit of this fund without recourse to the banks, by having an opportunity to go to the reconstruction corporation and apply for loans?

Mr. STEAGALL. Any financial institution, under the provision of this bill——

Mr. BRIGGS. I do not mean financial institution, but I mean, for instance, a flour-milling concern or some cotton-goods concern, or some other concern wanting to utilize the benefits of this reconstruction corporation; have they any means of applying to the banks?

Mr. STEAGALL. I have just read the language of the bill. It would cover one of the situations mentioned.

Mr. BRIGGS. It would cover all industry?

Mr. STEAGALL. I do not think it covers flour mills or similar concerns.

Mr. BALDRIGE. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BALDRIGE. On page 7 the bill refers to loans to the railroads. Did the committee take up the question of loans to street-car companies and tramways?

Mr. STEAGALL. We broadened the language of the bill with reference to railroads, from the suggestions that were originally made with reference to the legislation, to embrace electric railways and to extend to receivers of railroads and railways. That is unquestionably embraced in the bill.

Mr. McGUGIN. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McGUGIN. On page 5 where it reads "any bank" with reference to insolvent banks, is it the understanding of the chairman of the committee that this includes money advanced from deposits in insolvent State banks as well as national banks?

Mr. STEAGALL. The bill provides the same opportunity for relief to State banks, either existing banks or banks that are closed or insolvent or in process of liquidation, that it affords to national banks.

Mr. WATSON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. WATSON. On page 7 I find this language:

> No loans or advances shall be made upon foreign securities and foreign acceptances or for the purpose of assisting in carrying or liquidating such foreign securities and foreign acceptances.

If a national bank had foreign securities, does this provide that they shall not have any money borrowed from the institution?

Mr. STEAGALL. No. We do not intend to say in this bill what the status of any bank's business must be in order to be eligible for a loan. There is nothing in the bill that prevents any bank that has any kind of securities, good or bad, no matter upon what they are based from applying for a loan, but we do provide in the bill that no loan shall be made on foreign securities of any kind of acceptances based upon foreign securities.

We have attempted—some of us, at least, had it as a controlling purpose in the preparation of this bill, with its unusual provisions, giving access to the Treasury of the United States in the enormous sum provided—and we expressed it the best we knew how that the provisions of this bill should not extend to loans based upon securities of other governments or any foreign interest. It is an American institution intended for the relief of the people of the United States [applause], and it is our hope that we may be able to rescue ourselves to some extent from the horrible conditions disclosed in banking and other business activities of the country, some of which, perhaps, have grown out of transactions in connection with foreign securities. We are trying to relieve the domestic situation in the United States in behalf of the people of this country. That is what is hoped will be accomplished by this bill. [Applause.]

I beg your pardon for taking so much of the time of the committee. [Applause.]

The CHAIRMAN. The gentleman from Alabama has consumed 1 hour and 55 minutes.

Mr. McFADDEN. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. LaGUARDIA].

Mr. LaGUARDIA. Mr. Chairman, when the House of Representatives votes the passage of this bill, either tomorrow or Wednesday or Thursday, it will go recorded as one of the darkest days in the history of parliamentary government. It will go down as a ruthless, cruel coercion on the part of the bankers, literally putting a gun not up to our heads but to the heads of women and children, saying, "If you do not pass this bill, we are going to wreck savings banks and insurance companies and bring ruin to the country." [Applause]. That is all there is to it. This plan is indeed more than putting the cart before the horse. It is giving aid to the unsuccessful bankers before giving aid to the innocent depositors. Let us first secure the depositors by the passage of a proper guarantee fund to depositors, and that will take care of the liquidity in currency for a great many banks. Restore confidence to depositors and $2,000,000,000 will be restored to the banks. Then compel banks to do only legitimate banking instead of wild speculation. The administration, the President, the Secretary of the Treasury, and my many conservative friends on the floor of this House are forever estopped from criticizing me again for urging unemployment insurance by calling it a dole.

This is a millionaire's dole and you can not get away from it. It is a subsidy for broken bankers—a subvention for bankrupt railroads—a reward for speculative and unscrupulous bond pluggers.

Gentlemen, I come here to-day not to defend the bankers of my city, but to apologize for them. Reference was made to the ingenuity of our financially big men. The whole banking fraternity of the United States has not produced an original idea or a man of genius in this whole crisis. [Applause.] To the contrary, they, these same bankers, are solely responsible if the public has lost confidence and withdrew deposits. These same bankers sold their own depositors worthless securities. These same bankers rigged their own bank stock up to ridiculous and unwarranted high price and sold the stock to the public. If any large New York bank dares to deny this, I will give names, dates, and figures.

Now, let us look at the situation. We are in this position: Of a man in his country home, having finished his day's work. His wife and his children are upstairs in bed and he is reading. Two men come to the door and say, "Hand over your money," and point to the window. There stands

a third hold-up man with a bomb in his hand. The head of the house would be able to go out and lick all three of the stick-up men, but the man with the bomb in his hand would destroy his wife and his children if he attempted to put up a fight, so he submits. And that is what is happening to-day. You talk about the railroads. What are the railroads telling to Congress? The railroads tell Congress, with a leer and a sneer, "Give us this money, because if you do not we will default on our bonds and we will impair every insurance company and every savings bank of the country." All we can do is to so amend this bill that every cent paid over to a railroad shall be on a first mortgage, so that when we do take them over we can take them over on foreclosure and not pay for their watered stock and their inflated values. [Applause.] The railroads have resisted Government control and supervision during the time of their financial manipulation and crooked financing. They resisted and complained of regulation when they were on a profit-earning basis. Now that they are broke they come to the Government on bended knees for a dole.

Talk about securities. Why, gentlemen, instead of profiting by the experience of the Farm Loan Board we are repeating the evils and duplicating the mistakes, and at the expiration of the 2-year period of this corporation and at the expiration of the 3-year period for loans this corporation will be exactly in the same condition of the Farm Loan Board now, with its hundreds of millions of bushels of wheat on its hands. We will have such a collection of no-good securities on our hands that we can plaster all of the walls of the House of Representatives and the whole Capitol. And not a small business man or a farmer will be benefited by it. This bill will not take care of many small business men or farmers. It is only for the "big busts" of banking and railroading.

The bill takes care of what? Of the banks. It provides to take over their securities, which have depreciated in value, and, of course, the Government is going to be stuck with them.

The distinguished gentleman from Alabama stated that all the big men and the big bankers have indorsed this bill. There is no such thing as a real big and able banker in this country to-day. It takes more than a pair of spats and a love nest on Park Avenue to make a banker. [Laughter and applause.] He states that all the big bankers have been recruited from the country. Mr. STEAGALL, that was what they played up to the small country banker. It is true that some of these men, whom we believed were big, were brought into New York. Sure, the security mongers, posing as bankers, had their high-pressure salesman going to the little banker in the country, patting him on the back and saying, "I was talking to my president to-day. Why, he likes the way you are running your bank. He has his eye on you." The country banker would puff up and say, "Oh, yes." The salesman would say, "He likes the way you are doing, and so he has given me a list of securities and he knows you will appreciate them. Your competitor across the street would not understand them because he is not a genius like you." Then he would give him a list of securities and the country banker would buy them. Now the country banker is stuck, his bank impaired, and in thousands of instances depositors have been ruined. Why, the so-called big bankers were nothing but bond pluggers, not even dignified as bond salesmen. Laugh that off, big bankers, whose customers' index has become a sucker list.

Gentlemen, here is a typical list of securities sold under this very system to an up-State bank in New York. The sale was before the crash:

Bonds and stocks

	Shares	Interest rate	Amount
RAILROADS			
New York, Chicago & St. Louis, refunding mortgage, 1978	5,000	4½	$4,875.00
Gulf, Mobile & Northern, first mortgage, 1950	5,000	5	4,975.00
Seaboard Air Line, first and consolidated mortgage, 1945	10,000	6	9,537.50
Hudson & Manhattan, adjustment, 1957	5,000	5	4,116.25

Bonds and stocks—Continued

	Shares	Interest rate	Amount
RAILROADS—continued			
St. Louis & San Francisco, consolidated mortgage, 1978	5,000	4½	4,837.50
Allegheny Corporation, preferred stock	7,500	5½	7,481.25
Van Sweringen Corporation, gold notes, 1938	5,000	6	4,850.00
Mississippi Pacific, secured sinking fund, gold notes, 1954	5,000	5¼	4,975.00
	47,500		
INDUSTRIALS			
American Smelting & Refining, common stock	1,200		81,200.00
Revere Copper & Brass, first mortgage, 1948	5,000	6	5,137.50
Goodyear Tire & Rubber, first mortgage, 1957	5,000	5	4,750.00
American La France & Foamite, gold notes, 1935	5,000	5	4,862.50
United Cigar Stores, preferred stock	10,000	6	10,875.00
Phillips Petroleum, sinking fund, 1939	5,000	5¼	4,809.00
Shell Union Corporation, sinking debentures, 1949	5,000	5	4,987.50
Pure Oil Co., sinking fund, gold notes, 1940	5,000	6	4,862.50
	41,200		
PUBLIC UTILITIES			
Commonwealth & Southern, preferred stock	5,000	5	5,012.50
Northern States Power, preferred stock	5,000	6	5,175.00
City Service Power & Light, gold debentures, 1952	5,000	5½	4,887.50
Republic Steel, preferred stock	5,000	6	4,737.50
Standard Gas & Electric, debentures, 1951	5,000	6	5,000.00
Bear Mountain & Hudson River Bridge, first mortgage, 1953	3,000	7	3,157.50
Buffalo, Niagara & Eastern, preferred stock	5,000	6.40	4,975.00
Florida Power & Light, first mortgage, 1954	5,000	5	4,862.50
Continental Gas & Electric, gold debentures, Feb. 1, 1950	10,000	5	9,375.00
Association Gas & Electric, gold debentures, Feb. 1, 1950	5,000	5	4,487.50
Niagara Share Corporation of Maryland, gold debenture, 1950	2,000	5½	1,975.00
Kreuger & Toll, American certificates	5,000	5.70	4,825.00
Ontario Power Co., first closed mortgage, 1950	5,000	5½	4,998.50
	65,000		
FOREIGN			
Agriculture Mortgage Bank of Colombia, sinking fund, 1946	5,000	7	4,875.00
Republic of Finland, external, 1956	5,000	6½	4,687.50
Department of Antioquia, external, 1957	5,000	7	4,637.50
Berlin Electric Underground, first mortgage, 1956	5,000	6½	4,762.50
Republic of Poland, sinking fund, 1947	5,000	7	4,587.50
State of New South Wales, sinking fund, 1958	5,000	5	4,787.50
Mortgage Bank of Chile, sinking fund, 1962	9,000	6	8,595.00
Tokyo Electric Co. (Ltd.), first mortgage, 1953	5,000	6	4,512.50
Finland Reserve Mortgage Bank, first mortgage, 1961	5,000	6	4,712.50
German Government internal loan, gold notes, 1965	5,000	5½	4,437.50
	54,000		

These securities were sold to this up-State bank by a bank in New York City, whose name every man, woman, and child would recognize immediately.

Mr. STRONG of Kansas. What bank was it?

Mr. LaGUARDIA. The Guaranty Trust Co., if you want to know. If I am urged to give names I will tell all, but do not then blame me if more people lose confidence in their banks. The conduct of the three largest banking institutions has been nothing less than disgraceful. As I was saying, they sold these securities to this small country bank, and after selling them under this high-pressure system I am talking about—and it is not exaggerated a bit—they made a large loan to this bank on these securities. A few weeks ago the big city big bank suddenly demanded payment of the loan or additional security. The little country bank said, "Why? You have sufficient collateral. You told us that yourself." Then the city bank comes back with this: "We do not like your list of securities." The little bank said, "You sold them to us." But despite that, they sold out the securities and the country bank was closed. That is not fiction; it represents facts. It is typical of what the so-called financiers who will benefit by this bill have been doing all over the country.

Here is another case in my State, a national bank in Middleport, N. Y. The president of this bank was approached by a man who said, "Mr. President, I represent the National Credit Corporation, of Washington. Mr. Hoover is personally sponsoring this corporation and it is his idea that we have a capital stock of $500,000,000. We only want good banks in it, and you are one of the outstanding bankers here, so we want you to subscribe 10 per cent of your capital stock," and he did. A few weeks later there was a run on this national bank and they rushed to Washington to the

Credit Corporation and asked for help. This wonderful, much-advertised National Credit Corporation founded to protect banks, flatly refused. "Oh, no," said the Federal Credit Corporation. "Then at least give us back our $5,000," and even that was refused. The bank closed, the depositors lost, the Federal reserve took notice, for statistical purposes, of another failure, and the wonder $500,000,000-Credit Corporation kept the $5,000.

Why not first consider relief and protection for the depositors? Why, gentlemen, in the discussion that took place this afternoon, in the exchange of questions and answers, it would appear that the banks and the money belonged to the bankers. The banks and the money belong to the depositors, and if the depositors have lost faith in the bankers it is the fault of the bankers and nothing else.

Yet you talk here of appropriating $2,000,000,000—not $500,000,000, but $2,000,000,000—because the $500,000,000 is a direct appropriation and there is authority to issue securities up to $1,500,000,000 and Uncle Sam's indorsement is back of every security. Is not that right, Mr. STEAGALL?

It was sought to inject into the discussion the idea that runs on the banks and the consequent withdrawals have caused this panic. While we were discussing this very point, my colleague from Ohio [Mr. WHITE] phoned the Comptroller, and of the $1,759,000,000 in the closed banks, only $60,000,000, or 3.4 per cent, was withdrawn prior to the closing of these banks.

Mr. STEAGALL. The gentleman will understand that that statement does not materially conflict with the statement I made to the House.

Mr. LAGUARDIA. I am not criticizing the gentleman. I am criticizing the banks and the damnable lies of some of our so-called big bankers.

Mr. STEAGALL. I assured the committee that there were no withdrawals covered by that statement.

Mr. LAGUARDIA. I am not criticizing the gentleman. I am criticizing whoever sought to inject the idea that the loss of confidence on the part of the depositors caused this panic. No such thing, and here are the figures—3 per cent.

Now, gentlemen, I want to ask anyone if it would not be a fair proposition—and in speaking this afternoon I am speaking for myself, because the Progressive conference is going into consultation this evening and to-morrow on this bill—but in the meantime I want to submit, would it not be fair to take out of this $2,000,000,000, $150,000,000 as a first loan to a fund to be created and increased to a sufficient size for the guaranty of deposits and establish a system of deposit guaranty in our national and Federal reserve banks and put that into the bill? [Applause.] If it is not germane, we can ask for a rule making it germane. Oh, yes; I have grave doubts that a rule would be granted. Let the people of the country know that the American Congress can not be fooled; that we realize the coercion and the force that is put back of this bill by the bankers; but that we will first look after the interest of the depositors and the business man, and if any banker violates his trust after a guaranty fund is provided, then that banker should have not the aid of the Reconstruction Corporation but be in the custody of a Federal penitentiary.

Mr. STEAGALL. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. STEAGALL. The figures show that the total deposits in failed national banks and State banks that are members of the Federal reserve system in 1903 were just a little under $800,000,000. The best estimates obtainable are that the losses on those deposits would be at least 50 per cent. How would the gentleman guarantee deposits in a situation such as confronts us now as disclosed by these figures with the mere sum of $150,000,000 with which to afford such protection?

Mr. LAGUARDIA. I do not. I would simply loan that amount to the guaranty fund as a starter, and then the fund would be established to proper amount by assessment on each bank.

The gentleman, who is an expert on banking, will now give me the daily average deposits of all banks in the Federal reserve system, and if he takes that into consideration and provides a contribution of a fraction of 1 per cent a year from all such banks, a sufficiently strong fund to guarantee deposits can be created and maintained. I do not intend to have the Government insure deposits, but I want the first loan to start the fund right from this money authorized in this bill, and a fair contribution from the profits of the Federal reserve system.

Mr. WOODRUFF. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. WOODRUFF. As a matter of fact, is not the 50 per cent that is lost by the depositors the loss that will accrue to them as a result of the banks finding it necessary to liquidate in a hurry rather than to any other reason?

Mr. LAGUARDIA. Of course many of the liquidations of banks are due to the shrinkage which the gentleman from Michigan [Mr. WOODRUFF] suggests is the shrinkage of the bad securities sold on artificially inflated prices. I say that the big bankers at the time they were selling their own securities on an inflated value knew that they were selling them at an inflated value, and any man who obtains money under misrepresentation—call it what you want in parliamentary language, but out West in the country where I was raised he is nothing but an ordinary thief and ought to be in jail. [Applause.]

Why they were selling their own bank securities at prices not justified.

It has been suggested to me that if we had a fund guaranteeing deposits it would put a premium on dishonest banking. Not at all. Out West when I was a kid the most valued possession that one could have was a horse. There were no railroads and there were no means of communication. There were no telegraph lines. A horse was a most priceless possession in such a community, and when the people found that going hundreds of miles to the nearest court to try a horse thief did not solve their problem, they solved it by hanging the horse thief to a tree. The banker who knowingly and fraudulently sells such securities to a savings bank, when he knows the nature of the deposits of such a bank, the banker who so sells such securities to an estate is as low as the old-time horse thief and deserves no better treatment.

Mr. BOYLAN. Would the gentleman hang the bankers?

Mr. LAGUARDIA. What would you do? Give them a medal? [Laughter.] Yes; I would hang a banker who stole from the people. Now, listen to this. Here is a firm that has been selling first-class securities, and specializing in giving advice to estates. Here is the estate of a family I know. The father of these children purchased all these securities from a so-called first-class firm in New York. His purpose was to secure his family after his death. When his orphaned daughter wrote to this same house the other day, here is the reply which was sent.

> At the request of your daughter, we write you relative to the securities held by the estate. At the beginning let us state that while the securities held may have been suitable under a plan Mr. ——— had in mind, it is most difficult for us to give any really sound advice at this most exceptional period on securities held by the estate or yourself.

But when they sold the securities to this gentleman they guaranteed them as gilt-edged security and recommended them as a sound investment to constitute a basis for the care of the family.

Mr. BUSBY. Will the gentleman yield? Would not your argument apply to the Government bonds, in a degree, the same as it would to some other bonds, because Government bonds are selling for less than par?

Mr. LAGUARDIA. The securities of the United States are the only good securities in the whole world, and they will be redeemed at 100 per cent unless the bankers tear down the whole governmental structure. Of course, you can not guarantee the obligation, but on many securities it is only the inflated and dishonestly created artificial prices that is bringing ruin to many banking institutions, insurance companies, and savings banks who were at the mercy of the banks higher up. Here we have an appropriation of $2,000,000,000 put into the same securities that are shrinking in

value in order to give relief to the institutions that hold them.

Mr. BUSBY. I think the gentleman's argument is entirely beside this bill and does not go to the merits of the bill. This same matter was covered in my speech on the 19th of December, and if the gentleman will examine it he will find that these arguments have already been made.

Mr. LAGUARDIA. No one can claim originality in describing the crookedness of some of our bankers. What I want to get at is this, that we are relieving the very people who are responsible in the main for the financial collapse.

Mr. BUSBY. That is where the gentleman's argument does not go to the merits of the bill.

Mr. LAGUARDIA. I am sure the bankers of the country will appreciate the remarks that the gentleman has inserted in this debate. That is not going to aid the farmers. This is not going to benefit any of the cotton people. Do not be deluded with that idea.

Mr. LOZIER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. LOZIER. Apropos of what the gentleman from Mississippi has said, is it not true that no man in America doubts that the Government bonds are still worth 100 cents on the dollar? It is simply a question whether or not they want to invest in them at the present time. Is it not also true that the bankers went over the country in the small towns in the country who had Government bonds and induced them to let them take the low-interest-bearing Government bonds and substitute these securities which have turned out to be perfectly worthless?

Mr. LAGUARDIA. Yes; absolutely. And let me add this: The bill provides that the corporation shall not take any foreign securities. But the bill is aiding foreign securities by relieving the banks of the domestic securities they now hold. Here you are aiding the foreign securities indirectly if not directly.

Mr. HARLAN. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. HARLAN. May I ask the gentleman's attention to the provision on page 6, and the second on page 7?—

All loans made under the foregoing provisions shall be fully and adequately secured.

Mr. LAGUARDIA. I get the gentleman's point.

Mr. HARLAN. The point is that these loans are limited as to amount. Why did the gentleman make the statement when they can not exceed 10 per cent, first, of the authorized capital stock of the corporation plus, second, the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in?

Mr. LAGUARDIA. The outstanding bonds? As the bill is written, it would appear that credit is granted on the amount a borrower may owe and not what they own. That is in keeping with this millionaire's dole, absolutely.

Mr. HARLAN. When these loans are to be made adequately secured and also limited, why does the gentleman make this statement?

Mr. LAGUARDIA. If they are adequately secured, they will not come to this corporation for the money, but what they will do is to take the depreciated securities and get loans which otherwise they could not get, except for the unusual provision in this bill. I really believe the language in the bill should be perfected.

Mr. HARLAN. Is not the gentleman assuming that the board of directors of this proposed corporation will be a bunch of infants, boobs, or crooks.

Mr. LAGUARDIA. The bill gives them that authority. If the corporation will be conducted no better than some of the largest financial institutions of the country the gentleman's description may prove to be appropriate.

Mr. HARLAN. Is that an implication that they will necessarily be imbeciles in exercising it?

Mr. LAGUARDIA. Who ever votes for this bill will be, because the bill gives power. I say Congress may be forced to do it by the terrible havoc that will be wrought and is threatened if we do not do it. I believe the language should be clarified. The bill is intended to permit the loan of money on 10 per cent of its capital stock and outstanding bonds, for that is really what the intent is—although not so expressed—and that amounts to $200,000,000 to any one borrower. If that is not a millionaire's dole I do not know what is. I shall offer an amendment at the proper time to reduce the amount in half. The one point we must not forget is the cruel coercion of the very men who brought this country into this financial condition now putting a gun at the head of Congress and saying, vote us this money or we will ruin the country. I shall not vote for it unless it is materially amended and every safeguard inserted. I shall not vote for it unless provision is made to guarantee deposits. I want a reconstruction measure which will aid the business man, the factory, the farmer, and will create employment. I am primarily interested in the needs of our people, and the welfare of our country. [Applause.]

Mr. GOLDSBOROUGH. I yield 15 minutes to the gentleman from Georgia [Mr. BRAND].

Mr. BRAND of Georgia. Mr. Chairman, I am going to confine my remarks, during the 15 minutes allotted to me, to a few pages of manuscript, though I intend, if permitted to do so, to discuss the most important provisions in the bill in my own way. Before doing so I want to remind the gentleman from New York [Mr. LAGUARDIA] that this bill, or substantially this bill, was sent by the President of the United States and the high officers of the Treasury Department to the gentleman from Kansas [Mr. STRONG], who introduced it in the House, and that a similar bill containing the same provisions was sent by the administration to Senator WALCOTT, chairman of the Banking and Currency Committee of the Senate.

This bill was suggested by President Hoover and the Treasury officials after consultation with each other and with a few Senators and Representatives from time to time, upon the conviction entertained by them that under its provisions the economic situation in this country, which is in a very critical condition, may be improved, and that to a certain extent at least it would remove the depression which has been confronting the country in a most disastrous manner for over a year. From my study of the provisions of the bill I have reached the conclusion that it is the most important bill with which the Congress will deal at this session. I also wish, in a friendly spirit, to suggest to the gentleman from New York that, as this bill is approved by the President of the United States, by the Secretary of the Treasury, by the Under Secretary of the Treasury, by the Secretary of Agriculture, by the Comptroller of the Currency, by the governor and other members of the Federal Reserve Board, and by the leading bankers and business men all over the country, there is more merit in the bill than has been attributed to it by him. This is not a mythical piece of legislation.

As the gentleman from New York vigorously insisted, the bill may be in the interest of the big bankers of the country, and I think it is to a large extent, but at the same time, as I understand its provisions, if the directors of the corporation will impartially and sympathetically administer the provisions of the bill in behalf of all the people, and it is presumed that they will do so, it will afford substantial assistance to the small bankers of the Nation and indirectly to the average man in the country. We can not help the big bankers in the country without indirectly and by reaction helping the small bankers in the country.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. BRAND of Georgia. Yes.

Mr. SHALLENBERGER. I am interested in what the gentleman said about helping the little banker. I notice in section 5 they are prohibited from loaning in excess of 10 per cent of the authorized capital of a bank.

Mr. BRAND of Georgia. At any one time.

Mr. SHALLENBERGER. Does the gentleman think that a loan of 10 per cent of the capital stock of a bank that is in difficulties and struggling would be sufficient to relieve that bank?

Mr. BRAND of Georgia. The purpose of putting that amendment in the bill was to prevent the corporation from loaning too much money to railroads.

Mr. SHALLENBERGER. Then this is a limitation, in the opinion of the committee, and does not refer to the bank itself but to the corporation which loans the money.

Mr. BRAND of Georgia. Of course. It is a limitation upon the loaning power of the corporation, and not intended to limit the borrowing power of the banks—little or large ones.

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. BRAND of Georgia. Yes.

Mr. BEEDY. I am very glad that the gentleman from Nebraska has been corrected by the gentleman from Maryland. We now have an instance of what loose thinking we sometimes indulge in on the floor of the House. The gentleman from New York [Mr. LAGUARDIA] has just taken his seat. He condemned the bill because it permitted a loan of 10 per cent of the capital stock of the applying borrower plus the bonds of the borrower outstanding. In other words, he says here is a bill that permits a loan on what the debtor owes. That is not what the bill says at all.

There is written into the bill on page 7 a limitation on the capacity of this Reconstruction Corporation to make loans. It may never loan to any one borrower more than 10 per cent of the Reconstruction Corporation's capital stock, plus the aggregate amount of the outstanding bonds of the Reconstruction Corporation. So nobody under this bill can borrow from the Reconstruction Corporation on the strength of what he owes.

Mr. BRAND of Georgia. What I was trying to say when questioned by the distinguished gentleman from Nebraska is that the best judgment of the House and Senate and the administration is in favor of the proposed legislation.

In making this statement I do not refer particularly to the membership of the House Committee on Banking and Currency, although it is a fact that the members of this committee have diligently, impartially, and, I think, intelligently given much study and serious consideration to the provisions of this bill, and therefore the entire personnel of the committee is as familiar with the provisions of the bill as any Member of Congress. This tribute, which I sincerely think the personnel of the House Banking and Currency Committee deserves, not only includes the old members of the committee but also the new members assigned to it at this session of Congress, each and all of whom are entitled to full measure of credit.

It is not my purpose to submit any brief for the gentleman from Pennsylvania [Mr. MCFADDEN]. While the gentleman is liberal in the language he sometimes uses about public officers, which is not material to this controversy, he has been a very useful member of the subcommittee. In my judgment, he can find as many footprints of the big bankers who are alleged to be crooked, referred to by the gentleman from New York [Mr. LAGUARDIA], as any man in this Congress or out of Congress.

Mr. SIROVICH. Not restricted to bankers?

Mr. BRAND of Georgia. No. After this bill becomes law, and it will become a law, if the administration of the same is placed in the hands of directors who have some sympathy and some compassion for the average man and the small banker of this country, as well as the big bankers, in my opinion, it will be the greatest blessing and benediction that we can bestow upon the people of the United States during this session of Congress.

I do not know whether Members of Congress have personally felt the effects of this depression or not, but I am satisfied that practically all of our constituents have. Any person acquainted with current events for the last two years knows that the masses of the people are suffering and enduring sacrifices unprecedented in the history of this country, and all are looking to this administration and this Congress to leave nothing undone to terminate the existing depression. A group of individuals in this country, whether intending to do so or not, by their conduct have turned loose an avalanche of destruction, horrible in its consequences, which they have not been able to overtake and which has been more damaging in its consequences than anything that has occurred since the deflation period of 1920.

One of the chief troubles is that there is not a sufficiency of money in circulation to meet the needs and answer the demands of the people of the Nation. The big banks of the country in the agricultural sections are making no loans at all to the tenant class of farmers, and none to the landlords who own their own homes and farms and are out of debt. This is largely true relative to the people who want to borrow money on real estate in the cities.

I want to proceed with my original idea and analyze the provisions of the bill so that Members of Congress who have not had an opportunity to read and study the same and the people back home may know just what this bill provides. Few of our constituents have ever seen this bill and probably never will. Many Members of the House, for lack of opportunity, have never read the bill. This bill is more or less technical, and for one to understand it, it requires not only a careful reading but a study of its provisions. The only two speeches which have been made up to date are one by our chairman, the gentleman from Alabama, and one by the gentleman from New York [Mr. LAGUARDIA], although the gentleman from New York did not give much information about it, and I say this with no unkind feeling toward him.

Section 1 of the bill provides for the creation of the Reconstruction Finance Corporation with principal offices in the District of Columbia and agencies and branch offices in any city or cities of the United States, under rules and regulations prescribed by the board of directors.

Section 2: The capital stock of the corporation is to be $500,000,000, all subscribed and owned by the Federal Government.

Section 3 provides that the management of the corporation shall be vested in a board of directors, consisting of the Secretary of the Treasury, the Governor of the Federal Reserve Board, and the Secretary of Agriculture. The bill originally introduced by the gentleman from Kansas [Mr. STRONG] provided for the appointment of a member of the Federal Farm Board. We have stricken out that provision of the bill and put in lieu thereof the Secretary of Agriculture.

The bill provides that 4 other persons are to be appointed as directors—2 by the President and 2 by the Speaker of the House of Representatives. It was provided in the original bill that the President should appoint all four of these directors.

I do not want to discuss at this time the amendment providing for the appointment of two of these directors by the Speaker of the House of Representatives, though I hope to have the opportunity under the 5-minute rule of expressing my legal opinion relative thereto. Having voted for this amendment, which I did without giving the amendment sufficient consideration, I am practically forbidden, under the doctrine of estoppel, from voting against it.

In the original bill the salary of the appointed directors was placed at $12,000, but we reduced it to $10,000.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. WILLIAM E. HULL. The gentleman from New York [Mr. LAGUARDIA] referred to the fact of a small banker out in Illinois, for instance, desiring to borrow $50,000 on frozen assets. Will that bank have the privilege of coming to this board and getting it without going through a New York bank?

Mr. BRAND of Georgia. Yes; certainly.

Mr. WILLIAM E. HULL. That is, they can come direct? In other words, does the gentleman say that the small bank in Illinois will have the same opportunity to borrow money through this medium as the large bank?

Mr. BRAND of Georgia. I do.

Mr. YON. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.



Mr. YON. Suppose this bank had a capital of $50,000. Under this bill, if it becomes a law, how much would this bank be permitted to borrow?

Mr. BRAND of Georgia. As much as its collateral justifies. This small bank makes application for a loan under rules and regulations prepared by the board of directors.

I take it that blank applications will be provided for the convenience of the borrowers. In this application the borrower, among other things, will state how much money he wishes to borrow and the collateral security which he desires to submit for the loan. If the security which he tenders to the corporation for the loan he wishes to make is satisfactory to the corporation, the bank may get all the money it applies for.

I will go on with some of the other important features of the bill, and this, I am sure, will answer the questions propounded by the last two gentlemen relative to the lending power of the bill. The corporation may lend to any bank, savings bank, trust company, insurance company, building and loan association, agricultural or livestock credit corporation, intermediate-credit bank, agricultural or farmers' association incorporated under State laws, or any other financial institution of good standing.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BRAND of Georgia. It may lend to closed banks, for the purpose of restoration to solvency. We put that in the bill. It was not in the bill which was sent by the administration to Judge STRONG.

Mr. ALLEN. Will the gentleman yield?

Mr. BRAND of Georgia. Yes.

Mr. ALLEN. Referring to the banks that are insolvent, the machinery in the comptroller's office at the present time is better able to handle that situation than could be provided for it in this bill. The bill introduced by the gentleman from Maine [Mr. BEEDY] and the bill introduced in the Senate would cover that subject so much better, it seems to me, than by having incorporated it in this bill without the machinery to handle insolvent banks.

Mr. BRAND of Georgia. We put this amendment in the bill, as I told Mr. Pole, before he furnished his bill to Mr. BEEDY. And for this reason, among others, the committee declined to recede from its action. The corporation may make loans to the railroads, with the approval of the Interstate Commerce Commission. Of course, they will be the largest borrowers. There is no use denying that fact or suppressing that fact, because the railroads, as a rule, are in financial straits and most of them are losing money every day. Every public-spirited man, it seems to me, ought to be in favor of any sound legislation which will help the situation as to the railroads. I am willing to afford them such assistance as they may actually need to prevent them from going into the hands of receivers. All loans are to be fully and adequately secured and may run for three years, with a possible extension of two years additional. The provision that loans shall be fully and adequately secured is very strong language, and, I think, should be liberally construed by the board of directors.

Mr. CRISP. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. CRISP. Who is to pass on the solvency of the paper that is offered for rediscount?

Mr. BRAND of Georgia. Some member of the board of directors or an appointee of the board under such rules and regulations as the board shall prescribe. There will be 4 directors to be appointed, and it is my idea that they should be selected from different sections of the country—that is to say, for instance, 1 from the South, 1 from the North, 1 from the East, and 1 from the West.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. BRAND of Georgia. Yes.

Mr. EATON of Colorado. Has the gentleman come to the language which shows how frozen assets are going to be unfrozen by this half a billion dollars?

Mr. BRAND of Georgia. No; if I may I will answer the gentleman's question later.

As I say, all loans are to be fully and adequately secured, and may run for three years, with a possible extension of two years additional. All of the loans of the corporation must be made within one year from the date of the act, but the President may extend the period to a maximum of one year additional. The loans of the corporation to any one organization or group at any one time are limited to 10 per cent of the authorized capital stock of the corporation plus the aggregate amount of bonds of the corporation authorized to be outstanding.

Section 6: The national banks are not restricted to the amount of their capital in borrowing from the corporation.

Section 7: Federal reserve banks are directed to act as depositaries, custodians, and fiscal agents for the corporation.

Section 8: The Government departments, including the Federal reserve system, are required to give any confidential information with respect to prospective borrowers which the corporation may request.

Section 9: The corporation is authorized to issue its notes, debentures, bonds, or other such obligations to mature within a period of five years, bearing rates of interest to be determined by the corporation. The aggregate of all such obligations is not to exceed $1,500,000,000, making the total of the capital subscribed by the Government $2,000,000,000.

All obligations of the corporation are to be unconditionally guaranteed by the Government of the United States and shall be paid by the Government in case of default. The Federal Reserve banks are given full power to discount notes, drafts, and bills of exchange secured by obligations issued by the corporation; to make advances to member banks on notes secured by such obligations and further to deal in such obligations of the corporation as though they were obligations of the Government of the United States. Federal reserve banks, however, shall charge on such rediscount or advances a rate of 1 per cent higher than its discount rate on 90-day commencial paper.

Section 10: The obligations of the corporation are to be exempt from all taxation except surtax, estate, inheritance, and gift taxes, State or Federal.

Section 11: The Treasury Department is to furnish the facilities and the forms for bond issues.

Section 12: The corporation may act as depositary of public money and as financial agent of the Government, but not as to receipts from customs.

Section 13: The provisions for the liquidation of the corporation are to begin after one year from the act or such additional period of extension not to exceed two years after the act.

Section 14: After 10 years any unliquidated assets are to be turned over to the Treasury.

Section 15: The corporation is required to make quarterly reports of its operations to Congress, stating the aggregate loans made to each class of borrowers and the number of borrowers by States, in each class.

Section 16: Penalties for criminal violations.

Section 17: Reservations as to the power to alter, amend, or repeal.

In conclusion I want to remind you that this is an administration bill. It was introduced by the gentleman from Kansas [Mr. STRONG]. Its fate was placed in his hands and committed to his charge, I suppose, because the gentleman is a 100 per cent full-blooded Republican from Kansas and the administration has confidence in him. [Applause.] He is a man whom I also respect very much.

Mr. JOHNSON of Texas. Will the gentleman yield for a question?

Mr. BRAND of Georgia. Yes.

Mr. JOHNSON of Texas. With reference to the length of term of the directors appointed for five years, the bill provides that they shall be appointed for a term of five years, and I want to ask the gentleman if he does not think that term should be for a shorter period of time, for two reasons.

In the first place, this is a temporary measure to take care of a temporary emergency, and, in the second place, section 4 provides that the corporation shall have succession for 10 years unless sooner dissolved by act of Congress. If the terms of the directors are five years, would not there probably be some embarrassment in abolishing the corporation sooner? In otner words, would it not be easier to abolish the corporation if the term of the directors was for less than five years, if Congress should determine that it should be abolished sooner?

Mr. BRAND of Georgia. I can only tell the gentleman what I think about his question. If the institution created under the provisions of this bill is a success, as we all hope it will be, we will not want to abolish it very quickly. We will want it to keep functioning and maintain its existence until deflation ceases and inflation begins and conditions from one end of the Nation to the other have materially improved. If it proves a failure, which we all hope will not be the result, then we will want to abolish it as soon as possible.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WILLIAM E. HULL. Will the gentleman yield for a question?

Mr. BRAND of Georgia. Yes.

Mr. WILLIAM E. HULL. Does the gentleman actually believe in his own mind that $2,000,000,000 is enough for this corporation, and have you made provision for increasing the amount?

Mr. BRAND of Georgia. That is a very important question. The governor of the Federal Reserve Board and the Under Secretary of the Treasury, Mr. Mills, I think, have expressed the opinion that they will be very much disappointed if the corporation is called upon to loan as much as $200,000,000.

Mr. WILLIAM E. HULL. Now, will the gentleman answer the second part of the question—if the money does run out, have we any way of increasing the amount?

Mr. BRAND of Georgia. Not under the terms of the bill.

Mr. COLE of Iowa. Will the gentleman permit a suggestion? Is not this legislation intended to be about 16 to 1; that is, 16 of credit and confidence restored to 1 of actual money?

Mr. BRAND of Georgia. That is exactly it. Restoration of confidence and reestablishment of credit are essentially necessary to exist before the economic situation begins to improve.

Mr. COLE of Iowa. If we once reestablish credit, then the whole thing will go over big.

Mr. BRAND of Georgia. That is what we all hope for and expect. This measure is designed to put new life into our entire business structure by coming to the support of our financial institutions and the railroads by making funds available to them in the present emergency.

Its principal purpose, as stated, is to restore public confidence in the economic future of our country. I earnestly hope that this bill will soon be enacted and that it will have the beneficial effect predicted by the President and the officers of the Treasury Department and that it will permanently remove, or aid in doing so, the present financial depression which hangs over the country like the shadow of death, affecting men, women, and little children of all classes and all races of people.

Nevertheless, many of our people are moved by fear in the consideration of the business situation, and we have widespread hoarding of money, timidity in engaging in new business, and distrust of all financial institutions in general. Deposits are being withdrawn from banks which are solvent, causing many of them to close their doors. The banks themselves are becoming hesitant to lend money for fear depositors may suddenly demand their deposits.

Banks can not operate upon this basis. More than 2,000 banks failed in the year 1931, the largest number of failures being last month. A healthy banking situation is basically necessary to business recovery, and the primary aim of this bill is to give to banks and to depositors in banks—and this includes the farmers—the strongest possible assurance that the Nation itself will come to their support if necessary.

Different Members of the Congress have asked me the same question that has been asked on the floor here, Where does the farmer come in? This is one place where the farmer comes in.

Mr. WILLIAM E. HULL. He would also come in if he could borrow money.

Mr. BRAND of Georgia. If he is a depositor, he will come in.

Mr. WILLIAM E. HULL. If a bank is opened up and gives him the privilege of borrowing money, he will come in under the terms of the bill, will he not?

Mr. BRAND of Georgia. He certainly will. This is one of the chief provisions of this bill.

Mr. CRISP. Will the gentleman yield for a question there?

Mr. BRAND of Georgia. I yield.

Mr. CRISP. Are the bonds issued by this corporation eligible as collateral for postal-savings deposits?

Mr. BRAND of Georgia. The bill does not so provide.

[Here the gavel fell.]

Mr. STEAGALL. I yield the gentleman five minutes more.

Mr. BRAND of Georgia. Resuming my analysis of the bill, I will state that the United States will guarantee the payment of these obligations at maturity. The maturity date can not be longer than five years. The Federal reserve banks may rediscount paper of the corporation and may lend upon the security of its obligations the same as if they were Government obligations.

The normal operating life of the corporation is one year only, but the President of the United States may extend it to one year additional. This is done in the belief that the very existence of the corporation will restore public confidence. [Applause.] After one year of existence, if the President does not see fit to extend it, the corporation must be put into liquidation and its affairs would be wound up within a maximum of 10 years.

The corporation is permitted to make loans to all classes of banks except private banks to building and loan associations, insurance companies, to agricultural or livestock credit corporations, to other financial institutions of good standing, and to the railroads, with the approval of the Interstate Commerce Commmission. It may also make loans to receivers of closed banks for the purpose of restoring such banks to solvency.

Loans made by the corporation may be for a term of three years and may be extended to a maximum of five years, but all such loans must be fully and adequately secured. It is not the idea to relieve any situation by taking worthless assets as security. The loans must be made upon good assets, assets of intrinsic worth, but upon which it is not possible quickly to realize funds in the ordinary channels of trade.

I was told by one man who knows as much about this as anybody that the bank was solvent in ordinary times and is now loaded down with frozen assets is eligible to go to this corporation and borrow money, pledging its assets as collateral security in an amount satisfactory to the board of directors.

I was given to understand that this is one of the main purposes of the bill, and if it were not I would not support it. The little banks as well as the large banks are all on the same basis. I sincerely hope that this bill may soon become a law and that its benefits be realized quickly. [Applause.] We are all given to understand that it is urgent that this be enacted into law promptly, and I hope it will be. [Applause.]

[Here the gavel fell.]

Mr. BRAND of Georgia. I ask for five minutes more.

Mr. STEAGALL. I yield the gentleman five minutes more.

Mr. BRAND of Georgia. A bank does business upon its paid-in capital and the funds deposited with it for convenience and safe-keeping. A bank is not supposed to be

able at any time, without notice, to pay off a considerable number of its depositors. Under normal conditions the percentage of deposits and withdrawals can be anticipated by the banker. Banks therefore lend the depositors' money upon such security as the law and good business judgment approve. It also invests in bonds and other securities. Under ordinary conditions securities thus acquired are considered a liquid reserve and can be reduced to cash upon a moment's notice. Loans upon the mortgage security of real estate have always been considered good loans where conservatively made. The national bank act permits a national bank to lend in this manner an amount equal to one-half of its savings. These mortgage notes are not rediscountable; there is no established market for them, but they are safe and sound loans when held to maturity. This is especially true of mortgages on farms and on city houses and small business houses.

As we all know, conditions now are so highly abnormal that not only is it impossible for a bank to realize upon its securities by reason of the extreme deflation in market values but they face the daily possibility of a concerted demand by its depositors for their funds. The rediscounting of eligible paper with the Federal reserve banks is not in sufficient volume to meet this emergency. A bank faced with this condition must close its doors to conserve its assets, notwithstanding the fact that it is technically a solvent institution.

What will this corporation do under these circumstances? The bank will give its note to the corporation and will put up as collateral security mortgages, investment securities, and other paper sufficient fully to secure the note on a long-term basis, and the corporation will lend the bank a corresponding amount of funds or the corporation may simply rediscount paper held by the bank.

It is easy to foretell the effect of this procedure, for the very moment a depositor knows the United States will support the bank in this manner, he will be willing to leave his money in the bank. Money will come out of hiding all over the United States.

I hope and believe that this corporation will not have to lend any great part of its authorized capital structure in order to restore public confidence and that it will initiate the return of a saner view of our immediate business future. [Applause.]

Since I have been a Member of Congress I never have had anything to do with any bill that I felt so much interest in as I do in this one.

Mr. COLE of Iowa. And no one has explained it better.

Mr. BRAND of Georgia. The people are looking to Congress for relief; and if this does not do it, nothing that we can do will accomplish the purpose. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. STRONG].

Mr. STRONG of Kansas. Mr. Chairman, ladies, and gentlemen, first let me pay a tribute to the gentleman from Alabama [Mr. STEAGALL], the chairman of the Committee on Banking and Currency. He does not belong to the party of the administration; he belongs to the majority party in the House. When we were called into conference with the President, and these bills for the purpose of building a reservoir of credit, to check further deflation, and to make it possible to thaw out the frozen assets of the country were discussed, he and other prominent members of his party said that they would do all they could in the emergency to put through this legislation. [Applause.] I compliment him now upon the effort that he has made. We have been in conference practically every legislative day and some of the nights since this Congress has been in session. We have passed one bill that the President suggested, which the chairman of our committee [Mr. STEAGALL] introduced, for the relief of the land banks.

The gentleman from Alabama has had a bill pending before our committee for a year or two to grant a moratorium for the farmer borrowers of the farm land bank. When this bill came before the committee, however, and such an amendment was suggested, he knew that if we were to grant to all farmer borrowers an extension in their own right so that they at their own option need not pay for a year or two the interest and principal on their loans, those banks would fail, because every man who held a bond would sell it, and their price would fall, and you understand these banks must sell their bonds close to par if they are to secure funds to continue to make loans to farmers. So he helped work out an amendment that would give the directors of the 12 land banks the right, if the conditions of the borrower justified it, to grant him an extension of both interest and principal due for one year, and spread that payment over the ensuing five years. He brought the bill on the floor of the House.

Some Members, for the purpose of leading the people back home to believe they favored a moratorium to all farmer borrowers so they would not have to pay their interest and principal for a year without any arrangement regarding such payments, supported some amendments to that effect, but the gentleman from Alabama stood up here in the interest of those 12 great banks that now belong to the farmers of the country and defeated those amendments, and put through an amendment that would help them and yet not destroy the farm-land banks.

He has been very diligent in bringing this bill out on the floor of this House. This is the same bill as H. R. 5060, which I introduced at the request of the administration and that was prepared in the financial departments of the Government. This is the bill that we discussed in our committee and amended. When the bill was completed the majority members of the committee instructed my friend Mr. STEAGALL to report it out to this House, and that bill is now H. R. 7360, but I want the Members of the House to know that it is the same as the bill H. R. 5060.

It is very easy to criticize the bill. It carries an authorization of an immense amount of money and gives the directors broad powers, but if the greatest and richest Government on earth, finding itself in the emergency it does find itself in, intends to thaw out the frozen credits in this country, then it has to have somewhere an immense reservoir of credit, and the men who manage it must have broad powers. Of course the gentleman from New York [Mr. LAGUARDIA] can come in and damn the great bankers of his city and get a lot of applause, because that is the popular thing to do. Of course it will also get a lot of headlines in the papers. It is so much easier to tear down and criticize than it is to build up something. The gentleman from New York [Mr. LAGUARDIA] is an able and lovable man and he is a very popular Member of this House. It is too bad that he does not use his ability to help with constructive legislation. If he really wanted to find something to criticize the bill for, why did he not come before our Committee on Banking and Currency and offer his criticism and discuss the matter with the members of the committee? Every Member in this House has always an invitation to come to the Banking and Currency Committee and help us in the preparation of such legislation.

But no; he waited until the bill got on the floor of the House and then made his speech, damned the bankers and got the applause he wanted, but what good does it do in trying to help prepare legislation to take this Nation out of the condition we are in, away from the depression that exists all over the country and the world? None. Of course, he will prepare some amendments, and his speech was made for the purpose of getting votes in this House. I thought perhaps he was going to suggest an amendment to put into the bill some provision for a guaranty of bank deposits. There has been a bill along that line, introduced by Mr. BEEDY, of Maine, which has been very carefully worked out and prepared. Such a provision can not be thrown into a bill of this kind through an amendment. We had the guaranty of bank deposits in the State of Kansas. That State guaranteed deposits of all of the State banks, strong and weak, and every bank had a right to place upon its windows and on its checks that its deposits were guaranteed by the State. What happened? So many banks failed that we found ourselves shouldering a deficit that the State or the banks could not pay. You can not guarantee deposits of

every bank in the United States. You must have some safeguard, some protection against the weak banks that cause the losses being guaranteed, and I appeal to the Members of this House not to be carried away with an amendment of a few words guaranteeing the deposits of all banks in the United States, regardless of their condition or management.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. STRONG of Kansas. Not now. I appeal to the Members not to be led away by an amendment of that kind.

I do not agree with the way the many bankers have conducted their business in this country. I quite agree with the gentleman from New York on many things that he said. I wrote an article for one of the financial journals of the country at the close of the last Congress, and in that article I criticized the bankers for the way in which they had been conducting their business. I do not believe in their indulging in the by-products of banking. I do not believe that a bank ought to be connected with a trust company or to sell securities all over the world on commission. I think the bank should be limited to legitimate banking business. I said in that article that if the bankers of the country did not clean house it might be necessary for the Government to enter the banking business, as it has the Postal Service, for the purpose of protecting the deposits and savings of the people of the United States.

I say to them now it is their duty to quit loaning the money and deposits of the people for gambling and speculation, and to quit selling stocks and bonds to the people on a big commission, especially bonds and stocks which turn out to be worthless.

But, gentlemen, what has that got to do with this bill? Why hammer the bankers in order to create prejudice against this bill? Now, let me discuss the purpose of this bill. It is to set up an immense reservoir of credit, one that will be large enough to help any institution or group in the United States that performs a public service, to help liquidate their frozen assets, so that they may extend credit to farmers, merchants, and those industries which employ our laboring men. It is to be a corporation of $500,000,000 capital, to be subscribed out of the Public Treasury. All of that amount may not be used. It is granted the right also to issue bonds and debentures for $1,500,000,000 more. It may not use it all; but in his statement before our committee Gov. Eugene Meyer made it very plain that they must at this time have something worth while to put in the show window so that the people who were now scared, who refuse on account of fear to do business, could know that the Government of the United States had set up a reservoir of credit strong enough to take care of frozen assets and thaw them out and permit business men—bankers, farmers, merchants, manufacturers, railroads, and building and loan companies—to go ahead and do business.

You say how would it help the farmers? My friends, I have always been a great admirer of Governor Meyer, not alone on account of his great knowledge of finance but because of his peculiar ability to go to the place that affects the entire financial system and fundamental trouble and administer to that trouble the proper financial relief.

Mr. KELLER. Will the gentleman yield?

Mr. STRONG of Kansas. I prefer to go on with my remarks, please.

Let me show you what Governor Meyer said to our committee with regard to how this corporation would help the little banks in the agricultural States and afford relief to the farmer. When he was director of the War Finance Corporation he did many things in my district and in other districts in the West which helped the small banks. He pointed out to our committee that the best way to help the big bank was to build a safe foundation under it, make it possible for it to do business without fear that some other bank would fail and cause a run on that bank. I quote Governor Meyer from the hearings before our committee:

> We have a situation, gentlemen, where it is a fact, as is commonly stated, that fear is a dominant factor. We had a similar situation in 1921, when the agricultural relief act expanded the loan powers of the War Finance Corporation for a period of a year, which was extended finally until December 31, 1924. It is important to analyze what that fear is. It is not the weak fearing the strong; it is the strong fearing the weak. We will take a concrete example in the agricultural relief work in 1921, because specific cases are always almost convincing. There was a small town in the Middle West with three good, strong banks and one bank that was small and weak. As long as that small, weak bank was in danger the three strong banks would not renew loans if they could help it; they would extend no new credit, or very little; and they pursued, perhaps rightly under the circumstances, a contraction policy in their operations. You hear, and you hear truthfully as a matter of fact, of strong banks afraid to function actively and normally. It is the fear of some neighbor, or the situation in some neighboring town, or something else, or maybe the fear generated by events such as the Bank of England going off the gold basis and the conditions in Europe and South America, but that fear has become a dominating factor in the financing of the regular business of the country.
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> In 1921 the War Finance Corporation removed, in that small town in the Middle West, the fear on the part of three strong banks of that small, weak bank. The amount of money required in that particular case was not important; the most important thing was that a small amount of money directed to the weak spot released, through the removal of fear from the strong banks serving the agricultural interests of the community, a very large amount of money which otherwise would not have been available and which, of course, does not appear on the books of the War Finance Corporation.
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> Now, with the strength and resources of this great Nation, I believe that there is the possibility of important remedial work of the greatest benefit to agricultural, commercial, and industrial interests through a measure with broad powers along the lines of this bill. There is a great deal of talk about frozen assets. Some of these assets that are called frozen are among the best in the country. It was my experience, however, in the work of the War Finance Corporation that many so-called "frozen assets" thaw out with considerable speed if they are properly handled.
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> I took the occasion this morning to look up in one of the old reports of the War Finance Corporation the amount loaned to banks under the 1921 amendment. Altogether the corporation made loans for agricultural purposes to 4,317 banks—mostly country banks—the largest amount outstanding to banks at one time was about $134,000,000, in April or May, 1922. In May, 1923, in spite of the fact that a great many new loans were made during the year, the amount outstanding had been reduced to $60,000,000, and a year later, in spite of more new loans, to $37,000,000. In addition to the loans to country banks, one of the biggest problems that confronted the corporation was the livestock situation. There it was a problem of developing machinery through which loans on livestock—cattle and sheep, particularly—could be made on an adequate scale.
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> A company was organized in Texas with a capital of $1,000,000, another in Cheyenne, Wyo., with a capital of $1,000,000, another in Colorado with $500,000 capital, another in Utah with $250,000 capital, another in Montana with $250,000 capital, and so on. The aggregate amount of livestock loans—cattle and sheep—was somewhere between $85,000,000 and $90,000,000.
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> The largest amount of such loans outstanding at one time was sixty million, in May, 1922. In spite of the fact that many additional loans were made in the following year, the repayments brought the aggregate down to forty million in May, 1923, and a year later down to twenty-six million. I am giving you these figures to show how so-called frozen assets thaw out where the character of the credit is suitable to the situation. There was nothing more frozen in the country than a cow loan in the breeding area of the United States in 1921. Sheep and cattle were unmarketable in quantity. Prices were demoralized. When corn gets down, as it did in 1921 in western Iowa and Nebraska, to 16 or 18 cents on the farm, why, of course, the note of the farmer in the Corn Belt may be "frozen." The War Finance Corporation made loans to 529 banks in Iowa and put them in a position not only to carry their farmer borrowers until their products could be marketed in an orderly way but also to make new loans.

Governor Meyer pursued that policy all over the country. That is to be the policy of this corporation. It will take care of the weak in order that the strong may be without fear and give credit so that crops may be financed, goods purchased and sold, improvements made, trade and business encouraged, and the unemployed employed. For illustration, the railroads, 80 per cent of whose expenditures are for labor, must borrow $175,000,000 between now and the 1st of June. Under the present situation of the money market and the present credit conditions throughout the country, they can not borrow and receiverships, inefficiency, and unemployment will follow with great losses to the people who are dependent on them for transportation to and from markets or who supply or work for them. They are a great source of State and local taxation, without which our tax burdens would be even more burdensome. They move our crops, employ our labor, buy our coal and foodstuffs. Their employees are our neighbors and friends.

Suppose this corporation says: "If you bankers do not come to the relief of the railroads we will." Can you imag-

ine what you would do if you had money to loan and a great $2,000,000,000 corporation said, "If you do not loan this money I will." Of course the bankers want profit, and they will find a way to furnish the money to the railroads, particularly as they will know that their own assets are no longer frozen.

Governor Meyer made it plain that he did not expect to use anywhere near the amount of money authorized, but he said:

> We have to have it in the show window. We have to convince the people of the United States that this great Government is going to the relief of the frozen credit machinery of this country and take up frozen assets and permit them to thaw out.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Kansas five additional minutes.

Mr. STRONG of Kansas. So the purpose of this bill is that this great Government, with the greatest resources on earth and the best people behind them, is going to say, "We are in a position to thaw out the frozen credits of this country along all lines, building and loan companies, insurance companies, railroads, banks in the agricultural districts, all kinds of groups that have to do with rendering public service, thus encouraging employment, restoring confidence, and assuring a gradual return of prosperity.

If it becomes a law, my friends, this bill will give relief. It carries wide power, I grant you. It carries an immense sum in capital, I grant you. You may criticize, but this is no time for hesitation; it is time to act, for the world is prostrate and we alone can create this great confidence-inspiring corporation and thus start the climb upward even if the rest of the world persists in its militaristic and uneconomic policies. I have never been afraid of something because it was new or because it was called radical, if the experience of the past—the War Finance Corporation—indicated that it was sound, constructive, and beneficial.

There is one section of this bill that I think must come out and which was not in the bill as I introduced it, and that is the proposition to divide the appointing power of four directors, in addition to the ex officio members of this corporation, by providing that the President appoint two and the Speaker of the House two. This represents a departure in government, a placing of executive functions in the presiding officer of a legislative body, which is contrary to our form of government, and may present serious administrative complications.

I know the Speaker of this House would appoint two splendid men upon that board of directors to administer this great corporation, and I believe he would cooperate with the President in connection with the two men the President would appoint. But, my friends, there is some doubt as to the constitutionality of this provision, and I do not want to wait until somebody goes to the Supreme Court of the United States with a case testing its constitutionality. We want to get this corporation working within 30 days after the bill becomes a law.

We do not want any delay and, therefore, I hope the membership of this House will consent to an amendment—which I hope will be offered by our friends on the majority side—which will permit the President to appoint these four directors. I am positive he will do the fair thing by both sides of this House.

This is not the place nor the time in which to play politics. This is the time and the place when we should put aside partisanship and all unitedly attempt to bring about relief in our great country, and we want the help of every Member in that effort.

Mr. ALLGOOD. Will the gentleman yield?

Mr. STRONG of Kansas. I yield.

Mr. ALLGOOD. Would the gentleman favor making those appointments for two years instead of five, in case that amendment were submitted?

Mr. STRONG of Kansas. I think that would not be a good thing to do, and for this reason: You are going to loan money for one year with the right of renewing the loan for two years. The board is to effect collection of such loans. I believe you should not change the membership of the board while those loans are in existence. You may collect them in 5 years or 10 years.

Mr. ALLGOOD. But that would make it nonpolitical.

Mr. STRONG of Kansas. It would not make it nonpolitical, my friend. It would just simply show that you are going to change horses in the middle of the stream. It is not a partisan corporation nor a political one. It is a great credit institution designed to help all, large and small. I do not care how many men your party has on this board but simply want able men who are not partisans but patriots.

Mr. ALLGOOD. The gentleman is asking the committee to give way and allow the President to appoint them?

Mr. STRONG of Kansas. I would not ask the committee to give way if I thought there was no question about the constitutionality of the provision; but as there is some question about its constitutionality I want the bill passed in such a way as not to allow it to go into court and delay its being put into effect. The President suggested during the nonpartisan conference at the White House that he would like to have the number he should appoint increased from two to four to enable him to include both parties, and I have confidence that he meant just what he said.

Mr. McCORMACK. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. McCORMACK. The gentleman made some observations about the guaranty of deposits. If the Government guarantees bank deposits, should we not go directly into the banking business and take complete control?

Mr. STRONG of Kansas. I gave you my opinion about that. I do not think the Government ought to guarantee the deposits of all banks, sound and unsound, because that would put a penalty on the good banks. It would cost a great deal of money to guarantee the deposits in unsound banks. The bill for the guaranty of bank deposits that has been introduced by Mr. BEEDY, of Maine, has been carefully prepared and our Committee on Banking and Currency will hold hearings, and everyone desiring to be heard will have the opportunity.

Ladies and gentlemen, the country is waiting for the passing of this Reconstruction Credit Corporation bill. I have received telegrams from all over the Nation urging its prompt enactment into law. Let us speed its passage.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Chairman and gentlemen of the committee, it is not my intention in the time given me, and which I will probably not consume in full, to enter into an analysis of this bill, but rather to put myself on record as favoring the measure and expressing the hope that it will pass this House very promptly.

I would like, however, to corroborate what my friend from Kansas [Mr. STRONG] has said both as to the chairman and as to the personnel of this committee, of which I have been a member for six years. Most of the men who are members of that committee have been its members for many years. In the six years during which it has been my privilege to sit with these men, I have never, except upon one occasion, observed anything of a partisan character or political character in the deliberations of the committee. I have come to have the most intense admiration for my seniors of both parties on the committee. I do not know how anyone could give better or wiser consideration to matters presented to the committee than such men as Mr. STEVENSON, of South Carolina; Mr. GOLDSBOROUGH, of Maryland; Judge BRAND, of Georgia; and Mr. STEAGALL, from the State of Alabama; and I think the same thing may properly be said of my own side of the committee. I am emphasizing this merely to try to point out to the House my very earnest belief that this measure is a wholly nonpartisan one. It is an extraordinary measure, but it is an emergency measure, an emergency measure in the strongest sense.

As I study this bill—and the committee has given to it most careful and thorough study—I can not look upon it as a panacea for the ills from which the public is suffering

at this time, but I do look upon it as a real step in the right direction toward restoring confidence and bringing us back to something of a normal way of life.

There is only one feature of the bill to which I could seriously object, and that is the one of which Mr. STRONG spoke a few moments ago.

I have perfect confidence in the Speaker of this House. I have perfect confidence that if he is given the power to appoint members of the board of directors of the reconstruction corporation he will use that power patriotically and wisely, but it seems to me that it is a departure from tradition and precedent. It is a departure which may be fraught with peril. It may establish a precedent which will arise to plague us in time to come. It seems to me it is a confounding of an executive function with a legislative function. I can see many questions which may arise out of it in the near future. Suppose, for instance, just to suggest one of them, it became necessary to remove a member of this board; would the Speaker have the power of removal? Would the President have the power of removal? Probably not, because he has not made the appointment. It is not an executive appointment.

Mr. COX. And in the matter of reappointment, who may reappoint?

Mr. HOOPER. The question also arises about who may reappoint, and I thank my friend from Georgia for suggesting it.

There are many considerations that might rise to plague the Congress of the United States growing out of this provision. However, I would not allow this rather extraordinary innovation to prevent me from voting for the bill and earnestly advocating its passage; but I hope that this feature may be eliminated.

This is a relief measure. It is an emergency measure. It is a nonpartisan measure. I have not, in this strenuous session of Congress, said a word upon the floor of the House from a political standpoint, and I am going to avoid this as much as I can in order to assist in that small degree in having necessary legislation passed; but we must remember that this depression is not a partisan depression. Democrats and Republicans have suffered alike. Men and women throughout the world have suffered alike as a result of it.

As a nonpartisan measure this bill should pass; not as a cure-all, but with the hope and the purpose (and this is the purpose which has actuated the Banking and Currency Committee) that it may be one of the contributing causes which will once more restore confidence to the country, make us believe more in our banks, make us less ready to withdraw our money from them, make us look forward with hope to that day which certainly will dawn in the near future when confidence will be restored and when the world can once more come back to a normal way of living.

Mr. COX. Will the gentleman yield?

Mr. HOOPER. Yes.

Mr. COX. The gentleman, as a member of the committee, may be of some aid to me in giving a future explanation to certain provisions of the bill to which previous speakers have referred. In the latter part of section 3 the language is as follows:

> Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment—

And so forth.

Then again:

> The directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of $10,000 per annum each.

The chairman of the committee, in response to questions propounded to him with respect to the meaning of this language, gave it as his opinion that one already in the service of the Government and receiving a salary from the Government could not, under the language I have quoted, receive a further or additional salary, stating that in his opinion this condition is safeguarded with the following language, which is the last two lines of section 3 of the bill:

> Nor shall any employee receive a higher salary than that herein fixed for the directors.

In the opinion of the gentleman does that language safeguard the condition referred to in the questions propounded to the chairman of the committee? In other words, is not all of the language of section 3 of the bill in reference to the power of the board to engage as officers of the board of directors those now in the employ of the Government, and does not all the language empower the board and contemplate that the board will, in its discretion, pay an additional salary to any officer of the Government that the board may see fit to engage up to the sum of $10,000?

Mr. HOOPER. I did not hear the entire statement of the chairman of the committee, but from the discussion we had in committee and from the explanations of the bill as given there it is my opinion that the situation referred to by my friend from Georgia is safeguarded by the language of the bill. I have not a copy of the bill here with me.

Mr. COX. In other words, an officer drawing, say, $5,000 whose services the board desires to engage and which might be given without impairing his duties to the Government in the office which he now holds the board would not have the right to pay him for services rendered an additional salary as an officer of the board.

Mr. HOOPER. It is my belief and understanding that that safeguard is found in the language of the bill.

[Here the gavel fell.]

Mr. WATSON. Mr. Chairman, I asked the distinguished chairman of the committee a question in relation to language found on page 7 and he failed to give me a direct answer. On page 7 we find this language:

> *Provided*, That no loans or advances shall be made upon foreign securities and foreign acceptances or for the purpose of assisting in carrying or liquidating such foreign securities and foreign acceptances.

On page 9 we find—

> Every applicant for a loan under this act shall as a condition precedent thereto consent to such examinations as the corporation may require for the purposes of this act, and that reports of examinations by constituted authorities may be furnished by such authorities through the corporation upon request therefor.

If upon examination a bank is found to have foreign securities, the corporation will not loan to that bank. Remember that many of these securities were purchased before the war, purchased by banks that had good standing in the community. I do think it unwise to say to bankers, "Because you have a few foreign securities we will not help you."

This association is for the purpose of assisting depositors, and if we do not, then this act fails to do what it is intended to do.

Mr. STRONG of Kansas. I do not think the purpose of the law is to prohibit loaning money to a bank but to prohibit the loaning of the money on foreign securities.

Mr. WATSON. The act specifically provides that no loan shall be made for the purpose of carrying foreign bonds. If a bank has few foreign securities and the directors want to borrow money, they can not get it.

Mr. STRONG of Kansas. The corporation will not loan the money to them on their foreign securities.

Mr. WATSON. The bank may have a great many foreign securities, and unless the loan is made the bank may fail.

Mr. STRONG of Kansas. The purpose is to discourage the handling of foreign securities, with which I thoroughly agree.

Mr. WATSON. I do not know the purpose of the committee, but I do know that it is as plain as letters and words can write that the banks can not borrow money for the purpose of liquidating or carrying the foreign securities.

Mr. STRONG of Kansas. You can not borrow on the foreign securities, but the bank could borrow money on other securities.

Mr. BEEDY. If the gentleman will yield, I think the gentleman is properly concerned, and I think that there

is something in what he says. The language is a restriction on the power of the corporation to loan on foreign securities or for the purpose of enabling a borrowing bank to carry foreign securities. Now, I suppose that when we come to administer the act, if it is found that a bank is unduly loaded with foreign securities, and principally because of that fact a loan was needed, the reconstruction corporation would refuse the loan. But it is my judgment a loan would be granted a bank notwithstanding the fact it might have some foreign securities if it could be reasonably concluded that the loan was not sought to enable the bank to carry those particular securities.

Mr. WATSON. That should be written in the bill.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Chairman, some of us would like to know how much time has been consumed in general debate and how it has been distributed.

The CHAIRMAN. The gentleman from Alabama has 1 hour and 25 minutes remaining, and the gentleman from Pennsylvania has 2 hours and 57 minutes remaining.

Mr. STEVENSON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 7360, and had come to no resolution thereon.

EXTENSION OF TIME FOR GENERAL DEBATE

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that general debate upon the present bill be extended for three additional hours, to be equally divided. I have consulted the majority and minority leaders, and that is entirely satisfactory to them. They say it will not interfere with the program for the week.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the time for general debate on the bill be extended for three hours, one half to be controlled by himself and the other half by the gentleman from Pennsylvania. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want 15 minutes.

Mr. STEAGALL. I hope there will be no trouble about that. I shall have to give preference to the members of the committee.

Mr. BLANTON. Of course.

Mr. STEAGALL. I think I can take care of the gentleman.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. WOLCOTT, indefinitely, on account of illness in his family.

BOARD OF DIRECTORS, COLUMBIA HOSPITAL

The SPEAKER. The Chair makes the following appointments, which the clerk will report.

The Clerk read as follows:

Pursuant to the provisions of the act of June 10, 1872 (37 Stat. L. 360), the Chair appoints as members of the board of directors of the Columbia Hospital for Women the following Members of the House: Mrs. NORTON, Mrs. KAHN.

LIBERTY IN REVERSE

Mr. WILLIAM E. HULL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by placing therein a speech delivered by my colleague, the gentleman from Washington [Mr. HORR], on the subject of Liberty in Reverse.

The SPEAKER. Is there objection?

There was no objection.

Mr. WILLIAM E. HULL. Mr. Speaker, under the leave to extend my remarks in the RECORD I include a speech delivered by my colleague the gentleman from Washington, Mr. HORR, this being the fourteenth of a series of 15-minute talks over the blue network of the National Broadcasting Co., sponsored by the Sentinels of the Republic, delivered January 3, 1932. These broadcasts take place each Sunday at 1 o'clock eastern standard time during the fall and winter of 1931–32.

The speech is as follows:

From the day the Puritans landed on Plymouth Rock and in their zeal to implant liberty in the New World began to massacre the aborigine and deprive him of his possessions, liberty has taken on some fantastic shapes. She became a versatile contortionist.

Our ancestors came to America for religious freedom and then proceeded to exile and burn those who disagreed with them. Many of the American people have assiduously carried out that ideal in our moral and governmental life. This country has become the Mecca for the crusader and the fanatic. Within the memory of our own genearation it was considered sinful to dance, to play cards, or to go to the races—and the opera house was a sinful habitation.

As small boys we signed some pledge or other and sometimes we signed it every week in order to be pointed out as one who had forsaken the path toward hell.

Moderation is something the reformer knows nothing about. Anyone who questions any measure offered by the reformer becomes immediately an undesirable citizen. There is no middle of the road. He and he alone is right, and you must agree with his doctrine or you will be led to some sort of a faggot pile, such as political and official oblivion, for destruction.

These so-called uplifters attempt to get possession of youth through the public schools. They would regulate the way you live, the manner you worship your God, and they have gone so far as to put prohibition, a police regulation, in the Constitution.

Is it strange that failure has followed such efforts and that our country is in a chaotic state? A law prohibiting an act that the people do not consider wrong in conscience and do not feel bound to respect is doomed always to failure. A former American ambassador to Germany, James W. Gerard, very aptly states the position of the American people when he calls attention to the fact that Americans are spending $285,000,000 a year in Canada and $700,000,000 a year in Europe just "to get a smell of liberty."

It is well for us to sing the Star-Spangled Banner and, on patriotic occasions, extol this land of the free, but as we sing we know full well that liberty has not kept astride of the physical progress of the country. Liberty has turned backward. It is in reverse. Jefferson aptly observed that "the natural progress of things is for liberty to yield and government to gain ground." How true in the development of our country?

We may pride ourselves on our democracy, but a careful analysis and comparison of conditions at the beginning of our Government with the present shows that little remains of the liberty valiantly achieved by the founders of the Republic. In place of a democracy we have a bureaucracy. As proof go back to the year 1800, when our Government, then representing 5,300,000 persons, was moved from New York to Philadelphia. At that time there were 54 office clerks. All the records of the Government were moved in seven small and five large boxes. The Government was then functioning, and had, as we know, passed a vast amount of important legislation. It consisted of the Departments of State, Treasury, War, Navy, Justice, and Post Office.

The population of the United States now is twenty times more than the population of 1800. Had Government employment increased in proportion, 742 persons would now be employed as office clerks in the Government. But what have we? The departments, 134 bureaus, 35 independent offices, employing at home and abroad over 800,000 men and women—and so many commissions that the count of them has been lost. With approximately 160,000 men in the Army and approximately 90,000 in the Navy, and many special workers in other subdivisions of the Government service, employment reaches well over the million mark.

What does this paternalism cost the country? In 1800 the Federal Government appropriated $11,000,000, or approximately $2 per person; in 1850 the Federal appropriation was $45,000,000, or $1.93 per person; in 1890 it was $8.20 per person; and in 1930 expenditures were $4,710,377,376, which is $38.42 for every man, woman, and child in the United States, according to the 1930 census returns.

The price of liberty is small. The price of bureaucracy bankrupts the Treasury. What do we have to show for this transition from liberty to bureaucracy? Has Federal encroachment on State rights and individual rights, guaranteed under the Constitution, been productive of better government or of a better people? Has it produced economy in government and has it given a higher moral tone to the citizens? The emphatic answer is no.

It is a known fact that projects constructed under Government supervision cost approximately a third more than similar projects constructed under individual supervision. In my home city of Seattle we saved approximately one-third of the cost of a million-dollar Government building through the employment of local architects and engineers. This is not an isolated incident, but is typical of Federal activities. Uncle Sam is like the rich widow—bargains do not come to him.

The natural bureaucratic tendency to use standardized plans and specifications on file in Washington, without regard to local conditions or to advanced methods of construction and improved materials, results in inferior Federal construction. We have in mind one building where such antiquated plumbing was stipulated that the items were not listed in the recent catalogues.

We are reminded also of the story going the rounds at the Capitol that one of these stereotyped plans was submitted for the post office at Detroit which called for a hitching post. Such is the result of Government centralized control. Architects and engineers 3,000 miles from the place of construction, without a true knowledge of local conditions, can not efficiently plan construction.

This condition is not limited to one department, but prevails in all Government agencies. In Washington, D. C., approximately 75,000 people are in Government employ. Some are planning buildings, others are planting seed, some weighing the world, and most all of them are taking over the business that properly belongs to States and individuals.

We have bureaus telling you how to live and how to die, how to raise babies, what to eat and what not to eat, and commissions to report on every manner of thought and activity. This all costs huge sums. One commission appointed to determine whether you do or do not drink cost the taxpayers over a third of a million dollars, and because their report did not coincide with the views of some people it was buried in the archives of records and was interred in the sublime Westminster Abbey of former commission reports.

We might smile were it not for the fact that the price of admission to this comedy of government is so exorbitant. It is small wonder that my friend, Colonel Robertson, the sage of newspaper men of my State, writes that "the whole country is busted from the Atlantic to the Pacific."

If you are of the opinion that Federal legislation has been productive of good, inquire whence came the word "racketeer," with the twelve to eighteen billion dollar tribute paid every year to him. If you are still convinced and do not fear alcoholic asphyxiation, take a peep into the lockers of the legislators, the judiciary, and others in high authority, and then with more serious intent into our colleges and our subdeb parties and, worst of all, into our homes.

We can not complain of the lack of law or statute. If legislation is the panacea of misbehavior, we should be the most law-abiding nation in the world. No nation is comparable to the United States in the making of laws. We are pleased or damned with over 2,400,000 statutes—Federal, State, and municipal. Correctly we have been designated a country with more laws and more lawlessness than any other nation.

Morality enacted by statute can not and never will be of the fiber of true morality. Goodness must come from within and not through force applied by law from without. People do not respect certain laws because they know that the acts decreed by law as wrong are often not wrong, and punishment, however drastic, does not and will not insure enforcement.

This disregard for one unenforceable law produces a disregard of all laws. Individual acts were not proscribed by the framers of our Constitution. They were not considered objects of constitutional control. Morality, health, public instruction were subjects reserved to the States. Bureaucracy, which is another form of tyranny, was thought to have been provided against.

Do you suppose that the framers of the bill of rights, that Washington, Franklin, Madison, Hamilton, Jefferson, or their colleagues, in their wildest flights of imagination ever dreamed of the desirability of Government regulation of the individual? Do you suppose any one of the States signing the Constitution would have signed with that in mind?

Agents of Government are everywhere. Interference is not only in business but in our homes. In commenting on the British policy of entering homes with writs of assistance issued to revenue officers to search suspected places for smuggled goods our own Supreme Court said that these writs were "the worst instrument of arbitrary power, the most destructive of English liberty and the fundamental principle of law that ever was found in an English law book, since they pleaced the liberty of every man in the hands of every petty officer."

But here this very condition prevails to-day. Think what it costs in dollars and cents, without regard to the sacrifice of liberty—liberty assured us under the Constitution. If this fanaticism continues and centralized government prevails, you will be told what school your children must attend, tobacco will be tabooed, and I presume candy also, as they say it might, although it never does, fatten mama's marriageable daughter.

Where are we going? Is this our ideal of liberty?

The Statue of Liberty was placed in position more fitting than our forbears thought. Facing outward she extends a welcome to the oppressed of the world—at least this has been the accepted thought. More correctly be it now said she is gazing into space seeking to find that which she typifies.

Why, may we ask, did the liberty seeker ever come to our shores? Why not Finland?

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 5 minutes p. m.) the House adjourned until to-morrow, Tuesday, January 12, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

367. A letter from the Comptroller General, transmitting report and recommendation concerning the claim of the Rio Grande Southern Railroad Co. against the United States; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SMITH of Idaho: Committee on Irrigation and Reclamation. H. R. 4650. A bill to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes; with amendment (Rept. No. 37). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MORTON D. HULL: A bill (H. R. 7427) to provide for the appointment of deputy collectors of the Internal Revenue Service; to the Committee on Ways and Means.

By Mr. SIROVICH: A bill (H. R. 7428) to amend section 4894, Revised Statutes (U. S. C., title 35, sec. 37); to the Committee on Patents.

Also, a bill (H. R. 7429) to protect labor in its old age; to the Committee on Labor.

By Mr. BALDRIGE: A bill (H. R. 7430) to amend an act entitled "An act to establish a universal system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, as last amended by the act of January 7, 1922; to the Committee on the Judiciary.

By Mr. RAYBURN: A bill (H. R. 7431) to amend section 16a of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7432) to authorize the Interstate Commerce Commission to delegate certain of its powers; to the Committee on Interstate and Foreign Commerce.

By Mr. THATCHER: A bill (H. R. 7433) to provide for an additional district judge for the eastern and western districts of Kentucky, and to amend section 83 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. MITCHELL: A bill (H. R. 7434) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended, and for other purposes; to the Committee on Roads.

By Mr. JAMES: A bill (H. R. 7435) to amend the national defense act of June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. HOGG of Indiana: A bill (H. R. 7436) to provide for registration of aliens and a certificate of identification; to the Committee on Immigration and Naturalization.

By Mr. HARLAN: A bill (H. R. 7437) to amend the national prohibition act as amended; to the Committee on the Judiciary.

By Mr. SWEENEY: A bill (H. R. 7438) to increase the balance to the credit of any one person in a postal-savings depository from $2,500 to $10,000; to the Committee on the Post Office and Post Roads.

By Mr. McLEOD: A bill (H. R. 7439) to provide for an additional district judge for the eastern district of Michigan; to the Committee on the Judiciary.

By Mr. McCORMACK: A bill (H. R. 7440) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. LAMBERTSON: A bill (H. R. 7441) granting pensions and increase of pensions to widows and former widows of certain soldiers, sailors, and marines of the Civil War, and for other purposes; to the Committee on Invalid Pensions.

By Mr. CRISP: A bill (H. R. 7442) establishing a revolving fund to be administered by the Secretary of Agriculture

for agricultural credit purposes; to the Committee on Agriculture.

By Mr. BULWINKLE: A bill (H. R. 7443) to authorize an appropriation to provide additional hospital, domiciliary, and out-patient dispensary facilities for persons entitled to hospitalization under the World War veterans' act, 1924, as amended, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. BLANTON: A bill (H. R. 7444) to abolish police trial boards in the District of Columbia, to establish a discipline board for the investigation of the conduct of officers and members of the Metropolitan police force, and to provide for their suspension and removal, to amend and repeal certain laws relating thereto, and for other purposes; to the Committee on the District of Columbia.

By Mr. TABER: A bill (H. R. 7445) to amend the disabled emergency officers' retirement act of May 24, 1928, (45 Stat. 735; U. S. C. Supp. —, title 38, ch. 10A); to the Committee on World Veterans' Legislation.

By Mr. HILL of Washington: A bill (H. R. 7446) to provide for the construction, operation, and maintenance of the Columbia Basin project in Washington, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. DISNEY: A bill (H. R. 7447) amending the act entitled "An act authorizing the Court of Claims to hear, determine, and render judgment in the civilization fund claim of the Osage Nation of Indians against the United States, approved February 6, 1921 (41 Stat. 1097); to the Committee on Indian Affairs.

By Mr. LEWIS: A bill (H. R. 7448) giving the protection of the law to the worker's right to work and guaranteeing him an equal share of the employment available; forming trade associations for industries and their employees doing an interstate business, in order to enable such industries to stabilize business and to provide certain benefits for their employees—to wit (a) life and disability insurance, (b) workmen's accident compensation, (c) workmen's pensions, (d) unemployment insurance—and imposing certain excise taxes; to the Commitee on Ways and Means.

By Mr. SIROVICH: Resolution (H. Res. 100) appointing a commission of seven to inquire into the subject of old-age dependency in the United States, and proper method of its relief, and to report back its findings within one year; to the Committee on Rules.

By Mr. POU: Resolution (H. Res. 101) providing for the consideration of House Joint Resolution 163 to provide an appropriation for the expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932; to the Committee on Rules.

By Mr. HARLAN: Joint resolution (H. J. Res. 196) proposing an amendment to the Constitution of the United States vesting certain power in Congress to regulate intoxicating liquors and repealing the eighteenth amendment to the said Constitution; to the Committee on the Judiciary.

By Mr. LUDLOW: Joint resolution (H. J. Res. 197) proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. DOUGLAS of Arizona: Joint resolution (H. J. Res. 198) to authorize a flood-control investigation by the American section, International Boundary Commission, United States and Mexico, in cooperation with the Mexican section, and authorizing the construction of flood-control works; to the Committee on Foreign Relations.

By Mr. McKEOWN: Joint resolution (H. J. Res. 199) requesting the President of the United States to call an intergovernmental conference or conferences to prevent the debasing and sale of silver by governments, and on bimetalism, and for other purposes; to the Committee on Foreign Affairs.

By Mr. LOVETTE: Joint resolution (H. J. Res. 200) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama, to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial to enact an appropriate legislation to cure present abuses in the Federal land-bank system; to the Committee on Banking and Currency.

Memorial to build and maintain a road from Kingman, Mohave County, Ariz., to the Hoover Dam; to the Committee on Irrigation and Reclamation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York: A bill (H. R. 7449) for the relief of the heirs of Jacob D. Hanson; to the Committee on Claims.

By Mr. BALDRIDGE: A bill (H. R. 7450) authorizing the Treasurer of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer; to the Committee on Claims.

Also, a bill (H. R. 7451) for the relief of John Herink; to the Committee on Claims.

Also, a bill (H. R. 7452) granting a pension to Eudora Elkins; to the Committee on Invalid Pensions.

By Mr. BEERS: A bill (H. R. 7453) granting an increase of pension to Martha R. Valentine; to the Committee on Invalid Pensions.

By Mr. BOYLAN: A bill (H. R. 7454) for the relief of Marguerite Ciscoe; to the Committee on Claims.

By Mr. BRAND of Ohio: A bill (H. R. 7455) to authorize the presentation of the medal of honor to John C. Reynolds; to the Committee on Military Affairs.

By Mr. BULWINKLE: A bill (H. R. 7456) for the relief of James McKinney; to the Committee on Military Affairs.

By Mr. COOPER of Ohio: A bill (H. R. 7457) for the relief of Albert Henry; to the Committee on Military Affairs.

By Mr. CULKIN: A bill (H. R. 7458) granting a pension to Mrs. Edwin Crandall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7459) granting an increase of pension to Frances M. Cooley; to the Committee on Invalid Pensions.

By Mr. FINLEY: A bill (H. R. 7460) granting an increase of pension to Lewis Owens; to the Committee on Pensions.

By Mr. FISH: A bill (H. R. 7461) for the relief of John Jay Ide; to the Committee on Foreign Affairs.

By Mr. GARNER: A bill (H. R. 7462) granting a pension to William S. Wall; to the Committee on Pensions.

By Mr. HARLAN: A bill (H. R. 7463) granting an increase of pension to Lavina E. Toby; to the Committee on Invalid Pensions.

By Mr. HOLLISTER: A bill (H. R. 7464) granting a pension to William F. Stevens; to the Committee on Pensions.

By Mr. HOPKINS: A bill (H. R. 7465) granting a pension to Mariah E. Groom; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7466) granting an increase of pension to Mary E. Grace; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7467) granting a pension to Nannie Blades; to the Committee on Invalid Pensions.

By Mr. HORNOR: A bill (H. R. 7468) for the relief of Clarence G. Stonestreet; to the Committee on Military Affairs.

By Mr. JOHNSON of Texas: A bill (H. R. 7469) for the relief of Arthur N. Ashmore; to the Committee on Claims.

By Mr. LAMBERTSON: A bill (H. R. 7470) for the relief of John J. Delaney; to the Committee on Military Affairs.

By Mr. LAMNECK: A bill (H. R. 7471) granting a pension to John Andrew McDonald; to the Committee on Pensions.

Also, a bill (H. R. 7472) granting a pension to Jennie Springstead; to the Committee on Pensions.

By Mr. LEWIS: A bill (H. R. 7473) for the relief of James T. Webster and Mary A. Webster; to the Committee on Claims.

By Mr. MAJOR: A bill (H. R. 7474) granting an increase of pension to A. Isabell Williams; to the Committee on Invalid Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 7475) granting a pension to Joel T. Pardue; to the Committee on Invalid Pensions.

By Mr. PARKER of Georgia: A bill (H. R. 7476) granting retirement annuity or pension to Hiram Elliott; to the Committee on the Civil Service.

By Mr. PURNELL: A bill (H. R. 7477) granting an increase of pension to Gertrude M. Finney; to the Committee on Pensions.

By Mr. SOMERS of New York: A bill (H. R. 7478) to change the military record of Harry Lewis; to the Committee on Military Affairs.

By Mr. SPENCE: A bill (H. R. 7479) for the relief of William McCormack; to the Committee on Military Affairs.

By Mr. STALKER: A bill (H. R. 7480) granting an increase of pension to Cornelia M. Perry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7481) granting an increase of pension to Sadie M. Correll; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7482) granting an increase of pension to Mary Krener; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7483) granting an increase of pension to Charlotte A. Castimore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7484) granting a pension to Edward Burg; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7485) granting a pension to Luticia C. Anderson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7486) granting a pension to Mary A. Mitchell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7487) for the relief of Elijah Wilson; to the Committee on Military Affairs.

Also, a bill (H. R. 7488) granting an increase of pension to James L. Phillips; to the Committee on Pensions.

Also, a bill (H. R. 7489) granting a pension to Millard Sevier Acuff; to the Committee on Pensions.

Also, a bill (H. R. 7490) granting a pension to Josie Cox; to the Committee on Pensions.

Also, a bill (H. R. 7491) for the relief of Creed F. Casteel; to the Committee on Military Affairs.

Also, a bill (H. R. 7492) for the relief of Henry B. Jones; to the Committee on Military Affairs.

Also, a bill (H. R. 7493) granting a pension to Lakey Romines; to the Committee on Pensions.

Also, a bill (H. R. 7494) granting a pension to Martin T. Atkins; to the Committee on Pensions.

By Mr. THURSTON: A bill (H. R. 7495) granting a pension to George Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7496) granting an increase of pension to Clara Herr; to the Committee on Invalid Pensions.

By Mr. WOLFENDEN: A bill (H. R. 7497) granting an increase of pension to Sara H. Morrison; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

337. By Mr. CHRISTOPHERSON: Petition of the Yankton (S. Dak.) Chamber of Commerce, urging construction of the Great Lakes-St. Lawrence seaway and completion of Mississippi and Missouri River improvement projects; to the Committee on Rivers and Harbors.

338. Also, petition of the Yankton (S. Dak.) Chamber of Commerce, urging a moratorium on politics and the passage of constructive legislation; to the Committee on Ways and Means.

339. By Mr. HILL of Washington: Petition of Mrs. B. S. Vincent and 38 other residents of Spokane, Wash., opposing resubmission to the people of the prohibition question or of any bill to weaken the prohibition law; to the Committee on the Judiciary.

340. Also, petition of Mrs. R. H. Hutchinson and 11 other residents of Spokane, Wash., opposing resubmission to the people of the prohibition question or of any bill to weaken the prohibition law; to the Committee on the Judiciary.

341. My Mr. JOHNSON of Texas: Petition of Texas Federation of Women's Clubs, opposing repeal of the agricultural marketing act; to the Committee on Agriculture.

342. By Mr. PERSON: Petition of citizens of Detroit, Mich., favoring the enactment of legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

343. Also, resolution of Michigan Real Estate Association, indorsing the principle of creating a central mortgage bank or like agency to rediscount mortgages; to the Committee on Banking and Currency.

344. By Mr. RUDD: Petition of A. P. Babcock Co., perfumers, New York City, opposing the passage of the LaGuardia bill (H. R. 4605) providing for an excise tax of 10 per cent on toilet articles; to the Committee on Ways and Means.

345. By Mr. SANDERS of Texas: Petition of T. L. Hurlburt and numerous other citizens of Kemp, Tex., urging support of bills providing for payment of balance of certificates to veterans and pensions for World War widows; to the Committee on Ways and Means.

SENATE

TUESDAY, JANUARY 12, 1932

(Legislative day of Thursday, January 7, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Robinson, Ind.
Austin	Dale	Kendrick	Sheppard
Bailey	Davis	Keyes	Shortridge
Barbour	Dickinson	King	Smith
Barkley	Dill	La Follette	Smoot
Bingham	Fletcher	Lewis	Steiwer
Black	Frazier	Logan	Swanson
Blaine	George	McGill	Thomas, Idaho
Borah	Glass	McKellar	Thomas, Okla.
Bratton	Glenn	McNary	Trammell
Brookhart	Goldsborough	Metcalf	Tydings
Bulkley	Gore	Morrison	Vandenberg
Bulow	Hale	Moses	Wagner
Byrnes	Harris	Neely	Walcott
Capper	Harrison	Norbeck	Walsh, Mass.
Caraway	Hastings	Norris	Walsh, Mont.
Carey	Hatfield	Nye	Watson
Connally	Hayden	Oddie	Wheeler
Coolidge	Hebert	Patterson	White
Copeland	Howell	Pittman	
Costigan	Hull	Reed	
Couzens	Jones	Robinson, Ark.	

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is necessarily detained from the Senate on official business. I ask that this announcement may stand for the day.

Mr. HASTINGS. I wish to announce that my colleague the junior Senator from Delaware [Mr. TOWNSEND] is necessarily absent. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

BOARD OF VISITORS TO NAVAL ACADEMY

The VICE PRESIDENT. Pursuant to the provisions of law, the Chair appoints as members, on the part of the Senate, of the Board of Visitors to the United States Naval Academy for the year 1932, the junior Senator from Nevada [Mr. ODDIE], the junior Senator from New Hampshire [Mr. KEYES], the senior Senator from South Carolina [Mr. SMITH], and the junior Senator from Kansas [Mr. McGILL].

LANDS IN LOUISIANA AND MISSISSIPPI (S. DOC. NO. 48)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, in response to Senate Resolution 126 (agreed to on the 4th instant), relative to fixing a 90-day suspension of further sales and patent of lands in Louisiana and Mississippi, and so forth, which was ordered to lie on the table and to be printed.

PETITION AND MEMORIAL

Mr. JONES presented a petition in the form of a resolution of the Woman's Christian Temperance Union, of Chelan, Wash., favoring the passage of legislation for the Federal supervision of motion-picture films and the establishment of higher moral standards in the production thereof, which was referred to the Committee on Interstate Commerce.

Mr. BARBOUR presented the memorial of Mrs. Elizabeth B. Dickinson, of Morristown, and 49 other citizens, all in the State of New Jersey, remonstrating against a proposed referendum on the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

PROPOSED ADDITIONAL JUDGESHIP, DISTRICT OF NEW JERSEY

Mr. BARBOUR. Mr. President, I present a petition from the Federal Bar Association of New York, New Jersey, and Connecticut, favoring the passage of legislation creating an additional permanent judgeship in the district of New Jersey. I ask unanimous consent that it may be printed in the RECORD and appropriately referred.

There being no objection, the petition, in the form of a resolution, was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

Resolutions unanimously passed by the Federal Bar Association of New York, New Jersey, and Connecticut at a regular meeting held in New York City on December 21, 1931

Whereas the position held by the late Judge Runyon in the Federal judiciary of the district of New Jersey was of a temporary character, and terminated at his regrettable death; and

Whereas it is physically impossible for the three judges now members of that bench to dispatch the vast business of that district, with the result that both the civil and criminal calendars are becoming badly in arrears; and

Whereas the services of four judges sitting continuously are required as an absolute minimum for the proper handling of the business of the district of New Jersey; and

Whereas there is now pending before Congress a bill for the creation of an additional permanent judgeship in the district of New Jersey: Now, be it

Resolved, That the Federal Bar Association of New York, New Jersey, and Connecticut urge upon Congress the passage at this session of the bill now pending for the creation of an additional permanent judgeship in the district of New Jersey; and be it further

Resolved, That a copy of this resolution be sent to each of the Members of the respective congressional delegations of the respective States of New York, New Jersey, and Connecticut, with the request that these gentlemen use their best endeavors to secure the passage of such legislation at the earliest possible moment.

THE PROHIBITION QUESTION

Mr. NEELY. Mr. President, I ask unanimous consent to have read and referred to the Committee on the Judiciary a telegram which I have just received.

The VICE PRESIDENT. Without objection, the telegram will be read and so referred.

The telegram was read and referred to the Committee on the Judiciary, as follows:

[Telegram]

FAIRMONT, W. VA., *January 11, 1932.*

Senator M. M. NEELY,
Washington, D. C.:

We are opposed to Congress passing a resubmission resolution of the eighteenth amendment. We urge maintenance and enforcement of same, and ask that this petition be printed in the RECORD.

FAIRVIEW W. C. T. U.,
Rev. GORDON WITHERS,
Rev. J. A. WRIGHT,
WALTER LOUGH,
WORLEY POWELL,
ALFRED KNISELY,
GAY BASNETT,
WALTER TOOTHAMN.

EXCHANGE OF COFFEE AND WHEAT WITH BRAZIL

Mr. COPELAND presented a letter from the Green Coffee Association of New York City (Inc.), signed by its secretary, which was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

NEW YORK, *January 11, 1932.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

SIR: At a meeting of the Green Coffee Association of New York City (Inc.), held at its offices, 104 Front Street, Monday, January 11, in response to a call sent to all the members, an active discussion of the following report resulted in its adoption:

Whereas the Government of Brazil and the Government of the United States of America through its Federal Farm Board have seen necessary and fit to consummate an exchange of coffee and wheat; and

Whereas the Government of Brazil has advised that no further similar transactions are contemplated in the future; and

Whereas the Federal Farm Board has repeatedly assured the coffee trade of the United States that the coffee already secured from Brazil will be marketed through the regular channels of trade in an orderly manner: Be it

Resolved, That the Green Coffee Association of New York City (Inc.) does respectfully protest against any further transactions of this character. Notwithstanding the repeated assurances of the Farm Board that the coffees already received in exchange for wheat will be marketed in an orderly manner through the regular channels of trade, and the assurances of the Brazil Government that further such transactions are not probable, we emphatically believe that such transactions are detrimental to the interests of the coffee merchants of the United States as well as Brazil and that only through the entire elimination of such transactions in the future will a reasonable prosperity return to business.

Very respectfully yours,

GREEN COFFEE ASSOCIATION OF NEW YORK CITY (INC.),
M. E. HILLMAN, *Secretary.*

REPORTS OF THE COMMERCE COMMITTEE

Mr. VANDENBERG, from the Committee on Commerce, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2388. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn. (Rept. No. 82); and

S. 2389. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the Dandridge-Newport Road in Jefferson County, Tenn. (Rept. No. 83).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 2905) for the relief of Frank Zabkar; to the Committee on Military Affairs.

By Mr. FRAZIER (by request):

A bill (S. 2906) to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.; to the Committee on Indian Affairs.

By Mr. HEBERT:

A bill (S. 2907) prescribing the procedure for forfeiture of vessels and vehicles under the customs, navigation, and internal revenue laws; to the Committee on the Judiciary.

By Mr. DICKINSON:

A bill (S. 2908) for the relief of Harold A. Koss; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 2909) for the relief of Ross E. Adams; to the Committee on Claims.

By Mr. BRATTON:

A bill (S. 2910) for the relief of Anna Hathaway; to the Committee on Claims.

A bill (S. 2911) granting an honorable discharge to Felix Griego; to the Committee on Military Affairs.

A bill (S. 2912) granting a pension to Harry A. Kubli, jr.; and

A bill (S. 2913) granting a pension to Florentino Montano; to the Committee on Pensions.

By Mr. BRATTON and Mr. CUTTING:

A bill (S. 2914) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo

Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to direct the issuance of a patent to the pueblo of Taos for certain lands described herein, and for other purposes; to the Committee on Indian Affairs.

By Mr. HATFIELD:

A bill (S. 2915) authorizing A. A. Lilly, M. B. Collinsworth, and A. E. Booth, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Big Sandy River at or near where it enters into the Ohio River, and between the cities of Kenova, W. Va., and Catlettsburg, Ky.; to the Committee on Commerce.

A bill (S. 2916) for the relief of George R. Keener, alias George E. Kirk; to the Committee on Military Affairs.

A bill (S. 2917) for the relief of the Neill Grocery Co.;

A bill (S. 2918) for the relief of Andrew Boyd Rogers;

A bill (S. 2919) for the relief of Margaret Archer; and

A bill (S. 2920) for the relief of the Kleeson Co., of Moundsville, W. Va.; to the Committee on Claims.

A bill (S. 2921) granting an increase of pension to Maggie E. Steadman;

A bill (S. 2922) granting an increase of pension to Eliza A. Buzzard;

A bill (S. 2923) granting an increase of pension to Josephine Criswell; and

A bill (S. 2924) granting an increase of pension to Martha M. Founds; to the Committee on Pensions.

By Mr. HOWELL:

A bill (S. 2925) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 2926) granting an increase of pension to Katherine L. Cushing; to the Committee on Pensions.

By Mr. HALE:

A bill (S. 2927) granting an increase of pension to Emma A. Gannett (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 2928) to provide a license tax for circuses in the District of Columbia; and

A bill (S. 2929) to provide space in public buildings in the District of Columbia for the parking of motor vehicles; to the Committee on the District of Columbia.

By Mr. NEELY:

A bill (S. 2930) for the relief of Clark Wiley; to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 2931) for the relief of the Wells Fargo Bank & Union Trust Co., successors to the Union Trust Co., of San Francisco, Calif.; and

A bill (S. 2932) for the relief of the Citizens National Trust & Savings Bank, successors to the Citizens Trust & Savings Bank, of Los Angeles, Calif.; to the Committee on Claims.

By Mr. SWANSON:

A bill (S. 2933) to provide for the construction of a suitable approach to the Arlington Memorial Bridge connecting Lee Boulevard (route 711 of Virginia) with the memorial bridge; to the Committee on Public Buildings and Grounds.

By Mr. McKELLAR:

A bill (S. 2934) for the relief of the Manhattan Savings Bank & Trust Co., of Memphis, Tenn.; to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 2935) to regulate interstate and foreign commerce in bituminous coal; provide for consolidations, mergers, and cooperative marketing; require the licensing of corporations producing and shipping coal in interstate commerce; and to create a bituminous coal commission, and for other purposes; to the Committee on Mines and Mining.

By Mr. BINGHAM:

A bill (S. 2936) for the relief of the American Industrial Co., successors to the American Industrial Bank & Trust Co., of Hartford, Conn.; and

A bill (S. 2937) for the relief of the Phoenix State Bank & Trust Co., successors to State Bank & Trust Co., formerly State Bank, of Hartford, Conn.; to the Committee on Claims.

By Mr. REED:

A bill (S. 2938) to amend the national defense act of June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. WATSON:

A bill (S. 2939) granting a pension to Walter Edward Luther (with accompanying papers); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 2941) for the relief of Holy Family Hospital, St. Ignatius, Mont.; to the Committee on Claims.

Mr. ROBINSON of Arkansas. Mr. President, I introduce a joint resolution and ask to have it referred to the Committee on Foreign Relations. A similar resolution is pending before the House of Representatives.

By Mr. ROBINSON of Arkansas:

A joint resolution (S. J. Res. 79) to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932; to the Committee on Foreign Relations.

ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

Mr. HAYDEN and Mr. LOGAN each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, which were ordered to lie on the table and to be printed.

CHANGES OF REFERENCE

Mr. KEAN. Mr. President, on December 17, 1931, I introduced Senate bill No. 2170, entitled "A bill to amend an act entitled 'Settlement of war claims act, 1928.'" This bill was referred to the Committee on Claims but should have been referred to the Committee on Finance. I ask unanimous consent that the Committee on Claims may be discharged from the further consideration of the bill and that it be referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. NEELY. Mr. President, on January 4 I introduced a bill (S. 2560) for the relief of Samuel Pelfrey, and it was erroneously referred to the Committee on Pensions. I ask unanimous consent that that committee be discharged from the further consideration of the bill and that it be referred to the Committee on Military Affairs.

The VICE PRESIDENT. Without objection, that order will be made.

COAL LANDS WITHIN UINTAH NATIONAL FOREST

On motion of Mr. NYE, the Committee on Public Lands and Surveys was discharged from the further consideration of a letter from the Acting Secretary of the Interior, transmitting a report of the Acting Director of the Geological Survey as to the value of certain coal lands of the Uintah, White River, and Uncompahgre Bands of Utes of Utah, taken by the United States for the Uintah National Forest, together with a supplemental report dated August 24, 1931, and the letter, with the accompanying report, was referred to the Committee on Indian Affairs.

HEARINGS BEFORE THE POST OFFICES AND POST ROADS COMMITTEE

Mr. ODDIE submitted the following resolution (S. Res. 135), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, is hereby authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not ex-

ceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

SPECIAL ASSISTANT CLERK, COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

Mr. BINGHAM submitted the following resolution (S. Res. 136), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Territories and Insular Affairs is hereby authorized to employ a special assistant clerk during the Seventy-second Congress, to be paid at the rate of $2,220 per annum out of the contingent fund of the Senate.

COMMERCIAL RADIO BROADCASTING

Mr. COUZENS. Mr. President, on January 7, I introduced a resolution (S. Res. 129) asking the Radio Commission to investigate certain features of radio broadcasting. I ask unanimous consent that the resolution may be disposed of at this time.

The VICE PRESIDENT. Let it be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 129), as follows:

Whereas there is growing dissatisfaction with the present use of radio facilities for purposes of commercial advertising: Be it

Resolved, That the Federal Radio Commission is hereby authorized and instructed to make a survey and to report to the Senate on the following questions:

1. What information there is available on the feasibility of Government ownership and operation of broadcasting facilities.

2. To what extent the facilities of a representative group of broadcasting stations are used for commercial advertising purposes.

3. To what extent the use of radio facilities for purposes of commercial advertising varies as between stations having power of 100 watts, 500 watts, 1,000 watts, 5,000 watts, and all in excess of 5,000 watts.

4. What plans might be adopted to reduce, to limit, to control, and perhaps to eliminate the use of radio facilities for commercial advertising purposes.

5. What rules or regulations have been adopted by other countries to control or to eliminate the use of radio facilities for commercial advertising purposes.

6. Whether it would be practicable and satisfactory to permit only the announcement of sponsorship of programs by persons or corporations.

7. Any information available concerning the investments and the net income of a number of representative broadcasting companies or stations.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. NORBECK. Mr. President, reserving the right to object, I want to say that I hope the resolution can be disposed of quickly. If it can be so disposed of, I am perfectly willing to withhold any objection.

Mr. KING. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. I do.

Mr. KING. I have no intention to oppose the resolution. I want to ask the Senator from Michigan whether he has considered the wisdom of having the Radio Commission make a finding as to the use of the radio for political purposes and the extent to which it is so used and whether it should be used for those purposes, and if so, under what regulations in order to secure parity of treatment of all political parties and of those who are not active as members of political parties but who have a desire to expound their views upon political and economic questions.

Mr. COUZENS. May I say to the Senator from Utah that a statute enacted by Congress provides that any broadcasting station which permits one political party to broadcast through that station is compelled to grant the other party the same right? It is also provided in the statute that where an economic or other question is before the public both sides must be permitted to be heard upon equal terms. I think, so far as Congress can regulate that matter, the statute has already done so.

Mr. ROBINSON of Arkansas. Mr. President, I am informed that the Senator from Washington [Mr. DILL] desires to have considered an amendment. That Senator is not in the Chamber at the moment.

Mr. COUZENS. I was going to speak of that, if the Senator will permit me. The Senator from Washington is just entering the Chamber. I approve of the amendment which he desires to offer.

Mr. ROBINSON of Arkansas. The Senator from Washington was not on the floor when I rose.

Mr. COUZENS. No; he has just reentered the Chamber.

The VICE PRESIDENT. Is there objection to the consideration of the resolution?

The Senate, by unanimous consent, proceeded to consider the resolution.

Mr. COUZENS. Mr. President, I wish the Senator from Washington would offer his amendment now. The resolution has been read, but the amendment, of course, has not yet been presented.

Mr. DILL. Mr. President, I offer the following amendment and ask that it may be read.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 2, after line 17, insert the following:

8. Since education is a public service paid for by the taxes of the people, and therefore the people have a right to have complete control of all the facilities of public education, what recognition has the commission given to the application of public educational institutions? Give name of stations, power used, and frequency.

9. What applications by public educational institutions for increased power and more effective frequencies have been granted since the commission's organization? What refused?

10. What educational stations have been granted cleared channels? What cleared channels are not used by chain broadcasting systems?

11. How many quota units are assigned to the National Broadcasting Co. and the other stations it uses? To the Columbia Broadcasting system and other stations it uses? To stations under control of educational institutions?

12. In what cases has the commission given licenses to commercial stations for facilities applied for by educational institutions?

13. Has the commission granted any applications by educational stations for radio facilities previously used by commercial stations? If so, in what cases? In what cases have such applications been refused? Why refused?

14. To what extent are commercial stations allowing free use of their facilities for broadcasting programs for use in schools and public institutions? To what extent are such programs sponsored by commercial interests? By chain systems?

15. Does the commission believe that educational programs can be safely left to the voluntary gift of the use of facilities by commercial stations?

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington.

Mr. COUZENS. Mr. President, I hope the amendment will be agreed to, because it is, I think, highly desirable that we have the information for which it calls.

Mr. DILL. I should like to say just a few words regarding the amendment.

Mr. COUZENS. I hope the Senator will not take long, because the resolution is being considered by unanimous consent, and I do not wish it to interfere with the pending legislation.

Mr. DILL. I was anxious to have asked the questions covered by the amendment in order that we might have the record of the commission as to what it has done in the way of permitting educational stations to be built up in this country. American radio is weakest on the educational side. The Radio Commission in interpreting the words "public interest"—and some one has called them the "magna charta" words of the radio law—has interpreted those words too narrowly by overemphasizing the part played by advertising over the radio. Judging from their grants of licenses and their refusals of licenses, the commission seems to take the view that the "public interest" is best served when stations whose owners have large amounts of money and are able to put on popular programs are given the cream of the radio facilities. I am sure the answer to these questions will show that again and again educational stations have asked for better wave lengths, for permission to use more power, and to have time upon wave lengths that would be desirable in the States where it was asked for, and that the commission has refused those applications.

It has given as the reason generally that the educational station is not prepared to use all the time or is not prepared to give the programs that the public desires and similar reasons, when it seems to me that the commission should have taken into consideration the fact that there is a large percentage of the public that would welcome more education by radio. It might well do something to develop a love of educational programs. The commission should divide time upon cleared channels which it has created in order that more people might hear educational programs. It could do this by permitting State universities and colleges and even public-school systems to use wave lengths for certain hours when they are desired and then allow commercial stations to use the remaining time for commercial and sponsored programs.

I hope that the information that will come from the commission will be such as to make the public realize how the commission has discriminated against educational stations and stations that are ready to put on educational programs, and that thereby we will build up a public opinion in this country that will induce the commission to take a proper view of the words "public interest" from the standpoint of education. If we can do that, it will be far better than attempting to legislate by provisions of a statute the priorities of different services to be granted by the commission.

Education over the radio should be free from commercial interests. It should be independent and free, just as our systems of public education are free and independent.

I shall not take more time because of other legislation pending, but I did want to give voice to these views, because of the questions submitted by my amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Washington.

The amendment was agreed to.

The resolution as amended was agreed to.

The preamble was agreed to.

EFFECT OF PRESENT MONETARY SYSTEM ON FOREIGN TRADE

Mr. FLETCHER. I ask unanimous consent to have printed in the RECORD a very timely and very thoughtful discussion by Mr. R. L. McKellar, of Louisville, Ky., who, incidentally, is a brother of the distinguished Senator from Tennessee [Mr. McKELLAR] on a subject now pending before us dealing with the decrease in our foreign trade and the importance of building it up.

There being no objection, the paper was ordered printed in the RECORD, as follows:

THE EFFECT OF PRESENT MONETARY SYSTEM AND ECONOMIC SITUATION UPON OUR FOREIGN TRADE

It now appears that the restoration of our foreign trade and the resumption of anything like normal conditions in shipping are largely dependent upon two outstanding measures now under active consideration. One is the lowering of high tariff walls by all countries, including our own, and the other is the stabilization of the price of silver.

This country has a surplus of production of innumerable commodities needed by foreign countries, but consumption in those foreign countries is governed by purchasing power. Countries having more than half the world's population are on a silver basis, and during the last two or three years the price of silver has fallen from around 60 cents an ounce to around 30 cents an ounce, thus cutting in half the purchasing power of silver-using countries.

More than half of the world's population is undersupplied; therefore it is not so much overproduction as it is unbalanced distribution, underconsumption, and the lack of purchasing power.

The gold supply of the world is approximately $11,900,000,000, of which this country has approximately five billion and France two and a quarter billion, leaving only one-third of the total supply for the balance of the world other than the United States and France.

Our best customers are largely indebted to us either for governmental or private loans, or both, and payment of these debts must be made in gold or its equivalent. Many of these debtor countries are on the silver basis, and silver, along with other leading commodities, is down in price about one-half; therefore it requires double the quantity of commodities or depreciated currency to equal the required value in gold.

We have shut out substantial imports from debtor countries by our prohibitive tariff walls and, not being able to pay us in goods, these countries are forced to pay us in high-premium gold, which results in the depressing the price of their commodities. To meet this situation our foreign customers are forced to adopt similar prohibitive tariffs, partly in retaliation against ours and also to shut out imports to enable them to use their resources to pay their debts in gold, thereby making it necessary to confine their buying to their own countries in order to protect their trade balance and meager gold supply. Country after country among our best foreign customers is embargoing imports in this way.

Another consideration is that the industrial and agricultural machinery of this country is now geared up to high production, and if this high production must be substantially curtailed it unquestionably means less employment of labor, both in factories and on farms, and also in transportation and marketing. Foreign trade is one of our largest industries. It is estimated that in prosperous years more than 2,000,000 families in the United States earned their living producing goods for export, and another million families earned their living in the manufacture of raw materials which we imported in exchange for our exports.

Shall we adopt the policy of national isolation and curtail our production and limit our output to the domestic needs of our 120,000,000 people, plus such export commodities as foreign countries must of necessity obtain from us, or shall we cooperate with other countries in lowering prohibitive tariff walls to minimum requirements and invite and stimulate trade with the entire world, with its total population of 2,000,000,000 people, and thereby keep up our production and the full employment of our labor in supplying foreign trade?

Foreign trade represents but from 8 to 10 per cent of our total commerce. With an open field it is entirely possible to increase this ratio to 15 per cent or more, and most any merchant will concede that 10 per cent may easily spell the difference between profit and loss.

Some foreign countries need our raw materials, some our manufactured products, some our idle capital, and some our technical experts in construction and organization.

The three countries of China, India, and Russia represent about half of the world's population, and each one is underdeveloped and also undersupplied with the needs of modern civilization. Obviously an immense field is offered by these countries for our diversified production. It would require only a small raise in the standard of living of these countries to absorb most all surplus production.

Latin America, partly contiguous and all within easy access to and from our shores, has a total population seven-eighths of that of continental United States.

The trade of North and South America with requirements of contemporary civilization is naturally tributary to this country. This trade therefore calls for our most generous cooperation.

There are strong arguments both for and against high protective tariffs, and also for and against any attempt to stabilize the price of silver, but in view of the vital effect these two measures have upon the restoration of our foreign trade an early and definite determination of the policy of this country is obviously advisable.

RELIEF OF UNEMPLOYMENT

Mr. BORAH. Mr. President, I ask unanimous consent to have inserted in the RECORD an exceedingly interesting interview between the Senator from Wisconsin [Mr. LA FOLLETTE] and Mr. William Hard, which was broadcast over the National Broadcasting Co. network last evening, relating to subjects of present interest.

There being no objection, the interview was ordered printed in the RECORD, as follows:

Mr. HARD. Senator, I'm going to ask you first a question you may think strange. I'm not going to ask you, What is progressivism? I am going to ask you, What do you think was the biggest legislative thing done by your father in the course of his many years of progressivism in Wisconsin and in Washington?

Mr. LA FOLLETTE. During his life-long political battle, through his individual efforts or under his leadership, certain legislative enactments were accomplished which in a way symbolize my father's underlying political and economic philosophy. Among these may be mentioned physical valuation of railroads as a basis for scientific rate making, increased power for the Interstate Commerce Commission, a fact-finding Tariff Commission, limitation of hours for railroad trainmen, the seamen's act, State regulation of public utilities, graduated income and inheritance tax laws, primary election laws.

My father was not only a crusader. He was a builder. He was never hasty. He always made sure of the next step. He was radical and dangerous only in that, once sure of his stand, he maintained it regardless of the nature or the power of the opposition. Again and again he took advanced ground singlehanded and alone, but he had so fortified his position by research, he had so masterfully marshaled the facts, that it was only a question of time until the proposition he advocated was written into law—and into good law, as events have proven. While the preservation of human freedom and equality of opportunity were the touchstones by which he measured all political issues, I think it is fair to say that his definite legislative accomplishments, both as executive and as legislator, in State and Nation, prove the proposition that any measures which safeguard and advance the welfare of the people at large will, at the same time, advance the best business interests of the community.

Mr. HARD. You contend, then, that the popular welfare and the welfare of business go along together?

Mr. LA FOLLETTE. Yes; I do contend that.

Mr. HARD. Can you illustrate further, specifically?

Mr. LA FOLLETTE. Yes. For example, the sound regulation of public utilities in Wisconsin has resulted in giving a high standing in normal times to the securities of Wisconsin public-utility corporations. The workmen's compensation law has reduced the number of accidents in industry and thereupon the industrial costliness of accidents.

Mr. HARD. Then let me bring you to matters of the immediate present. What do you think is the most immediate problem before the country?

Mr. LA FOLLETTE. The most immediate problem that must be met is to provide adequate relief for the millions of unemployed and their dependents. Heroic efforts on the part of cities and charitable organizations have failed tragically. To-day millions of our people are on the verge of starvation. Testimony taken by the Senate Committee on Manufactures proves beyond refutation that the social progress made during the last 50 years will be wiped out unless action is taken and taken quickly. Social workers, city managers, mayors from important industrial centers have revealed a condition which, if permitted to go on unchecked, will undermine our institutions. Standards of relief have been so reduced by exhaustion of funds and by an increase in the load due to diminishing resources of the unemployed that we are now providing for the destitute only on a famine-relief basis. Families are being broken up, children abandoned, housing conditions are insanitary due to overcrowding, malnutrition is taking its toll among children and adults, the tuberculosis mortality rate, for the first time in years, will show an increase—all due to the unprecedented burden of relief and to the inadequacy of the funds which are now available to meet the problem.

Mr. HARD. Don't you think that private charity could put forth further efforts?

Mr. LA FOLLETTE. Most of the community chests and special fund drives were concluded only a short time ago, after a nation-wide publicity and organization campaign, aided by a committee appointed by the President. High-pressure methods by special gift committees, together with a day's wage from the meager pay envelopes of those fortunate enough to be at work, marked the tremendous effort to raise additional funds. I am skeptical of the success of another drive following on the heels of the one closed so recently.

Mr. HARD. But what about further local taxes?

Mr. LA FOLLETTE. Seventy per cent of the relief is coming from local taxes now. Cities and counties burdened by this unprecedented demand have in many instances reached their debt and tax limit. Some of the States have constitutional limitations which make it impossible for them to provide relief. Furthermore, in nearly all the States the local taxes fall upon real estate. Due to the depression and the mounting tax burdens in local communities, tax delinquencies are increasing at an alarming rate, thus further crippling the ability of these governments to meet the task.

Mr. HARD. I can see that you are trying to prove that relief from the Federal Treasury will be necessary. I have heard four objections to that proposal. First, it is a dole.

Mr. LA FOLLETTE. I wish people would define what they mean by a "dole." If you mean money raised by taxation to relieve people in distress, we have a dole now; because, as I said before, 70 per cent of the relief is coming from taxation. But if local taxes are made to bear the burden, it falls on rich and poor alike. Federal assistance (on the other hand) to the cities, counties, and States will come for the most part from taxes on incomes and inheritances according to ability to pay.

Mr. HARD. The second objection is: It will crush the Federal income taxpayers.

Mr. LA FOLLETTE. Those who enjoy net taxable incomes are in a better position to pay than those who own real property. Graduated income and inheritance taxes are sound and just. Furthermore, Federal income taxation is the only means whereby the wealth concentrated in a few States, but derived from the people in every State, can be made to carry its fair share of the burden.

Mr. HARD. The third objection is: You are diminishing local responsibility.

Mr. LA FOLLETTE. On what theory is widespread distress, due to nation-wide economic breakdown, the sole responsibility of local governments? The city governments did not pass any ordinances which erected prohibitive tariff barriers, or any legislation affecting the credit policy of the banking system. If any governmental entity is solely responsible, which I do not claim, then it is the Federal Government. To my mind all governments are organized to protect the welfare of the citizens, and in a time of national calamity it is the duty of all governments, local, State, and national, to relieve the distress of people who, through no fault of their own, are suffering privation and hardship beyond the ability of words to describe.

Mr. HARD. The fourth objection is: Local relief taxes can be subsequently diminished by local pressure; but it is said, Federal taxes, once imposed, live on forever.

Mr. LA FOLLETTE. That does not agree with my experience. Even during the war we did not tax our income-tax payers as heavily as they did in Great Britain. After the war was over, income and inheritance taxes were reduced again and again—over the protest of the Progressives, by the way, who wanted to pay off the war debt at a faster rate during the period of prosperity. If we had been able to prevent those reductions, we would not now be worried by a deficit in the Treasury and we would not have had the orgy of speculation from which we are, in part, suffering to-day. No, Mr. Hard, I am not fearful that the big income-tax payers will lose all their influence in Washington. When the emergency is over, the taxes will be reduced.

Mr. HARD. Perhaps you win that point. So I'll ask you: What does your Federal relief bill provide?

Mr. LA FOLLETTE. It provides that the Federal Government shall make available $250,000,000 to assist the States, municipalities, and other local governments in meeting the burden of unemployment relief. The bill leaves the problem of administration in the hands of State and local authorities, the only contacts to be established by the Federal agency being with the recognized agencies of the State governments. No State will be coerced into the acceptance of Federal aid. Applications by State authorities will be made to the Federal Emergency Relief Board proposed in the bill. Part of the Federal appropriation is to be set aside as a special emergency fund to make outright grants or loans to State authorities so that they may cope with situations of acute need which can not be met through the general grants provided by the bill.

Mr. HARD. Will that be enough?

Mr. LA FOLLETTE. No; I do not think so.

Mr. HARD. What more, then?

Mr. LA FOLLETTE. We must provide employment and re-create purchasing power for the great masses of consumers if we are to stimulate recovery. To this end I have proposed a public works bill to provide a $5,500,000,000 prosperity bond issue to be used by the Federal, State, and municipal governments in tremendously expanding their public-works programs.

Mr. HARD. What! More public buildings? The country is getting crowded with them.

Mr. LA FOLLETTE. But this is a much more far-reaching program than that question implies, Mr. Hard. It involves not only public Federal buildings but highways, bridges, grade-crossing elimination, water supply and sewage systems, flying fields, parks and playgrounds, schools and housing. A well-balanced public works program of this magnitude will stimulate production all along the line from raw materials to finished products. The flotation of the $5,500,000,000 prosperity bond issue which the bill provides will be an important factor in offsetting the disastrous deflation now in progress. It will immediately change the entire psychology of the consumer. Merchants will be encouraged to stock their stores instead of carrying the lowest inventories in modern times. Consumers will purchase millions of dollars worth of goods which they have not bought because of prevailing conditions. I may add that the bill sets up safeguards against wasteful expenditures and makes certain that projects undertaken will be useful and become capital assets for the future.

So you will see, Mr. Hard, that the aim of this legislation is not solely to supply the Nation with more public buildings.

Mr. HARD. You are going to build public works for the local communities?

Mr. LA FOLLETTE. Under the terms of the bill loans to State and local authorities are made available up to $3,750,000,000, which is the greatest part of the emergency fund. In the past, 90 per cent of public construction has been carried by State and local governments, and their public works contain the greatest promise of expansion. The burdens which these authorities are already carrying not only make it difficult for them to enlarge their existing programs, but threaten the curtailment of the programs now under way. Credit conditions are so adverse that they can not float large bond issues. This condition the proposed loans to them from the Federal Government would remedy.

Mr. HARD. How many men do you think you will succeed in employing?

Mr. LA FOLLETTE. The best estimates indicate that the expenditure of $5,500,000,000 for construction would give jobs to 4,500,000 directly and indirectly. This will distribute purchasing power. It will create a market for food, clothing, shoes, and other necessaries of life which these workers have been buying in small amounts or not at all. Putting money in the hands of four or five million people unable to buy now will help to break the vicious spiral of deflation. Restored purchasing power will create a demand for goods not listed as necessaries of life.

Farmers will benefit both through the restoration of demand for food and other products and through the rise in agricultural commodity prices; and, like all other debtors, they will benefit from a decrease in the purchasing power of the dollar, resulting from rising commodity prices, and will thus be enabled to pay off their obligations in dollars more nearly approximating the value of the dollar at the time their debts were incurred.

Mr. HARD. It would seem, Senator, that you rather expect to be able to revive prosperity by measures at home. What about abroad? What about Europe?

Mr. LA FOLLETTE. I do not deny the importance of economic conditions abroad, but I do contend that a substantial improvement of conditions in the United States can be achieved regardless of world conditions. While it is true that only 10 per cent of our production is exported abroad, that 10 per cent may be an important factor in conditions at home. Nevertheless, if we could on the average achieve 90 per cent of the production which was being maintained before the depression, no one can deny that the situation here would be greatly improved. As far as I am concerned, I stand ready and willing to assist economic recovery abroad, providing foreign governments are prepared to demonstrate their sincerity of purpose by drastic reduction of reparations and armaments. I favor the reduction of the unjustifiably high duties in the Smoot-Hawley tariff bill, the enactment of which I fought desperately to prevent, but recognising that the political situation

in Europe is so complicated that long delay will be inevitable in solving the economic and political problems essential to world recovery, I maintain that we should give first consideration to measures which will stimulate recovery at home.

Mr. HARD. Then I come back to your public-works program as a step toward prosperity. I take it that you argue that such a program would be for the welfare of the common man and thereupon simultaneously for the welfare of business. But what about reviving business through the new proposed Reconstruction Finance Corporation?

Mr. LA FOLLETTE. While the President's Reconstruction Finance Corporation may do something toward preventing bankruptcies and further decline of security values, it can and will do nothing to put purchasing power at the disposal of those whose purchasing power has been curtailed or wiped out. It contains no direct stimulus for resumption of normal industrial production. It is a measure designed to prevent the failure of banks, insurance companies, and railroads. After the Reconstruction Finance Corporation gets through absorbing frozen assets, the banks may be more liquid, but will this start up the wheels of industry? I am convinced we must re-create purchasing power. If we are to have mass production we must have mass consumption. Loaning money to the steel corporation will not produce orders for steel. Loaning money to railroads may prevent receiverships but it will not create traffic. On the other hand, a public-works program will create instant orders for materials and instant traffic for the railroads. Iron, steel, lumber, cement, brick, tile, glass, and all other building-supply industries will be stimulated immediately. Resumption of production on an increased scale by those industries will in turn require products from mines, quarries, and forests. Large shipments of both finished and raw materials, necessitated by a program of such size, would be reflected at once in increased traffic for the railroads and increased business activity for the whole country.

Mr. HARD. But will you be able to sell your public-works bonds?

Mr. LA FOLLETTE. We sold $25,000,000,000 of bonds during the war for purposes of destruction. Surely we can float a short-term issue of Government bonds for constructive purposes. Twenty-eight billions of dollars are in our savings banks, $500,000,000 in postal savings, and more than a billion dollars are being hoarded. The people have not lost faith in the solvency of their Government. If we put on a drive to sell these prosperity bonds to the people, as we did during the war, it can be done.

Mr. HARD. But in the war we had a sort of general idea of where we thought we were going. Where do you think we are going now?

Mr. LA FOLLETTE. Well, if we are to stop drifting and muddling, we must make an effort to plan our economy. We must have an organization for perceiving and charting our course.

Mr. HARD. How would you get it?

Mr. LA FOLLETTE. At the last session of Congress I introduced a bill, which I have reintroduced at this session, providing for the establishment of a national economic council. This council is to be composed of nine members appointed by the President, with the advice and consent of the Senate. These members are to be selected on the basis of their acquaintance with and understanding of national economic problems. They must include persons thoroughly trained and qualified to consider the problems, respectively, of industry, finance, transportation, labor, agriculture, and scientific management. It will be the duty of the council to study economic trends and to endeavor through the exercise of influence and by cooperation with industry, finance, agriculture, and labor, to secure a planning of our national economy. No power is given to the council except the power to gather necessary economic and statistical data which must be secured, coordinated, and correlated before we can predicate, upon a sound basis, plans for the achievement of an ordered economic society.

Mr. HARD. But Washington is full of boards and bureaus already. Aren't you just making another one?

Mr. LA FOLLETTE. Not at all. While it is true that we have an Interstate Commerce Commission, which is concerned with the problems of the transportation industry; a Tariff Commission, which is supposed to be gathering data upon which to predicate a sound tariff policy; a Federal Reserve Board, charged with the responsibility of effecting a sound credit structure; a Commerce Department, gathering statistics upon industry and business; a Labor Department, gathering inadequate data on unemployment; and an Agricultural Department, securing information regarding the agricultural industry, we nevertheless have no governmental agency charged with the responsibility of coordinating this vast accumulation of information. There is no agency charged with the responsibility of filling in the important gaps and of endeavoring, upon the basis of a comprehensive statistical survey of our economic life, to achieve an organized, sincere, and successful effort to attain a society which will benefit the whole people.

Mr. HARD. Suppose, though, that your national economic council could indeed survey the future. What would it do about it?

Mr. LA FOLLETTE. To answer that question let's assume that such a council had been in existence during the period from 1920 to 1929. It would have seen and it would have made known to the country—

That we were greatly increasing our productive capacity without raising the purchasing power of the masses of the people to enable them to consume these products.

That while industrial leaders were giving lip service to the doctrine of high wages, real wages, except in transportation and the building industries, were falling instead of rising from 1923 to 1929.

That the enormous accumulation of surpluses on the part of large industrial corporations was resulting in a further excessive expansion of plant capacity, and that a part of these surpluses was being loaned back to the stock exchange and helping to increase the forced draft under the boom market.

That we had adopted too liberal a policy of loaning money abroad, and that this policy was resulting in an abnormal demand for American-made goods abroad, which in turn was contributing to the excessive expansion of plant facilities and of productive capacity.

That through the mechanization of industry we were creating what the economists call "technological unemployment."

That although there had been progress in the adoption of shorter working time, there were still large industries in which there had been no reduction in the hours of labor.

The council would have driven home the point that in order to secure mass consumption there must not only be high wages but leisure must likewise be created if the masses were to consume commensurately with increased production.

The council would have told the country that the enormously inflated values of securities had reached an unsound and unjustifiable level. It would have warned the public against the purchase of those securities. It would likewise have pointed out the enormous overcapitalization due to tremendous issues of securities, which could never in normal times secure a return justifying their sale, especially at the prices paid for them.

Mr. HARD. Please let me interrupt you a moment there. You speak of excessive accumulations of capital. Let me ask you a question about taxes. Where do you stand on heavier taxes on incomes, and where do you stand on taxes on sales?

Mr. LA FOLLETTE. I am in favor of drastic increases in income and inheritance tax rates. I am opposed to general sales taxes. Graduated taxation is the only sound and just basis upon which to levy taxes, because it places the burden according to the ability of the taxpayer to carry it. General sales taxes are based on a diametrically opposite theory. In proportion they fall heaviest upon those least able to bear the burden. And here, again, contrary to the opinion generally held by business men, I maintain that the welfare of the people as a whole, when applied specifically to taxation, is in the last analysis likewise in the best interests of the business community. Taxes upon consumption tend to check consumption. Taxes upon income, however heavy they may be, do not check the desire of man for income.

Mr. HARD. Coming back, then, to your national economic council, I gather that it would be a sort of economic weather bureau, which could hang out danger signals. But why should it be a public body? The United States Chamber of Commerce favors a national economic council, but it wants it to be an organ of private business. Why not?

Mr. LA FOLLETTE. A council, to be successful, must have complete and adequate data. A council created by business will not have the power to compel information from those who do not wish to give it. The experience of many trade associations proves that the noncooperator can defeat any attempts at planning by refusing to give information. Let me say, however, that the bill which I have introduced provides that no information concerning individual corporate enterprises shall be given to the public in such a manner that it can be identified, thus safeguarding against improper use of information obtained from individuals or corporations. A council based on the theory that it is to achieve results by the exercise of its prestige and influence must have the confidence of the general public. It is my opinion that any council created by private initiative can never obtain the necessary support of the people generally.

Mr. HARD. So your council will give signals and give admonitions; but will that be enough?

Mr. LA FOLLETTE. No; it will not be enough. There are many problems essential to the success of economic planning which are outside the control of specific industries or of individual corporations, no matter how large they may be. Whether we like it or not, the integration of business has become an accomplished fact. The fiscal, the credit, the tariff, and the foreign policies of the Federal Government have a most important effect upon our economic life. It is my hope that the council, having determined upon achieving the goal of an ever-rising standard of living for all the people, would make recommendations and secure the cooperation of industry in carrying them out. The council would also make recommendations to the President and to the Congress of legislation and public policy necessary to achieve that goal. The idea can succeed only if the council mobilizes the intelligent and forward-looking leadership in industry, finance, agriculture, labor, and Government.

Mr. HARD. Do you think that a national economic council or some other Federal body should be authorized to allow an industry to cooperate within itself for the regulation of production? In other words, what do you think of the suggestions made in that direction by the United States Chamber of Commerce?

Mr. LA FOLLETTE. The suggestion may have merit as an emergency measure in a period such as this. As a permanent policy, however, I regard it as absolutely fallacious. It is predicated upon the theory of limiting production to meet present consumption demands.

Mr. HARD. I hope, though, that you have some belief in the possibility of a more regularized and stabilized industrial and financial structure.

Mr. LA FOLLETTE. I do believe that we must attain a more regularized economic structure; but I do not think of it as being regularized in a static condition. I am not interested in trying to

maintain the status quo in our economic life. Devices which seek to preserve the unequal distribution of the wealth now produced will halt the progress of mankind and in the end will retard or prevent recovery.

We have created a great industrial mechanism. It must be run so that its benefits will be more generously and widely distributed. In the last analysis, in a highly organized industrial world, the welfare of the people as a whole is, I repeat, essential to the welfare of business itself.

My conception of a planned economy is one which will assure an ever-rising standard of living and an ever-increasing purchasing power for all the people and which thus will press production itself to larger and larger outputs and larger and larger successes. Progressivism is not a mere protest. It is a positive program for the enlargement of consumption and production and for the lifting of all human life to higher and more satisfying levels.

Mr. HARD. On behalf of all the progressives in the radio audience, I thank you for your fervor; and, on behalf of all the regular Republicans and Democrats, I thank you for your candor.

RELIEF OF AGRICULTURE

Mr. THOMAS of Idaho. Mr. President, I present an advertisement which appeared on January 5, 1932, in the Lewiston Morning Tribune, a newspaper published in Lewiston, Idaho.

This article was written by Mr. R. C. Beach, one of the prominent merchants in Idaho, and has been copied in many papers throughout that State. I ask that it may be printed in the CONGRESSIONAL RECORD, as I am sure it will be of interest to the public generally.

There being no objection, the advertisement was ordered printed in the RECORD, as follows:

I am writing this article and paying for this space personally. It is not in any sense a store ad. If it impresses you as the vaporings of a disordered mind, you must remember I am well along in years. These thoughts (if they are thoughts) commenced forming themselves a year ago while I was in New York City. I read every word daily in the financial section of the great newspaper the New York Times. I read the prediction of a man in the highest place that "prosperity was just around the corner." I read another statement from one of our greatest manufacturers that the way to remedy the unemployment situation was to "increase the efficiency of the labor-saving machines." I read an article by one of the Nation's financial authorities that prosperity was due in 1931, because he figured that the automobile factories would produce 30 per cent more automobiles in 1931 than they did in 1930, and other industries would increase proportionately, and right there it came to me that my business life had been passed in small towns, touching elbows at all times with the farmers, and when I reflected on the prices the farmers were able to get for wheat they raised I could not see how the farmer could afford to buy the usual amount of merchandise or furnish the customary amount of support to his locality; consequently I could not see how the farmer or any of the merchants or others depending on the farmers' prosperity could trade in their automobiles or buy new ones, so I made up my mind that this national writer did not know what he was writing about.

And then this picture assembled itself in my mind, and I think it would have been a true picture last fall and will be as true next fall if some larger or broader agency does not make conditions more favorable before that time. In the first place, to exist in this world every living person must have air, water, and food. That fact impresses me that our agriculturists are the most important class in the universe, because we can not exist without them. The next thought was that in a business life of 40 years I never have known a panic or depression when the farmer was prosperous; also, I never have known what we used to call "good times" when the farmer was depressed. The real picture was that last fall if the United States had had the machinery set up through the Federal land banks to loan or guarantee the farmer 75 cents per bushel for wheat, 3 cents per pound for beans, 75 cents per hundred for No. 1 potatoes, on down the line through corn, cotton, etc., we would immediately have felt a reaction in every retail store in our agricultural districts. Farmers would have come in and purchased their merchandise as usual. Our store orders would have gone quickly to the mills, and factories and said mills would have had to recall thousands of their discharged employees, and that much of the unemployment situation would have been remedied. Banks could have put out necessary money to the farmers, confidence would have been restored, and to a certain extent the vicious circle would have been ended and the farmer would have done it. When a machine is stalled on dead center it takes an outside agency or help to start it again. It seems as though our great country is on a dead center, and we need something practical and fundamental to start it. We need practical thought instead of theories. We need hard-headed thought instead of expensive sentiment. We need "overhead" reduced in every department of government. Proper economy never failed me in a long business career. We must show the manufacturing interests of the United States the necessity of making the agricultural sections prosperous if the manufacturer is to be prosperous. Let us all think and strive and join any movement that may be necessary to get the farmer a profit this coming fall and see if the premise is not correct.

If we stabilize the farmer we will stabilize the United States.

R. C. BEACH.

TAXATION AND ECONOMY IN GOVERNMENT

Mr. PATTERSON. Mr. President, I ask unanimous consent to have printed in the RECORD a memorandum upon the subject of Taxation and Economy in Government, prepared by the Chamber of Commerce of St. Louis on December 11, 1931.

There being no objection, the memorandum was ordered printed in the RECORD, as follows:

TAXATION AND ECONOMY IN GOVERNMENT

(By the St. Louis Chamber of Commerce, December 11, 1931)

Heroic and drastic methods of deflation have become the accepted order of the day in business as the only sound road to recovery. That these processes of deflation must be applied generally is inevitable. The difficulty with which the taxpayer procures his income to-day causes him to scrutinize its expenditure very carefully. In his individual and commercial capacity he has exercised every economy to preserve his own solvency as well as the continuity of his enterprise. It is therefore logical and proper for the business man to give more careful attention than ever before to that portion of his business expense over which he has little or no control, namely, taxation.

As one of the chief benefactors of Government business has not been an objector to reasonable levies of taxation; in fact, during a period of expansion and easy profits business, by acquiescence at least, was a silent partner in rolling up governmental functions and their corollary costs in the United States to the staggering figure of $109.95 per person. It was easier to pay than to protest, and the absorbing processes of making money prompted a willingness to share the proceeds for governmental expansions.

Business can not now justly be critical of governments that joined business in the spending orgies of prosperity; but with books being kept in red ink, thousands out of employment, capital idle, many drawing on fast-dwindling surpluses to continue operations, and once prosperous firms everywhere drastically paring and economizing to keep their doors open, the expectancy that the processes of deflation must be impartially applied before groping business reaches the sound road to recovery is without question logical.

Taxpayers to-day everywhere are alarmed by the incessant call for more taxes. To make up the decrease in revenue and keep State, national, and municipal affairs on a prosperity basis the easier suggestion is an increased rate rather than a decreased cost of government. When governments seek to maintain the high levels of taxation they reached in good times in these days of seriously impaired income the impending specter of higher taxes constitutes one of the chief deterrents of business recovery.

The taxpayer has a justifiable right to expect a reduction in taxes and public expenditures rather than increased taxes and a continuation of the same high level of governmental expenditures. The remedy lies not in more taxes but in more economy; the pinch of depression should know no sacred exceptions.

This is neither a sweeping indictment of those who run governments nor a desire to increase their difficulties by criticism. They probably gained this tempo of extravagance from business itself, and because business is as guilty as any of those insisting upon new and costly governmental functions until the government fairly operates the people instead of the people operating the government.

Out of its dire experiences of depression, business is now as fully equipped to counsel and advise on the economies of operation as it once was to foster excesses, and the purpose of this expression by the commercial interests of St. Louis, through the chamber of commerce, is to offer its help to avoid what would amount to governmental bankruptcy and virtually killing the business goose that lays the golden tax egg.

It is easy to find fault, but not pleasant or always apparent what to do, particularly where the matter of employment is involved, but no citizen should withhold his help in contributing to a correction of this dilemma.

Both emergency measures and permanent corrections of the excesses are in order.

Casting partisanship aside, where the administrative official possesses the political courage to invoke emergency economies, he should have the wholehearted support of the people and the unstinted cooperation of those in public office. Each department, bureau, or functionary should aid in prorating the shortage fairly.

Missouri now faces the difficulty of trying to prorate a seriously reduced revenue over the $194,000,000 appropriations which were made for the biennial period. This was the largest amount ever authorized at a single session of the general assembly. The appropriations having been made originally without any authentic knowledge of the income, because no one then or now has any organized means of even estimating the State's income, the predicament is augmented by a State revenue that is falling faster than a barometer before an approaching storm.

Officials, boards, and supervising agencies must cooperate in administering paring to the best of their ability if this case of

cutting a revenue suit without a pattern can be bridged over until the legislative bodies meet again. Our officials and representatives need the support of public opinion in improving the conditions and machinery of government with which they are handicapped.

Business owes it to these same legislators to sustain their sincere intention by cooperating and advising with them on more permanent methods of alleviating the top-heavy costs of government by the adoption of inclusive accounting, fixed executive and financial control, budgets that budget, proper supervision of State levies, equalized assessments, and simplification and impartial application of the tax laws.

These permanent corrective measures must be attempted by bodies representing all the taxpayers. Missouri has had a disappointing taste of a government reform commission that developed into a tax-shifting, a tax-hoisting body with never a thought to economies, duplication, overlapping, and archaic expensive methods that made the raised taxes necessary.

This situation demands that our energies be directed not to increased taxes but to tax enforcement, not toward creating new agencies but in consolidating those in existence, not in profligate spending but in economic buying, not in careless supervision but in scientific management. If the business man will sympathetically lend his counsel, his energies, and his assistance to such a program, the need for more taxes will not be stifling to business in its enormity.

Prepared and adopted by the board of directors of the St. Louis Chamber of Commerce Friday, December 11, 1931.

CHARLES H. MORRILL,
Chairman of the Board.

FEDERAL REGULATION OF COAL MINING

Mr. COSTIGAN. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a report on the subject of the Federal regulation of coal mining, and ask leave to make a brief statement with reference to it.

The VICE PRESIDENT. Is there objection to the Senator from Colorado making a statement? The Chair hears none.

Mr. COSTIGAN. Mr. President, in 1923 the United States Coal Commission authorized the preparation of a report on the anthracite branch of the coal industry, and Mr. W. Jett Lauck, a well-known economist of Washington, D. C., was appointed to take charge of this study. In addition to the operating and financial history and performance of the anthracite industry, the scope of the report extended to a study of the interrelations of the anthracite coal-producing and coal-selling companies and the coal-carrying railroads, together with a review of the long series of legal controversies having to do with the dissolution of any combinations in restraint of trade.

In the latter connection a legal report, entitled "Constitutionality of Federal Regulation of Coal Mining," was made as to the possible regulation and control of the so-called anthracite combination or monopoly. This report was prepared under Mr. Lauck's direction by Mr. Edmund D. Campbell, an attorney, who is now a member of the law firm of Douglas, Obear & Douglas, of this city. Mr. Campbell is a graduate of Washington and Lee University, both of the academic and legal departments, and later took special graduate work in economics and law at Harvard University.

A summary account of the entire inquiry was published by the United States Coal Commission in its report of 1925, but the supporting documents, due, as I am advised, to lack of space, were not published.

It is Mr. Campbell's report on the Constitutionality of Federal Regulation of Coal Mining, together with the original letter transmitting the same, which is herewith offered for inclusion in the CONGRESSIONAL RECORD.

There being no objection, the brief was ordered printed in the RECORD, as follows:

WASHINGTON, D. C., *April 26, 1923.*

Mr. W. JETT LAUCK,
Washington, D. C.

DEAR SIR: I have the honor to hand you herewith for transmission to the United States Coal Commission a report on the constitutionality of Federal regulation of coal mining.

This report was prepared at your request, with particular reference to certain suggestions made in the recent report on combination in the anthracite-coal industry, submitted by you to the commission.

In the study of this subject I am indebted to Mr. Charles S. Collier, professor of constitutional law at George Washington University, and to Dean Joseph R. Long, of the law school of Washington and Lee University, for inspiration and for valuable suggestions. However, these gentlemen are in no way responsible for the views herein expressed or for the conclusions reached.

The effort in this report has been to find a legitimate constitutional basis for Federal regulation of coal mining, to be applied if such regulation should be thought desirable. To this end a number of different forms and methods of regulation have been discussed, but only from the standpoint of their constitutionality, and no attempt has been made to choose between the different methods proposed.

This report can in no sense be called exhaustive, and I shall be glad to supplement it along any lines which may be desired by the commission.

Very truly yours,

EDMUND D. CAMPBELL.

CONSTITUTIONALITY OF FEDERAL REGULATION OF COAL MINING

I. Preliminary considerations.
II. Regulation of persons engaged in interstate commerce in coal.
  A. Regulation by a permanent coal commission.
  B. Regulation by licensing persons desiring to engage in interstate commerce in coal.
III. Regulation of corporations engaged in interstate commerce in coal.
  A. Compulsory Federal license under the commerce power.
  B. Federal incorporation under the commerce power.
  C. Federal license or incorporation made compulsory through exercise of taxing power.
IV. Regulation of coal mining on the ground that it is necessary to provide an essential instrumentality of interstate commerce.
V. Possibility of purchasing the coal mines under the right of eminent domain.

I. PRELIMINARY CONSIDERATIONS

The regulation of the coal-mining industry by the Federal Government involves a new departure in the field of Government control. This regulation must be justified in peace time, if at all, under the commerce clause of the Constitution, and yet the application of this clause, up to the present time, has never been extended to the direct regulation of an important industry not itself an instrumentality of interstate commerce.

Regulation by Congress under the commerce clause of the Constitution in the past has been chiefly directed either at the instrumentalities of interstate commerce or at the actual products or subjects of that commerce. Thus Congress has controlled the railroads in so far as they are instrumentalities of interstate commerce;[1] it has exercised indirect control over the lottery business[2] and over the preparation of adulterated or misbranded foods[3] and drugs by prohibiting the transportation of the products of these industries in interstate commerce; it has prohibited the transportation of women across State lines for immoral purposes.[4] But in all these cases the basis of the regulation has been some inherent quality in the character of the thing regulated, either as instrumentality or as a product of interstate commerce. The authority of Congress to prohibit the transportation of goods simply because of some previous condition of manufacture and not because of any inherent quality of the goods themselves was expressly denied by the Supreme Court in the first child-labor case in 1918.[5]

It has been held more than once by the Supreme Court that the authority of Congress over interstate commerce can not extend to the manufacture of goods, simply because they are later to be used in interstate commerce. In the case of the United States *v.* E. C. Knight Co.,[6] the first case in which the Sherman antitrust law was given full consideration by the Supreme Court, that body said:

"Commerce succeeds to manufacture, and is not part of it. * * * The fact that an article is manufactured for export to another State does not of itself make it an article of interstate commerce. * * * If the national power extends to all contracts and combinations in manufacture, agriculture, mining, and other productive industries whose ultimate result may affect external commerce, comparatively little of business operations and affairs would be left for State control."

The instrumentalities of commerce over which Congress may exercise control have been declared by the Supreme Court to be distinctly limited, and the mining of coal has been expressly said to be not a part of such commerce.[7] Also the police power of Congress over the products of interstate commerce has been limited to such articles as are inherently harmful or in need of control because of the actual effects of the transportation, as in the case of lottery tickets or impure foods.[8] Under neither of these principles, then, could the Federal power be extended to the control of coal mining.

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[1] Act to regulate commerce, 1887, as amended. See Second Employers' Liability cases, 223 U. S. 1.

[2] Act of March 2, 1895, 28 Stat. 963; Lottery case, 188 U. S. 321.

[3] Act of June 30, 1906, 34 Stat. 768; Hipolite Egg Co. *v.* United States, 220 U. S. 45; McDermott *v.* Wisconsin, 228 U. S. 115; Seven Cases *v.* United States, 239 U. S. 510.

[4] Act of June 25, 1910; Hoke *v.* United States, 227 U. S. 308; Caminetti *v.* United States, 242 U. S. 470.

[5] Hammer *v.* Dagenhart, 247 U. S. 251.

[6] 156 U. S. 1; see also Kidd *v.* Pearson, 128 U. S. 1.

[7] D., L. & W. R. R. *v.* Yurkonis, 238 U. S. 439; United Mine Workers of America *v.* Coronado Coal Co., 259 U. S. 344 (1922).

[8] Hammer *v.* Dagenhart, 247 U. S. 251; see notes 2 and 3, p. 1.

However, the tremendous growth of large-scale industry in recent years and the fact that the resulting nation-wide problem can not be handled effectively by the separate States under their own police power has directed attention toward efforts to find a constitutional basis for the extension of Federal control. As a result some of the recent Federal legislation has been directed, not toward the products of interstate commerce, or even toward the instrumentalities of such commerce, but toward the persons who are engaged in interstate commerce. The Sherman Antitrust Act,[9] the Federal Trade Commission act,[10] and the Clayton Act,[11] opened a new field of congressional control over those large-scale industries whose operations so vitally affect the life of the Nation as a whole. The essence of these laws was the prohibition of monopoly and unfair competition in restraint of trade, and certain of their provisions were directed not against the products of commerce themselves or against the instrumentalities but against the persons engaging in interstate commerce.

Under this conception of the commerce clause the power of Congress assumes a much broader aspect. It is not limited to the control of the goods shipped from one State to another, nor to the conditions of their shipment, but extends to the general actions of the shippers themselves, in so far as such actions have a substantial relation to or bearing on the commerce which it is desired to regulate. Thus, for example, although Congress can not under this theory regulate the manufacture of goods because they are destined eventually to go in interstate commerce,[12] it may regulate combinations between manufacturers which have a direct bearing on the future shipment of the product in interstate commerce; [13] it may prohibit rebating or price fixing or restraining contracts by such persons [14] or it may control and punish any "combination in restraint of trade." [15]

II. Regulation of Persons Engaged in Interstate Commerce in Coal

It will not be disputed that Congress has authority to control the persons engaged in interstate commerce in coal to the extent that their actions bear a direct relation to the commerce which Congress has a power to regulate. The methods of control which have been generally proposed are two:

A. Regulation by a permanent coal commission.

B. Regulation by licensing persons desiring to engage in interstate commerce in coal.

These two methods of control will be briefly discussed in order.

A. Regulation by a permanent coal commission

Under the power of control over the persons engaged in interstate commerce it is believed that Congress could provide for the appointment of a permanent coal commission, with authority to regulate the operations of coal-producing corporations, firms, and individuals, in so far as such operations bear a substantial relation to interstate commerce. The regulations might cover questions of distribution, and of interstate sales,[16] but could not embrace essential matters connected with the mining of coal [17] or with industrial relations.[18] The scope of the control possible by this method would necessarily be quite limited and could not be compared to that now exercised over the railroads, for the operations of the latter are, of course, much more closely connected with actual interstate commerce than is the mining of coal.

B. Regulation by licensing persons desiring to engage in interstate commerce in coal

Under its authority to regulate commerce Congress can, of course, do all things that are "necessary and proper" to carry out its powers. If Congress should decide that the safety, security, or uniformity of interstate commerce in coal would be enhanced by requiring all those taking part in its interstate shipment to secure a Federal license, there seems to be no reason why it could not make such a license a condition precedent to the exercise of the Federal right to engage in interstate commerce.

Perhaps the best recognized present authority on constitutional law to-day is W. W. Willoughby, author of the 2-volume work on The Constitutional Law of the United States. Professor Willoughby, in discussing various suggested plans for Federal control of interstate business, expresses the opinion that Congress has no authority to incorporate companies with power to manufacture in the separate States. However, he continues the discussion as follows:

"The denial to Congress of the power to charter companies empowered to do a manufacturing business within the States does not carry with it the denial of a power to require of individuals or of State chartered companies a Federal permission to engage in interstate commerce, whether as carriers or as shippers of goods across State borders. The right to engage in interstate commerce or to make use of interstate commercial instrumentalities is a Federal right, and, it would seem, the plenitude of control which the Constitution grants to Congress with respect to the regulation of this right carries with it the authority to attach such conditions to its enjoyment as may be found fit. The case of Champion against Ames has illustrated the extent of this Federal power to exclude commodities from interstate trade. Thus while Congress may not be able to charter manufacturing companies, which the States may not exclude from their borders, it may refuse to individuals or State chartered concerns the right to ship their products across State lines except upon certain conditions, which conditions may be so stated as to bring the companies and the individuals, so far as they make use of interstate commerce agencies, within a rigorous Federal control." [19]

If the authority of the above quotation is accepted, it would seem that the proposed plan of Federal license opens a wide vista of constitutional control over persons who are shippers of coal in interstate commerce. There is no doubt that Congress can compel such persons to secure a Federal license, but there is considerable controversy regarding the conditions which might be lawfully imposed before such a license is granted. If the authority of individuals to engage in interstate commerce is a vested right, as the cases undoubtedly indicated,[20] then Congress can not arbitrarily deprive the individuals of this right, under the guise of a Federal license. Neither could Congress impose license conditions which, while they would be legitimate if imposed by a State under the exercise of its police power, bear no substantial relation to the commerce regulated.[21] Conditions of production, unless directly connected with interstate commerce, could not be regulated [22] by such a license, nor could conditions of labor [23] or industrial relations.[24]

It would seem then that, although the plan of requiring all persons engaged in interstate commerce to secure a Federal license might be a valuable one from many standpoints, it can not afford a completely satisfactory constitutional basis for Government regulation of the coal industry. It is believed, however, that this plan would afford the Federal Government the largest constitutional control over individual shippers of coal that it can legitimately exercise.

III. Regulation of Corporations Engaged in Interstate Commerce in Coal

A. Compulsory Federal license under the commerce power

Although the control which the Government can exercise over individual coal operators engaged in interstate commerce is believed to be rather strictly limited, as stated above; it would seem that regulation of coal corporations can be put on another and much more satisfactory basis. Because of the fact that corporations are artificial creations of the law and exist by legal right only in the sovereignty which created them, it is felt that the United States Government, by virtue of its authority over interstate commerce, could compel all such corporations wishing to engage in interstate commerce to take out a Federal license before the privileges of such commerce would be granted to them; and that subject only to the due-process clause of the fifth amendment, Congress could impose such conditions to the license as it saw fit.

If this power exists, Congress could use it to effect any form of control over coal corporations that it might desire. While the vested rights of such corporations would be fully protected under the fifth amendment, they could be made subject to as rigorous a system of Federal control of coal production and distribution, as might be thought necessary. This would allow the Government to approach the problem from the standpoint of seeking the most desirable degree of regulation, rather than with the necessity of devising some form of regulation applying only to actual interstate commerce in coal.

In the following pages there is submitted an argument in favor of the constitutionality of such a system of regulation as is here proposed. The thesis of this argument is that Congress has power to issue a Federal license to all coal corporations engaged in interstate commerce; that it may embody in the conditions under which such license is granted any form of Government control which is considered desirable, subject only to the restrictions of the "due process" clause in the fifth amendment to the Constitution; and that it may deny the facilities of interstate commerce to any coal corporation which refuses to accept a Federal license under the conditions offered.

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[9] Act of July 2, 1890, 26 Stat. 209.
[10] Act of Sept. 26, 1914, 38 Stat. 717.
[11] Act of Oct. 15, 1914, 38 Stat. 730.
[12] United States v. E. C. Knight Co., 156 U. S. 1.
[13] Addyston P. & S. Co. v. United States, 196 U. S. 397.
[14] Federal Trade Commission act, 38 Stat. 717.
[15] Sherman Antitrust Act, 26 Stat. 209.
[16] See Brown v. Maryland, 12 Wheat. 419; Leisy v. Hardin, 135 U. S. 100; Addyston P. S. Co. v. United States, 196 U. S. 397; Swift & Co. v. United States, 196 U. S. 375.
[17] D. L. & W. R. R. v. Yurkonis, 238 U. S. 439; United Mine Workers of America v. Coronado Coal Co., 259 U. S. 344 (1922).
[18] See Adair v. United States, 208 U. S. 161; Williams v. Pears, 179 U. S. 270.
[19] Willoughby, The Constitutional Law of the United States (1910), Vol. II, p. 766. The following cases are cited: Veazie Bank v. Fenno, 8 Wall. 533; U. S. v. Marigold, 9 How. 560; U. S. v. Joint Traffic Association, 171 U. S. 505; Champion v. Ames (lottery case), 188 U. S. 321.
[20] See, for example, Grutcher v. Kentucky, 141 U. S. 47.
[21] Hammer v. Dagenhart, 247 U. S. 251; Adair v. United States, 208 U. S. 161.
[22] Kidd v. Pearson, 128 U. S. 1; United States v. E. C. Knight Co., 156 U. S. 1.
[23] Williams v. Pears, 179 U. S. 270.
[24] United Mine Workers of America v. Coronado Coal Co., 259 U. S. 344 (1922).

The argument in support of this thesis is given below:

1. A CHARTER IS A GRANT TO INDIVIDUALS OF CERTAIN PECULIAR PRIVILEGES, AND THESE PRIVILEGES CAN NOT BE EXERCISED AS OF RIGHT EXCEPT WITHIN THE BOUNDARIES OF THE SOVEREIGN POWER WHICH HAS CREATED THEM

Chief Justice Marshall, in the celebrated Dartmouth College case, gives the following definition of a corporation:

"A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law. Being the mere creature of law, it possesses only those properties which the charter of its creation confers upon it, either expressly or as incidental to its very existence." [12]

Corporations are created by a State under its sovereign powers, and have no life beyond the limits of the jurisdiction of the sovereign which created them. As stated by Chief Justice Taney in the case of Bank of Augusta *v.* Earle, 1839:

"A corporation can have no legal existence out of the boundaries of the sovereignty by which it is created. It exists only in contemplation of law, and by force of the law; and where that law ceases to operate, and is no longer obligatory, the corporation can have no existence. It must dwell in the place of its creation, and can not migrate to another sovereignty." [13]

2. A STATE HAS POWER TO EXCLUDE A CORPORATION CHARTERED BY ANY OTHER STATE, OR TO REGULATE AT WILL THE CONDITIONS UNDER WHICH IT MAY BE ADMITTED AND RECOGNIZED. THIS POWER IS INHERENT IN SOVEREIGNTY, AND ITS EXERCISE IS ABSOLUTELY WITHIN THE DISCRETION OF THE STATE. THE REASONABLENESS OF THE STATE'S ACTION CAN NOT BE QUESTIONED

Since a corporation is only an artificial creation of one sovereignty, it need not be recognized by any other, except at the will of that other sovereign. One State is under absolutely no obligation to recognize the corporations of another State, or permit them to do business within its borders (with an exception to be noted below), and the fact that foreign corporations are generally recognized depends purely upon interstate comity. It follows, therefore, that a State can impose such terms as it sees fit as a condition precedent to the recognition of this artificial creation of another State.

These principles are clearly brought out in the case of Paul *v.* Virginia,[14] which involved the constitutionality of a Virginia statute prohibiting insurance corporations of other States from doing business in Virginia unless they secured a license from that State and complied with certain conditions imposed by the act. In upholding the constitutionality of this law, the court said, in part:

"A grant of corporate existence is a grant of special privilege to the corporators, enabling them to act for certain designated purposes as a single individual, and exempting them (unless otherwise specially provided) from individual liability. The corporation being the mere creation of local law can have no legal liability beyond the limits of the sovereignty where created. * * * The recognition of its existence even by other States, and the enforcement of its contracts made therein, depend purely upon the comity of those States—a comity which is never extended where the existence of the corporation or the exercise of its powers are prejudiced to their interests or repugnant to their policy. Having no absolute right of recognition in other States, but depending for such recognition and the enforcement of its contracts upon their assent, it follows, as a matter of course, that such assent may be granted upon such terms and conditions as those States may think proper to impose. They may exclude the foreign corporation entirely; they may restrict its business to particular localities; or they may exact such security for the performance of its contracts with their citizens as in their judgment will best promote the public interest. The whole matter rests in their discretion." [15]

Subject only to restrictions imposed by the Federal Constitution which are discussed hereafter, this power of a State to exclude a foreign corporation or to determine the conditions of its admission is absolute. The reasons for the exclusion, or the motives behind the conditions, are immaterial; it is merely the question of the exercise of a sovereign power.

A few more quotations from recognized court decisions will make this point clear:

"It has been repeatedly held, and there seems to be no conflict of authority, that corporations of one State have no right to exercise their franchises in another State except upon the assent of such other State, and upon such terms as may be imposed by the State where their business is to be done. The conditions imposed may be reasonable or unreasonable; they are absolutely within the discretion of the legislature." [16]

"A State legislature may, therefore, prevent foreign corporations from transacting business altogether within its territorial limits, and it may limit all corporations, foreign and domestic, as to what particular kind of business they may or may not do within the State. So far as they are concerned it is not a question of police power nor of interstate commerce, but purely and simply the exercise of a well-recognized sovereign power over these artificial bodies." [17]

"We will state preliminarily that which no one will seriously deny—that a corporation domiciled out of the State may be prohibited from carrying on business in this State. Unquestionably, other States than the State of the company's domicile may prevent them from doing business within their territory." [18]

3. UNDER THE FEDERAL CONSTITUTION A STATE'S AUTHORITY TO EXCLUDE OR CONTROL A FOREIGN CORPORATION, IN SO FAR AS IT IS ENGAGED IN INTERSTATE COMMERCE, HAS BEEN SURRENDERED TO CONGRESS. IN THE ABSENCE OF CONGRESSIONAL ACTION IT IS PRESUMED THAT THE FEDERAL GOVERNMENT DESIRES A CORPORATION OF ONE STATE TO BE ALLOWED TO ENGAGE IN INTERSTATE COMMERCE UNRESTRICTED BY THE ACTION OF ANY OTHER STATE

If the American States were independent sovereignties, the rule laid down in Paul *v.* Virginia, quoted above, would apply without exceptions. But under our system of government there is another sovereign power that operates within a limited field, and supercedes the authority of the individual States. The Constitution gives to the Federal Government, through the Congress, power "to regulate commerce * * * among the several States."

The following quotation is from an opinion of a circuit court of appeals, later approved by the Supreme Court:

"The power to regulate commerce among the States was carved out of the general sovereign power by the people when the National Government was formed, and granted by the Constitution to the Congress of the Nation. That grant is exclusive. The United States may exercise that power to its utmost extent, may use all means requisite to its complete exercise, and no State, by virtue of any power it possesses either under the name of the police power or under any other name may lawfully restrict or infringe this grant, or the plenary exercise of this power, for these are paramount to all the powers of the State and inhere in the supreme law of the land." [19]

Since the right to control interstate commerce belongs to the Federal Government no State has the right to interfere with that commerce, except as Congress may permit. Thus, although a corporation has no legal existence outside the State of its creation, if Congress wishes commerce carried on by such corporations to be free from State restrictions, no State may exclude foreign corporations or restrict their right to enter her borders in interstate commerce. In other words, when Congress recognizes State corporations for the purpose of interstate commerce they have to that extent a "legal" existence in every State in the Union.

In 1866 Congress passed a statute granting to any telegraph company organized under the law of any State the right to construct and maintain telegraph lines through and over any portion of the public domain, over and along any of the military and post roads of the United States, and over, across, or under any of the navigable streams of the United States. The State of Florida had passed a law giving to the Pensacola Telegraph Co., a domestic corporation, the exclusive right to construct and operate telegraph lines within certain counties of the State, and the Western Union Telegraph Co., a "foreign" corporation, objected when it was excluded from these counties under the Florida law. When the case came before the Supreme Court [20] it was held that operating a telegraph system was "commerce"; that the statute of Congress in question was a valid exercise of the Federal power to regulate interstate commerce; and that the law of Florida granting exclusive privileges to the Pensacola Telegraph Co. operated to restrict interstate commerce in conflict with the will of Congress as expressed in the Federal statute. The Florida law was held to be unconstitutional, and the Western Union Telegraph Co. was allowed to exercise its franchise throughout that State.

In the above case the restrictions imposed by the State of Florida came in conflict with an actual law of Congress; but in subsequent cases the Supreme Court has gone further and said that a State can not restrict the right of a foreign corporation to engage in interstate commerce, even though Congress has not acted.[21] To reach this conclusion the court has invoked the "doctrine of silence"—under which it is said that the silence of Congress in matters affecting interstate commerce which naturally require uniform regulation is an indication that the Federal Government desires commerce to be carried on free from *any* restrictions in those matters.

4. CONGRESS MAY EXERCISE THE SOVEREIGN AUTHORITY DELEGATED TO IT BY THE STATES TO EXCLUDE A CORPORATION FROM TRANSACTING COMMERCE BEYOND THE LIMITS OF THE STATE SOVEREIGNTY WHICH CREATED IT

The case of Crutcher *v.* Kentucky [22] involved the validity of a Kentucky statute which prohibited foreign express companies from doing business in that State until they had secured a license from the State auditor, such license only to be granted when it is shown that the company has a capital of at least $150,000. The Supreme Court, having held that the express business constituted interstate commerce, said that the Kentucky law operated to restrict such commerce and was unconstitutional.

In speaking of the Kentucky statute Mr. Justice Bradley said for the court:

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[12] Dartmouth College *v.* Woodward, 4 Wheat. 518, 636.
[13] 13 Pet. 519, 588.
[14] 8 Wall. 168.
[15] Paul *v.* Virginia, 8 Wall. 168, 181; see also Hooper *v.* California, 155 U. S. 64b, and New York *v.* Roberts, 171 U. S. 658.
[16] Hartford Fire Ins. Co. *v.* Raymond, 70 Mich. 485, 501; 38 N. W. 474.
[17] Bracy *v.* Darst, 218 Fed. 482, 494.
[18] State *v.* Hammond Packing Co., 110 La. 180, 185, 34 So. 368.
[19] Shepard *v.* Northern Pacific Railroad Co., 184 Fed. 705, 709.
[20] Pensacola Telegraph Co. *v.* Western Union Telegraph Co., 96 U. S. 1.
[21] Crutcher *v.* Kentucky, 141 U. S. 47; Norfolk, etc., R. R. *v.* Pennsylvania, 136 U. S. 114.
[22] 141 U. S. 47.

"It is clear * * * that it would be a regulation of interstate commerce in its application to corporations or associations engaged in that business; and that is a subject which belongs to the jurisdiction of the National and not the State Legislature. *Congress would undoubtedly have the right to exact from associations of that kind any guaranties it might deem necessary for the public security and for the faithful transaction of business;* and as it is within the province of Congress it is to be presumed that Congress has done, or will do, all that is necessary and proper in that regard." [36]

The rule applied in this case is firmly recognized and has been many times applied by the Supreme Court to invalidate State restrictions on interstate commerce.[37] In certain cases where uniformity of regulation is not essential it has been held that a State may interfere indirectly with interstate commerce under the legitimate use of its police power, but it is not necessary to discuss this in connection with the question we are now considering.

Reverting again to the opinion of the court in Crutcher *v.* Kentucky—

"To carry on interstate commerce," the court said, "is not a franchise or privilege granted by the State; it is a right which every citizen of the United States is entitled to exercise under the Constitution and laws of the United States; and the accession of mere corporate facilities, as a matter of convenience in carrying on their business, can not have the effect of depriving them of such right *unless Congress should see fit to interpose some contrary regulations on the subject.*" [38]

This is a clear recognition of the power of Congress to exclude State corporations from interstate commerce. We have seen that a corporation has a legal existence and can claim the right to exercise its franchise only within the boundaries of the sovereignty which created it. Any other sovereignty has an absolute right to exclude the foreign corporation from its borders, for any reason or for no reason at all. By the adoption of the Constitution the States surrendered a portion of their sovereignty to Congress, including the sovereign right to exclude a foreign corporation, in so far as it was engaged in interstate commerce. It follows inevitably that since this sovereign right could not have been destroyed by the Constitution it was simply transferred to Congress; and the cases cited above amply illustrate this principle. Congress, then, may exclude a State corporation from interstate commerce by the exercise of the sovereignty over such commerce which was surrendered to it by the State. This power is vested in Congress as absolutely as it was formerly vested in the State; and it may be exercised as freely and even as arbitrarily as the opinions quoted above show it to be within the power of the State to exercise it.

In other words, to engage in interstate commerce is not an inherent right of a corporate body, just as the doing of life-insurance business in another State is not an inherent right. The latter is dependent solely upon the will of the State which the foreign corporation desires to enter, and so the right to enter interstate commerce is dependent solely upon the will of Congress. If this privilege is exercised, it is simply because the silence of Congress has been interpreted as giving the implied consent of that body thereto. As stated in the famous Northern Securities Co. case in 1904, in which the Supreme Court upheld the Sherman antitrust law as constitutional:

"No State can, by merely creating a corporation, or in any other mode, project its authority into other States and across the continent, so as to prevent Congress from exerting the power it possesses under the Constitution over interstate and international commerce, or so as to exempt its corporation engaged in interstate commerce from obedience to any rule lawfully established by Congress for such commerce." [39]

And in a subsequent case the Supreme Court declared that franchises granted to a corporation by a State—

"So far as they involve questions of interstate commerce, must be exercised in subordination to the power of Congress to regulate such commerce, and in respect to this the General Government may assert a sovereign authority to ascertain whether such franchises have been exercised in a lawful manner, with due regard to its own laws. * * * The powers of the General Government in this particular in the vindication of its own laws are the same as if the corporation had been created by act of Congress." [40]

5. UNDER THE EXERCISE OF THIS SOVEREIGN POWER CONGRESS MAY REQUIRE ANY STATE CORPORATION DESIRING TO ENGAGE IN INTERSTATE COMMERCE TO CONDUCT ITS BUSINESS ON SUCH TERMS AS IT SEES FIT TO IMPOSE

When one grasps the nature of this inherent power which Congress possesses over corporations desiring to engage in interstate commerce it is at once seen that the scope of regulation which may be exercised over such corporations is very wide. It is not necessary that such regulations should themselves bear any relation to interstate commerce, because they apply to State corporations whose very right to engage in interstate commerce is dependent solely upon the will of Congress.

Under this sovereign power of Congress, that body could provide that any State corporation desiring to ship its goods in interstate commerce should take out a Federal license, and it could deny the privileges of interstate commerce to any corporation which had not complied with the terms of the law. As regards new corporations formed under State laws, the conditions of the Federal license could be fixed absolutely according to the will of Congress, unhampered by any constitutional restrictions whatever; for Congress would be under no obligation to recognize in interstate commerce the artificial creations of another sovereignty.[41]

6. THE CONDITIONS WHICH MAY BE IMPOSED ON CORPORATIONS ALREADY ENGAGED IN INTERSTATE COMMERCE ARE LIMITED BY THE FIFTH AMENDMENT TO THE CONSTITUTION, WHICH PROVIDES THAT "NO PERSON SHALL BE DEPRIVED OF . . . PROPERTY WITHOUT DUE PROCESS OF LAW"

When it comes to license conditions which might be imposed upon corporations already existing and engaged in interstate commerce, certain constitutional restrictions would apply to action by Congress. Although it is settled that a corporation is not a "citizen" entitled to "privileges and immunities of citizens of the several States" within the meaning of the Constitution,[42] a corporate body is, however, a "person" entitled to the protection of the fifth and fourteenth amendments.[43] Of these, only the fifth amendment limits the power of Congress by providing that no person shall "be deprived of life, liberty, or property without due process of law."

The language of the fifth amendment is held to restrict the power of Congress in a similar manner to the limitations placed upon the States by identical words in the fourteenth amendment.[44] Thus a brief study of the restrictions which the latter amendment has been held to place upon States who desire to regulate foreign corporations already admitted to do business within their borders will show the scope of congressional power over State corporations already transacting interstate commerce.

The fifth amendment has been held to protect persons from impairment of the obligations of contracts,[45] or from destruction of vested rights,[46] or from loss of property without due process of law.[47] Congressional regulation over corporations already engaged in interstate commerce must be so limited, then, as not to violate these rights.

1. Obligation of contracts: Contracts already made by a foreign corporation can not be affected by subsequent legislation,[48] except by the legitimate use of the police power.[49] However, the fact that a foreign corporation has been admitted to a State does not deprive that sovereignty of the power to pass additional laws regulating the conduct of its business,[50] or levying heavier taxes,[51] or imposing heavier burdens or more onerous conditions.[52]

2. Vested rights: The constitutional protection of vested rights extends to foreign corporations.[53] But it has been held that statutes regulating the doing of business in the State by foreign corporations do not give them a vested right to continue business under such regulations without legislative change.[54] Accordingly they may be subjected to additional regulations or may be entirely excluded unless such exclusion would amount to a deprivation of property rights.[55]

3. Due process of law: Under this constitutional limitation a foreign corporation is protected against confiscation of its property,[56] but its right to do business in a State, being dependent on the consent of that State, is not property of which it may not be deprived without due process of law.[57]

Two typical cases decided by the Supreme Court will serve to show something of the scope of the authority which may be exercised over foreign corporations already admitted to business in a State.

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[36] Crutcher *v.* Kentucky, 141 U. S. 47, 57. (Italics mine.)

[37] See, for example, Robbins *v.* Shelby Taxing District, 120 U. S. 489; McCall *v.* California, 136 U. S. 104; Norfolk, etc., R. R. *v.* Pennsylvania, 136 U. S. 114; Bowman *v.* Chicago, etc., Ry. Co., 125 U. S. 465; Pembina Mining Co. *v.* Pennsylvania, 155 U. S. 648; and many others.

[38] 141 U. S. 47. (Italics mine.)

[39] Northern Securities Co. *v.* United States, U. S. 193, pp. 197, 345.

[40] Hale *v.* Henkle, 201 U. S. 43, 75.

[41] See Paul *v.* Virginia, 8 Wall. 168, and cases cited in notes 1, 2, and 3, page 11, and note 1 on page 12 supra; compare Crutcher *v.* Kentucky, 141 U. S. 47.

[42] Bank of Augusta *v.* Earle, 13 Pet. 519; Paul *v.* Virginia, 8 Wall. 168; Diamond Glue Co., 187 U. S. 611.

[43] Smyth *v.* Ames, 169 U. S. 466; Covington Turnpike Co. *v.* Sandford, 164 U. S. 578.

[44] Hibben *v.* Smith, 191 U. S. 310.

[45] Hepburn *v.* Griswold, 8 Wall. 603, 624; Sinking Fund cases, 99 U. S. 700, 718.

[46] Peerce *v.* Kitzmiller, 19 W. Va. 564, 573.

[47] Same as 43.

[48] Bedford *v.* Eastern Bldg., etc., Assn., 181 U. S. 227; American Smelting, etc., Co. *v.* Colorado, 204 U. S. 103.

[49] See Commonwealth *v.* Certain Intoxicating Liquors, 115 Mass. 153, affirmed 97 U. S. 25.

[50] Hannis Distilling Co. *v.* Baltimore, 114 Md. 678.

[51] Southern Railroad Co. *v.* Greene, 160 Ala. 396.

[52] Conn. Mut. Life Ins. Co. *v.* Sprately, 172 U. S. 602; New York Home Ins. Co. *v.* Augusta, 93 U. S. 116.

[53] Mulford Co. *v.* Curry, 163 Calif. 276, 125 Pac. 236.

[54] Standard Home Co. *v.* Davis, 217 Fed. 904.

[55] Seaboard Air Line R. R. Co. *v.* Alabama Railroad Comm'n., 155 Fed. 792; Hill *v.* Empire State-Idaho Min., etc., Co., 156 Fed. 797.

[56] Western Union Tel. Co. *v.* Kansas, 216 U. S. 165.

[57] National Council U. A. M. *v.* State Council U. A. M., 203 U. S. 151.

The case of National Council United American Mechanics v. State Council,[60] involved the power of the State of Virginia to revoke a license granted to a foreign corporation to carry on its operations within the State. The Virginia branch of this secret organization seceded from the national organization which was incorporated under the laws of Pennsylvania, and secured a charter from the State of Virginia with the same name as the national organization. The "rebel" branch then obtained an injunction restraining the national organization from granting any subordinate charters to branches within the State, thus effectually excluding the foreign corporation from Virginia. In upholding the right of Virginia to take the action outlined above the Supreme Court said:

"The State of Virginia had the undoubted right to exclude the Pennsylvania corporation and to forbid its constituting branches within the Virginia boundaries. As it had the right before the corporation got in, so it had the right to turn it out after it got in. * * * It follows that the State could impose the more limited restrictions that simply forbade the granting of charters to subordinate councils, Junior Order United American Mechanics, in the State of Virginia."[61]

The court, however, hesitated over the question whether the use of the name of the national organization by the Virginia corporation would not amount to depriving it of its property without due process of law. The decision was that it would not, because such name had no commercial value in the State; but it was implied that a limitation clearly existed here if occasion to use it should arise.

The second case involved a Kentucky statute which provided that if any foreign insurance corporation licensed to do business in the State should attempt to remove a case in which it was a party to a Federal court, its license would be immediately revoked. The constitutionality of this law was vigorously attacked, but it was upheld by the Supreme Court in Security Mutual Insurance Company v. Prewitt.[62] The court said:

"As a State has power to refuse permission to a foreign insurance company to do business at all within its confines, and as it has power to withdraw that permission when once given, without stating any reason for its action, the fact that it may give what some may think a poor reason or none for a valid act is immaterial."

It has been repeatedly held that the enforcement of State statutes enacted under the police power forfeiting the right of a foreign corporation to continue business in a State, although disastrous in consequence to the corporation, is not depriving it of property without due process of law.[63] The Supreme Court has held that Congress may exercise police power under the commerce clause of the Constitution, provided the regulation itself is within the scope of the congressional authority over commerce. And as any regulations which Congress might reasonably adopt for the control of coal corporations engaged in interstate commerce would certainly fall within the "police power" of the sovereign, there should be little danger of any licensing statute being declared unconstitutional, even as to corporations already engaged in interstate commerce.

B. Federal incorporation, under the commerce power

It has been suggested that, instead of controlling coal corporations through the medium of a compulsory Federal license, it would be more satisfactory to require all such corporations desiring to transact interstate commerce to secure a charter of incorporation from the Federal Government. In other words, interstate commerce in coal could be carried on only by national corporations, rather than by State corporations with Federal license.

This proposition at once involved the question whether Congress has power to incorporate companies for such a purpose. The constitutionality of a national incorporation law for coal companies engaged in interstate commerce is discussed in the following pages:

1. CONGRESS HAS POWER TO CREATE CORPORATIONS WHENEVER THEY ARE APPROPRIATE MEANS FOR CARRYING OUT THE SOVEREIGN POWERS VESTED IN IT UNDER THE CONSTITUTION

There is nothing in the Constitution of the United States expressly granting to Congress the power to create or charter corporations. However, it was decided at an early date by the Supreme Court that the Federal Government had implied power to charter corporations, if the act was done as an appropriate means of carrying into execution one of the powers expressly granted to it under the Constitution.

In 1791 the first Congress passed a bill incorporating the Bank of the United States, a private-stock corporation with power to establish branches and to engage in a general banking business. President Washington signed this bill after Alexander Hamilton, then Secretary of the Treasury and principal author of the bill, had submitted a persuasive opinion in support of its constitutionality.[64] Jefferson and Randolph had expressed the opinion that the act was unconstitutional, but Hamilton's view prevailed. The charter of this bank expired in 1811 and, for political reasons, Congress temporarily refused to renew it; but in 1816 it created the second Bank of the United States.

The constitutionality of the act creating the second Bank of the United States came before the Supreme Court in 1819, in the great case of McCulloch v. Maryland.[65] Chief Justice Marshall upheld the constitutionality of the act creating the corporation as providing convenient and useful means for carrying on the fiscal operations entrusted to the Federal Government.

"The Constitution," said Chief Justice Marshall, "does not profess to enumerate the means by which the powers it confers may be executed, nor does it prohibit the creation of a corporation, if the existence of such a being be essential to the beneficial exercise of these powers. The power of creating a corporation, though appertaining to sovereignty, is not, like the power of making war, or levying taxes, or of regulating commerce, a great substantive and independent power, which can not be implied as incidental to other powers, or used as a means of executing them. It is never the end for which other powers are exercised, but a means by which other objects are accomplished. * * * No city was ever built with the sole object of being incorporated, but is incorporated as affording the best means of being well governed. The power of creating a corporation is never used for its own sake but for the purpose of effecting something else. No sufficient reason is, therefore, perceived why it may not pass as incidental to those powers which are expressly given, if it be a direct mode of executing them."[66]

This case, therefore, definitely established the principle that Congress, though not expressly given the power to incorporate, may exercise that power if it is an appropriate means for carrying into execution a power which is expressly conferred. Nor does it have to be an absolutely "necessary" means. "Necessary and proper," as the phrase is used in the Constitution, has always been interpreted in a broad sense. As stated by Marshall in the same opinion referred to above:

"We think the sound construction of the Constitution must allow to the National Legislature that discretion with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited but consist with the letter and spirit of the Constitution, are constitutional."[67]

2. CONGRESS HAS POWER, IN ORDER TO FACILITATE THE PROPER REGULATION OF INTERSTATE COMMERCE, TO CHARTER CORPORATIONS WITH AUTHORITY TO ENGAGE IN INTERSTATE COMMERCE IN COAL

In 1862, in pursuance of a plan to establish a highway from the Missouri River to the Pacific Ocean, Congress incorporated the Union Pacific Railroad. The Northern Pacific received a Federal charter in 1864, and the Atlantic & Pacific Railroad Co. was incorporated by Congress in 1866. In 1871 Congress granted a charter to the Texas & Pacific Railroad, with authority to construct and maintain a railroad from a point in the State of Texas to connect with another railroad in California.

Discussing these franchises in the case of California v. Pacific Railroad Co.[68] the Supreme Court said:

"It can not at the present time be doubted that Congress, under the power to regulate commerce among the several States, as well as to provide for postal accommodations and military exigencies, had authority to pass these laws. The power to construct, or to authorize individuals or corporations to construct, national highways and bridges from State to State is essential to the complete control and regulation of interstate commerce. Without authority in Congress to establish and maintain such highways and bridges, it would be without authority to regulate one of the most important adjuncts of commerce. * * * Of course the authority of Congress over the Territories of the United States, and its power to grant franchises exercisable therein, are, and ever have been, undoubted. But the wider power was very freely exercised, and much to the general satisfaction, in the creation of the vast system of railroads connecting the East with the Pacific, traversing States as well as Territories, and employing the agency of State as well as Federal corporations."

In Luxton v. North River Bridge Co.,[69] decided in 1894, the power of Congress to incorporate a company to construct a bridge across the Hudson or North River was sustained. The court restated the rule laid down in McCulloch v. Maryland, in the following language:

"The Congress of the United States, being empowered by the Constitution to regulate commerce among the several States, and to pass all laws necessary or proper for carrying into execution any of the powers specifically conferred, may make use of any appropriate means for this end. * * * Congress, therefore, may create corporations as appropriate means of executing the powers of government, as, for instance, a bank for the purpose of carrying on the fiscal operations of the United States, or a railroad corporation for the purpose of promoting commerce among the States."

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[60] 203 U. S. 151.
[61] 203 U. S. 151, 163.
[62] Security Mutual Life Ins. Co. v. Prewitt, 202 U. S. 246.
[63] Hammond Packing Co. v. Arkansas, 212 U. S. 322; National Council U. A. M. v. State Council U. A. M., 203 U. S. 151; National Cotton Oil Co. v. Texas, 179 U. S. 115.
[64] Hamilton's opinion is printed in Ford's edition of the Federalist, p. 657.
[65] 4 Wheat. 316; see also Osborn v. Bank of United States, 9 Wheat. 738, 859.
[66] 4 Wheat. 316, 411.
[67] McCulloch v. Maryland, 4 Wheat. 316, 421.
[68] 127 U. S. 1.
[69] 153 U. S. 525.

From the language of the Supreme Court in these cases upholding the right of Congress to incorporate bridge and railroad companies, it is believed that it would take the slightly further step and sustain a law providing for Federal incorporation of interstate trading companies, including those engaged in interstate transportation of coal.

The grant by the Constitution of power "to regulate" interstate and foreign commerce has been construed by the Supreme Court as constituting, in effect, a grant of power to legislate generally with respect to such commerce. Thus it has been held that Congress not only has power to regulate interstate and international commercial transactions and to enact police regulations for the government of such commerce,[68] but that it may also pass laws prohibiting restraints of such commerce,[69] laws to provide the public with suitable instrumentalities or facilities for the transaction of such commerce, as railways, bridges, and telegraph lines,[70] and laws regulating even the internal business affairs and operations of public carriers which act as instrumentalities for the transaction of interstate commerce.[71]

Shortly after the adoption of the Constitution, when the interstate and international commerce of the United States was comparatively small, Hamilton pointed out that "the fact that all the principal commercial nations have made use of trading corporations is a satisfactory proof that the establishment of them is an incident to the regulation of commerce."[72] To-day the great bulk of interstate and international trade is carried on by means of corporate organizations, and the right to form corporations for such trade has become a practical necessity. It would seem, then, that an act of Congress authorizing the formation of such corporations could be justly sustained on the ground that the right to form corporations is necessary to the convenient and effective transaction of interstate and international trade.

Continuing the discussion along these lines, it is desired to quote from an article by Victor Morawetz, of the New York bar, entitled "The Power of Congress to Enact Incorporation Laws and to Regulate Corporations," appearing in the Harvard Law Review for June, 1913:

"If the several States should refuse or fail to provide adequate facilities for the formation of corporations to engage in interstate and international trade, the need of national legislation would become obvious; but the fact that the several States have enacted laws authorizing the formation of corporations to engage in interstate and international trade would not impair or limit the power of Congress to enact such laws, if Congress could exercise this power in the absence of all State regulation. On the contrary, the diversity of the corporation laws of the several States; the practice which has grown up of forming corporations under the laws of certain States for the purpose of carrying on business principally, or wholly, in other States; the attempts of some of the States to increase their income from corporation fees and taxes, by inviting the formation of corporations under laws conferring wide powers and containing few restrictive regulations for the protection of the public; and the policy adopted by other States of imposing burdensome restrictions upon foreign corporations—all would furnish additional grounds for national legislation authorizing the formation of interstate trading corporations governed by uniform regulations with respect to their organization, their powers, and their management, and vested by Congress with the right to carry on their business throughout the United States."[73]

Any argument for the incorporation of trading companies generally, when they are engaged in interstate commerce, would apply with added force to sustain national incorporation of coal companies alone. The need for free and unrestricted commerce in coal, coupled with the interference to such commerce resulting from combinations, overdevelopment, industrial troubles, and many other causes, furnish special grounds for Federal incorporation of coal companies as a convenient and appropriate means for regulating and promoting interstate commerce in coal. There can be no question about the power of Congress to distinguish between coal corporations and other kinds of corporations engaged in interstate commerce and to make the law applicable only to the former if it is so desired, for the classification would have a reasonable basis and would certainly fall within the wide discretionary power vested in the legislature in such matters.[74]

3. CONGRESS COULD AUTHORIZE NATIONALLY INCORPORATED COAL COMPANIES TO ENGAGE IN INTRASTATE COMMERCE IN COAL

Assuming that Congress has constitutional power to enact a law for the incorporation of coal companies to engage in interstate or international trade, the question arises whether such corporations may be authorized to engage incidentally in intrastate commerce, as well. Under the recent decisions of the Supreme Court there seems to be little doubt that such authority might be granted as incidental and necessary to the carrying on of interstate trade.

The act of Congress incorporating the second bank of the United States conferred upon the bank the right to engage in a general banking business throughout the United States, and the constitutionality of the grant of this right was sustained on the ground that the bank could not serve the national purpose for which it was established, unless authorized to engage in a general banking business.[75] In a recent case,[76] the Supreme Court held that a law authorizing the Federal Reserve Board, under certain circumstances, to grant national banks the authority to carry on a trust business in addition to their other functions, was also constitutional.

In the Minnesota rate cases[77] and the Shreveport case[78] in 1913 and 1914, the Supreme Court held that Congress had authority to fix railroad rates for intrastate as well as interstate transportation, in cases where it was necessary in order to protect the interests of interstate commerce. In reaching this conclusion the court said:

"The fact that carriers are instruments of intrastate commerce, as well as of interstate commerce, does not derogate from the complete and paramount authority of Congress over the latter or preclude the Federal power from being exerted to prevent the intrastate operations of such carriers from being made a means of injury to that which has been confided to Federal care. * * * This is not to say that Congress possesses the authority to regulate the internal commerce of a State, as such, but that it does not possess the power to foster and protect interstate commerce, and to take all measures necessary to appropriate to that end, although intrastate transactions of interstate carriers may thereby be controlled."[79]

From these decisions there would seem to be little doubt that Congress could give national coal corporations the authority to engage in intrastate trading operations in connection with their interstate trade.

4. CONGRESS CAN NOT GIVE NATIONAL COAL CORPORATIONS POWER TO MINE COAL, BUT IT MAY AUTHORIZE THEM TO CONDUCT SUCH MINING OPERATION WITH THE CONSENT OF THE STATE

A very different problem from the one last considered arises when we examine the power of the Federal Government to confer the right to produce as an incident to the power to carry on interstate commerce. There are two questions which should be considered in this connection: (a) May a Federal coal corporation be given the absolute right to mine coal against the consent of the State into which the corporation enters to do business? (b) If the Federal Government can not grant this absolute right, can it confer the corporate capacity to mine coal to be exercised if the State does not object?

These questions are asked by Roland C. Heisler in an admirable monograph on "Federal Incorporation" published by the University of Pennsylvania law school in 1913. His discussion of the problem is felt to contain the true statement of the law and is given below:

(a) "Mr. Garfield, in his report for 1904 as Commissioner of Corporations, argued that the Federal Government could grant to a Federal corporation the absolute right to produce, irrespective of the consent of the State in which the production is undertaken, because such a power is a necessary and absolutely essential incident to the right to engage in interstate commerce. The two functions of production and exchange, he says, are inseparable from an economic standpoint; the subordinate power to produce is a natural and prima facie corollary of the power to exchange, and a natural part of the constitutional machinery for the regulation of commerce. He points out the fact that national banks have many incidental powers which are not strictly necessary for the carrying on of a banking business, as, for example, the right to buy and sell and exchange coin and bullion, to hold land for debts, and to discount notes, drafts, and bills of exchange. Once granting the propriety of the general power to regulate interstate commerce by conferring corporate privileges to be exercised therein, he argues, it necessarily follows that the discretion of Congress in the matter is very broad, reaching to every means, form, incidental, and detail not plainly prohibited.

"But this argument, it is believed, carries the doctrine of McCullogh v. Maryland too far. Production has been definitely decided not to be a part of interstate commerce. Production is the creation of an article, and Congress has not the power to create the articles which may become the subject of interstate commerce, but merely to regulate that commerce. If the creation of the thing to be regulated is an incident of the power to regulate, then it would seem that the power to produce can be derived as incidental to nearly any one of the powers of Congress. Thus, since Congress has the power to lay taxes, why could it not produce the objects to be taxed, as an appropriate means of exercising such power? The power to sell usually accompanies the power to produce, but this is because it is incidental to the right of

[68] Lottery case, 188 U. S. 321; Reid v. Colorado, 187 U. S. 137; In re Rahrer, 140 U. S. 545.

[69] For example, the Sherman antitrust act of 1890.

[70] Cases supra.

[71] Compare the interstate commerce act, approved February 4, 1887, and its various amendments; the Elkins Act, approved February 19, 1903; the act to promote the safety of employees and travelers upon railroads, approved March 2, 1903, and the employers' liability act, approved April 5, 1910.

[72] Hamilton's opinion as to the constitutionality of the Bank of the United States, Ford's edition of The Federalist, p. 677.

[73] 26 Harvard Law Review, 672.

[74] See Bell's Gap R. R. v. Pennsylvania, 134 U. S. 232; Flint v. Stone Tracy Co., 220 U. S. 109; Veazie Bank v. Penno, 8 Wall. 533; Heisler v. Thomas Colliery Co. (decided Nov. 27, 1922), 67 L. Ed. 119.

[75] Osborn v. Bank of United States, 9 Wheat. 739.

[76] First National Bank v. Fellows on Relation of Union Trust Co., 244 U. S. 416 (1917).

[77] 230 U. S. 352.

[78] Houston, E. & W. T. Ry. Co. v. United States (234 U. S. 342).

[79] Houston, E. & W. T. Ry. Co. v. United States (234 U. S. 342).

ownership, and it does not by any means follow that the power to produce is incidental to the power to exchange. It is believed, therefore, that Congress has no power to confer the legal right to produce within a State as an incidental means of regulating interstate commerce.

(b) "But although this argument leads us to the conclusion that Congress can not grant the legal right to produce within a State, can it give to its own corporation the corporate capacity to produce, to be exercised with the consent of the State where production is undertaken?

"It must be remembered that Congress as the National Legislature has not the same sovereign power as a State to charter corporations. The corporation must be created as a means of executing some express power, and, therefore, the corporate powers granted must bear some relation to the end to be accomplished. Since manufacturing or production is not a part of interstate commerce nor of any other express power vested in Congress, at first glance it would appear that Congress had no power to grant such corporate capacity.

"But it must also be remembered that Congress has complete sovereign power over a certain section of the country—the Territories and the District of Columbia. Within this section the granting of the corporate capacity is not limited to the accomplishment of a power expressly conferred upon Congress by the Constitution. It is entirely within the power of Congress to incorporate a company to engage in production in either the Territories or the District of Columbia. Since this is true, no constitutional objection can be perceived which would prevent Congress, in granting a charter to engage in interstate commerce, from also conferring the legal right to produce which could be exercised within the Territories and the District of Columbia. The corporation would thus have an existence as a national corporation engaged in interstate commerce, in which character it could not be excluded by a State, and as a producing corporation of the District of Columbia and the Territories, in which character it could be excluded by a State. That is, the function of interstate commerce could be exercised regardless of the consent of the State which is entered by the corporation; but the function of production, on the contrary, would be dependent upon the consent of the State where the production is undertaken. To this extent, and to this extent only, it is submitted, has Congress the power to grant the right to produce."[80]

To summarize the above discussion: Congress, as an appropriate means of regulating commerce among the States, can incorporate, not only railroad and bridge companies but coal companies authorized to engage in interstate commerce. As an incidental right, a Federal coal-trading corporation could make intrastate sales. It could also be given the corporate power to mine coal, which could be exercised as a legal right in the District of Columbia and the Territories, and which could also be exercised within a State, if the laws of the State did not deny such right.

5. CONGRESS HAS SOVEREIGN POWER TO PRESCRIBE THE CONDITIONS UNDER WHICH A CHARTER TO A NATIONAL CORPORATION WILL BE GRANTED

The power of Congress, in creating a corporation, to lay restrictions upon the organization, conduct, or management of the corporation seems unquestionable. It was not doubted in the formation of the system of transcontinental railroads by Congress. In United States *v.* Stanford,[81] it was said that Congress, in granting a franchise to a State corporation, could, if it chose, make the stockholders individually liable for the obligations of the corporation. A fortiori could it impose such liability upon the stockholders of a corporation of its own creation, and the right to prescribe other conditions with reference to the exercise of the corporate privileges in interstate commerce would follow.

A national corporation is a creature of Congress, created by it and exercising its privileges only through Federal authority. Congress can exercise the same sovereignty in prescribing the conditions under which a national corporation shall be formed, as a State may exercise over corporations formed under its legislative powers. There is no inherent right to exercise corporate privileges, and this special right or franchise must be accepted on such terms as the body granting it sees fit to impose.[82]

6. CONGRESS MAY EXCLUDE FROM INTERSTATE COMMERCE ALL CORPORATIONS NOT POSSESSING A FEDERAL CHARTER

The power of Congress to prevent State corporations from engaging in interstate commerce was fully discussed above in connection with the granting of Federal licenses to such corporations and will not be repeated here. The Federal authority to exclude these artificial bodies from interstate commerce, according to the theory there expressed, is sovereign and could of course be exercised to compel coal companies wishing to engage in interstate commerce to secure a charter from the Federal Government. However, the power may not be exercised so as to violate vested rights of State corporations already engaged in interstate commerce, protection against this being guaranteed by the fifth amendment to the Constitution. For more extended discussion of these principles reference should be made to Chapter III, section A, supra.

C. Federal license or incorporation made compulsory through the exercise of the taxing power

In the discussion of the proposals for Federal licensing or incorporation of coal companies engaged in interstate commerce it has been assumed that such licenses or charters would be made "compulsory" by the direct exclusion from interstate commerce of all coal corporations not possessing them. It would seem, however, that there is another method of attaining this end, which, although perhaps not so desirable from certain points of view, would at least be thoroughly effective. Congress might compel all coal corporations engaged in interstate commerce to procure a Federal charter or license by imposing a prohibitive tax on the interstate traffic of all State coal corporations.

The constitutionality of this proposal is thoroughly and adequately discussed by Mr. Roland C. Heisler in his monograph on Federal Incorporation, referred to above. Since it covers the question so well for the purposes of this paper, Mr. Heisler's discussion of the right of Congress to levy a prohibitive tax on the interstate traffic of State corporations is given here in full.[83]

"The constitutionality of such legislation resolves itself into the determination of two general questions:

"1. Has Congress under the Constitution the power to tax interstate commerce?

"2. If this be answered in the affirmative, does a tax upon the interstate commerce business of State corporations conform to the limitations placed by the Constitution upon the power of Congress to lay and collect taxes?

"1. The Constitution provides: 'The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts, and provide for the common defense and general welfare of the United States.'

"The grant is made in the most general terms. It is subject only to the express exception that 'no tax or duty shall be laid on articles exported from any State'; and the implied exception that State governmental agencies shall not be taxed. 'It is true that the power of Congress to tax is a very extensive power. It is given in the Constitution with only one exception and only two qualifications. * * * Thus limited, and thus only, it reaches every subject, and may be exercised at discretion.'[84] All property within the geographical limits of the United States, all occupations or special privileges, which do not come within the exceptions noted, are therefore within the taxation power of Congress. As illustrations of the subjects of this power may be cited the transmission and receipt of property by death, although the right thus to receive property is derived from the State;[84a] the privilege of carrying on a private business in corporate form;[85] and the carrying on of a business entirely within the limits of a single State.[86]

"The occupation or business of interstate commerce is within the jurisdiction of the Federal Government, and it is clearly not included within the implied exception that State governmental agencies can not be taxed. Unless, therefore, a tax on interstate commerce would be a tax or duty on articles exported from a State within the meaning of the Constitution, no reason can be perceived which would prevent the imposition by Congress of a tax on such business.

"It seems very probable that the framers of the Constitution intended the word 'exports' to apply, not only to articles sent from a State to a foreign country, but also to articles sent from one State to another. As used in State constitutions and statutes at the time of the adoption of the Federal Constitution, the word included all articles transported across State lines, regardless of their destination. And apparently Chief Justice Marshall regarded articles brought into a State from another State as 'imports' within the meaning of that word in the clause of the Constitution which provides that 'no State shall, without the consent of Congress, lay any duties or imposts upon imports or exports, except what may be absolutely necessary for executing its inspection laws.'"[87] Furthermore, an express decision was made to this effect by the Supreme Court in Almy *v.* California.[88]

"But in Woodruff *v.* Parham[89] it was held that a State tax on goods in the original package brought into the State from another State was not a tax on imports within the meaning of the Constitution. 'It is not too much to say,' declared Mr. Justice Miller, in delivering the opinion of the court, 'so far as our research has extended, neither the word "export," "import," nor "impost" is to be found in the discussions on this subject, as they have come down to us from that time, in reference to any other than foreign commerce, without some special form of words to show that foreign is not meant. * * * Whether we look, then, to the terms of the clause in question, or to its relation to other parts of that instrument, or to the history of its formation and adoption, or to the comments of the eminent men who took part in those transactions, we are forced to the conclusion that no intention existed to prohibit, by this clause, the right of one State to tax articles brought into it from another.'

"The doctrine of this case has never been qualified."[90] Therefore, if 'imports' refers only to goods brought from a foreign

[80] Heisler, Federal Incorporation, pp. 19–22.
[81] 161 U. S. 412, 433 (1896).
[82] See in re Greene, 52 Fed. 112, 113.

[83] Heisler, Federal Incorporation, pp. 70–83.
[84] License Tax Cases (1866), 5 Wall. 462, 471.
[84a] Knowlton *v.* Moore (1900), 178 U. S. 41.
[85] Flint *v.* Stone Tracy Co. (1911), 220 U. S. 108.
[86] License Tax Cases (1866), 5 Wall. 462.
[87] Brown *v.* Maryland (1827), 12 Wheat. 419.
[88] (1860), 24 How. 169.
[89] (1867), 8 Wall. 123.
[90] In accord, see Brown *v.* Houston (1885), 114 U. S. 622; Pittsburg, etc., Coal Co. *v.* Bates (1895), 156 U. S. 577; Fairbanks *v.* United States (1901), 181 U. S. 283; American Steel Co. *v.* Speed (1904), 192 U. S. 500.

country, 'exports,' by a necessary correlation, refers only to goods sent to a foreign country, unless there is some special form of words showing that foreign commerce is not meant.

"The clause in question reads: 'No tax or duty shall be laid on articles exported from any State.' It may be argued that had it been intended to prohibit taxation on goods sent to foreign countries only, the clause would have been more general in its terms—'no tax or duty shall be laid on articles exported'; that by specifically providing against taxation on articles exported 'from any State,' it was intended to include all articles sent out of a State, regardless of their destination. But the decisions clearly refute this contention,[1] and it may be regarded as established that a tax upon goods sent from one State to another would not be a tax on exports within the meaning of the Constitution. Thus, in Dooley *v.* United States, the court said: 'It follows and is the logical sequence of the case of Woodruff *v.* Parham that the word 'export' should be given a correlative meaning, and applied only to goods exported to a foreign country. If, then, Porto Rico be no longer a foreign country under the Dingley Act * * * we find it impossible to say that goods carried from New York to Porto Rico can be considered as 'exports' from New York within the meaning of the clause in the Constitution.'

"Accordingly, there seems no reason to doubt that Congress has the power under the Constitution to lay a tax upon the occupation of carrying on interstate commerce.

"2. Granting the power to tax, there are two clauses in the Constitution which limit the exercise of this power: 'All duties, imposts, and excises shall be uniform throughout the United States'; 'No capitation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken.' Direct taxes are subject to the rule of apportionment, indirect taxes to the rule of uniformity.

"A tax upon interstate commerce would not be a direct tax. A tax levied upon persons because of their general ownership of property, real and personal, is a direct tax.[2] But a tax upon a business, privilege, employment, or vocation is indirect, and therefore not subject to the rule of apportionment. Thus in Nichol *v.* Ames,[3] a tax upon the sale of property at exchanges was held not to be a direct tax upon the property itself but a tax upon the facilities and the benefits which inhered in the use of an exchange. As a tax upon a privilege it was decided to be indirect. In Knowlton *v.* Moore,[4] a tax upon the transmission of property by inheritance was held to be indirect. A tax on sales of shares of stock in corporations is an indirect tax.[5] In this last case the court said that the words 'duties, imposts, and excises' 'were used comprehensively to cover customs and excise duties imposed on importation, consumption, manufacture, and sale of certain commodities, privileges, particular business transactions, vocations, or occupations, and the like.' Likewise, in Spreckels Sugar Refining Co. *v.* McClain,[6] a tax upon the business of refining sugar, measured by the gross annual receipts from that business, was held to be an indirect tax. 'Clearly the tax is not imposed upon the gross annual receipts as property, but only in respect of the carrying on or doing the business of refining sugar.' Finally, in the recent case of Flint *v.* Stone Tracey Co.,[7] a tax upon business corporations measured by the annual net income was held to be an excise upon the privilege of carrying on business in corporate form, and therefore an indirect tax.

"In view of these decisions, a tax upon the occupation of engaging in interstate commerce would clearly be an indirect tax. As such, it would be subject to the constitutional requirement of uniformity. The question, therefore, which must next be determined is whether a tax laid only on the interstate commerce transacted by State corporations would conform to this requirement.

"The case of Knowlton *v.* Moore[8] definitely settled the meaning of 'uniformity' as that word is used in the Constitution. In that case it was argued that an excise tax upon the transmission of property by inheritance was not uniform, because (1) legacies below a certain figure were exempted; (2) the rate of tax was classified according to the relationship or absence of relationship of the legatee to the deceased; (3) the rate of taxation progressed according to the amount of the legacy or share. After a careful and elaborate consideration the Supreme Court decided that the uniformity clause did not restrict Congress to intrinsic uniformity, but merely to geographical uniformity throughout the United States. This principle was affirmed in Flint *v.* Stone Tracey Co.[9] the court saying: 'As we have seen, the only limitation upon the authority conferred is uniformity in laying the tax, and uniformity does not require the equal application of the tax to all persons or corporations who may come within its operation, but is limited to geographical uniformity throughout the United States.'

"Thus the fact that the tax under discussion would be imposed only on State corporations, and not on individuals or Federal corporations engaged in interstate commerce, would not violate the requirement of uniformity. So far as this limitation is concerned, Congress could adopt an arbitrary classification for taxation purposes. To make the tax uniform, it would only be necessary that it apply to all State corporations throughout the country which carry on interstate trade.

"But we have concluded that the necessity for due process would prevent an arbitrary and unreasonable classification by Congress. It remains to be considered, therefore, first, whether the fifth amendment limits the power of Congress to lay and collect taxes; and, if so, second, whether the classification here is so arbitrary as to violate due process.

"In McCray *v.* United States[1] it was said by Mr. Justice White, in delivering the opinion of the court: 'Whilst undoubtedly both the fifth and tenth amendments qualify, in so far as they are applicable, all the provisions of the Constitution, nothing in those amendments operates to take away the grant of power to tax conferred by the Constitution upon Congress * * * Conceding merely for the sake of argument that the due process clause of the fifth amendment would avoid an exertion of the taxing power which, without any basis for classification, arbitrarily taxed one article and excluded another article of the same class, such concession would be wholly inapposite to the case in hand.'

"The classification in that case discriminated between butter and oleomargarine artifically colored to represent butter, a tax being imposed upon the latter and not upon the former. This classification was regarded as entirely reasonable.

"Assuming that the fifth amendment would prevent an arbitrary classification, it is certain, however, that the power to tax and a wide discretion in its exercise is so essential to a sovereign government that a classification which might be held arbitrary if made in the exercise of another power, may well be regarded as within the discretionary power of Congress in the case of the exercise of the taxation power.[2] In Bell's Gap R. R. *v.* Pennsylvania,[3] in dealing with the limitations upon the power of a State to tax, imposed by the clause of the fourteenth amendment, which prohibits a denial of the equal protection of the laws, the Supreme Court said:

"'The provisions in the fourteenth amendment, that no State shall deny to any person within its jurisdiction the equal protection of the laws, was not intended to prevent a State from adjusting its system of taxation in all proper and reasonable ways. It may, if it chooses, exempt certain classes from any taxation at all, such as churches, libraries, and the property of charitable institutions. It may impose different specific taxes upon different trades and professions, and may vary the rates of excise upon various products; it may tax real estate and personal property in a different way; it may tax visible property only, and not tax securities for payment of money; it may allow deductions for indebtedness or not allow them. All such regulations, and those of like character, so long as they proceed within reasonable limits and general usage, are within the discretion of the State legislature or the people of the State in framing their constitution. But clear and hostile discriminations against particular persons and classes, especially such as are of an unusual character, unknown to the practice of our Government, might be obnoxious to the constitutional prohibition.'

"The discretion of Congress under the fifth amendment in classifying for taxation purposes is, of course, as wide as that of a State legislature under the fourteenth amendment. The tax under discussion would be upon the privilege of exercising in interstate commerce corporate privileges granted by a State. It would not be imposed upon individuals engaged in interstate commerce nor upon Federal corporations transacting the same business.

"It is obvious that there is sufficient difference between the transaction of business with corporate privileges and the transaction of the same business as individuals to justify the imposition of taxes upon the former and not upon the latter. The peculiar advantages which inhere in the corporate capacity afford a substantial basis for the classification.'

"And there also appears to be a reasonable basis for the discrimination against State corporations in favor of Federal corporations. The right of Federal corporations to exercise corporate privileges in interstate commerce is granted directly by the Federal Government, which has exclusive jurisdiction over that commerce. State corporations, on the other hand, receive their corporate powers from the State governments, and the Federal tax upon them is laid on the privilege of exercising in interstate trade these special advantages which have not been granted by Congress and which are only exercised as a matter of comity. The classification would seem clearly to be within the wide discretion which may be exercised by Congress. A case in point is that of Veazie Bank *v.* Fenno,[4] in which the tax which was sustained by the court was laid on the circulating notes of State banks only. It is true that the decision was also based upon the power of Congress over

[1] See Turpin *v.* Burgess, 117 U. S. 504; Dooley *v.* United States (1901), 183 U. S. 151; Cornell *v.* Coyne (1904), 192 U. S. 418, 427.
[2] Pollock *v.* Loan & Trust Co. (1895), 157 U. S. 429; Flint *v.* Stone Tracey Co. (1911), 220 U. S. 108.
[3] (1899), 173 U. S. 509.
[4] (1900), 178 U. S. 41.
[5] Thomas *v.* United States (1904), 192 U. S. 363.
[6] (1904), 192 U. S. 397.
[7] (1911), 220 U. S. 108.
[8] (1900), 178 U. S. 41.
[9] Supra.

[1] (1904), 195 U. S. 27.
[2] See Flint *v.* Stone Tracy Co., supra, and authorities cited therein.
[3] (1890), 134 U. S. 232.
[4] Flint *v.* Stone Tracy Co., supra.
[5] (1869) 8 Wall. 533.

the currency, but the reasoning by which the case was sustained as an exercise of the taxing power has since been affirmed by the Supreme Court.[6]

"Nor would the classification in question be in conflict with the decision in Southern Railroad Co. *v.* Greene.[7] In that case it was held that an additional State tax imposed on foreign corporations for the privilege of doing business in the State, domestic corporations engaged in the same business not being taxed, amounted to a denial of the equal protection of the laws, where the foreign corporation had come into the State in compliance with its laws and had paid a license tax for the privilege of carrying on business therein.

"In that case the foreign corporation had been authorized to do business within the State, and had acquired valuable property therein, and there was no reasonable ground for distinguishing between it and a domestic corporation engaged in the same business. But in the present case the State corporation would not have received the express grant from Congress of the right to exercise its franchise in interstate commerce. At present this right is exercised merely as a matter of comity, and the Federal Government could change this policy and place a charge upon the privilege, exactly as an individual State, which has hitherto allowed the corporations of other States to engage in business within the State upon the principles of comity, may legislate expressly and exact a license tax for the privilege, when the corporation in question is not engaged in the transaction of interstate trade.

"That this tax would not be an infringement of the sovereign power of a State to grant corporate franchises sufficiently appears from the case of Flint *v.* Stone Tracy Co.[8] In that case it was held that the fact that corporate privileges were granted by a State did not exempt the corporation from a Federal excise tax upon the exercise of such privileges in business. A Federal tax upon the privilege of exercising in interstate commerce corporate privileges granted by a State would present a much stronger case, because it would not only be an excise tax upon a privilege but also a charge for entering a business over which Congress has exclusive jurisdiction.

"As a final objection to the tax it might be urged that the power to lay and collect taxes can be exercised by Congress only for the purpose of raising revenue, and not for the accomplishment of objects upon which Congress could not legislate directly. This does not mean that, as a general rule, the court will examine into the motives of Congress, but merely that when on its face a tax upon a particular object is so excessive as to make it apparent that it is prohibitive, it is not, properly speaking, a tax at all, but a regulation. Thus, in the tax under discussion, the object of Congress would be to render the interstate commerce transacted by State corporations so unprofitable that they would be compelled to procure a Federal charter, and this object would be apparent on the face of the act. The argument does not deny that under certain circumstances it may be necessary for the Government, for the purpose of obtaining revenue, to take the greater part or all of a citizen's property under a legitimate tax.[9]

"But, however sound this contention may be theoretically, and it does appear to be sound, the Supreme Court, it appears, has definitely adopted the contrary doctrine. Assuming, merely for the purpose of this argument, that it would not be within the power of Congress to legislate directly with the object of excluding State corporations from interstate commerce—although the contrary would appear to be the case[10]—the right to levy an excessive tax for the purpose of accomplishing that result is supported by direct authority.

"In the case of Veazie *v.* Fenno,[11] a tax imposed by Congress of 10 per cent upon the amount of notes of State banks issued for circulation was held valid, although its plain object was not revenue, but the destruction of the subject taxed. The constitutionality of the tax was attacked for that reason, but the court said: 'It is insisted, however, that the tax in the case before us is excessive, and so excessive as to indicate a purpose on the part of Congress to destroy the franchise of the bank, and is, therefore, beyond the constitutional power of Congress. The first answer to this is that the judicial can not prescribe to the legislative departments of the Government limitations upon the exercise of its acknowledged powers. The power to tax may be exercised oppressively upon persons, but the responsibility of the legislature is not to the courts, but to the people by whom its members are elected. So if a particular tax bears heavily upon a corporation, or a class of corporations, it can not, for that reason only, be pronounced contrary to the Constitution.'

"The tax in this case was also justified under the power of Congress over the currency, and it may, therefore, be distinguished from a case in which the object to be accomplished is itself beyond the jurisdiction of Congress, but the language quoted has been approved by the Supreme Court in subsequent cases.[12]

"However this may be, the case of McCray *v.* United States" is directly in point. In it was involved the constitutionality of an act of Congress which imposed a tax of 10 cents per pound upon the manufacture and sale of oleomargarine when colored to represent butter, uncolored oleomargarine being taxed one-quarter of a cent per pound. This tax made the cost of production of colored oleomargarine so high as to prohibit its sale, and accordingly it was apparent that revenue was not the result desired, but the prohibition of the production of the article, a matter upon which Congress had no power to legislate directly. The act was sustained as a valid exercise of the taxation power of Congress. In delivering the opinion of the court, Mr. Justice White said:

"'The decisions of the court from the beginning lend no support whatever to the assumption that the judiciary may restrain the lawful exercise of power on the assumption that a wrongful purpose or motive has caused the power to be exerted. * * *

"'The judiciary is without authority to avoid an act of Congress exerting the taxing power, even in a case where, to the judicial mind, it seems that Congress had in putting such power in motion abused its lawful authority by levying a tax which was unwise or oppressive, or the result of the enforcement of which might be to indirectly affect subjects not within the power delegated to Congress.'

"In view of this case, any argument based upon the excessive character of a tax upon the privilege of exercising in interstate commerce corporate privileges granted by a State, or upon the motive or purpose of Congress in enacting such legislation, would appear of little avail.

"And, on the whole, no valid objection can be perceived to the constitutionality of such tax. Without entering into any discussion of the merits of the various methods, the indirect method of prohibition by taxation seems much less desirable than the direct exclusion of State corporations from interstate commerce, which appears equally constitutional."

IV. Regulation of Coal Mining on the Ground That it is Necessary to Provide an Essential Instrumentality of Interstate Commerce

Is coal such an essential instrumentality for the carrying on of interstate commerce that regulation of the conditions of mining is necessary in order to protect what the Supreme Court has called the interstate commerce act? This question, involving a unique application of a recognized principle, is suggested by a quotation from the brief of the Solicitor General of the United States in the Second Employers' Liability Cases, which was quoted with approval by the Supreme Court in its opinion upholding the constitutionality of the Federal employers' liability act:

"Interstate commerce—if not always, at any rate when the commerce is transportation—is an act. Congress, of course, can do anything which, in the exercise by itself of a fair discretion, may be deemed appropriate to save the act of interstate commerce from interruption, or to make that act more secure, more reliable, or more efficient. The act of interstate commerce is done by the labor of men and with the help of things, and these men and things are the agents and instruments of the commerce. If the agents or instruments are destroyed while they are doing the act, commerce is stopped; if the agents or instruments are interrupted, commerce is interrupted; if the agents or instruments are not of the right kind or quality, commerce in consequence becomes slow and costly or unsafe or otherwise inefficient; and if the conditions under which the agents or instruments do the work of commerce are wrong or disadvantageous, these bad conditions may and often will prevent or interrupt the act of commerce or make it less expeditious, less reliable, less economical, and less secure. Therefore Congress may legislate about the agents or instruments of interstate commerce and about the conditions under which those agents and instruments perform the work of interstate commerce, whenever such legislation bears, or in the exercise of a fair legislative discretion can be deemed to bear, upon the reliability or promptness or economy or security or utility of the interstate commerce act."[14]

The United States Geological Survey estimated in 1921 that 28 per cent of the total amount of bituminous coal consumed in this country was used by the railroads for transportation.[15] If to this be added the thousands of tons used each year to propel ships in coastwise and foreign commerce, and to furnish electricity for interurban trains, it will be seen that fully one-third of our total coal supply is consumed for purposes of transportation. In the absence of a fairly regular production of this huge amount of fuel, our commerce can not be carried on, and everything that affects the mining of coal also intimately affects the interstate commerce "act" itself. Can it not be legitimately argued that unsatisfactory conditions of coal production, periodical strikes and overdevelopment, high prices—may all "be deemed to bear upon the reliability, or promptness, or economy, or security, or utility of the interstate commerce act,"[16] so as to bring legislation covering these problems within the scope of the congressional power over commerce?

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[6] See McCray *v.* United States (1904), 195 U. S. 27, 58; Flint *v.* Stone Tracy Co. (1911), 220 U. S. 108, 155, 156.

[7] (1910) 216 U. S. 400.

[8] Supra.

[9] See an article in 6 Mich. Law Review, 277, "May Congress levy money exactions, designated taxes, solely for the purpose of destruction?" by Mr. J. B. Waite.

[10] Supra, pp. 58–70.

[11] (1869) 8 Wall. 533.

[12] See supra, p. 48, note 1.

[13] (1904), 195 U. S. 27.

[14] Second Employers' Liability Cases, 223 U. S. 1, 48 (1911).

[15] Seasonal Fluctuations in the Production and Transportation of Bituminous Coal." Prepared by Department of the Interior, United States Geological Survey, June 15, 1921.

[16] See Second Employers' Liability Cases, 223 U. S. 1, 48.

In the recent case of United States *v.* Forger,[17] the Supreme Court upheld the validity of an act of Congress punishing the forgery or utterance of bills of lading for fictitious shipments in interstate commerce. It was objected that there was and could be no commerce in a fraudulent or fictitious bill of lading, and that, therefore, the power of Congress could not embrace this subject. In sustaining the law as coming properly within the commerce power, the court said that—

"Obviously that power, if it is to exist, must include the authority to deal with obstructions to interstate commerce, and with a host of other acts which, because of their relation to and influence upon interstate commerce, come within the power of Congress to regulate, although they are not interstate commerce in and of themselves."[18]

Another interesting case from the standpoint of the question we are now considering is that of the United Mine Workers of America *v.* Coronado Coal Co., decided during the past year by the Supreme Court.[19] The miners' union was charged with violation of the Sherman Antitrust Act through an alleged obstruction to interstate commerce resulting from strikes and sabotage to enforce the closed shop in certain Arkansas mines. The Supreme Court refused to consider the action of the miners as constituting a conspiracy in restraint of interstate trade, and a quotation from its opinion is given below:

"Coal mining is not interstate commerce, and the power of Congress does not extend to its regulation as such * * *. Obstruction to coal mining is not a direct obstruction to interstate commerce in coal, although it, of course, may affect it by reducing the amount of coal to be carried in that commerce (citing cases) * * *. *It is clear from these cases that if Congress deems certain recurring practices though not really part of interstate commerce, likely to obstruct, restrain, or burden it, it has the power to subject them to national supervision and restraint.*"[20]

It will be noted that while the court definitely said that coal mining was not interstate commerce, and that hence the power of Congress did not extend to its regulation as such, still if Congress deemed certain recurring practices likely to obstruct, restrain, or burden such commerce, it could "subject them to national supervision and restraint." The court here was looking at coal, not as an instrumentality of interstate commerce, but only as a product of such commerce, and it would seem that its reasoning would be made much stronger if coal were considered as an instrumentality in the sense that has been suggested above.

If the application of this theory is admitted, it is still a question how far congressional regulation may be said to bear that relation to interstate commerce which is necessary to bring it within the Federal constitutional authority. It would seem, however, that question of prices, of distribution, of overdevelopment, and of industrial relations, in so far as they may involve the danger of strikes, all these would affect the "act" of interstate commerce to such an extent that they might be regulated by Congress under its commerce power.

It must be confessed that our argument leads us into dangerous ground. If the coal used by railroads is an essential instrumentality of interstate commerce, what about the steel for locomotives and rails, the lumber which is made into crossties and box cars, and a host of other things? Are not these just as truly instrumentalities of interstate commerce? And if the power of Congress can extend to the regulation of all these industries because a part of their product is used by the railroads in the interstate commerce "act," where is the limit to Federal regulation of private industry?

But, after all, a similar danger exists in the application of Federal regulation under the Sherman Antitrust Act, for example:

Here the Supreme Court found it necessary to apply the rule of reason regarding action in restraint of trade,[21] and also to hold that manufacture per se was not brought within the terms of the act.[22] A similar "rule of reason" must, of course, be used in the application of the theory we are here considering, and this rule would itself dictate the proper limits of Federal regulation. The large proportion of the total coal supply which is consumed by the railroads, the fact that continuous production is so essential, and that cessation of mining brings an almost immediate danger to interstate commerce, the peculiar nature of coal as a "public utility" (for so it must be considered in the future, despite some earlier court decisions to the contrary), all these elements enter to make the problem of coal mining one of immediate and pressing importance to interstate commerce, far above any of the other natural products used as instrumentalities of such commerce.

It is felt that this theory of Federal regulation is sound and that it might be used as a constitutional basis for the extension of Federal control over coal mining. Whether it would be accepted by the Supreme Court, in view of the recent trend of the decisions of that body in cases under the commerce clause [23] is, however, admittedly doubtful. It is mentioned here as a possible basis for Federal regulation of coal mining, a regulation which in any event will have to pass through many constitutional fires before it is recognised as within the province of the National Government.

[17] 250 U. S. 199.
[18] 250 U. S. 199, 203.
[19] Not yet reported.
[20] United Mine Workers of America *v.* Coronado Coal Co., decided 1922, not yet reported. (Italics mine.)
[21] See United States *v.* Standard Oil Co., 221 U. S. 1; United States *v.* American Tobacco Co., 221 U. S. 106.
[22] United States *v.* E. C. Knight Co., 156 U. S. 1.
[23] Compare Hammer *v.* Dagenhart, 247 U. S. 251; Adair *v.* United States, 208 U. S. 161.

V. Possibility of Purchasing the Coal Mines Under the Right of Eminent Domain

The Constitution does not give to the Federal Government any express authority to acquire territory, but Congress has, of course, exercised this right from very early times. It has been said that it follows from the powers to declare and carry on war, to make treaties, and to admit new States into the Union, since land may naturally be acquired in connection with any of these operations.[24]

In any event the right of the Federal Government to acquire land is undisputed and has been freely exercised in the acquisition, development, and disposition of the great public territories of the United States. The power to own naturally embraces the power to operate and develop, and so Congress has power to do what it sees fit in the development of the public lands. In order to further an irrigation project in certain Federal lands within the domain of a State, it was held that the United States Government could exercise the right of eminent domain to condemn private land necessary to carry out its scheme of irrigation.[25]

The power of the Federal Government to acquire territory by conquest or by treaty, or for the admission of new States, does not, however, answer the question whether the National Government may acquire territory, by compulsion, from private individuals under the right of eminent domain. The coal properties of the United States could, of course, be purchased only through condemnation proceedings, and hence they can be constitutionally acquired by the Federal Government only if it possesses the right to use the power of eminent domain for such a purpose.

There is no power of eminent domain expressly granted to the National Government by the Constitution. However, it was held in the case of Kohl *v.* United States,[26] involving the right of the Federal Government to condemn property for a post-office building, that the power of eminent domain resided in the Federal Government as an essential attribute of sovereignty, although its use was limited to the fields in which that Government was sovereign.

Thus the United States Government has used the power of eminent domain to acquire lands for post offices, customs houses, armories, arsenals, navy yards, lighthouses, and other governmental purposes; it has granted the right of eminent domain to the Pacific railroad companies which hold Federal charters; and it is settled that the power exists in the Federal Government whenever its exercise is necessary to the proper use of one of its express powers.

This right of the National Government is summarised in the case of Van Brocklin *v.* State of Tennessee.[27]

"The United States, at the discretion of Congress, may acquire and hold real property in any State, whenever such property is needed for the use of the Government, in the execution of any of its powers; whether for arsenals, fortifications, lighthouses, customhouses, courthouses, barracks, or hospitals, or for any other of the many public purposes for which such property is used; and when the property can not be acquired by voluntary arrangement with its owners it may be taken against their will by the United States, in the exercise of the power of eminent domain, with or without a concurrent act of the State in which the land is situated. (10 Peter, 25; 91 U. S. 367; 94 U. S. 315, 320; 109 U. S. 513; 112 U. S. 645; 114 U. S. 535.)"

The constitutionality of Federal purchase of the coal lands in the United States would seem to depend on two factors:

1. Are coal-mining properties so affected with a public use that they may be acquired by a sovereign, against the will of their owners, under the right of eminent domain?

2. If the first question is answered in the affirmative, then can this power be exercised by the Federal Government?

1. The first question should give little trouble at the present time. Under our modern civilization few industries, if any, are more closely connected with our economic and individual welfare, and few are vested with a higher public interest than is the mining of coal. It is unquestioned that the right of eminent domain can be used to acquire property for the water supply of a city,[28] or for natural gas,[29] or railways.[30] So there should be little doubt that this power can be extended, if desired, to the acquisition of coal properties.

In certain of the States it has been specifically held that private property may be condemned for the purpose of operating and developing mines,[31] and that this right may be delegated to private individuals, as has been done in the case of the railways.

[24] American Insurance Co. *v.* Canter, 1 Peter, 511.
[25] Burley *v.* United States, 179 Fed. 1.
[26] 91 U. S. 367.
[27] 117 U. S. 151, 154.
[28] Long Island Water Supply Co. *v.* Brooklyn, 166 U. S. 685.
[29] Johnston's Appeal, 7 Atlantic (Pa.), 167.
[30] California *v.* Central Pacific Railroad Co., 127 U. S. 1.
[31] See Byrnes *v.* Douglass, 83 Fed. 45; Tanner *v.* Treasury Tunnel Min., etc., Co., 35 Colo. 593; Goldfield Consol. Milling, etc., Co., *v.* Old Sandstorm Annex Gold Mining Co., 38 Nev. 426; Dayton Gold, etc., Mining Co. *v.* Seawell, 11 Nev. 394.

Our conclusion is that the coal mines are properties so affected with a public use that they may be acquired by the sovereign under the right of eminent domain.

2. But the authority of the Federal Government to use the power of eminent domain is limited to such purposes as are necessary to carry out the powers granted to it under the Constitution. Can it be said that the purchase of the coal mines of the Nation would be an appropriate means of carrying into execution any of the express or implied powers of the Federal Government?

The case of United States v. Gettysburg Electric Railway Co.[32] seems to furnish an extreme illustration of the extent to which the power of eminent domain may be said to flow from other powers of the Federal Government. Congress desired to purchase for a national memorial the land on which the Battle of Gettysburg had been fought, and it was found necessary to institute condemnation proceedings to secure some of the property. The Supreme Court sustained this exercise of the right of eminent domain, on broad grounds, and upheld the public character of the use as falling within certain general powers of Congress.

An abstract from the court's opinion is given below:

"Upon the question whether the proposed use of this land is a public one, we think there can be no well-founded doubt. And also, in our judgment, the Government has the constitutional power to condemn the land for the proposed use. It is, of course, not necessary that the power of condemnation for such purpose be expressly given by the Constitution. The right to condemn at all is not so given. It results from the powers that are given, and it is implied because of its necessity, or because it is appropriate in exercising those powers. Congress has power to declare war and to create and equip armies and navies. It has the great power of taxation to be exercised for the common defense and general welfare. Having such powers, it has such other and implied ones as are necessary and appropriate for the purpose of carrying the powers expressly given into effect. Any act of Congress which plainly and directly tends to enhance the respect and love of the citizen for the institutions of his country and to quicken and strengthen the motives to defend them, and which is germane to and intimately connected with and appropriate to the exercise of some one or all of the powers granted by Congress must be valid.

"No narrow view of the character of this proposed use should be taken. Its national character and importance, we think, are plain. The power to condemn for this purpose need not be plainly and unmistakably deduced from any one of the particularly specified powers. Any number of those powers may be grouped together, and an inference from them all may be drawn that the power claimed has been conferred."[33]

It is not easy to claim that the National Government can acquire the coal lands of the United States as an appropriate means for carrying out the powers intrusted to it under the Constitution, for there seems to be no power or powers granted to Congress that would embrace the right to purchase the coal mines for their appropriate execution. The power to regulate commerce might justify Government ownership of railroads as an appropriate means of regulation; but can it be said that the importance of coal as an instrumentality of interstate commerce necessitates the ownership by the Federal Government of all the coal lands in the United States? So the need of furnishing the Navy with coal, and of supplying fuel for public buildings, might justify the purchase and operation of certain coal lands by the Federal Government to protect its instrumentalities from the danger of fuel shortage—yet this could hardly be used as an argument to sustain the compulsory purchase of all coal lands now in private hands.

In 1908 the House of Representatives passed a resolution calling on its Judiciary Committee to submit an opinion as to the constitutionality of a pending bill authorizing Government purchase of forest lands to create a national forest reserve. The members of the committee submitted a unanimous report to the effect that such purchase, at least if it involved the use of condemnation proceedings, would be unconstitutional, since the Federal Government had no authority to acquire lands to maintain a forest reserve. Certain members of the committee, however, expressed the view that purchase of certain forest lands might be justified under the commerce clause of the Constitution as tending to protect the watersheds of streams, and so to promote navigation.[34]

It would seem that the purchase of coal mines by the Federal Government involves a constitutional question almost identical with that involved here. Unless such purchase is necessary to protect the interstate commerce "act," it is difficult to sustain it on constitutional grounds. And such a necessity does not appear to exist at the present time.

There is a theory advanced by writers on political science that certain powers not granted to the Federal Government are reserved neither to the States nor to the people of the States but to the people of the Nation as a whole—and that if need arises, the people of the Nation, speaking through their representatives in Congress, may exercise these powers under the maxim, salus populi suprema lex.

[32] 160 U. S. 668.

[33] 160 U. S. 668, 683, 684.

[34] See report of members of Judiciary Committee on Power of Federal Government to Acquire Lands for National Forest Purposes, 60th Cong. 1st sess. Rept. 1514.

A good discussion of this theory of powers reserved to the people of the United States under the "unwritten constitution" is found in Arthur N. Holcombe's well-recognized book on "State Government in the United States." The theory as outlined by Professor Holcombe, is given below: [35]

"The third limitation upon the powers of the States consists in the reservation to the people of the United States of all powers necessary and proper for the maintenance of their sovereignty. * * * The most important instance of the reservation of a power necessary and proper for the maintenance of the national sovereignty is that already referred to, namely, the power to determine the organization and procedure of a constitutional convention. This power is neither delegated to Congress nor prohibited to the States, but it can not be vested in the people of the States, respectively, without seriously impairing the sovereignty of the people of the Nation. Though not expressly delegated to the Federal Government, it may be implied in the specific grant of the power to make all laws necessary and proper for carrying into execution the power to call a constitutional convention [36] or it may be comprehended in the general charge placed upon the Federal Government as the agency of the Nation to accomplish the purposes expressed in the preamble of the Federal Constitution.

"The special limitation imposed upon the exercise of the reserved sovereign powers is that contained in the unwritten Constitution of the United States, namely, that such powers be derived from the consent of the people of the Nation;-that is, that they be exercised only with the approval of public opinion throughout the United States. There are many acts of assumed power by officers of the United States which can not be justified except upon this theory. For example, the powers to emit bills of credit and make anything but gold and silver coin a tender in payment of debts are not expressly delegated to the Federal Government, although expressly prohibited to the States. These powers may be implied in the power to borrow money on the credit of the United States or to coin money and regulate the value thereof, but it seems more candid to justify the emission of bills of credit by the Federal Government and the forced circulation of such paper as a legal tender in payment of private debts upon the theory that Congress may resort to a reserved sovereign power in case of need with the consent of the people of the Nation.[37] So, too, the suspension by President Lincoln of the privilege of the writ of habeas corpus in the spring of 1861 without previous authority from Congress was either a lawless usurpation of arbitrary power or a necessary and proper exercise of a reserved sovereign power sanctioned by the consent of the people of the United States, and hence not in conflict with the unwritten law of the Constitution. It must be recognized, however, that such an exercise of power is dangerous and not to be resorted to without a clear mandate from the Nation, for the written Constitution is intended to be the supreme law of the land, subject to the maxim salus populi suprema lex."

It is conceivable that Federal purchase of coal lands be justified by the application of this theory of "reserved powers"—a theory which was certainly hinted at by the Supreme Court in the Legal Tender cases following the Civil War. Coal is a public necessity of the highest importance, and the welfare of the people demands its constant and cheap production. Yet the industry is national in its scope and can not be effectively regulated by individual States. Under these conditions can it not be said that there is an implied power reserved to the people of the Nation to take such action as may be necessary to protect themselves? And if national ownership of coal lands seems to be the only satisfactory solution of the problems which threaten the welfare of the people of the Nation, can not Congress, speaking for the people, provide for purchase of all the coal properties and use the power of eminent domain to carry the plan into execution?

It must be confessed that this theory of "reserved powers" has never been recognized by the Supreme Court, though the language of the court in several opinions sustaining extreme exercise of Federal sovereignty suggests the existence of such a basis for national power.[38] And unless this court should make a radical change in its interpretation of the Constitution, it is felt that a law providing for the national purchase of the coal mines would be declared unconstitutional by that body.

[35] Holcombe, "State Government in the United States," pp. 15–17.

[36] Constitution of the United States, Art. I, sec. 8, clause 18.

[37] See the Legal Tender cases, 8 Wall. 603; 12 Wall. 457; 110 U. S. 421.

[38] See the Legal Tender cases, supra; also Jones v. United States, 137 U. S. 202 (1890).

HANDLING OF UNEMPLOYMENT EMERGENCY AT GRAND RAPIDS, MICH.

Mr. VANDENBERG. Mr. President, the city of Grand Rapids, Mich., is doing notable things in its handling of its unemployment emergency. Its program is wise and brave and constructive and self-reliant and self-contained. It has attracted the favorable attention of the entire country. The senior Senator from Kansas [Mr. CAPPER] has just directed my attention to an editorial on the subject in the Washington Herald. He finds in this editorial a series of suggestions which might instruct other communities. I ask consent that the editorial be incorporated in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HOW GRAND RAPIDS DOES IT—AND HOW THE UNITED STATES DOES NOT

How Grand Rapids, Mich., has profited from the business slump is told in a recent interview with its city manager, George W. Welsh.

How the United States could profit from the slump is evident from the example of Grand Rapids.

More than a year ago Mr. Welsh heard an unemployed man say: "I won't hunt for a job, because the city will take care of me and deliver groceries to my door, even if I don't work."

That gave Mr. Welsh an idea. As he says:

"I decided right then and there that the unemployed should be given the chance to earn the money the city was spending to assist them.

"It was a twofold program of saving the self-respect of the jobless and giving the taxpayers something for their money."

So the "Grand Rapids system" was introduced. Men were put to work on civic improvement projects. They were paid with orders redeemable in food and clothing from the city's welfare store. Profits from the store were put into a relief fund to employ more persons. The program was financed by the sale of city bonds, issued under a law permitting municipalities to borrow to meet the cost of "public calamities."

After a year of this program, the city has rebuilt its sewer system, installed flood-prevention works along the Grand River, beautified its parks, repaired its streets and sidewalks, and installed the largest public swimming pool in the State of Michigan.

It has also kept its unemployed fed, clothed, sheltered, and busy.

The United States could do exactly the same for its unemployed by the same system.

It could issue the bonds, put the men—and women—to work, end hunger and suffering.

It could profit from the slack season by building new and needed roads, bridges, and schools at a fraction of their cost in a boom season.

It could pay for the bonds out of the increased profit due to increased prosperity.

It has the finest credit in the world, the greatest resources in the world, and the largest number of unemployed in the world.

It has everything that makes for revival, in short, except the important thing—an administration with courage, initiative, and imagination.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Latta, one of his secretaries.

ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

The Senate resumed the consideration of the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes.

Mr. NORBECK. Mr. President, the unfinished business is House bill 6172, to amend the Federal farm loan act, as amended, to provide additional capital for Federal land banks, and for other purposes.

This is the same bill that I introduced in the Senate. It provides additional capital, which is so necessary to the Federal land banks if they are to continue to function. It is the last and only place where farmers can get real-estate loans at a low rate of interest and on a long-time amortization plan. There is no denying the fact that these farmers' cooperative institutions, supervised by the Government, are finding themselves in hard straits financially, because many farmers are unable to make prompt payments. This bill now provides for $125,000,000 in additional capital. It is believed it will put these institutions on a good basis. Their credit will be good. They can borrow additional money by the sale of bonds and continue to function as before.

The system did very well until the agricultural deflation overtook the farmers, but it is admitted that their paid-up capital is not as large as it should be for the amount of business they do. Their credit will be better if the capital is increased. This is in effect a loan to the land banks by the Government without interest until such a time as they can pay it back.

Mr. BLACK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Alabama?

Mr. NORBECK. I yield.

Mr. BLACK. If the Senator is going to speak on the bill, I am wondering if he would object, preceding his remarks, if I should send an amendment to the desk and have it read?

Mr. NORBECK. If the Senator will be patient for three minutes he may have the floor for that purpose.

Mr. President, the present law does not permit the board to grant extension on payments, even in case of a crop failure. This bill authorizes such extensions, but provides they must be paid inside of five years. It permits the land bank to negotiate with the farmers for extensions on such terms as the farmer is able to meet.

Under the old law, a delinquent payment is a threat that causes a great deal of worry to the farmer, for the land bank is not authorized to grant him any extensions. Dunning letters reach him regularly; he lives in daily fear of foreclosure. It has taken the joy out of life for many of the farmers. We must get away from it. This bill will accomplish the purpose without granting wholesale moratoriums or even encouraging the thought. We all know that if everyone was permitted to pay at his convenience, the payments would be few and far between, and the system would break down. This bill is intended to relieve the pressure and to grant extension to those who are worthy of extension, but to continue to function in a way as heretofore and collect from those who can pay.

The bill also provides for building up better reserves to meet just such contingencies as we are now going through.

The subcommittee, consisting of Senators CAREY, GOLDSBOROUGH, STEIWER, WAGNER, and BARKLEY, have held exhaustive hearings, and have gone into the matter carefully. They are firmly of the opinion that the bill in its present form will render the maximum service to the borrowers and agriculture generally. The full Committee on Banking and Currency, of which I have the honor to be chairman, is unanimously in favor of this bill.

Mr. BORAH. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Idaho?

Mr. NORBECK. I yield.

Mr. BORAH. I desire to ask as to the construction which is to be placed upon the amendment on page 6. The amendment reads:

Tenth. When in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment (which includes amortization and interest) that may be or become unpaid upon any mortgage, and to accept payment of such unpaid installment during a period of five years or less from the date of such extension in such amounts as may be agreed upon at the date of making such extension. Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension.

This is the provision to which I ask Senators' particular attention:

Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension.

What I am interested in knowing is this: Suppose an extension of time of payment for five years is granted to a farmer—when would these payments covering the five years be due and have to be paid? Would it be in the nature of a double payment after the five years is up?

Mr. NORBECK. It is recognized that it is very difficult for a farmer to make a double payment, and, therefore, it was left discretionary with the board to carry it along and collect part of it each year for five years, if need be, but not to carry it for a longer period. A borrower may default in a payment on account of a crop failure, and the payment may be too much to take up the following year, and therefore it is proposed to spread it over several years when necessary. Each case will be handled by the land bank and the local association according to its merits.

Mr. BORAH. But the amendment provides:

Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension.

That seems to me to justify a doubling up of the payments.

Mr. NORBECK. If he has defaulted the payment, he has to pay it at some time or it will be hanging over him. My thought is that this simply provides that it may come due at the regular payment day.

Mr. BORAH. But it does not seem to me that it is sufficiently protective of the situation if it is within the power of the board—not only within the power of the board, but they are commanded—to add these deferred payments at the end of the time for which the payments are deferred, as a double payment thereafter.

Mr. NORBECK. This is a provision that was added in the House, and has been clarified somewhat since. This morning I had a conversation with Hon. Paul Bestor, Farm Loan Commissioner of the Federal Farm Loan Board (not of the Federal Farm Board; there is so much confusion between the Farm Loan Board supervising land banks, and the Farm Board, that supervises nothing). I inquired about this particular wording. He gave it as his opinion that delinquent payments could be spread over several years, up to five years.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. I think that is true—that the effect of the language to which the Senator from Idaho has called attention is to specify the time when the deferred payments shall be made, and to make that time identical with the regular installment. The first provision that he read in the amendment, authorizing the board of directors to spread out over a period of five years any one or more installments that may be or may become delinquent, gives discretion to the board. They could, as I see it, require the entire amount to be paid in one installment if they thought it good policy to do so, but they have the power to spread out over the whole period of five years any amount that may be agreed upon.

Mr. CAREY. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Wyoming?

Mr. NORBECK. I do.

Mr. CAREY. The thought of the committee in drafting that amendment was that the banks would make agreements with the borrowers in the case of each loan that the payments could either be spread out over five years or over a lesser period, to be determined between the borrower and the bank. That was the thought of the committee.

Mr. BORAH. If the extension, for instance, should be for three years, they could spread that extension over the 5-year period? That is to say, if a farmer was granted an extension of three years, thereafter he would have to pay the amount extended in addition to his regular payments?

Mr. ROBINSON of Arkansas. No; if it was extended for three years, the payments would have to be made during the remaining two years of the 5-year period.

Mr. BORAH. That is what I understood. In no instance can the board extend it beyond five years.

Mr. GEORGE. Mr. President, I desire to ask the chairman of the committee a question.

Mr. NORBECK. Will the Senator wait a moment? I promised the Senator from Alabama [Mr. BLACK] that I would give him the floor for the purpose of offering an amendment; and I should like to yield to him.

Mr. GEORGE. I should like to ask a question before the Senator from South Dakota yields the floor; that is all.

As I understand, under existing law the directors of the Federal land banks may extend loans, but they are not given express authority to grant an extension, nor are they given authority to extend loans to any time certain.

Mr. NORBECK. They are simply given authority to extend, but not more than five years.

Mr. GEORGE. I am not speaking of the provisions of this bill. I am speaking now of existing law.

Mr. NORBECK. The present law permits no extension.

Mr. GEORGE. But the bank may extend, as a mere matter of tolerance, but not to any time certain.

Mr. NORBECK. Exactly so. The land bank is now unable to say to the farmer who lost his crop that they will carry his payment over for another year, until he can raise a crop. All they are able to say is "we will not foreclose—not yet," and they keep him in suspension all the time. He receives a regular form of demanding letters and lives in daily fear that his farm will be foreclosed on.

Mr. GEORGE. That is, as I understand, the authority they now have is simply to withhold foreclosure?

Mr. NORBECK. Yes; exactly.

Mr. GEORGE. To forego foreclosure for the time being, but without agreement as to any definite time to which the loan will be carried?

Mr. NORBECK. Exactly.

Mr. GEORGE. Now, let me ask the Senator another question.

The appropriation here authorized is $125,000,000; and that appropriation, of course, is to be used entirely for the purpose of increasing the capital stock of the banks. There is not anything in this measure that gives the bank a better position economically to make the extension, is there? We merely give to the bank the legal power to extend to a date certain, not exceeding five years.

Mr. BLACK. Mr. President, will the Senator yield to me to put in my amendment, which covers that exact point?

Mr. NORBECK. I should like to answer this question. They will at least have the $125,000,000 to start with; and then it is assumed, and I think fairly so, that that will make the bonds salable again, and they can go ahead and sell bonds.

I will yield to the Senator from Alabama now, if the Senator from Georgia is through.

Mr. GEORGE. Yes; but I merely wished to get clear in my mind that there is nothing here that authorizes the use of any part of the $125,000,000 except for the single purpose of increasing the capital stock.

Mr. NORBECK. Yes; but it is part of the funds that the bank uses. The capital is loanable, also.

Mr. BLACK. Mr. President, I send to the desk an amendment on the particular section which the discussion is about, and which I realized in advance the discussion would be about, and that is the reason I wanted an opportunity to present it.

On behalf of my colleague and myself I present an amendment to this section and ask that it be stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. The Senator from Alabama offers the following amendment:

On page 6, at the end of section 5, insert:

"There is hereby authorized to be appropriated the sum of $25,000,000, to be loaned by the Secretary of the Treasury to the several Federal land banks in such amounts and upon such terms as may be approved by the Federal Farm Loan Board upon application therefor by boards of directors of such banks, and to be used exclusively for the purpose of supplying such banks with funds to use in their operations in place of the amounts of which such banks are deprived by reason of extensions made as provided in this paragraph."

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. GLASS. Mr. President, the point that is disturbing me about this section is the fact that by statute this addition by the other branch of Congress implicitly constitutes a statutory moratorium of the outstanding indebtedness.

I happen to know that the Farm Loan Board was very much disturbed, as I am, about that phase of the matter; and, as a matter of fact, when this provision was attached by the other House the farm-loan securities on the open market, as I am told, fell to the lowest point to which they have dropped. Moreover, I have rather definite information that when this amendment was attached to the bill in another branch of Congress investment companies dealing in these bonds were advised by their technical officials to dispose of their holdings as speedily as they might be able to do it. It does seem to me that that provision will endanger the system.

As a matter of fact, I am advised that in the administration of the existing law the Farm Loan Board and the officials of the banks have been quietly doing what they are here by statute authorized to do; in other words, that they have been extending in the most liberal way the obligations

of the borrowers of these banks as far as seemed advisable. My apprehension is that this provision will be vastly more harmful to the system than helpful to the borrowers.

We have been advised by the Treasury Department, as the chairman of the committee knows, that the delinquents for the last fiscal year constituted 20 per cent of the borrowers from the banks. If we are going to undertake to help 20 per cent by a method that may greatly harm the 80 per cent who are paid up currently, it seems to me it would be a mistake.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from South Dakota?

Mr. GLASS. I do.

Mr. NORBECK. The very fact that so large a percentage are delinquent, even though they are not very far behind on their payments, is what is making the bonds unsalable; and an amendment of this kind that will encourage delinquencies and earmark the money for that purpose, carried on the statement of a business organization, will tend to break down their credit.

Mr. GLASS. It so seems to me.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Idaho?

Mr. GLASS. I do.

Mr. BORAH. I desire to ask the Senator from Virginia a question. Assuming the soundness of the contention the Senator is making, it does not seem to me that the delinquents are being properly taken care of under the present system.

I had occasion to familiarize myself with those conditions in two of the land-bank territories last summer; and it seemed to me that the banks were crowding these farmers beyond what seemed to me justice. Their reason for doing so, as they stated it to me, was because they felt compelled to do so under the law as it is.

Mr. GLASS. Was not a more material reason that they had not the available funds; and are we not proposing here now to appropriate these funds?

Mr. BORAH. It seems to me an exceedingly serious matter that thousands of farmers should be foreclosed of their farms under the present conditions. If they were ordinary conditions—conditions which might indicate that the farmers themselves were at fault, and that they were failures as farmers—that would be one thing; but the conditions which are visited upon them now are conditions over which they have no control and against which they can not contend. The situation that exists does not indicate that they are failures. It simply indicates that they have been overtaken by catastrophe.

It seems to me we ought to provide some method by which those worthy of help, who under all ordinary circumstances would be a success, can have some relief.

Mr. GLASS. I am entirely sympathetic with that view and I am entirely disposed to do anything which may reasonably be done to cover the situation.

The point I am making is that if Congress reserves the right, even implicitly, to declare a statutory moratorium in behalf of the borrowers at these banks, I do not think many wise investors will be found taking the bonds of the banks, and the sale of bonds is the principal source of revenue; that is the very foundation of the whole system. If the Government is prepared to assume all these responsibilities out of its Treasury, and to guarantee all of this indebtedness, that is one thing; but if the system is obliged to rely upon the sale of its bonds, and we do something here which will, as some think, destroy the sale, and, as others think, greatly retard the sale, I think we ought to give it serious consideration.

Mr. BORAH. Mr. President, I agree with that. But I was going to say that if the principle upon which the bill passed last night was justified, if this is an unsound method, why should we not adopt the amendment of the Senator from Alabama, which will take care of the situation out of the Treasury of the United States?

Mr. GLASS. I did not address myself to that amendment, because I did not hear it proposed.

Mr. NORBECK. Mr. President, it is not proposed to take care of it out of the Treasury of the United States. It is proposed to take care of it out of the land-bank funds.

Mr. KING. Mr. President, may I ask the Senator from Virginia a question?

Mr. GLASS. I yield.

Mr. KING. I am a little disturbed in reading this bill, and I have only hastily examined it. I see from the report that there are a billion one hundred and seventy-one million, plus, of outstanding obligations.

Mr. GLASS. Yes.

Mr. KING. I presume those obligations are in the form of bonds. Those bonds doubtless are maturing, and many may mature within the next five years. Is it proposed that the Federal Government is to step in, grant a moratorium upon those bonds, or, if not, that as they mature, the Government is to take them up and meet the payments?

Mr. GLASS. I would say to the Senator that I am unable to answer his question. Although a member of the Committee on Banking and Currency, I was detained on other matters, and was not present in the committee when this bill was considered.

The point I am presenting here now was called to my attention by people familiar with the operations of the system, who expressed to me very great apprehension that if this provision remained in the bill, the system would be unable to market its bonds, aside from the further fact that it would work a very great injustice to thousands of people and investing corporations who now own bonds which were bought under different circumstances.

Mr. KING. Mr. President, I may say that I agree with the Senator as to the disturbing effect of the amendment to which he refers. I was about to observe, however, that I think the land banks ought not to loan any money at all at present. They ought to conserve what resources they have and give such extensions as Congress may see fit to authorize on the obligations which are maturing. But I repeat my question now to my friend the Senator from Oregon, who has arisen, I assume, for the purpose of answering the question which I propounded. I want to ask him this: What provision is made in the bill to meet the outstanding bonds which are maturing?

Mr. STEIWER. Mr. President, the Senator will find that there is nothing in the bill which deals directly with the maturing bonds of the land-bank system. Therefore, to answer categorically his question, there is no effort here to declare a moratorium upon those bonds. Moreover, I think there is but little apprehension of the ability of the system to meet its obligations as they mature. There is one issue, a short-time issue, which falls due, I think, in December, 1933. Except for that issue, the maturities are at a considerable period in the future.

Mr. KING. May I ask the Senator what obligations will mature between the passage of the bill and five years thereafter?

Mr. STEIWER. I can not answer the question exactly. They were 3-year issues, I think. There are some other short-time issues in addition to the one about which I spoke, falling due after December, 1933.

Mr. KING. It is obvious what will happen if a moratorium of five years is granted to a considerable number of those owing $1,170,000,000.

Mr. STEIWER. Let us consider that for a moment. The Senator has consistently used the word "moratorium" with respect to the bill, and I assume he is referring to section 5. That provides that the land banks, in the discretion of the institutions themselves, may make extensions to individuals. I do not want to quarrel with the Senator over the use of terms. He is at perfect liberty to call it a moratorium if he wants so to call it. The committee regard it merely as the creation, within the land banks, of additional power which the banks do not at all possess at this time, namely, the power to make contracts of extension, such as every other creditor in the country is permitted to make.

Much of the trouble with the land banks comes from the fact that they have lacked that power. The Senator from Virginia a little while ago said he understood that they were exercising the power which is provided here in section 5. What the Senator must have meant, from his familiarity with the law, is that the banks were, in fact, deferring foreclosures, or postponing collections. But they are not making agreements for extensions, and they lack the power, under existing law, to make such agreements. What they do, in fact, under the present law, is to carry a delinquent account into the suspense account, so called. But that does not take the pressure off the borrower. He still is subject to getting his weekly letter, or monthly letter, or receiving a call from the collector of the bank. He still has his credit destroyed, because no local banking institution, no merchant, or other business man, is going to extend credit to him while he is under the imminent danger of having his property foreclosed.

The committee felt that the creation in the banks of the power to make extensions would enable them in an orderly way, and in proper cases, to make extensions to deserving borrowers, upon particular payments due. The Senator may call this a moratorium if he cares to. It is a perfectly natural, normal power for any creditor institution to have.

Mr. KING. Mr. President, will the Senator permit a question right there?

Mr. STEIWER. Yes.

Mr. KING. Suppose all the borrowers availed themselves of the 5-year extension.

Mr. STEIWER. How can they? They can apply for it, if the Senator please; but the matter of making the extensions is with the banks and not with the borrowers.

Mr. KING. Assume that they all make application, and assume that the banks believe that the applications have merit and grant the applications; and when they are given the power, of course they have the authority to exercise the power. Just for the sake of reducing this to the last analysis, in determining just what the obligations may be, potentially, directly or indirectly, suppose all of the borrowers do apply and the banks do grant the extensions for five years. Then what is the situation of the banks with respect to meeting any maturing obligations out of this $1,170,000,000?

Mr. STEIWER. Let me put a hypothetical proposition to the Senator. Suppose all the borrowers default in the payment of their interest. What happens to the system then?

Mr. KING. But the Senator is attempting to meet a situation.

Mr. ROBINSON of Arkansas. Mr. President, let me say, in all fairness, that the Senator from Utah has stated a hypothetical condition which will not arise and which can not arise. It is not expected by anyone that all the borrowers will apply for extensions. This much, however, is true, that making the provision under discussion applicable to future installments will stimulate delinquencies. There is no question about that. The delinquencies which have already arisen for the most part have occurred because of conditions which are beyond the control of the borrowers. To put into the law the provision to which we are now referring, and to authorize extensions of future installments, invites the borrower, encourages him, to withhold payment, and may result in increasing the amount which will be required for the purpose beyond what is now anticipated.

Mr. BLAINE. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BLAINE. We have exactly the same situation under the provisions of this bill. About $125,000,000 are to be subscribed from the Treasury of the United States. The committee well understood that the $25,000,000 which was added to the $100,000,000 was to be used for the purpose of taking care of these extensions. But they did not want it earmarked.

Mr. ROBINSON of Arkansas. That is entirely true; and I go even further than the Senator from Wisconsin and say that since the pendency of this legislation there have been an increased number of delinquencies, some of which might not have occurred if we had not held out hope that we were going to provide the legislation. Those things are unavoidable. I am merely pointing out the fact.

Mr. BLAINE. If the Senator will permit another interruption, since this bill has been under consideration I have no doubt that the Members of the Senate and of the House have received letters from farmers who were delinquent in their interest. I know I have received a number of them, and I answered them very frankly that the committee was considering this bill, was authorizing $125,000,000 from the Federal Government, $25,000,000 of which would be for the purpose of taking care of the delinquencies. I think I had a right to notify constituents what was contemplated by the legislation; and that I would advise them definitely when the legislation had been passed. Every man who is in danger of being a delinquent is going to find out whether or not there is any money available to take care of his delinquency.

Mr. ROBINSON of Arkansas. Some of these delinquencies have occurred from time to time during the last two years, and in some cases this legislation will not prove helpful to the borrower, because the boards entrusted with the discretion will find that certain of the borrowers will not be able to pay out their loans, and foreclosures will still continue as to such loans. No one need expect that this legislation, or any that has been suggested, will end foreclosures; but it will enable the banks to suspend foreclosures in those cases where there is a likelihood that the borrower can work out his loan if given time.

Mr. President, I see no objection from any standpoint to making arrangements to extend delinquent accounts where the default has occurred prior to a certain past date, because those delinquencies for the most part happened without being stimulated or prompted by anticipation of legislation. It might be well enough to consider some method of meeting that suggestion. I have had no opportunity to try to work out any amendment and do not propose an amendment myself.

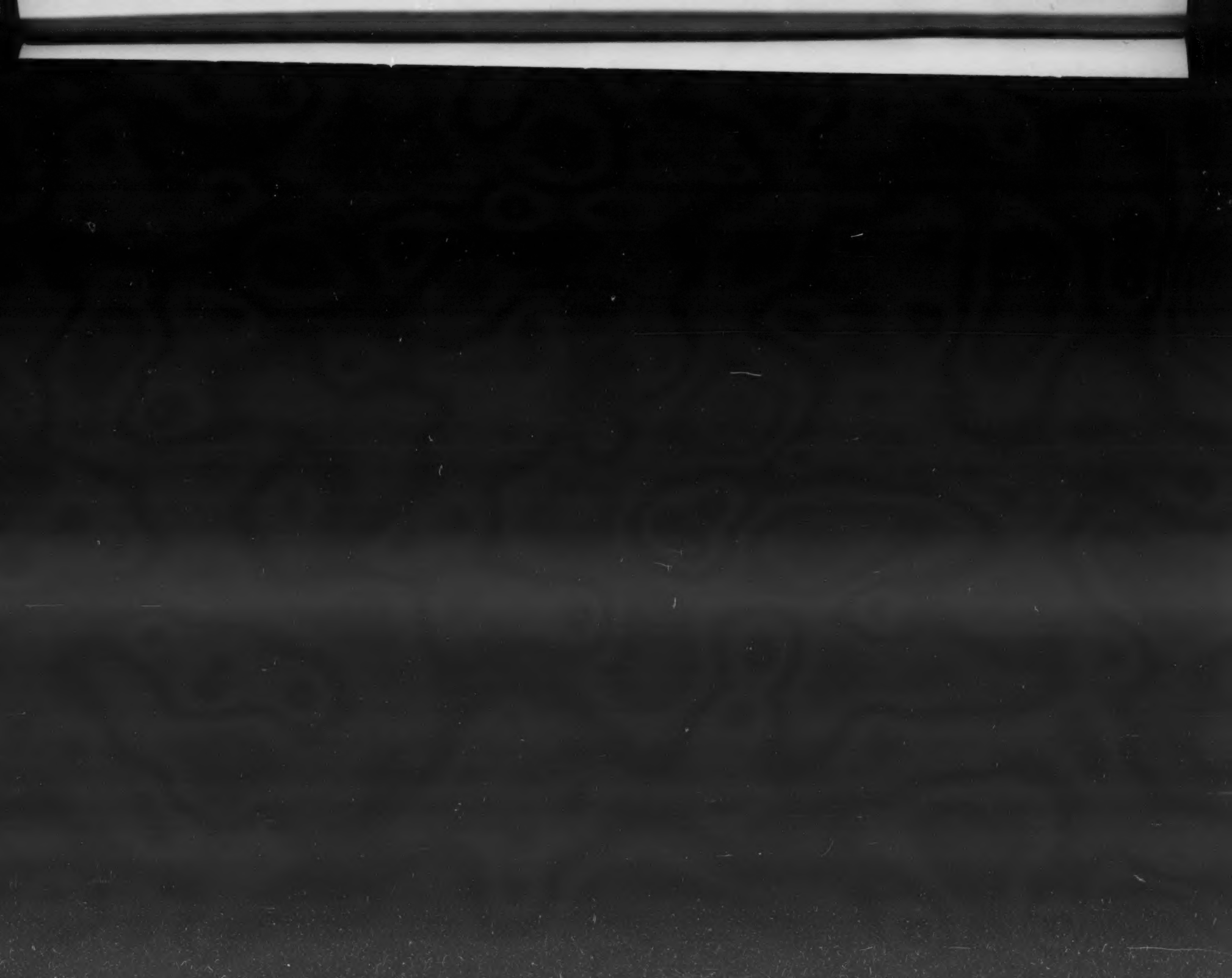
There is another proposition involved here. These extensions have relation to first mortgages, which under the law may be hypothecated with the register in the various land-bank districts as securities for the bonds which the bank may issue or has issued.

One of the difficulties the banks have in financing their operations—and I ask the attention of all Senators to this—is due to the fact that when a mortgage or payments on a mortgage become delinquent for a definite period—the period I think has varied from time to time since the Farm Board was created—the security underlying the loan becomes ineligible for hypothecation with the register, and the banks are required, if they have hypothecated such mortgages and notes, to take them down and put up other mortgages which are not so in default.

I am wondering whether the committee took that into consideration, whether it has made some provision with respect to the availability of mortgages to be extended as security for the bonds. If something in that respect is not done, collateral will be diminished and the banks may find themselves in difficulty about supplying security requisite for new bonds, even though the market should improve so as to permit the sale of new issues.

Mr. GLASS. Mr. President, I think in his brief remarks the Senator from Arkansas has suggested modifications to the section which would greatly improve it. My concern is for the future of the land-bank system. I hope nobody will impute to me a lack of sympathy with it, because I entertain a very friendly attitude. But I would like to read to the Senate, somewhat in elaboration of what I venture to say, what is said by the land-bank board itself, charged with the duty of administration and naturally having a much better comprehension of the subject than I, and from which it will be seen that there is no great exaggeration in terminology, as the Senator to my right [Mr. STEIWER] suggests. The land-bank board said:

> It would seem that any of the proposed provisions for extension of time for installment payments which borrowers still interpret



as a moratorium would make the successful administration of the banks as independent institutions exceedingly difficult, because not only would those who can not pay demand extensions, but also large numbers of those who could pay, but do not wish to do so at this time.

That is pertinent to the observation made by the Senator from Arkansas that there should be a limitation here upon those who may be helped who are past delinquent.

The increased difficulty and expense in making collections which would result should one of these amendments—

To wit, the one we have been discussing—

be adopted, would offset to a considerable extent the strengthening of the collateral position of the banks with reference to their outstanding bonds by the proposed $100,000,000 made available for additional capital, and would complicate the problem of refunding outstanding high rate bonds at lower rates and the obtaining of new money to meet the legitimate demand for loans. It would seem that the question involved in these moratorium amendments is largely how far the Congress wishes to go in jeopardizing the future soundness of the farm-loan system.

That expresses my view of the matter better than I have or can express it.

Mr. STEIWER. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Virginia yield to the Senator from Oregon?

Mr. GLASS. Certainly.

Mr. STEIWER. At the time the officials of the Federal board were before the subcommittee we had before us a number of amendments. The Senator from New York [Mr. WAGNER] can possibly tell me whether I am correct, but I believe there were four or five of them, at least in four or five different forms. Some of them were outright moratoriums. Some of them were similar in general principle to the amendment proposed a little while ago by the Senator from Alabama [Mr. BLACK] in that they provided a special fund to be used for the purpose of making extensions or extending the so-called moratorium to the borrowers.

The language used in the hearing to which the Senator has just referred I think had reference to some one or other of the different proposals which was not adopted by the committee. The language of section 5 which is in the bill is substantially the same language that was in the bill at the time it was sent over to us by the House of Representatives. The committee corrected it in some rather minor degrees in order, as we thought, to perfect it, but the power of extension was in the House bill as the House passed it.

Mr. GLASS. I understand; but it was not as reported from the committee. The provision was added on the floor of the House.

Mr. STEIWER. That is true.

Mr. GLASS. My information is that the testimony from which I have read related specifically not to the proposal as presented in the committee but to the suggestions of a statutory moratorium by implication.

Mr. STEIWER. I do not want to mislead the Senator from Virginia or any Senator in any respect. The commissioner, indeed, was not satisfied with section 5 as it was passed by the House nor as modified by the Senate committee. It is true that the commissioner and the representatives of the board would prefer its elimination entirely, but they did say to us, after consideration of all the other proposals we had before us, that as between the different methods of getting at the desire to grant relief to needy farmers at this time they much preferred the language which we were employing to any of the other proposals that were made.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from New York?

Mr. GLASS. Certainly.

Mr. WAGNER. May I ask the Senator whether we are conferring any greater power upon the directors of these banks than are exercised by the directors of every bank in the United States to-day—I mean banks under private control?

Mr. GLASS. But it is proposed to make it by statute practically mandatory, and there is no statute on earth that in terms authorizes a bank to renew a note.

Mr. WAGNER. Not at all. We are conferring power upon the board of directors which they have not now and which the directors of any other private bank may exercise.

Mr. GLASS. Which they may exercise, yes; but the Senator will not find a statute anywhere among the statutes of the United States which by implication is compulsory and makes any bank extend a note.

Mr. WAGNER. As a matter of fact, a great many such extensions have been granted already by the board of directors, probably without authority, but by indulgence, because as a matter of fact less than 3 per cent of all the delinquencies are less than a year.

Mr. BARKLEY. Oh, less than 1 per cent.

Mr. WAGNER. Yes; I want to correct that—less than 1 per cent.

Mr. FLETCHER. Mr. President, may I call attention to the provision in the present law, because that seems to give the board some extraordinary and new powers? Here is the present law that has been in force for years. Section 23 provides:

That every Federal land bank, and every joint-stock land bank, shall semiannually carry to reserve account 25 per cent of its net earnings until said reserve account shall show a credit balance equal to 20 per cent of the outstanding capital stock of said land bank. Whenever said reserve shall have been impaired, said balance of 20 per cent shall be fully restored before any dividends are paid. After said reserve has reached the sum of 20 per cent of the outstanding capital stock, 5 per cent of the net earnings shall be annually added thereto. For the period of two years from the date when any default occurs in the payment of the interest, amortization installments, or principal on any first mortgage, by both mortgagor and indorser, the amount so defaulted shall be carried to a suspense account, and at the end of the 2-year period specified, unless collected, shall be debited to reserve account.

In other words, under the present law the Federal land banks have had the authority and the power to carry these delinquent installments, amortization, and things of that kind, to a suspense account and have not been obliged to commence foreclosure proceedings immediately upon a default at all. They have had that discretion and have been doing that to some extent. Section 5 of the bill practically extends it to five years instead of two years. It is the only provision in the bill that gives any worth-while consideration to the borrower. Of course it helps the borrower and helps the whole system to acquire new capital, because under the law the new capital applied by the Government can be used to pay interest on the bonds. The principal of the bonds will become due during this time, so there is no danger of any default on any of those bonds by reason of delinquencies on the part of borrowers. The bonds will be taken care of out of the new capital that is asked, and that, of course, strengthens the whole system.

The provision in section 5 does not seem to me to demoralize the system in any way at all. It is helpful to the borrower in that the banks will have authority, under this express provision of the statute, to enter into a new agreement with the borrower extending his loan for a period not to exceed five years. Under the present law they can put the delinquency into a suspense account for two years and withhold foreclosure. They are not obliged to foreclose now, except that if the interest on the bonds is not paid and there is a default there which would reflect upon the whole system, of course they can not pay interest on the bonds unless they collect from the borrower. Under this law they are not obliged to look to the borrower to pay the interest on the bonds, because they have the capital which they can apply to pay the interest on the bonds. They can give two years' suspension very readily now.

Mr. BLACK. Mr. President, may I make this suggestion to the Senator? He says he can conceive of no objection. I have a very material objection to it, because it does not give to these people, as we believe, any assurance that they will get the extension even if they deserve it.

Mr. FLETCHER. The land banks heretofore have not been in a position to grant extensions because they have

had to meet the interest on the bonds. Now they are not required to look to the borrowers to meet the interest on the bonds because they have the capital to take care of that. I do not see that the criticism which the Senator from Alabama makes now is good in the face of the criticism made by the Senator from Virginia [Mr. GLASS]. The latter Senator thinks it is going to give the land banks too much time and it ought to be taken out of the bill entirely. It is not mandatory upon them to grant an extension. We have to treat this thing in a business way. It simply authorizes them under the law to enter into a new contract with the borrower where the conditions justify it. In other words, each case must stand upon its own merits.

When an application is made for an extension it puts upon the Federal land bank the duty of going out into the field and investigating and reappraising, ascertaining circumstances and conditions to determine whether or not it would be good business to extend the loan. That is what they object to. That, I think, is the real basis of all their objections, that it puts a little more responsibility and a little more work upon the land banks and their agents and perhaps upon the Farm Board, too. It involves a little more work. Otherwise I do not think it can in any way at all hamper the system. I do not think it invites people necessarily to make a default plea. People ordinarily want to pay their debts. It is apt to put a lot more work upon the banks and their agents and perhaps upon the Farm Loan Board to make investigation in each case and determine as to the merits of the case. That is the only thing it does.

Mr. BORAH. My worry about this amendment is not that it may demoralize the system, although there is a possibility perhaps of its disturbing the system, judging by its former operation, but my worry is over the fact that there is really very little protection here to the borrower, the farmer, who is in default, who is about to lose his home and his farm. The bill provides—

When in the judgment of the directors conditions justify it.

Certainly there can not be any great danger to the system, if we are to assume that the directors are capable of protecting the system, because the whole matter depends upon their judgment. The borrower can get no relief until he convinces them that he is entitled to relief. They are to exercise the same judgment under section 5 that they now exercise in regard to the matter of putting payments in the suspended account. It does give the directors, as the Senator from Oregon has stated—and that is one virtue of it—the power to grant a definite extension instead of suspending payment and continuing to harass the farmer. After all, the farmer must satisfy their judgment before he gets any relief at all under this measure.

However, coming to the last sentence in the amendment, and taking into consideration that it all must rest upon the judgment of the board, I do not yet understand what interpretation is to be placed upon the last provision, which reads:

Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension.

May not the board, in its judgment, grant an extension for one year, and at the end of that year add the entire amount due from that year's extension to the coming year and thus require a double payment in a single year?

Mr. BARKLEY. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. BARKLEY. The Senator from Idaho will observe that by the language of the House bill it is made almost mandatory upon the board to spread over a period of five years any extensions that are granted under that authority; in other words, the board can not sit down with a farmer and come to an agreement for payment of the whole amount in a shorter period of time or in one year; but it seems to be rather an indication that automatically the extension is to spread out over a period of five years. This provision merely authorizes the board to make a contract for a shorter period. It is true they may after conferring with the farmer about his condition and about his extension come to an agreement that the whole amount shall be paid at the end of one year, and so add it to any installment or interest or principal due at the end of that time; it is a matter of private contract.

There is an erroneous idea existing among large numbers of people, who ought to know better, that Congress has the power to grant a moratorium in connection with the operation of the Federal land banks. These banks are private institutions; although organized under an act of Congress, although the capital stock originally was subscribed to by the United States Government, they are private institutions, and their loans are matters of private contracts between the land banks and the borrowers. So Congress has no power to say to a land bank, "You must extend the time." We have no power by law to grant a moratorium; that is an erroneous conception of the power of Congress under the law that I think ought to be corrected, because I receive letters, as I have no doubt other Senators receive letters, from borrowers either saying "I see that Congress has declared a moratorium on our loans" or that they want us to do it. We have no power to grant a moratorium. All we can do is to extend the power that already is possessed by the Farm Loan Board and the farm land banks.

Mr. BORAH. Mr. President, may I ask the Senator a question there?

Mr. BARKLEY. Yes.

Mr. BORAH. In connection with what the Senator has just said, speaking about this being within the discretion given the board and being a matter of contract between the board and the creditor, I desire to ask how does the Senator from Kentucky construe this language?—

Such amounts shall be added to and payable at the same time as the amounts of the regular installments.

Mr. BARKLEY. That means that whenever they have entered into a contract for an extension over a period either of one year or of five years, the amount involved in the extension to be paid in such installments as may be agreed upon between the borrower and the bank shall be added to the regular installment that becomes due over that same period; that is all it is. It is a matter of contract, and whenever they have entered into a contract and have made an extension, the payment of the extended part shall be added to the regular installment that would come due anyway.

Mr. BORAH. In other words, the farmer must make double payments after he begins to pay?

Mr. BARKLEY. If he gets an extension over a period of five years of one year's payment or any part of one year's payment, obviously he has got to add that to his regular installment, unless he comes along later and gets an extension from time to time; or, if not that, I suppose the extensions would be a matter of continuing his agreements. No single extension can go farther than five years under these permanent laws, but it might extend over a period of 20 years if from time to time the farmer should obtain a 5-year extension or a 3-year extension. Of course, however, so long as a farmer does not obtain an extension for any future payments that are due, those that are provided for under the extension must be added to the annual installments that come due later. There is no way to escape that, so far as I can see.

Mr. FLETCHER. May I suggest this illustration to the Senator? Suppose a man borrows a thousand dollars, his amortization installment would be $10 a year or 1 per cent; his interest payment, if he got the money at 5 per cent, which he would if the bonds sold at 4 per cent, for the bank can not charge him over 1 per cent in addition to what the bonds sell for, would be $50 a year. The two together would be $60 a year, which under the law would be payable semiannually. That would be $30 every six months the farmer has to pay under that original contract. Now, if he gets an extension to next year, he is required to pay the regular installment and he would be required to pay the amount of the extension whatever that would be. It would not be a

double payment, but he would pay the extension payment at the same time he paid his regular installments.

Mr. BORAH. When he pays the regular installment he would pay the extension at the same time.

Mr. FLETCHER. There is no charge for the extension. He simply pays that next year instead of paying it this year.

Mr. BORAH. I do not understand it in that way.

Mr. BARKLEY. Otherwise the board may make a man pay his extended payments on some date between the dates of his regular payments. It is provided that there shall not be a multiplicity of payments created by the extension, but that they shall be made at the same time, which really is a convenience to the farmer.

While I am on my feet, Mr. President, I want to call attention to another thing in connection with this so-called moratorium, of which I think we ought not to lose sight. There are now about $1,171,000,000 in outstanding bonds, which, of course, represent outstanding loans on farm lands in the United States. That represents only one-twelfth, however, of the total farm indebtedness of this country. Eighty-eight per cent of all the money the farmers owe on their farms in the shape of mortgages is represented by loans from insurance companies and banks and private money lenders, so that we might as well understand that the relief we are granting here is relief to only 12 per cent of the agricultural borrowers of the United States, and in the nature of things that is all we can do. We can not take into consideration the other 88 per cent unless they can come in under the amendment we adopted yesterday to the Reconstruction Finance Corporation bill, which has no such limitation as we must have in the farm loan act.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to his colleague?

Mr. BARKLEY. I yield to my colleague.

Mr. LOGAN. The Senator says the 88 per cent can get no advantage. If, however, the capital of the land banks is increased, will not that enable those banks to loan money to their borrowers, so that they may take up their loans at the country banks?

Mr. BARKLEY. Yes; that is true. I was coming to that. Of course, the 88 per cent who are on the outside of the land-bank system now will be aided to some extent by this new capitalization, provided, of course, the land banks are able to market their bonds; but the $125,000,000 we are providing now will not go very far toward actual relief in the way of new loans to farmers, especially those who are not now in the system. However, if this measure is so safeguarded that the land banks can go out in the private money market and obtain money by the sale of bonds, I anticipate that the $125,000,000 will ultimately bring into the system at least a billion dollars, because, whereas now the capital stock of all the land banks is only about $65,000,000, by the sale of the bonds of the land banks they have brought into the system over a billion dollars, which has been loaned to farmers.

Mr. LOGAN. If they brought in a billion dollars, it would still be only about 10 per cent of the total farm indebtedness of the United States.

Mr. BARKLEY. Yes; that is true.

Mr. THOMAS of Oklahoma. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Oklahoma?

Mr. BARKLEY. I yield.

Mr. THOMAS of Oklahoma. The Senator was a member of the subcommittee that conducted the hearings and he has been instrumental in perfecting this bill. Would the Senator make a statement giving his idea as to how this $125,000,000 is to be allocated in the event it is appropriated? In other words, I should like to know where the money is going to go?

Mr. BARKLEY. That matter was discussed quite at length in the committee. We decided that there is no way by which we can allocate that money by law. It has got to be left to the Farm Board; that is an administrative matter because of conditions. We might allocate it according to population, we might allocate it according to the percentage of present loans, or we might establish some arbitrary method by which this $125,000,000 should be allocated; but, as a matter of fact, it is easily to be conceived that some Federal land-bank district which may have more population or even more present loans than its next-door neighbor would have 50 per cent less need for this particular amount of money than some other district where the need was greater. I can not see how we can do otherwise than trust the Federal Farm Loan Board with the administration of this money, just as we did in the beginning in the allocation, except that Congress did say in the beginning that $750,000 should be subscribed by the United States Government to each of the 12 Federal land banks. Of course, that was in the beginning. Now we have $1,250,000,000 in loans out, and we have such a situation that the needs in one district can not be always compared to the needs in another, and we must leave the allocation to the board as a matter of administration, in my judgment, and that was the view of the committee.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. BARKLEY. Yes.

Mr. THOMAS of Oklahoma. As I understood, earlier today it was stated that the committee had an understanding and an agreement that, while the bill does not so specify, the sum of $25,000,000 carried by the authorization was to be used to take care of interest payments not made by borrowers. That would be the allocation of $25,000,000 temporarily.

Mr. BARKLEY. I will say to the Senator in that connection that when this bill came from the House with this blanket authority for an extension, without any specific amount provided to be used by the banks in lieu of payments which ought to be made, but would not be made because of extensions, it was my idea—and I talked with a number of other Senators about it—that in order to be certain that the money would be available for those extensions a certain amount ought to be set aside and earmarked exclusively. I will say frankly to the Senator that I offered in the committee the very amendment the Senator from Alabama has now offered on the floor, and it was adopted by the committee. Later the committee reconsidered that action, and I myself was convinced that it would be better to leave out the earmarking, for the very reasons indicated here, and which I wish to emphasize in a moment; but I yield further to the Senator if he wishes.

Mr. THOMAS of Oklahoma. I merely wish to clear up this point, if I may. On page 17 of the hearings the Senator from Kentucky [Mr. BARKLEY] made this observation:

> That is largely for the purpose of giving the banks more working capital in order to make new loans, I take it?
>
> Mr. BESTOR. Partly that.
>
> Senator BARKLEY. It does not have any fund out of which any relief can be given for the benefit of the borrowers, does it? No delinquent borrower would be able to borrow any of that money to tide him over unless the value of his property is now above his present loan, to enable the bank to loan him more money. If he has already borrowed up to the limit, then there is no relief for him, is there?
>
> Mr. BESTOR. No.

That gave me to understand, Mr. President, that this bill did not have in view the man who lives out on the farm and who has that farm mortgaged to the Federal land bank; that the only benefit he would get would be from this $25,000,000, and that in the event the $25,000,000 was made available the interest which he is not paying and can not pay will be paid from the $25,000,000, but that during the time he is delinquent the Federal land bank will still be after him, trying to make him pay if it can.

With regard to the $100,000,000, I should like to know, if I may, where that money is to go. I got the impression that it would go to the holders of this $1,200,000,000 of debentures or bonds, that it would go to them in the way of interest payments that probably are delinquent or to become delinquent.

Mr. BARKLEY. I think the Senator is mistaken there. Of course, as I said a while ago, with a total capital of

$65,000,000 in all the land banks, by, in the first instance, using the capital which they had to start with for the issue of bonds and selling those bonds to the public and getting more money to loan the farmers on more land, and then using that land as the basis for issuing more bonds, it has constituted a continuously revolving fund where a very small amount of capital has been useful in making a very large amount of loans.

In other words, the loans outstanding at the present time—just roughly multiplying in my own mind—are probably about fifteen times the capital stock of all the banks. Now, we have to consider abnormal times; but if we may assume that the present and future conditions would be analogous to that, $100,000,000 of new capital in these banks ought to bring to the service of these banks and to the farmers through the banks more money than is now outstanding in loans. In other words, if $65,000,000 capital would bring to the banks over a billion dollars to be loaned to the farmers, as is now the case, $100,000,000 in capital ought to bring them at least a billion and a half.

Mr. LEWIS. Sixty-five million dollars?

Mr. BARKLEY. Sixty-five million dollars is the present capital. The Senator understands that that has been increasing from time to time, because every man who borrows money must leave 5 per cent of his loan in the farm loan association, which becomes a part of the capital stock of the Federal land bank, so that the more money is loaned to farmers and the more bonds are issued upon those loans the larger becomes the capital of the Federal land-bank system.

Mr. THOMAS of Oklahoma. Is it not a fact at this time that this entire system is a private system, operated under a private corporation? Although it has the name "Federal land-bank system," I think the "Federal" part is a misnomer.

Mr. BARKLEY. That is true. It never was intended to be otherwise than to be a private institution, just as the national banks are private institutions. Although they are organized under a Federal law, and they are known as national banks, they are private institutions. They are regulated and controlled and inspected by the Federal Government, but they are not public institutions in the sense that Congress can in any way interfere with the contract that has been made between a bank and a borrower.

That is what I meant a while ago when I said that these Federal land banks are private institutions and every individual loan is a private contract. We can not compel the banks to change the terms of those contracts; but we can give them more authority, so that they will have more leeway to grant extensions and leniency to the people who have borrowed money and are caught in this jam in which everybody finds himself now.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Utah?

Mr. BARKLEY. I yield to the Senator.

Mr. KING. I entertain the same view with respect to this $100,000,000 that was expressed by the Senator from Oklahoma. My position, I think, is fortified by the statement made a few moments ago by the Senator from Florida [Mr. FLETCHER]. He indicated very definitely that the $100,000,000 was not earmarked—using an expression which has been employed in this discussion—for new loans, but contended that it was available to meet maturing interest charges which were in default.

I propounded the question some little time ago as to the maturing obligations, and how they were to be met; and in part reply, I think, to the question which I asked, the Senator from Florida, in his discussion of the measure, clearly indicated that this $100,000,000 was not all to be available for new loans, but was to be held by the board for the purpose of meeting delinquent interest charges.

Mr. BARKLEY. That certainly is not my understanding. Of course, this money goes into the working capital of these banks.

Mr. KING. Yes.

Mr. BARKLEY. We do not say how they shall use it. They are presumed to use it in such a way as will not only conserve the interests of the banks but will make them serviceable to the people.

I have no doubt that a part of this $100,000,000 will be used for that purpose; but there is no obligation, and I do not recall that there is any suggestion, that they shall use this $100,000,000 exclusively to pay interest and amortization payments on bonds that are coming due.

Mr. FLETCHER. No; no.

Mr. BARKLEY. They may use part of the money for that purpose. They may use part of it for the purpose of carrying on the normal operations and paying the normal expenses of these banks in lieu of money that would be coming in to them if all the people could pay their obligations. If all the people could pay their obligations, there would be no need for this legislation; because if all the interest and amortization payments on all loans were being promptly made, the bonds to-day would be selling at par or above, and the investing public would be filtering into the land-bank system day by day and month by month enough money to carry on their normal operations without coming to Congress and asking for $100,000,000.

Mr. FLETCHER. Mr. President, will the Senator allow me to interrupt him?

Mr. BARKLEY. Yes; I yield to the Senator.

Mr. FLETCHER. I agree fully with what the Senator from Kentucky has said; but if you have a concern that has ample capital and which has issued obligations—bonds, for instance—maturing at a certain time, with the interest payable at a certain time, the capital is available to pay the interest on the bonds so as to keep the concern alive and keep it in business. Of course, however, the primary purpose here is to supply it with funds so that it can go on with its operations and make new loans. At the same time, I think that capital is available to take care of interest and prevent any default. The minute the banks make default on these bonds, they are "busted." We can not afford to have that happen.

Mr. BARKLEY. Of course the ability of these banks to sell farm-loan bonds is the life of the whole system. It never was intended in the beginning that public money should be put into this system, except at the very start to get it started in operation, to get it on its feet; but after that the intention was that there would be enough money coming into these banks, automatically, from the sale of bonds to supply all the needs of farmers who desired to use these banks as an agency for borrowing money.

Now we find ourselves in a situation where it is all frozen up; where the bonds, because of the fear and the danger that the interest will not be paid and the amortization paid, have gone down. Nobody is going to buy these bonds unless we can inject into them some new life that will attract money again.

If the relief in this bill is to be limited altogether to the $100,000,000, it is doubtful whether it is really worth while; because, after all, the $100,000,000 would soon be absorbed. It is our hope and our belief that the increase in this capital to be used by the banks either in making new loans or in paying interest on bonds that are coming due will so revive interest in the purchase of these bonds that the public will again invest in them and bring automatically into the land-bank system more money, which in turn will be loaned out upon new loans to farmers on their lands, and in turn new bonds will be issued, and that the circulation of this life-blood will again be started so that this system can survive.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Utah?

Mr. BARKLEY. I do.

Mr. KING. I think the position of the Senator that there will be any very great amount of new bonds issued is not quite sound; but if they shall be issued, in view of the fact that there will be great competition from Government bonds, probably from two to five or six billions of dollars,

before we adjourn, I do not believe these bonds will sell upon the market in competition with the Government bonds which we know will be issued.

Mr. BARKLEY. If the Senator will yield there, in all probability these bonds will bear a higher rate of interest than any Government bonds that will be sold; and as long-term investments they certainly would be as attractive, and from the standpoint of actual return more so, than the Government bonds.

Mr. KING. Mr. President, we have used the word "psychology" a great deal in the discussion of situations which have arisen; and in view of the various land banks and the intermediate-credit banks and the joint-stock land banks there is no very great avidity upon the part of the public to acquire the bonds of either of these organizations to which I have referred, including the one we are now discussing. Moreover, Mr. President, in view of the fact, as stated by the Senator from Kentucky, that the mortgages now upon the farms of the United States aggregate billions of dollars—as a matter of fact, the mortgages upon farms and real estate aggregate approximately $40,000,000,000——

Mr. BARKLEY. I think the Senator has his figure a little high there.

Mr. KING. Oh, no.

Mr. BARKLEY. My understanding is that farm loans represent a little more than $12,000,000,000.

Mr. KING. They represent more than that. I stated that the mortgages upon real estate, including farms, aggregate approximately $40,000,000,000.

Mr. BARKLEY. Of course, that would include city property as well.

Mr. KING. Oh, absolutely—approximately $40,000,000,000. It seems to me we ought to be more concerned in arresting, so far as we can in a proper way, further mortgages. There are too many mortgages.

One of the wisest men we have ever had in the Senate of the United States was Senator Magnus Johnson, a Farmer-Labor Senator from Minnesota; and when we were trying to pass through legislation here to push on to the farmers opportunities for borrowing more money, and to encourage more borrowing throughout the United States, he lifted his voice in protest against it, and said that the trouble with the country at the time he spoke was that there was too much indebtedness. Since then we have added to the total indebtedness billions of dollars, so that to-day the total indebtedness of the United States is not far from $250,000,000,000. Indeed, Senator Thomas, of Colorado, formerly a Member of this body, in a recent address which he delivered, states that the obligations of the United States, public and private—including, of course, corporations—amount to $750,000,000,000. But, assume the smaller figure I have given, $250,000,000,000. The interest charges upon that stupendous sum must be in the neighborhood of from five to eight billions of dollars.

I think we are attempting to encourage too much additional borrowing; and so I have understood that the $100,000,000 which is carried by this bill ostensibly for new capital will be largely used, and I think it will be largely used, unless we forbid it, to meet maturing interest charges upon the $1,171,000,000 of bonds which have been issued by this land-bank system.

Mr. BARKLEY. If the Senator will permit a suggestion just there——

Mr. KING. Yes.

Mr. BARKLEY. If some way is not found to meet the maturing payments of interest and amortization of these bonds, it is certain that there will be no more of them sold, and there will be no more money brought into the farm-loan system, either to relieve present borrowers or to assist others who are not now borrowers in that system.

Mr. KING. Oh, I agree with the Senator; but the point I am making is that we ought to be more concerned in preserving the institution, enabling it to remain solvent, enabling it to meet the maturing obligations, than in encouraging at this particular moment additional loans. I think we ought to be rather chary about encouraging more bonding, more loans.

Mr. BARKLEY. Naturally this bill, like all the bills with which we are dealing, is an emergency act. It is designed to enable these banks to function. Without some such artificial injection of new blood into them, some of them may cease to function. I do not make that as a prediction, but there is always the danger that a public institution which becomes moribund may in the very near future go out of business.

Certainly agriculture and the credit and economic condition of our country would be infinitely more damaged by allowing that to happen than if, by the risk we assume here, new blood is injected into the system, and it may make more loans. Obviously it can not make any more loans to present borrowers unless the margin between their present loans and the value of their property would justify it; and in view of the fact that property has declined in market value probably 50 per cent, my judgment is that there will be comparatively few present borrowers who would be enabled to increase their loans by any act we can pass, so long as the present limitations are fixed upon valuation as a basis for loans.

Mr. MORRISON. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MORRISON. How can the Senator determine what is to be done with this $100,000,000 beyond what the act authorizes?

Mr. BARKLEY. I can not.

Mr. MORRISON. It distinctly authorizes the whole of it to be subscribed, under rules therein provided, for stock in the farm land banks.

Mr. BARKLEY. Yes.

Mr. MORRISON. When that subscription is made, the measure makes no change whatever in the present law as to what the banks do with the money.

Mr. BARKLEY. Absolutely not. It is just as if some private individual had come along and subscribed for $100,000,000 worth of stock in the banks, which became a part of their working capital, to be used by them as they have used their working capital heretofore.

Mr. MORRISON. Under the law.

Mr. BARKLEY. Of course.

Mr. MORRISON. There is no change whatever, except that this bill, in section 5, gives them the right which every other creditor in the United States has, much more broadly than this amendment gives them, the right, when they deem it wise, to grant extensions.

Mr. BARKLEY. Yes. Inasmuch as we have added $25,000,000, there will be no difference between the use to which this $125,000,000 can be put and the use to which they have put the $65,000,000 which has already been put into the capital investment of these banks.

Mr. MORRISON. Exactly; and this bill makes no change whatever in that.

Mr. BARKLEY. It is true, as everybody on the committee understands, that during the discussions in the committee, when the House bill came over, with this permissive moratorium provided—it could not be otherwise than permissive—giving them more latitude to extend loans and withhold foreclosures, it was the feeling of some of us that in order that there might be a definite sum set apart for that use, this $25,000,000 ought to be so earmarked.

I wish to say this: That when the bill was reported by the Committee on Banking and Currency in the House, offering this additional capital to the banks, Federal farm bonds on the market went up, I think, a number of points, showing the encouragement the mere report of a committee and the consideration of the bill by the House had upon the investing public.

When the House put in this amendment, vague as it seems to have been, simply extending their authority, without any definite amount of money to be used for that purpose, the price of the bonds on the market went down immediately below what the price had been prior to the time they rose.

We may make light of the reflection of the stock market with reference to public securities if we desire to do so, but every man and every woman in this country who has money to invest in bonds or stocks watches the fluctuations of the bond market and the stock market, as they should do, in order to know whether they desire to invest their money in bonds or stocks as securities.

I do not know, nobody can know with any degree of certainty, what the effect of any particular act of Congress would be upon any issue of bonds or on stocks. But I am informed that already letters in large numbers have come to the Federal Farm Board and to Federal land banks—I know I have received some—in which the information is conveyed that Congress has authorized a moratorium on farm loans, and based upon that erroneous belief applications have been made for the extensions which have been hinted at in the House amendment.

As I said a while ago, if the benefits of this bill are to be limited to the $125,000,000 which is to be put into the capital stock, I am not certain whether after all it is very beneficial. Unless we can stimulate an interest in the bonds of the Federal land system, unless we can invite capital not now invested in Federal land bonds to come into the system, so that there will be a continuing, revolving fund, or a continuous circulation of new blood into the system which will enable the farm land banks to function properly, this $100,000,000 will go a very short distance in relieving the condition of agriculture.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. THOMAS of Oklahoma. Does not the Senator believe that it would be far better policy to be doing something to try to help the farmer get some value back in his land and some value back in his corn and wheat and cotton rather than to try to put some value in these depreciated bonds?

Mr. BARKLEY. My categorical answer to that would be yes, but there is nothing before us at this time undertaking to do that. The Senator from Oklahoma and I have definite ideas as to what ought to be done with reference to our efforts here to inject more value into the land and more value into the products of the farmer. We all have ideas about how we ought to do that, and what we ought to do, and we know our efforts heretofore have failed to do it. I have no doubt that the Senator from Oklahoma and I could agree on a rather effective remedy, spread out over a period of years, which would bring that result about. But we are not dealing with that fundamental question. The Senator has raised a fundamental question, and he has put his finger on the fundamental difficulty in all this situation.

All of our remedies here are temporary. All of them are merely scratching the surface. Nothing has been done yet by the Congress, nothing has been suggested by this administration, which deals with the fundamental difficulty under which our country is laboring, which lays the ax to the root of our troubles. We are now dealing only with temporary expedients, only with palliatives, only with sugar-coated pills, which may keep the patient alive until somebody will have enough vision and statesmanship to deal with this question from a fundamental standpoint, and undertake to eradicate the difficulties and the causes of the difficulties which now engulf us in this disaster. But for the time being we must try to keep the patient alive until we can administer more drastic remedies.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield again?

Mr. BARKLEY. I yield.

Mr. THOMAS of Oklahoma. Is it not a fact that we are treating the patient for headache, when we ought to be treating him for something the matter with his feet?

Mr. BARKLEY. I am not willing to admit that all that is the matter with us is the foot-and-mouth disease, whether it is applied to livestock or to humanity. But I do think that if we do not profess to admit our total inability to deal with the fundamental problem, sooner or later, when we have administered these sedatives and these temporary remedies, we must deal fundamentally, economically, and politically with the real causes of all our trouble. But we must take more time than we have taken in the consideration of this bill, or the one we passed yesterday, to deal fundamentally with the causes of our economic distress. But I agree with what the Senator has in his mind. I think I have an idea what he is attempting to drive at, and I hope that before this session is much older we may be able to deal in a fundamental, foresighted way with the real causes of all of the troubles which beset our country, and, in an indirect way, beset the world, largely because of some things which have transpired in our country, both here and at the other end of Pennsylvania Avenue.

I do not wish to say more about the amendment offered by the Senator from Alabama at this time. Later on, when it is offered, I may have something more to say.

Mr. STEIWER. I do not know that they require discussion. Possibly I ought to say just a word concerning them, and then we can perfect the bill down to the controverted point.

The matter on page 1 was proposed by the committee merely to remove doubt as to the applicability of the sixth paragraph of section 5. Senators will notice, if they will turn to page 2 of the bill, that as the measure came from the House of Representatives the subscription provision, which occupies practically all of page 2 and part of page 3, is in the form of an amendment to section 5 of the Federal farm loan act. That section provides the method of repayment or retirement of certain of the capital stock. It was thought necessary or wise by the committee that, after the provisions of the House bill relating to the subscription of additional capital stock, the additional language should be added. The House provisions are in the form of an amendment to section 5 of the act, and the sixth paragraph of that section requires that—

> After the subscriptions to capital stock by national farm loan associations shall amount to $750,000 in any Federal land bank, said bank shall apply semiannually to the payment and retirement of the shares of stock which were issued to represent the subscriptions to the original capital 25 per centum of all sums thereafter subscribed to capital stock until all such original capital stock is retired at par.

The committee believes that unless the proposed amendment is made, the language which I have just quoted from the act might apply to the sums received by the bank from stock subscriptions by the Treasury, which would result in requiring the bank to apply 25 per cent of all sums it received to the retirement of its original capital stock.

I do not know that the explanation is perfectly plain, because it is rather technical in its nature; but I think all Senators will understand the necessity for the amendment when they realize that as the new loans are made and new capital subscriptions are made, first by the borrower to the association and then by the association to the bank, it automatically results in the retirement of stock and will automatically result in the retirement of this stock for which the Federal Government will subscribe under this bill if enacted into law by the Congress. That, I think, is the only explanation I care to make with respect to that particular matter.

The amendment at the top of page 2 is purely formal. The necessity for it comes from the fact that the language used by the committee on page 1 makes the first page in practical effect a new section, and it was necessary, therefore, to restate at the beginning of section 2 the mandatory language which is found in italics in lines 1 and 2.

Mr. LA FOLLETTE. Mr. President, does the Senator suggest that these amendments be voted on en bloc?

The VICE PRESIDENT. No; that request has not been made.

Mr. STEIWER. No; I have not made such a suggestion.

Mr. LA FOLLETTE. I was wondering why the Senator was explaining them all at once instead of having them acted on individually.

Mr. STEIWER. I merely intended to go with my explanation through sections 1 and 2. They are quite related logically.

Mr. LA FOLLETTE. I would suggest, even though the amendments are similar in form or nature, that before they are taken up or acted upon it would be well to have a quorum called.

Mr. STEIWER. If I may, I will proceed with the explanation through section 2 and then will adopt the suggestion of the Senator from Wisconsin and suggest the absence of a quorum.

If Senators will notice, in section 2 there is one amendment which is not formal and which is found in lines 18 and 19. That is a substantial amendment, in which the committee has proposed to increase the subscription from $100,000,000 to $125,000,000.

The language on page 3 in the same section was changed merely for clarity, and I think the changes there are self-explanatory. Senators will notice in line 4 that the provision in the bill as it came from the House was that the stock should be "paid off at par and retired in whole or in part out of available resources of said bank." It seemed to the committee there was some doubt as to whether the Farm Board or the directors of the land bank would determine whether there were available resources which would justify the retirement of the stock. Therefore the language was changed to read:

That said board may at any time require such stock to be paid off at par and retired in whole or in part if, in the opinion of the board, the bank has resources available therefor.

That is the only explanation I desire to make with respect to sections 1 and 2 of the bill. If we are now ready to act upon those amendments, I will adopt the suggestion of the Senator from Wisconsin and suggest the absence of a quorum.

Mr. McNARY. Mr. President, let me ask my colleague whether the bill has been read for committee amendments.

Mr. STEIWER. No; it has not.

The VICE PRESIDENT. The Chair was going to have the clerk report the first amendment. Does the Senator desire to call for a quorum before that is done?

Mr. STEIWER. That was suggested by the Senator from Wisconsin [Mr. LA FOLLETTE].

The VICE PRESIDENT. Does the senior Senator from Oregon desire to have the bill read?

Mr. McNARY. I would suggest, following the usual and practical course, the reading of the bill for action on amendments. Then we can determine whether there is any necessity for calling a quorum.

Mr. STEIWER. That course is agreeable to me.

The VICE PRESIDENT. The clerk will proceed to read the bill and state the first amendment.

The legislative clerk proceeded to read the bill.

The first amendment of the Committee on Banking and Currency was, on page 1, after line 4, to insert:

Inserting after the word "subscribe" in the sixth paragraph thereof the words "by national farm loan associations, by borrowers through agencies, and by borrowers through branch banks."

SEC. 2. Section 5 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 691–697), is further amended by—

So as to read:

That section 5 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 691–697), is amended by inserting after the word "subscribe" in the sixth paragraph thereof the words "by national farm loan associations, by borrowers through agencies, and by borrowers through branch banks."

SEC. 2. Section 5 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 691–697), is further amended by adding at the end thereof a new paragraph, as follows.

The VICE PRESIDENT. The Chair understands the senior Senator from Oregon desires a quorum called before action is taken upon that amendment.

Mr. McNARY. No.

The VICE PRESIDENT. The Senator from Wisconsin [Mr. LA FOLLETTE] suggested that, while the amendments are formal in character, there ought to be a quorum here, and it was with that understanding undoubtedly that he left the Chamber.

Mr. STEIWER. Mr. President, it is just possible the Senator from Wisconsin would construe my remarks as a concurrence in his suggestion. I think in fairness all around I should suggest the absence of a quorum, which I do.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Jones	Robinson, Ark.
Austin	Dale	Kean	Robinson, Ind.
Bailey	Davis	Kendrick	Schall
Barbour	Dickinson	Keyes	Sheppard
Barkley	Dill	King	Shortridge
Bingham	Fletcher	La Follette	Smith
Black	Frazier	Lewis	Smoot
Blaine	George	Logan	Steiwer
Borah	Glass	McGill	Swanson
Bratton	Glenn	McKellar	Thomas, Idaho
Brookhart	Goldsborough	McNary	Thomas, Okla.
Bulkley	Gore	Metcalf	Trammell
Bulow	Hale	Morrison	Tydings
Byrnes	Harris	Moses	Vandenberg
Capper	Harrison	Neely	Wagner
Caraway	Hastings	Norbeck	Walcott
Carey	Hatfield	Norris	Walsh, Mass.
Connally	Hayden	Nye	Walsh, Mont.
Coolidge	Hebert	Oddie	Watson
Copeland	Howell	Patterson	Wheeler
Costigan	Hull	Pittman	White
Couzens	Johnson	Reed	

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present. The question is on the first committee amendment, which the Secretary will again state for the information of the Senate.

The CHIEF CLERK. On page 1, after line 4, it is proposed to insert:

Inserting after the word "subscribed" in the sixth paragraph thereof the words "by national farm loan associations, by borrowers through agencies, and by borrowers through branch banks."

SEC. 2. Section 5 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 691–697), is further amended by—

So as to read:

That section 5 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 691–697), is amended by inserting after the word "subscribed" in the sixth paragraph thereof the words "by national farm loan associations, by borrowers through agencies, and by borrowers through branch banks."

SEC. 2. Section 5 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 691–697), is further amended by adding at the end thereof a new paragraph, as follows.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The CHIEF CLERK. The next committee amendment is, on page 2, line 18, to strike out "$100,000,000" and to insert "$125,000,000," so as to read:

It shall be the duty of the Secretary of the Treasury on behalf of the United States, upon the request of the board of directors of any Federal land bank made with the approval of the Federal Farm Loan Board, to subscribe from time to time for capital stock of such bank in an amount or amounts specified in such approval or approvals, such subscriptions to be subject to call in whole or in part by the board of directors of said bank upon 30 days' notice, with the approval of the Federal Farm Loan Board. The Secretary of the Treasury is hereby authorized and directed to take out and pay for shares having an aggregate par value equal to the amounts so called; and to enable the Secretary of the Treasury to pay for stock issued hereunder there is hereby authorized to be appropriated the sum of $125,000,000.

Mr. BLACK. Mr. President, it seems to me if I make the suggestion to the Senator in charge of the bill, that it might be wise to postpone the consideration of this amendment until we come to the section to which I have offered an amendment, because, if my amendment should be adopted, I would suppose that the committee would not desire the amendment proposing an appropriation of $125,000,000 at this point.

Mr. STEIWER. Mr. President, I see no objection to the suggestion of the Senator from Alabama that we pass this amendment over for the present.

The VICE PRESIDENT. Without objection, the amendment will be passed over for the present.

Mr. HARRISON. Mr. President, I desire to ask a question of the Senator in charge of the pending measure. A conference was held at the White House some months ago at which the President indicated a program of reconstruc-

tion, and when the question of this part of the program came up, as I recall, it was suggested that the amount that was sought to provide an increase in the capitalization of the Federal land banks was $5,000,000 for each bank, and they being 12 in number, the amount proposed was $60,000,000. That was the amount which was discussed that night, and I am just wondering what has come about which has caused the increase to $100,000,000. Of course I understand the reason for adding the other $25,000,000, but I am at a loss to know why the amount to which I refer was increased from $60,000,000 to $100,000,00. What was it that suggested that increase?

Mr. STEIWER. Mr. President, I did not have the honor to attend the conference which the Senator from Mississippi attended.

Mr. HARRISON. I think all will agree that the amount which I have stated was the amount then agreed upon.

Mr. STEIWER. I think the Senator from Mississippi is right; at least I recall reading in the newspapers that the tentative suggestion was a subscription to the capital stock of land banks to the extent of $5,000,000 for each bank, and, of course, inasmuch as there are 12 such banks the total under that proposal would amount to the sum of $60,000,000. The figures as fixed by the House of Representatives in its bill was $100,000,000. The testimony taken by the Banking and Currency Committee of the Senate indicated that that sum might or might not be sufficient. We did not quarrel so much with the figure of $100,000,000, but we did dispute to some extent among ourselves as to whether or not we should authorize an additional $25,000,000 and have it tagged or earmarked for the purpose of paying interest or obligations that had been extended by the banks under the provisions of this proposed act.

After rather deliberate consideration we thought it much wiser not to earmark any part of the subscription, that the very earmarking itself would tend to invite delinquency and to publish broadcast to all the borrowers of the country that there was a $25,000,000 fund available to be used, and that if they would apply for extensions, even when they might not necessarily require them, they would get such extensions. So in order to avoid inviting obligations and inviting delinquencies the committee finally, as a solution of the matter, carried the $25,000,000 into the capital subscription and increased the amount to $125,000,000.

Now, if I may go just a sentence or two further, in order to answer the question asked by the Senator from Mississippi [Mr. HARRISON], I desire to suggest that the Senator will notice that this bill is not in the form of Senate bill No. 1 as it came on the floor of the Senate but is in the form of that bill as it finally passed here last night. In other words, it does not appropriate money, but merely authorizes the appropriation of money. Inasmuch as the committee found it utterly impossible to make an exact calculation of the precise requirements of the land-bank system, we agreed to the generous figure arrived at by the other House. We merely authorized the appropriation, and authorized it in the sum of $125,000,000, thinking that, as the conditions developed, Congress would be better able to make appropriations within the authorization. We thought it better not to underauthorize and leave the job half done. Does that answer the question of the Senator from Mississippi?

Mr. BARKLEY. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. STEIWER. I am happy to yield to the Senator from Kentucky.

Mr. BARKLEY. The conference referred to by the Senator from Mississippi was held some six weeks or two months ago. Since then additional delinquencies have brought forth need for more reconstruction. So that would probably explain the need for the increase.

Mr. STEIWER. There was some evidence at the hearings that there are possibly not greater delinquencies than existed 60 days ago, but that there is a greater realization of the extent of the delinquencies, and, therefore, we thought it wise to increase the amount of the authorization.

Mr. BARKLEY. As a matter of fact, the delinquencies have increased during the last month or two at a greater rate than heretofore, and during 1931 they increased very much more than prior to that time.

Mr. STEIWER. There is no question about that. The delinquencies for last year were greater than for the prior year.

Mr. FLETCHER. Mr. President, I think it is quite true that this $100,000,000 was recommended by the board.

Mr. HARRISON. That is what I am trying to get at. The President in the beginning suggested $60,000,000; that is the amount we heard about; now the Federal board, I understand, has recommended $40,000,000 more.

Mr. STEIWER. I do not know of any formal or expressed recommendation. I do understand, however, that this bill and the companion bill introduced in the Senate by the Senator from South Dakota [Mr. NORBECK] both came from the Federal Farm Loan Board. I assume, therefore, that was its recommendation. I recall also that during the hearings one of the land-bank presidents who was here expressed a preference for a $125,000,000 authorization as against a $100,000,000 authorization.

Mr. HARRISON. Mr. President, I am very much in favor of legislation of this kind. I thought the amount was to be $60,000,000. I think if $60,000,000 is sufficient to provide an increase in the capitalization of the Federal land banks that we ought to reduce the amount to $60,000,000. I am very much in favor of the additional $25,000,000, or some other amount which may be adequate for the purpose intended. If $10,000,000 or $15,000,000 would be sufficient we could appropriate that much in order to afford some relief to those who because of the extraordinary situation can not meet their interest payments.

It will be recalled that more than a year ago bills were introduced to carry out the very purposes that some say the pending carries out, but about which others think there is very great doubt. I introduced one of those bills seeking an appropriation of $10,000,000 from the Treasury of the United States to be placed at the disposal of the Federal land banks, so that in deserving cases interest payments might be extended. I appreciate that we can not pass a moratorium as to all the loans of the Federal land banks. It would be a very foolish thing for Congress to do. I can understand, as stated by some Senators this morning, that such action would probably affect the sale of bonds, would drive the price down, and they could not be marketed; but I have not heard the proposition even suggested in this body that there ought to be a complete and absolute moratorium on all the loans of the Federal land banks that may be now in arrears. I think the sentiment is pretty universal here that something ought to be done in those cases that are deserving, and there are thousands upon thousands in this country that are deserving cases where the borrowers can not pay.

I have here on my desk [exhibiting] just a few of the letters that have come to me from farmers in my State and outside of my State speaking of the purposes that we had in mind a year ago to make a $10,000,000 advancement in order that payments might be extended. If we change this bill according to the provisions of the amendment of the Senator from Alabama and dissociate the $25,000,000 from the $100,000,000 and not put them together in one lump sum, the $25,000,000 will not be used to increase the capitalization of the organization but will be used to permit borrowers to carry their loans and to extend them. How can that affect the bonds?

I appreciate that some say that even that would affect the bonds. If one were holding a Federal land bank bond to-day, and this legislation should pass, increasing the capitalization of the organization and at the same time providing $25,000,000 in order that people who owe the bank might pay their interest and get a further extension, I do not see how it could affect that bond. It seems to me it would strengthen the bond, for the reason that the mortgage held by the bank is just as good. The land is still held by the mortgage. The interest has been reduced somewhat by the

advancement of the Treasury, but the Treasury holds a mortgage on the bonds. It can not lose anything by it. It will get its money in time. We are not just throwing away $25,000,000, but we are loaning money upon good security that was appraised by the appraisers of the Federal land banks, and so forth; and I can not for the life of me see how a Federal land bank bond would be affected by our extending these loans and providing the money for their extension.

So far as I am concerned—and I very much hope this body will adopt that policy—I think we ought to set aside an amount separate and distinct from the $125,000,000, by reducing it, whether it be to $60,000,000, as suggested by the President at his White House conference some time ago, or twenty-five or twenty million dollars, as the case may be, to make advances on these defaulted interest payments.

Mr. KING. Mr. President——

Mr. HARRISON. I yield to the Senator from Utah.

Mr. KING. As I understood the suggestion made some time ago by one of the Senators, there was no contention that the passage of this bill might affect existing bonds. As I understood the position of the Senator, it was that in the case of future bonds that were issued, if there were a provision in the law under which they were issued which permitted an extension or moratorium for five years, it might affect the sale or the value of those bonds. It was dealing with bonds in futuro and not with those that are already in existence.

Mr. HARRISON. But we are providing a fund to make these interest payments, and the mortgage is still held on the farm. How could that action affect the value of the bonds? Of course, I understand that if we should declare a moratorium and say that everbody's interest payments are going to be delayed, and nobody is going to have to make them, and so forth, that would affect the value of the bonds.

Mr. KING. I can see how it might affect the sale of a bond that might be issued, say, a year from now if this bill passes in the present form, under the terms of which an extension may be granted upon application of the mortgagor to a man who bought a bond which rested in part upon the security of the particular mortgage if an application were made to extend the time for five years upon that mortgage. The man who bought the bond, knowing that that mortgage was a part of the security, might say, "Well, I am not so sure about it. I am not so sure whether there is enough money in the treasury of the bank to meet the maturing interest and the maturing obligations; and if an extension for five years is granted, I am not quite sure as to the validity of this bond which I am about to purchase."

Mr. HARRISON. In the first place, the bill does not say that the extension shall be for five years. The officials can give an extension for a year if they want to. It is hoped that it will not be necessary to extend the loans for five years, but they may do it.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I do.

Mr. McKELLAR. I think practically every Senator here desires to do something in this situation. I think the amendment of the Senator from Alabama [Mr. BLACK] is very timely. It seems to me, however, there is another vice in it to which I want to call the Senator's attention.

Section 10 provides:

> When in the judgment of the directors conditions justify it.

That is a very general expression. Why would it not be better to use words somewhat like these—that the directors shall examine into the capacity of the borrower to pay, and pass upon it? In other words, if that $25,000,000 were set aside, and the board of directors were instructed to give the extension upon proof of the capacity or incapacity to pay, it would require them to do it, and it would require them to carry out the intention of the act; but as it is now, "When in the judgment of the directors conditions justify it," I think the language is too general to be of very much value to the farmer.

Mr. HARRISON. I think it is necessary to clothe the directors with the discretionary power of making these loans, because no doubt applications will be made by some who perhaps have the ability and capacity to pay and who could possibly pay. I think in cases of that kind, where the man is able to pay, he ought to pay his interest, and so forth.

Mr. McKELLAR. I think so.

Mr. HARRISON. But we must lodge the discretionary power with somebody.

Mr. McKELLAR. I agree with that; but it ought to be hedged about upon some principle that will cause the intent of the Congress to be carried out, and I do not know of anything better than capacity to pay. We use that term in dealing with foreign debtors. Why can we not use the same term in dealing with domestic debtors?

Mr. GLASS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Virginia?

Mr. HARRISON. I yield to the Senator.

Mr. GLASS. As I understand, in the last analysis these respective farm associations are responsible for the indebtedness of the members of the farm associations. I should like to ask the Senator who is better qualified to determine the ability of the members of a farm association to pay than the farm association itself?

It seems to me the bill ought to be amended, if we are going to do it, so as to empower the directors of the bank to make this extension upon the approval of the farm associations.

Mr. HARRISON. I think probably that is a very wise suggestion.

Mr. SMITH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from South Carolina?

Mr. HARRISON. I yield.

Mr. SMITH. May I suggest to the Senator that they do that now. There is never any extension or any change unless the officers of the bank consult with the local organization through which the loan is made.

Mr. GLASS. That, I understand, may be the practice, or it may not be. I think in this bill, if we are going to pass this particular section, we ought to require that it shall be done.

Mr. SMITH. If the Senator will allow me, I think he will find that that provision is in the law. I do not recall the exact words, but I do not think they can take any action except with the approval of the local organization.

Mr. GLASS. It is not in the proposed amendment authorizing these extensions.

Mr. HARRISON. As I understand the Senator, he suggests that these associations give their approval or make their recommendation to the respective Federal land banks before any extensions are made. In other words, it is proposed to put just that much brake on the proposition. I see no objection to it. I know, however, that there are thousands upon thousands of deserving cases, people who have lost everything they had in the world, who are unable to pay taxes, and whose lands are mortgaged. They can not meet these requirements for extension; and I have no doubt that the associations to which they belong, and of which they are members, would give their approval.

It may be that it is a very wise proposition to do that; but we ought to make provision here that these loans that have been made in deserving cases, after an investigation, shall be extended; and in times like these we ought to provide the essentials by which it can be done, so that the bonds will not be affected.

Mr. LOGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield to the Senator from Kentucky.

Mr. LOGAN. I have prepared an amendment exactly in line with what is suggested by the Senator from Virginia; and I should like permission to offer it at this time.

Mr. HARRISON. I have no objection.

The PRESIDENT pro tempore. The Chair will state to the Senator from Kentucky that there is an amendment pending. However, his amendment may be read, and it will be in order to be called up later.

Mr. HARRISON. Yes; let it be read, and then it can be printed.

The PRESIDENT pro tempore. Without objection, the amendment will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Kentucky [Mr. LOGAN] offers the following amendment to the amendment of the committee: Amend section 5, page 6, by inserting in line 10, immediately after the word "it" and before the word "to," these words:

And the Federal farm loan association through which the loan was made consents to it.

Mr. WALSH of Montana. Mr. President, I do not understand where the amendment suggested by the Senator from Kentucky [Mr. LOGAN] comes in; but I assume, in accordance with the suggestion made by the Senator from Virginia, that it would not only be advisable as a matter of policy to require the approval of the farm loan association interested, but it would seem as though such approbation was absolutely essential.

The loan is made by the farm loan association to the member and is negotiated by the association to the farm loan bank. If the farm loan bank undertook to extend the time of payment, it would not be effectual at all unless the farm loan association likewise consented. In other words, the farm loan association could not at any time proceed to reduce the security; so that it is not only advisable but absolutely necessary that some language such as that suggested by the Senator from Virginia should be incorporated.

Mr. WAGNER. Mr. President, will the Senator from Mississippi yield for a question?

Mr. HARRISON. Yes.

Mr. WAGNER. I should like to ask the Senator just how he proposes to administer this fund that is to be set aside as a loan to the individual farmers, I take it.

Mr. HARRISON. As I understood the amendment offered by the Senator from Alabama, it provides for an appropriation.

Mr. WAGNER. Yes.

Mr. HARRISON. And it is to be loaned to the several Federal land banks to pay the interest payments in those deserving cases which the farm loan association approve, and which look all right to the respective Federal land banks.

Mr. WAGNER. What I wanted to inquire about was this: How does the Senator regard that way of dealing with this situation as superior to the payment of money into the treasuries of these different banks by means of stock subscribed by the Federal Government? That will give them a fund with which they may carry on while they are giving these extensions up to a period of five years for the deserving cases that are in default.

Mr. HARRISON. Of course, the bill provides this $125,000,000 to increase the capitalization of the respective banks. They might use part of that money—there is not any question about it—for that purpose; but I may say to the Senator that I have had a good deal to do with the membership of the Farm Board up here that has direct charge of the Federal land banks, and I do not think they are in sympathy with this movement one particle. I know that when I offered my resolution a year or so ago, and we had hearings, they were there fighting it every inch, throwing cold water on it all the time; and it was the influence they wielded that prevented us from getting that legislation.

Mr. BLACK. Mr. President——

Mr. HARRISON. So I do not know, unless we do divide it, whether or not they can not crack the whip on them; and the Federal land bank, say, at New Orleans or at Houston, or what not, may make application to sell the bonds that they are given authority to sell here to that amount, and may not follow out those instructions.

Mr. WAGNER. I inquire, then, under what circumstances are these funds to be allocated to the different banks? Who will determine the amount which each bank is to have advanced to it, which in turn, I understand, the bank will be authorized to advance to a borrower of the bank?

Mr. HARRISON. I imagine that would be under the broad powers of the board here in Washington. If there was one bank, say, in New Orleans, that needed more money than another one that was not in distress, they probably would let more of the money go there than they would elsewhere. As I understand, some of the land banks have a much larger list of borrowers that are in default than others. Some of them are in very good shape. Others are in a very distressing condition.

Mr. WAGNER. If I might pursue the inquiry just a moment, is this money to be loaned upon the payment of interest to the Government?

Mr. HARRISON. Oh, yes; the money is to be loaned, and the Government will not loce one penny, because they will have a mortgage on the property, the same as the Federal land banks now have mortgages.

Mr. WAGNER. It seems to me that that is a disadvantage to the individual banks, because if the Government subscribes for stock and pays its money into the Treasury, the Government receives no interest at all for that particular advance unless there are earnings upon the stock in which the money is invested.

Mr. HARRISON. It was my recollection that the bill provided for interest to the Government.

Mr. GEORGE. Oh, no.

Mr. WAGNER. Just one other question.

Mr. GEORGE. The Government becomes a stockholder in the bank until the stock is retired. No interest as such will be paid upon it.

Mr. WAGNER. We are talking about the $25,000,000 loan which is to be advanced. I wanted to find out how that was to be allocated among the banks; how it was to be administered.

Mr. GEORGE. Under the bill as reported, it is simply a part of the general appropriation for the increase of the capital stock of the bank.

Mr. WAGNER. Exactly; and I am in favor of that.

Mr. GEORGE. The sum is simply increased by $25,000,000 under the bill as reported. I am not speaking of the proposed amendment.

Mr. WAGNER. There is an amendment pending which provides for a direct loan to these banks by the Government, which money is to be used by the banks as a loan to the individual borrower. In other words, the Government is asked to use the Government's money, through the instrumentality of this private banking institution, to advance to a particular borrower of the bank money with which to pay his installment or his interest. While I see an objection to that as a matter of principle, there is also this additional objection, it seems to me. It is the narrowness of the sphere where this sort of thing can be used, because, after all, all of the Federal farm-loan banks have loaned only to 12 per cent of the farmers of the United States; that is, of all the borrowings on mortgages, 12 per cent is loaned by these particular banks. Eighty-eight per cent is advanced to the farmers by private financial institutions. So that, in the first place, we are favoring only a portion of this 12 per cent, and we are saying that they may have some of the Government's money to pay interest upon their loans, while we are excluding a great portion of this 12 per cent, as I think I can demonstrate in a moment, besides the 88 per cent. What about the 88 per cent of borrowers from private financial institutions who are in just as serious a financial situation as these few?

Mr. HARRISON. Mr. President, the Senator has asked me a question. I will ask him to give me some little opportunity to answer.

Mr. WAGNER. Let me finish, so that the Senator will have all the facts. There is outstanding now, by way of delinquencies, about $150,000,000, as I understand it.

Mr. BARKLEY. Amortization payments are due on $275,000,000 worth of loans, but the actual delinquencies in payment amount to about $16,000,000. Technically, under the law, where there is a delinquency, the whole debt may

be held to be due, and it might be said, in that sense, that all the $275,000,000 is due. As a matter of fact, the delinquent payments, if they were taken up now, would amount to about $16,000,000.

Mr. HARRISON. The Senator from New York wanted to know what we would do with the 88 per cent who borrowed money from life-insurance companies and others. Ever since we passed the Federal land bank bill, while the Government was not legally liable, perhaps, I have felt that we were morally liable to keep up that system, and that if there was a default in the bonds and things did not go along well, for my part I was willing to vote money out of the Treasury to take care of that, because I looked upon the Federal land bank, and I think the average farmer looked upon it, as a Federal Government institution.

It is quite different from a life-insurance company or a national bank lending money, or even a joint-stock land bank lending money, because in the beginning we provided the money to start the Federal land bank system.

Mr. BORAH. Mr. President, will the Senator yield to me?

Mr. HARRISON. I yield.

Mr. BORAH. I am in sympathy with the 88 per cent of whom the Senator speaks. But how is it possible for the Government of the United States to reach them? If there is any way to reach them, I am in favor of reaching them.

Mr. WAGNER. There is no way. The point I was trying to make is this, that the subscription to the capital stock of these banks is a better way to handle the matter than the attempt to set aside a certain sum which can be applied to a certain portion of these borrowers, because under the bill the directors of the bank may extend the time of payment up to a period of five years. The money which the banks secure by the subscriptions of the Federal Government to their stock gives them capital by which to carry on during this extension period. What I can not understand is the reason for having two methods of dealing with these delinquent cases.

Mr. HARRISON. May I say to the Senator that he and I will not quarrel about that proposition. I do not think the Senator from Alabama or anybody else who is for a separate allocation to provide some such sum to take care of these delinquent and deserving cases will quarrel with him. If the Senate wants to provide that of this $125,000,000, $25,000,000 shall be applied to this purpose, well and good. I do not care whether it is provided for by a direct appropriation out of the Treasury or from the sale of bonds. But what the Senator from Alabama is trying to do is to allocate these different propositions.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Mississippi yield to the Senator from Montana?

Mr. HARRISON. I yield.

Mr. WALSH of Montana. I do not think the Senator from Mississippi has quite answered the question of the Senator from New York, and I myself am curious to know why this is divided in two parts, a certain appropriation as a contribution to capital stock and a certain other one to be loaned to the Federal land banks. I am very eager to hear the Senator from Alabama explain why it should be loaned. That is altogether different from the question as to whether a part of this should be set aside to take care of delinquencies. We might appropriate $100,000,000 to subscribe to the capital stock, and that fund, being allocated to the various banks, could be used to take care of the delinquencies.

Mr. HARRISON. Yes.

Mr. WALSH of Montana. I am curious to know from the Senator from Alabama, as is the Senator from New York, why, in addition to the subscriptions to capital stock, the Senator wants another separate provision to take care of the delinquencies.

Mr. HARRISON. For the reason, may I say, that the Senator in charge of the bill has stated that originally the purpose was to increase it to $100,000,000 in capital stock of the banks, and that the other $25,000,000 was to be used in order to take care of this situation.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. HARRISON. I yield.

Mr. BARKLEY. Following the suggestion of the Senator from Montana, it seems to me that if there is any language to be put into this bill allocating the $25,000,000 for a definite purpose, it would be better to have it as a part of the subscription to new capital stock, because it then becomes a perpetual revolving fund, which will do more good over a period of years to the farmers of this country than a mere loan of $25,000,000, to be repaid to the Treasury within the next two or three years, we will say, assuming that it is to be repaid at all. So that I think there is a good deal of force in the suggestion that it will be more valuable.

Mr. WALSH of Montana. Before we decide to choose between the two let us understand why the Senator from Mississippi thinks that the situation will not be reached out of that sum, whatever it may be, $100,000,000 or $125,000,000, which is to be utilized for the purpose of meeting subscriptions.

Mr. HARRISON. Mr. President, I can answer the Senator very briefly. It is because I have no confidence in the sympathetic feeling of the board up here and of many of the land banks with the purposes we are trying to carry into law.

Mr. WAGNER. In either case the board will handle the matter.

Mr. HARRISON. No. If we allocate $25,000,000 and provide explicitly what they must do with it, then it will have to be used for that purpose.

Mr. BARKLEY. They do not have to do it, and there is no language in this amendment which would compel them to do it, and we can not compel them to lend. Each loan will stand on its own bottom, and the board, if it is unsympathetic, as the Senator insists, could refuse to make a single loan out of that $25,000,000.

In that connection I would like to call the Senator's attention to the fact that while there are now 23½ per cent of delinquencies among the borrowers from the land-bank system, less than 1 per cent of the delinquencies are under foreclosure or have been foreclosed, which rather indicates at least a good deal of sympathy somewhere in a policy which withholds the heavy hand of the law in foreclosing mortgages to less than 1 per cent when there are more than 23½ per cent of delinquencies in the United States.

Mr. HARRISON. Let us not deal in percentages. What is the amount of foreclosures made by the Federal land banks?

Mr. BARKLEY. I do not know how much it amounts to in actual money, but it is less than 1 per cent. I am speaking of less than 1 per cent of the delinquencies.

Mr. BLACK. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. I yield.

Mr. BLACK. I would like to state, in the first place, that if we wait until we get to this amendment I will be glad to explain why I have offered each particular item.

In the next place, I desire to state to the Senator that I have a letter in my hand from a lady who says she can sit on her front doorstep and see four farms the mortgages on which have been foreclosed within the last six months. I deny that the percentage of foreclosures in my State is 1 per cent. The percentage is a great deal higher than that in Alabama.

Mr. BARKLEY. I am speaking of the country as a whole. I do not know how many there are in Alabama.

Mr. HARRISON. The percentage is higher in Alabama and in my State, I think.

Mr. BARKLEY. Yes; in the cotton States. And if something is not done in the tobacco region pretty soon the foreclosures will amount to a great deal more than 1 per cent.

Mr. BLACK. May I make this statement about what the Senator from New York asked——

Mr. WAGNER. May I finish my statement?

Mr. BLACK. I would like to reply to what the Senator has been asking for about 20 minutes, as to why it is necessary to do what I have suggested.

Mr. WAGNER. Let me complete my suggestion, and then the Senator can answer it all.

In addition to the undesirability of separating these funds so as to require different administrations, I see a distinct advantage in dealing with this fund only as a subscription to stock, because any advance by way of loan made to the farm land banks would have to carry some interest payments, and that would be an additional charge which the bank would eventually have to meet, whereas if the same fund is used for the same purpose under a stock subscription, no interest is charged to the bank, the bank is just as free to use it, and the only time the Government can secure anything out of the particular investment is in case earnings are made.

Even under the pending bill, at any time the banks desire it they may retire this stock, which will be bought by the Government merely at par. There might be accumulated dividends which have not been paid, and the Government, as I read this bill, would not be entitled to the accumulated dividends, because under the bill they may be set aside for some future payment. Yet the Government would have to accept the par value of the particular stock in return for its retirement.

I think that those who are interested in aiding the farmer in this situation mistakenly are pursuing the wrong policy in separating these funds.

Mr. BLACK. Mr. President, will the Senator from Mississippi let me reply just a moment?

Mr. HARRISON. I yield.

Mr. BLACK. We can save a great deal of time in our discussion as to whether this money should be raised by subscription or by loan, by the simple statement that if Senators will look in the hearings before the committee when I was there they will see that I stated that I cared not whether it was by a stock subscription or by direct appropriation; but I reached the conclusion that the loan would be more satisfactory to the authorities if this clause were attached to it.

I am perfectly willing to have the $25,000,000 capital stock earmarked with the use to which it is to be put. What I am interested in is that it shall be prescribed by this bill that $25,000,000, either secured from the sale of stock or secured by loans, as prescribed in this amendment, which I am willing to change, shall be used exclusively for the purpose of granting extensions and taking the place of the interest which they lose.

I am in favor of some such provision for the same reason which the Senator from New York states. We have found a harsh and ruthless operation of the law, foreclosing where it is wholly unnecessary, putting people out of their homes who have paid more than 50 per cent on their mortgages within six weeks of the time when the mortgages are due. I deny that there has been a sympathetic administration of the law. But if we prescribe in this act that a certain sum shall be used for extensions exclusively, then the banks will be compelled to use the money for that purpose, and for no other purpose. So I might say to the Senator that we can very easily dismiss any discussion over whether this shall be a direct appropriation as a loan or whether it shall be a subscription of $25,000,000 to the capital stock. If the Senators prefer the other way, I would agree to it.

Mr. BLAINE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Wisconsin?

Mr. HARRISON. I yield.

Mr. BLAINE. Mr. President, in connection with what the Senator from Alabama has been discussing, may I make this suggestion? There was an amendment contemplated that this language be added at the end of the section with reference to the extension of loans:

> It shall be the duty of the Secretary of the Treasury to subscribe from time to time for capital stock in the several Federal land banks, in addition to the subscriptions provided for in section 5 of this act, as amended. All amounts received by each such bank from such additional subscriptions shall be used exclusively for the purpose of supplying such bank with funds to use in its operations in place of the amounts of which such bank is deprived by reason of extensions made as provided in this paragraph. To enable the Secretary of the Treasury to pay for stock issued hereunder there is hereby authorized to be appropriated the sum of $25,000,000. The provisions of section 5 of this act, as amended, except the last sentence thereof, shall apply with respect to stock authorized to be subscribed for pursuant to this paragraph.

I merely add that suggestion, which probably meets the approval of the Senator from New York.

Mr. MORRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from North Carolina?

Mr. HARRISON. I yield.

Mr. MORRISON. I simply want to call attention to the fact that under the present law the banks do not have any legal authority to grant extensions. I think any mercy they have displayed under it was in the exercise of a general power unwarranted by law. They could not grant any specific extension at all. They could simply delay and not sell the land and not dispossess the farmer.

A criticism of the board for not granting extensions which the Congress had not authorized them to grant it seems to me can not be sustained. If we want them to have the power, let us give it to them. I became convinced, although as hostile to them as anybody in this body in the beginning, that they will be glad to exercise it and feel that it may be to the interest of the various banks to have that power and exercise it.

Mr. HARRISON. Mr. President, I stated a while ago that I did not have much faith in the board, because I know what has been their policy in the past. It has been stated in the hearings time and again that they are not foreclosing but that they are patient and lenient in the matter of extensions. They may have extended in some cases, but they have foreclosed in many other cases. Here is a message characteristic of hundreds of letters and telegrams I have received. This is a telegram from Greenwood, Miss.:

> Please refer to my previous telegram and letter from Greenwood and Ittabena regarding Federal land-bank payments. Their field representative claims about two-thirds will have to be paid, and no exceptions. Positively can not pay considering improvements made and that I used to rent. Made enough to pay about 15,000 down payments. Am sure can show where I have made as much progress farming during past nine years as anyone in Leflore County. J. E. Greer, secretary and treasurer, Delta Loan Association, which is part of Federal land bank, will say, I am sure, that I have improved property as much as any plantation in Mississippi Delta. Greenwood Bank & Trust Co. have agreed to loan me 14,000 to make crop if land bank will agree not to foreclose. Have borrowed all possible on life insurance and everything else and if can not get something done at early date am ruined.

That is the kind of communications that come to me. That is the kind of letters that come to other Senators. Something ought to be done in reference to the matter. Letter after letter is sent to me containing notices sent out by the farm land bank in the district in which I live. It has been stated that they have not foreclosed more than 1 per cent of all the delinquencies. In my State, if anyone will go into a county to hunt, he will find that most of the farms over which he hunts have been taken over by the Federal land bank, that they are idle, not in cultivation, the improvements gone to ruin, and to-day they can not get one-half of what was the value of the property when it was taken over. Of course, we all know that when we stop cultivating a farm it depreciates in value.

That is the situation. In times like these it seems to me the Government ought to make some kind of provision, whereby we will not lose a cent, to help a man along if he is trying to do the right thing, as most men are doing in this emergency. That is all we are asking to have done in this measure. Make it $125,000,000, if that be desired, and write in a provision that will direct the board to do it, although I do not know that they will do it even then.

Members of the committee know that Mr. Bestor and other members of the board have opposed every suggestion about it. Men in high places at the other end of Pennsyl-

vania Avenue, except the President, have opposed it. His was the only sympathetic voice raised. The Secretary of the Treasury and those under him, members of the Federal Reserve Board included, were against it and said it would destroy the bonds. The President did show some sympathy in the matter.

We want to do what we can to relieve the situation. We are all trying to work out the same purpose. I appreciate the fine spirit of sympathy which the distinguished junior Senator from Oregon [Mr. STEIWER] has shown in this matter. I do not care whether the amount is made $125,000,000 or $100,000,000, but let us be sure of what we are doing and see to it that the cases which are deserving shall be saved, if possible.

Mr. McKELLAR. Mr. President, in substantiation of what the Senator from Mississippi has just said, that it is absolutely necessary to put something else in the bill, I want to read a letter from W. A. McNeill, manager of the real-estate department of the Federal land bank at Louisville, Ky. I invite the attention of Senators particularly to this letter, and particularly to the date of it, which is December 21, 1931. The letter reads:

THE FEDERAL LAND BANK OF LOUISVILLE,
Louisville, Ky., December 21, 1931.

GEO. D. WHITWELL,
Linden, Tenn.

DEAR SIR: We are inclosing default notices covering December maturities in your association. Immediately on receipt of these statements we certainly hope that you will leave nothing undone that will result in the payment of these items before the first of the year.

No doubt you have read in the press that the House of Representatives has passed a bill authorizing the Treasury to subscribe to additional capital for the Federal land banks. With the enactment of this bill into law, we are naturally hopeful of being able to resume our normal loaning operations. However, you understand that there is nothing in the bill that is going to give so-called relief to our present borrowers, who must be held to their specific contracts. It is hardly to be expected that any material assistance is to be made available to delinquent borrowers whose contracts must be enforced.

It is very essential that the interest installments represented by the default notices be paid without delay, and we will certainly be disappointed if the payments are not made before the end of the calendar year.

Very truly yours, W. A. MCNEILL,
Manager Real Estate Department.

I invite the attention of Senators to the tone of this letter. The man who wrote this letter had the House bill before him and instead of having a sympathetic interest for the provisions of the bill, he said to this borrower:

It is hardly to be expected that any material assistance is to be made available to delinquent borrowers whose contracts must be enforced.

The board is going to enforce the contracts unless we take a position here which will require them to act in proper cases.

Here is a letter from Mr. George D. Whetwell addressed to Congressman ESLICK, from that district, dated December 30, 1931:

LINDEN, TENN., *December 30, 1931.*

Hon. E. E. ESLICK,
Pulaski, Tenn.

DEAR MR. ESLICK: It will be right to use the McNeil letter. The land bank is preparing to sell 15 farms in our association. These farmers have been carrying this loan for 10 years and only behind one payment. The farms are only bringing about one-third the normal value. The bank buys the land and then sells to some city guy who has money at the same price the bank buys the farms. The low price of farm produce is the trouble. Corn, 25 cents per bushel; hogs, 3 to 4 cents; cattle, 1 to 3 cents; peanuts, 1½ cents. It is up to Congress to save the farmer, for he is gone.

Yours truly, GEO. D. WHETWELL.

Mr. President, here in one of the smallest counties of Tennessee 15 farms are about to be foreclosed. Here is a letter from the manager of the real-estate department of the Louisville Land Bank in the district of Tennessee in which he calls attention to the act of Congress and says it is meaningless, and says:

It is hardly to be expected that any material existence is to be made available to delinquent borrowers whose contracts must be enforced.

By the way, I invite attention to two other letters of December 29. The first of these letters, addressed to Mr. E. C. Coleman, of Pope, Tenn., in the same district, reads as follows:

THE FEDERAL LAND BANK OF LOUISVILLE,
Louisville, Ky., December 29, 1931.

In re: Loan No. 17123—E. C. Coleman.
Mr. E. C. COLEMAN,
Pope, Tenn.

DEAR MR. COLEMAN: Please advise what your intentions are toward making payment of $65 due in connection with your loan on December 1.

Mr. Coleman, this payment is a month past due. You have been advised that we can not carry loans with delinquent amortization installments. If you care to protect your investment in this property, please see that your loan is placed in good standing without further delay.

Very truly yours, ——— ———,
Real Estate Department.

The other letter reads as follows:

THE FEDERAL LAND BANK OF LOUISVILLE,
Louisville, Ky., December 30, 1931.

Loan—32569—Ida Bell.
Mr. R. V. ROBINSON,
Somerville, Tenn.

DEAR SIR: We find the above-numbered loan delinquent the amount of the July installment of $45 plus 8 per cent penalty interest.

We are inclosing herewith inspector's report blank, which you will please use provided collection can not be made covering this delinquency.

Yours very truly, P. L. KERR,
Real Estate Department.

These show exactly what is being done. These letters show what is happening in reference to delinquent loans. If we are going to help those who are delinquent we must make the provision specific. We must set aside a fund for the purpose of paying the interest and installments due in proper cases, and we must direct either the board or, as the Senator from Virginia [Mr. GLASS] said would be better, the local association to examine into the facts, and upon those facts allow these payments to be made. It is the only thing that can be done. We need not attempt to fool ourselves for a moment. This board is going to pay scant attention to the legislation passed by the House.

Mr. MORRISON. To which board does the Senator have reference?

Mr. McKELLAR. I am talking about the Federal land bank at Louisville, Ky. They say, through their manager of the real-estate department, after referring to the bill as it passed the House:

It is hardly to be expected that any material assistance is to be made available to delinquent borrowers whose contracts must be enforced.

If that is true, and here is the bank that says it is true after examining the bill passed by the House, then if we want to help the farmer we must take positive steps to do it.

The VICE PRESIDENT. Does the Senator from Tennessee yield, and, if so, to whom?

Mr. McKELLAR. I yield first to the Senator from North Carolina, and I will yield to the Senator from Kentucky in just a moment.

Mr. MORRISON. I did not catch from its reading anything in the letter that would disclose what particular bill the writer had reference to. Certainly if he had reference to the fact that the language of the pending bill would not give the bank authority to do the very thing he says it will not do, then it was a foolish letter; that is all.

Mr. McKELLAR. It may be a foolish letter, but the writer represents those who have to pass on the matter; and if we are going to have a different situation we must put such language in the pending bill as will carry out the purpose which I think every Senator on the floor thinks ought to be carried out, namely, that the farmer ought to be helped.

The Senator from South Dakota, [Mr. NORBECK] asked me a moment ago if this letter was from a land bank. It is from the bank at Louisville, Ky., which operates in Tennessee.

Mr. BARKLEY. There is nothing strange about the language in that letter. It comments on the bill as it passed

the other House which carried, in section 5, a sort of gesture in the way of authorization to give further extensions without any additional amount except the original provision for $100,000,000 to be used for subscription to capital. Manifestly neither a hundred million dollars nor $125,000,000 will be sufficient to take care of the payments that are delinquent or will become delinquent, unless the passage of this bill shall bring about new money from private sources in the bond market, upon which the whole farm land system rests.

If all we are to do is to provide an appropriation to take care of immediate needs, either of the Farm Board or to pay the amortization and interest charges on bonds, or to enable the farm land banks to extend loans as they become due, it will only be a little while until we shall have to come back with another appropriation for the very same purpose. The success of this bill depends upon our ability to get enough capital into the farm loan system. The statement in the letter from the Louisville Land Bank, which is based upon the House bill and its provisions, certainly is true. They can not be expected to use all this $100,000,000, or any great part of it, probably, either in taking care of present delinquencies or letting it be known that nobody who owes anything on his land is required any longer to pay it. Otherwise, instead of there being $16,000,000 overdue and unpaid, there would be four or five times that much within a very short period.

Mr. McKELLAR. I will just read the language of the two bills and the Senator will see that they are virtually the same. The House bill provides as follows:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend—

Now listen to the language of the Senate bill:

When in the judgment of the directors conditions justify it, to extend, in whole or in part—

And so forth. If there is any difference in the language of the two bills, I am incapable of understanding the difference.

Mr. BARKLEY. It is not a question of difference in language, but of difference in effect.

Mr. McKELLAR. There would have been a difference if there had been $25,000,000 additional in the bill for this purpose. Instead of doing that, the committee merely adds $25,000,000 to the $100,000,000 for the original purpose, and there is no difference at all except in the amount.

Mr. MORRISON. Mr. President, will the Senator from Tennessee yield to me?

Mr. McKELLAR. I yield.

Mr. MORRISON. Is it not a reasonable construction of the letter the Senator has read to us that the writer thought that the proposed legislation would not pass, instead of his interpretation that it would not be adequate if it should pass?

Mr. McKELLAR. He states distinctly and specifically, in words that can not be misunderstood, if the Senator will read them, that he does not believe that the proposed act will be of any material assistance to the borrower. He has to pass on it, and, of course, it will not be.

I want to say to the Senator from Kentucky that I do not know whether or not he has seen the letter of the Secretary of the Treasury in answer to the resolution which I submitted and which was adopted several days ago, giving the exact percentages. By the way, Mr. President, I ask unanimous consent at this point that the letter of the Secretary of the Treasury may be inserted as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter referred to is as follows:

TREASURY DEPARTMENT,
Washington, January 6, 1932.

THE PRESIDENT OF THE SENATE.

SIR: In compliance with Senate Resolution 86, I have the honor to submit for the Federal Farm Loan Board the information requested regarding Federal land banks and joint-stock land banks. The resolution reads as follows:

"*Resolved*, That the Federal Farm Loan Board be, and it is hereby requested and directed to report to the Senate at the earliest possible moment the number of farm loans held by the Federal and joint-stock land banks now in arrears, giving the same, by States, up to December 1, 1931; also how many foreclosures have been made or ordered during the years 1929, 1930, and 1931, up to December 1. The Farm Loan Board is further requested and directed to furnish the Senate with the number of farms bought in by the various land banks at their foreclosure sales, and the number of farms still owned by the banks."

Taking up the items in the order listed, there is given first, in the following tables, the number of loans, by States, of Federal land banks and joint-stock land banks having amortization installments in arrears. In order to indicate to some extent the degree of delinquency, the loans have been classified into the number having installments delinquent less than 90 days and the number having installments delinquent 90 days and over. In addition, the total number of loans in force in each State is indicated.

Number of loans of Federal land banks in force and number having delinquent installments as of November 30, 1931, classified by States and periods of delinquency

[Compiled from reports to the Federal Farm Loan Board]

States (arranged by Federal land-bank districts)	Total loans in force	Loans having installments delinquent		
		Less than 90 days	90 days and over	Total
1. Maine	2,702	536	139	675
New Hampshire	504	11	18	29
Vermont	1,330	175	91	266
Massachusetts	1,614	67	16	83
Rhode Island	198	3		3
Connecticut	1,477	80	11	91
New York	8,494	394	324	718
New Jersey	1,463	93	30	123
2. Pennsylvania	6,844	492	269	761
Virginia	11,486	1,000	912	2,002
West Virginia	4,596	322	299	621
Maryland	1,035	76	49	125
Delaware	140	8	6	14
Porto Rico	4,615	90	2,371	2,461
3. North Carolina	9,868	418	1,532	1,950
South Carolina	5,337	719	1,364	2,083
Georgia	10,291	1,994	1,680	3,674
Florida	3,463	146	633	779
4. Tennessee	11,612	618	520	1,138
Kentucky	9,313	758	415	1,173
Indiana	14,584	718	594	1,312
Ohio	7,592	423	136	559
5. Alabama	22,905	5,777	1,230	7,007
Louisiana	12,635	2,621	465	3,086
Mississippi	23,479	6,195	2,493	9,688
6. Illinois	9,187	915	721	1,636
Missouri	9,166	726	751	1,477
Arkansas	14,282	1,543	3,619	5,162
7. North Dakota	8,670	1,328	2,656	3,984
Minnesota	6,378	877	848	1,725
Wisconsin	6,918	651	938	1,589
Michigan	9,997	893	914	1,774
8. Iowa	10,558	1,278	422	1,700
Nebraska	9,375	1,115	385	1,500
South Dakota	6,901	1,080	915	1,995
Wyoming	2,242	149	119	268
9. Kansas	8,743	738	344	1,082
Oklahoma	8,994	953	623	1,576
Colorado	9,038	896	493	1,389
New Mexico	5,016	561	157	718
10. Texas	57,943	3,906	1,608	4,902
11. California	7,804	405	401	806
Utah	6,134	465	934	1,399
Nevada	412	50	46	96
Arizona	1,542	209	106	315
12. Idaho	7,022	714	1,017	1,731
Montana	7,006	814	1,732	2,546
Oregon	6,008	527	724	1,251
Washington	12,045	946	1,254	2,200
Total	408,435	44,060	38,851	83,911

Number of loans of joint-stock land banks in force and number having delinquent installments as of November 30, 1931, classified by States and periods of delinquency

[Compiled from reports to the Federal Farm Loan Board]

States (arranged by Federal land-bank districts)	Total loans in force	Loans having installments delinquent		
		Less than 90 days	90 days and over	Total
1. New York	2,516	98	233	330
New Jersey	393	62	18	80
2. Pennsylvania	2,257	200	241	441
Virginia	2,182	261	324	585
West Virginia	1,670	169	116	285
Maryland	726	57	56	113
3. North Carolina	11,486	1,396	1,450	2,846
South Carolina	2,196	385	190	575
Georgia	1,613	432	155	587
4. Tennessee	726	44	53	97
Kentucky	2,006	116	145	261
Indiana	7,746	551	618	1,169
Ohio	6,006	523	413	936

Number of loans of joint-stock land banks in force and number having delinquent installments as of November 30, 1931, classified by States and periods of delinquency—Continued

States (arranged by Federal land-bank districts)	Total loans in force	Loans having installments delinquent		
		Less than 90 days	90 days and over	Total
5. Alabama	938	107	120	227
Louisiana	54	7	6	13
Mississippi	432	80	93	173
6. Illinois	3,202	1,394	492	1,886
Missouri	2,345	244	164	408
Arkansas	1,565	196	401	597
7. North Dakota	712	62	156	218
Minnesota	1,985	314	443	757
Michigan	1,991	365	345	710
8. Iowa	7,471	1,589	442	2,031
Nebraska	3,056	543	187	730
South Dakota	1,084	234	185	419
Wyoming	614	69	56	125
9. Kansas	2,643	161	24	185
Oklahoma	861	34	136	170
Colorado	1,342	132	159	291
10. Texas	11,308	651	1,760	2,411
11. California	2,512	224	155	379
Utah	147	23	37	60
Nevada	29		7	7
Arizona	455	54	15	69
12. Idaho	991	132	116	248
Montana	243	28	90	118
Oregon	1,126	305	215	520
Washington	191	60	33	93
Total	94,062	11,302	9,848	21,150

NOTE.—Joint-stock land banks have no loans in the States omitted.

As indicated by the above tables, the 12 Federal land banks on November 30, 1931, had 408,435 loans on their books, of which 325,224, or approximately 80 per cent, had no delinquent installments and 369,884, or 90.5 per cent of the loans in force, were either in good standing or had installments delinquent less than 90 days; 38,551, or 9.4 per cent of the total loans in force, were delinquent 90 days or over. Calculated on the basis of the unpaid principal of the loans involved, 76.5 per cent of the amount of loans in force was in good standing, while 88.6 per cent was either in good standing or delinquent less than 90 days. The 60 joint-stock land banks on the same date held 94,062 loans, of which 72,912, or 77.5 per cent, had no installments delinquent, and 84,214, or 89.5 per cent, either were in good standing or had installments delinquent less than 90 days; 9,848 loans, or 10.5 per cent, were delinquent 90 days and over. When based on amounts, 71.1 per cent of the total volume was in good standing, while 86.7 per cent was either in good standing or delinquent less than 90 days.

Replying to the request for the number of foreclosures made or ordered during the years 1929, 1930, and 1931 up to December 1, the following tables give a summary of the foreclosure proceedings of Federal land banks and joint-stock land banks during the periods mentioned. For each period the data show the number pending at the beginning of the period; the foreclosures instituted, dismissed, and completed during the period; and the number pending at the end of the period. The data on foreclosures instituted and completed include the farms deeded directly to the banks by borrowers.

Summary of foreclosure proceedings of Federal land banks during 1929, 1930, and first 11 months of 1931

[Compiled from reports to the Federal Farm Loan Board]

Period	Pending at beginning of period	Instituted [1]	Dismissed	Completed [1]	Pending at end of period	
					Number	Per cent of total loans delinquent
1929	1,523	4,756	1,008	3,350	1,921	7.9
1930	1,921	5,935	877	4,637	2,402	5.5
1931 (11 months)	2,402	5,724	1,452	6,826	3,848	4.6

[1] Includes farms deeded directly to the banks by borrowers.

Summary of foreclosure proceedings of joint-stock land banks during 1929, 1930, and first 11 months of 1931

[Compiled from reports to the Federal Farm Loan Board]

Period	Pending at beginning of period	Instituted [1]	Dismissed	Completed [1]	Pending at end of period	
					Number	Per cent of total loans delinquent
1929	520	2,720	908	1,650	691	13.5
1930	691	2,935	670	1,883	1,073	11.1
1931 (11 months)	1,073	5,120	773	3,346	2,074	9.8

[1] Includes farms deeded directly to the banks by borrowers.

In the column parallel with the foreclosures pending at the end of each period there are shown in the above table the percentages of the total number of delinquent loans that were in foreclosure. These percentages show that the proportion of the total number of delinquent loans that were in foreclosure at the end of each period has declined. In the case of the Federal land banks, as of November 30, 1931, the total loans in foreclosure were 4.6 per cent of the total loans delinquent, as compared with 5.5 per cent on December 31, 1930, and 7.9 per cent on December 31, 1929. In the case of the joint-stock land banks the percentages were 9.8 as of November 30, 1931, 11.1 per cent as of December 31, 1930, and 13.5 per cent as of December 31, 1929.

The banks report and the above figures indicate that they are not pursuing a course of ruthless and drastic foreclosure. In cases of delinquency it is their policy to consider each case on its individual merits and to institute foreclosure proceedings only when investigation discloses that a borrower is not a capable farmer, is not making a real effort to meet his obligation to the full extent of his capacity to pay, and is not likely to succeed if given a reasonable opportunity, or when there are other factors making it necessary to take action in the vital interests of the bank.

The number of farms bought in by the various land banks at foreclosure sales, as well as the number of farms still owned by the banks, is shown in the following table:

Number of farms bought in at foreclosure sales by Federal land banks and joint-stock land banks during 1929, 1930, and the first 11 months of 1931, and the number owned outright and subject to redemption at the end of each period

[Compiled from reports to the Federal Farm Loan Board]

Period	Federal land banks			Joint-stock land banks		
	Bought in at foreclosure sale during period [1]	On hand at end of period		Bought in at foreclosure sale during period [1]	On hand at end of period	
		Owned outright	Owned subject to redemption		Owned outright	Owned subject to redemption
1929	3,072	5,292	1,349	1,530	1,619	514
1930	4,483	6,919	1,613	1,780	2,240	553
1931 (11 months)	6,558	9,518	2,763	3,153	3,673	931

[1] Includes farms bought by banks subject to redemption by the borrowers and farms deeded directly to the banks by borrowers.

The figures in this report do not include data relating to the joint-stock land banks in receivership.

Respectfully,

A. W. MELLON,
Secretary of the Treasury.

Mr. McKELLAR. I want to read just one or two sentences from the letter.

Calculated on the basis of the unpaid principal of the loans involved, 76.5 per cent of the amount of loans in force was in good standing while 88.6 per cent was either in good standing or delinquent less than 90 days.

Now, as a matter of fact, we are dealing with about 12 per cent of the farm loans. We might adopt a provision that in passing upon the capacity of the debtor to pay the board should not only pass upon the capacity of the debtor to pay but should also consider the duration of the delinquency in determining whether or not they should grant the extension. With such a provision, in proper cases where the debtor was unable to pay and they so found as a fact, the board would be compelled to act, and they ought to be compelled to act, and the $25,000,000 would be ample to arrange this part of it, so I am informed.

But it is said that others will become delinquent upon their loans. I do not think so. There is no farmer who is able to pay the required amount on his loan, which amount carried through a long period of years is comparatively small, who is not going to pay. The farmer whose letter I read a moment ago has been paying on his loan for over 10 years; and because he is behind less than 90 days and only to the extent of $45, he and his family are to be turned out of house and home. Surely we ought to provide against any such thing as that.

Mr. NORBECK. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from South Dakota?

Mr. McKELLAR. I yield.

Mr. NORBECK. I think I can give the Senator a little information. The letter to which he has referred is from the Louisville bank?

Mr. McKELLAR. Yes, sir.

Mr. NORBECK. They have a practice never to foreclose a loan except upon the recommendation of the local association. If there is any foreclosure, it is because this man's neighbors, the group of farmers who live near him and who are in the association considered the case hopeless and asked for the foreclosure, and, furthermore, asked for it in writing. Otherwise there can be no foreclosure in the Louisville district.

Mr. McKELLAR. I myself am not familiar with the facts, but I am familiar with this letter. This letter does not put the case upon any such basis.

Mr. NORBECK. Mr. President, may I add further that the letter is the result of the speeches in Congress about granting moratoriums?

Mr. McKELLAR. Evidently.

Mr. NORBECK. And borrowers from the land banks begin to write in and ask for a moratorium, some because they need it and others because they merely want it. Unless the collector of the district were pretty strict, he would not obtain enough to pay interest on the next installment of land-bank bonds.

Mr. McKELLAR. Evidently this letter was based upon legislation in Congress, and here is what was evidently in the mind of Mr. McNeill, whom I know. He had an idea that the farmer was going to believe that some material assistance was going to be furnished under the bill that passed the House, and he wanted it to be known by circular letter—and this is a circular letter; it is printed, but the name is written in, showing that it is a circular letter—sent to all debtors who are behind in their payments that there was no material assistance to be expected from the legislation as passed by the House. Under those circumstances we ought to make it specific, and I hope it will be made specific. I think, if we can declare a moratorium in the case of $250,000,000 due us from foreign countries that we might be permitted to declare a modified moratorium for 12 per cent only of the borrowers from the farm-loan system for one year.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Kentucky?

Mr. McKELLAR. I yield.

Mr. BARKLEY. What the Senator from South Dakota [Mr. NORBECK] suggested a while ago with reference to the Louisville Land Bank emphasizes something which, I think, all of us are overlooking in this discussion. The responsibility for whatever unpleasantness may exist in the enforcement of loans is being placed upon the Farm Loan Board in Washington and the Federal land banks in the different sections of the country, but the primary responsibility rests with the farm-loan association through which the loan has been made, composed of the neighbors of the man who makes the loan, because, after all, they are all borrowers and are all in the same boat. Not only in Louisville but in other districts foreclosures have not been brought about except on the recommendation and request of the local organization which knows the situation, knows the financial condition of the borrower, and knows whether there is any hope by a lenient policy of ever recovering any part of the loan.

Mr. McKELLAR. There was no local association referred to directly or indirectly, expressly or impliedly in this letter. The Federal land bank at Louisville takes the absolute responsibility for it. They are sending out a statement of what they intend to do, even if the bill is passed. We have not changed the wording of it in such a way as to make it specific enough, and unless we divide this appropriation and provide terms and conditions upon which these extensions may be made, the Senator knows, and I know, and all of us know, that there are going to be no extensions. I hope the amendment of the Senator from Alabama will be adopted.

Mr. BRATTON. Mr. President, it is not my purpose to discuss the pending amendment at length. Permit me to say at the outset that I have no criticism of the attitude of the Federal land banks, particularly in the Wichita district, in which the State I represent in part is situated. I took it upon myself a few days ago to inquire respecting the number of loans made in my State, the aggregate amount of such loans, the number of loans in default, and the foreclosures in terms of percentage. Under date of January 7 last I was advised that as of November 30 last, that being the latest date on which relevant data were available, the bank had made 5,016 loans in my State, aggregating $9,757,650; that of those 5,016 loans, 718 were in default, involving $1,726,283; that foreclosures had been instituted in only 11 cases, that is to say, 11 out of those 718 delinquencies; and that in terms of percentage the foreclosure suits involved only 1½ per cent of the delinquents. In this connection I assume that a similar condition exists in other States. So, Mr. President, I make no criticism of the bank. I realize perfectly that the requirement to meet its outstanding obligations may necessitate the bank to demand payment of loans; but the opportunity is now afforded the Congress to provide a fund with which the land banks may grant extensions of time in worthy cases, using the $25,000,000 proposed to be allocated for that specific purpose.

It seems to me that we can well afford to set that amount apart for that specific purpose and charge the banks with the responsibility of administering it in worthy cases. There are in all parts of the country where this system operates worthy cases of men who, by virtue of economic conditions, are utterly unable to meet their payments promptly. Heretofore the banks have said, with perfect logic and reason, that they must insist upon payment because they had to meet their own outstanding obligations, but the opportunity now is presented to meet that situation and to provide the necessary funds with which to meet it.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Kentucky?

Mr. BRATTON. I yield.

Mr. BARKLEY. Under the language of the bill as brought in it is possible for the Federal land banks to use this entire $125,000,000 for this very purpose. Of course, it is not expected that that will be done, but that it will be used for whatever purpose may enable the land banks to go ahead and operate to meet their own obligations and to any extent within their reasonable judgment to use this $125,000,000 in place of payments that would be made by farmers who are delinquent. Otherwise, if they were not delinquent, they would not need this money. Has the Senator given thought to the idea that if we earmark $25,000,000 for that purpose, which in my judgment will not be enough, will not that be an implied instruction to the board that when they have exhausted that $25,000,000 that is all Congress intended for them to use for that purpose, and, therefore, we would deny delinquent farmers some of the aid we might otherwise make possible for them by leaving the whole amount available for the use of the board in such a way as it might see fit?

Mr. BRATTON. No, Mr. President; I do not think the language of the amendment justifies that inference; and the very statement of the Senator from Kentucky that the board would have authority to use the entire $125,000,000 serves to convince me that the board would have the duty to administer the $25,000,000 in that way and the power to administer the $125,000,000, or so much thereof as might be necessary, in the same way.

Mr. BARKLEY. But whenever we appropriate a certain amount of money and say that one-fifth of it shall be used for a certain purpose, that by implication indicates that the rest of it is to be used for some other purpose. They would have the right to interpret the act of Congress as meaning that that was all they were required to use for that purpose.

Mr. BRATTON. I think not. When we attach a specific mandate to one branch of it and attach authority to the other part of it, the mandate does not detract from the authority. In other words, the Congress says that as to the $25,000,000 it must be used in this way, if used at all; and as





to the $125,000,000 it may be used in that way, if in the judgment of the board it should be so used.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from New York?

Mr. BRATTON. Yes.

Mr. WAGNER. How does the Senator intend to earmark that? Is the fund to be secured by stock subscriptions, or is it to be advanced by the Government as a loan to the banks?

Mr. BRATTON. The amendment provides that it shall be advanced by the Government as a loan to the banks.

Mr. WAGNER. May I reiterate the question I asked of the Senator from Mississippi, whether or not we are putting the banks at a distinct disadvantage in so allocating the fund? Because, if this money is to be loaned to the banks, they will be required to pay interest to the Government for the use of that money. The Senator agrees to that; but if the money is acquired by the bank as a result of a stock subscription, the bank is not required to pay the Government any interest for the use of that money, and that is a very substantial sum. So, really, in allocating it as a loan from the Government we are reducing the amount which the banks may use and also increasing the service charge of that sum.

Mr. BRATTON. Perhaps the Senator is correct; but in principle we are endeavoring to make certain that existing borrowers, existing debtors to the system, will receive aid by way of extension. To express it otherwise, Congress issues a mandate respecting the $25,000,000, rather than leaving it to the judgment of the land banks themselves.

Mr. WAGNER. Mr. President, as to the particular individual whose time for payment is to be extended, that is left entirely to the judgment of the board of directors, is it not?

Mr. BRATTON. It is; but we set aside the fund and make it available for that purpose exclusively, and if the board is unwilling to accept and administer the fund when the fund is available, of course Congress has discharged its duty, and the responsibility must rest upon the board.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield further?

Mr. BRATTON. I do.

Mr. WAGNER. In order that the banks may get the full use of this money without a charge of interest, would it not be better, even if the Senator wanted a certain portion of it to be earmarked, to earmark a certain portion of the amount subscribed for?

Mr. BLACK. Mr. President, I should like to reply to that.

Mr. BRATTON. I yield to the Senator from Alabama for that purpose.

Mr. BLACK. As I stated to the Senator a few moments ago, I do not care which way it is done; the material part is getting it earmarked.

I have another amendment which, if the Senator will support it, I shall be delighted to offer, which provides that $25,000,000 of the stock shall be devoted to that purpose, and that will certainly answer the immaterial objection as to whether it is put in by a loan or by stock; I mean immaterial in so far as my desire is concerned. I have no preference; and if it suits the committee better—and I have been informed that it would—it is my intention to substitute for the method of a loan the utilization of $25,000,000 worth of the stock.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BRATTON. I yield to the Senator from New York.

Mr. WAGNER. Does not the Senator regard it as a substantial saving if these banks save 4 per cent interest upon $25,000,000? Is not that a very substantial sum?

Mr. BLACK. I regard it as wholly immaterial, because if they did not borrow this money from the Government at a low rate they would be lending it to the farmers at a higher rate; and it will really be a loss to them and not a gain to put it in the form of capital stock. In other words, they would have the $25,000,000 which they would loan at 5½ or 6 per cent. The Government would not charge them that much for this $25,000,000; so the Senator is mistaken in thinking that the loan would entail a loss.

Mr. BRATTON. Mr. President, I, too, favor earmarking the fund and attaching a mandate to it in the interest of borrowers who are already indebted to the system, who are delinquent, who are unable to make their payments by reason of economic conditions over which they have no control. This is the time and here is the place to make provision through which the land banks may extend those obligations. So, Mr. President, it is immaterial to me which particular method the Senator from Alabama elects to pursue—whether the fund shall be earmarked as a part of this appropriation, as an additional item, or whether so much of the stock shall be set aside for that purpose.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Montana?

Mr. BRATTON. I do.

Mr. WALSH of Montana. Will the Senator from New York give me his attention? There is a consideration in this connection to which apparently very little attention has been given; and I should like some information in regard to it from any member of the committee who has given it any attention. It refers to this question which is now being canvassed, as to whether all or a portion of this fund should take the form of a loan or should take the form of subscriptions to the stock of the lands banks.

The bill itself provides for making subscriptions to the stock of the land banks to the extent of $100,000,000. That has been amended by the Senate committee to $125,000,000. That is to say, if the entire power granted by the act is exercised, the Government of the United States will become the owner of stock in the land banks to the amount of $100,000,000.

The present stock of the banks is about $65,000,000, so that the Government of the United States will be the majority holder of the stock in all these land banks; and I do not find any provision at all for that stock even being represented in the selection of directors of the banks.

Under the original act, the directors of the banks were selected, six of them, by the association members of the banks. Perhaps the Senator from Oregon [Mr. STEIWER], who seems to have given some attention to this matter as a member of the committee, will give me his attention in this connection.

Under the original act, six of the nine directors of the banks were to be selected by the association members, and three were to be appointed by the Federal Land Board, so that the Government of the United States had a representation on the board of directors of these banks. It was contemplated that that stock, thus owned by the Government of the United States, should be retired as the stock became subscribed for by the local associations; and eventually practically all of it has been retired, so that the Government of the United States is no longer a holder of the stock except in an inconsequential amount. Nevertheless, it had the power to name three directors of the bank through the Federal Land Board; and in order to make the bonds of the bank salable in the first place, it was provided that the Treasury might subscribe to these bonds; and when the war was on we prohibited the Farm Board from making sale of any of the bonds of these land banks. Accordingly, it was provided that the Government of the United States should take over these bonds instead of offering them to the general public, because we did not want the general public to be interfering with the financial operations of the Government during the time of war; and the law then provided that the control of the banks should continue with the Government of the United States until these bonds held by the Government were retired.

From time to time some of them have been retired, and some of them are still held; so that the Government of the

United States has always held the right to be represented upon the board of directors of these banks. Now, however, with the Government of the United States holding two-thirds of the stock, if the entire amount of $100,000,000 or $125,000,000 should be subscribed for, there is no provision at all for representation by the Government of the United States.

With reference to the choice, holders of stock in the Federal land banks have for years insisted that inasmuch as now the Government of the United States no longer had any stock or only an inconsequential amount of the stock of these land banks, the local associations should take control of the bank, and that the Federal appointees should no longer control, or that that provision of the law should be eliminated; and they objected very seriously to the continuation of the control by the Government in consequence of the ownership by the Government of the bonds sold during the time of war. In fact, it was contended that these bonds could have been retired a long time ago by the banks, but that the Treasury did not get redemption of the bonds because they desired to keep control of the banks through the Federal Farm Board. If we now issue $100,000,000 worth of stock to the Government of the United States, it would be just that it be represented by a majority of the board of directors. Of course, if it is in the shape of a loan, they would have no such right and ought not to be accorded anything except a minority position upon the board.

I do not know what the ideas of the committee are with respect to this matter; but under ordinary circumstances, in the selection of members of the boards of directors of these banks, the Federal Government would have control of the whole thing.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Florida?

Mr. BRATTON. I do.

Mr. FLETCHER. As a matter of fact, the Senator from Montana need not be at all alarmed about the control of these banks. The Farm Loan Board is named by the President and confirmed by the Senate. The Secretary of the Treasury is ex officio chairman of it. A majority of the members of that board undoubtedly coincide with the Secretary of the Treasury in their views respecting the handling of this business. The directors of the Federal land banks are selected now under a plan and system that gives the Treasury control over the whole operation. You need not doubt that. You need not go into the details regarding that. The law sets out how three of them shall be elected by the farm loan associations, three of them by the Farm Loan Board, and the other selected practically one out of the three high candidates selected by the Farm Loan Board. The effect is that the system is now under the control of the Government through the Treasury Department.

Mr. WALSH of Montana. That is, four named by the Treasury Department?

Mr. FLETCHER. Yes, sir; four named by the Treasury Department.

Mr. BRATTON. Mr. President, concluding, it is my hope that the Senator from Alabama will insist that $25,000,000 of this fund be allocated to the extension of existing loans. Whether it is done by way of stock or by way of cash appropriated and loaned to the banks for that purpose, I am not so much concerned. That is a matter of detail. The principle involved is the affording of a remedy through which existing borrowers now delinquent may be aided. I think we should attach a mandate to that much of this fund and make certain that if used at all it will be used in that way. In my opinion it will not seriously affect the sale or stability of the bonds.

Mr. President, I ask to have printed in the RECORD the letter from the Farm Loan Bureau to which I have referred.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, January 7, 1932.

Hon. SAM G. BRATTON,
United States Senate, Washington, D. C.

DEAR SENATOR: In response to your letter of January 2, you are advised that the latest report of the Federal Land Bank of Wichita available at this date shows that on November 30, 1931, the bank had 5,016 loans in an aggregate amount of $9,757,650.22 outstanding in the State of New Mexico. Of these, 718 in an amount of $1,726,283.02 were delinquent; and of those delinquent, foreclosure was pending on 11, in an amount of $27,439.20. From these figures you will observe that of the 718 loans that were delinquent foreclosure was pending on only 1.5 per cent.

Very truly yours,

PAUL BESTOR,
Farm Loan Commissioner.

Mr. BLACK. Mr. President, I would like to ask the Senators in charge of this bill whether, on account of the discussion which has already proceeded with reference to my amendment, they would like to go ahead and obtain action on it at this time. It seems to me that it might be well to do that, in view of the discussion we have had. I can assure them that my remarks will be exceedingly short.

Mr. STEIWER. Mr. President, I had thought earlier in the day that the Senator from Alabama and I had agreed on a procedure. Other Senators took a contrary view, and continued the debate. It was very proper, of course, that they should do that if they desired to do so. What we had hoped to do was to proceed with the reading of the bill and perfect the bill by agreeing to formal amendments, matters which were not controversial. What the Senator from Alabama suggested was that the amendment on page 2, line 18, be passed over, and I think the Chair ruled that it was passed over.

The VICE PRESIDENT. It was passed over, and the third amendment is now pending.

Mr. BLACK. I was just wondering whether it would not be wise, since we have been discussing this amendment for about two hours, to proceed and act upon it. I believe we could close the discussion in a very few minutes, because I am of the opinion that the amendment as I shall offer it will not be very objectionable, if objectionable at all, to most of the Members of the Senate.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. HARRISON. It seems to me that it would be most appropriate at this time for us to settle this controversial proposition, because it is the big question in the bill, as I understand, and it is the one which will lead to more debate than any other. While the discussion is fresh in the minds of those now present, why can we not settle the matter?

Mr. STEIWER. Mr. President, I have no objection to proceeding now to the consideration of the amendment of the Senator from Alabama.

Mr. FLETCHER. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. FLETCHER. I think the Senator in charge of the bill ought to ask unanimous consent that we proceed with the formal reading of the bill, and take up committee amendments first, as we usually do in cases of this kind, and proceed to finish the formal matters in the bill, then take up individual amendments.

The VICE PRESIDENT. The Chair will suggest that that is virtually what is being done. The amendments of the committee are now being considered, and amendment No. 2 had been reached and passed over. Now amendment No. 3 is pending.

Mr. BARKLEY. Mr. President, this is probably the only controversial question which will be found in connection with this whole bill. We have been discussing it about two hours, and it seems that we ought to dispose of the amendment and then go on with the bill.

Mr. SMITH. Mr. President, may I ask the Senator from Alabama whether his proposed amendment will provide that all of the money be by way of a stock issue, and then so much of it be allocated, rather than a direct appropriation?

Mr. BLACK. That is exactly what I expected to explain.

The VICE PRESIDENT. Is there objection to the consideration of the amendment to be proposed by the Senator from Alabama? The Chair hears none, and the Senate will proceed to the consideration of the amendment.

Mr. BLACK. Mr. President, in view of the discussion which has occurred on my proposal up to this time, I have reached the conclusion that it would probably be more acceptable all around if, instead of providing for a loan, we simply provided that $25,000,000 of the stock issue shall be devoted to the purpose which I have mentioned.

This matter arose several weeks ago, when some Senators on this side of the Chamber were discussing the proposition, and my colleague [Mr. BANKHEAD] and I were asked to draw up some kind of proposal which could be given to the committee. We did that and gave a suggested amendment to several members of the committee. The chief idea we had in mind was that a certain part of this appropriation should be earmarked in order that it might be exclusively used for the extension of delinquent loans.

The idea behind that was this, that if a certain part of the money could be utilized only in taking care of extensions, there certainly would be an incentive to a more liberal attitude on the part of those connected with the Federal land banks than some of us thought they had manifested.

I believe I can state that when that came before the committee every member of the committee agreed with the objective we had in mind. There has been a slight difference as to the necessity for going so far as we had suggested in the amendment. All of the members of the committee were anxious to provide that these deserving delinquents should have an extension of their loans in order that they might not be put out of their homes.

Members of the Farm Board came before the committee, however, and insisted—in my judgment, without proper foundation—that if part of this money should be earmarked, as was suggested, it would injuriously affect the sale of the bonds. My own belief is that if a hundred million dollars is added to the stock of this system, they have nothing in the world to complain about, and instead of it proving an injury to their bonds it will be of advantage to their bonds, for this reason, among others, that if these borrowers are put out of their homes and lose their farms in great numbers, not only will there be a reduction in the value of their farm lands but there will be a reduction in the value of the remaining farm land in the sections where they live. Every time one of these owners is ousted from his farm and a tenant farmer is placed on it, either as a tenant of the Government or as a tenant of some one else, to that extent the value of the surrounding territory is reduced and to that extent the value of the bonds is jeopardized.

When the committee took the matter up they had the legislative assistants help them on several amendments. The junior Senator from Wisconsin [Mr. BLAINE] read a short time ago in the presence of Senators one of the amendments which resulted from that discussion. It carried with it the exact language which I have in my amendment with reference to devoting this money exclusively to taking care of delinquents. But it was so written that instead of receiving the money from a direct appropriation from the Treasury as a loan it would utilize $25,000,000 of the money secured from the stocks.

At this time I shall send to the desk and ask to have read the amendment in the form in which I shall offer it, and then I shall say a few words in relation to it. It will come on page 6, at the end of section 5. I would like to have it read at the desk.

The VICE PRESIDENT. The Senator withdraws his other amendment and substitutes the one he now sends to the desk?

Mr. BLACK. That is correct.

The VICE PRESIDENT. The amendment will be reported.

The LEGISLATIVE CLERK. On page 6, line 18, after the word "extension" and the period, insert the following:

It shall be the duty of the Secretary of the Treasury to subscribe from time to time for capital stock in the several Federal land banks in addition to the subscriptions provided for in section 5 of this act, as amended. All amounts received by each such bank from such additional subscriptions shall be used exclusively for the purpose of supplying such bank with funds to use in its operations in place of the amounts of which such bank is deprived by reason of extensions made as provided in this paragraph. To enable the Secretary of the Treasury to pay for stock issued hereunder, there is hereby authorized to be appropriated the sum of $25,000,000. The provisions of section 5 of this act, as amended, except the last sentence thereof, shall apply with respect to stock authorized to be subscribed for pursuant to this paragraph.

Mr. BLACK. Mr. President, I will now call the Senate's attention, very briefly, to the reason why this is of paramount importance, certainly to the people of my State.

A few days ago there appeared a report from the Government statistician which stated that the Alabama farm income has been off $100,000,000 in the last two crop years.

I have here a report from the Federal land bank as to the amount of delinquents in the State of Alabama. There are 22,572 loans in force. There are 8,750, or 38.8 per cent, delinquent. In one county there are 61 per cent of these loans delinquent.

That is not due to any desire on the part of those citizens not to pay their debts and to keep their homes. I have literally hundreds of letters, from all sections of Alabama, from people stating that after they have received a loan, in many cases, made under the drought relief law, or a loan for their fertilizer, or a loan for something else, it is wholly and completely impossible for them to make payments.

I have a letter from one man which states that he has lost his farm because of failure to pay a $39 installment. I have other letters from people who have been deprived, or are threatened with being deprived, of their farms, homes in which they have lived all their lives, and which came to them from their ancestors.

I have no doubt that, instead of the farm land banks losing money on account of this provision, the Federal land banks will make money, because every time there are wholesale foreclosures and people are thrown out of their homes, the value of the surrounding land is decreased, and not only that, but it adds to the discontent in this country, and aids in the trend of to-day toward our becoming a nation of tenant farmers and a nation of clerks.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. SMITH. I want to call the Senator's attention to what has brought about the necessity for this legislation and the appropriation of the $125,000,000. I want to read just two figures from Clemson College, the agricultural college of my State, in support of what the Senator says about the inability of even the best farmers to pay. I quote:

In South Carolina the total value of all crops has declined from $146,744,000 in 1929 to $71,214,000 in 1931.

That shows a loss of more than $70,000,000.

Mr. BLACK. That is correct.

I desire to read two or three very short extracts from some of the communications which I have received. Here is one from the county in which I was born in Alabama:

I will say that 90 per cent of the farmers of this county can not possibly meet their installments this winter.

I might add that I was in that county this summer. I was at the home of one of the many good farmers of that county. On account of the drought he had raised only 3 bales of cotton on his farm this year. That constituted practically his entire income for the year—about $75. He has a family of three children. That is in a county where the letter comes from that I am reading.

If foreclosure is made, the land will not pay the indebtedness and the farmer will be out of a home. We all know that this can be done, and since the Government has granted Germany a little time on her payments, we naturally expect similar consideration from our Government in this matter. Banks in this section will not lend out any money except to a favored few.

Here is another letter from another county:

Unless something is done to relieve the farmers from the demands for this year from the Federal land banks these banks are going to take over from one-half to three-fourths of the agricultural land in some sections of this State.

Here is another letter:

An installment was due by me, on a $600 mortgage, of $39 on March 15. The 40 acres which this mortgage covered was sold May 30. In other words, the bank started foreclosure six weeks after the installment was due. All other installments had been paid.

I might state that that was done after I had written a letter submitting to the bank proof of what had been paid to show that under ordinary banking conditions commercial banks would not have foreclosed the mortgage. I might read from multitudinous letters to show the imperative necessity for action.

There is a vast difference, with all due deference to my friend who sat upon the committee, between this bill as it emerged from the committee and the amendment which I have proposed. The bill as it emerged from the committee, it is true, has increased the appropriation from $100,000,000 to $125,000,000, but there is no statutory statement that the $25,000,000 was added for the purpose of taking care of the delinquents who can not by reason of circumstances pay that which is past due. All that has been done in the Senate committee is to increase the amount of the appropriation without adding one word to emphasize the legislative purpose of aiding the delinquents. Our experience has been such that our people believe that, without an amendment such as I have offered, no extension will be granted, even in the most deserving cases. They have learned, on account of their past experiences, that mortgages are frequently foreclosed when they should not be.

I have here another letter from a lady who says that, sitting on her front porch, she can see four farms which have been foreclosed within the last six months. Many people have been put out of employment and driven away from the farms which they desire to keep and which they would have kept but for conditions over which they have no control.

It is my belief that the land bank in my section is not operated with as much leniency as are the private business enterprises which have loaned money on mortgages in my State. The amendment which I have offered will guarantee that here is a fund which the banks can not use for any other purpose. Without this amendment we fear that leniency will not be extended. We in Alabama are far more greatly interested in seeing that people are not put off of their farms where they have previously borrowed money than we are in having further debts hung around their necks. We believe if there is to be any sacrifice made it should be of the money which is to be placed in the banks for further and future loans. We would prefer in my State that the amount be increased to grant deserving extensions rather than that the amount be increased with the idea of increasing the value of the bonds of the land banks. That is exactly the way we feel. We have no issue to join with those who believe the other way.

I state, as I did in the beginning, that I think the committee fully agrees with my views. I think the committee earnestly desires to grant extensions in deserving cases. But I have the opinion myself that, largely on account of the alarmist views expressed in the committee room by those in charge of the Federal land banks, members of the committee have been filled with an idea of danger that does not exist. Instead of decreasing the value of the bonds by granting a reasonable extension to people who in better years, with better crops, will pay their debts as honest people always have in this country, it is my judgment that we will increase the value of the bonds.

I sincerely hope that the Senators in charge of the bill will accept the amendment which I have offered and will not require a vote upon it, but if there should be a vote I shall desire a record vote.

Mr. MORRISON. Mr. President, I feel sure that all Senators want to accomplish the same purpose in connection with this matter. The only question is as to the wise way to do it. At first I was a hearty supporter of the idea embodied in the amendment offered by the Senator from Alabama [Mr. BLACK], but the subcommittee of the Committee on Banking and Currency, of which I was not a member, considered the whole matter and inserted the provisions now in the bill. At a meeting of the full committee, after prolonged discussion and consideration of the matter, with some of the executive officers of the Farm Land Board present, I understood we all came to the conclusion that this was a better way to do it than that embodied in the amendment of the Senator from Alabama.

We must keep in mind that there is one thing at the threshold of this whole question which must be determined and that is to whom will be delegated the authority to decide whether the extension shall be made or not. It must be made by somebody. It seems to me that it would be demoralizing and most unwise to attempt to allow the debtor himself to decide the question of whether he should have an extension. Therefore the creditor must decide, and there is no in-between ground except such regulation of the creditor's power as the Congress may see fit to impose stopping short of undertaking to decide that the debtor shall make the decision.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Alabama?

Mr. MORRISON. I yield.

Mr. BLACK. I feel sure that the Senator does not mean to leave the impression that the amendment I have offered would place the decision in the power of the debtor. I did not offer any amendment which changes at all the discretionary rights of the board.

Mr. MORRISON. I have not come to the Senator's amendment yet. I was discussing the question at the threshold of the whole subject.

Mr. BLACK. I agree with the Senator fully on that.

Mr. MORRISON. That being determined, we are going to leave it to the creditor; then, who is the creditor? It is not the United States Government. We have simply furnished capital to organize the bank and we are planning to increase it, to strengthen the land. The creditors are the 12 farm loan banks regionally located throughout the United States. There is no way to deal with this matter in my opinion except this. We can authorize them to grant extensions and as far as we can impress their capital fund, to which the Government is about to subscribe in the aggregate the additional sum of $125,000,000, is to provide that they must, under circumstances that appeal to them, grant extensions to debtors and specifying and limiting the extent of the extensions.

There is no other way to do that. If we adopt the amendment of the Senator from Alabama the same officers will determine the question. Will they have any more respect for the will of Congress in the form in which the Senator expresses favor than in the form expressed in the bill? He says we impress $25,000,000 with that humane and, I think, business-wise request or demand. But the committee amendment makes the same mandate as to all the funds of the bank, not only the $25,000,000, but all they now have and all they will get in the subscription to their stock to be made by the Secretary of the Treasury, and all they will sell based upon that additional capital to increase their funds to make new loans to the bankers of the country. All of their resources, every power they have, will be impressed with this command of Congress as solemnly and as powerfully as we can express it.

What else can we do about it? If we deal with the allocated $25,000,000 only, we say it is for that purpose. We say all of it is for that purpose in the bill, and the only impressment Congress has ever made upon it is embodied in this bill. I do not think any Senator, however gifted in indignant oratory, could say anything in censure of the way some of the debtors of these banks have suffered, certainly in my section of the country, to which I would not subscribe. But upon investigation I found that the banks did not have

any law whatsoever under which to grant the extensions, and therefore they are not the proper people to be censured for the fact that they did not have that power, but were open all the time to the charge that they were demoralizing the assets of the bank, shaking the foundations of it, discrediting the notes of bonds they had sold, and therefore ought not to do it, and could not legally do so. Without any law, they have granted a great many extensions, but they were not valuable to the people because indefinite.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Mississippi?

Mr. MORRISON. Certainly.

Mr. HARRISON. The Senator will recall, because I know how sympathetically he worked for the proposition, that more than a year ago I offered a resolution and other Senators offered resolutions, and upon my resolution the Banking and Currency Committee had hearings. My resolution provided for $10,000,000 out of the Treasury to be used to make advances in deserving cases. This very sympathetic and humanitarian group which makes up the Federal Land Bank Board, headed by Mr. Bestor, with his attorney and all surrounding him, opposed us at every step before the committee, as they no doubt opposed in the last hearings before the committee in the consideration of this particular measure. Indeed, there were few members of the Banking and Currency Committee who were in sympathy with the movement even though there were thousands and hundreds of thousands of deserving cases to be taken care of. So if the resolution which I offered at that time had been reported out of the committee, and against which the Federal Land Bank Board fought, we could have given them by law an extension at that time. The only reason why we did not get it was because of the opposition of the group which now administers the activities of the Federal Land Bank Board.

Mr. MORRISON. The Senator is right about that. I was there, and I am afraid I went to the verge of discourtesy in cross-examining them, but we improved their disposition. They appeared before us again the other day, and I liked the spirit they there manifested very much better than I did that of a year ago.

Mr. HARRISON. I am glad a change has come over them.

Mr. MORRISON. I want to say that, with the attorney of the board there, they stated before the committee that if this amendment were adopted they would have the resources and the power, in their judgment, to grant extensions which the distressed borrowers need. We understand, Mr. President, that the control board does not grant the extensions; it is the farm land banks that grant extensions; but, under the power the Government has, the gentleman from Louisville who wrote the letter referred to by the Senator from Tennessee could be lifted out of his position, and I think the central authority here at Washington, who still has the original power granted to the board, ought to see that he seeks other employment with the utmost expedition.

Mr. BARKLEY. Mr. President, if the Senator will allow me, I do not think that is a fair statement. I do not know the gentleman who wrote the letter, but if the Senator will compare the House bill, upon which he was commenting in the letter read by the Senator from Tennessee, with the Senate bill I think, in all fairness, he will conclude that, based upon the House bill and the situation as he understood it at the time, he could not have written any other sort of letter than the one which he wrote.

Mr. MORRISON. I do not agree with the Senator. The House bill did have merit, though I think we have improved it.

Mr. BARKLEY. I am not suggesting—I do not even intimate—that the House bill did not have merit; it did have merit; I was in sympathy with it; I think we have improved it; but anybody in the United States in a land bank or any other bank writing to a prospective borrower or to a previous borrower and commenting upon the actual result of the legislation would be justified in drawing the conclusion drawn in that letter. What I hope we can do is to improve this bill sufficiently to change the basis of any comment that might be made upon it.

Mr. MORRISON. Mr. President, the House bill carried the authority to grant the extensions; and if the officer of that bank meant to say that if that bill were enacted into law the bank would grant none, which the Senator from Tennessee interpreted it to mean——

Mr. BARKLEY. If the Senator will yield further, at the time this bill was pending before the committee and in the House and until actually it was passed by the House, the provision even of the House bill was not in the bill, and anybody anywhere in any bank writing about a bill that was pending in that condition would certainly write the sort of letter that he wrote, and which the Senator from Tennessee has put in the RECORD.

Mr. MORRISON. I hope the Senator is right about that, and that he did not write it based on an observation, as the Senator from Tennessee asserted that he undoubtedly did, of the provisions of the House bill which finally passed.

Mr. BARKLEY. I do not want to prolong this matter, but I think we ought to be cautious here about announcing ex cathedra that certain individuals connected with institutions of this country ought to be "fired" because they honestly express their opinions on legislation that is pending and honestly interpret a bill based upon their understanding of it at the time they write about it.

Mr. MORRISON. I commented upon it as interpreted by the Senator from Tennessee. If his interpretation is wrong, then my criticism of it can not stand; but if he stated the facts, I say that in my opinion the Government ought to move that man out of his position.

Mr. President, the issue here is just this: The language of this bill impresses the whole assets of this bank as vigorously and clearly for the purpose as any language the Senator from Alabama has used or can command in impressing $25,000,000 of it with that purpose. I can not see the advantage to the distressed delinquent debtors of the farm land banks of this country on the farms in impressing $25,000,000 with this responsibility instead of impressing, not only $125,000,000 but all the millions that these 12 banks have. I do not see the logic of it.

However, I want to state this in perfect sincerity; I am deeply in favor of either. If we can not get one, I most earnestly desire to see the other enacted, for I am distressed, Mr. President, over the question of relieving the farmers throughout our country who in these distressed times are in arrears. I do not yield to any Senator here in passionate sympathy for them in their distress. I may be wrong, but I think it is better to impress all the hundreds of millions of the assets of these 12 banks with the solemn command of the lawmaking power of this country than to impress merely $25,000,000 of it.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Alabama?

Mr. MORRISON. I do.

Mr. BLACK. I merely wish to ask the Senator a question. Does he mean that he would prefer to have the amendment read so as to cover the entire $125,000,000? I do not think he means that, does he?

Mr. MORRISON. I mean that the bill as read puts as strongly as it can be commanded this impressment upon, not only the $125,000,000 but the $65,000,000 which the Federal land banks have already for their capitalization.

Mr. BLACK. The Senator does not think that the amendment will take away that impressment, does he?

Mr. MORRISON. If we adopted the amendment, I think it would. I think it would segregate the $25,000,000 and make the application only to the $25,000,000 if it were done in the way the Senator proposes and according to the way his amendment is worded, as I understand it.

Mr. BLACK. The Senator is mistaken about that. I will state now to the Senate that I not only want the $25,000,000, but I am so confident from the previous operations of the board that we will not get any liberal sum that I want the

law to provide, as this amendment does, that they shall have $25,000,000 that can not be used for any other purpose. That will still leave the remainder of it capable of being used for that purpose under my amendment and under the law. If the Senator from North Carolina had heard the Senator from New Mexico [Mr. BRATTON] a few moments ago he would have heard that explained.

Mr. BARKLEY and Mr. SMITH addressed the Chair.

The VICE PRESIDENT. Does the Senator from North Carolina yield; and if so, to whom?

Mr. MORRISON. I will yield in a few moments. I want to reply further to the Senator's question. As I understood the Senator, he did not think this impressed anything; that it would be absolutely worthless.

Mr. BLACK. I thought it would be absolutely worthless because of the fact that the board would not obey the spirit of the bill unless we wrote it so that a blind man could read it and understand that $25,000,000 could not be used for any other purpose.

Mr. MORRISON. I challenge the Senator, if such a thing is permissible here, to show any law under which these banks could have lawfully done what he and I think they ought to do.

Mr. BLACK. Mr. President, I do not care to go into the details of that, but I wrote the board a letter about a year ago setting forth how under the law they could extend loans and showing that they did not have to go ahead and foreclose mortgages. I am satisfied that they have the right to do so under the law; I am satisfied that they have the right to do so to-day.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Kentucky?

Mr. MORRISON. I yield.

Mr. BARKLEY. If the board is so unfriendly that it can not be expected to advance any of this relief under the $125,000,000 as an unallocated sum, how could we hope that they would use any of the other $100,000,000 after saying that they must use $25,000,000?

Mr. MORRISON. If they will not respect this they will not respect anything, and they ought to be impeached if they do not do it, if they are officers of this Government.

Mr. SMITH. Mr. President——

Mr. MORRISON. I yield to the Senator from South Carolina.

Mr. SMITH. I merely wanted to get the floor in my own right.

Mr. MORRISON. In a moment I will yield to the Senator.

Mr. President, I myself have become sincerely convinced that we are not going to accomplish anything here except getting some administrative officers of the bank who will obey the will of the law-making power of this Government; but if they will not do it under one of these amendments, they will not do it under the other. One is as strong as the other, but the amendment of the committee deals with all the resources of the banks and I prefer that to making a specific provision with reference to the $25,000,000. I realize that the borrowers are now already $17,000,000 in arrears, and, with the darkest weeks, I fear, before the agricultural classes of this country that they have known in all our history, that $25,000,000 will in all likelihood be gone in a few days. I say to my friend the Senator from Alabama and those from my section of the country associated with him, that I am sincerely fighting to impress all the assets of this bank with the discretionary power to grant extensions, as humane creditors ought to do and are doing all over this Republic to-day.

Mr. SMITH. Mr. President, I do not know just what experiences others have had with our regional land banks, but in my personal contact with the officers of the bank at Columbia, S. C., I found a disposition on their part to go as far as they thought they were justified in going under the double responsibility that rests upon them. Of course, we must not lose sight of the fact that these men are the agents, the trusted agents of this fund, both in respect to accommodating borrowers and taking care of the fund for those who own the bonds.

Mr. Frank Daniels, of the bank in Columbia, S. C., I know personally and intimately; I know that he has been as sympathetic as it was possible to be; but he was bound by his responsibility to the bondholders as well as to those who had given the mortgages.

The bill pending before us to-day has been brought about by the fact that in 1931 and in 1932 the very best borrowers from the land banks are as bad off as the worst were before this horrible condition arose.

I wish to call attention to the condition which made it impossible for the average farmer—not the average farmer, but any farmer—who is dependent upon the proceeds of his farm, to pay his taxes, pay his interest on mortgages, and meet his ordinary expenses.

I want to show by actual figures from the Department of Commerce just what has occurred. I will take a period of about 13 years. In 1919, the average price of cotton was 28.8 cents a pound. So the value of a commercial bale of 500 pounds of cotton in that year was $144 a bale.

In 1920 the average price was 35 cents a pound—nearly $160 a bale.

In 1921 it was 15 cents a pound.
In 1922 it was 16 cents a pound.
In 1923 it was 22 cents a pound.
In 1924 it was 28 cents a pound.
In 1925 it was 22 cents a pound.
In 1926 it was 19 cents a pound.
In 1927 it was 12 cents a pound.
In 1928 it was 20 cents a pound.
In 1929 it was 18 cents a pound.
In 1930 it was 16 cents a pound.

An average for that number of years of $100 a bale.

Now, listen: In 1931 the price was 9 cents a pound, or $40 a bale—a loss of an average of $60—and in 1931–32, from July 1st of 1931 up to now, 5 cents a pound—a loss of $75 a bale.

What business upon the face of the earth—industrial, mining, or any kind of business—could stand a shrinkage of 75 per cent?

That has brought about the necessity for this legislation. It is not a question of preparing ourselves to make new loans; it is a question of taking care of those who are caught in this landslide.

We did the very same thing for banks and trust companies. They were caught in the landslide, and their obligations probably were not worth the paper they were written on. We have appropriated $2,000,000,000 to do what—to get new business? No; to thaw out frozen business. We come here with $125,000,000, to do what—to get new business? No; for the purpose of trying to save the homes and the owners thereof from being turned out of doors.

Yet Senators stand here and split hairs about whether we will take $25,000,000 out of $100,000,000 in order to save the homes! We ought to pledge the $125,000,000 for the purpose of keeping these people in their homes.

Here is the great crop that for 70 years has saved the balance of trade in favor of America—just the export of raw cotton alone—and it has shrunk from an average of $100 a bale in the 12 years to $25 a bale, so that the man on the farm can not pay the interest, to say nothing of taxes or amortization; and we here are talking about how much of this shall be allocated for the purpose of giving the board the right and power to get new business! Why, even the bonds of these institutions have shrunk, because those who are indebted to the banks can not meet their interest and their amortization, and we are pouring in this money for precisely the same reason that we poured money into the financial institutions. Instead of our setting aside here $25,000,000 we ought to pledge this entire amount, or as much more as is necessary, in order that this Gethsemane through which the agricultural interests are passing shall be borne until light comes.

Talk about saving the banks! I sat here and listened ad nauseum to how the banks might be jeopardized. In the name of the God of Justice, what do we want with the banks and their operations if they are not for the benefit of those for whom we are instituting them? Are we running this thing in order to promote the banks, or do we create the banks in order to aid agriculture? Every time we come to the consideration of these questions we get the cart before the horse.

It is not a question of whether we will save the banks and the financial institutions of this country, but whether, by saving them, we will save the people. Yet Senators stand here and argue and argue about the technicalities of how we will save the banks, how we will save this institution and that, and not one word is said as to what is their ultimate purpose, which is to accommodate the people who make this country.

I am in favor of the amendment of the Senator from Alabama; and I think, as the Senator from New Mexico [Mr. BRATTON] has said, that it does not deter these banks from using any part of the $125,000,000 for the purpose for which the $25,000,000 is set apart.

Mr. BRATTON. Of course not.

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from New Mexico?

Mr. SMITH. I yield.

Mr. BRATTON. The measure in that language says, "You *may* use the whole of it, but you *must* use $25,000,000 of it."

Mr. SMITH. That is all; yes. That is all; and there is not a man here who has studied the question, and gotten his mind out of the prejudiced channel of treating with tender care capital and the institution in which it finds itself, but who must admit that the object of this legislation is to try to save the poor devil who is about to lose his home.

Here we are trying particularly to take care of the bonds, taking care of the institutions, talking about to what extent these men can do what? Save the home and the farm. What did we build the banks for? Why did we institute this new departure in our economic life? We did it for the purpose of aiding and conserving and helping those who, under the ordinary banking institutions, could not help themselves. Now, there has come, not of any making of the farmer but by the machinations of maddened and purse-proud bankers and speculators, the horrible paradox that in the midst of the greatest wealth America ever saw, with more than ever before of everything required to make life happy, prosperous, and beautiful, we are hungry and barefoot and naked. Why? Because we have not sense enough, statesmanship enough, or bravery enough to take the wealth—not the money but the wealth—of this country and distribute it so as to make every man thank God he is in America.

That is what is the matter here; yet we sit here and spend hour after hour straining to preserve the overlordship of that which is grinding us into desperation, instead of having a liberal discussion of how we can take the wealth of this country and so distribute it as to make the people of America happy and prosperous.

Even this $2,000,000,000 is not going to bring the necessary relief—no! I shall not go into that. It satisfies me to say that while perhaps I am entirely mistaken, I have sat here this afternoon and listened with disgust to hour after hour of discussion as to how to preserve the banks rather than how to take care of the people.

That is what we have done. I want to go on record in this hour, when the rank and file of the American people are in greater despair than ever before in the history of this country, as saying to my colleagues on this floor that never has there been so dangerous an hour for America as the present hour.

I need not enlarge on that. There is no man but who knows that in his home and in his State there is a spirit the like of which he never dreamed of in America. Unprecedented evidences of it have been seen around about this Capitol; yet we seem to be so bound up by long tradition and habits of thought that we have not the power to divest ourselves of yesterday to meet this brand-new day, unlike any other, and help solve the problems that are brand-new in this the hour of the birth of a new era that needs new thought and new statesmanship to meet and solve the new problem.

RESIGNATION OF MR. JUSTICE HOLMES

Mr. WALSH of Massachusetts. Mr. President, I understand from the Senator from Oregon [Mr. MCNARY] that he is about to propose that the Senate take a recess. Before that is done I desire to call the attention of the Senate to a notable event that has taken place in the public life of our country to-day—one that should not pass unnoticed by the Senate. I refer to the resignation as an associate member of the United States Supreme Court of the "grand old man" of the judiciary, Oliver Wendell Holmes.

Oliver Wendell Holmes has served his country in a judicial capacity for 48 years—20 years as a member of the Supreme Judicial Court of the State of Massachusetts and 28 years as an associate member of the United States Supreme Court. Prior to his service on the judiciary of the court of Massachusetts he served as a gallant young officer in the Civil War, leaving college for the battle field; and during all the years of his life, from his service as a soldier in the Civil War to this very day, he has carried in his body three wounds—outward evidences of his courage and patriotism as a soldier as well as a great judge.

I think some details of what took place yesterday and to-day ought to be publicly recorded, because they so beautifully illustrate the simplicity and the democracy of the man. No one of his associates on the bench—and he served on the bench and delivered an opinion yesterday—knew of his retirement; but as he walked out of the judges' chambers at the end of an exhausting day he turned to his associates and said, "I shall not be around to-morrow"; and to-day he sent his resignation to the President of the United States.

I think I speak not only the sentiments of the Members of the Senate but the sentiments of all the people of the United States of America when I extend to him our and their heartiest congratulations upon the exceptionally long and honorable service which he has rendered our Nation during the memorable 48 years that are now ended. We not only send to him our message of appreciation and extend our congratulations, but from the bottom of our hearts we hope this venerable patriot, now in his ninety-first year, may live to enjoy many years of comfort, of ease, of happiness, and of gratification in the satisfaction that his long service has been lofty and inspiring and is most deeply appreciated by his fellow citizens.

On the occasion of his eighty-ninth birthday, in March, 1930, I paid a tribute to him upon the floor of this Chamber. A few days afterwards I received a message from him which was likewise symbolic of the fine character and exalted conception of public service that guided and animated him. One line in it I shall never forget, because it illustrates his conception of the judiciary. He said:

> DEAR SENATOR WALSH: Only to-day my attention was called to the tribute you paid me in the Senate a few days ago.

Then he added to his note of appreciation:

> I have never believed that a public man, and especially a judge, should be thanked.

Intuitively, naturally, he felt that a public man ought to do the right thing, the honorable thing; that a judge ought never to be thanked, that it ought to be an ordinary, everyday occurrence with him to render exact justice. I think that illustrates very beautifully Justice Holmes's conception of his high office. He lived that ideal for nearly half a century in the courts of justice of the Nation.

I ask that the clerk may read, before we adjourn, the tribute to which I have referred.

The VICE PRESIDENT. Without objection, the clerk will read.

The Chief Clerk read as follows:

Mr. WALSH of Massachusetts. Mr. President, I consider it appropriate that the Senate of the United States should pause in the midst of its deliberations to-day to pay tribute on the occasion of the eighty-ninth birthday of one of the most cultured, patriotic, and ablest Americans of his generation—the grand old man of the judiciary, Oliver Wendell Holmes.

Few men have been spared by the God of Nations to give such fullness of years to the service of their fellow countrymen as has this distinguished citizen of the United States. A soldier in the Civil War, dropping from his hand his Harvard degree for the musket, he served four years as a young officer in that momentous struggle. Shot through the breast at Balls Bluff, shot through the neck at Antietam, shot through the heel at Maryes Heights, his military record alone is a patriot's monument.

A lawyer of the highest integrity, law professor, and authoritative author in jurisprudence for 15 years, he became a member of the Supreme Judicial Court of Massachusetts, to serve on that body for 20 years, for 3 of those years as its chief justice. That service and now his distinguished labors of 27 years as Associate Justice of the Supreme Court of the United States make a total activity in the highest tribunals of his State and Nation of more than 47 years. No man in our Nation's history has served the cause of justice more devotedly and continuously.

It is not merely his many years of service that we his fellow countrymen proclaim with pride but also the character of his service. The clarity of his vision, the tolerance and broadmindedness of his outlook, his championing of the cause of liberality, impartiality, and truth; in a word, his untrammeled and discerning legal opinions, coupled with a great boldness, have made him a national figure both conspicuous and beloved. He has demonstrated, perhaps better than any man in American life, that not necessarily do environment, culture, and learning cause those born to ease and blessed with the advantages of educational and social accomplishments to be diverted from sympathy with the struggles of the average citizen and from the display of such sympathy, even when it requires standing alone and against his own social class, for the fullest protection of the legal rights of the humble. Truly, this man has been a veritable soldier for the right all his life.

The 89 years of honorable, useful, and patriotic life that speak to us to-day have not only earned for Justice Holmes the affection and gratitude of the Nation but also inspire all who are called to public service, in peace or in war, to emulate his industry, independence, intelligence, integrity, and devotion to his country's welfare.

Mr. WALSH of Massachusetts. Mr. President, the Senate of the United States, the Commonwealth of Massachusetts, justly proud of her noble son, and the whole country, felicitate Oliver Wendell Holmes on this day that marks the end of his long and devoted public service to his country. No man is to-day more affectionately regarded by his fellow Americans. In the future may America be blessed by having in her public service many men who possess the ideals and the concept of duty which have so distinguished the life and career of Oliver Wendell Holmes.

ADDITION OF CAPITAL FOR FEDERAL LAND BANKS

The Senate resumed the consideration of the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, the pending question being on the amendment offered by the Senator from Alabama [Mr. BLACK].

Mr. CONNALLY. Mr. President, I offer an amendment, and ask that it lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. MORRISON. Mr. President, I have become convinced that the amendment offered by the Senator from Alabama [Mr. BLACK] is so drafted that it will not interfere with the rest of the funds of these banks being used for extensions, as well as the $25,000,000 especially set apart. While I do not see any particular good in handling the matter in the way provided in the amendment, I am so much in favor of getting all that we can get for the distressed debtors of these banks that I am going to vote for his amendment. It can not do any harm as it is now worded and may do some good, though I do not think so.

Mr. STEIWER. Mr. President, I am wondering whether the Senator has considered the question of identifying moneys as they are appropriated or as they are subscribed by the Secretary of the Treasury. Let us say that any given sum is subscribed. How are the officials of the land-bank system to know whether the subscription made is a part of the $100,000,000 that is to go to capital stock, or whether it is a part of the so-called additional subscription that is to go into the $25,000,000, to be used under the amendment of the Senator from Alabama?

It seems to me that if Senators are making up their minds to vote for the amendment of the Senator from Alabama, we ought to perfect its language just a little so as to avoid what appears to be the possibility of very great confusion.

I anticipate, in addition to that, that there will be difficulties in the land banks on the question of bookkeeping, and in keeping separate at all times the moneys which are additionally appropriated or especially subscribed under this amendment. I am assuming that the difficulty of bookkeeping may be overcome, however, by the expenditure of some money and some effort and work on the part of the banks. But over and above the question of bookkeeping, how are any of us to know, and particularly how are the officials of the banks to know, when a subscription is made, whether it is a part of the primary subscription or a part of the additional subscription?

Mr. MORRISON. I would answer the Senator in this way: That the contracting parties should determine that. The bank must ask the approval of the board here, and, with the approval of that body, they ask the Secretary of the Treasury to issue bonds, under the bill as it is drawn, for the purpose of subscribing for capital stock. They can very well designate at that time that their particular subscription is for the purpose of making these extensions, I would think. But I think that is a matter of detail which can be worked out.

With me the difficulty was this: That in the way the amendment of the Senator from Alabama was drafted he was segregating only $25,000,000 for this purpose, and I preferred the other. But the Senator from Alabama and the Senator from New Mexico [Mr. BRATTON] have convinced me that the amendment would segregate the $25,000,000, and that at least that much must be used, unless, in the discretion of the land bank, they may use more. That is not objectionable to me, and I think it may do some good, and not do any harm, at any rate.

Mr. CONNALLY. Mr. President, I desire to express my intention of voting for the amendment of the Senator from Alabama.

This is a matter to which I have been giving some attention for over a year. In the fall of 1930, on account of the drought situation I appeared before the Federal Farm Loan Board at a meeting and presented the emergency situation which existed at that time and asked the board's indulgence on loans in the drought-stricken area.

The board took the position then that it had no legal authority to do anything in the way of granting extensions. It also stated that matters of extension were individual with each particular bank. Then, when we approached the banks, they demurred, stating that the moment they granted an extension it would interfere with the sale of their bonds and would bring about such a situation that they could not conveniently do business.

We then took up the problem of finding some remedy if the board had the power, or, if it did not have the power, that Congress could grant it the power to do this very thing. The president of the land bank in my State proposed the very thing embodied in the amendment of the Senator from Alabama.

The board took the position that if it were to grant the extensions it desired the Government to furnish funds with which to pay the interest which had accrued so as to protect its bonds. When the House bill came over to the Senate the proposition was made to do that very thing. I understand that in the hearing, before the subcommittee officials of the Federal Farm Loan Board persuaded the subcommittee that it would be best to frame the measure in the language now contained in the bill.

Mr. President, it would be unwise, of course, to grant a general moratorium. If that were done, men who are able to pay their loans, needing the funds for other business enterprises, would be inclined to let the farm-loan installments go over and use the funds for some other purpose.

But there are many cases in my State in which the parties paid their installments regularly for years, semiannually, until the summer of 1930, we will say, so that now there are probably three installments of interest and amortization payments due. Those loans were absolutely gilt-edge up to the time of the holocaust of drought and this tremendous depression. Many of those borrowers have excellent records. But under the practice of the Farm Loan Board it was held that they could not be granted an extension, that all it could do would be to forbear foreclosure.

That is an unfortunate condition in which to put a borrower. His bankers will not extend him money unless they know he is going to be able to hold his farm. They will not extend money with the threat of eviction hanging over the farmer and without any assurance to the borrower at all that he is going to have an extension. I believe the language incorporated in the amendment of the Senator from Alabama, together with the other language in the bill, will come nearer to meeting the situation than anything else proposed.

I have an amendment pending to which I want to call the attention of the Senate while I am on my feet. I would like to have it read at the desk.

The VICE PRESIDENT. The clerk will report the amendment for the information of the Senate.

The CHIEF CLERK. At the end of section 5 add the following:

The directors, in exercising the discretion to extend installments as herein provided, shall consider in addition to general economic, business, and agricultural conditions, the particular circumstances affecting each loan for which an extension is sought, including amount and punctuality of former payments, the amount of principal remaining unpaid and its relation to the original principal, and all such other factors as affect the ultimate safety of such loan.

Mr. CONNALLY. My reasons for advancing this proposal are these. Under the language of the bill it is true that the directors are authorized to make extensions in the following language:

When in the judgment of the directors conditions justify.

Then the provision stops. My amendment expresses at least the will of Congress that the directors, in determining each extension shall not be guided purely by general conditions. That might mean they felt they were not in a position to grant the extension because they wanted to use the available funds for making new loans. There might be any other sort of general condition affecting business and policy which would influence the board of directors in not making a particular extension. But if they judge each application on its own merits they can then grant extensions in cases which justify it.

In those particular cases where a borrower's record is bad, where he did not pay when times were good, where he fell behind with his local association under normal conditions, they could refuse such an extension. On the other hand, where the unpaid portion of the principal is only a small part of it, say one-half of the original, that is a fact that ought to be considered in determining whether an extension should be granted.

I expect to vote for the amendment of the Senator from Alabama because it earmarks a portion of the fund. There can not be any alibi then on the part of the board that it can not grant an extension because it has not the funds with which to pay interest in order to protect its bonds. The $100,000,000 additional capital is not simply for the payment of deferred interest. As I understand, it is for the purpose of affording capital stock against which the banks are issuing new bonds for the purpose of making new loans.

The Federal farm loan system has rendered outstanding service. Its chief service has not been the actual loans it has made, but in the service it has rendered by reducing the interest levels of all private farm-mortgage loans throughout the whole United States. I regard it more important to save the borrowers who are already in the system and who have been making a struggle honestly and practically, when conditions warranted it, to meet their payments than I do that the board shall launch out now in a new campaign of new lendings to new borrowers. For that reason I believe that at least $25,000,000 of the fund ought to be specifically earmarked and set apart for the use of the land banks in paying interest and amortization installments on overdue paper.

I respectfully submit my amendment and ask for it the indulgence of the Senate.

The VICE PRESIDENT. The question now is on agreeing to the amendment of the Senator from Alabama [Mr. BLACK].

Mr. GEORGE. Mr. President, the importance of the amendment is a little hard to visualize unless one considers exactly what the Federal farm land banks are. If we take any one of the regional banks, for instance, the bank in the district in which the State of Georgia is located, we can at once see the importance of this particular amendment. There are about 31,800 borrowers from the land bank at Columbia, S. C. In the State of Georgia alone approximately 12,000 farmers have borrowed through this bank. If 20 or 25 per cent of the loans are in default, the importance of the amendment becomes apparent.

The end sought might have been reached in another manner; that is to say, the particular purpose might have been worked out so that the future sale of the bonds could in no event be adversely affected. The stock of the Federal land bank is owned by the local farm loan association and that in turn is simply a group of borrowing farmers. The individual farmer who borrows is an owner of stock in his local farm loan association. A sum of money might have been set up to the credit of the local farm loan association or a loan authorized directly to the local association for the purpose of restoring the stock of the local home loan association.

The Senator from Alabama [Mr. BLACK] has given thought to the matter and other Senators have done so, and they have agreed upon this particular form of amendment. I am so thoroughly in sympathy with the general purposes of the amendment that I am entirely willing to take chances and vote for the amendment and without apprehension of any serious adverse effect upon the future bond market for this particular form of security. I think that is a rather far-fetched objection to the amendment anyway, because the whole bill proceeds upon the theory that while the bank is not owned by the Federal Government, that only some $205,000 of the capital of the system is now owned by the Federal Government, nevertheless, the Government supervises the banks, they are under the control of Federal agency, and there is at least a moral obligation upon the part of the Federal Government to protect the bonds of the system. If that is true, no one need have any special concern that this amendment, with such a fine purpose, can have any adverse effect upon the future sale of bonds by the Federal land banks or for the account of the Federal land bank system.

Mr. GORE obtained the floor.

Mr. McNARY. Mr. President, does the Senator from Oklahoma desire to address the Senate at this time?

Mr. GORE. Yes; for a few moments. I will yield to the Senator from Oregon, if he wishes.

Mr. McNARY. I was going to suggest a short executive session and then move a recess until to-morrow.

Mr. HARRISON. Mr. President, I hope we can have a vote on the pending amendment after the Senator from Oklahoma has finished speaking. Why should we postpone it until to-morrow and perhaps get into a discussion then of four or five hours when we have already discussed it fully and are about ready to vote on it?

Mr. McNARY. Very well, if that is possible.

Mr. GORE. Mr. President, I do not like to disagree with the senior Senator from South Carolina [Mr. SMITH]. I know of his devotion to the farmers and of his desire to protect their interests and to promote their welfare. I hope that I share that desire. But is it necessary to drive a wedge here between the borrowers from these land banks and the bondholders of these land banks? Is there a mortal antagonism between them? Can we not serve the interests of

both and preserve the life of these institutions? That is the paramount concern which I feel.

In a humble way I had something to do with the establishment of this system of farm land banks. I happened to introduce the first two measures looking to the creation of the Federal system of land banks. I have felt some pride in the success of the system. It is true that these banks carry only about 12 per cent of the total farm indebtedness of the country, a little more than $1,000,000,000 out of a total of about $10,000,000,000.

But that is not the chief service which the system has rendered or which it was intended to render. The total farm indebtedness of the country is a little less than $10,000,000,000, of which some $8,000,000,000 is carried by insurance companies, banks, and other private lending concerns. This system, as was expected, has reduced the rate of interest charged by all private loan concerns. It is estimated that the system saves the farmers every year, in reduced interest rates of that kind, $250,000,000. There is a saving of $250,000,000 every year directly and indirectly to the farmers of the country. That vast service, that vast saving, is due to the existence and to the competition of the Federal land bank system.

Now, it happens that this system can exist only by the issuance and the sale of bonds to private investors in this country. These bonds are the breath of its life. It can not exist in any other way. I do not think that those who have shown faith in the system, who have invested their savings in those bonds, are reprobates. The system could not have come into being without them. It can not survive without these investors. I saw a letter the other day from a citizen of New Mexico in which he said that he had placed his life's savings in the bonds of these farm banks. Is he to be reprobated for that? Is his confidence to be disregarded? Further than that and more than that, is the capital which he placed in this investment entitled to no consideration?

Mr. President, this system can not continue unless these bonds can continue to be sold. They have fallen as low as 80 cents on the dollar. That represented a loss on the part of the bondholders of $200,000,000—a trifle, it is true; but will investors continue to buy these bonds if they must face losses of that character?

A good deal of criticism has been indulged here concerning the Farm Board. It may be just. I do not enjoy an acquaintance with the members of the board. I have neither friendship for nor enmity toward them. They have been characterized as hard boiled. Let us say that is true. And yet 24 per cent of these loans to-day are delinquent and the bonds have been off 20 per cent. The bonds have sold as low as 80 cents on the dollar.

Now, let us suppose that instead of being "hard-boiled," instead of being "Shylocks," they had been liberal; that they had been lenient, and that they had allowed 50 per cent of delinquencies instead of 24 per cent, can any Senator doubt that the bonds would have fallen to 50 cents on the dollar? All will agree that every one who can pay ought to pay. The directors of the various land banks are bound by law to require payment; of course, in extreme or distress cases, where there is merit, leniency ought to be extended. Perhaps it may be sought in many cases where leniency is not due. The presidents of four of these banks who appeared before our committee stated that since this legislation has been pending in Congress they have been overwhelmed with applications for extensions, and some, whose payments were past due, have written the farm banks that Congress was preparing to grant a moratorium, and they sought and insisted upon extensions, many of them undoubtedly deserved and some of them undoubtedly undeserved. I know that every Senator has received letters from borrowers of these banks that rend his heart; I have. Some of them are meritorious and some of them are pathetic.

I remember one man, the roof of whose house had been blown off by a hurricane; his hay had been struck by lightning and burned. Those were losses due, as the lawyers say, to an act of God, for which the borrower was in no sense responsible. He was entitled, I thought, to an extension.

Another borrower states that he has made 28 payments; that he is in arrears only $93; that he has been holding his steers to make his payment, but that his steers would bring no price, and the banks will advance no money, so he is about to lose his home.

To cite another even more pathetic case, I had a letter from one of my constituents saying that his first-born baby was buried on his farm and out of sentiment he desired to keep his home and not suffer the loss of his farm and his home, which was the burial place of his first-born child. I say it is heartrending, and in deserving cases extensions ought to be granted, and I believe will be granted.

But Senators say that this entire fund of $125,000,000 has been impressed with this character, that it is to be advanced for use in the extension of loans. Mr. President, the payments in default now amount to $16,000,000; if we invite and urge other borrowers to become delinquent, and if this impressed fund be used to the amount of $125,000,000, do you imagine that this system can survive? I want to preserve the borrowers and I want to preserve the system, too. Can we not do both?

Mr. BARKLEY. Mr. President, will the Senator from Oklahoma yield to me?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. GORE. I yield.

Mr. BARKLEY. The rate of delinquencies for 1931 was more than double that of 1930. At the present rate of delinquencies, after expending $16,000,000 of the $25,000,000 involved in the amendment to take care of them, the other $9,000,000 would be sufficient to last for only six months, even if the rate of delinquency during those six months did not increase over the rate of 1931. So that, with the adoption of the amendment of the Senator from Alabama, at the end of six months, if the Farm Board should decide that our impressment of $25,000,000 was to be looked upon as an instruction to earmark that, and expend the other hundred million dollars for some other purpose, we would be just where we are now, with increasing delinquencies and no money to take care of that. So it seems to me that the Senator's argument, by analogy, at least, is in favor of allowing this whole $125,000,000 to be used by the Farm Board for such purposes as it may find necessary whether in the extension of loans or other operations that would be carried on by the board with this additional capital stock.

Mr. GORE. Mr. President, my point is this: We should not mislead the country into believing, particularly the borrowers from these banks, that we are placing $125,000,000 at the disposal of the various farm banks to enable them to grant a general moratorium or to grant extensions in any and all cases regardless of the merits of the particular case. My desire, Mr. President, is to protect these borrowers, and to save their homes. At the same time I would not sacrifice the interest of the bondholders. Yet again I would save the institution itself. I do not think we are required to sacrifice any of the three. Abraham is not called upon to sacrifice his son. Let us save all three.

Mr. President, I noticed in yesterday's newspapers a discussion of the repudiation of debts in Europe; the governments owing the United States are threatening outright repudiation, which in due time will occur; but the comment was that the United States would be the only casualty—meaning the only loser. I do not want the United States to be a casualty in this land-bank system. I think it can be preserved. The borrowers can be protected, the bondholders can be protected, and the system itself can be preserved and perpetuated for the future benefit of the farmers and borrowers of this country. I do not wish to sacrifice either, and they can only survive if those who can pay do pay, and if the credit of these banks is preserved.

Only one more word, Mr. President. The banks themselves have been criticized here. It has been said that even a national bank is more liberal than the farm land banks in the extension of credit or loans. I have no com-

parison to show that the national banks of this country in the aggregate have granted extensions of 24 per cent of their entire loans; but there is no analogy. The national banks are lending either from their capital or from the deposits of their customers, and the existence of those banks does not depend upon the power to sell bonds and raise capital.

The Federal land banks, however, can only pay interest on their bonds with the interest which they collect upon their mortgages; and, if they can not collect interest upon their mortgages they can not pay the interest on their bonds; and, if they can not pay the interest on their bonds, they can not preserve the credit of the system; if they can not sell bonds in the future they can not preserve the life of the system, the system itself will perish, the farmers themselves would be the worst sufferers. We should not cut down the tree to get the fruit. That is self-evident. For that reason there is no analogy between these farm-land banks in their desire to collect interest on their bonds, in order to preserve the system, and the national banks which have the option to extend their loans. I may say that I do not think they have been overliberal in that indulgence, judging from an experience which it would be indelicate to discuss more specifically. Moreover, the farmers, the borrowers of these banks virtually own the banks, they are stockholders in the associations, they are liable to double assessment on their stock. I do not want this system to come tumbling down on their heads.

Mr. President, let us preserve all; let us protect the borrower, the bondholder, and the system itself and incidentally protect the United States of America, because I tell you, sir, whenever you establish the relationship of borrower and debtor as between the Government and the citizen you have set your feet in the path which may lead to disaster if not to ruin.

Mr. NORBECK. Mr. President, it is getting late in the day, and we have been listening all afternoon to a discussion that is wrong in three respects:

First. It is assumed that a credit scheme is all-important to the farmer. It is not. Nothing can save the farmer except a better price for his commodities—a better exchange value for his labor.

Second. We are assuming this farm-loan system is a Government institution, which it is not. It is a cooperative institution, owned almost entirely by farmer stockholders.

Third. We seem to have assumed that most farmers have borrowed money through this system, when only about 9 per cent, or 1 out of every 11, has borrowed.

We have assumed that a large percentage of these mortgages has been foreclosed on, when the fact of the matter is that less than one out of every hundred has been foreclosed on. The average for the United States is 0.9 of 1 per cent.

The criticisms of the Farm Loan Board this afternoon have been severe mainly because they have followed the law. Let us change the law and make it more liberal. We recognize the confusion between the Farm Loan Board and the Farm Board. I am not now speaking of the Farm Board.

My friend from Alabama [Mr. BLACK] was reading a recent report from the Farm Loan Board in answer to an inquiry as to loans in five or six counties in Alabama. He did not read the entire report. If he had, he would have found the situation was not so one-sided. The foreclosures average about 2½ per cent, or 1 out of every 40 borrowers.

Mr. BLACK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Alabama?

Mr. NORBECK. Certainly.

Mr. BLACK. The Senator is quoting from figures given him by the bank board?

Mr. NORBECK. By the bank board.

Mr. BLACK. I might state that is what appeared on the very day they gave it, but that does not take into consideration the huge number that have already been foreclosed, nor the number that they are daily threatening to foreclose, thus driving people practically crazy.

Mr. NORBECK. The Senator from Alabama also found that in this list of his own there were two counties in which no foreclosures whatsoever had been made.

It is a fact that borrowers have been very much annoyed. That is what we are trying to get away from. I propose we get away from it by changing the law, instead of criticizing the board for obeying the law. If this bill is enacted, the land-bank system will be able to say to the worthy farmer, who has had misfortune: "We will carry you along another year; do not worry in the meantime."

Extensions will, of course, be discretionary with the land bank. It will be possible for the land bank and the farmer to get together and reach a mutual agreement, avoiding annoyances and avoiding expense.

The Senate committee has added $25,000,000, so the amount is now $125,000,000. Part or all of this may be used for extensions. No part of it is set aside and earmarked for such a purpose. It has been proposed that $25,000,000 should be so segregated and marked. Maybe; but why name the limit? No one can tell how much will be needed. Why not have it $125,000,000?

This farm-loan system has been of great benefit to two classes of farmers:

First, the 9 per cent who are borrowers of the system and stockholders in same;

Second, the 91 per cent who have had no connection with the system, but who have felt the effect of the reduced interest rates on account of the activity of this cooperative banking association, encouraged by the Government and supervised by the Government.

The Government originally put up all the capital for same, which capital has since been replaced almost 100 per cent by the farmers-stockholders.

Mr. President, the Senator from Oklahoma [Mr. GORE], who is one of the authors of the system, has told us this afternoon that the indirect benefit to farmers from the reduced interest rate effected by this system has equaled $250,000,000 per year. That means several billion dollars worth of benefits since it was put into effect. The system is important; let us save it.

Now, let me talk about the 9 per cent who are borrowers and stockholders. They are not in default. Eighty out of every hundred are paid up in full. One out of every hundred is foreclosed on. Often the foreclosure is unavoidable; it is due to misfortune that the borrower is not able to overcome. The foreclosures have often been made at the request of his own local association, made up of his own farmer neighbors. Why blame the board at Washington for all that? Some land banks have not made a single foreclosure except upon the written request of the local association; there is a reason for that. The members of the association are also borrowers and they are stockholders in the system. They are responsible for their neighbor's loans to the full legal limit of their liabilities. The farmers own over $60,000,000 worth of stock in these associations, and their double liability makes them responsible for another $60,000,000. They are anxious to protect every farmer who can carry his load and go along, but they are unwilling to let anyone who has given up occupy the land. They would thereby be increasing their own responsibility and own liability. They would have to go down in their own pockets for additional losses. They do not want to do that, so sometimes they quickly recommend foreclosure in order that the farm may be sold to some one who is able to make the payments. So in this, as in other matters, there are two sides to the question.

Congress might in its generosity vote extension to the borrowers, but the farmers-stockholders would often have to pay the loss.

There are amendments pending here that will make it practically mandatory for the board to grant extensions without regard to the judgment of the land bank, the central board, or even the wishes of the local associations,

which are responsible for the loan. Let us leave some things to the farmers and not try to take it all out of their hands.

Mr. President, I maintain that we can not uphold this cooperative system unless we keep it on a business basis; and bonds are not salable unless the books of the concern show proper collections. It is not sufficient to say, "Well, the farmers are behind in their payments but we got a Government appropriation to fill the gap." This will not inspire confidence among investors. If there is no confidence, the land bank can not secure the necessary funds with which to make loans. They get these funds by the sale of bonds. Those who buy the bonds want to be certain that the notes and mortgages held by the bank are being paid and not in default. I would grant extensions only to those who need them and who will be able to make the payments later on.

If the system breaks down, the farmers will simply be at the mercy of the mortgage companies and the insurance companies, and all interest rates will be increased.

The State of South Dakota operated a farm-loan system for a number of years. It broke down mainly because of the fact that moratoriums were granted on the payments. Many of the borrowers got behind to such an extent that they were unable to lift the burden. Let us not make the Federal system unpopular by too much harshness in collection. Let us not destroy it by even encouraging the thought of blanket moratoriums.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Mississippi?

Mr. NORBECK. I do.

Mr. HARRISON. Does the Senator believe that in deserving cases, when a man has made a lot of payments and is unable at this time to make the payments that are due that particular individual should be given an extension?

Mr. NORBECK. I am not sure that I understand the Senator's question.

Mr. HARRISON. Does the Senator believe that extensions of installments ought to be made in deserving cases?

Mr. NORBECK. Oh, certainly; and we have provided for that.

Mr. HARRISON. Has the Senator heard any of us say anything to the contrary? Is there anybody here who is advocating a complete moratorium?

Mr. NORBECK. No; but if we advertise and encourage the idea that there are going to be extensions and set aside funds for that purpose alone, we may get into trouble. We do know that when we provide a moratorium fund and earmark for that purpose, there is going to be great demand for extensions. If the plan is carried out, the extensions will show on the balance sheet, and if too much of it is shown the investor will be afraid to buy the bonds. If the bonds can not be sold the system will break down, because there will be no funds for loans.

I would not set aside a fixed sum for this purpose, nor would I limit it to that sum. The bank will have ample funds with which to make the necessary extensions, and no one can forecast what the future may bring.

Mr. HARRISON. Now, may I ask the Senator if his committee increased the amount from $100,000,000 to $125,000,000 in order to take care of this matter?

Mr. NORBECK. Yes, sir.

Mr. HARRISON. Then there is not any particular difference about it except that——

Mr. NORBECK. There are amendments pending that practically make extensions mandatory, and there have been all sorts of misstatements about the unfair attitude of managing officials.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. NORBECK. I yield to the Senator from Alabama.

Mr. BLACK. Does the Senator state that my amendment practically makes extension mandatory?

Mr. NORBECK. The Senator knows very well that I did not say that.

Mr. BLACK. I understood the Senator to say that.

Mr. NORBECK. I said that there are amendments here that practically make extension mandatory.

Mr. BLACK. The Senator does not say that the amendment on which we are now about to vote makes it mandatory, does he?

Mr. NORBECK. No; but it encourages it to quite an extent. The collectors for the machine companies and others will go to the farmer borrowers and say, "Congress has set aside $25,000,000 so you do not need to make your payment on your loan; you can pay us instead." If the borrower is led to believe that his payment will be extended almost automatically, it will tend to break down the morale without which the system can not continue.

Mr. BLACK. The Senator is afraid it will break down the morale of borrowers who are being put out of their homes, is he?

Mr. NORBECK. How many of them have been put out of their homes? The Senator has not named one case in his own State to-day where he said he would have done differently than the board.

Mr. BLACK. I can get a great many of them.

Mr. NORBECK. The Senator has had lots of time to get them.

Mr. BLACK. I did not know that it would be necessary with the Senator from South Dakota. I had an idea that he had as much sympathy for the men who own their homes as he has for the bondholders. If the sole object of this legislation is to protect the bondholders, let us not provide for anything but the bondholders; and those of us who believe people are worth more than bonds can vote against it.

Mr. NORBECK. The Senator from Alabama is not making a fair statement. No State in the Union has been hit harder than has South Dakota. They have suffered another serious crop failure. The grasshoppers devastated large areas. No one needs extensions more than the farmers of my State. I consider the bill ample to meet the situation and have the assurance of the Farm Loan Board that they will be better able to meet the situation with $125,000,000 added to the capital, where it may be used for every lawful purpose, than to set aside and earmark one-fifth of that for the purpose of carrying those borrowers who are delinquent.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BLACK]. [Putting the question.]

Mr. HARRISON. I ask for a division.

Mr. NORBECK. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Costigan	Hull	Robinson, Ind.
Bailey	Couzens	Jones	Schall
Barbour	Dale	Kean	Sheppard
Barkley	Davis	Kendrick	Shortridge
Bingham	Dickinson	King	Smith
Black	Dill	Logan	Smoot
Blaine	Frazier	McGill	Steiwer
Borah	George	McKellar	Thomas, Idaho
Bratton	Glass	McNary	Trammell
Brookhart	Glenn	Metcalf	Vandenberg
Bulkley	Goldsborough	Morrison	Wagner
Bulow	Gore	Moses	Walsh, Mass.
Byrnes	Hale	Neely	Walsh, Mont.
Capper	Harris	Norbeck	Watson
Caraway	Harrison	Nye	Wheeler
Carey	Hastings	Oddie	White
Connally	Hatfield	Patterson	
Coolidge	Hawes	Reed	
Copeland	Hayden	Robinson, Ark.	

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present. The Senator from Mississippi asks for a division.

Mr. NORBECK. I call for the yeas and nays.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. The Senator from Mississippi.

Mr. HARRISON. May I ask the Senator from Wyoming [Mr. CAREY], who is in charge of this particular bill, as I understand, and the Senator from Oregon [Mr. STEIWER] whether they will not accept the amendment offered, as

far as they can? There are a number of Senators who want to speak on it.

Mr. STEIWER. Mr. President, there is some confusion as to who is in charge of this matter. One Senator reported it in the absence of another and a third was asked to look after it. I think the Senator from Mississippi addresses his question to me.

I think I can in one sentence sum up my own viewpoint with respect to this matter. I am in thorough sympathy with the motive that has prompted the amendment, and I wish I could regard it as wise, but after considerable reflection I do not. I therefore do not feel that I ought to accept the amendment, in spite of the good purpose that I know is behind it.

SEVERAL SENATORS. Let us have the yeas and nays.

The VICE PRESIDENT. The yeas and nays are demanded.

Mr. HARRISON. Mr. President, did the Senator from Oregon [Mr. MCNARY] say he wanted to adjourn to-night?

Mr. MCNARY. Mr. President, I made the suggestion 35 minutes ago that I proposed to move an executive session and then a recess, but the Senator from Mississippi objected and wanted a vote, so I think we should have a vote.

Mr. HARRISON. I thought we were going to get together on this matter. I see, however, that there has been a line-up over there on it. I move that the Senate adjourn. I withdraw that motion, however, if the Senator will make it.

Mr. MCNARY. The Senator from Mississippi expressed a very stout desire to have a vote this evening. That is the reason why I withheld the motion for an executive session.

Mr. HARRISON. I understand that thoroughly, and the Senator from Mississippi takes all the blame for this roll call. He was under the impression that since we had talked a good deal on this amendment we were ready to vote. We understood that the other side were not going to oppose the adoption of the amendment, and we had hoped that we had about gotten together on the matter. We see now that the situation is quite different, since the chairman of the Banking and Currency Committee has just made a very extended speech in opposition to the amendment. Consequently, we would rather have it go over until to-morrow for some further discussion.

EXECUTIVE SESSION

Mr. MCNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The VICE PRESIDENT. Does the Senator from Mississippi yield for that purpose?

Mr. HARRISON. I do.

The VICE PRESIDENT. The question is on the motion of the Senator from Oregon.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States, submitting a judicial nomination, which was referred to the Committee on the Judiciary.

(For nomination this day received, see the end of Senate proceedings.)

REPORTS OF NOMINATIONS

Mr. BRATTON, from the Committee on the Judiciary, reported the nomination of Robert J. McMillan, of Texas, to be United States district judge, western district of Texas.

Mr. SHEPPARD. Mr. President, is that the nomination of Judge McMillan?

The VICE PRESIDENT. It is.

Mr. SHEPPARD. There is no objection to the nomination; and I ask for its immediate consideration.

The VICE PRESIDENT. Is there objection to the immediate consideration of the nomination just reported by the Senator from New Mexico, which will be read?

The Chief Clerk read the nomination.

Mr. SHEPPARD. There is a vacancy there, and it is necessary that this nomination be promptly confirmed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nomination is confirmed.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The nominations will be placed on the calendar.

Are there further reports of committees? If not, the calendar is in order.

THE JUDICIARY

The Chief Clerk read the nomination of Morris A. Soper to be United States circuit judge, fourth circuit.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of W. Calvin Chesnut to be United States district judge, district of Maryland.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Paul F. Jones to be United States attorney, eastern district of Illinois.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Herbert K. Hyde to be United States attorney, western district of Oklahoma.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations of postmasters on the calendar are confirmed en bloc.

RECESS

Mr. MCNARY. I move, as in legislative session, that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 5 o'clock and 44 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, January 13, 1932, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate January 12 (legislative day of January 7), 1932

UNITED STATES CIRCUIT JUDGE

James H. Wilkerson, of Illinois, to be United States circuit judge, seventh circuit. (To succeed George T. Page, retired.)

CONFIRMATIONS

Executive nominations confirmed by the Senate January 12 (legislative day of January 7), 1932

UNITED STATES CIRCUIT JUDGE

Morris A. Soper to be United States circuit judge, fourth circuit.

UNITED STATES DISTRICT JUDGES

W. Calvin Chesnut to be United States district judge, district of Maryland.

Robert J. McMillan to be United States district judge, western district of Texas.

UNITED STATES ATTORNEYS

Paul F. Jones to be United States attorney, eastern district of Illinois.

Herbert K. Hyde to be United States attorney, western district of Oklahoma.

POSTMASTERS

GEORGIA

Nathaniel O. Carter, Vidalia.

ILLINOIS

John R. Funkhouser, Albion.

IOWA

Anna B. Chambers, Agency.
Edward J. Kooreman, Alton.
Lucian C. Tilden, Ames.
Arthur L. Remley, Anamosa.
Eddy L. Newton, Anita.

Howard C. Walter, Arnolds Park.
George L. Beeler, Bellevue.
Lloyd Lock, Castana.
Hellen B. Randolph, Chapin.
William H. Beacom, Clayton.
Omar H. Brooks, Cleghorn.
William M. Crosier, Coggon.
Earl F. McClelland, Corning.
Frank M. Williams, Council Bluffs.
Earl A. Rhinehart, Dallas Center.
Ressie E. Scheib, Delmar.
Adam F. Deadrick, Dike.
Ralph R. Ray, Doon.
Howard C. Snyder, Earlville.
Charles A. Clark, Fort Des Moines.
William L. McLaughlin, Glidden.
Charles F. Christians, Grafton.
Robert D. Adey, Granger.
Howard L. Nickerson, Grundy Center.
William F. Wolf, Hawarden.
John C. Foster, Hedrick.
Alexander M. Donnan, Hudson.
John G. Devine, Humboldt.
Alfred G. Rigby, Independence.
Charles W. Woodward, Kellogg.
Dora M. Schenken, Keystone.
Frank E. Gibbs, Klemme.
Maurice L. Curtis, Knoxville.
Edwin E. Starr, Lake Park.
James J. Pruitt, Larchwood.
Roland A. Walter, Lenox.
Fred A. Okell, Lewis.
Harold H. Phillips, Luverne.
Frank L. Ratliff, Lynnville.
William D. Lorenzen, McCallsburg.
Irven L. Donner, Malvern.
Gus E. Holmberg, Manning.
Thomas V. Welch, Marathon.
Hope C. Niemann, Marcus.
Harland J. Maurer, Mechanicsville.
Milton G. Irwin, Merrill.
William E. Males, Milo.
George Guyan, Monticello.
Charles S. Rogers, Mount Pleasant.
William S. McKee, Muscatine.
James M. Crawford, New London.
Roy H. Bailey, Newton.
Alexander J. Irwin, New Virginia.
Lanah A. Lawler, North English.
Carl A. Wissler, Oakdale.
Christopher C. Morris, Oakland.
John B. Balkema, Orange City.
Louis F. Bousquet, Pella.
Maude E. Barkley, Pierson.
Silas L. McIntire, Pocahontas.
Edward Oldis, Preston.
Jo G. Milligan, Pulaski.
Lola Thomas, Randolph.
Regina W. Spiegelberg, Rembrandt.
Anna N. Dixon, Rock Valley.
H. Peter Hendricksen, Royal.
Lloyd R. Hughes, Sac City.
Gabriel L. Archer, Saint Charles.
Lucille Brouillette, Salix.
Warren W. Fulton, Selma.
Hiram K. Evans, jr., Seymour.
William H. Needham, Sigourney.
Walter E. Witten, Sloan.
Edward R. Bender, Spencer.
Eunice M. Miller, Stanhope.
George W. Sisler, Stanwood.
John A. Schmitz, Storm Lake.
John D. Herriott, Stuart.
Nellie J. Solleder, Thurman.
Dwight C. Kessler, University Park.
Tabitha Yelsma, Ute.
Lennie L. Hoffman, Vail.
Frank Kirscher, jr., Van Meter.
Layton E. Brown, Victor.
Clarence A. Knaack, Walcott.
Lindley L. Birkett, West Liberty.
Robert L. Parry, Williamsburg.
James A. Smiley, Winfield.
Letha Doughten, Woolstock.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 12, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty and everlasting God, by searching we can not find Thee out nor understand Thee to perfection. We approach toward the light, but its compass, its going forth, its source and glory no man can understand. We are pleased that Thou art beyond our comprehension. Thou art more loving, gentle, and kind than we know. Thou dost infinitely transcend the best things that we can bring to our conception. When the great day dawns we shall behold Thy glory and grandeur! Then, our Father, our souls shall break forth and join the melody of the universe in ascribing all honor, dominion, and power unto Him who sitteth upon the throne and unto the Lamb forever and ever. Until then, keep us humble, faithful, true, and upright as public servants and as private citizens. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested.

S. 1. An act to provide emergency financing facilities for banks and other financial institutions, and for other purposes.

HEARST'S SALES-TAX TRIP TO CANADA

Mr. PRALL. Mr. Speaker, I ask unanimous consent to extend my own remarks and the remarks of other Members of the House on the occasion of the recent trip to Canada to study the sales tax.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. PRALL]?

There was no objection.

Mr. PRALL. Mr. Speaker, you will recall that a number of Senators and Representatives in Congress went to Canada last November as the guests of the Hon. William Randolph Hearst to study the sales-tax system in operation in the Dominion.

About 50 Members of this body and 4 Senators made the trip. With Congress having under consideration many proposal for additional taxation to balance the National Budget, much interest has been manifested in the journey of these members to Canada. The sales tax has been recommended for adoption by Congress.

Many Members of this body who were unable to make the trip having expressed interest in what was learned of the Canadian sales-tax system, it was decided to submit this report to you.

Herewith is a complete record of the proceedings of a meeting we held at Ottawa with high officials of the Canadian national revenue department. There also is presented the invitation which Mr. Hearst sent to every Member of Congress to make the trip.

At the conclusion of the journey there was a meeting of our party, at which many expressions of thanks were given to Mr. Hearst for making the trip possible. A committee consisting of Mr. PRALL, of New York, chairman; Senator KING, of Utah; Senator GORE, of Oklahoma; Mr. FREE, of California; and Mr. HOWARD, of Nebraska, was appointed

to send to him a letter conveying these sentiments. That letter also is presented herewith.

The congressional party left Washington November 14 by special train and returned to the Capital November 20, after visiting Montreal, Ottawa, and Quebec.

While the expedition was primarily for the purpose of studying the sales tax, we had an opportunity to discuss other questions of mutual interest to the United States and Canada. We were received by our Canadian neighbors with much cordiality, and we endeavored to return good wishes on behalf of our country.

In Montreal we were tendered a dinner by Sir Henry Thornton, chairman and president of the Canadian National Railways. While in Ottawa the Governor General of the Dominion and Countess Bessborough received the party. Acting Prime Minister Sir George Perley was a speaker at a dinner given to the party by the Government of Canada.

Ranking officials of the Canadian Government, including Hon. E. B. Ryckman, Minister of National Revenue, honored us by their presence at the dinner. They were also most eager to assist us in gathering information on the sales tax.

At Quebec we were received in the halls of the legislative assembly by Hon. L. A. Taschereau, premier of Quebec. Hon. H. G. Carroll, Lieutenant Governor of the Province of Quebec, also received us.

During our stay in Canada the American minister to that country, Col. J. Hanford MacNider, and Mrs. MacNider received us.

Our party was impressed not only by the cordiality of the governmental officials and the unmistakable evidence of the sincere good will of the Canadian people, Dominion and local, but by the enthusiasm of private boards of trade and business men. From members of the Montreal Board of Trade we obtained information on the sales tax and other subjects.

All elements in the community in Quebec joined hands to make our stay there pleasant and profitable. The board of trade and Kiwanis Club joined the city in tendering a luncheon at which members of our party as well as Canadians made addresses in which expressions of friendship and good will between the United States and Canada was the keynote.

From business interests and contacts with retailers and consumers we had opportunity to inquire as to the working of the sales tax, and from those directly in charge of enforcing the tax we obtained official first-hand information.

Following is the invitation which Mr. Hearst extended to every Member of Congress:

The United States Treasury has announced that a limited sales tax is being considered as a possible means toward helping curtail the Government's probable deficit.

In view of the importance of this subject and the value first-hand information on its operation would be to Members of Congress during its discussion at the coming session, I should appreciate your joining with other Representatives and Senators in an educational tour of the Dominion of Canada where a sales tax has been in force for many years.

Special trains will leave Washington Saturday, November 14, and will pick up Members at New York and other convenient places en route to Montreal, where we will visit for two days. It is also planned to take a short side trip to Ottawa, the capital of the Dominion of Canada, and then go to Quebec.

In each of these places every facility will be offered you to study individually the operation of the tax in all of its phases.

No effort will be made to propagandize Members for or against this tax plan nor will such visit be construed in any way as committing you to the advocacy of either side of this subject.

The purpose is merely to provide an educational opportunity for Members of the House and Senate to examine the operation of this tax plan in the Dominion.

Suitable hotel accommodations and entertainment will be provided. Special trains will return to Washington Monday, November 23, via New York. All expenses will be defrayed by the sponsor of the expedition.

An early telegraphic answer to this invitation to Room 602, 729 Fifteenth Street, Washington, D. C., would be much appreciated.

WILLIAM RANDOLPH HEARST.

And the following is a copy of our letter of thanks to Mr. Hearst:

WASHINGTON, D. C., *January 12, 1932.*

DEAR MR. HEARST: The diminishing revenues and increasing expenditures of the Federal Government have sharply challenged the attention of the American people to the imperative necessity—if the Federal Budget is to be balanced—of obtaining additional revenue. Various plans have been suggested to obtain such additional revenue. It is not an easy task, particularly in a period of depression, to find new sources of revenue and to enact just and sound measures to replenish depleted treasuries.

As a former Member of Congress and as a publisher and student of governmental affairs, you appreciate the heavy responsibilities resting upon the present Congress and the serious problem with which it is called to deal in providing adequate revenues for the Government.

As we are advised, you believed that a study of the revenue laws and the fiscal system of Canada, with special reference to the sales tax, might be of advantage to those charged with the duty of enacting laws to meet the needs of our National Government. Accordingly, you afforded the Members of the two Houses of Congress an opportunity as your guests to visit the Dominion of Canada in order that they might obtain first-hand information concerning its revenue laws and fiscal policies, and particularly the workings of the sales tax and its efficacy as a revenue producer. Several Members of the Senate and a large number of the Members of the House of Representatives availed themselves of the opportunity, and on the 15th of November last proceeded by special train to Canada, where several days were spent visiting important places, including the cities of Montreal, Ottawa, and Quebec. Conferences were held with leading Government officials, bankers, business men, and persons in various walks of life concerning Canada's system of taxation and sources of revenue, particularly the provisions and workings of the sales tax and the attitude of the people toward the same.

While the primary purpose of the visit to Canada was to study the sales-tax system and to obtain information as to its availability and efficacy in meeting revenue needs of our National Government, opportunities were afforded of learning of the progress and development of our neighboring country, its almost limitless resources, and its fine and progressive people.

During our sojourn in Canada a hearty and cordial welcome was extended to us by all whom we met, and there were unmistakable evidences of the sincere good will of the Canadian people toward our Government and the American people. It was a pleasure for the members of our party to reciprocate the expressions of friendship and good will with which we were favored.

We are not unaware of your efforts to promote friendly relations between these two countries, separated only by an invisible line 3,000 miles in length; and we express the conviction that the future will find these two great democracies, in a spirit of fraternity and concord, working together for the happiness and welfare of their respective peoples.

In conclusion, we express our appreciation of the public spirit which impelled you to extend to us an invitation to visit Canada and for the opportunity which was afforded us to obtain information concerning matters of importance, with some of which we will soon be compelled to deal.

At the end of our journey we met and adopted a resolution thanking you for the opportunity afforded us of visiting our neighboring friends and of obtaining information which we believe will be of value to us in meeting the responsibilities before us. At this meeting the undersigned were appointed a committee to present this communication to you.

Cordially and sincerely yours,

ANNING S. PRALL, *Chairman.*
A. M. FREE.
EDGAR HOWARD.
THOMAS P. GORE.
WILLIAM N. KING.

And here follows a complete report of perhaps the most important meeting held during the trip, and which will, I am sure, prove most interesting to those Members of Congress who were unable to make the journey.

PROCEEDINGS OF MEETING OF DELEGATION OF UNITED STATES SENATORS AND REPRESENTATIVES WITH OFFICIALS OF DEPARTMENT OF NATIONAL REVENUE, CANADA, WITH RESPECT TO OPERATION OF CANADIAN SALES TAX, HELD AT THE CHATEAU LAURIER, OTTAWA, CANADA, NOVEMBER 16, 1931

Present: Representing the department administering the sales tax—

Hon. E. B. Ryckman, minister of national revenue; George W. Taylor, commissioner of excise; George W. Jones, special excise tax auditor; V. C. Nauman, controller of excise.

Members of United States delegation:

Senators: W. R. Austin, Vermont; T. P. Gore, Oklahoma; W. H. King, Utah; E. Thomas, Oklahoma.

Representatives: C. L. Abernethy, North Carolina; A. H. Andresen, Minnesota; S. S. Arentz, Nevada; C. G. Bachmann, West Virginia; P. J. Boland, Pennsylvania; H. C. Canfield, Indiana; F. Clague, Minnesota; W. P. Cole, jr., Maryland; J. J. Connolly, Pennsylvania; J. J. Delaney, New York; S. Dickstein, New York; J. J. Douglass, Massachusetts; W. Doxey, Mississippi; H. A. Estep, Pennsylvania; A. M. Free, California; M. C. Garber, Oklahoma; A. H. Greenwood, Indiana; A. J. Griffin, New York; H. W. Hall, Illinois; F. W. Hancock, jr., North Carolina; R. G. Houston, Delaware; E. Howard, Nebraska; J. Johnson, Oklahoma; R. C. Johnson, South Dakota; E. A. Kelly, Illinois; W. C. Lankford, Georgia; N. Lichtenwalner, Pennsylvania; A. J. May, Kentucky; J. V. McClintic, Oklahoma; T. S. McMillan, South Carolina; C. D. Millard, New York; J. W. Moore, Kentucky; William I. Nolan, Minnesota; Mary T. Norton, New Jersey; J. J. O'Connor, New York; V. L. Palmisano, Maryland; S. H. Person, Michigan; A. S. Prall, New York; W. I. Sirovich, New York; J. L. Smith, West Virginia; Henry B. Steagall, Ala-

bama; M. L. Sweeney, Ohio; W. M. White, Ohio; C. Williams, Missouri.

Col. Hanford MacNider, United States minister to Canada.

The meeting opened at 10.30 a. m., Hon. E. B. Ryckman, Minister of National Revenue for Canada, in the chair.

Mr. RYCKMAN. I am told that I am to be temporary boss of this meeting, but I would be much better satisfied if you would name your own chairman. I think you had better consider that.

Senator KING (Utah). We have come here for the purpose of obtaining information. From your admirable address of last evening we feel sure you understand what information we are seeking, and it seems to me that the matter should be left in your hands. We should be glad to have you and your associates explain to us the working of the sales tax, its incidence, its administrative features, and so on; then I have no doubt many of my colleagues here would be very glad to have the opportunity of asking questions.

Mr. RYCKMAN. If that is your wish, I shall be glad to contribute anything I can. Now, how do you wish us to proceed? Do you want a statement from us first, or would you prefer to start right in and ask questions and deal with the matter in that way?

SEVERAL DELEGATES. A statement first.

Mr. RYCKMAN. Then Mr. Jones will make a general statement.

Mr. GEORGE W. JONES (special excise tax auditor, Department of National Revenue, Canada). Mr. Chairman and gentlemen, when the Canadian Government decided to introduce the sales tax in 1920, it was not an entirely new thing. It had been in operation as a method of taxation in other countries, as you are probably aware, particularly throughout Europe; in France and in Germany they had had it for some time, and it had been used in the Philippines, a part of your own country. Therefore there was experience to go upon; so that in 1920 when Canada was faced with decreasing revenues and new methods of taxation had to be found, it was decided to try out the sales tax. It was introduced in May of that year and has been in operation ever since. In 1924, however, a new principle was put into effect whereby as far as possible the sales tax should apply once and once only, and that upon the finished merchandise at the time that it passes from the manufacturer to the retailer, so that there should not be any duplication of taxation. The method previously in operation had resulted in some pyramiding of the tax, and that was found to be a disadvantage; consequently in January, 1924, the tax was made to apply, as far as possible, only once, and that is the method in operation at the present time.

You no doubt have copies of the statutes relating to sales tax in Canada, and you are familiar with the fact that the rate which at first was 6 per cent, gradually came down to 1 per cent, and that in June of this year it became necessary, on account of the prevailing conditions, that the rate be changed, so that to-day it stands at 4 per cent.

It might be asked why Canada decided to try out this form of sales tax when it had already in operation an income tax, and during the war years had had also a business-profits tax from which a considerable amount of revenue was derived. Of necessity the business-profits tax, which was imposed as a result of the necessities of war, would decrease and eventually entirely disappear. So far as income tax is concerned, it is good in its way, but necessarily there is a point beyond which you can not tax capital without running the risk of doing grave harm to the economic and commercial stability of the country. So the sales tax was considered as a new form, having certain advantages over the income tax, some of which I shall briefly enumerate. Purchases have to be made in good times and in bad; sales are constantly going on; buying power, even though at times it is considerably diminished, is always present in certain degree; consequently in the sales made there is a basis of taxation. Under the income tax you may have, we will say, a bad year following a very good year, and you are therefore required to pay your tax at a time when business is not so good and when you would much prefer to use your capital in your business rather than pay it out by way of income tax.

There is another respect in which the sales tax has an advantage over the income tax. Suppose you have two companies engaged in the same line of business. One is efficiently managed and therefore makes a profit, and at the end of the year has to pay income tax; the State receives a certain amount by way of income tax for the services rendered through the commercial and other bureaus maintained for the encouragement and assistance of business. The other company, through incompetent management, makes no profits and has no income tax to pay; consequently the State receives no revenue for the services given by it. But sales are made by the incompetent as well as the competent, and under a sales tax act those sales form a basis of taxation in both cases, thus providing a revenue for the Government and at the same time placing both companies on an equality in so far as that phase of taxation is concerned.

Our sales-tax experience in Canada extends over a period of 11 years. In its various manifestations we have come in contact with certain difficulties. In framing legislation having to do with taxation it is not possible, as you know quite well, to anticipate every contingency and to avoid running contrary to some people's ideas. But the experience in Canada justifies the Government in considering that it is a method of taxation that should be continued even under the present conditions.

It is generally considered by taxation and economic experts that there are three tests to be applied to any form of taxation legislation. First, will it produce revenue; second, can it be administered economically and efficiently, and third, will it affect business adversely? As regards the first, statistics are available which show that the sales tax has been a very large revenue producer. At one time it represented about 24 per cent of the total revenue of the country; that was when it was not 1 per cent but 4½ per cent and later 5 per cent. So that from the point of view of revenue its operation has been eminently satisfactory. As to economical and efficient administration, exact statistics have not been and probably could not be compiled, but it is reasonable to assume that at no time has the cost of collection exceeded 5 per cent, and I think you will agree that a tax the collection of which requires only 5 cents out of every dollar received is a reasonably economical one to have in operation. As to the question of its affecting business adversely, the answer is found in the fact that the sales tax has been in operation in Canada for over 11 years. Of course there are differences of opinion with regard to its merits. You may talk with one business man who will give you all his objections to it, whereas the next one you meet is very much in favor of it. But taking it by and large, our experience and the information gained by contact with business men all over the country enables us to say that the manufacturers and business men generally of Canada recognize that the sales tax does not affect business any more adversely than any other form of taxation; in fact it could be proved that it does so to a much lesser degree.

Furthermore, as I have indicated, no government would have continued such a form of taxation for a period of 11 years if it had been found to affect business adversely. As against any objections that have been offered by individual manufacturers, the Retail Merchants Association of Canada, a national organization, has placed itself on record as being heartily in favor of the retention of the sales tax. So that the sales tax has been found to comply satisfactorily with the requirements of the three tests I have mentioned, and therefore it has been retained.

I shall be glad to try to give any more detailed information that may be required.

Representative MCCLINTIC (Oklahoma). I would like to have an explanation of the list of exemptions.

Senator KING. Just before Mr. Jones answers that question may I ask what the comment of the labor organizations has been upon this question? Do they contend that the incidence of the tax falls too heavily upon labor and upon the ultimate consumer—I am speaking generally of those who come within the category of labor as against the professional men.

Mr. JONES. So far as we know, there has been no definite organized protest voiced by the labor organizations; you may have complaints by individuals here and there. As regards the burden upon the ultimate consumer, take the example of a pair of workingmen's boots that sell at retail for $4. The general rate of sales tax is 4 per cent, but on boots and shoes it is 2 per cent, and that is applied as between the manufacturer and the retailer, so that the 2 per cent is on less than the retail price of $4; it may be on $3—say 25 per cent of the selling price at retail, because the retailer has to get something. So that when you apply that 2 per cent on the selling price from the manufacturer to the retailer, the exact amount of the tax upon a pair of shoes is not very much.

Similarly a pair of workingmen's socks can, I suppose, be bought at the retail stores in Ottawa for about 50 cents, possibly less; the exact amount of tax paid by the manufacturer on his selling price to the retailer is very small indeed. You will see that everybody is considered in proportion to his buying power; on individual purchases the amount is very small, but on the aggregate the total tax contributed is considerable.

Representative ARENTZ (Nevada). How does the tax apply on repair parts for machines?

Mr. JONES. Under the Canadian sales tax act we tax the finished article as far as possible. You will recognize that what is the finished product of one manufacturer is the raw material of another. Take the example of gears to be used in the repair or rehabilitation of an automobile. They would be the finished product of the manufacturer of gears; they would be sent to the repair man, whom we do not consider to be a manufacturer; therefore the tax would apply as between the manufacturer of the gears and that repair man and would cover the material used in the repair of that automobile. In a word, the tax would be paid by the manufacturer on the individual parts supplied for repairs.

Representative GARBER (Oklahoma). What administrative officers determine where the tax shall apply?

Mr. JONES. By direction of the minister the department has drawn up regulations which, under the authority conferred upon the minister by the act, have the effect of law. From time to time, of course, questions arise whether particular transactions should be subject to tax; representations are made by the particular individuals or companies and are considered by the commissioner of excise and his assistant, the comptroller of excise; the matter is studied in conjunction with the departmental solicitors, and if necessary my colleagues and myself make investigations at the place of business of the manufacturer. After all the facts have been thus obtained, a decision is rendered.

Representative ANDRESEN (Minnesota). What amount of revenue per capita was produced by the sales tax for the last complete year as compared with the amount expected under the new rate?

Mr. JONES. The figures have not been worked out on a per capita basis, although that could be done. The exact amount of revenue produced by the sales tax for the fiscal year ending the 31st of December, 1929, was $51,445,000. For nine months from

January 1 to September 30 of this year the amount received has been $20,122,653. Of course, during part of that time the rate was 1 per cent; it has been 4 per cent since June. The figures could be worked on a per capita basis if you particularly wished to have them.

Mr. RYCKMAN. Divide the amount by 10,000,000.

Mr. JONES. It would be about $2 per capita, based on the recent census.

Senator KING (Utah). Have you the figures for the calendar year 1930?

Mr. JONES. From the 1st of January to the 31st of December, 1930, $29,503,495. That was under the 1 per cent rate.

Representative HOWARD (Nebraska). How would the tax apply in reference to the newspaper business, as to subscriptions and advertising?

Mr. JONES. Newspaper producers as such are exempt. We do not classify them as manufacturers.

Representative HOWARD. It is very gratifying to be informed that newspapers and newspaper advertising are exempt.

Representative DICKSTEIN (New York). As I understand it, when the manufacturer pays his tax he loses nothing, because he gets it from the retailer to whom he sells the goods. Has the retailer who distributes the goods to the consuming public been known to take advantage of the tax by adding it to the selling price of his goods?

Mr. JONES. We do not think so. We can not, of course, govern the price at which the retailer sells the goods to the public, but no cases have been brought to our attention which indicate that the retailer has increased his selling price to the consumer, at any rate to any material extent, as a result of the operation of the sales tax.

Representative SIROVICH (New York). You have stated that the revenue from sales-tax collections during the calendar year 1930 was almost $30,000,000. Could you indicate the different sources from which this revenue came—how much from beer, how much from clothing, how much from building materials, and so on?

Mr. JONES. I am afraid the exact details of that are not on file. We keep our records as from the various points at which the tax is collected.

Representative SIROVICH. I understood from statements made in Montreal that they considered the largest amount of money raised was from the sale of beer, then came clothing, then building materials, and so on.

Mr. JONES. That might be so in that city, but conditions are different elsewhere. To give you the exact figures would require more details than we have available at the present time.

Senator KING (Utah). Have you any approximations as to the source from which the greatest amount of sales-tax revenue is derived?

Mr. JONES. Such details have not been made. It would not be very difficult to get them, but heretofore it has not been considered advisable to keep records of that kind, and guesses are not good things to make when statistics are concerned.

Representative ABERNETHY (North Carolina). Have any of the Provinces imposed sales taxes?

Mr. JONES. Under the British North America act, taxation of this character is reserved to the Federal Government. A tax of this nature has not been imposed by any of the Provinces.

Representative ABERNETHY. There is no Provincial sales tax and can not be under the law?

Mr. JONES. That is correct.

Senator KING (Utah). We have in the United States, as you may know, a corporation tax; we have the Federal income tax, and some of the States have income taxes. A sales tax in our country would be an additional burden upon the manufacturers, who, of course, as most of them are corporations, pay the corporation tax, and then when distribution is made on dividends they pay income tax. Do you think that to adopt in the United States such a system of sales tax as you have here in Canada would not result in some pyramiding of taxation?

Mr. JONES. We have similar taxes here—Federal income tax, municipal taxes of various kinds, business taxes imposed by various municipalities; particularly in Ottawa there is also a civic income tax. So that in Canada we have taxes comparable to those you refer to as applicable in the United States, and we have in addition the sales tax. The income tax and the sales tax are not by any means the only taxes the manufacturer has to contend with here.

Representative GREENWOOD (Indiana). I would like to know upon what basis the exemptions provided for in the law are made, and what in general the exemptions are. I realize that is rather a large question, but it is rather important.

Mr. JONES. The very scope of the question makes it evident that only a limited answer can be given. Generally speaking, however, the implements of production have been exempt in what we might call the primary industries, such as agriculture, mining, fishing, and lumbering. We have endeavored to free those industries from taxation as far as possible. Then the actual necessities of life are very largely exempt, such as wheat, flour, bread, sugar, and so forth.

Representative GREENWOOD. Apparently the exemptions are largely on the products of agriculture, mining, fishing, and lumbering. Are there certain exemptions of commodities needed by these industries in order to pursue their particular lines?

Mr. JONES. Yes; to a very large extent agricultural implements are exempt, so that there shall not be any undue burden upon the farmer. Lumber, for instance, is taxable, but the instruments and tools used in the production of lumber are, as far as possible, exempt.

Representative HOWARD (Nebraska). As a matter of fact, does the manufacturer really pay any tax which does not come back to him? Is it not added to the price of his manufactured articles?

Mr. JONES. As a rule that is so. The manufacturer is made responsible for the tax. He has the privilege of including it in his selling price or of showing it as a separate item on his invoice; consequently it is something that returns to him. He is really paying to the Government that which he has received himself.

Representative HOWARD. He would not be penalized if he did not add that item of sales tax to his invoice?

Mr. JONES. It is his privilege to add it or otherwise, but he is responsible for the payment.

Representative MCCLINTIC (Oklahoma). Sugar and flour have been enumerated as necessities of life, which are exempt. Are there any others?

Mr. JONES. There is a very long list of exemptions, as you will see by reference to Schedule III of the special war revenue act. Additional copies of the act are available here for any who may not have already received a copy. The list includes, for example, bread, flour, fresh meats, and poultry; milk, fresh, evaporated, condensed, and powdered; cattle, poultry feed; farm produce sold by the individual farmer; fuel of all kinds; articles, the product of the forest, when produced by settlers or farmers. There is quite a list of them here; it would take considerable time to read them all.

Representative ANDRESEN. Are dairy products exempt?

Mr. JONES. Yes.

Representative STEAGALL. What about clothing, wearing apparel?

Mr. JONES. Clothing and wearing apparel are not exempt, but on boots and shoes the rate has been reduced 50 per cent, so that it is only 2 per cent instead of 4.

Representative STEAGALL. Your rate, then, is not uniform on all classes of goods?

Mr. JONES. No. Generally speaking, it is 4 per cent, but there are certain special lines upon which only 50 per cent of the tax is imposed; in other words, 2 per cent. The goods to which the 2 per cent rate applies are shown in Schedule IV of the act. The list includes also rubber footwear, creosoted railway ties, biscuits, and a number of other articles.

Representative STEAGALL. We were told yesterday, I think, that the rate was uniform on all articles.

Mr. JONES. As a broad statement, that is reasonably correct, but there are these special exemptions.

Senator GORE. Your rate was the same in 1929 as in 1930?

Mr. JONES. Practically the same, although for about four months in the early part of 1929 it was 2 per cent.

Representative MCMILLAN (South Carolina). I would like to ask as to the cost of administration, the number of persons employed by your department, and the number of field employees. We people in the United States are often confronted with the question of additional commissions and bureaus; we have our share of them, and I was wondering whether the law as in operation in your country can be administered by some existing agency of your Government.

Mr. JONES. When the sales tax was first introduced in Canada we were rather fortunately situated, in that it was possible to arrange for the administration of the tax through the customs houses which are scattered all along the international boundary line and at the Atlantic and Pacific ports. The collectors of customs, with their officers, were made collectors of sales tax, so that you had there the nucleus of an administrative organization. Additional clerical help was given in the larger centers, such as Montreal, Toronto, Winnipeg, Vancouver, and Halifax. The greater addition to the staff was in connection with field auditors, who make periodic examination of the books of manufacturers and ascertain whether the requirements of the law are being complied with. Figures have never been obtained to show the exact cost of the administration of the sales tax act. Quite a number of our officers perform duties in connection with customs work; part of the day they may be at that, and the rest of the day assisting in the collection of the sales tax. Similiarly with the commissioner of excise here in Ottawa; at times he is dealing with sales-tax questions; at other times he is dealing with questions of excise. So that no definite figures have been compiled on the basis of which your question could be answered as to exactly what the cost of the administration of the act has been. But the fact that we have been able to a very large extent to utilise an already existing Government organization has enabled the administration of the act to be carried out very economically and, I think the consensus of opinion would be, very efficiently.

Representative DICKSTEIN (New York). What about luxury tax; is there any special or higher tax on expensive merchandise?

Mr. JONES. There is no special luxury tax at the present time, although we did have one for a short time in 1920. The sales tax is a general tax applicable to all goods which are not specifically exempt.

Representative BACHMANN (West Virginia). Would this tax apply to electric power?

Mr. JONES. You mean transmission lines—that has not been considered as taxable.

Representative BACHMANN. How about oil and gas—gasoline?

Mr. JONES. Oil and gasoline are subject to sales tax, but electrical energy generated and transmitted for power purposes is exempt.

Representative LANKFORD (Georgia). How about theaters?

Mr. JONES. That is not a matter of Federal taxation.

Representative LANKFORD. Would the manufacturer in some cases add something to his price for the inconvenience he may think he has suffered by reason of the imposition of the sales tax and his responsibility in connection therewith?

Mr. JONES. Instances of that kind have not come to our attention; it is hardly possible that it has been done. All the manufacturer would do for his own protection would be to add the amount of sales tax to his price to the retailer. Competition is keen in every line of business to-day, and any manufacturer who attempted to raise his price unduly would find that he was not getting the business.

Representative LANKFORD. Does he not, then, pass on all the tax which he pays himself?

Mr. JONES. It is his privilege to pass on the actual amount of the tax payable by him, and that is all that is done.

Representative LANKFORD. Is there anything to prevent the retailer from adding to his price a few cents, if he wishes, on account of anything he may feel he has suffered, or because he might think he would make fewer sales at the higher price than he would have made at the lower price without the tax?

Mr. JONES. You will recognize how impossible it would be to attempt to control retail prices. The law of competition is the best governing factor. It is very doubtful indeed whether any retailer could possible increase his price to any appreciable extent.

Representative LANKFORD. The tax is passed on from the wholesale man to the retail man, and in all probability from the retail man to the ultimate consumer, so that the only person who can not pass it on is the man who buys the goods.

Mr. JONES. In that way he becomes a contributor to the upkeep of the State.

Representative LANKFORD. In other words, the sales tax is paid entirely by the ultimate consumer?

Mr. JONES. Theoretically, undoubtedly.

Representative MARY T. NORTON (New Jersey). While in Montreal I was given to understand that the greatest amount of revenue derived from sales tax was on intoxicating beverages. The question was asked this morning, and I was wondering if it would be possible to get some sort of idea with regard to the amount of sales tax collected from that source.

Mr. JONES. Exact figures are not available. Undoubtedly a large amount is derived from that source. In addition to sales tax an excise tax of 12½ cents per gallon is payable on beer. The large amount collected by way of gallonage tax on beer has, perhaps, given rise to a rather erroneous impression as to the amount collected from beer by way of the sales tax.

Representative MARY T. NORTON. That tax applies only on beer, then?

Mr. JONES. Yes; but there is also a gallonage and sales tax on wines and spirituous liquors.

Representative MARY T. NORTON. You have no way of checking the intoxicating liquor—that is, hard liquor?

Mr. JONES. Hard liquor comes from the distilleries, and the excise tax is payable when goods come out of excise bond. In addition to that, there is a sales tax on the selling price of the whisky plus the excise tax. For example, there is the price of the whisky, plus excise tax of $9 a gallon, plus sales tax on the whisky and the excise tax.

Representative MARY T. NORTON. I am particularly interested in the sales tax, of course. Is there any possible way of getting the figures of that particular sales tax?

Mr. JONES. We would probably be able to obtain some figures for you, Madam, that would show you just what sales tax has been paid on these particular commodities, such as beer, wine, and spirits.

Representative MARY T. NORTON. I shall be very grateful for that information. One other question: Would it be possible for us to receive a copy of the proceedings this morning? I would like very much to have a copy of the questions and answers that have been given here to-day.

Mr. JONES. I think that can be arranged.

Representative MAY (Kentucky). You have referred to the three tests which should be applied to any proposed revenue law: First, will it provide the revenue; second, is it susceptible of economical administration; and third, will it retard the business development of the country. With regard to the third proposition, I understand that you have exempted your major industries, such as farming, mining, lumbering, and the fisheries, from the operation of this act. Is it the judgment of the administrative officials of the Government that were the tax applied to these major industries it would largely interfere with the development of the country and the increase of commercial business?

Senator GORE. Or result in the loss of many votes.

Mr. JONES. Of course, one hesitates to make any reply which would take us into the realm of politics. But apart from any political situation the paramount interests of the primary industries of the country should be given every possible consideration, and an endeavor has been made by the Government to do that. Furthermore, there is the question of the cost of collection of the tax. If you put a tax upon people who conduct business in out-of-the-way places, you might find it so difficult to collect the tax that you would be spending $1.05 to collect $1. You have to look at it from that point of view as well.

Representative MAY. Pardon me for one other question. I made some purchases for the purpose of getting practical information as to the tax. I bought imported Irish linens in Montreal yesterday at what I regarded as a far more favorable price than that at which they could be obtained anywhere in my own country. At the same time I understand that some of my colleagues bought cigarettes at a price probably three times in excess of the cost in the United States. Is that difference due to import tariffs or is it due to sales tax entirely, so far as tobacco is concerned?

Mr. JONES. It would be the excise tax on tobacco that would make the large difference in price there. On the linens there would be really only the duty plus the excise tax of 1 per cent, and sales tax of 4 per cent upon importation. You exercised better judgment in buying the linens than they did in buying the tobacco.

Representative LANKFORD (Georgia). Do you feel that the operation of the sales tax retards the purchase of particular articles?

Mr. JONES. If people are anxious to get them, they will usually make their purchases. There has been nothing in any shape or form to indicate that the sales tax has retarded the purchase of any particular article.

Representative GREENWOOD (Indiana). From which tax is the largest amount of money derived with reference to intoxicating liquors, the excise tax or the sales tax?

Mr. JONES. There, again, if you definitely require that information, I would have to obtain it for you. The figures are not available now.

Representative GREENWOOD. The retailer pays a tax to the wholesaler. In the practical administration of the law has there been any appreciable increase in the retail prices of commodities, or has the price level been maintained by the theory of competition?

Mr. JONES. Generally speaking, competition has tended to a leveling out of prices. The cost-of-living index shows that the general cost has come down.

Representative GREENWOOD. From a practical point of view, then, no increase in retail prices has been observed?

Mr. JONES. Certainly not as a direct result of the sales tax.

Representative SIROVICH (New York). You penalize the manufacturer who does not meet his obligation in respect of the sales tax to the extent of two-thirds of 1 per cent per month, which amounts to about 8 per cent a year, besides subjecting him to a fine. What percentage of the 18,000 manufacturers that pay this sales tax do not meet their obligations in respect to it?

Mr. JONES. Only a very small percentage, and to give you the figures would be making a distinction between the sheep and the goats. But those penalties are very necessary. Bear in mind the fact that when the manufacturer adds the tax, either as a separate item on his invoice or as a part of his selling price to the retailer, the amount comes back to him; therefore if he delays indefinitely the payment of that amount he is retaining Government funds, and something has to be done to bring along those who are tardy and induce them to pay more promptly.

Representative SIROVICH. If a manufacturer in respect to a certain sale of goods remits the sales tax to the Government and within 30 or 60 days the retailer returns the goods to him, has he a right to a refund from the Government later?

Mr. JONES. Oh, yes. Arrangements are made whereby he may take a deduction on his sales-tax returns in respect of that transaction if it takes place within 60 days.

Representative DICKSTEIN (New York). I notice that the title of the act is "An act to amend the special war revenue act." You still retain the word "war."

Mr. JONES. That was the original title and it has not been deemed expedient to change it.

Representative GREENWOOD (Indiana). Do you exempt all sales for export?

Mr. JONES. Yes; and imported articles that enter into the manufacture of taxable articles in Canada are exempt from sales tax.

Representative GREENWOOD. The tax will be figured on the ultimate value of the finished article?

Mr. JONES. Exactly.

Representative CLAGUE. Is there a tax on building material, lumber, shingles? If a man wants to build a house is there a tax on it?

Mr. JONES. New lumber and other new materials entering into the construction or repair of buildings are taxable, and the tax is paid when the materials are bought by the contractor and not upon his price for constructing or repairing the building.

Representative CLAGUE. I notice that you have stores like the Atlantic & Pacific grocery stores. Would there be a sales tax on butter and eggs, for instance, as sold in the ordinary grocery store?

Mr. JONES. No.

Representative CLAGUE. What about grains and breakfast foods?

Mr. JONES. You will notice that these are exempt by the act. Retail stores are not taxed; we tax only manufacturers, the idea being that the tax is collected on the article when the manufacturer sells it either to the retailer or the wholesaler.

Representative GREENWOOD (Indiana). Are there any progressive features in the act whereby if the manufacturer's volume runs up the rate is changed, or is it uniform throughout?

Mr. JONES. It is uniform, and we endeavor to maintain that feature as far as possible.

Representative CANFIELD (Indiana). You have no turnover tax, then; it is strictly a sales tax?

Mr. JONES. Based upon the total sales. It is therefore referred to as a sales tax.

Representative CANFIELD. Did you ever have a turnover tax?

Mr. JONES. I do not know exactly what you mean by turnover tax.

Representative CANFIELD. Every sale would be taxed.

Mr. JONES. Our first act as introduced in 1920 was somewhat similar to that; every time a definite article changed hands it was taxed. But strictly speaking we considered that a sales tax, and what we have now is a sales tax.

Representative CANFIELD. Then you believe your present tax to be a better form of taxation than the turnover tax?

Mr. JONES. Considering the revenue produced since 1924, we regard this method as better than the one that preceded it.

Representative ARENTZ (Nevada). Is the tile put in the ground for drainage subject to tax?

Mr. JONES. Tile for agricultural purposes is specially exempt.

Representative ARENTZ. What about tile for bathroom and hotel use?

Mr. JONES. They are not for agricultural purposes so that they are taxed.

Representative MCCLINTIC (Oklahoma). Do you have a graduated tax in respect to any feature of this legislation—say automobiles; would the cheaper cars carry a smaller tax than the high-priced cars?

Mr. JONES. We have what is known as the excise tax under which exemption is granted on automobiles up to a certain value. That is excise as distinct from sales tax.

Representative MCCLINTIC. In other words this tax is uniform right straight through on every class of articles?

Mr. JONES. Just with the exemptions I have mentioned. On boots and shoes the rate has been made 50 per cent less, but the general rate is 4 per cent, and it is substantially uniform all through.

Representative BACHMANN (West Virginia). Is the tax as you have it here practically the same as the gross sales tax such as they have in some of the States?

Mr. JONES. It has a very great similarity in that it is taken on the total sales and the tax is collected monthly.

Representative BACHMANN. It differs only in the method of collection; isn't that true?

Mr. JONES. Probably.

Representative BACHMANN. In West Virginia we have a gross sales tax. Every man is taxed, with certain exemptions, on the amount of business that he does.

Mr. JONES. They compute it on the total business for the year.

Representative BACHMANN. You do the same thing, only it is collected every month.

Mr. JONES. Yes.

Representative BACHMANN. So that in fact the gross sales tax is the same thing?

Mr. JONES. Very much—it differs only in the time of payment.

Representative HOUSTON (Delaware). What are the principal arguments of those who object to the tax?

Mr. JONES. I would not say there is a principal argument. There is a variety of objections, based on the point of view of the individual.

Representative HOUSTON (Delaware). What are a number of those objections?

Mr. JONES. I have occasionally heard some manufacturer say that the tax makes it a little more difficult for him to get his customers to accept the goods. There is not, however, what you might call any general objection; you have a variety of expressions of opinion.

Representative JOHNSON (Oklahoma). I have heard objection taken by some people in that you have in fact a turnover tax. I understand that every time an article changes hands it is taxed; is that correct?

Mr. JONES. Oh, no, sir.

Representative JOHNSON (Oklahoma). Every time a transaction is made there is a tax?

Mr. JONES. The tax is applied when the manufacturer sells to the retailer or wholesaler.

Reprsentative JOHNSON (Oklahoma). You do not have a turnover tax at all.

Mr. JONES. No; one tax—a sales tax.

Representative JOHNSON (Oklahoma). And as a matter of fact the consumer pays the bill?

Mr. JONES. It is fairly distributed now, but the individual amount paid by the consumer himself is necessarily very small.

Representative JOHNSON (Oklahoma). It is not in fact a tax on the poor man, putting the burden on the shoulders of the people who are least able to bear the burden of government?

Mr. JONES. I would hardly think it can be expressed in that way. It is rather giving everybody an opportunity to contribute to the necessary expenses of running his country.

Representative JOHNSON (Oklahoma). It occurred to me that it is just a way of allowing the rich to escape their just burden of taxation.

Mr. JONES. The income tax is still in operation, and under that the wealthier man contributes. So far as sales tax is concerned, the buying power of the wealthier man is greater, and it is simply distributing the tax burden.

Representative JOHNSON (Oklahoma). There is a graduated income tax?

Mr. JONES. Oh, yes; decidedly.

Representative JOHNSON (Oklahoma). Have you discussed that?

Mr. JONES. No; because that did not necessarily pertain to the purpose of this meeting. But we most decidedly have an income tax. Sales tax does not take the place of income tax; it is merely an additional form of tax.

Representative JOHNSON (Oklahoma). What about inheritance taxes?

Mr. JONES. The various Provinces enact inheritance tax laws, quite the same as in your respective States.

Representative SIROVICH (New York). I do not know what the distribution of the Canadian population of 10,000,000 is in relation to agriculture and industry, but I will assume, for the sake of argument, that you have a greater agricultural than industrial population. You have lifted the burden of this sales tax off agriculture, lumbering, fishing, and the natural resources, and you have placed it upon the manufacturing element only. Now, is it not a fact that the largest proportion of your manufacturing element in Canada is made up of subsidiaries of American industries and that you have put the burden of the sales tax directly upon them?

Mr. JONES. There are undoubtedly in Canada quite a number of subsidiaries of United States industries, but I do not think the inference suggested would at all be a proper one to draw from that fact. Bear in mind that the tax is actually in the last analysis paid by the Canadian people, so that we are merely making your subsidiaries collecting agents so far as the sales tax is concerned.

Representative MAY (Kentucky). I notice from the memorandum furnished us that for the year 1920–21 the income from sales tax was $38,000,000 in round figures; in 1923–24 it was upwards of $100,000,000, and in 1930–31 it drops down again to $20,000,000. Are these variations in the amount collected due to legislative enactments of the Canadian Parliament, or rather to economic conditions?

Mr. JONES. You referred, I believe, to the figures for 1920–21?

Representative MAY. Yes; and 1923–24.

Mr. JONES. Up to the 31st of December, 1923, the tax was pyramided in that every time a taxable article changed hands as between manufacturer and retailer the tax applied, so that when you started, say, with the hide off a steer's back it carried all the way down to the finished pair of boots.

Representative MAY. In other words, by experience you found that changes were needed from time to time in the revenue laws, and as you made those changes the differences in collections were produced?

Mr. JONES. Quite so.

Representative ABERNETHY (North Carolina). I appreciate your explanation as to the exemption of the products of agriculture, mining, and fishing, but what is the theory upon which the power companies are exempt from this tax?

Mr. JONES. You are thinking of electrical power such as is developed, for instance, at Niagara Falls, and is sent by transmission lines to different parts of the country?

Representative ABERNETHY. Yes.

Mr. JONES. First of all, a considerable amount of the electric power so produced is exported and would necessarily be exempt. Secondly, electric power is a primary factor in the driving of the business machinery. We do not want to make the tax too heavy upon the things that are used to produce taxable articles. Then the generating of electric power is an industry varied in its ramifications and affecting the life of the people in many different ways, and if you applied this tax to it you might materially increase the cost of living. There are also factors in connection with the collection of the tax that would make it rather difficult to apply it to that particular form of industry.

Senator KING. Moreover the Government owns some of your power.

Mr. RYCKMAN. That is right.

Representative ABERNETHY. Is that the real reason?

Mr. JONES. It is one of the reasons.

Senator AUSTIN. I would like to ask how you take up the slack between the manufactured article which is produced in Canada and that which is produced abroad when they come in competition.

Mr. JONES. First of all there is the customs duty at the time of importation; and then, assuming it is a finished article and not one which is intended to enter into the production of a manufactured article in Canada, there would be a sales tax on importation of 4 per cent, plus excise tax on importation of 1 per cent, making a total of 5 per cent.

Senator KING. Plus your customs duties?

Mr. JONES. Exactly. Bear in mind that the sales tax of 4 per cent and the excise tax of 1 per cent, making 5 per cent, is computed upon the duty-paid value, which is the cost of the merchandise plus the amount of duty paid upon it. So that you have a reasonably high value.

Senator AUSTIN. Has it come to your notice that the foreign product in competition with your domestic product enjoys an advantage as a result of the burden which your domestic product bears by way of sales tax?

Mr. JONES. That would not necessarily come direct to the attention of the taxation officers, but so far as we are aware there has been no serious case of that kind.

Representative GREENWOOD. You do not merely take the sales tax on the intrinsic value of the article imported; you add the customs duty and then compute the sales tax on the two values?

Mr. JONES. Yes.

Senator KING. And the excise, too.

Representative GREENWOOD. In that sense the sales tax on an imported article will be higher than on an article produced at home. Not only is the duty in favor of the local manufacturer, but the sales tax is pyramided in favor of the local manufacturer in that it is figured on both items.

Mr. JONES. It is not correct to say that the value would necessarily be higher upon the imported article, because that might depend upon the rate of duty; the value of the imported article might be much the same or even less than that of the domestic product. You are rather assuming that the intention is to penalize importation and consequently benefit the local manufacturer.

Representative GREENWOOD. I was not assuming that, but I was assuming that when the tariff duty was paid the resulting value would be high enough to make the imported article pay sales tax on a higher basis than the domestically produced article.

Mr. JONES. There might be a little more revenue derived, but it does not necessarily mean that the ultimate value to the consumer is going to be higher.

Representative GREENWOOD. That would depend upon the tariff rate.

Mr. JONES. To a very large extent.

Representative COLE (Maryland). Is there any definite allocation of the revenue from this tax, for instance, to good roads, schools, and the like, or does it go into the general receipts?

Mr. JONES. It goes into the general revenues of the country.

Representative WHITE (Ohio). In the case of articles that pass through several processes of manufacture, such as steel products, I take it from what has been said that pig iron production is not taxed; that would be converted into steel, then into something in the form of steel products, and then finally placed in a piece of machinery. Where would the tax be applied?

Mr. JONES. When the material becomes an integral part of the finished machine.

Representative WHITE. In establishing the basis for taxation, is it upon the machine as finally produced, or upon the added income that accrues to the manufacturer after the pig-iron stage?

Mr. JONES. If the pig iron has been used to make the machine which the maker of that machine will sell, there you have the sales value on which the tax applies.

Representative WHITE. The tax applies on the manufactured price to the wholesaler?

Mr. JONES. Yes; his selling price—sales tax upon sales price.

Senator KING. And if the machine is used in agriculture there is no tax?

Mr. JONES. Of course, that is on the presumption that the article is exempt.

Representative WHITE. You referred to the services of the existing customs officers in connection with the collection of the tax. Are these customs officers apopintees of the Crown, permanent appointments, or are they appointees of the administration and changing with changes in the administration?

Mr. JONES. They are permanent employees appointed through the Civil Service Commission.

Representative GREENWOOD (Indiana). Did you give us the number of taxpayers under this system say for the last fiscal year?

Mr. JONES. If you would definitely like to have those figures it might be possible to furnish them.

Representative GREENWOOD. Has that number been increased under the administration of the tax through the years, or has it diminished?

Mr. JONES. It would be about the same since 1924. Some businesses go out and new ones are established.

Representative DICKSTEIN (New York). Is there a tax on the purchase of stocks and shares?

Mr. JONES. Yes; that is a special form of tax.

Representative DICKSTEIN. Is that included in the sales tax, if a man buys, say, 100 shares of stock?

Mr. JONES. Sales of stocks are taxed every time a sale takes place after their issue.

Representative DICKSTEIN. Suppose a certain stock is transferred 5 or 10 times during one day, is each transfer taxable?

Mr. JONES. Yes; that is a special tax upon stocks.

Representative GREENWOOD. That is a straight excise tax rather than a sales tax?

Mr. RYCKMAN. It is a transfer tax.

Mr. JONES. And is distinct from sales tax.

Representative DOUGLASS of Massachusetts. How many employees does it take to administer this law?

Mr. JONES. There are quite a number of regular customs employees, of course; it is difficult to give the number.

Representative MCMILLAN. Is it administered by a separate bureau of your government?

Mr. JONES. It is merely a part of the Department of National Revenue, under the minister and his commissioners.

Senator KING. Do you derive any revenue from the transactions on the grain exchanges?

Mr. JONES. No.

Senator KING. Or the stock exchanges?

Mr. JONES. There is the transfer tax on the stock exchanges, but not on the grain exchange.

Senator KING. If a question arises as to determining the cost of a foreign article which is imported, how do you arrive at the tax to be levied—on what basis?

Mr. JONES. If it is a matter of customs, the customs officers and appraisers make a special study of that. If it is a matter of sales tax, examiners make examinations into the matter and report to the minister.

Senator KING. You attempt to ascertain the cost abroad?

Mr. JONES. Oh, yes; in connection with the customs services there are those who make a special study of the production cost of imported manufactured articles.

Senator KING. And your customs duties are based upon the foreign cost?

Mr. JONES. To a large extent they are taken into consideration.

Senator KING. And the sales tax is based upon the cost thus ascertained, plus the tariff which has been paid, plus excise?

Mr. JONES. Exactly.

Representative ANDERSEN (Minnesota). You have a system of licensing under this sales tax?

Mr. JONES. Yes; that is our method of control. Every manufacturer is required under the act to become licensed. That is what gives us our knowledge of where he is and what his business is; then, having become licensed, he is liable to payment of the tax. The name of each manufacturer is on our records, and any default in payment is immediately known.

Representative ANDERSEN. Is there a charge for the license?

Mr. JONES. Two dollars per year. Wholesalers may become licensed if they so desire, especially if they are selling raw materials for use by manufacturers. That enables them to buy from the manufacturers the material required without payment of sales tax and pass it on. It simplifies the administration and assists in the maintenance of the idea of the payment of only one tax.

Representative MAY (Kentucky). Gentlemen, the representatives of the Canadian Government have been both patient and kind, and the gentleman who has answered our questions has given us the information so promptly that I think perhaps we have taken up enough of his time in the matter particularly in view of the fact that we have been furnished with copies of the act. I would suggest that the meeting adjourn.

Representative DOUGLASS (Massachusetts). From whom directly is the sales tax on beer, wine, and spirits collected?

Mr. JONES. That is paid by the producers thereof. The brewers and distillers make returns each month.

Representative DOUGLASS. Take the case of soft drinks sold at the soda fountain; is the tax levied on the ingredients that go into such a beverage?

Mr. JONES. Where the drink is sold as prepared by the manufacturer, the tax would be on the product of the manufacturer as sold by him.

Representative DOUGLASS. What would be the procedure where the soft drinks are mixed and sold at the soda fountain?

Mr. JONES. The tax would be applied on the ingredients when they are bought for the purposes of the soda fountain.

Representative LANKFORD (Georgia). The tax is paid, then, on the ingredients out of which the cool drink is made?

Mr. JONES. Yes.

Representative LANKFORD. The tax is not paid at the soda fountain?

Mr. JONES. No; the manufacturer of the soft drinks pays the tax.

Senator KING (Utah). There would be no tax upon the output of a smelter, for instance?

Mr. JONES. It depends on the conditions. If the material is in a semifinished condition and becomes the raw material for other manufactures, there is then no sales tax.

Representative GREENWOOD (Indiana). As I understand it, you do exempt all farm products or foodstuffs produced on the farm?

Mr. JONES. Yes.

Representative GREENWOOD. Is there not a sales tax on the foods used in hotels and restaurants?

Mr. JONES. Oh, no; we would not attempt to look upon hotels as manufacturers and require them to be licensed and subject to the tax. Perhaps you are thinking of the hospital tax which applies in Montreal only.

Representative LANKFORD (Georgia). Perhaps I may refer again to the question of soft drinks. Where soft drinks are produced in bottle form, selling at 5 or 10 cents in the retail stores, the manufacturer pays when he sells the goods, but as I understand it, if the soda fountain buys the ingredients and manufactures Coca-Cola or other cool, soft drinks, the tax is payable on the ingredients and not on the finished drink?

Mr. JONES. That is right.

Representative LANKFORD. Could you give us some idea of the entire cost of Canadian Government administration and the various subdivisions of that cost, so much derived from sales tax and so much from other sources?

Mr. JONES. I am afraid that is a very big question, and one which I could not answer offhand. Possibly, however, the figures could be obtained if you are most anxious to have them.

Mr. RYCKMAN. May I say that if any member of the delegation wishes to obtain any information which has not been furnished here we shall be glad if he will let us have the question and his name and address to give the information desired in as short a time as possible.

Representative ABERNETHY (North Carolina). I want our delegation to give you gentlemen a rising vote of thanks for your courtesy.

(The delegation rose as a body.)

Mr. RYCKMAN. Gentlemen, I am sure it is very acceptable to receive your approbation in this way. We are sorry that we have not been able to give you all the information you want, but in that respect I wish simply to emphasize what I said a moment ago. And may I add this: Please do not confuse the sales tax with our excise tax on liquor. The latter is very heavy, so heavy

that it blankets the sales tax, which passes entirely out of the picture.

Senator GORE (Oklahoma). Do you know what it aggregates in a year?

Mr. RYCKMAN. No; we have not the figures, but we shall be glad to get them for you. Then, in the next place, reference has been made to electric power. As you may know, the Hydroelectric Power Commission of Ontario is an enterprise carried on under public ownership, and we think it is very efficient. Electric power is of such great use in our manufacturing industries, which we wish to encourage, that we are not directly taxing it. At the same time the Crown in the right of the Dominion is not taxing the Crown in the right of the Province.

Whereupon the meeting was adjourned.

PROPOSED AMENDMENTS

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to insert in the RECORD notice of three amendments which I expect to offer when the present bill comes before the committee for consideration. They are very short amendments, and this is simply to give notice to the membership.

The SPEAKER. Without objection, the matter will be inserted in the RECORD.

There was no objection.

The amendments referred to are as follows:

On page 7, line 16, reduce the 10 per cent of the capital stock and outstanding bonds the corporation is empowered to loan to any one borrower to 5 per cent.

2. To provide that loans to railroads must be secured by first-mortgage bonds or first mortgages on the physical property of the roads.

3. An amendment, if a rule may be obtained making same in order, providing for the establishment of a deposit guaranty fund in all national banks and banks members of Federal reserve system, thereby insuring and securing depositors.

PRIVILEGES OF THE HOUSE

Mr. LUCE. Mr. Speaker, I rise to a question of privilege.

The SPEAKER. The gentleman will state it.

Mr. LUCE. Possibly it should be a question of the privileges of the House which would require me to present a resolution. I will follow that course if anybody desires it.

There is presented to me this morning an opportunity to call to the attention of the House a matter that has disturbed me for some time. This is my first convenient chance to lay it before the House. I find in the RECORD this morning that a few remarks I made yesterday are printed as follows:

Mr. Speaker, ladies, and gentlemen.

Not since I have been a Member have I thus broken parliamentary law. Of course, I desire not to go on record as supporting a practice which is obnoxious to me.

When I came here 12 years ago, nobody, so far as I can recollect, ever deviated from the parliamentary rule that salutation should be confined to the occupant of the chair, either "Mr. Speaker" or "Mr. Chairman." Within a very few years the practice has grown up of addressing the House en masse by some form of preliminary language. This is contrary to the parliamentary precedent of several hundred years.

I would read to you a statement by Sir Thomas Smith who described the practice of the Parliament of Queen Elizabeth's time. He said:

Though one do praise the law, the other dissuade it. For every man speaketh as to the Speaker, not as one to another, for that is against the order of the house.

Jefferson's Manual, which is the law of the House when it has no rule to the contrary, says that "when any Member means to speak * * * he is * * * to address himself not to the House, nor to any particular Member, but to the Speaker," and so forth. Notice that he is to address himself not to the House, but to the Speaker of the House.

I called this matter to the attention of Speaker Longworth, and he was even more severe than I would be in criticizing the practice and in expressing the hope that some means might be found to call it to the attention of the House. Possibly the present Speaker has the same feeling in the matter, although I am not authorized to read his mind in that case, but I am quite sure that the reason for the rule has always persisted and will continue to persist, because it is, as the writers say, to avoid altercations. Its purpose is to prevent men from directly addressing each other and thus invite a breach of decorum.

For that reason, and hoping that I have not unduly taken the time of the House in calling attention to this matter, I ask unanimous consent that the words "ladies and gentlemen" be stricken from the report of my speech. [Applause.]

The SPEAKER. The Chair is in entire sympathy with the remarks made by the gentleman from Massachusetts [Mr. LUCE]. It is supposed to be a slight upon the Chair, according to the expressions of former Speakers of the House, when Members address the Chairman of the Committee of the Whole or the Speaker and then address the Members on the floor en masse. The Speaker represents the House of Representatives in its organization, and by addressing the Chair gentlemen address the entire membership of the House.

Is there objection to the request of the gentleman from Massachusetts?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, and I shall not object, but I desire to call the attention of the gentleman from Massachusetts to the fact that in making the objection the gentleman himself transgressed the rules of the House. In appealing to the Speaker the gentleman said, "I can not read your mind."

Mr. LUCE. Mr. Speaker, the gentleman is absolutely correct.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. HOWARD. Reserving the right to object, I will say to my friend from Massachusetts, with the permission of the Chair, that had he been observing the attitude of one prairie Congressman for the past 10 years he would have known just how to address the House.

The SPEAKER. Is there objection?

There was no objection.

LIMITATION OF ARMAMENT CONFERENCE

Mr. POU. Mr. Speaker, I present a privileged resolution from the Committee on Rules.

The SPEAKER. The gentleman from North Carolina presents a privileged resolution from the Committee on Rules, which the Clerk will report.

The Clerk read as follows:

House Resolution 101

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. J. Res. 163, to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932. That after general debate, which shall be confined to the joint resolution, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. Referred to the House Calendar and ordered printed.

AMENDMENTS TO RECONSTRUCTION FINANCE BILL

Mr. KELLER. Mr. Speaker, I ask unanimous consent to print in the RECORD two amendments to the pending reconstruction finance bill.

The SPEAKER. Without objection, the amendments will be printed in the RECORD for the information of the House.

There was no objection.

The amendments referred to follow:

Amendment to H. R. 7630, introduced by Mr. KELLER: Page 3, line 8, strike out the word "five" and insert in lieu thereof "one year, two years, three years, and four years, respectively."

"*Provided, however*, That none of the provisions of this act shall apply to any bank which owns, operates, or controls, or which has any interest in any subsidiary or affiliate through interlocking directors, stock ownership, or otherwise, or to any of the said subsidiaries or affiliates unless and until all of said subsidiaries or affiliates shall have severed any and all connection with said banks

and with another and shall have given proper assurances to the directors of the reconstruction finance corporation that separateness shall be maintained."

RECONSTRUCTION FINANCE BILL

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7360, with Mr. WARREN in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7360, which the Clerk will report by title.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I yield 40 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, the present measure is one of remarkable powers and remarkable breadth. It is one inspired by a very desperate business condition that exists all over the United States. So far as I am concerned I desire at the outset to disclaim any expectation that it will immediately restore prosperity. The United States is in what you might term a case of typhoid fever. We are putting an ice pack to the back of its neck to attempt to reduce the temperature, and that is about all we can do. The disease has to run its course. It was bred by improper, unbusinesslike, and unstatesmanlike conduct on the part of many people who control the finances of this country, and we can not cure it by any one bill or any one appropriation, but in so far as it is possible we have endeavored to frame a bill which will make at least a step in the direction of the restoration of normal business conditions.

Mr. WRIGHT. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. WRIGHT. Is it not practically a revival of the War Finance Corporation, which was of Democratic origin?

Mr. STEVENSON. This is merely the revival of the powers of that organization.

Mr. WRIGHT. And that was of Democratic origin?

Mr. STEVENSON. Yes. That was originally prepared by Mr. McAdoo, then Secretary of the Treasury. It was subsequently amended and revived later and used to good effect in the depression which grew up in 1921.

Mr. PARSONS. Is it not a fact that certain Members on this side of the aisle have been trying during the past two years to bring that to the attention of the administration in order to bring about some measure of relief?

Mr. STEVENSON. I understand there have been various efforts made in that direction and especially by the gentleman from Illinois [Mr. SABATH].

In enacting this law we recognize that the main dependence that can be placed upon it will grow out of the efficiency of the management of the institution. It is not possible to take and throw together a body of men, who do not understand the critical condition in all parts of the country and who have no capacity for business, and expect them to take the $2,000,000,000 which we have provided in this bill and make the matter go successfully. The primary consideration is the matter of the management of the corporation. For that reason we have inserted in the bill the proposed legislation which has caused the constitutional lawyers to rear up on their hind legs and express holy horror. I am going to discuss that question for a few minutes.

The question is as to the appointment of two of the seven directors who are to be the managers of this corporation, subject to the orders of the Secretary of the Treasury, who is the stockholder. The Secretary of the Treasury holds the stock. There is no exercise of sovereignty by these directors, unless it is under the control of the Secretary of the Treasury. Why? Because if you will look through the bill you will find that practically everything they do must be subject to the control of the Secretary of the Treasury. "With the approval of the Secretary of the Treasury" is written all over the bill.

Mr. TUCKER. Nine times.

Mr. STEVENSON. I do not know how many times, but I know that the Secretary of the Treasury controls every major movement, except merely the loaning of money. That is all. The Secretary of the Treasury is the stockholder. The stock is taken and paid for out of the Treasury of the United States and is issued to the Secretary of the Treasury, who holds and controls it. The control of the stock which the Government owns in the corporation gives it the control of the corporation, and that is the exercise of sovereignty which the Government makes with regard to that.

Now, let us see about the case which my friend cited yesterday, the Philippine case; and what was it? It was a case in which there were some 10 corporations organized and the majority of the stock was owned by the Philippine government under legislative enactment. These corporations were controlled by the majority stock, and the question in that case was whether the speaker of the house and the president of the senate could take away from the Governor General the right to vote that stock and vote it themselves. This was the whole thing.

Let us for a minute look at what happened. The legislature in both branches was antagonistic to the Governor General. The Governor General, the president of the senate, and the speaker of the house were constituted by law a board of control to vote the stock of all these corporations that the government owned in them. Of course, two outvoted one, and the result was that the speaker of the house and the president of the senate proceeded to vote the stock of the corporation and thereby to dominate.

We have not made any such provision as that here, and I call your attention to the fact that it was more or less of a political opinion anyway. This is what the court says:

And the suggestion of the Solicitor General that this indicates a systematic plan on the part of the legislature to take over, through its presiding officers, the direct control generally of nationally organized or controlled stock corporations would seem to be warranted.

In other words, the Philippine government had stock in 10 or 12 corporations and by their legislation they provided a board of control of these three men, two of whom went together, the speaker of the house and the president of the senate; and they voted this stock, and it was a question of who should vote the stock, and the Supreme Court finds that they were thereby dominating, to the exclusion of the executive of the government, these corporations—that is all that was decided—and that it was improper to do so.

Now, who controls the stock of this corporation? The Secretary of the Treasury, under this bill, and the Secretary of the Treasury dictates, pari passu, everything that is done from start to finish.

The man who wrote this opinion, Mr. Justice Sutherland, did go on to say a lot about the Constitution of the United States, but this is all obiter dicta, as I will show you, because they had nothing to do with anything except the question of whether the speaker of the house and the president of the senate could, by legislation, organize a board that would turn to them the property of the United States and vote the stock of the United States in all these corporations. That is all it was.

Now, Mr. Justice McReynolds, in a concurrent opinion, very clearly shows that this was merely obiter dicta as to all the balance of the opinion. He says:

The organic act is careful to provide—

Note the language—

that all executive functions of the government must be directly under the Governor General or within one of the executive departments under the supervision and control of the Governor General.

This is the language of the act they were construing, and these fellows undertook, and did, according to the finding of the Supreme Court, control millions and millions of dollars of property by this legislative enactment, and the only thing that is binding that this court decided in that decision was that under the organic act they could not do it.

Judge McReynolds continues:

A good reason lies behind this limitation which does not apply to our Federal or State Governments. From the language employed, read in the light of all the circumstances, perhaps, it is possible to spell out enough to overthrow the challenged legislation. Beyond that it is unnecessary to go.

So that there was absolutely no necessity for bringing all of this in about the Constitution of the United States. It is obiter dicta and is not binding on the Congress or on the court itself when it comes to a decision of the question.

Mr. YATES. Will the gentleman give the volume?

Mr. STEVENSON. Two hundred and seventy-seventh United States Reports, at page 212.

Now, Mr. Justice Holmes and Mr. Justice Brandeis vigorously dissented from the whole business, and Mr. Justice Holmes said:

At an early date it was held Congress could delegate to the courts the power to regulate process, which certainly is lawmaking so far as it goes. With regard to the executive, Congress has delegated to it or to some branch of it the power to enforce penalties, to make conclusive determination of dutiable values, to establish standards for imports, to make regulations as to forest reserves, and other powers not needed to be stated further in detail. Congress has authorized the President to suspend the operation of a statute, even one suspending commercial intercourse with another country, and very recently it has been decided that the President might be given power to change the tariff.

Mr. Justice Holmes says that the line between the two, legislative and executive, is not clear-cut, but is in penumbra, and from time to time the exigencies of the case require that one shade over into the other.

And the gentlemen on that side of the House, including the gentleman who raised the question yesterday, stood up for the right of the President and the Tariff Commission to raise or lower the tariff rates, which is absolutely an illustration of what may be done.

A parallel case before us occurred long ago in the establishment of the Smithsonian Institution, to question which would be, according to Judge Holmes, to lay hands on the ark of the covenant. I desire to call the attention of the gentleman from Massachusetts [Mr. LUCE] to this.

That is a similar exercise of power hitherto unquestioned.

To come down to the proposition that the thing to be decided here under the Philippine statute was the right of these two legislative officers to assume an executive function, the right under their authority to vote the stock of the Government in these various corporations, and they refused that right.

Now, how are the Regents of the Smithsonian Institution appointed?

The Board of Regents shall be appointed as follows:

Three members of the Senate by the President thereof, 3 members of the House of Representatives by the Speaker thereof, and 6 other persons by joint resolution of the Senate and House of Representatives.

Those are six private persons appointed by joint resolution of the House and the Senate.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. CHINDBLOM. Was not the Smithsonian Institution established under a donation and trust by Mr. Smithson?

Mr. STEVENSON. It was established under a will which gave the property of that gentleman for certain purposes in his will well defined. But the will made no provision for the method of government, and if it had Congress would not have been bound by it, because it would not have accepted it.

Mr. CHINDBLOM. Does not the gentleman think that the establishment of that institution under that will was a Government function?

Mr. STEVENSON. Yes; to a large extent, and I will give you in a minute all it has and all it does. The little original donation was a mere bagatelle.

If gentlemen will look on page 352 of the Congressional Directory, they will see just what it does.

Mr. PARSONS. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. PARSONS. This is a corporation?

Mr. STEVENSON. Yes. Now, let me show you what it does. It owns the National Museum, into which the Government has put a great deal of money, millions of dollars. It owns the National Art Gallery, with which I am not so familiar. It owns the Bureau of American Ethnology. It owns the international exchanges. It owns the National Zoological Park, down among the monkeys, the bears, the deer, and the wolves, for which millions of dollars have been expended. It owns the Astrophysical Observatory. It owns the Division of Radiation and Organisms. All these are managed by that board. It exercises greater functions than this bill will in the long run, and my friend from Massachusetts [Mr. LUCE] sits on the board by appointment of the Speaker of the House.

Mr. LUCE. If the gentleman will yield, if he will put it in the past tense it will be more accurate.

Mr. STEVENSON. I find his name on the board in the Congressional Directory. The gentleman did not think it was unconstitutional, and I think he is eminently fit for the position. I assume that his duties and activities on that board were very valuable to the country. The question that is raised—and I shall not devote much more time to it—is the question of whether this is a corporation or is the United States Government. If it is a corporation, then the agents who handle it may be appointed as Congress may direct. If it is the United States Government, then they can not. My friend from Iowa [Mr. RAMSEYER] yesterday referred to the case of Ex parte Meyers, or Meyers against United States, Two hundred and seventy-second United States Reports, page 52. I call attention to what that case was and read the syllabus:

Section 6 of the act of July 12, 1876, providing that postmasters of the first, second, and third class shall be appointed and may be removed by the President, by and with the advice and consent of the Senate, and shall hold their office for four years unless sooner removed or suspended, according to law, is unconstitutional in an attempt to make the President's power of removal dependent upon the consent of the Senate.

That is all that the great case of Meyers decides.

The President is empowered by the Constitution to remove any executive officers appointed by him by and with the advice and consent of the Senate, and this power is not subject in its exercise to the assent of the Senate, nor can it be made so by act of Congress.

That is all it decides. What was it? Mr. Wilson, when President of the United States, removed a Republican postmaster in Seattle for reasons sufficient to himself. The Senate did not consent. The postmaster treated himself nicely and did not take anything, did not accept any other work. When his term was out for which he had been appointed, he came into the Court of Claims and sued the Government for the salary during the time for which he was removed upon the ground the Senate not having consented, the President did not have the right to remove him and appoint another in his place. He was kicked out of court. That decided that where a President appointed with the consent of the Senate, he can remove without the consent of anybody, and the Congress can not control that; but in that decision they say that if he appoints in any other way, if Congress, in other words, directs him to appoint an officer who does not have to be confirmed by the Senate, then the Congress can provide how he can be removed. But they can not do it, if it is one who is appointed by the consent of the Senate. That is all that the Meyers case decided.

We have a very interesting sidelight on that, and it shows you gentlemen who are not familiar with the cry of unconstitutionality how people are not always supposed to be accurate when they get up and say a thing is constitutional

or unconstitutional. The cry of unconstitutionality is frequently merely a bluff to keep from passing something they do not want to pass.

While the case of Meyers was pending, the House of Representatives, then controlled by the Republican Party, passed a Budget bill. They provided that the Comptroller General of the United States should be appointed by the President, with the consent of the Senate, and that he could only be removed by the Congress. Practically that is what it was. Mr. Wilson vetoed that bill upon the ground that you could not restrict his right to remove, if you gave him the right to appoint. There was a long debate upon it here in the House. That is not the question here at all, but I just want to show you how these gentlemen get all fussed up about the Constitution. If you go on and do the fair thing, the court will sustain it. Mr. Good, of Iowa, in that debate said:

> Now, Mr. Speaker, let us look at that question just a moment from the practical aspects. Every decision of the Supreme Court that I have been able to find or to read leads me to believe that the incidental right of the President to remove can be taken from him and vested in the Congress of the United States.

That was his proposition then.

> I think there is no question about that. That being the case, we have simply done what the Supreme Court has indicated Congress has an undisputed right to do.

And they went ahead, and every Republican on that side of the House who was here voted to override the veto and sustain the view that Congress had the right to come in and remove an officer who had been appointed by the President by and with the consent of the Senate and exclude the President from doing so. That simply shows how much faith you can put in a contest about constitutionality on the floor of this House. Take this proposition. The question is, Is it fair? In the first place, is it the United States or is it a corporation? Just let me give you two or three brief citations.

Mr. COX. Will the gentleman yield there for the purpose of answering a question which tests the validity of the gentleman's argument?

Mr. STEVENSON. Yes.

Mr. COX. This bill does not provide for the filling of vacancies?

Mr. STEVENSON. That does not invalidate an appointment. This bill has to go through conference; and if this matter stays in the bill, it will be in shape when it comes out of conference.

Mr. COX. The gentleman states that the power to remove is inherent in the power to appoint?

Mr. STEVENSON. The power to remove is incident to the power to appoint in the President of the United States when the appointment is made with the consent of the Senate.

Mr. COX. It is inherent in all appointing power, as I understand?

Mr. STEVENSON. Unless limited by Congress.

Mr. COX. In the case of the members appointed by the Speaker, who would have the power to remove?

Mr. STEVENSON. We will meet that question when we come to it. We do not conceive that the Speaker is going to appoint a man whom you are going to want to remove right away. As I say, this bill has yet to go through conference.

Now, is this the United States or is it a corporation? As far back as 1824 we find the United States Bank in a lawsuit. Justice Holmes cites all of those cases in the Springer case. In that case it was stated:

> The United States was not a party to suits brought by or against the bank, in the sense of the Constitution. So with respect to the present bank. Suits brought by or against it are not understood to be brought by or against the United States. The Government by becoming a corporation lays down its sovereignty, so far as respects the transactions of the corporation, and exercises no power or privilege which is not derived from the charter.

That is in Ninth Wheaton, page 906.

So when the United States constitutes this corporation, gives it power to sue and be sued, to do various things not governmental, it has severed its sovereignty, it has laid it aside like a cloak, and it is not protected by all those protections that are placed around sovereignty. It is like the State of South Carolina placed in its constitution a method of handling the liquor business, and went into it as a wholesale liquor dealer, and did it for years until it was almost debauched. A question arose whether they were liable to pay United States internal revenue tax. The Supreme Court of the United States said when a State government undertakes to engage in business it lays aside its sovereignty and is subject to all the pains and penalties of the ordinary corporation or citizen, and therefore is liable to pay taxes which it has not paid.

I want to cite another case, Sloan Ship Yards v. United States Fleet Corporation (254 U. S. 493).

The corporation was owned absolutely and controlled by the Government:

> The Emergency Fleet Corporation, as originally created, had the powers of corporations under the laws of the District of Columbia when it was incorporated, and was liable to be sued there and elsewhere upon its contracts and upon its torts, notwithstanding the fact that it was a Federal agency and that its stock was taken entirely by the United States.

They held that it is a corporation that is separate and distinct, and it has absolutely shed the attributes of sovereignty and can not rely upon them.

In the case of United States against Strang I will read the syllabus:

> A person employed as an inspector by the Emergency Fleet Corporation is not an agent of the United States.
>
> The Emergency Fleet Corporation, though all its stock is owned by the United States, is a separate entity. General agents of a corporation are not agents for the stockholders and can not contract for them.

That is the syllabus. This defendant had embezzled a large sum of money from the Fleet Corporation, which was owned by the United States and manned by the United States in every respect. He was indicted and convicted, and the court said:

> The corporation was controlled and managed by its own officers and appointed its own servants and agents, who became directly responsible to it. Notwithstanding all its stock was owned by the United States, it must be regarded as a separate entity. Its inspectors were not appointed by the President nor by any officer designated by Congress; they were subject to removal by the corporation only, and could contract only for it. In such circumstances we think they were not agents of the United States within the true intendment of section 41.

That is a case where the United States owned the whole business, was running shipyards here, there, and everywhere, and the man who embezzled from it was held not to be the agent of the United States, and it was held that the corporation was separate and distinct from it.

So I say that we have a good deal of reason to suppose that the mere personnel which controls the action of this organization, subject to the direction of the Secretary of the Treasury, are not officers of the United States. They are not exercising the sovereignty of the United States, and they can be appointed any way Congress sees fit to designate.

Gentlemen will say, "You can not limit the power of the President in making appointment. He must appoint everyone who handles anything for the United States."

Now, let us look at that a moment. What have we in the bill sent over here by the other House? There is a provision in that bill that there shall be four appointments, and two of them must be of a different political party than the political party of the President. We have been doing that for years. If you can say that the President can not appoint but two from one party, and therefore he must appoint two from another party, how can it be said that he can not appoint two South Carolinians and must appoint one North Carolinian and one South Carolinian and one Virginian and one New Yorker? Yet we have done it for years. In the Federal reserve act, which is an act absolutely controlled by the United States, it is provided that two members of the board can not be appointed from the same State. We limited the power of the President there. Who has been heard to question the efficiency of that legislation?

Mr. WILLIAMSON. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. WILLIAMSON. Will the gentleman say whether the President can not dismiss the two directors should they be appointed by the Speaker and with the advice of the Senate?

Mr. STEVENSON. No; I do not say that. That is a field we have not gone into. Whenever it gets to that condition where we have to take them and submit to whatever is done, we will find out what can be done.

Now, just one other matter. The farm loan act was created by the Congress of the United States, and it provided that the Federal Government should take the original $9,000,000 worth of stock. It provided that the directors of that institution could be elected by the farmer stockholders—a majority of them. Until that money was paid back the Federal Farm Board retained control, but as soon as it was paid back, then we passed an act that the directors of the farm-loan banks should be elected—four by the farm-loan associations and three of them appointed by the Federal Farm Loan Board.

The other day, without a dissenting vote I believe, we passed a bill directing the Government to subscribe for $100,000,000 worth of that stock, controlled in the corporation by people who are elected by the farm associations all over the country. Nobody raised any question about it. If the argument of the gentleman is sound that the Speaker of this House, when Congress directs, can not appoint two of the directors of this corporation in which the stock is held for the Government by the Secretary of the Treasury, it is unconstitutional for the farm-loan associations all over the country to elect four of the seven directors who will control that $100,000,000, which has now been increased by the committee of the Senate to $125,000,000.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. COLE of Iowa. Does the gentleman anticipate that any legal contest might delay the carrying out of this act?

Mr. STEVENSON. Now, I will come to that. Is this thing fair, and will it result in a contest? The gentleman will notice that it is different from the Filipino case. This appointment would not put in the control of this House all of the members or a majority of them. Suppose somebody should raise the question that we did not have the right to appoint these two? In that event we would have five more who could act, so that such a contest would not delay matters a moment.

Now, let us look at it from this angle: The administration sent us a bill providing for three ex-officio members of this board and two to be appointed by the President, by and with the advice and consent of the Senate. Now, what did we do? Did we subtract anything from him? No. We just added "and two to be appointed by the Speaker of the House." In other words, we ask that this great organization, in which the Democratic Party is called upon to submerge many of its views in order to put it through and save the situation in this country, and in which many of us sacrificed our ideas of the principles of government in order to save the situation and put out the fire—we insisted and insist that the House of Representatives, the branch which raises the revenue to carry this on, should have representation upon the board that is going to administer it, and it is nothing but fair that we should have such representation. And when you only do the fair thing you will find the courts will find no way of upsetting it.

Mr. DYER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. DYER. Suppose we should pass the bill with this provision in it, how would the men appointed by the Speaker be removed from office, if necessary?

Mr. STEVENSON. Well, if it is necessary for words to that effect to be put in, this side of the House has not gone daffy and it can put such words in the bill. There would be no difficulty about that, and certainly in conference the conferees, in view of the fact that all wisdom is supposed to come from the other end of the Capitol, would have sense enough to fix it if there was any question about it.

Mr. DYER. The gentleman, of course, is acquainted with the veto of President Wilson in connection with the Budget bill. That was on June 4, 1920, and he vetoed that bill because of the provision in it that the Comptroller General and his assistant could be removed only by a concurrent resolution.

Mr. STEVENSON. If the gentleman will wait, I will read that provision.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman 20 additional minutes.

Mr. STEVENSON. This is the language:

> The Comptroller General and the Assistant Comptroller General shall hold office during good behavior, but may be removed at any time by concurrent resolution of Congress after notice and hearing, when, in their judgment, the Comptroller General or Assistant Comptroller General is incapacitated, or inefficient, or has been guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment.

That was the language which the Republican side of this House sustained when it voted unanimously to override the veto of President Wilson, and at that time the Meyers case had not been decided.

Mr. LUCE. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. LUCE. Does the gentleman from South Carolina recall any case where power intrusted to the Speaker of the House has been limited by the advice and consent of the Senate?

Mr. STEVENSON. Frankly, I do not. I will frankly say to the gentleman that I did not care for that language to be in the bill, but a good many members of the committee thought it would look better to have them all confirmed, and the Senate of the United States, I am sure, would deal leniently with the actions of the Speaker of the House. I will also say to the gentleman from Massachusetts that the fact that it has never been done is no reason why it should not be done, because what we are attempting to do in this legislation has never been done before, never. This is an unheard-of proceeding, and novel proceedings, as the speaker of the House of Representatives of South Carolina once said, are in order.

Mr. LUCE. Does the gentleman think it would be wise to establish a precedent that so little comported with the dignity of the House of Representatives as to expose its presiding officer to investigations on the part of another branch as to the breakfast foods his appointees used, as to the schools they had attended, as to the professors to whom they had listened, and as to the line of their political thought?

Mr. STEVENSON. That is a very interesting catalogue, but I do not need all of it. I understand what is in the gentleman's mind, and this is my answer to that: The Speaker of the House of Representatives is second only in dignity to the Presidency of the United States. He is not any more immune from investigation as to his breakfast food or his underwear than Mr. Hoover, the President of the United States.

Mr. FIESINGER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. FIESINGER. Suppose the bill provided that the Speaker were to appoint four of these members and the court should declare that provision was unconstitutional, could the board then function?

Mr. STEVENSON. I doubt if the board could function without a majority.

Mr. LOZIER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. LOZIER. Of course, the distinguished gentleman from South Carolina is familiar with the act creating the George Washington Bicentennial Commission, approved December 2, 1924? The act creates a governing board, or commission, consisting of the President, President pro tempore

of the Senate, Speaker of the House, and 16 additional members, 8 of whom are appointed by the President, 4 by the President pro tempore of the Senate, and 4 by the Speaker of the House. By the amendatory act of March 4, 1931, vacancies in the membership of the board appointed by the President pro tempore of the Senate shall be filled by such officer, and vacancies in the membership of the board appointed by the Speaker shall in like manner be filled by the Speaker. This commission not only has charge of the George Washington Bicentennial celebration but, by the act of May 23, 1928, was authorized to construct the Arlington Memorial Bridge over the Potomac River, the estimated cost of which was approximately $15,000,000. So it is no new thing for Congress to create boards and commissions and provide in the act that certain persons shall be members of boards and commissions created under such acts. The present bill follows this practice and makes the Secretary of the Treasury, the Secretary of Agriculture, and the governor of the Federal Reserve Board members of the board of directors of this corporation. Of the four other members, two were to be appointed by the Persident and two by the Speaker. The agricultural marketing act in like manner made the Secretary of Agriculture ex officio member of the Farm Board. If, therefore, the provision in the pending bill authorizing the Speaker of the House to appoint two members of the board is unconstitutional, then, by the same token, the provision therein which makes the Secretary of the Treasury, Secretary of Agriculture, and governor of the Federal Reserve Board members of the board of directors of this corporation is in like manner unconstitutional. I consider this objection unreasonably technical. No one who is interested in the rehabilitation of American agriculture, industry, and business will go into court to challenge the constitutionality of the provision. A more able, level-headed, and patriotic person can not be found to have a part in designating those charged with the administration of this act.

In other words, we are discussing an academic proposition here, because Congress in numerous acts has designated persons to serve on boards created by congressional acts. This is a congressional appointment of a member of the board of a business corporation, and we find 15 or 20 similar acts where the personnel of similar boards is prescribed by the substantive law. If these board members are officers of the Federal Government, then the appointive power is vested in the President. If they are not Federal officers within the true meaning of that term, but officers of a business corporation created by Congress, then Congress can designate who shall constitute the directory of this corporation. The President will not dare challenge the action of Congress in the instant case because of the great emergency that now confronts the American people, and no one will question the validity of the appointments of these two members by the Speaker. I am sorry that the committee in charge of this bill agreed to strike out the provision giving the Speaker authority to appoint two of the directors of this $2,000,000,000 corporation.

Mr. STEVENSON. The gentleman has stated what I was coming to, but has stated it much better than I could have done.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. STEVENSON. I yield to the gentleman from New York, although I want to get away from this particular question now.

Mr. LAGUARDIA. I am not going to inquire about that. I want to get something for my own guidance.

Mr. STEVENSON. I want to discuss the bill itself now for a few minutes. I yield to the gentleman.

Mr. LAGUARDIA. My soul is rather restless. I find a tendency on the part of distinguished Members of the House to avoid paternity of this ugly, little child. I would like to know if the gentleman and his colleague from Alabama sponsor this bill.

Mr. STEVENSON. I may state to the gentleman that the egg out of which this bill hatched was introduced by the gentleman from Kansas [Mr. STRONG]. We took it and amended it in most drastic particulars. We have pasted our amendments in here, and the gentleman can see that it is cut considerably. When we finished it the committee unanimously reported it and unanimously directed the chairman of the Committee on Banking and Currency to introduce the bill as amended and with his name on it, or at least that was implied. This was done, and now the gentleman from Alabama will do his own sponsoring. If he claims to be the sire, it is all right. It does not make any difference to me. This is what happened, and nobody is going to dispute it.

Mr. LAGUARDIA. But the gentleman is whole-heartedly back of the bill?

Mr. STEVENSON. Of course, we are all whole-heartedly behind the bill.

I may say that I have no pride of opinion about any of the things that are in here. I have argued this legal question because it was very positively announced that it was absolutely unconstitutional. I have been acquainted with the Constitution as a lawyer for 46 years, and I thought I knew something about it, and I do not propose for the thing to be blown away, at least without an argument.

Mr. BLANTON. Will the gentleman yield for one question?

Mr. STEVENSON. Yes.

Mr. BLANTON. I was wondering whether or not the bill introduced by the gentleman from Kansas [Mr. STRONG] was prepared by a Government department or bureau for him. That is the way they usually come to the Congress.

Mr. STEVENSON. The answer I have to make to that is that the gentleman from Kansas [Mr. STRONG] stated yesterday that it was a bill he introduced, amended and metamorphosed, and the gentleman will have to ask the gentleman from Kansas [Mr. STRONG] about that.

Mr. BLANTON. It has the earmarks of the department on it.

Mr. STEVENSON. I have very strong circumstantial evidence as to where it came from; but that is yours and Mr. STRONG's business. We are not concerned with it. What we are concerned with is the fact that the fire is on, the conflagration is melting down the financial institutions of this country day by day, that want and distress are being spread all over the United States, that it starts in Maine and Massachusetts and goes to the lower corner of California, and that we are not here endeavoring to quibble about who is the author of the bill. Anyone who can write a bill that will help to alleviate this situation will have my support and my cordial association. [Applause.]

Mr. BLANTON. Will the gentleman yield for a further question?

Mr. STEVENSON. Yes.

Mr. BLANTON. There is no doubt that this is going to take up some railway securities that are not now cashable, it is going to take up some bad securities that insurance companies hold, and it is going to take up some securities handled by high finance that will in effect unfreeze their foreign securities, if you please——

Mr. LAGUARDIA. No.

Mr. BLANTON. The Senate bill passed yesterday, which will replace the House bill, allows banks holding foreign securities to borrow on their plain notes. I am wondering how it is going to help the people in the gentleman's State as well as the people in my own State.

Mr. STEVENSON. When we come to consideration of the bill under the 5-minute rule we will undertake to elucidate that to a certain extent. It is not going to help as much as we hoped for, I will tell the gentleman that. I have already said this is simply an ice pack at the back of the neck of the patient with typhoid fever. It is not going to cure everything and we are going to be disappointed in what we get out of it; but the country at large is going to be disappointed because we can not step in and take care of everything that is going to disaster, and I am here to tell you that I am in favor of doing something and doing it quickly in order that something may be done.

Mr. BURTNESS. Will the gentleman yield for a question with reference to the legislative situation in the interest of speed, to which the gentleman has referred?

Mr. STEVENSON. Yes.

Mr. BURTNESS. The Senate passed a bill on this subject last night and that bill is here. Does the gentleman's committee propose to substitute, parliamentarily, the Senate bill for the House bill, and then treat this as an amendment of the Senate bill?

Mr. STEVENSON. We have that matter under advisement and we will take the most expeditious ways to get the measure through and get it to conference. It will have to go to conference.

Mr. BURTNESS. I hope the gentleman will handle the matter so that it may go direct to conference.

Mr. STEVENSON. There is no disposition on the part of anybody to delay the matter a moment that we can avoid.

Mr. SABATH. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. SABATH. Does not the committee have in mind that this bill should give as much relief to the people in the gentleman's own State as to the people of Texas or any other State, and was it not for that reason that they have decided to give the Speaker the right to name two of the directors, so that they would proceed and provide relief that would be general and not alone for the benefit of the banks and the railroads?

Mr. STEVENSON. That is exactly what actuated us. There is this about it, this board is to deal with the people all over the United States. We see in the papers statements as to who is to control it. I want to say that I am not partisan. I am for good results. We revived the War Finance Corporation and kept it in existence some years. It did a great service, especially in the South with reference to the slump of cotton in 1920. The Federal reserve governor is on here, Mr. Meyer, and I think he is eminently the man capable of handling this situation. He did it with the War Finance Corporation, and it afforded great relief. I expect, as far as I am concerned, to indorse him as the head of the corporation.

Mr. PARSONS. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. PARSONS. The board of directors under this bill is to be composed of seven members.

Mr. STEVENSON. Yes.

Mr. PARSONS. Three ex officio and four to be appointed. In order to be fair politically in every way, would it not be fair to have four directors of the majority party, or the administration party, and three of the minority party?

Mr. STEVENSON. That would be fair, but we have not asked for it to go that far. We may do it. We made this provision in order to escape the necessity of the President's hunting for two Democrats to be appointed, because we feel sure that there would not be any Republican appointed by the gentleman who sits in the Speaker's chair, and we are equally sure that Mr. Hoover would undoubtedly appoint Republicans. To save the embarrassing situation for the Republican President looking out for a Democrat, we made this provision.

Mr. PARSONS. The gentleman does not assume that the Democrats are scarce who would be competent to go on to this board?

Mr. STEVENSON. No; but this is not a partisan case. When there was a Democratic President in the chair he had to look for Republicans, and he looked usually for Republicans who were Republicans except on election day.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. SHALLENBERGER. The gentleman mentioned the work of the War Finance Corporation, and I agree with him that they did great service. I would like to ask how that resulted with reference to loss to the Federal Treasury?

Mr. STEVENSON. There was practically no loss. They had some losses, but they made profits enough to cover them.

Mr. SHALLENBERGER. Does the gentleman believe that this corporation can be conducted with the same results?

Mr. STEVENSON. If they find the right men.

Mr. SNELL. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. SNELL. Has the gentleman any assurance that the President would appoint only Republicans on the board?

Mr. STEVENSON. I have never known him to appoint a Democrat when a Republican would do. If I were in his place, I would not. That is a frank statement. That is human nature.

Mr. SNELL. And the gentleman has no assurance that the Speaker of the House would appoint only Democrats?

Mr. STEVENSON. I have no assurance; but from my knowledge of him I do not believe he would appoint a Republican when the President was to select five. If I thought he would, I would move to strike out that provision of the bill.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BURTNESS. Surely the fact that the organization of the House is controlled by the Democratic Party had nothing to do with this provision in the bill? Was it not written into the bill upon the theory that it was a wise provision, regardless of how the House is controlled?

Mr. STEVENSON. Entirely so; and it is a wise provision.

Mr. BURTNESS. I feared from the gentleman's argument lately that what controlled was the fact that the Democrats control the organization of the House.

Mr. STEVENSON. No. Instead of putting in the old provision that he must appoint two Democrats and two Republicans, and having the President chasing around to find a Democrat who was not a Democrat on election day, so that we would draw a blank, we thought we better not say anything about parties and let the Speaker appoint whom he pleases and the President do the same; and if the President is the same kind of a man that I am—and he was born in this country and grew up under the same surroundings—he will appoint Republicans.

Mr. PARSONS. In that case, if the Speaker of the House and the President happen to be of the same party, then there would be no representation of any other party on the board.

Mr. STEVENSON. That is true, but this proposition is fair, so far as that is concerned.

Mr. COLTON. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. COLTON. Does the gentleman know of any other precedent where the Speaker of the House ever sent to the Senate appointees to be confirmed?

Mr. STEVENSON. No; but I don't think that invalidates it. I know that he has appointed Regents of the Smithsonian Institution, and nobody has ever questioned it, and as Associate Justice Holmes says, to lay a hand on that irreverently is like laying an unsanctified hand on the Ark of the Covenant.

Mr. COLTON. Those appointments were not confirmed by the Senate.

Mr. STEVENSON. To be sure not, because they were made by the President of the Senate and the Speaker of the House, each making three, and six were elected by a joint resolution of the two Houses.

Mr. RAMSEYER. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. RAMSEYER. I discussed this matter yesterday.

Mr. STEVENSON. Yes.

Mr. RAMSEYER. Has the gentleman since yesterday had time to read the case of Springer against the Philippines?

Mr. STEVENSON. I have read it very carefully.

Mr. RAMSEYER. I called attention to the fact that the court there discussed the Smithsonian Institution and distinguished a set-up like that from the corporations established by the Philippine Legislature.

Mr. STEVENSON. Mr. Justice Sutherland discussed it to his own satisfaction, but all that was obiter dictum. The decision was whether under the organic act these men could come in and become a board to vote the stock of the corporation.

Mr. RAMSEYER. They had authority to vote the stock and to manage, both. One was a board of control and the other was a committee.

Mr. STEVENSON. Yes. It all amounted to the same thing.

Mr. RAMSEYER. They were corporate bodies.

Mr. STEVENSON. It all amounted to the same thing, and it turned on the statute upon which the court was passing. If the gentleman will look at the opinion of Mr. Justice McReynolds——

Mr. RAMSEYER. I have read the minority opinion. There is one minority opinion by Mr. Justice Holmes, which was concurred in by Mr. Justice Brandeis.

Mr. STEVENSON. Yes.

Mr. RAMSEYER. Reading the few lines of Mr. Justice McReynolds, it is not clear that he takes direct issue with the majority opinion. He does intimate that the majority opinion goes farther than necessary.

Mr. STEVENSON. Yes. There is no question but that it went farther than necessary, and whenever it does go farther than necessary it becomes obiter dictum.

Mr. RAMSEYER. Only one justice said so and six justices concurred in the opinion.

Mr. STEVENSON. The gentleman is a good reasoner; and if he will sit down and consider the case, he will say so also.

Mr. RAMSEYER. I have read it over twice and have been given no reason to change my views expressed to the House yesterday.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. McFADDEN. Mr. Chairman, I yield one minute to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Chairman, I ask unanimous consent to insert in the RECORD as a part of my remarks the veto message of President Wilson on June 4, 1920, of the Budget bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. DYER. Yes.

Mr. STEVENSON. I would be glad also if the gentleman would insert the vote of the House on overriding it, showing that all of the Republicans voted to override the veto message of the President.

Mr. DYER. No matter how the House may have voted on the veto, there is no question, Mr. Chairman, but that the Presidents of the United States, regardless of their politics, have maintained most jealously their rights to make appointments to office and to dismiss said appointees from office when the facts warrant it under the Constitution of the United States, and which this legislation attempts to encroach upon the executive branch of the Government. Apparently the majority side is very anxious to facilitate the enactment of this legislation into law. They have shown every indication of it, and they are entitled to great praise and credit for the splendid way in which they have gone about the legislation which has been recommended by the President and that the country needs and desires. I hope they will not delay the enactment of this legislation into law by insisting upon a provision going into it which under the Constitution of the United States the President must veto.

VETO MESSAGE—THE BUDGET BILL

To the House of Representatives:

I am returning without my signature H. R. 9783, "An act to provide a national budget system, an independent audit of Government accounts, and for other purposes." I do this with the greatest regret. I am in entire sympathy with the objects of this bill and would gladly approve it but for the fact that I regard one of the provisions contained in section 303 as unconstitutional. This is the provision to the effect that the Comptroller General and the Assistant Comptroller General, who are to be appointed by the President with the advice and consent of the Senate, may be removed at any time by a concurrent resolution of Congress after notice and hearing, when, in their judgment, the Comptroller General or Assistant Comptroller General is incapacitated or inefficient, or has been guilty of neglect of duty, or malfeasance in office, or of any felony or conduct involving moral turpitude, and for no other cause and in no other manner except by impeachment. The effect of this is to prevent the removal of these officers for any cause except either by impeachment or a concurrent resolution of Congress. It has, I think, always been the accepted construction of the Constitution that the power to appoint officers of this kind carries with it, as an incident, the power to remove. I am convinced that the Congress is without constitutional power to limit the appointing power and its incident, the power of removal derived from the Constitution.

The section referred to not only forbids the Executive to remove these officers but undertakes to empower the Congress by a concurrent resolution to remove an officer appointed by the President with the advice and consent of the Senate. I can find in the Constitution no warrant for the exercise of this power by the Congress. There is certainly no express authority conferred, and I am unable to see that authority for the exercise of this power is implied in any express grant of power. On the contrary, I think its exercise is clearly negatived by section 2 of Article II. That section, after providing that certain enumerated officers and all officers whose appointments are not otherwise provided for shall be appointed by the President with the advice and consent of the Senate, provides that the Congress may by law vest the appointment of such inferior officers as they think proper in the President alone, in the courts of law, or in the heads of departments. It would have been within the constitutional power of the Congress, in creating these offices, to have vested the power of appointment in the President alone, in the President with the advice and consent of the Senate, or even in the head of a department. Regarding as I do the power of removal from office as an essential incident to the appointing power, I can not escape the conclusion that the vesting of this power of removal in the Congress is unconstitutional and therefore I am unable to approve the bill.

I am returning the bill at the earliest possible moment with the hope that the Congress may find time before adjournment to remedy this defect.

WOODROW WILSON.

THE WHITE HOUSE, *June 4, 1920.*

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. SEIBERLING].

Mr. SEIBERLING. Mr. Chairman, as a member of the Committee on Banking and Currency, I take this occasion to say a few words with reference to this bill.

I have heard a great deal said with reference to the causes of this depression. Some parties before our committee seemed to think that some individual was responsible for the depression. I heard an eminent Democrat from Ohio deliver an address one hour in length discussing the causes of this depression and the economic changes. He is a man who is being considered for the nomination for President of the United States on the Democratic ticket. He never intimated in any manner that any individual in the United States, no matter what position he held, was in the slightest degree responsible for the depression.

This depression was caused by the World War. It is unprecedented and so disastrous that unless something is done the country will be ruined.

This bill provides for a method of financing which is a much better method than the methods proposed by many bills introduced here. Those bills provide for the issuance of bonds directly by the Government and the use of the proceeds of the bonds in employing labor to erect public works of various kinds. In cases of financing of that character the taxpayer eventually must pay the money to redeem the bonds, and the assistance temporarily given to labor is again put upon labor when it comes to redeem the bonds. Financing of the character in this bill is different. The Treasury puts in $500,000,000. The corporation is authorized to sell a billion and a half dollars of bonds. The money received from those two transactions is used in the process of a revolving fund to take care of financial institutions, railroads, banks that are solvent and insolvent or in the hands of receivers, to take care of agricultural finance corporations, and so on; but in each case where the money is furnished by the corporation good security is secured by the corporation, and the debts of the corporation are liquidated by the collection of those frozen assets which must be carried for a period of time, so that eventually there is no burden on the taxpayer at all.

Mr. DIES. Will the gentleman yield at that point?

Mr. SEIBERLING. I yield.

Mr. DIES. There is no burden on the taxpayer unless we repeat former experiences and instead of administering the act wisely, end up with the usual indebtedness. Then there is a burden.

Mr. SEIBERLING. I am assuming that this corporation will be properly managed, with able directors, and that they

will examine the securities which they accept. Not only will all the money be reutrned from the frozen assets but, in addition, there will be sufficient money made to pay the expenses of the corporation.

Mr. DIES. Did not Congress believe that when they passed the Farm Board act? What has been the result of that experience?

Mr. SEIBERLING. This is entirely different. This bill provides that when money is loaned the loan shall be adequately secured. It was said on the floor yesterday that this bill would be of no benefit to the small manufacturer or the small business man. That is incorrect. By helping the railroads, by helping the Agricultural Finance Corporations, by helping the banks this bill will release the pressure upon the borrowers, will enable the banks to make additional loans, will enable those loans that can not be paid to be carried by this corporation until they can be liquidated, and will provide the currency which is absolutely necessary to continue the business of the country. The cause of this depression is that the people are withdrawing their money from the banks and hoarding it. Something must be done to revive confidence and faith in the future, so that the people will return that money from their strong boxes to the banks, so that the banks can continue to make loans and continue to provide money so that labor may be employed.

Mr. McCORMACK. Will the gentleman yield?

Mr. SEIBERLING. I yield.

Mr. McCORMACK. Has the gentleman during the hearings before his committee noticed any evidence of a contraction of credit on the part of banks?

Mr. SEIBERLING. The credit of the banks is contracting all the time, and there is nothing in the world that will accelerate that more than the discussions that have taken place on the floor of this House yesterday and to-day and which will take place to-morrow. If such discussions as we have been hearing on this floor are continued, it will tend further to destroy the confidence of the depositors in the banks of this country.

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. SEIBERLING. I yield.

Mr. LANKFORD of Virginia. The gentleman has struck a most important thing—the fear of banks to loan money and the fear of depositors to put money in the banks. As a member of the committee, does the gentleman think this bill will relieve the banks of the fear of loaning that money and will insure depositors of safety when they put their money in the bank?

Mr. SEIBERLING. Yes. There is great fear overhanging the country that some great disaster is going to befall the country; that some great bank is going to fail or some great railroad is going to fail. People are hoarding their money for fear that some disaster is about to come. When they know that there is a great corporation with resources to protect a situation of that kind, it will revive confidence and many people will return their money to the banks.

Mr. LANKFORD of Virginia. There is no reason for a properly conducted bank to fear to make loans?

Mr. SEIBERLING. That is correct. The depositors should have no fear where there is a corporation of this kind ready to act, even though adequate security is taken for the loans.

Mr. PARSONS. Will the gentleman yield?

Mr. SEIBERLING. I yield.

Mr. PARSONS. While this places at the disposal of the corporation $2,000,000,000, does the gentleman believe that the 5,000 banks, trust companies, building and loan associations which have failed or are on the border line of failing will be able to secure from this corporation the same consideration that the insurance companies and railroads will secure from their loans?

Mr. SEIBERLING. I am very certain of it.

Mr. PARSONS. Would it not be better to have in this bill, in order that we may know its benefits will go out to the States, an amendment which would limit the amount that might be provided for the larger corporations, thereby saving a sufficient amount to go to the banks, say, having a capital of $100,000 or less.

Mr. SEIBERLING. In my judgment, there should be no limitation in this bill at all as to the amount which these directors may loan. One of the weaknesses of the bill is the fear on the part of the people that the directors will not be able to protect the interests of all who should be provided for.

Mr. PARSONS. Is not the experience we have had recently, for instance, during the last two years, sufficient to indicate that this will be used largely for the purpose of helping those who in some degree are able to help themselves, and will not help those who need help to a very great degree?

Mr. SEIBERLING. I do not think that is the situation at all. If you help the railroads you help the insurance companies. Millions of people are interested in life insurance. Hundreds of thousands are interested in railroads; hundreds of thousands own bonds and stocks, and life-insurance companies are of vital importance to the whole population of this country; also millions of depositors will be protected by this bill.

Mr. BLANTON. Will the gentleman yield?

Mr. SEIBERLING. Yes.

Mr. BLANTON. The depositors who have lost in over 2,000 banks which have gone broke have lost their money. It is gone. Practically every railroad in the United States, except a few trunk lines, is busted to-day. They are broke. Look at the trains and Pullman cars as they go along the railroads. They are practically empty. Now, you are fixing, through this bill, to take $2,000,000,000 of the people's money that could be loaned by this board to the railroads alone and put life into their dead securities. Is the gentleman in favor of that? Why should the people pay these losses?

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. SEIBERLING. In answer to the gentleman, I will say this: In the first place, I do not believe that all of these railroads are broke. Their securities are at a very low price, but that is because there are no operations in the market, and that is because there is no money available to purchase securities. Now, I would like to ask this question: If any Member of this House owed some money to a bank and the loan was called, how would you meet that call unless you owned some collateral which you could sell? If you did that, you would have to sell at the market price, which is as far below the actual value in many cases as the price of stocks was above their actual value in October, 1929.

Mr. BLANTON. Will the gentleman yield for one further question?

Mr. SEIBERLING. Yes.

Mr. BLANTON. What railroads are making money now? Why, most of them are being operated at a loss and their tremendous expenses are not met by the little income they have.

Mr. SEIBERLING. The reason is that there is no freight.

Mr. BLANTON. And there is not going to be any freight. The freight vans are taking that away, and the busses are taking their passenger service away. Are we going to rehabilitate all of their losses with $2,000,000,000 of the people's money? For one, I am not willing to do it.

Mr. SEIBERLING. We are going to employ people; we are going to have freight and reestablish the railroads. We are going to make them all good before we get through, because this is a great country and we have faith in it.

Mr. DIES. Will the gentleman yield?

Mr. SEIBERLING. Yes.

Mr. DIES. Of course, we are all deeply in sympathy with any effort made to support legitimate credit, but does the gentleman think there would be any danger of this money being used to bolster up these watered stocks and securities and foreign securities?

Mr. SEIBERLING. I do not think so. We have especially provided that no foreign securities shall be taken, and

the stocks you mention will not be considered at all. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON of New Jersey. Mr. Chairman, in common with the entire membership of this House, I feel profoundly the importance and urgency of this legislation. In 1931 we had 2,290 bank failures, with deposits of $1,759,000,000, of which 410 were national banks. That one item alone raises a danger signal that ought to attract the attention and sober the thinking of every citizen of this country.

Over a year ago, in frequent consultation with representatives of banks, both State and national, I found the beginning of an attitude in the minds of bankers that was very disturbing. In an interview given to the newspapers at that time I made the statement that the next major calamity which was due in America could be described as a bankers' panic, in which the responsible banker would be caught in the flood of fear and mob mentality that is the curse of our civilization to-day, while at the same time he was beginning to be harried, distressed, and driven to desperation by the very governmental machineries that were devised for the purpose of guiding, controlling, and safeguarding him in his business.

I discussed this question with the Comptroller of the Currency, one of the ablest, most devoted, and responsible gentlemen we have in our public service. I even took down a group of able and experienced bankers, and they presented their views; but there was nothing done, because up to that time no one was willing to admit that we were in a world crisis; that our economic, social, and political structure was under antagonistic scrutiny and there was danger of the collapse of civilization the world over.

After a while I wrote to the President of the United States, and in that communication I made the following statements:

> The particular aspect of the banking situation, which I am confident is retarding our economic recovery, has to do with the relation between the banker, himself, and the governmental authorities, Federal and State. I understand that it is the practice of the national bank examiners to demand that the banks charge off each six months one-quarter of the difference between the cost of the bank's securities and the present distress market prices. If this practice is continued there is no doubt that it will finally result in destroying the banks' usefulness in the community and in placing a great hardship upon individuals.
>
> To meet this requirement, if the bank has to sell its securities at any price, it helps to establish distress prices for all securities. By cutting down its surplus and undivided profits to meet this rule, the public is led to believe that a loss has been incurred where there is really no loss. This creates a danger of a run on the bank in the community where it is placed, reduces the value of the bank's shares, and adds to the difficulties of local business.
>
> Many banks are carrying perfectly good obligations upon which interest is regularly paid and which will be liquidated in full as soon as conditions become normal. If under governmental pressure these notes are forced to be written off as bad debts, or if legal pressure is brought to bear upon the makers of the notes, the result is a deepening of the depression, weakening of confidence, and in many cases increased unemployment and loss.
>
> By this extravagant write-off of the banks' securities the companies who have issued the securities are prevented from securing more capital and are hampered in giving employment.
>
> Apart from the general principles which must govern all sound banking, a great transformation has come in recent years in the relation between the bank and the community in which it is placed. The majority of American bankers to-day constitute possibly the greatest single constructive force for the economic upbuilding of their various communities. By placing these men under unnecessary governmental pressure they must inevitably become disturbed in mind, lose their perspective and courage, and eventually become panic-stricken. In fact, in my judgment, one of the worst conditions now confronting the American people is this condition of panic in the banker's mind. So far as I can see, governmental agencies are largely responsible for this condition of mind.

Mr. SABATH. Will the gentleman yield for just a short question?

Mr. EATON of New Jersey. I would like to finish my statement first. Then I will be very happy to yield.

Mr. SABATH. When was that letter written?

Mr. EATON of New Jersey. September 1.

Mr. SABATH. What year?

Mr. EATON of New Jersey. 1931.

Mr. SABATH. Has the President acted upon the suggestions of that letter?

Mr. EATON of New Jersey. Yes; I had a letter from him the next day in which he stated that this exact point had been remedied. The comptroller has since made newspaper announcement to that effect, and I have had communications from a number of national bankers to the effect that the intrinsic value of their securities is now permitted to be presented in their reports rather than the absurd and panicky distress prices which now obtain in the markets.

Mr. Chairman, we had in 1929 a tremendous inflation. We had in 1931 an equal deflation. What we are in now is a period of readjustment.

The member banks of the Federal reserve system reported in the last 12 weeks of 1931 a shrinkage in deposits of $2,315,000,000, or 11 per cent, and no doubt the condition of unreasoning fear on the part of the public was mainly responsible for this tremendous withdrawal of deposits and hoarding in stockings and under mattresses and in safety vaults—a course of action which places the individual banker in the community under conditions where it is impossible for him to function.

The local banker has become the keystone in the economic arch of his community. He is the man who has to start the young man in business, who has to help the old fellows to carry on, who looks after the widows and orphans and the school children, who encourages thrift and encourages building. He has accepted this responsibility and has been functioning nobly in it. He deserves and needs the best support and the best backing that the Congress can give him at this present time.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. EATON of New Jersey. Yes.

Mr. CHIPERFIELD. And he is willing to go on and do it to-day, provided the Comptroller of the Currency will let him do it.

Mr. EATON of New Jersey. That is right. I told the comptroller, and I have no hesitation in making the public statement, that his inspectors were not functioning properly under present abnormal conditions, because they were approaching their problems too much in the attitude of mere bookkeepers. They saw only the figures in the books and the statute law under whose authority they function. Under their compulsion the banks were compelled to write off half their real estate, 25 per cent of their securities, many, if not all, the debts that were perfectly good, except the men could not pay just now. The result of all this is now equally obvious and equally dangerous. When a bank makes the statement at the first of the year that it has $500,000 of reserves and surplus and capital and another statement the 1st of July that it has $200,000, this weakens or destroys the confidence of the community. It is just as good a bank on the 1st of July as it was on the 1st of January, but this kind of statement seems to prove the exact opposite.

Mr. McCORMACK. Will the gentleman yield?

Mr. EATON of New Jersey. Yes.

Mr. McCORMACK. In other words, most of these so-called frozen debts are absolutely good under any kind of normal conditions?

Mr. EATON of New Jersey. Certainly.

Mr. CHIPERFIELD. But they can not be collected to-morrow.

Mr. EATON of New Jersey. No; and if this irrational pressure continues they can never be collected. The banker knows that and is willing to go along, but the bureaucratic administration of State and National Governments has been in too many cases slow to realize what is going on in the world and in the country. In the long period of inflation they naturally lost the human touch and the human responsibility which gives to every money token its real value and meaning.

Mr. DIES. Will the gentleman yield?

Mr. EATON of New Jersey. Yes.

Mr. DIES. Does not the gentleman think this is another step toward bureaucracy of a magnitude unparalleled in the history of this country?

Mr. EATON of New Jersey. I do not get the drift of the gentleman's remarks, but I do not think it is. I am not interested in bureaucracy or any "cracy" except saving the structure of our American civilization from an imminent collapse, and if this legislation will help in that direction I am for it 100 per cent.

We have heard a lot here to-day and yesterday about this being helpful to the railroads, as if that were a fault in this proposed legislation. Here are a few facts about the railroads which I would like to present.

Seventy per cent of all railroad bonds and notes are held by banking, insurance, and other institutions. There were $10,703,000,000 total railroad securities outstanding on December 31, 1930. Life-insurance companies held $3,000,000,000, or 28 per cent of these securities. For whom and for what were these billions of railroad securities held? For the protection of over 50,000,000 policyholders, representing all grades and classes and sections of the country. Mutual savings banks, with 13,000,000 depositors, held $1,700,000,000 of these securities. Member banks of the Federal reserve system held $987,000,000 of these securities, or almost a billion dollars. Nonmember banks held $300,000,000. Banks and trust companies in a fiduciary capacity, fire and casualty insurance companies, universities, hospitals, religious, and charitable institutions held one billion and a half of these securities. The solvency of our entire railroad system of this country is at stake, and its solvency affects directly the economic security of practically every man, woman, and child in this Nation.

If there is any institution in this Nation that reaches into every fireside and affects the prosperity and happiness and security of every family, it is the railroad. In 1930 there were similar loans to these made to the railroads of around $351,000,000. Three hundred and seventeen million dollars of this has been repaid. More than one-third of the employees of the railroads are now out of work, and more than one-third of the capital of the railroads is out of work.

In 1930 the Interstate and Foreign Commerce Committee of this House published a report on the regulation of stock ownership of railroads.

In this report it is stated that 160 class 1 railroads in the United States with a gross capitalization of twenty-three billion have over 840,000 names of stockholders on their books.

The Pennsylvania Railroad, one of the most popularly owned in the country, in 1931 had 243,361 stockholders. The largest stockholder had thirty-four one-hundredths of 1 per cent of the total stock, and 30 largest shareholders had 4.56 per cent of the total stock.

I will not weary you with the figures except to say that the par value of 46 listed railroad companies in February, 1930, was $5,673,000,000, and in December, 1931, the market value of these shares had gone down to $1,100,000,000, a shrinkage of 76 per cent. That is to say, the investor, instead of having a 100-cent dollar, finds himself with a 19-cent dollar. One hundred and eighty-two thousand and seventy-three shareholders of 17 railroads had a 100 per cent cut in dividends in 1931. Three hundred and fifty-four thousand nine hundred and fourty-five shareholders in eight leading roads had reduced dividends. At the beginning of 1931, of 31 common stocks paying dividends the average rate was 7.26 per cent per $100 share. At the end of 1931 the average rate was 2.81 per cent, a cut of 61 per cent.

Now, we must recognize without any reserve the human element in this terrific depression, both as it appears in idle men and idle money. Every citizen must realize it. I give place to no man or woman in this Nation in my sympathy for the suffering and the weak. And I refuse to accept the idea that in considering remedial economic legislation affecting our banks, our railroads, and our general industrial structure we are not seeking to alleviate human distress and serve the individual who is in need.

I am convinced that if we can put our railroads upon the pathway to successful operation, and if we can relieve our banks and bankers from the wear and tear of private and official fear, we will go further toward alleviating the condition of the unemployed and dependent in a shorter time than if we were to appropriate a large amount of money to be handed out as a dole.

What we are trying to do is to create a condition in which all our people shall once again find permanent and complete prosperity and happiness.

[Here the gavel fell.]

Mr. McFADDEN. I yield the gentleman five minutes more.

Mr. EATON of New Jersey. We feel that this legislation is only a temporary expedient. The fact is that in this Nation, if we are to preserve self-government and equal opportunity for all, we have got to summon to the consideration of our entire social, political, and economic structure, and its reorganization, the entire mental and moral resources of all our people.

Mr. ABERNETHY. Will the gentleman yield?

Mr. EATON of New Jersey. I yield.

Mr. ABERNETHY. I am in sympathy with what the gentleman is saying about relieving the banks and the railroads, but I am wondering if we relieve the banks—and we started to do something for them some time ago by setting up a $500,000,000 fund—does the gentleman understand that the attitude of the banks is that they want to make everything liquid? I would like the gentleman to address himself along that line, for I am wondering how it is going to be operated and by whom, and whether or not they are going to help the fellow that we all want to help back down home who is threatened with mortgage foreclosure, and the banks forcing him to pay his notes, on the theory that they must make things liquid.

Mr. EATON of New Jersey. Of course, the essence of good banking is supposed to be liquidity.

Mr. ABERNETHY. But the help we are giving now from the Government Treasury is not the essence of good banking. It is for the purpose of relieving the situation in the country, and I am wondering, when we give these banks all this money, what they are going to do with it.

Mr. EATON of New Jersey. A few months ago, when they had gotten the money, I would say that under the guidance of the principles then obtaining they would have used it to liquidize and strengthen their banks, without much reference to universal conditions, but to-day the banks are like all the rest of us, scared to death, and they will be mighty glad to get any help they can, not only to save themselves but to save society from collapse. They do not want to oppress people, they do not want to foreclose mortgages, but they are being forced to on the one hand by governmental interposition, which has now been modified, and on the other hand by continuous waves of fear and lack of confidence among the people.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. EATON of New Jersey. If the gentleman will get me more time. I have some gems of thought here that I wish to get rid of before I sit down.

Mr. McGUGIN. I am wondering whether they quit that interference because the big banks got into trouble and did not quit when the little banks got into trouble.

Mr. EATON of New Jersey. When we get through this present situation we will have to establish a new foundation for our entire banking structure. As a citizen of the United States I am ashamed that we have had over 6,000 bank failures in the last 10 years. Every bank failure to-day is a disgrace to our Government, to our social system, and to our economic leadership, but we keep right on having them, with all their bad results. Bye and bye we will have to find some way of unscrambling the banks. There are, as we all know, three kinds of banks—first, the commercial bank; second, the savings bank; and, third, the trust company—and under our system or lack of system the banks in the interest of making money have been permitted to consolidate all three of these functions under one management, and in addition to that they have tied themselves up with a hodgepodge of affiliates and have gone into the market and speculated, with the result that a great deal of this tremendous dissipation of our money throughout the na-

tions of the world has been done by the big banks in New York and elsewhere, when they ought not to have touched it with a thousand-foot pole. I do not believe it is in the best interests of our people to concentrate banking power and resources in only one center. I am in favor of having at least 12 centers of banking in this country, 12 centers of financial resource, instead of 1 on Manhattan Island.

All our people ought to be placed within easy reach of financial support. Some day we will effect a national organization which will put behind every bank all of the banks, so that there will be no necessity for any guaranty by the Government of the United States, because we will be able to move from one point to another, as it is needed, the support of the entire financial resources of the Nation. There will then be no need for bank failures, and the credit resources of the whole Nation will flow freely wherever needed to carry the business of all the people.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. EATON of New Jersey. Yes.

Mr. McFADDEN. Is the gentleman overlooking the fact that we have a Federal reserve system now with 12 separate reservoirs?

Mr. EATON of New Jersey. When we started out with the Federal reserve system, which was the second great forward step made since the Civil War, it was supposed to be organized to safeguard our economic structure, but I do not believe the most violent champion of that system will assert that it has been an unqualified success under the terrific conditions of the past two years. For some reason it has not been deemed to be big enough. [Applause.] Nor has it prevented a concentration of the banking resources of the country which has now reached the point where one-half our total banking resources are concentrated in 1 per cent of our banks.

When we return once more to sanity and life becomes normal again it will be the duty of our National and State Governments to see that governmental control takes on some more efficient form than merely closing banks. Prevention of the creation of weak and unnecessary banks and of unsound conditions in existing banks, rather than serving as official undertakers, ought to be the function of Government officials.

While we are confronted with failures and, in some cases, panic and weakness we must face the facts with courage and confidence. Our banking structure as a whole is sound and has back of it the greatest resources of any system the world ever knew. These are hard times, but our banks have at this moment more than seventy billions of resources, the ownership of which is scattered among more than half of our population directly, and practically our whole population indirectly. Our bankers have the character, experience, and capacity to meet the situation if we will give them a fair chance and they can be induced to confine their activities to banking alone. [Applause.]

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, the people of this Republic have been through the most trying years in its history. At the beginning of 1931 we were confronted with this situation. On account of our foreign policy, on account of our almost prohibitive tariff, because of the necessity that foreign countries were driven to of paying their loans to us in gold rather than in commodities, Europe had become deflated, our foreign trade, which largely takes care of our surplus, had been destroyed. Owing to the stock-market inflation in 1927, 1928, and 1929, the liquidity of the banks of this country had been destroyed.

Purely commercial institutions, not investment bankers but commercial bankers, had gone into the investment field and filled their portfolios not only with bonds but with speculative stocks. They had loaned on their customers' notes with collateral security of these speculative stocks, and so when the crash in the stock market came in 1929 the banks of the country were not only loaded up with discounted paper which was not good but were loaded with securities which they themselves had purchased and which were not liquid. What transpired? We are not on a gold basis except theoretically. We are on a credit basis. Our currency is a credit currency, and therefore, in order to increase our currency, our credit has to expand, and when our credit structure contracts our currency contracts. What was the mental operation of the individual banker? He realized that he had loans that were not liquid on notes of his customers secured by speculative securities. He knew that the securities which he had in his portfolio were not liquid, and he became fearful. He said, "Now, what I will do is to try to collect all that I can from my customers and loan as little as possible," and each institution was in that frame of mind. So that the smaller banks could not borrow from their reserves, and the reserves themselves were afraid to extend loans, were urging their borrowers to pay, and, therefore, this credit currency that we have went down and down and down, and commodity prices of all kinds collapsed.

A collapse as colossal as this had never occurred before in the history of the Republic. Nobody really knew what was the matter. The morale of the bankers collapsed. I will give you an illustration. A few days ago a man whom I know went to a large bank. He carried his statement with him, and he had one which on the present values of securities showed he was worth $515,000. He wanted to give a note signed by himself and his wife for $20,000. The bank said, "We will loan you $20,000, but you have not only got to give us this note but you have got to give us $40,000 worth of securities." That is what he had to do in order to get the money. That has been the mental condition of the bankers all over the country.

Early this fall it looked as though we would have a financial collapse, a destruction of all values except the problematical value of land and natural resources. In that situation the President of the United States called together some men on the 6th of October. I am not at liberty to go into the details of the discussion at that meeting. I am at liberty, in view of the fact that I am supporting this legislation, to say that I made the following statement. I said:

> I do not know from day to day when any bank in Maryland is going to fail. I believe that the creation of a corporation such as is mentioned in this bill will restore confidence. I believe if we leave this gathering to-night and go down on the portico of the White House and tell the reporters there that we met to-night and were utterly unable to offer any solution of this credit situation, no bank in the United States will to-morrow be free from the danger of a run. We simply must do something to-night, and as far as I am concerned I defer all criticism of the administration.

Then I suggested that the President make the statement which he did make, and which included the creation of this very corporation which we are considering by this bill.

Now, you will probably ask, "Is this the best legislation that could be put together to correct the situation we now have?" Do you want to put the Government into business and create a situation where the Government will control the banks and the railroads and other industries of the country? I will say, "No; I do not want to do that." I say that at this time this is the best legislation we can get. Why do I say so? Mr. Chairman, we are living in a mechanized age. We are living in an age when we are worshipping the god of production. The time, God willing, will soon come when we will recognize the fact that the problem of production in this country has been solved; that with our labor-saving devices we have sufficient power to produce in this country enough to furnish all of our people, men, women, and children of every age and of every class, sufficient to keep them not only in comfort but in substantial luxury. When that time arrives and if such an emergency as this occurs, this is not the sort of legislation which will be offered to the people of the country by the Congress of the United States. But at this time the country is controlled very largely by the great interests, the great banking interests, the great public-utility interests, the great railroad interests. I can not help that. There is no way that I can change that. We are in an emergency. Something must be done to prevent the destruction of the credit machinery of the country, and, in my judgment, this is the best thing we



can get at this time, and for that reason I am heartily in favor of the legislation.

When the $500,000,000 credit corporation was agreed to be set up by the bankers of New York and bankers throughout the country, you will remember it somewhat allayed fear for a considerable period of time. By the end of October bank failures had almost ceased. But the moral effect of the formation of that corporation expired, for during the last part of November and the early part of December I have never seen a time when those who felt the financial and credit responsibility of their communities were so depressed and so concerned.

Mr. GARBER. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. GARBER. The total loans of the credit corporation did not exceed $10,000,000?

Mr. GOLDSBOROUGH. I think that is entirely correct. I did not know that they had actually loaned that much.

Mr. GARBER. So its inadequacy to meet the present current conditions throughout the country is clearly apparent.

Mr. GOLDSBOROUGH. It is not only inadequate to meet present current conditions, but its moral effect has expired. It no longer has the ability to allay fear, which is really one of the major things which must be taken care of.

Now, here is a corporation with a potential capital stock of $2,000,000,000. By virtue of its rediscount powers and by virtue of the fact that it can be used in credit several times, that may be expanded many times. In addition to that, it furnishes to the country assurance that the Government of the United States—that is, the people as a whole—will see to it that the country is not destroyed. I personally have noticed an entire change in the feeling of thoughtful people in the last two weeks, especially since it became known that the passage of this legislation was assured.

What would be the ideal legislation for us to pass? Of course that is a matter which would be resolved differently by different minds. This matter of credit and the flow of credit is something I have been studying for at least 30 years, ever since I was old enough to give matters of this kind any serious consideration. As far as I am concerned, the great problem that confronts the country, not only of reconstruction but of justice, is to raise the price level so that these debts can be made liquid and so that people can pay their debts with money worth approximately the same as it was when they contracted these debts. But that involves an advance in our mental attitude. As far as I am concerned, as far as emergency legislation is concerned, I would advocate giving the Secretary of the Treasury a legislative direction to issue paper money and buy Government securities of all kinds to the extent of $3,000,000,000 in the next 30 days. What would that do? Immediately all of the bankers of the country would have their confidence restored, every single one of them. An electric current of confidence and optimism would go through the country. Those who did not own Government securities would immediately seek them, knowing the Government was going to buy them. The proceeds of Government securities would go into the banks. The owners of that money in the banks would immediately invest it in low-priced securities of all kinds. That would cause the market to rise; that would cause the unliquid assets of banks to become liquid; the unliquid loans to become liquid; and that, of course, would inevitably result in the resumption of business and the restoration of confidence to such an extent that within 30 days everybody would be in a happy frame of mind. In less than six months the normal business of the country would be resumed, and the Secretary of the Treasury could feed those securities back into the market and retire this money. That is the sort of emergency legislation you want. That is the thing you want when people are unemployed, walking the streets and starving. But this legislation is the best we can get now, with power enough behind it to pass it, because the powers that be would not be in favor of the kind of legislation I have in mind.

Do not misunderstand me. I do not advocate the above proposal as permanent legislation, because when we are on a normal basis and the Federal reserve system is functioning in a normal way these credit situations can be taken care of, but when you are out on the ocean, my friends, and your ship is sinking, and you have women and children to take care of, your lifeboat or your raft may not be safe, but you take it because it is the best thing for you at that time.

If we had this inflation, none of this emergency legislation would be necessary, and practically no tax legislation would be necessary, because with the resumption of the normal functions of business the income of the Government would be resumed.

Now, of course, you can very readily see that the bill we are considering is not the kind of proposed legislation that appeals to me spiritually at all. But I have been in business for 30 years, and I know that in statecraft as well as in everything else you have to make compromises; you have to do the best you can, and those who have the power, those who have the influence, and those who can mold public opinion of the country, have suggested this bill. If we had not gotten it, in my judgment, conditions would have been much more serious, because there probably would have been a complete collapse of all sorts of credit and our people left destitute. So, as I said before, I am in favor of the bill.

Mr. BOYLAN. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. BOYLAN. Does not the gentleman think that in addition to the provisions already in the bill another one should be inserted permitting this corporation to loan to municipalities which are suffering greatly at this time by reason of the high rates of interest charged on short-term loans?

Mr. GOLDSBOROUGH. Well, I sympathize most heartily with the situation described by my distinguished colleague from New York, but I do not feel that that sort of a provision is legitimately within the purview of this particular bill. I do feel that if we could pass some legitimate legislation that would raise the price level and the general commodity level which would allow the factories to open and the great masses of the people to get employment and buying power that then the conditions in the municipalities which the gentleman has in mind would very rapidly disappear.

Mr. ROMJUE. Will the gentleman yield?

Mr. GOLDSBOROUGH. Gladly.

Mr. ROMJUE. I wish the gentleman would explain this to me: On page 7 of the bill there appears this sentence in regard to railroads:

> Or aid in the temporary financing of railroads and railways.

Beginning at the end of page 6 the bill reads as follows:

> Within the foregoing limitations of this section, the corporation may also, upon the recommendation and approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing of railroads and railways.

It seems to me that should not be in the bill, or if it should be in the bill I do not understand the purport of it, because it is discussing loans and it seems to me there might be some difference in making a loan or otherwise aiding in financing.

Mr. GOLDSBOROUGH. It was not intended for the language to be too broad and I do not think the committee would have any objection to that language being stricken out. That language was in the original bill as it was given to us and the purpose was to give the directors of the corporation a free hand in what was done for the railroads.

Mr. ROMJUE. I know; but we will appropriate a vast amount of money and extend a great amount of credit if this bill becomes a law; and in view of the condition of the Treasury at the present time, when we come to the financing of great industries like the railroads of the country—and we all have sympathy for them in their present condition—I think we should be very careful, because the proper administration of this law is going to depend, in my judgment, very largely upon the board itself, and we ought not to take

any chances on making mistakes in the legislation and we should not make it possible to dispose of the money in any way in which it should not be disposed of.

Mr. GOLDSBOROUGH. I quite agree with the gentleman. I call the gentleman's attention to the fact that beginning with line 13, on page 7, there is a limitation on the percentage that can be loaned to any corporation, which was not in the bill when we received it.

I am sure I am not stating anything I should not divulge when I say that I made a motion to make the loan limitation 5 per cent of the capital instead of 10 per cent; it seemed to me that under any circumstances $100,000,000 is all that should be lent to one corporation, but the motion was lost. If an amendment is offered reducing that percentage from 10 to 5 I shall be very happy to support it.

Mr. MAPES. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield to the gentleman with pleasure.

Mr. MAPES. I have enjoyed the gentleman's speech very much. It has been a very able discussion of the present situation. The gentleman said that the material effect of the Credit Corporation was little and that the moral effect did not last very long. I would like to have the gentleman's judgment as to how long he thinks the moral effect of this Reconstruction Finance Corporation will last and whether he thinks the set-up here with a $2,000,000,000 corporation, with the possible expansion as the gentleman has indicated, will be sufficient to be of real, material help to the credit situation of the country. I would like to have the gentleman's judgment on that.

Mr. GOLDSBOROUGH. I will say to my distinguished colleague that in so far as this particular measure is concerned, in my judgment it is going to be very ably administered. It will not be the measure that would have been my choice, but I believe it is going to be very ably administered, and by men who will be ambitious in this great national emergency to be of as much service as they possibly can. I am not one of those who think that this legislation is going to be administered in this instance in favor of any particular interest, such as the railroads. I do not believe that. I believe in this great national emergency that those administering the law, knowing that the eyes of the whole country are on them, will do their level best for everybody so as to relieve the country from the dreadful situation it is now in.

Mr. MAPES. I do not know that the gentleman caught my point or that I made myself clear. I am interested in getting the gentleman's opinion as to whether he thinks the set-up of this corporation is such that there can be any comparison of the actual, material relief to be afforded by it with that afforded by the so-called credit corporation which the bankers established.

Mr. GOLDSBOROUGH. I do not think so. There was never any very serious effort made to put that organization into action. As I conceived it at the time, and as I conceive it now, it was more or less of a gesture preliminary to the convening of the Congress and the passage of the bill we are now considering. I do not know whether I ought to make that statement or not, but that is the way it occurred to me at the time and that is the way it occurs to me now. It never functioned to any extent. This corporation is going to have the funds to loan. There is not any doubt about that. If a bank in your town or in my town goes to this corporation with anything that is fit at all as security, it can get some money and get it quickly.

Mr. MAPES. So that in the gentleman's opinion there can not be any comparison of what is to be accomplished by this corporation with what has been accomplished by the credit corporation.

Mr. GOLDSBOROUGH. None whatever, in my judgment.

Mr. KETCHAM. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield to the gentleman with pleasure.

Mr. KETCHAM. Looking toward the institutions in our home communities, I am particularly interested in a comment the gentleman just made with reference to positive and direct relief that may come to a small institution in my own community where, for instance, a loan of $100,000 or $150,000 or $200,000 would be a very material consideration. Does the gentleman believe that in the set-up of this corporation institutions of that sort will come within its purview?

Mr. GOLDSBOROUGH. I absolutely do.

Mr. KETCHAM. And there will be some actual assistance given in such cases?

Mr. GOLDSBOROUGH. I do. If that is not done, then those that are going to control it will have to break faith with Members of the House who have consulted them, and I have not the slightest idea that they will break faith.

Mr. KETCHAM. Following that comment with another one along the same line, it is not the purpose of this bill that the benefits that are going to come to our individual communities shall simply be the indirect effects that are going to come through the assistance to be given the railroads and the very large financial corporations.

Mr. GOLDSBOROUGH. No.

Mr. KETCHAM. Such corporations are going to receive aid, and that is going to be reflected; but we are going to have positive and distinct aid in the form of definite sums of money allocated to these small institutions, provided they can produce anything that is worthy of being received as credit.

Mr. GOLDSBOROUGH. Speaking as one member of the committee, after discussion with those who will have majority control, at least, of the corporation, I have no doubt about it whatever.

Mr. KETCHAM. I thank the gentleman.

Mr. SIROVICH. Will the distinguished gentleman yield for a question?

Mr. GOLDSBOROUGH. I yield to my friend from New York.

Mr. SIROVICH. The gentleman has made a most interesting address, which I appreciate very keenly, and for the purpose of information one of the gentlemen called attention to page 7, line 13, in which there is this statement:

> In no case shall the aggregate amount of advances made under this section to any one corporation and its subsidiary or affiliated organizations exceed at any one time 10 per cent of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

The gentleman stated that he would be in favor of reducing that to 5 per cent.

Mr. GOLDSBOROUGH. Yes.

Mr. SIROVICH. Let me call the gentleman's attention to the fact that in every national bank and State bank the laws permit these institutions to loan 10 per cent of their capital and surplus to any individual or corporation. Therefore it may be very necessary in some bank of the country that has a billion dollars of frozen assets to have this provision.

Mr. GOLDSBOROUGH. I personally do not think that any one corporation should have more than $100,000,000.

Mr. SIROVICH. Even banks.

Mr. GOLDSBOROUGH. Even banks. The institutions that the gentleman speaks of are banks of deposit. They have other resources than the capital stock.

Mr. SIROVICH. I said capital and surplus.

Mr. GOLDSBOROUGH. They have deposits and can loan them. This corporation has nothing to loan except its capital and what it may obtain by rediscounting in the Federal reserve banks.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. WILLIAM E. HULL. I have been trying to study the question in a way that nobody seems to have brought out. We are to loan to different banks and railroads this money on securities which they will produce, and suppose, for example, the securities do not pan out, what is going to happen?

Mr. GOLDSBOROUGH. What would happen would be that the Government would lose the money—there is no question about that.

Mr. WILLIAM E. HULL. That is what I wanted to get at. The Government loses the money in that case. After the Government has lost the money, in your judgment—which I regard very highly—what is the Government going to do after the money has gone to pot?

Mr. GOLDSBOROUGH. This proposed legislation is to afford positive relief, and is also to tell the people that the Government does not propose to let the credit structure of the country go to pieces, and it is to be administered by men of wide and proven financial experience. That is all I can say and all that anybody can say.

Mr. WILLIAM E. HULL. What I am figuring on is how you are going to get the money out. If you sell a man goods and he gives you a note, and when the note matures he can not pay and you renew it, after a while he has to pay the note or it is a loss. That is what I want to bring out. If you loan the money to the banks or the railroads on securities that will never be paid, I am not sure where we are going. I want to say that I am going to vote for the bill.

Mr. COLE of Iowa. It is not the purpose of the board to loan money unless there is a good prospect of the securities being paid.

Mr. WILLIAM E. HULL. Oh, that is begging the case. What you are expected to do is to take the present assets and loan money on them with the understanding that they will be paid.

Mr. COLE of Iowa. The present assets are good, only not liquid.

Mr. GARBER. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. GARBER. Did the committee have any financial experts appear before it who stated what would probably be the peak of these loans?

Mr. GOLDSBOROUGH. No; and if we had, I will say to my distinguished colleague, we would probably have considered their opinion of very problematical value.

Mr. GARBER. I did not know but that the committee might be disposed, in the exercise of business prudence, to put a limit on the outstanding loans that might be made at any one time as a safeguard to the Government. Inasmuch as the Government holds the sack and guarantees all the transactions, it might be a reasonable provision, it seems to me, to put a limit upon the total amount of loans at any one time.

Mr. GOLDSBOROUGH. The provisions of this bill are much more liberal than any permanent legislation would justify. This loaning power runs only for one year, with an extension for one year at the discretion of the President. After that they can not loan any money. It is emergency legislation, and we feel it is necessary to rely largely on the ability and experience, patriotism, and courage and energy of the men who are going to administer it.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. SABATH. In line 3 of page 6 there is a provision that all loans made shall be fully and adequately secured.

Mr. GOLDSBOROUGH. Yes; they shall be fully and adequately secured.

Mr. GARBER. The gentleman says that the loans are to be only made for a period of one year?

Mr. GOLDSBOROUGH. Oh, no; I said that the corporation can not do business in the shape of making loans after the first year. They have to shut down as far as loaning money is concerned after the first year and the possible year's extension.

Mr. GARBER. But during the next few years they are authorized to renew loans.

Mr. GOLDSBOROUGH. Yes. Mr. Chairman, I don't know that there is any reason why I should take up any more time of the committee. As I indicated or attempted to indicate in the body of my remarks, we are now in the greatest national emergency that the Republic has ever known. My judgment is that the men who will have the active control and direction of this corporation—and I have in mind especially Eugene Meyer—realize the extent of the national emergency, realize the extent of the responsibility which will be placed upon them. I have great confidence in the ability of these men. I have great confidence in their capacity to rise greatly at this time. My opinion is that when this act is administered it will be administered in a patriotic and American way. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. HOGG].

Mr. HOGG of Indiana. Mr. Chairman, Congress is attempting to remedy a situation caused in a large measure by greed for profits of too many big corporations. No one denies the right to an honest profit. America's present depression has resulted from the ruinous course of certain profit seekers who rate labor as a commodity and whose course has been directed more in the interest of corporation profits than of the welfare of the American wage earner and farmer.

Our economist development and high standard of living, fostered by the protective tariff, is the product of education, training, and character of the American people, aided by the wonderful resources of nature accumulated over millions of years.

A few corporations and individuals occupying strategic positions in our economic life have been able to collect most of the dividends on the effort and enlightenment of this age. They have exacted from the public "what traffic will bear." They have, in the words of the old proverb, "killed the goose which lays the golden egg," in that they have deprived labor and the farmer of their just purchasing power. Greed can not be changed by law. The countless statutes of the United States Code attempting to regulate corporate action show how long this problem has existed and how intense it is.

Let us examine a few specific facts. Since the war productivity per person engaged in industry has increased 53½ per cent, although the workingman has shorter hours in normal times. During this period wholesale prices declined slightly while the cost of living very slightly increased. From 1923 to 1927 the average annual rate of increase in profits of all industrial corporations was 9 per cent.

While the immense increase of profit came to corporations, wages on an average increased very little, if at all. Wages is buying power. With the huge profits that corporations were piling up bank deposits were increased, business was unduly expanded, and securities of other corporations purchased. Stock-exchange speculations borrowed the money. Stock speculations alone cost $12,000,000,000, equal almost to half the wealth of the New England States.

During this time foreign loans to the extent of $15,000,000,000 were urged and sold by international bankers of America for the sake of high profit which the bankers received. To foreign nations and to stock speculation went much of the profits of American industry.

The great body of American people is and will ever remain the one reliable market for American industry. If big corporations had been fair enough to divide with the wage earners and with the public in the form of lower prices the benefits of the greater productive powers of labor, much of our present economic disturbance would not exist. Wages and prices remaining the same, productive corporations specialized on payment plan, installment methods, and usually exacted a finance fee in a final effort to increase sales.

This merely postponed payment and prolonged the day of retribution. On this unjust basis most farmers were producing at a loss. Farmers and home owners were paying the ever-increasing local and State taxes, while bond and security holders often failed to list their property. Billions of nontaxed securities are in our land to-day, and the nontaxable bond system is a national evil.

In establishing a Reconstruction Finance Corporation Congress is undertaking in a very practical way to loosen the frozen assets of the banks throughout the Nation. It is a proper thing to do, and will help everyone.

We must not overlook the fact that even in this bill we are treating a symptom and not the cause of the disease. This bill should help the victims and not those who are responsible for the situation. Greedy manipulators of great wealth must learn that consideration for welfare of the labor, the farmer, and the public is greater and above the consideration of unjust profits.

Capital is entitled to its fair share of profits. Labor is human. Upon prices and relative wages paid to labor depends the economic condition of the United States. It is an easy thing to be generous. It is difficult to be just. Taxes and bond issues take working capital away from the people.

England's expenditures rose to one-third of her national income and her financial system tottered. While local and State expenditures have been running wild, our national expenditures have remained somewhat stationary, but at too high a figure.

Whenever an item of dubious merit is attacked we hear it said that it is "only a drop in the bucket." But it is "drops" which fill the bucket, and countless items should be eliminated.

Government bureaus must be consolidated. The number of Government employees in Washington must be diminished by a substantial percentage. Larger Federal salaries must be cut. Many expensive activities of the Government must be curtailed. The only way known to man to reduce taxes is to spend less. We must not overlook the fact that two-thirds of our national expenditures go to pay the cost of war and national defense.

The Government must meet its responsibility in less expenditures and less taxes. Big business must meet its responsibility by an equitable consideration for the public.

The protective tariff has been unjustly blamed for all our woes. When the Democratic majority last week passed the new tariff bill in the House it did not change a single rate.

The Reconstruction Finance Corporation is a practical step to meet an emergency but does not attempt to meet the real problem. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield now to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein certain tables prepared by the Bureau of Economics in the Department of Agriculture.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GARBER. Mr. Chairman and members of the committee, the bill under consideration is an emergency measure. It is a part of the credit rehabilitation program of President Hoover, and it is gratifying to see it supported by Members of both parties. With constructive amendments it will become a measure of substantial relief in this emergency. Its main virtue will be the restoration of confidence and the consequent influences upon the trade and commerce of the Nation.

As a safeguard to an equitable distribution of its benefits, I shall support an amendment insuring more direct benefits to the small banks of the country and especially throughout the agricultural States. The real seat of our trouble is the low purchasing power of labor and farm products, but in an emergency like this, time is the essence of the relief to be extended, and the bill will do that, as so ably stated by the gentleman from Maryland [Mr. GOLDSBOROUGH]. He has made an able argument in its support. I am in accord with many things he has said, but with his inclusion of the existing tariff law as one of the main contributing factors of the depression I can not agree.

The remedy for our unemployment is certainly not the purchase of goods from abroad, in patronizing the cheap labor of foreign countries, with their lower standard of living in preference to giving jobs to our home labor.

If the rates in the existing law were too high and a contributing factor to the existing depression, the Democratic tariff bill recently reported and passed in this House did not say so. It did not reduce or repeal a single rate.

H. R. 6662 amended the tariff act of 1930 and was the first legislative expression of the Democratic majority in the House upon this subject.

It will be recalled that the international bankers led the fight against the enactment of the tariff act of June 17, 1930. They were supported by the active opposition of American capitalists who had invested in factories abroad to make big profits out of cheap labor and sell their products in our market.

Following such leadership, the Democratic Party opposed and voted against the act, representing to the country that its rates were iniquitous, unconscionable, and prohibitive. In fact, the propaganda from the three sources of opposition prejudiced the bill to the country and such misrepresentations continued up until the time our Democratic friends assumed control in the House, where all the tariff bills must originate.

Up to such time it was an agressive Democracy, bent upon slaying the "robber tariff." Through her most distinguished Representative from Uvalde, Tex., leading the fight against the act, on this floor she told with minuteness of detail how the farmer arose in the morning with a razor blade in one hand and a cigarette in the other and at every step he took in his daily rounds the "robber tariff" at his elbow laid ever an additional burden until his collapse, when he was hauled to the house in a hearse while his wife and children, shivering with fright, fled in terror to their hiding place under the bed. Now, then, gentlemen, since you have obtained control and have passed a tariff bill, shall we tiptoe and tell them to come out from under? Shall we tell them that the coast is clear? That you have severed the arm that piled the burden? That you have slain the "robber tariff"? That you have repealed the exorbitant, iniquitous, prohibitive rates, that you have removed the main contributing cause of this depression?

No! You have not reduced a single rate. You have not repealed a single rate. The unconscionable, iniquitous, prohibitive rates still remain. You have permitted what you said was the main contributing cause of this depression to remain. The rates on lumber, sugar, cement, and shoes have not been disturbed and they still remain intact in the law.

Why this failure to act? Why this sudden silence about exorbitant rates and tax burdens? Is it because, since the disclosures before the Senate investigating committee, you have concluded to discontinue the leadership of the international bankers who are now revealed as free traders for the collection of their foreign loans, as, in fact, Gauls who have wrecked the credit of this country through their high-powered salesmanship of foreign bonds to our domestic people that they might reap millions of profits in high commissions? Is it because you refused to continue your association with the Benedict Arnold factories which deserted American labor for the cheap labor of foreign countries and are now demanding open markets here to sell their products?

Gentlemen, you now have your chance. You have a majority of the membership in the House Ways and Means Committee. You have a majority in the House. Why did you not bring in a bill reducing or repealing the rates which you have been denouncing to the American people as the main contributing cause of the existing depression? Are you afraid to go before the country with reduced rates as your remedy for unemployment? Are you afraid to announce to the people that you propose to give jobs to the unemployed at home by purchasing the products of cheap labor abroad? Or is it because the clutch of Raskob withholds your inclination?

Instead of reducing the rates, instead of repealing prohibitive rates, instead of removing the main contributory cause of this depression, you soft-pedal and soothingly say to the people of this country, "We did not have time to give you reduced rates or repeal prohibitive rates, but we give you a consumer's counsel! We give you an economic international conference! We did not have time to go into the question of rates. Besides, the President would have vetoed a reduction or repeal of rates, but in lieu of that we authorize the President to initiate a movement for an in-

ternational economic conference, with a view to lowering the excessive tariff rates. So, you see, we have given due consideration to this phase of the question. Really, now, we have taken care of the question in this broad and statesmanlike way! "

If the bill had any value whatever, it was in the way of a confession of the Democatic majority that the rule of fixing the tariff rate, namely, the difference between the cost of production at home and abroad, was a practical and equitable one. This rule was embodied in paragraph A of the bill. It was the first legislative approval of this rule by the Democratic Party in all its history. In other words, it is a confession of the imperative necessity of this rule to adequately protect American labor with its standard of living from the cheap labor and lower standards abroad, credit for the Democratic adoption and legislative recommendation of this rule belonging largely to the leadership of John J. Raskob, the influential agent for campaign funds of the Democratic Party and the present national chairman of the Democratic National Committee.

It will be recalled that during the last national campaign the Democratic nominee for President and the chairman of the national committee, working in conjunction, secured the telegraphic pledges of a majority of the Democratic Members of Congress, assuring the public that the election of their candidate to the Presidency would not disturb the then existing business conditions by any changes in the tariff.

A history of the Democratic Party upon this question exhibits a changing attitude and policy. It has been for free trade, for a tariff for revenue only, and for a competitive tariff, but then for the first time, we had a definite legislative proposal to adopt the rule of rate making which has been followed and enforced for a number of years and in the fixing of rates in the tariff act of June 17, 1930.

It will be recalled that such act contained the flexible provision, embodied in section 336, authorizing the Tariff Commission, upon the complaint of any interested party, to make investigations and determine the difference between the cost of production at home and abroad upon any article of commerce upon which a rate had been laid. The activities of the Tariff Commission under the flexible provision of the act of 1930 may be summarized as follows:

UNITED STATES TARIFF COMMISSION,
Washington, January 7, 1932.

SECTION 332

Investigations instituted	10
Investigations completed	7
Investigations pending	2
Investigations dismissed	1
Surveys published	4

SECTION 336

Application:	
Total number of applications received	131
Number of applications in response to which investigations have been instituted	56
Number of applications withdrawn	7
Number of applications dismissed	32
Number of applications pending	36
Investigations:	
Total number of investigations instituted	66
Number of investigations completed	39
Number of investigations dismissed	9
Number of investigations pending	18

SECTION 337

Total number of complaints received	3
Number of complaints dismissed	2
Number of investigations instituted	1

SECTION 340

Work on the investigation concerning domestic values—conversion of rates has been in progress for about a year and field work is nearing completion.

The records of the commission disclose that since the enactment of the Hawley-Smoot bill but two Democratic Members of Congress have requested an investigation to change the rates, and the failure of any proposal in the bill to reduce or repeal such iniquitous rates will be sufficient evidence to an impartial public that they did not exist, that the changed conditions in foreign countries have intensified the necessity of higher rates to protect our own farmers and laboring men in our own market.

Section 3 of the bill created the office of consumers' counsel of the United States Tariff Commission, at a salary of $10,000 per year, with authority to appoint and fix the salaries of assistants and clerks necessary for the performance of the duties vested in them. This creates the egg that will finally hatch out another expensive bureau to be supported by the tax moneys of the people. It was made the duty of the consumers' counsel in all hearings before the Tariff Commission to represent the consumers. He becomes the special representative of the consuming classes of the country in fighting the rates before the commission.

The district I represent is composed of both consumers and producers, consumers of steel products in the oil fields, of refinery equipment, but they are producers as well. Who will represent the independent producers of oil when the consumers' counsel, representing the big importers, fight any proposition for an adequate tariff duty on oil?

We have the producers of a diversified agriculture, producing poultry, eggs, dairy products, butter, milk, cheese, wheat, cotton, corn, hogs, cattle. When the consuming centers, through their consumers' leagues, which will be formed, appear before the Tariff Commission with their special consumers' counsel demanding a reduction of rates on these farm products, who will be there to represent the unorganized farmers throughout the vast regions of this country?

This consumers' counsel will suggest at once the organization of consumers' leagues in all the consuming centers of the country which will demand a reduction of their cost of living. They want cheaper butter, cheaper milk, cheaper meats, not knowing that the farmers are not getting the cost of production from such products at the present time and that their demands should be made from the intermediate agencies handling such products.

There is just as much need for a producers' counsel before the Tariff Commission to protect the rates as there is for a consumers' counsel to whittle them down.

At the present time we have the highest rates protecting all agricultural products ever given to agriculture and they are not too high. They are absolutely necessary to keep the cheap farm products produced from the cheap lands and cheap labor in foreign countries under lower standards of living out of this market. Without such rates this country would be flooded with eggs and poultry from China and Japan, with milk, butter, and cheese from Switzerland and Denmark, with lamb, mutton, and wool from Australia, and with the cheap cattle and beef from South America, and all the products of the farm. They are at the present time overflowing the wall in many instances. The representatives of their interests will see that necessary consumers' leagues are organized in this country to compel action by the consumers' counsel. Those representatives will work in cooperation and conjunction with the consumers' counsel against our own farm producers. The consumers' counsel is simply an agency to keep up a continual fight and controversy over rates and obstruct the orderly procedure of the commission for the prompt transaction of meritorious business brought before it. It is simply a sop thrown to the public, sugar coated with an intriguing name. Having proposed nothing, absolutely nothing, in reference to rates, it is assumed that it became necessary to propose something of some kind to offer in the next campaign.

Section 4 is equally as destructive of existing rates as section 3. It requests and authorizes the President to initiate a movement for an international economic conference with a view to lowering excessive tariff duties. Here is the very latest evidence of the natural tendency of the Democratic Party to jeopardize American interests by conferences abroad. Supposing such movement was initiated and conference called and the representative of the United States

appeared at such conference, could he hope to cope against the nations of Europe, each and all bent upon securing markets here for their products? Under the language of the bill he would be authorized to determine what rates in our tariff were excessive and then to trade the reduction of such rates for the reduction of rates in foreign countries.

It has been generally charged that the Hawley-Smoot bill was the initiative cause in increased foreign rates for reprisal, that such rates especially cost the wheat farmers their foreign market. It was, and has been ever since the enactment of the tariff act, charged throughout the country that foreign markets for American wheat were lost by reason of the high tariff rates in the Hawley-Smoot bill, and such is the general impression which prevails throughout the country to-day; but such is not the truth. Before the enactment of the 1930 act wheat-consuming countries, as a part of their postwar program, placed high tariffs on wheat, to lure the population from the congested districts and stimulate a return to the producing sections, to encourage their own farmers to produce.

The general charge that by reason of the rates in the tariff act we have lost foreign trade which has caused the depression is equally false. If we lost our entire foreign trade, it would only be 9 per cent of our domestic trade; but the fact is we have only lost in foreign trade in a percentage not greater than the loss of domestic trade in the countries importing our products. We have not lost trade because of rates so much as we have lost trade by reason of countries losing their buying power. Curtailed purchasing power has affected both our foreign and domestic trade. It is not reprisal and retaliation; it is the loss of purchasing power and inability to buy. The world depression has affected the United States less than it has other countries, although its ravages here are almost to the point of destruction.

The following table of import duties on wheat from 1913 to 1931 from the chief wheat-producing countries of Europe was especially prepared by the Bureau of Agricultural Economics in the United States Department of Agriculture, an examination of which will disclose that at a time when our rate was 42 cents per bushel the import duty on wheat in Italy was 73.54 cents; Germany, 42.14 cents; France, 53.34 cents; Japan, 33.88 cents; Greece, 39.53 cents; Spain, 73.54 cents; Poland, 33.59 cents; Finland, 51.38 cents; Estonia, 52.53 cents.

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D. C.

German import duties on wheat, 1913–1931

	In reichsmarks per 100 kilos			Cents per bushel (60 pounds)		
	General	Reduced general	Conventional [1]	General	Reduced general	Conventional [1]
1913—Jan. 1-Dec. 31	7.50		5.50	48.62		35.66
1914—Jan. 1-Aug. 3	7.50		5.50	48.62		35.66
Aug. 4-Dec. 31	Free.					
1915 to 1924	Free.					
1925—Jan. 1-Aug. 31	Free.					
Sept. 1-Dec. 31	7.50	3.50		48.62	22.69	[2]
1926—Jan. 1-July 31	7.50	3.50		48.62	22.69	
Aug. 1-Dec. 31	7.50	5.00	[3] 6.50	48.62	32.41	[4] 42.14
1927—Jan. 1-Dec. 31	7.50	5.00	[3] 6.50	48.62	32.41	[4] 42.14
1928—Jan. 1-Dec. 31	7.50	5.00	[3] 6.50	48.62	32.41	[4] 42.14
1929—Jan. 1-July 9	7.50	5.00	[3] 6.50	48.62	32.41	[4] 42.14
July 10-Dec. 31	7.50		[3] 6.50	48.62		[4] 42.14
1930—Jan. 1-Jan. 19	7.50		[3] 6.50	48.62		[4] 42.14
Jan. 20-Feb. 10	9.50		6.50	61.59		42.14
Feb. 11-Mar. 26	9.50			61.59		
Mar. 27-Apr. 24	12.00			77.79		
Apr. 25-Sept. 27	15.00			97.24		
Sept. 28-Oct. 25	18.50			119.93		
Oct. 26	25.00			[5] 162.07		

[1] Imports from the United States dutiable at conventional rate; where no conventional rate is in effect "reduced general" or "general" rates apply.
[2] Conventional rate not applied since "reduced general" rate was lower.
[3] Conventional rate went actually into effect on July 10, 1929, since "reduced general" rate was canceled.
[4] Duty on durum wheat for manufacture of semolina and starch, 73 cents per bushel.

NOTE.—Wheat imported under the so-called wheat exchange plan which went into effect on Aug. 14, 1931, is admitted, until July 31, 1932, at 20 reichsmarks per metric ton, equivalent to 13 cents per bushel.

Compiled from information furnished by the Division of Foreign Tariffs, Bureau of Foreign and Domestic Commerce.

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D. C.

ITALIAN IMPORT DUTY ON WHEAT, 1915–1931

(1) January 31, 1915, to July 24, 1925: Free. Duty suspended during this period.

(2) July 24, 1925: Rate of 7.50 gold lire per 100 kilograms (39.4 cents per bushel).

(3) September 13, 1928: Rate of duty increased to 11 gold lire per 100 kilograms (57.78 cents per bushel).

(4) May 24, 1929: Rate of duty increased to 14 gold lire per 100 kilograms (73.54 cents per bushel).

(5) June 5, 1930: Rate of duty increased to 16.50 gold lire per 100 kilograms (86.67 cents per bushel).

(6) August 19, 1931: Rate of duty increased to 75 paper lire per 100 kilos (107.37 cents per bushel).

(Compiled from information furnished by the Division of Foreign Tariffs, Bureau of Foreign and Domestic Commerce.)

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D. C., September 1, 1930.

French import duty on wheat, 1910–1930

Year and date effective	Rate per 100 kilograms (220.46 pounds)	Equivalent rate in United States currency [1] (per bushel of 60 pounds)
	Francs	*Cents*
1910—Apr. 1	7.00	36.80
1921—July 4	14.00	30.52
1926—Apr. 6	18.20	17.24
1926: Oct. 18-Jan. 1, 1927, on soft wheat [2]	10.20	8.08
1927—		
Jan. 1	18.20	19.56
Sept. 3	25.00	26.67
Nov. 18	35.00	37.44
1929—May 24	80.00	53.34
1930—May 22	80.00	85.35

[1] Conversions made on the basis of par or the rates of exchange prevailing on the dates when changes in rates became effective. The equivalent of the average rates for any given month or year will vary according to the prevailing rates of exchange.
[2] Special decree authorizing reimbursement to millers of 8 francs per 100 kilograms of the duty on soft wheat.

Rates obtained from or verified by the division of foreign tariffs, Bureau of Foreign and Domestic Commerce.

Import duties on United States wheat in principal importing countries, January 2, 1930, January 2, 1931, and December 2, 1931

Countries	Equivalent in United States currency [1]		
	Jan. 2, 1930	Jan. 2, 1931	Dec. 2, 1931
	Cents per bushel	*Cents per bushel*	*Cents per bushel*
United Kingdom	Free.	Free.	Free.
Italy	73.54	86.75	107.37
Germany	42.14	[2] 162.07	[2] [3] 162.07
France	53.34	85.35	85.35
Belgium	Free.	Free.	Free.
Netherlands	Free.	Free.	Free.
Brazil	[4] 12.13	[4] 12.91	[4] 10.37
Japan	33.88	33.88	33.88
China	Free.	Free.	Free.
Czechoslovakia	24.17	44.31	44.31
Austria	11.03	11.03	55.14
Switzerland	[5] 31.5	[5] 3.15	[5] 3.15
Greece	[6] 39.53	[6] 55.15	[6] 55.15
Irish Free State	Free.	Free.	Free.
Sweden	26.99	26.99	26.99
Egypt	[7] 12.11	[7] 40.01	[7] [8] 24.01–64.68
Denmark	Free.	Free.	Free.
Poland	33.59	53.44	76.34
Union of South Africa	38.94	38.94	([10])

[1] Conversions made at par unless otherwise specified.
[2] Duty on Durum wheat for manufacture of semolina and starch, $0.73 per bushel.
[3] Wheat imported under the so-called wheat exchange plan which went into effect on August 14, 1931, is admitted, until July 31, 1932, at 20 reichsmarks per metric ton (13 cents a bushel).
[4] Includes 2 per cent in gold of official valuation, port tax. Conversions made on basis of rate of exchange prevailing on above dates.
[5] For imports by registered dealers under customs control: Other imports are subject to a surtax of $1.05 per bushel. Imports of wheat for seed purposes are subject to special regulations.
[6] Includes surtax of 75 per cent of duty.
[7] Plus quay tax of one-tenth of duty.
[8] Duties are on a sliding-scale basis and are assessed in accordance with the price of Australian wheat on the London market.
[9] Includes suspended duty of 6d. per 100 pounds (7.3 cents per bushel), applicable at any time.
[10] Special duty which is equal to the difference between the landed cost and 11s. 3d. per 100 pounds ($1.64 per bushel.)

Import duties on United States wheat in principal importing countries, January 2, 1930, January 2, 1931, and December 2, 1931—Continued

Countries	Equivalent in United States currency		
	Jan. 2, 1930	Jan. 2, 1931	Dec. 2, 1931
	Cents per bushel	*Cents per bushel*	*Cents per bushel*
Spain	[11] 73.54	[11] 73.54	[11] 73.54
Norway	Free.	Free.	Free.
Cuba	8.71	8.71	8.71
Finland	51.38	68.58	[12] 85.73
New Zealand	[13] 30.42	[13] 30.42	[13] 30.42
Syria and Lebanon	[14]	[15]	[16]
Latvia	Free.	[17] 36.77	[17] 26.77
Indo-China	[18] 21.34	[18] 21.34	[18] 21.34
Estonia	52.53	78.79	80.23

[11] Includes surtax of $0.37 per bushel.
[12] Rate in effect until the end of 1931.
[13] Basic rate when the current value at port of export is 5s. 6d. ($1.34) per bushel, with increases or decreases in duty to counterbalance variations in values.
[14] 11 per cent ad valorem.
[15] 30 per cent ad valorem.
[16] 40 per cent ad valorem.
[17] Under Government monopoly.
[18] Surtax on imports of 2 per cent ad valorem.

Compiled from information furnished by the Division of Foreign Tariffs, Bureau of Foreign and Domestic Commerce.

I am utterly opposed to the submission of our tariff rates for adjustment to any international economic conference. We should not submit our American policy of protection to such a conference, especially when it must necessarily be composed of representatives of countries ever seeking our market for their goods. The American system of protection is for America and not for foreign countries. We have been liberal purchasers from them. Our purchasing capacity has been so high as to enable us in the past to purchase liberally of all the luxuries of foreign countries—silks, satins, the latest models in dresses, hats, and shoes, diamonds, jewelry, watches, tea, coffee, rubber.

Duty to our own people requires us to buy at home that which we can produce. Our restoration to prosperity is not so much dependent upon the expansion of foreign trade as it is upon the development and expansion of domestic trade, on restoring the purchasing power of farm and labor products, on getting money into actual circulation. We can not do this by intermeddling in foreign affairs or following the leadership of international bankers or the Benedict Arnold capitalists having foreign factories. We should stay at home and tend to our own business and let foreign nations settle their own controversies. Their antipathy toward us has not been caused by tariff rates but by our refusal to cancel their indebtedness. The international bankers have ever encouraged them that they would finally effect such result. They are cancellationists, as well as free traders, for the collection of their loans.

I voted against such bill because it affords no relief in a period of depression when every consideration should be given to relieving our present condition.

With our markets flooded with foreign oils and gasoline, and our independent producers being crushed out by the major companies importing the cheap oils from foreign countries, and 200,000 American oil workers out of employment, there is no duty placed upon this American product for the protection of a truly American industry. Your tariff bill, gentlemen, was a confession that your representations were untrue and that the "iniquitous" rates do not exist. [Applause.]

Mr. STEVENSON. Mr. Chairman, I yield 30 minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Chairman, I believe we can only interpret history in the light of conditions as they exist when the incident transpires. I believe we can only interpret the necessities for this legislation and the reason why this Congress is willing to enact this kind of legislation in the light of conditions as we find them in the country to-day. The crisis has reached such a point where public confidence can only be stabilized by a very gigantic move. Private capital at the present time finds itself unable to mobilize so that it can take care of the situation that confronts industry and business. We must now turn to the national credit and look to it to do that gigantic task that private capital is unable or unwilling to undertake. This bill simply does this one thing, and outside of that thing most of the provisions of the bill are nothing but the machinery putting into effect this one provision. That provision is this: We are segregating and setting aside $2,000,000,000 of the national credit to the use of farmers, industry, and business, with the hope that it will put new life and new blood into business and industry of this country. If we say we are not going to set apart the national credit to that extent in an experiment to try, if we may, to revive confidence in business and in credit, what other alternative have we to offer? Slowly, in individual cases, of course, we are resolving ourselves into a condition of general bankruptcy in this country, because every mortgage that is foreclosed, every bank that fails, every receivership that is launched is but another bankruptcy in that instance. So if we are not going to enact this legislation, what other thing are we going to do? Are we going to justly merit the criticism that has been aimed at the Congress by sitting idly by and trying to do nothing?

I do not believe this Congress will do that. I hear criticism on every hand with regard to the provisions of this bill. I have heard some Members say that its benefits would have to trickle down from the top to the bottom. That is the general complaint, and I do not doubt, when another campaign comes on, but that we will hear some candidates going out demagoguing on this bill. But I dare that same man to come back to this House, when we are all sacrificing legislative principles in order to secure even this kind of legislation, and tell this House he was elected because he demagogued on this bill. The membership of this House is making a sacrifice with the hope of helping all. They would not have any respect for a man who is unfair to them and who will not share the burden in times like these.

Now, I take it there is no dispute as to what is the cause of our desperate financial, commercial, and industrial condition. I feel certain that overindustrial inflation brought about by the activities of security affiliates of the large metropolitan banking and financial institutions, combined into underwriting syndicates for the purpose of sponsoring new flotations of stocks and bonds to pass out to the public, along with those that they have brought from other countries and sold to the public, all of which were sold far beyond their power of bringing a legitimate return to the investor, have been the cause of our present collapse, which we are trying to cure by this legislation. But that is all water over the dam. We can not help that situation now. We are discovering it now forcefully, but that is not the thing we are trying to deal with in this legislation.

The gentleman from Oklahoma voiced my sentiment when he said the only thing that will bring us back is inflation of commodity prices, so that we will, with our commodities, stand more nearly on a parity with the products we raise on the farm, with the obligations, contracts, and bonds we have issued and contracted to pay.

Mr. GARBER. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. GARBER. I did not say "inflation." I said "restoration of values."

Mr. BUSBY. Well, I say "inflation." I apologize to the gentleman for putting the same thing in different words. It must be inflation or restoration of commodity values back to something near what they were when we made the contracts that we are now trying to meet by the sale of those commodities. It must be somewhat nearer the price that commodities were when we issued the bonds we are trying to pay now by the sale of those commodities.

Five years ago if I had sold 10 bales of cotton in my section, I would have gotten a hundred dollars a bale, or a thousand dollars for the 10 bales. If I had invested that as a loan on a piece of land, the man who borrowed it would have to sell 50 bales of cotton to-day to repay what I loaned him as the proceeds of that 10 bales of cotton.

You wheat farmers know what I am talking about. Every other man who produces anything on a farm knows what I am talking about. Undoubtedly that is the seat of our trouble to-day.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BUSBY. I will be very glad to yield to the gentleman.

Mr. BANKHEAD. I generally agree with the gentleman from Mississippi in his opinion. I think the gentleman is laying his hand at the root of our real trouble to-day. I think the gentleman's committee can not more profitably engage itself during the remainder of this session than to work out some solution of that proposition. Will it divert the gentleman from his argument if he will give us in a few words some idea about the practical way of bringing about inflation of commodity prices?

Mr. BUSBY. I will say to the gentleman that it would divert me from the discussion I had expected to make here, but I will say to the House, if you will have the patience to listen to me for about 30 minutes, some few days from now I will be glad to go into that subject fully.

To my mind, if a procedure which is not radical or unreasonable were adopted, it would cure the situation to which you refer and which I am trying to discuss. I can point to a number of allies who hold that belief, the gentleman from Maryland [Mr. GOLDSBOROUGH], the gentleman from North Dakota [Mr. BURTNESS], the gentleman from Iowa [Mr. RAMSEYER], the gentleman from Kansas [Mr. STRONG], and a number of other Members. In a few words it amounts to this: You have got to make gold the basis of our currency in such a way that the gold will serve as a measure in the light of commodity prices instead of making commodity prices depend on the price of gold. [Applause.] I hope that a little later on I may have some time, say, 30 or 40 minutes, in which to go fully into two propositions. One is the stabilization of gold as a money basis in the light of commodity index prices and the other, commodity prices the basis for the measure of the supply and value of our currency. I am using my time along a line I did not intend to discuss just now.

The bill we are now dealing with recites that it is for the purpose of restoring industry, helping banking, the railroads, and other institutions that find themselves face to face with a situation where they must have money to meet pressing obligations, which institutions can not find this money in private banking circles.

First, agriculture. I have alluded to that. I have told you somewhat of the desperate situation in which we find ourselves in the agricultural section of the country from which I come. The farmers are losing their homes. They borrowed from the land banks thinking that they could repay their loans with the same price commodities that they had when they received the loans. But they find things have changed. They find that these amortized payments are like a great monster using up the substance of their lands and then showing no improvement after they have consumed the substance. So that is one element which under this bill we are hoping to help.

The Senate has proposed and adopted an amendment which specifically sets apart to agriculture a definite amount of the money provided for in this bill. I very much favor that for the simple reason that agriculture is intended to be included. It is always argued and contended that agriculture is not well taken care of in an omnibus proposition of this kind, and with a great deal of justice, I fear. So the better plan would be, as the Senate has done, to set apart a definite and reasonable amount of the money provided in this bill specifically for agriculture.

Another proposition is the banks. The gentleman from New York [Mr. LAGUARDIA] argued yesterday about the big banks. The big banks have taken care of themselves to the extent that they have siphoned practically all of the assets out from under the little banks throughout the country, and the little banks are collapsing as a result of that condition. However skeptical we may be and however doubting we may be with regard to the administration of this measure, we are writing into this law all of the provisions we can to help in taking care of the smaller institutions—banks with frozen assets, the banks with good securities, but such securities as we now term frozen assets.

Another thing specifically mentioned in this bill is the railroads. If you will examine the provisions of the bill with regard to the railroads, you will find that the Interstate Commerce Commission must first authorize the loan, and the most careful scrutiny of the security for a loan to any railroad or to the receiver of any railroad is provided. We can not go farther because language will not permit. Yet some have suggested that this is a bill for the railroads. We are told that about $150,000,000 of bonds of the railroads will mature within the next five or six months. To whom will they go to borrow that money in refunding these bonds? There is no banking institution or banking syndicate that will lend that amount of money to them. If default is made on the bonds issued by any railroad, that railroad is destined to go into the hands of a receiver, to the detriment of all of the people of the country who are interested financially in that railroad, the owners of any of these bonds. Others who will suffer are a million employees of the railroads, and on them and their dependents will fall a part of the catastrophe if the railroads are junked and placed in the hands of receivers.

Mr. GARBER. Will the gentleman yield in regard to the phraseology of the section?

Mr. BUSBY. I do not care to discuss that.

Mr. GARBER. It is very liberal language which I thought might have escaped the gentleman's attention.

Mr. BUSBY. We can correct that when we read the bill for amendment. On January 1, 1931, all of the railroad bonds outstanding amounted to $10,703,000,000. Seventy per cent of these bonds were owned by insurance companies, banks, trust companies, universities, and other institutions that were trying to provide a reserve in the form of an endowment or otherwise against times when they would need a secured supply of money. Twenty-eight per cent of that amount, or $3,000,000,000, was owned by insurance companies, or indirectly by the 50,000,000 policyholders of those insurance companies; $1,700,000,000 of the amount was owned by savings banks as security for the savings, small and great, of 13,000,000 people who had savings accounts in those banks; $1,500,000,000 of these bonds were owned by religious and charitable institutions and universities as savings reserves, and so forth; and $1,287,000,000 of these bonds were owned by banks and other institutions of that type.

I never owned a dollar's worth of bank stock in my life. I never owned a share of railroad stock in my life. I am not arguing for any institution in which I am interested except, indirectly, as I am interested in the public. But I can see a great calamity in going out here and criticizing and having nothing to offer but criticism and a whine and proposing nothing, but being against everything. Nobody in this House, I take it, stands squarely behind this bill on principle. There is no "demagogic vote" to be cast on this bill, my friends. If you vote for it, it is because you are dissatisfied and feel it is a necessity to remedy very distressing conditions. It is because you feel that the times and conditions under which we are laboring and which face us are driving us to this as an experiment, hoping for good to come out of it. On the other hand, if you vote against the legislation, you will feel that you have not done the best that you could to again try to relieve the country from this very unsatisfactory financial situation.

I call your attention to the provision in the bill to help business generally. The gentleman from Texas [Mr. BRIGGS] suggested that some one had suggested to him that there ought to be a way for dealing with the funds provided in this bill so that the individual would have a direct contact in borrowing money from this fund. I do not know how we could arrange for that kind of situation.

It was largely in the mind of the committee to provide a piece of legislation, in cooperation with the best representations and the best ideas we could get from the hearings and from the witnesses, so as to bring relief to conditions that are now existing. It is not the purpose to set up an institu-

tion to carry on new businesses and to work out new projects and to evolve new situations so as to set up new business enterprises but to try to relieve from present pressing conditions so that the institutions could pass on, as they might be able to do, the benefit to others interested in them and to others interested in the welfare of such institutions.

This is very much like the old War Finance Corporation, and I call your attention to the railroads in connection with the War Finance Corporation.

The War Finance Corporation lent the railroads $351,000,000. Three hundred and seventeen million dollars of that amount was repaid to the War Finance Corporation by the railroads. Thirty-four million dollars of these loans is still outstanding. This is a concrete instance of what happened under a very similar piece of legislation.

We do not know what will be the workings of this legislation. We do not know how it will be administered. I have heard remarks by Members which would indicate that they had already executed the defendant in the case before the trial was fairly under way. Of course, if we are going into this with the understanding that nobody is going to be honest, that everybody is going to be dishonest, that everybody is going to be unfaithful, that everybody is going to be selfish, of course we have failed before we get the legislation on foot. However, I do not believe this. It is always presumed in the law that the right is going to be done, and I am presuming that here to-day.

Whatever may be the future of this legislation, whatever may be the outcome of our recovery, I believe the American Nation will recover and get back on its feet in a financial way because we have tremendous natural resources. We have the finest and the most productive lands. We have everything to look forward to when we become disentangled from the rules of the game that we have met at the hands of the banks that have sold us spurious and worthless securities for our savings.

We are going to work out of this situation. Our face is always forward, and we are not going to turn back on this occasion. We may not see the light plainly, but we are gong to keep plodding on and driving forward, and the spirit of the American people is ever a command to face forward and drive on, and that is what we are going to do on this occasion. It is what we are going to do in this crisis, and regardless of the weak-kneed and doubting Thomases, we are going to have enough brave men, enough men with a splendid vision and faith in the future, to not let the situation discourage them. We are going to continue to drive on until we reach the goal and relieve ourselves of this awful financial condition. [Applause.]

Mr. PATTERSON. Will the gentleman yield?

Mr. BUSBY. I yield to the gentleman.

Mr. PATTERSON. I would like to ask the gentleman from Mississippi if he regards this measure as a test of this going forward and looking forward to the great glory that the gentleman speaks of?

Mr. BUSBY. I regard it as a try, and that is a lot better than somebody who sits back and simply grumbles. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I wish to address my remarks to the bill which is before us, commonly known as the bill to create a Reconstruction Finance Corporation. If there are some amendments placed in this bill which will insure a fair part of the assets of this corporation being used for the benefit of small business as well as big business, I am going to vote for it; not because I think it is sound government but because I can not bear to view the human wreckage and suffering on the part of millions of innocent people which is going to follow in the wake of a breakdown in our financial structure at this time.

It is not exaggerating the situation to say plainly and frankly that the financial structure of the Nation needs only a gust of ill wind to cause it to topple and break into a thousand pieces. The report of the committee shows that during the year just ended 2,290 banks have failed. We know that thousands of banks to-day, including some of the largest in the Nation, are in little, if any, better condition than were these 2,290 banks which failed within the last year.

I am friendly to this bill because in section 5 it promises relief to any bank or trust company, building and loan association, livestock credit corporation, and any agricultural or farm association incorporated under the laws of any State, or any other bona fide financial institution in the United States, and because it provides for making advancements upon the deposits in failed banks. However, these provisions, to take care of these small institutions, are only so much bait to catch the congressional vote from the districts of small business unless this bill is amended to provide that a certain per cent of the assets of the Finance Corporation are used or kept available for small loans. Under the provisions of this bill, the board administering this act could lend the entire $2,000,000,000 to 10 concerns, then other concerns who need money would be left holding the sack. I am not going to vote for legislation leaving such unbridled authority in the hands of a governmental bureau; therefore, at the proper time, I expect to offer an amendment providing that 25 per cent of the assets of the Finance Corporation must be used for loans of $50,000 or less to institutions whose total borrowings from the corporation do not exceed $50,000. If some such an amendment can not be secured, then for my part let the liquidation go on. This bill in its present form is a raid on the Public Treasury and a dole for concentrated wealth. If it can not be written into this law that small institutions borrowing $50,000 and less are guaranteed their fair share, then let big business bear its cross of bankruptcy as individual business for 10 years has trod its weary way to the courthouse steps for sale. In the light of the conduct of governmental bureaus during the last 10 years, we have no right to leave to a bureau the discretionary power of lending all of this money to a minimum number of 10 companies.

I do not believe that small business has received justice from the Government and from American finance. The Banking and Currency Committee informs us that 2,290 banks have failed during the last year. From 1925 to 1930 the bank deposits of this country increased from $62,000,000,000 to $74,000,000,000, while 5,000 local banks went broke. Since 1925 there have been approximately 8,000 local banks which have been forced to close their doors. Thinking of these local bank failures, I here and now place my curse upon the national banking department and the rules which it has followed in the examining of country banks. The most of these closed banks were technically insolvent rather than actually insolvent. A goodly number of these banks were no more insolvent than are many of the large banks of the country to-day. The note and bond cases of present metropolitan banks are less liquid than the note cases of many of these 8,000 closed banks at the time a bank examiner closed them.

The national banking department sent its examiners out through the country invading these local banks and enforcing rules which were an outrage against private credit and credit for small corporations. These rules completely destroyed individual credit. They in turn forced the closing of many local banks. These bank examiners went into local banks with the demand that paper which was not liquidated at frequent intervals must either be collected at once or charged off by the local banker. These bank examiners were petty governmental bureaucrats who knew nothing about the value of livestock or a stock of merchandise. When they enforced these rules upon the local banks the local banker finally found that the only security which he could have in his bank which would be acceptable to the national banking department was a note with a certificate of stock pinned to it, which certificate of stock was a part of the capital of some corporation that was large enough and monopolistic enough to be listed on some gambling board of trade. These bank examiners were exceptionally bright men. They could tell the value of such corporation

stock. All that they needed to do was to look in the morning newspaper and see what it sold for the day before on the board of trade.

This condition robbed agriculture and individual business of credit and gave all of the credit facilities of the Nation over to the large corporations. This easy credit for the stock in these corporations, which stock was listed on the board of trade, inflated the values of stock on the board of trade. Millions of people were buying stock because they could obtain easy credit for that purpose. This naturally inflated the stock market. If I were to lay the principal blame for the stock-market debacle of 1929 upon any one source, I should lay it upon the national banking department of the Government of the United States, which enforced these rules that destroyed the credit of individuals and gave all of the credit of the Nation over to gambling. As gambling received all the credit, gambling was inflated. As legitimate business was denied its share of credit, it was deflated.

The banking structure would be better to-day if the notes held by the banks of America carried with them the obligations of millions of individual farmers and business men instead of the stock and bonds of corporations. Now, in the fullness of time, we have found out that the listed stocks and bonds are not so liquid as they apparently were during the great orgy of speculation. If the banks of this country were holding individual notes by the millions, there would be the moral character of these millions of people behind these notes as well as their financial reliability. That was the old banking system in this country. This new scheme has not worked so well. One of the reasons why it has not worked so well is because there is no moral character involved in it.

Now, to save the wreckage which is the result of this greedy, selfish concentration of wealth and robbery of individual credit, we find that the Government of the United States is called upon to underwrite the banking structure of the country. If we had stuck to the old-fashioned decentralized banking system of this country, which operated so well for 150 years, I do not believe that we would be in this situation to-day. We can pass this bill and underwrite the present structure; and if the banking system of the country does not abandon the policy which it has followed since the war, then in the near future big business will be back before Congress, begging for more dole.

When the national banking department took on these rules, State banking departments followed suit. They could scarcely help themselves. We could scarcely find a policy more permeated with greed and fallacy than the policy which the Government has followed since the war. This is not so much an indictment against the political party in power as it is against the people of the United States when they permitted themselves to worship the god of concentrated wealth and thereby permitted such rule in a democracy. This same psychology has been controlling both political parties.

In 1920 the Democrats nominated that reactionary, James Cox, of Ohio. In 1924 the Democrats nominated John W. Davis, a Wall Street lawyer. In 1928 the Democrats nominated Al Smith, the handy man of John J. Raskob, one of the foremost concentrationists of the Nation. Does anyone think for a moment that with any one of these three candidates in the White House there would have been a champion of decentralized business at the head of the Government of the United States?

This principal of concentration has not only taken over the banking system of the country but it has furnished the credit for chain merchandising. To-day we find upon the main streets of every town and hamlet in the United States instrumentalities, in the form of chain stores, which are sucking the financial sustenance out of all of the local communities. The chain-store scheme is part and parcel of this entire program of concentration of wealth and credit.

Everyone knows that the principal part of this bill is to bolster up the railroads. Very largely the relief that was tossed into this bill for local and small institutions was put into it to justify its enactment with the great body of people of this country.

The railroads are in distress, and they have brought much of their distress unto themselves. They have had no regard for the economic law and no sense of fair play or decency with their customers, the shippers. They have boldly and defiantly insisted upon receiving as much for hauling a bushel of wheat for which the farmers receive 40 cents as they got for hauling a bushel of wheat when the farmers received $1.50 a bushel. The railroad management and even the Supreme Court of the United States may decree that commodity prices have nothing to do with freight rates, but the economic law comes along and shows its contempt for such fallacy. Railroads, endeavoring to receive the same rates for hauling commodities selling at distressed prices as was received when commodities were selling at a much higher price have destroyed their volume of business.

I know of one instance in my district where there are ordinarily 100 carloads of hay shipped from one shipping point every year. This year there was one carload shipped. The rest of the hay was left in the fields. The railroads would have received far more revenue if they had cut their rates half and received more business. Custom mills are springing up in my section of the country. They are grinding wheat and selling the flour, which has never been carried on a railroad train in any form, to the consumer. Local packing plants are springing up over the country and dodging the freight rates. The railroads can never right their own house until they bring down their freight rates in keeping with commodity prices. If no one were involved in this matter except the management of railroads, I could stand here and watch them go into bankruptcy without batting an eye. The trouble is that there are millions of innocent people who are the victims of the greedy, near-sighted policy of the railroad management which has no regard for the shippers of the country. Railroad transportation can not fail without our civilization failing. Every civilization which has grown to be the foremost civilization of its time enjoyed the foremost transportation facilities of its time. The railroads constitute our principal transportation facilities and we can not permit them to go down in ruin.

Life-insurance companies have their money invested in the securities of railroad companies. If these railroad companies fail, the life-insurance companies will default. If they do not default with their policyholders, they will be forced to liquidate on their other securities, which are chiefly farm mortgages; therefore farmers by the hundreds of thousands represent the innocent victims of this situation. If no one were involved but the management of the life-insurance companies, I should stand by and permit their securities to vanish without the blinking of an eye. The life-insurance companies have been unduly avaricious. They have maintained high rates upon mortality tables based on an average span of life of 10 or 15 years less than the average life to-day.

The railroads are the victims of one situation in which Government is to blame; I refer to excessive taxation. I do not believe that they are being taxed more than their share of the tax burden, but they in common with all are being taxed to death by National, State, and local governments.

Government has particularly robbed the railroads when it taxed them to assist in the building of public highways which are immediately used by free, unlimited, and unregulated commercial busses and trucks that are operating in competition to the railroads.

We can pass this legislation, take money from the Federal Treasury, and bolster up the banking and transportation structures of this country, and we have only given them a heart stimulant which will keep them alive for but a short time, if they continue with their present course. The justification for this bill is that we hope against hope, vain though it may be, that we shall reverse our policy of credit and we shall reestablish local credit and banking in this

country, that the railroads will come to their senses, regain their lost volume of business by regulating their transportation charges so as to have a fair regard for commodity prices, that the Government will also protect the railroads from the unfair competition of those parasites of the highways, commercial busses and trucks, and that the Government, Federal and State, will quit bleeding business, from the foremost to the smallest, by excessive taxation.

In this bill we are appropriating $500,000,000 to start off this finance corporation. That is, of course, only a starter. We expect to obtain the money by this corporation going out to the people and selling bonds. The public is going to invest in these bonds upon the theory that the faith and credit of the United States is back of it. If individual business and credit is not reestablished in this country, the railroads do not regain their lost volume of business, and we do not cease following the policy of centralizing the wealth of the country these institutions in a few years will be defaulting on their loans from this corporation, as they are now defaulting on the bonds which are outstanding. Some future Congress is very likely to be in the position of being called upon to maintain the honor and integrity of the Federal Government by making good the bonds which are going to be sold by this finance corporation in order to obtain sufficient funds to reestablish a financial and transportation structure in this country which has been destroyed by the greedy, selfish, avaricious hand of concentrated wealth commonly known as monopoly.

I do not wish anyone to think that I have any sympathy for this bill because I think there is any permanent relief in it. If amended, I will vote for it. He who votes for it can do so only in the vain hope that maybe the so-called brains of the country in finance, transportation, and Government will come to their senses and profit by the mistakes of the last 10 years. [Applause.]

Mr. SIROVICH. Now, if the gentleman will yield, I want the House to feel that the gentleman is fair and square in his statement. I want to call his attention to the fact that out of six banks that have failed, five have been State banks and only one has been a national bank. He is crucifying the national banking system for the benefit of the State banking system.

Mr. McGUGIN. If the gentleman followed my statement, he will remember I said that the State banking departments followed the rules of examination forced by the national banking department.

Mr. SIROVICH. There should be one system of banking, and that is the national banking system. National banks can not force any rules of examination upon State banks. State banks are independent of national banks and operate under the supervision of their State banking department.

Mr. McGUGIN. Will the gentleman dare advocate that the national banking department go into his city—New York City—and invoke the same banking rules that were invoked upon the country banks all over the country by the national banking examiners?

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, it is admitted that this bill is the bill of our friend from Kansas [Mr. STRONG] with a few minor changes. It was admitted by the gentleman from Kansas [Mr. STRONG] when he spoke yesterday that the bill is an administration measure, sent him by the administration.

If you will examine the bill, Senate No. 1, that was passed yesterday afternoon by the United States Senate, and which is now on the Speaker's desk, and which is to be substituted for this present bill when we come to pass it, you will see that it is the Strong administration bill almost identical, with a few amendments.

There are a number of features about this bill that cause me to oppose it, and with these in the bill I can not support it. This is a $2,000,000,000 measure. How much money is $2,000,000,000? Is it a small debt to be placed upon the people of this Government when the Treasury has a deficit of over a thousand million dollars? Unless it will bring some relief to the people of the country, some relief valuable to them, how can we support it? Because the President has asked for it? Because in the sudden hurry of the White House after we meet in December, a hurry which we have not heard of until during the last six months? What is it about the administration of the White House in the last six months that would give us confidence in such a hurry?

I know the railroads are in a bad shape. They have been rushing to headlong ruin for the last few years. Congress has helped them somewhat. They have had the highest-paid employees of any business institution in the land. They have had these high-paid employees who have dictated the policy of the railroads. They have dictated daily the manner in which the roads shall be run. Through threats they made Mr. McAdoo give them a raise in salaries of $764,000,000. Through threats they made Director Hines give them an additional raise of $67,000,000.

Because I warned them in years gone by that their continued demands on the railroads would bankrupt railways and eventuate in making them lose their jobs and put the railroads out of business; because I so warned them they accused me of being opposed to labor, when, in fact, I was their friend trying to help them.

I knew what was going to be the result; many of their trains have been discontinued, as expenses have overtopped earnings, and thousands of railroad men have lost their jobs. This was inevitable.

Take the great Texas & Pacific Railway Co., which runs across my State for a distance of 900 miles and through my home city. It has discontinued station after station. It has discontinued its Western Union operator. It has discontinued its agent here and there and closed up its depot in numerous towns along its route, and requires the people to go some distance in order to take their fast trains.

I rode up here not long ago on their fast train from Texas over the Texas & Pacific and the Iron Mountain to St. Louis, and then on the Pennsylvania's crack American to Washington. I watched the trains along the way. Most of them had not enough passengers to pay the crews, much less the operating expenses. On the highways in sight of the train I could see a continuous line of freight vans, which have taken much of the business from railroads in all parts of the United States. The day coaches were practically empty. Passengers who formerly rode in day coaches could be seen on the highways in their Fords and Chevrolets. There was a bunch of Pullmans, about three people in a Pullman. How long will that be kept up? I went down to Texas for the Christmas holidays. There was a little more traveling then, because people were going home for the holidays, but the Pullman cars were not full. Some of the lower berths were taken, but practically all of the upper berths were vacant. That condition has prevailed here in the United States for quite a while. The railroads have all lost money. Their securities have gone down and down. Who would want to own railroad securities now? With their watered stock, inflations, and high salaries and expenses, their securities are not being bought, and there are a lot of banks that have been holding their securities that want to get out from under, and they want the Government to furnish the money. They want the American people to stand this loss. I am not going to do it; I am not going to be one who will vote for this bill. There were several things that were admitted by the chairman of this committee yesterday that confirmed my opposition to this bill. One admission was that this finance corporation could take not only the $500,000,000 of initial stock that the Government pays out of the Treasury Department, but it can take also the other authorized $1,500,000,000—the whole $2,000,000,000, if you please—and loan it to the railroads alone, and that one admission has lost my vote for this bill. I am not going to vote for such a measure. I am not going to pay railroad losses with the people's tax money. If I voted for a measure like that any politician in my district could justly hound me to death before the people in the next primary. I could not justify my vote before them.

Mr. WILLIAM E. HULL. And that is the reason the gentleman is not going to vote for it?

Mr. BLANTON. I am not going to vote for it because I know the people in my district would not uphold me in that vote. Using $2,000,000,000 of the people's money to pay the losses of depreciated, watered stocks of railroads will in no way benefit my constituents.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield to the daddy of the administration bill. The gentleman has got a similar foster child over in the Senate, just like this child here.

Mr. STRONG of Kansas. The gentleman does not seriously think for a moment that the board of directors would lend all of the money out to the railroads and have nothing else for the rest of the country?

Mr. BLANTON. I do not know. This bill gives them the power to do it. I remember things just as foolish and inexcusable done by other boards.

Mr. STRONG of Kansas. Well, the gentleman does not think so?

Mr. BLANTON. Oh, this is the President's bill. The President has already appointed three members of the board of directors. The leading one has been dominating the White House through three different administrations. The President will appoint the other directors. Do not fool yourself into thinking that our Speaker is going to name two of these directors. Who is willing to believe that for one minute? If our Speaker could name a controlling vote on that board of directors I would vote for the bill, because then we would have a board with sympathy toward all the people, and one that would grant some relief to all the people.

The Senate bill, being Senate bill No. 1, which will be substituted for our House bill whenever we pass it, authorizes this supercorporation "to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the corporation." Why should we delegate to it this tremendous power of Congress? The only limitation we put on it is that it shall not pay its army of employees more than $10,000 salaries. When we fix the maximum salary at $10,000 we at the same time fix the minimum salary, for through past experience we have learned that these boards fix the salaries just as high as Congress will let them.

We remember the tremendous salaries our United States Shipping Board paid its army of employees, some ranging up almost in the President's class. We remember the tremendous salaries our Emergency Fleet Corporation paid its army of employees. We remember that cooperatives, handling business for farmers, have paid a salary of $75,000 per year. We remember the extravagant, inexcusably high salaries paid by the Federal Reserve Board to its army of employees. We remember the army of high-priced attorneys that were employed by our various departments, including the Department of Justice, before we placed some limitations upon them.

You are going to find that this finance corporation is going to put another great army of employees on the pay roll of the Government that we will never be able to get off. Who knows how many? Not a member of the committee can tell, because the bill does not limit the number. It could put 1,000 or 2,000 or 10,000 or 20,000 and fix all of their salaries at $10,000 each per annum and we would have to pay it. And when they do that, each one of us here will be responsible, because it is our duty to put proper limitations in this bill. It does not contain proper limitations. And it will be impossible to amend it to put in proper limitations.

While this bill provides that loans can not be made upon foreign securities as collateral, it further provides, "Such loans may be made directly upon promissory notes of such financial institutions," which permits this supercorporation to loan this $2,000,000,000 of the people's money to banking institutions on their promissory notes, when they are or may be the ones with these frozen, worthless foreign securities on hand.

This bill makes the Government responsible for this $2,000,000,000 and exempts all of this $2,000,000,000 from taxes, both Federal and State, and makes this corporation a depositary of public moneys, and permits it to receive deposits from individuals, and makes its bonds and obligations lawful investments and otherwise interferes with private business, and furnishes a new means to the hundred-million-dollar tax dodgers of the United States to evade paying all taxes to the Government, regardless of tremendous incomes.

No statement is truer than that made yesterday by my colleague from Texas [Mr. RAYBURN] that this board is going to be just as good and strong and valuable as the board members are themselves.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry, but I can not. I had to yield to the author of the bill [Mr. STRONG of Kansas] because they just used him to get their bill into the basket. I have the engrossed copy of the Senate bill here, Senate bill No. 1, which I got from the Senate enrolling clerk a moment ago. It was just passed last night. It is now on the Speaker's table. It does not provide that the Speaker of the House name anybody. It provides that the President of the United States shall name this entire board, and that will prevail whenever the bill becomes a law. So the board is going to be named by the President.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield now?

Mr. BLANTON. In a moment. What does our friend from Indiana, say about giving such authority to Mr. Hoover. I want to tell you what he says about it.

Mr. SIROVICH. Which friend from Indiana?

Mr. BLANTON. The man who runs the Republican Party. I read from what Mr. WILL WOOD, your great Republican chairman said. Is there anybody here who denies his authority? Is there anybody here who denies that WILL WOOD is the dominating Republican chairman for the Republican Party in this country?

Mr. LAGUARDIA. Oh, that covers too much territory.

Mr. BLANTON. He speaks with authority here in Republican United States. He does not control the gentleman from New York [Mr. LAGUARDIA], but he is the only one of the gang he does not control. [Laughter.] Here is what Mr. WOOD said about the man who is going to name your board. I read from the CONGRESSIONAL RECORD of January 13, 1919:

> Who is at the head of that organization? Mr. Hoover. It is Mr. Hoover that is asking for this appropriation. Now, then, gentlemen may differ with me with reference to Mr. Hoover. I think he is the most expensive luxury that was ever fastened upon this country.

Listen. This is coming from your great Republican chairman, who is still in charge of things here [Mr. WOOD of Indiana]. Why, if we Democrats had not wrested the authority of this House from you, he would now be the chairman of your great Committee on Appropriations. Here is what Mr. WOOD says:

> I think he is the most expensive luxury that was ever fastened upon this country. I think he will continue to be the most expensive luxury with which we have had to do if we continue to give him unlimited power. * * * He is an expatriated former citizen of the United States, and he has never found it necessary to become repatriated.

That is from Mr. WOOD of Indiana. Has Mr. WOOD ever retracted that statement? No; he has not.

Mr. SCHAFER. One question?

Mr. BLANTON. Oh, there is no prohibition in this. [Laughter.] Has Mr. WOOD of Indiana ever retracted that? No. He still believes it down in his heart.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Not now.

Mr. WILLIAM E. HULL. Why not?

Mr. BLANTON. In a minute. That was not an impulsive statement made by Mr. WOOD of Indiana. You gentlemen have not taken his patronage away from him. He still names the postmasters down in Indiana, unless they buy their way in through some other source. You have not

sought to punish him for criticizing your President. You have not brought out any women candidates against him, have you? I do not believe in trying to punish the Representatives of the people for speaking their honest sentiments. If I can get you one vote, one Republican vote, Mr. McFADDEN, in your district, you send for me and I will speak for you. [Laughter and applause.]

They should not be permitted to browbeat you and intimidate you and cow you. Your stock has risen, in my estimation, a hundred per cent when you stand up here and fight for what you think is right. [Applause.]

Some of you Republicans are trying to spank my friend from Kansas [Mr. McGUGIN] because he is butting in here once in a while. You just keep on butting in. You have a right to do it. You draw just as much salary as the rest of the Members. You have just as many perquisites, or at least you will have if you stay here long enough. You jump in whenever you want to, and after a while you will be appreciated.

Now, WILL WOOD did not say that spasmodically about Mr. Hoover. He did not say it impulsively. He did not say it in the heat of debate. He said it deliberately and premeditatedly. I will show you that he waited a year and then said something else. This was in January, 1919. He waited until June 1, 1920, one year and five months, and then Mr. WILL WOOD, your great Republican chairman of the great Republican Party, the gentleman from Indiana, said:

> Mr. Chairman, when Mr. Herbert Hoover, expatriated American, condescended to come back from the home of his adoption to the land of his birth, he brought back a great number of patent catchy phrases. He came here, as you remember, as the purchasing agent of the Allies. He remained purchasing agent of the Allies until the close of the war, notwithstanding the fact that during all of the time after we entered the war he was food conservator of the United States. Amongst other things during the war he said that we should save more in order that we might help feed the Allies. After the war was over he said we should save more to help feed starving Europe. As a result of this propaganda, we find this spectacle presented at this time that there are millions and millions and millions of pounds of bacon and ham and frozen meat taken away from the United States from those who need it here, for the purpose of feeding people across the other side of the sea.

Mr. WOOD of Indiana said that. I quote it from the RECORD.

Do you think I am going to swallow every two-billion-dollar bill that Mr. Hoover sends me in this time of distress and in this time of depression? I am going to analyze it, and if it does not appeal to me as it does to my friend from New York, I am going to be here and say that I will not vote for it, and I hope it will not pass.

Mr. SCHAFER. Will the gentleman yield for a brief question?

Mr. BLANTON. Yes; because I like the gentleman in spite of his "wet" faults.

Mr. SCHAFER. Where did the gentleman from Texas stand at the time the statements were made by the gentleman from Indiana? Did the gentleman stand for Hoover and Hoover policies under the Democratic administration or did the gentleman stand against him?

Mr. BLANTON. I always did think that our President made a mistake in appointing Mr. Hoover.

Mr. SCHAFER. Did the gentleman from Texas stand for Mr. Hoover's policies under the Democratic administration or was the gentleman against them?

Mr. BLANTON. I do not yield further. I am going to answer the gentleman's question. I always thought the President made a mistake in making Mr. Hoover food administrator. When Mr. Hoover told the "poor" Americans that every time they bought a 10-pound sack of flour they had to buy 10 pounds of substitute, rice or some other substitute flour, and he let the rich go down and buy a 50-pound sack of flour and buy 50 pounds of substitute and burn the substitute or throw it in the ash barrel, I said, "Mr. Hoover, you have not got the proper American spirit, because before that flag every human being stands on an equality, whether he is poor or rich."

I went down to Cornwell's big grocery store in Washington during the war-time period and I saw the wife of a big fuel magnate come swishing in there in her silks and satins, and she walked up and said:

"I want you to send me a sack of flour, and I am not going to buy any more substitutes." He said, "I am sorry, but I obey the law. You have to buy substitutes or I can not sell you flour." She said, "I want you to come up to my house and look in my pantry. I have it piled up with substitutes."

Was that carrying out the law? She was wasting the food power of this Nation under Mr. Hoover's class rules and regulations.

When your distinguished former chairmen of the Committee on Appropriations, Mr. Madden, and Mr. WILL WOOD the gentleman from Indiana, got after the Food Administrator about leasing this Gordon Hotel down on Sixteenth Street and said he paid several thousand dollars more than the present occupant had paid and allowed the owner to take out most of the furniture and furnished it with the finest furniture from basement to garret, I wanted to defend him. I did not like you Republicans to be criticizing somebody who had been appointed by my Democratic President, and I wrote to Mr. Hoover and called his attention to the criticism, and I said, "Mr. Hoover, I know this can not be so, and if you will give me the facts I will get up on the floor and defend you against it."

I was a young shaver, just like my friend from Kansas, but I was butting in even then. I have Mr. Hoover's letter in my files, in which he not only admitted the justice of the criticism but he showed that he had paid nearly twice as much for that lease as had been paid theretofore, and then tried to justify it.

I have duck-hunted with WILL WOOD and, aside from being a Republican, he is one of the finest men I ever saw in a camp. I think a great deal of him. He has very good judgment. I tell you he never spoke truer words in his life than the words he spoke in that RECORD.

And not one of you ever dared to strike it out of the RECORD; not one, because you know it was true.

Now, here is what is going to happen: You are going to have another expensive board here, and the only limitation you have placed as to their employees is that they shall not pay themselves more than $10,000 a year and shall not pay their employees more than $10,000 a year. When you fix that as the maximum you have fixed the minimum, and most of their employees will draw $10,000 a year. I have investigated these bureaus enough to know that. I have hardly found a bureau but what, in addition to the big salaries they paid, allowed themselves mileage, traveling expenses, and subsistence that amounted to as much as their salaries each year.

Why, you put that classification act over on the Congress; and there are some Congressmen who do not know what it means and do not know what effect it has on the country. I will tell you what effect it has had. It did not give any real increase to the poor devils who do the work but it immediately raised the salaries of all these little bureau chiefs with which this Government is afflicted. It raised them from $3,000 and $4,000 a year up to $7,000, $8,000, and $9,000 a year, and it left the poor devils to still starve to death.

I made one of these bureau chiefs admit yesterday before our committee that the only connection he ever had in his life with the Department of Commerce was when he was secretary down there under Mr. Hoover, and he got $2,600 a year, but now he gets $9,000 a year as the chief at the head of a bureau.

Why, talk about extravagance. Go down to this Department of Commerce, if you please, and look through that big building which covers three whole blocks of valuable ground in this District—three blocks of ground worth between $30,000,000 and $40,000,000, and for which building they paid $17,500,000 to construct. I asked one of the powers in authority to try to justify the extravagance which permeates a part of that building. I asked him to tell me why he built that great, big, fine auditorium in there which seats 1,000 people that has what I call boxes up on each side and a gallery in the back. He said they are not boxes

but that they were only make-believe boxes. But the auditorium seats 1,000 people. What on earth do they use such an auditorium in the Department of Commerce for? You ought to get back to the teachings of Andrew Jackson, which I mentioned the other day. Simplicity; simplicity for the people of government; get away from royalty and get back to economy for the American people.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. LAGUARDIA. The gentleman has a great deal more influence with his party than I ever hope to have with mine, but I will say this to the gentleman, that if he will get his side to vote against this bill there will be enough on this side to defeat it.

Mr. BLANTON. The trouble is this: You gentlemen vote like sheep under party leadership.

Mr. LAGUARDIA. Not all of us.

Mr. BLANTON. Our distinguished leader and our distinguished Speaker permit us to use our own judgment. They do not hog-tie us or I could not be speaking here. That is the reason we love them, because they permit us to use our own individuality here upon the floor of this House. We are not elected by machines as you Republicans are. You are elected by your Republican machines, and some of your people back home do not even know you are Congressmen. You arrange it with your machines, but we Democrats have to go back home and face our people, attend our own elections and run our own primaries, and run our own general elections, and it is the people who send us here and not machines. I can not speak for my friends on my side. They exercise their own judgment. It is according to how it appeals to them. But I will tell you why my friend from Alabama had to bring this bill in. I will tell you it is because it is an administration measure. Why, he is the head of a committee and the member of a party which has five majority, with the Senate Republican and with the White House Republican. The people of the country are in dire distress, and their President, as the executive officer, says, "Give me such a bill for the relief of the people," and if he did not bring that bill in the people would say he is not standing behind the President; he is not backing the administration. Why, I am for the President when the President is right, but the President is no bigger to me than anybody else when he is wrong. I will not follow him when he is wrong. I will not vote for a $2,000,000,000 corporation, every dollar of which is furnished by the Treasury of the United States, to be placed in his hands to spend. If Mr. WILL WOOD, back in 1919, was not willing to put $100,000,000 into the hands of your present President why should I be condemned when I here follow Mr. WOOD's example? Having confidence in his judgment I am not willing for the President of the United States to take $2,000,000,000 of the people's money and give it to busted railroads in order to inflate their worthless stock.

I am not willing to do that. You talk about insurance companies. If the insurance companies have picked the wrong securities, it is their fault; not mine. If they hold worthless railroad securities, it is not your duty to fix up their treasuries by taking those worthless securities off their hands. If these bankers that have foreign bonds, for which they paid very little, stand to lose on them, it is not my fault. I know that this bill and Senate bill No. 1 both provide that you can not buy those bonds with this money; that you can not spend it on those bonds as security, but it goes further and provides something that gets around that. It says that one of these banks that has these foreign bonds that are frozen can give its note—its plain note, if you please, and get loans. If it is approved by the Secretary of the Treasury or by the Federal Reserve Board, it can get this cash on its plain note. So what is the difference? If it has its assets frozen up with foreign bonds, it can not use the bonds as security; but it can give its plain note and get this $2,000,000,000 if they will lend it all to such corporations.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. BLANTON. The President sent down here the other day a request that we appropriate $450,000 for a limitation of armament conference. This Government has never joined the League of Nations, has no connection with the League of Nations, yet there have been six preliminary conferences, all held by the League of Nations, at which this Government has had a representative attending every one of them; and the League of Nations has asked for this conference. This conference is a baby of the League of Nations. Although we have no voice in the league, we are going to go over there and sit in and be bound by its actions.

Do you know why they fixed eight months as the time for this conference to continue? They fixed it in that way so the Congress will have adjourned in June and the conference will hold on for two or three months after we adjourn, and then they will take up reparations and debt cancellation, and they will do something over there that will bind the Congress to action. Then we will be brought back here and it will be said to us, "Stand by the President," and we will be involved in complications over there that may lead us into war.

Mr. DE PRIEST. Will the gentleman yield?

Mr. BLANTON. I yield always. I am always for yielding to everybody alike.

Mr. DE PRIEST. I thank the gentleman. I understood the gentleman to say awhile ago that some of us on this side of the aisle were elected by machines.

Mr. BLANTON. Yours was not as sunlit as some of the others.

Mr. DE PRIEST. I knew the gentleman was not talking about me at that time.

Mr. BLANTON. But you do have a machine there.

Mr. DE PRIEST. There is no question about that. [Laughter.] The gentleman stated that the gentlemen on the other side are elected by the people. In the United States Supreme Court last Friday there was a bill brought up for consideration there from Texas stating that your party is a white man's party. Tell us what that means.

Mr. BLANTON. My party is for a white man's party in primaries.

Mr. DE PRIEST. I know; but that does not include everybody as the people.

Mr. BLANTON. We are for a white man's party in primaries because we think the majority has a right to rule in primaries and the white men are in the majority, and it is our primary.

Mr. DE PRIEST. The people I am talking about——

Mr. BLANTON. You colored people have been voting with the Republicans all your lives and you have never gotten anything out of them yet, and you never will get anything out of them. [Laughter and applause.] Every colored man in this Capitol who gets in a tight fix and needs money does not go to you and he does not go to the Republican steering committee but comes to us southern Members for help. [Applause.]

Mr. DE PRIEST. Will the gentleman yield for a further question?

Mr. BLANTON. No; I have not the time, because I want to finish this statement.

I am for the disarmament of nations just as much as anybody, but this conference will not bring about disarmament. It will not do anything but get us into foreign entanglements. I voted for war on this floor on April 6, 1917, but with God as my witness I shall never vote for another war if it can be avoided. We must keep this country out of war. We must fix it so that the Chief Executive and the Secretary of State will not be guided by a belligerent Army and Navy and by high finance. Nothing would please high finance just now as much as to get us into war. They all want us to get into war, and if we let this conference go over there and get in with the League of Nations there is going to be an affront given to Japan that will cause her to

insult us and force us into war sooner or later for the honor of our flag.

I am not in favor of it. When we have no voice in the League of Nations we ought to keep such a commission at home and keep this $450,000 in the Treasury of the United States, and yet the administration has been so strong that it has caused the Rules Committee to bring in a rule to make this measure in order to-morrow, and it will be passed; but here is one Member who is going to vote against it.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to place in the RECORD in connection with my remarks some of the conferences that we have had during the last year and to show the expense of such conferences and to include a tabulation given me by the Secretary of State to show what the various delegations have cost. You will see that one of the big conferences that lasted for some time cost only $13,000.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Chairman, the following is what the Sixth Pan American Child Conference cost us last year, $9,127.72, as shown by the Department of State:

Sixth Pan American Child Congress, Lima, Peru

Station	Name	Rank	Period	Travel expenses	Railroad	Pullman	Steamship	Per diem	Subsistence	Total
Baltimore, Md	Dr. J. H. Mason Knox, jr	Delegate	June 20–Aug. 8, 1931	$18.60	$13.40	$5.25	$390.00	$198.75	$53.46	$679.46
New York City	Dr. Neva R. Deardorff	do	do	18.53			390.00	198.75	38.53	645.81
Washington, D. C	Miss Katharine Lenroot	Chairman	June 19–July 27, 1931	37.88	16.28	3.76	390.00	243.75	33.40	725.07
Minneapolis, Minn	Dr. Herbert E. Chamberlain	Delegate	June 17–July 27, 1931	65.78	92.70	22.88	390.00	233.25	74.06	888.67
Washington, D. C	Bess Goodykoontz	do	June 20–July 14, 1931	13.10	8.14	3.75	206.25	225.00	11.74	467.98
New York, N. Y	Dr. Clara E. Hayes	do	do	21.98			390.00	243.75	41.00	696.73
Washington, D. C	Miss Kathryn Sellers	do	do	24.80	16.28	3.76	390.00	243.75	44.30	722.89
Chicago, Ill	Dr. Sophonisba P. Breckenridge.	do	June 19–July 28, 1931	29.90	73.54	16.35	390.00	243.75	59.43	812.97
Cleveland, Ohio	Rev. C. H. LeBlond	do	June 18–July 29, 1931	22.80	31.05	5.63	390.00	243.75	47.75	740.98
Washington, D. C	Dr. E. Blanche Sterling	do	June 19–July 25, 1931	22.95	16.28	3.76	390.00	243.75	19.00	695.74
Do	Miss Ana Maria Sherwell	Interpreter-translator.	June 19–July 27, 1931	31.95	16.28	1.88	390.00	195.00	39.45	674.56
Do	Miss Cecelia R. Mailloux	do	June 19–July 25, 1931	38.50	16.28	5.63	390.00	195.00	39.73	685.25
Do	Gregorio Marquez	do	June 19–July 27, 1931	37.48	16.28	3.76	390.00	195.00	37.09	699.61
Total				384.34	318.51	76.41	4,886.25	2,905.25	568.96	9,127.72

NOTE.—Per diem allowance at Lima only. Actual subsistence allowance while traveling, in accordance with travel regulations.

Per diem while at Lima:

Dr. J. H. Mason Knox, jr	$15
Dr. Neva R. Deardorff	15
Miss Katherine Lenroot	15
Dr. Herbert E. Chamberlain	15
Bess Goodykoontz	15
Dr. Clara E. Hayes	15
Miss Kathryn Sellers	15
Dr. Sophonisba P. Breckenridge	15
Rev. C. H. LeBlond	15
Dr. E. Blanche Sterling	15
Miss Ana Maria Sherwell	12
Miss Cecelia R. Mailloux	12
Gregorio Marquez	12

Mr. BLANTON. Mr. Chairman here is another conference we had last year that cost $6,700:

Sixth International Congress of Military Medicine and Pharmacy, The Hague, Netherlands

Station	Name	Rank	Period	Travel expenses	Railroad	Pullman	Steamship	Per diem	Total
Portland, Oreg	Col. Ralph A. Fenton	Delegate	Apr. 8–July 5, 1931	$44.82	$256.86	$69.17	$427.50	$298.50	$1,096.85
Carlisle, Pa	Col. Charles R. Reynolds	do	June 1–June 29, 1931	24.80	35.00		284.19	397.25	741.24
Baltimore, Md	Col. F. H. Vinup	do	June 2–July 18, 1931	42.05	31.49	5.25	276.75	426.00	781.45
Washington, D. C	R. C. Williams, Assistant Surgeon General.	do	June 2–July 17, 1931	41.90	51.08	5.63	280.50	325.25	710.36
Annapolis, Md	Capt. James C. Pryor	do	June 2–Aug. 7, 1931	88.66	70.15	3.00	292.75	328.00	782.56
Boston, Mass	Edgar E. Hume (major)	do	Apr. 30–Oct. 24, 1931	175.65	143.02	29.25	427.50	647.00	1,422.42
New York City	William S. Bainbridge (commander).	do	May 27–Sept. 3, 1931	94.68	34.00		570.50	466.50	1,165.68
Total				512.56	641.51	112.30	2,571.69	2,862.50	6,700.56

Per diem $6 in United States, $5 aboard ship, $7 while traveling in Europe, and $15 per diem while at The Hague. (Public, No. 869, 71st Cong., p. 31, approved Mar. 4, 1931.)

Mr. BLANTON. Mr. Chairman, here is another conference last year that cost $13,796:

International Technical Consulting Committee on Radio Communication, Copenhagen, Denmark

Station	Name	Rank	Period	Travel expenses	Railroad	Pullman	Steamship	Per diem	Total
Washington, D. C	Chas. G. McIlwraith	Technical assistant.	May 12–June 8, 1931	$61.93	$51.56	$7.50	$336.60	$388.75	$846.34
	Maj. Kenneth B. Warner [1]								
Do	Vinton Chapin	Secretary	May 11–Aug. 18, 1931	87.47	77.11	11.12	343.85	335.00	834.55
Do	F. L. J. Dumont	Translator-interpreter.	May 11–June 27, 1931	89.52	73.68	16.22	350.85	396.25	926.52
London, England	H. R. Turkel	do	May 21–June 27, 1931	9.58			85.25	180.00	274.83
Washington, D. C	A. L. Lebel	Interpreter	May 12–June 27, 1931	50.65	72.66	22.05	343.85	302.75	690.96
Do	Marion E. Carter	Stenographer	do	43.96	28.78	3.76	350.85	292.75	720.10
Do	Mrs. Fina M. Howell	do	May 11–June 18, 1931	60.05	38.78	3.76	345.85	275.25	723.69
Do	Alyre J. Gallant	do	May 12–June 27, 1931	47.94	72.66	22.05	340.85	324.25	807.75
Do	Wallace H. White, jr	Chairman	May 11–June 26, 1931	59.23	46.90	2.76	345.85	551.25	1,006.99
Do	John H. Dellinger	Delegate	May 12–June 27, 1931	36.07	51.55	7.50	346.35	530.00	971.47
Do	Charles Byron Jolliffe	do	May 12–June 26, 1931	55.05	51.56	5.63	355.85	506.25	974.34
Do	Irvin Stewart	Technical assistant.	Apr. 29–June 26, 1931	38.22	114.70	35.86	318.10	526.25	1,033.83

[1] No account received.

International Technical Consulting Committee on Radio Communication, Copenhagen, Denmark—Continued

Station	Name	Rank	Period	Travel expenses	Railroad	Pullman	Steamship	Per diem	Total
Washington, D. C.	Gerald Connop Gross	Technical assistant	May 12-June 27, 1931	$43.98	$57.07	$20.58	$350.85	$386.25	$353.73
Do	Lieut. Commander E. Mount Webster.	do	May 11-July 12, 1931	57.00	51.56	3.76	343.00	390.00	845.92
Do	Lieut. Commander Joseph R. Redman.	do	May 10-June 26, 1931	51.62	43.42	.75	346.35	390.00	832.14
Do	Lieut. Wesley T. Guest	do	May 9-June 9, 1931	56.11	51.56	3.75	350.85	376.25	838.52
Paris, France	Lieut. Thomas H. Maddocks	do	May 20-June 11, 1931	11.88	63.06	14.98	44.10	237.50	371.52
Do	Rene X. Devaux Charbonnel	Translator-interpreter.	do	26.12	95.87	27.51		115.50	265.00
Total				837.08	1,042.48	210.54	5,201.85	6,504.25	13,796.20

Vinton Chapin: Per diem of $10 while away from Washington, except while at London en route to Copenhagen, $15; aboard ship $5 per diem.
A. L. Lebel: Per diem of $8 while away from Washington, $5 aboard ship, and $12 while at London en route to Copenhagen.
Rene X. D. Charbonnel: Per diem of $6 while away from Paris.
Irvin Stewart: Per diem of $15 while away from Washington, $5 aboard ship, and $10 while at Copenhagen.
Mrs. F. M. Howell: Per diem of $8 while away from Washington, $5 aboard ship, and $12 while at London en route to Copenhagen.
Alyre J. Gallant: Per diem of $8 while away from Washington, $5 aboard ship, and $12 while at London en route to Copenhagen.
Marion E. Carter: Per diem of $8 while away from Washington, $5 aboard ship, and $12 at London en route to Copenhagen.
C. B. Jolliffe: Per diem of $15 while away from Washington, $5 aboard ship, and $20 at London en route to Copenhagen.
J. H. Dellinger: Per diem of $15 while away from Washington, $5 aboard ship and $20 at London en route to Copenhagen.
Lieut. T. H. Maddocks: Per diem of $10 while away from Washington, $5 aboard ship, and $15 at London en route to Copenhagen.
Lieut. W. T. Guest: Per diem of $10 while away from Washington, $5 aboard ship, $15 at London en route to Copenhagen.
Lieut. Commander E. M. Webster: Per diem of $10 while away from Washington, $5 aboard ship, $15 at London en route to Copenhagen.
C. G. Mcilwraith: Per diem of $10 while away from Washington, $5 aboard ship, $15 at London en route to Copenhagen.
Gerald C. Gross: Per diem of $10 while away from Washington, $5 aboard ship, $15 at London en route to Copenhagen.
Lieut. Commander J. R. Redman: Per diem of $10 while away from Washington, $5 aboard ship, $15 at London en route to Copenhagen.
F. L. J. Dumont: Per diem of $10 while away from Washington, $5 aboard ship, $15 at London en route to Copenhagen.
H. R. Turkel: Per diem of $8 while away from London, $5 while aboard ship.
W. H. White, jr.: Per diem of $15 while away from Washington, $5 aboard ship, $20 while at London en route to Copenhagen.
(Public, No. 612, 71st Cong., p. 10, approved Feb. 6, 1931.)

Mr. BLANTON. Mr. Chairman, here is another that cost $10,764:

Fourth World's Poultry Congress, London, England

Station	Name	Rank	Period	Travel expenses	Railroad	Pullman	Steamship	Per diem	Subsistence	Total
Milwaukie, Oreg	F. H. Cockell	Delegate	July 3-Sept. 20, 1931	$7.55	$170.26	$61.51	$270.00	$250.75	$31.55	$791.62
Syracuse, N. Y.	W. A. Schleit	do	July 10-Aug. 9, 1931	44.91	20.79	5.31		192.75	12.75	276.51
Omaha, Nebr.	E. F. Howe	do	July 8-Oct. 16, 1931	12.70	99.99	26.63	600.00	101.75	17.10	858.17
Washington, D. C.	R. R. Slocum	do	July 8-Sept. 20, 1931	19.68	28.78	3.76	447.50	249.50	4.65	753.87
Do	Dr. John R. Mohler	do	July 8-Sept. 3, 1931		12.50		447.50			460.00
Beltsville, Md.	Dr. Morley A. Jull	do	do	16.41	28.78	7.50	447.50	194.00	3.75	697.94
Seattle, Wash.	S. D. Sanders	do	June 20-Aug. 30, 1931	40.89	106.93	61.27	300.00	206.25	48.95	764.29
Chicago, Ill.	W. F. Priebe	do	July 6-Aug. 17, 1931	3.75	77.90	18.00	447.50	169.50	6.90	723.55
Cincinnati, Ohio	Carl Holmes [1]									
Springfield, Ohio	George Cugley	Delegate	July 10-Sept. 6, 1931		50.54	16.37	615.13	193.00	1.50	876.54
Greenwich, R. I.	Harry R. Lewis	do	July 8-Sept. 3, 1931	84.00						84.00
Silver Lake, Ind.	C. I. Bashore	do	July 8-Sept. 4, 1931	3.75	76.09	8.25	447.50	249.50	8.05	793.14
Enid, Okla.	Mrs. Lucy Garber	do	July 4-Sept. 6, 1931	35.84	135.99	19.13	447.50	248.25	27.25	913.96
St. Paul, Minn.	Harold A. Nourse	do	July 7-Aug. 19, 1931	6.50	120.08	25.50	447.50	239.50	13.05	852.13
Urbana, Ill.	Dr. Leslie E. Card	do	July 7-Sept. 7, 1931	30.63	87.70	18.23	447.50	247.00	17.95	849.01
Cornwall, N. Y.	D. Lincoln Orr	do	July 8-Sept. 4, 1931	5.18	18.52	.75	447.50	252.50	7.55	732.00
Manhattan, Kans.	Arthur M. Peine	do	July 7-Sept. 5, 1931	9.95	103.47	27.38		189.75	7.65	338.20
Total				321.74	1,138.32	299.59	5,812.63	2,984.00	206.65	10,764.93

[1] No account received.

Actual and necessary travel and subsistence expenses in accordance with the provisions of the Standardized Government Travel Regulations, while in the United States; $5 per day aboard ship, and $7 per day while in Europe. (Public, No. 78, 71st Cong., p. 29, approved Mar. 26, 1930.)

Mr. BLANTON. Mr. Chairman, here is another that cost $10,764:

International Conference on the Limitation of the Manufacture of Narcotic Drugs, Geneva, Switzerland

Station	Name	Rank	Period	Travel expenses	Railroad	Pullman	Steamship	Per diem	Subsistence	Total
Washington, D. C.	John K. Caldwell	Chairman	May 8-Aug. 2, 1931	$60.77	$80.84	$27.96	$604.00	$1,013.75	$53.90	$1,841.22
Berne, Switzerland	Winthrop S. Greene	Secretary	May 25-July 18, 1931	15.13	23.25			497.00	9.82	545.20
Washington, D. C.	Harry J. Anslinger	Delegate	May 11-Aug. 8, 1931	36.68	20.65		455.00	962.50		1,474.83
Do	Walter L. Treadway	do	May 13-July 31, 1931	42.89	54.71	5.63	455.00	940.00		1,498.23
Los Gatos, Calif.	Sanborn Young	do	Apr. 30-Oct. 2, 1931	34.63	244.62	78.01	465.00	1,215.00		2,037.26
Charlotteville, Va.	Lyndon F. Small	do	May 12-Aug. 19, 1931	39.69	67.67	9.68	455.00	558.75		1,130.79
New York City	John D. Farnham	Technical adviser.	May 13-July 31, 1931	33.60	51.36	19.84	455.00	741.25		1,301.05
Do	Lawrence B. Dunham	do	Apr. 27-Aug. 17, 1931	45.46	51.58	8.93	455.00	603.75		1,164.72
Washington, D. C.	Marcia Eberlein	Stenographer	May 12-Aug. 28, 1931	57.14	51.36	10.81	455.00	669.50		1,243.81
Do	Viola Ratcliffe	do	May 12-July 29, 1931	40.01	51.83	14.55	455.00	493.00		1,054.39
Do	Edna M. Frank	do	May 12-Sept. 8, 1931	61.43	31.36	12.68	455.00	589.50		1,169.97
Berne, Switzerland	Nathan Medofsky	Clerk	May 26-May 27, 1931	.68	8.97				1.95	11.60
Total				468.11	753.20	188.09	4,709.00	8,284.00	65.67	14,473.07

Harry J. Anslinger: $15 per diem while away from Washington, $5 aboard ship.
Sanborn Young: $15 per diem while away from Washington, $5 aboard ship.
John K. Caldwell: $15 per diem while away from Washington, $5 aboard ship.
Walter L. Treadway: $15 per diem while away from Washington, $5 aboard ship.
Winthrop S. Greene: $10 per diem while away from Berne.
Lyndon F. Small: $10 per diem while away from Washington, $5 aboard ship.
John D. Farnham: $10 per diem while away from Washington, $5 aboard ship.
Lawrence B. Dunham: $10 per diem while away from Washington, $5 aboard ship.
Viola Ratcliffe: $8 per diem while away from Washington, $5 aboard ship.
Edna M. Frank: $8 per diem while away from Washington, $5 aboard ship.
Marcia Eberlein: $8 per diem while away from Washington, $5 aboard ship.
(Public Resolution No. 136, 71st Cong., approved Mar. 4, 1931.)





Mr. BLANTON. Mr. Chairman, here is the big C. Bascom Slemp delegation and conference last year that cost $23,190:

International Exposition of Colonial and Overseas Countries, Paris, France

Station	Name	Rank	Period	Travel expenses	Railroad	Pullman	Steamship	Per diem	Total
Washington, D. C.	C. Bascom Slemp	Commissioner general	Aug. 29, 1930–Oct. 3, 1931	$51.40	$110.33	$15.03	$1,528.75	$1,891.25	$3,596.76
Do	Charles H. Burke	Commissioner	Aug. 29, 1930–Oct. 30, 1931	52.27	34.42	7.51	605.63	1,925.25	2,625.08
New York City	Miss Tucksie Amis	Assistant hostess	Apr. 7, 1931–July 25, 1931	88.40	17.25		243.65	441.25	790.55
Do	Frank R. Angell		No account received						
Do	Mrs. Mary McConnell Borah.		do						
Do	Miss Clara Brent A. Bowen.		do						
Richmond, Va.	Charles K. Bryant	Architect	Jan. 5, 1931		10.00		294.57		304.57
Do	Percy Jewett Burrell		No account received						
New York City	Thomas Claffey	Custodian	Mar. 17–Sept. 10, 1931	29.37	28.14		286.13		343.64
Washington, D. C.	Miss Margaret Cramton	Assistant hostess	July 21–Nov. 23, 1931	59.88			240.00	91.00	390.88
Do	Miss Rahel Davies	do	July 29–Sept. 30, 1931	33.45			240.00	431.00	704.45
Do	Thomas Davis		No account received						
Do	Gladys Dee		do						
Do	Hon. S. Wallace Dempsey		do						
Do	Mrs. Wallace Dempsey		do						
New Haven, Conn.	Andre Devot	Translator	June 24–Sept. 11, 1931	30.25	9.51		125.15	323.50	488.41
Washington, D. C.	Col. Harrison Dodge	Representative Mount Vernon Association.	Mar. 13–Sept. 30, 1931	24.31	46.28	5.64	303.25	242.50	626.98
Do	Wade H. Ellis		No account received						
Do	H. M. Gillman, jr.	Contact officer	Mar. 4–June 11, 1931	18.32	24.24	1.88	397.13	707.25	1,148.82
Do	Mrs. Ann Baker Golf		No account received						
Do	Miss Nita Goodloe		do						
Do	Miss Catherine Harrison	Assistant hostess	July 28–Oct. 17, 1931	49.87			258.00	471.00	778.87
Do	Charles L. Hofman		No account received						
Do	Gen. Wm. E. Horton	Special assistant to commissioner general.	May 2–Aug. 18, 1931	183.51	26.28	5.63	196.00	279.50	600.92
Do	Miss Adele Jahncke		No account received						
Do	Mrs. E. C. Jameson		do						
Do	Winant Johnston	Assistant to commissioner general.	Apr. 10–Aug. 6, 1931	20.19	16.28	3.75	348.50	76.00	472.72
Do	Mrs. Gertrude Klemm	Assistant hostess	May 3, 1931		8.14	1.88	228.13		238.15
New Orleans, La.	Andre La Fargue	Assistant to commissioner general.	July 1–Nov. 16, 1931	40.75	102.56	13.88		540.00	697.19
Do	Mrs. Elizabeth Lambert		No account received						
Do	Wilton J. Lambert		do						
Washington, D. C.	Miss Edith McD. Levy	Assistant to secretary to commissioner.	Mar. 11–Nov. 19, 1931	27.92	22.14	3.75	428.78	39.00	521.59
Do	Wm. Mather Lewis		No account received						
Baltimore, Md.	Mrs. J. Charles Linthicum	Assistant hostess	July 27–Oct. 16, 1931	32.12	20.00		245.50	161.25	458.87
Detroit, Mich.	H. D. Martin	Technical engineering adviser.	Mar. 27–May 28, 1931	51.00	82.82	15.16	410.00	219.50	779.08
Washington, D. C.	Miss Catherine McIntire	Stenographer	May 2–May 15, 1931	21.60	8.14	3.75	196.00	52.50	281.99
Do	Mrs. Janie S. Newman		No account received						
Do	John W. Newman		do						
Do	Miss Dorothy Nicholson	Assistant hostess	Aug. 26–Oct. 16, 1931	23.85			258.00	272.00	553.85
New York City	Inman Payne	Special assistant	Apr. 10–June 3, 1931				396.65		396.65
Paducah, Ky.	Mrs. Henry Rudy	Assistant hostess	May 2–Sept. 14, 1931	15.49	18.14		316.88	78.00	428.51
Do	E. Paul Saunders		No account received						
Washington, D. C.	Loyall F. Sewall	Special assistant to commissioner general.	Oct. 21–Sept. 9, 1931	59.92	69.92	7.50	436.90	1,975.25	2,549.49
Do	Richard Southgate		No account received						
Do	Mrs. Lulie Hall Swanson	Assistant hostess	May 9–Sept. 3, 1931	16.25	36.28	3.75	695.00	285.25	946.53
Do	Richard A. Walker		No account received						
Do	Miss Anne Madison Washington.	Hostess	May 16–Oct. 2, 1931	51.77	23.78	5.63		78.50	159.68
Do	J. O. Watson		No account received						
Do	Miss Mary Moss Wellborn.	Assistant to Secretary	Dec. 1, 1930–Nov. 20, 1931		6.90		117.13	230.00	354.03
Detroit, Mich.	Miss Frances E. Wolfe	Special assistant to commissioner general.	Mar. 7–Aug. 2, 1931	47.59	71.94	12.76	324.63	623.25	1,080.17
Washington, D. C.	W. B. Yeager	do	July 21–Nov. 6, 1931	46.07	39.28	3.75	245.50	87.00	421.60
Garrison on the Hudson, N. Y.	Susan Frazier	Assistant to commissioner general.	Aug. 1–Aug. 15, 1931					217.00	217.00
New York City	Harold Black	Technical director	June 2–June 30, 1931					203.00	203.00
Washington, D. C.	Mrs. Robert Ash	Assistant to commissioner general.	Sept. 1–Oct. 15, 1931					315.00	315.00
Total				1,062.16	825.53	111.25	9,159.96	12,031.75	23,190.64

Miss Tucksie Amis: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Charles H. Burke: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Miss Margaret Cramton: Per diem $6 while in United States, $5 aboard ship.
Miss Rahel Davies: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Andre Devot: Per diem $6 while in United States, $5 aboard ship, and $4 while in France.
Col. Harrison Dodge: Per diem $6 while in United States, $5 aboard ship, and $12 while in France.
H. M. Gillman, jr.: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Miss Catherine Harrison: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Gen. Wm. E. Horton: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Winant Johnston: Per diem $6 while in United States, $5 aboard ship.
Andre La Fargue: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Miss Edith McD. Levy: Per diem $6 while in United States, $5 aboard ship.
Mrs. J. C. Linthicum: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
H. D. Martin: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Miss Catherine McIntire: Per diem $6 while in United States, $5 aboard ship.
Miss Dorothy Nicholson: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Mrs. Henry Rudy: Per diem $6 while in United States, $5 aboard ship.
Loyall F. Sewall: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
Mrs. Lulie H. Swanson: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
C. Bascom Slemp: Per diem $6 while in United States, $5 aboard ship, and $15 while in France.
Miss Anne Madison Washington: Per diem $6 while in United States, $5 aboard ship.
Miss Mary Moss Wellborn: Per diem $6 while in United States, $5 aboard ship.
Miss Frances E. Wolfe: Per diem $6 while in United States, $5 aboard ship, and $7 while in France.
W. B. Yeager: Per diem $6 while in United States, $5 aboard ship.
Susan Frazier: Per diem $7 while in Paris.
Harold Black: Per diem $7 while in Paris.
Mrs. Robert Ash: Per diem $7 while in Paris.
(Public, No. 519, 71st Cong., p. 33, approved July 3, 1930; Public Resolution No. 95, 71st Cong., approved June 24, 1930.)

Mr. BLANTON. Mr. Chairman, I will show one more by way of illustration that cost last year $11,267:

Twenty-sixth Conference of Interparliamentary Union, London, England

Station	Name	Rank	Period	Travel expenses	Railroad	Pullman	Steamship	Per diem	Subsistence	Total
Washington, D. C.	Andrew J. Montague	Delegate	July 4–Aug. 16, 1931	$17.00	$24.48	$5.62	$545.00	$91.00	$15.75	$698.85
Do	Fiorello H. LaGuardia	do	July 2–Aug. 5, 1931	27.32	17.51	3.75	300.00	162.00	64.25	574.83
Dayton, Ohio	Roy G. Fitzgerald	do	July 3–Aug. 5, 1931	58.25	67.18	15.00	307.50	111.00	4.75	563.68
Washington, D. C.	Sol Bloom	do	June 28–Aug. 10, 1931	60.00	8.24		620.00	119.00		807.24
Do	Carl Chindblom	do	July 4–Sept. 16, 1931	39.50	25.31	5.63	445.00	119.00		634.44
Massachusetts	George R. Stobbs	do	July 6–Aug. 19, 1931	49.45	14.44	3.75	515.00	112.00	7.00	701.64
Mercer, Pa.	Thomas C. Cochran	do	June 16–Sept. 20, 1931	28.91	36.80	9.00	302.50	105.00	35.25	517.46
Washington, D. C.	Mrs. Ruth Bryan Owen	do	July 6–Aug. 12, 1931				680.00	105.00		785.00
Do	Burton L. French	do	July 2–Aug. 15, 1931	54.80	18.75	7.50	286.53	150.75		518.33
St. Louis, Mo.	Richard Bartholdt	do	May 30–Oct. 6, 1931		76.00	9.00	615.00			700.00
Washington, D. C.	Millard E. Tydings	do	July 2–July 30, 1931	.50	26.28		610.00	56.00	31.25	724.03
Do	Alben W. Barkley	do	July 8–Aug. 10, 1931	56.50	32.08	5.63	457.50	133.00	5.50	690.21
Do	Tom Connally	do	July 8–Aug. 15, 1931	17.85	25.69	5.63	307.50	154.00	25.20	535.87
Do	Henry F. Ashurst	do	July 3–Aug. 23, 1931	30.00	16.28		337.50	119.00		502.78
Do	Burton K. Wheeler	do	July 16–Aug. 22, 1931	47.00	20.20	3.76	442.50	105.00	3.50	621.96
Do	Arthur D. Call	do	July 7–July 22, 1931	[1] 1,000.00						1,000.00
Do	Lewis Deschler	do	July 5–Sept. 19, 1931	50.00	25.14	3.76	500.00	112.00		690.90
				1,537.08	434.38	78.03	7,271.53	1,753.75	192.45	11,267.22

[1] In lieu of subsistence and travel expenses.

Actual and necessary travel and subsistence expenses, in accordance with the Standardized Government Travel Regulations, while in the United States; statutory tips aboard ship, and a per diem allowance of $7 while in Europe. (Public, No. 519, 71st Cong., p. 31, approved July 3, 1930.)

Mr. STEAGALL. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. TIERNEY].

Mr. TIERNEY. Mr. Chairman, I desire to make a few observations in support of the Reconstruction Finance Corporation bill now reported out of my Committee on Banking and Currency under the new title of a bill to provide financing facilities for financial institutions to aid in financing agriculture, commerce, and industry, and for other purposes.

As far as I can learn, this measure is probably the most important financial bill before Congress during the last 18 years, second only to the great Federal reserve act which safeguards and built up the great banking system of the country, and on a par with that other great Wilson piece of financial legislation, the War Finance Corporation, after which it is fashioned and copied.

At the time the war finance measure was put into effect in 1918 we were at war. It was intended to aid our agriculture and commerce, and through that purpose, our banks under stress and peril due to war conditions.

This corporation loaned approximately $300,000,000 to over 4,000 American banks though it had authority to loan much more. It saved and protected these banks, and in the report of the United States Treasury Department 10 years later, in 1928, the United States Treasury had recovered every dollar it had loaned out for this purpose.

We have reached a condition to-day in this country paralleling that of President Wilson's war days. While not at war, our financial institutions are under a like pressure and peril. In effect, we are at war.

Never before in the history of our country, and I include the perilous days of the Civil War and of the late World War, has our country suffered such depression, has there been so much acute poverty, so much distress in every walk of life, and such serious strain on the banking institutions and financial system of the Nation.

More than 2,000 banks failed and closed their doors in 1931. Close to $2,000,000,000 in funds of trusting depositors, money deposited in good faith in the banks of America's great banking system, was taken away from them without fault on their part. Small business men, merchants, workmen, widows, and orphans have lost; municipal funds, savings of a lifetime, big and little man's money all wiped out, to the great paralysis of business, happiness, and peace of mind and the prosperity and success of our people.

The last six months ending January 1 show far the worst record. The January 1 financial statements of the banks showed the extent of the depreciation in the market value of the securities held by the banks. The gentleman from Massachusetts [Mr. McCORMACK] yesterday quoted figures showing over 300 bank failures in December last and over $300,000,000 involved.

To meet this crisis, to protect us from further failures, to stop the downward run, the committee of which I am a member has presented you with this bill. It is a bill to place five hundred million to two billion dollars of American Treasury cash or credit in the hands of this corporation to loan mainly to banks and other financial interests of the country now in need or who may face needs of deposits. It is an emergency fund, a revolving fund, intended to aid as many institutions as possible, as quickly as possible. It is hoped this measure will pass in the next few days and become a law with the President's signature. I sincerely hope it does.

It may take some weeks for the machinery to be set up for this corporation to begin its loaning. But its mere creation, in incompleted state, ought to have a psychological effect on the banks and other financial institutions and on the morale of the country. This act is primarily designed to help American industry.

Our trouble lies in many instances in the fact that these banking institutions have had to dispose of their so-called quick assets, their so-called prime securities, easily negotiated bank reserves and securities at a forced low market to meet the demands of depositors. Often when these demands are made they find themselves with good but slow-moving securities they can not quickly dispose of, and they have to close their doors.

Many of these banks, at least in my section, will ultimately pay 100 per cent on the dollar. Fortunately no bank in my district is now in receivership. One of the large objects of this great government loaning body is to protect just such banks by taking over their good but slow assets and substituting therefor cash.

The trouble now is that the securities of the country—I mean the real, good, old-time American first-class bonds and sound properties—have a so-called market value that is far lower than their intrinsic value. A frightened public, a hoarding public, in some sections a stock-market crazed and badly fooled public, has been sacrificing its holdings for cash; and this cash, in many instances, is now in the safe-deposit box, in between the mattresses, where it does no one any good, for it is out of circulation. Nearly one-fifth of the five billions of our currency is now out of circulation; we need more circulation of money; more for expansion of trade and work for our people.

There are two features of this bill I am keenly interested in. One is, this is a bill I trust for the aid of the people of this United States only. It is my hope, and I urged it in committee, that in aiding our financial institutions by lending them money on their securities this Reconstruction Finance Corporation will refrain from taking over any form of European securities, trade acceptances or other contracts of evidences of foreign indebtedness as collateral. I consider it highly important that the reputation, the doubtful reputation we now enjoy of being the creditor nation to ungrateful nonpaying countries across the water be not further accentuated by the accretion of more European bonds and foreign complications. [Applause.]

The second feature is this: The bill calls for the appointment of four directors, in addition to the Secretary of the Treasury, Secretary of Agriculture, and governor of the Federal Reserve Board. These directors should be as they were in President Wilson's War Finance Corporation, men of different political parties, of high ability, and imbued with feeling for the smaller man.

I think in the bill offered by the gentleman from Illinois [Mr. SABATH], a bill of much merit and similar import, it was suggested two such men as an ex-Governor of New York State and an ex-President of the United States should be selected. Much depends on the type of men selected as to whether the smaller town and country bank, and the lesser but also hard-pressed financial institutions throughout the country, get their measure of aid.

On account of the pressing needs of many of our best railroads, whose first issues of bonds and stocks are held by our savings banks, insurance companies, and other banks and fiduciaries as investments or reserves, it is sought in this bill to give aid to them. A breakdown of our railroads would thus affect the small savings of our thrifty people of moderate means with deposits in the savings banks, and perhaps affect the security of the holder of modest insurance policies.

I think it was either Mr. Ecker, president of the Metropolitan Life Insurance Co., or Mr. Morgan Brainerd, president of the Ætna Insurance Co. of Hartford, supported by some railroad statistics, who testified in the Senate hearings that the insurance companies need no direct aid but indirectly seek substantial aid to one or two of our leading railroads in the form of loans to meet maturing obligations in the spring. These loans, in conjunction with a 15 per cent rate increase recently allowed, the so-called four-system consolidation and hoped for bus regulation of an interstate character, are likely to be a forward step to more prosperous railroad conditions and strengthening of securities, though I regret the 10 per cent cut in wages of railroad employees.

There are amendments to this bill that have more direct bearing on the farming institutions and the farming financial wants which I am familiar with. For these farming interests I have a strong sympathy and a strong desire to see this most important group of our people helped.

I look upon this as a necessary constructive measure and regret the delay in its presentation. This bill is not a cure-all panacea. It may not be the best bill, but it ought to accomplish much.

If some degree of confidence can be restored to business and credit, we may commence to put back to work the 7,000,000 idle men and double the number of part-time workers who are in distress.

If such result does not follow, I can not but feel that the host of unemployed men and women willing and anxious to work in a land of plenty and untold wealth, but which will or can not give them work, will rise up and demand in no uncertain terms of their representatives that a bond issue of millions and perhaps billions be passed by the Government to afford work so they may earn the bare necessities of life for themselves and their families.

The American workingman does not seek a dole, he does not want a dole. He demands only to be given an opportunity to work, and from the proceeds thereof to maintain himself and his family according to the American standard of living. This is his right by every decent standard of economics; it is his right by every good theory of government. If these measures for financial aid to our institutions, intended to afford indirect aid to our unemployed, do not in a reasonable time, before the adjournment of Congress, result in substantial betterment in the conditions of unemployment, I now give notice that I will support a measure or measures for more direct aid to our unemployed.

I sincerely trust the success of this bill will render such action unnecessary. I trust that this country of ours which is ultimately ruled by Mr. Average Man along common sense, sane standards will very soon have come to its senses in an upward turn in business, farming, and trade. You can not keep America down for long. This bill may start the upturn. This bill is needed to safeguard our banks. It should substantially aid unemployment and restore business. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I have thus far succeeded in suppressing my desire to make my first speech on the floor of the House, and possibly after I get through speaking I shall wish that I had persisted in my resolution and had not spoken until I had become more familiar with proceedings of the House, and until I had something more beneficial to give to the Members of the House.

It seems to me that in this session of Congress we should be giving more time to real bills that may effect some substantial relief to the six or seven million people of the country who are unemployed and unable to obtain sustenance for themselves and family.

We have been giving a good deal of consideration to financial measures, just as if to give relief to financial institutions of $5,000,000,000 is of more importance than to give relief to those persons unable to go to the bank and get relief.

We have had under consideration a bill to give aid to agriculture under the form of an appropriation of $100,000,000 to the Federal land banks. I voted for the bill and am glad to have done so, but I doubt very much whether agriculture itself will get any real substantial benefit from it. To-day, under the guise of a relief measure, we are considering a bill providing for $2,000,000,000 to give relief to railroads, insurance companies, and banks. I do not believe the citizen who is absolutely in need of immediate relief will get any benefit from it whatsoever. The reason I rise to-day is to say that I fear we are building up such tremendous appropriations that when measures do come before this House some time in the near future affording some direct relief to the American people some of the men who have been sponsoring this bill will rise and say that we have already appropriated too much money and that we can not afford to appropriate any more, and that will prejudice the right of the American people to have some direct relief in the form of appropriations for public buildings or any other measure that will help the person who is unemployed and unable to provide for himself and family. It is all right to go ahead and make these appropriations, I believe, but I am afraid when we get up so high that the cry will go out that we have already appropriated more money than we can possibly hope to raise in taxation, and that that argument will be used to scale down the amount of money to be appropriated for direct relief and for appropriations to construct public buildings.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. LANKFORD of Georgia. The bill is already labeled that it is to provide help for agriculture, and I am afraid it will all be charged up to agriculture and the farmer.

Mr. BOILEAU. I agree with the gentleman. I doubt if the farmer will get any direct relief from it.

Mr. LaGUARDIA. And the sad feature is that the representatives of the farmer will fall for it and swallow it line, hook, and sinker, as they have on all previous occasions when anything has been labeled for the farmer.

Mr. SCHAFER. Does not the gentleman believe that if we extend relief to the railroads it will bring direct relief from the unemployment standpoint, when we consider that almost every great railroad in the Nation to-day is practically bankrupt and that they have been forced to cut off many thousands of employees from their pay rolls? I received a letter to-day from one of my brotherhood lodge members who has 28 years' running rights on a railroad, and he is now back firing a switch engine. Many thousands of railroad employees who have over 20 years' rights can not even hold a job on the extra list.

Mr. BOILEAU. I believe this will have a good effect. I am also going to vote for several amendments that will be proposed that will make this more equitable. I want to

make my position clear in the RECORD, and to say for one that I am very much disappointed that we have spent over a month's time of Congress, going now into the middle of winter, and have not appropriated one cent to give direct relief to those millions of our people who are more in need of relief than are the financial institutions of our country. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. WHITE].

Mr. WHITE. Mr. Chairman, some figures have come to my attention, which I believe will interest the committee, especially in the light of some of the remarks which have been made upon this bill.

There seems to be an impression in some quarters that this is legislation of a new and untried nature. It is not. It is so thoroughly like the provisions of the War Finance Corporation that one must examine that plan's basic legislation carefully to find the differences.

It is because of the great similarity between these two pieces of legislation that I bring to you the latest reports upon that corporation's operations, and the status of its books.

It lent, in all, $690,431,100.

Of this, $306,742,153.96 was lent under the war powers of the corporation; $46,347,654.27 was lent for export purposes between the time of the creation of the act, April 5, 1918, and January, 1921, when the corporation resumed operations; $38,653,539.82 was lent for export purposes after resumption of operations, and $256,598,074.92 was lent for agricultural purposes after resumption of operations in the depression of 1921 and 1922. Miscellaneous loans made up the other $32,000,000.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WHITE. Yes.

Mr. LANKFORD of Georgia. Has the gentleman read of the work of the War Finance Corporation? The loans authorized by that act were made to specific banks, which made the loans to the farmers for agricultural purposes, while this particular measure authorizes them to loan to any person whom they may wish to help.

Mr. WHITE. Yes; I notice that. Against the predictions that this money would not be repaid, we learn that on January 4, 1921, $241,943,794.07, all from the loans for war purposes and for export purposes, had been returned to the corporation, no others having been made at that time. Between that date and November 30, 1921, $30,554,414.30 was repaid, and that in the ensuing year $199,473,113.25 was paid back, leaving an outstanding balance of $185,370,101.35. This was the last separate report of the corporation, I understand. From that time the reports of the corporation have been incorporated in the reports of the Secretary of the Treasury.

The 31st, December, 1931, found the corporation with $114,347.14 in cash in the United States Treasury; $222,358.25 outstanding in principal; and $6,474.82 outstanding in accrued interest, assets of a total of $343,180.74.

Of the original $500,000,000 capital of the corporation all has been canceled, or retired at par, except $10,000, and the venture has paid the Government a profit, exclusive of the assets reported above, of $64,531,271.70. This sum is earnings with almost exactly one-third of a million to be added to it.

This is a spectacular picture. This corporation did untold service to business and through it to labor and all other economic elements during the depression of 1921–22 and can do immeasurable service at this time. This corporation had out a maximum of about $300,000,000 at any one time. It unquestionably had much to do with relieving the depression of 1921–22. The present plan suggests a total of $2,000,000,000 be made available for such purposes.

This seems to me to be almost equivalent to placing in circulation that amount of currency. John Stuart Mill said:

> If the whole money in circulation was doubled, the prices would double. If it was only increased one-fourth, prices would rise one-fourth.

I do not credit the mathematic accuracy of this statement, but the principle involved is universally recognized. It is a part of the law of supply and demand, being the expression of that law with relation to the price of gold and its substitutes in money. The supply and demand for money, or gold, is as much a determining factor in the fixing of prices as is the supply and demand of the consumable ore useful goods sought. Basically we have not given up the principle of barter, all our money being an interchangeable substitute for gold bartered in exchange for other goods.

To double the money in circulation might quadruple or quintuple the prices of goods or increase them one-fourth or one-half, depending upon the state of the public mind. The wide publicity given the plan we are now engaged upon will make it much more useful than if its operation, trusting it does go into operation, were unknown except to those who expected to call for loans. The public unquestionably will react optimistically to such a demonstration of governmental interest in general welfare.

This reaction can not but bring about a relaxation of credit, a freeing of hoarded bank and private assets and a general feeling of confidence and some advance in prices. Improvement in prices will encourage merchants to restock their shelves, whereas they are now emptied to thwart the loss on depreciating invoices. It will thus encourage production and the employment of labor will be stimulated.

These operations are not without their dangers. If inflation were carried too far we could only expect to find ourselves on the brink of another precipice with a crash inevitably ahead of us.

Can we trust ourselves to so manage the money market of our country? We do manage it. We manage it by the issue of Federal-reserve currency, by the issue of national-bank currency, by coinage, and by banking and credit facilities in general, including use of checks, and other credit forms. We do so on the very principles involved in this measure. It is done and can and ought to be better done.

It is charged it will help bankers. It will, and it will help the little depositor, whose funds are in the bank and are or may be frozen there if some such action as this is not taken. It will help the depositor of the closed bank whose assets are good but tied in a financial knot and can be freed only by some such measure as this. In that degree this is a protection of deposits. It is a protection of deposits in that it will bolster the prices of assets which are the sole present security for deposits.

It will help the farmer by bolstering his values and making available credit to be advanced against those values; it will help the merchant by bettering his market and making available capital for replenishing his stocks and justifying with confidence such a project; it will help the little urban home owner by improving the value of his home, possibly lifting it a little above the margin of the mortgage which has or threatens to devour it. It will save the bank from calling that mortgage or going insolvent itself because the value of the home, farm, or factory falls below the amount of the mortgage. Depreciations below the margin thought by everyone to be safe two years ago are the tragedy of this era. This measure can stop them.

Let us remove all question of its validity under the Constitution and pass it, in the interest of this whole Nation. It is too important to take a chance upon some enemy or light and goodness coming upon it unawares and destroying its blessings through court action. None of us question that the Speaker of this House would name the highest of character and the greatest of ability to help administer its provisions; but why take a chance upon so important a measure when it can be so easily avoided?

There are so many influences in the price equation, so much that is not commonly considered in what we speak of as the law of supply and demand, that to enter into the realm of prophecy or to venture upon the ground of castigation of any individual for his misfortunes as he is trod upon in the high road of price movements in such a time as this is fraught with many hazards. It particularly risks great injustice to many who have acted in perfectly good faith in

encouraging marketing of properties, goods, or securities. The person who in 1929 or even 1930 would have conceded the possibility of United States Steel common stock falling below $40 per share would have been branded stark mad. The public man who dared such a thing probably would have been ostracized.

Please do not gather the impression that I defend the men of the big-business world. I credit them neither with the foresight nor the power or intelligence with which they are pictured in the rather fictitious glamor in which they are seen as colossuses of intellect and power. The leader of a great corporation who two years ago advised the purchase by one of his satellites of a security unquestionably suffered a twinge of pride, if not conscience, when he was forced to save his own hide by withdrawing his own safety from that satellite's dependence upon the value of that stock or bond. He might not have had an insincere thought. He merely proved the exaggeration of the satellite's confidence in him. He, on the other hand, might have been a commission hog selling whatever he could foist off on the world which trusted him.

It is impossible to segregate the various elements of the business world and help one part without helping all or almost all the others. To extend a helping hand at this time to the city worker would be of the greatest assistance to the farmer by improving the city market for his goods, the market upon which he must depend for his prosperity. To give the farmer the means of further expanding production will help the urban population by tending to cheapen his living expenses.

All the economic elements of this Nation are so tied into each other and interrelated that they can not be separated for isolated treatment. Help one and you help all. This bill goes to the very heart of the situation and advances help to all except the man who is hoarding his money for more advantageous buying in the future. I believe the rest of society has suffered enough in his interest and to his advantage.

There is, in my opinion, not the slightest tinge of class legislation in this bill. It helps every class, as I have pointed out above. This is the legitimate plan for the Government to help everybody. Let me comment here that I would support an appropriation to prevent suffering in any specific instance in which I felt great calamity had struck a community. In the present case great calamity has struck the entire Nation and every class in it and this bill will be a blessing to all of them unless other forces and influences are so great that they will counteract its tendencies.

I am as devoutly interested in the welfare and benefits of poor men as any other man in this House, but I do not feel his real interests lie in this Government venturing into the field of private business. Provisions of this bill are distinctly a function of the collective interests of the people of this Nation and of Government.

This is a bill to deflate the consequences of too much confidence in too many things and especially in the visions and powers of the business baron. I have some opinions how that evil can be remedied, and that without abandoning the system of individuality and private property. I would, I believe, strengthen that system. We are to-day suffering from too great dependence upon so-called business leaders. I would deflate the influence of those leaders and the consequent degree of their mistakes and bad guesses. I shall not impose my thoughts on this subject upon you at this time, except to add that I believe in individualism and private property and hope to see them preserved as a principle in this Nation.

Let us pass this bill and in such form that there shall be no question of its validity or immediate operation.

I thank you. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Chairman, this bill grants $2,000,000,000 of the Federal funds and credit to a corporation for use in aid of distressed banks and railroads. It creates a banking corporation through which this vast sum is to be loaned to the financial institutions to be benefited.

This is an administration measure. It is one of the group of measures recommended by the President for the relief of the present situation. We have passed the first of his proposals, which applies $125,000,000 to the farm-loan banks, the chief effect of which will be to increase the value of their outstanding bonds. The next bill on the program after the present is the home discount bank bill, making further large Federal grants for the relief of banks holding frozen real-estate credits. Next we are to grant a vast sum for the liquidation of busted banks. Just how much this program for the use of the taxpayers' money for the relief of distressed business will eventually cost, no man can possibly foresee.

ARE OUR SUFFERINGS TO BE IN VAIN?

Perhaps the most pitiable feature of the situation is that apparently the sufferings of the American people are to be in vain. Apparently nothing has been learned from the depression. The President's program includes palliatives only. None of his measures even pretend to be curative. They are designed merely to deaden our pains. We are expected to recover without any real medication, and then only after the fever has run its devastating course.

Apparently the President and his advisors think that everything is all right—that the depression had no real causes—that we merely accidentally stumbled into it—that it is not the consequence of wrongful practices. Apparently they think that the situation is inherent in our economic system, and contemplate that those who are able to survive the siege are to go on under previous conditions. After recovery we are to stumble on in our blind way for a brief spell, when a similar depression will again overtake us.

The President seems to hold that the period of false prosperity which reached its peak in 1927 was ideal—that it had no faults nor imperfections, that nothing wrong has been done, and that our aim ought to be to get on as best we can through our present woes in order to return, as in a dream, to the orgy of the boom years.

The President has offered nothing fundamental, nothing as a remedy. His program is merely of palliatives. He gives no call to any sounder footing or any more sensible economic practices than those which have brought us to the ills we now endure. Apparently he has made no analysis of the causes of the depression and no attempt to understand why we are afflicted. If he or any of those who speak for him have any plans to correct the evils of our system, they remain undisclosed. They do not propose to lower the trade barriers which have destroyed our foreign commerce. No effort is to be made to place our competitive system upon a basis of real competition, so that some fair opportunity would be afforded for the exercise of private initiative.

No remedy is offered for the vast spread between what the producer receives and what the consumer is required to pay. These poles are to be brought no nearer together. None of the waste, extravagance, and inefficiency in our system of distribution are to be eliminated. The producer of raw material is to be left to his below the pre-war price, yet he must pay for his supplies and all things he would buy upon a much higher basis.

THE PRESIDENT'S APPARENT IDEAL

Apparently the President has no plans to produce real competition in business, no aims to destroy monopolies nor to relieve the consumer of the extortions which they practice. We are to continue to foster the vast concentrations of wealth, which have seized for their own exclusive use the natural resources of a great continent. No effort is to be made to restore to the people these rich resources created by the Almighty for the benefit of all, but which are being exploited for the advantage of the few. Nothing is to be done in any wise to hamper vast corporations in enjoying perpetual existence and practically unlimited powers.

In short, no effort is to be made by those in authority to restore to our citizens the fair equality of opportunity without which the system of individualism is a sham and a fraud. We are to continue after this depression under the previous

conditions, in which the multitude is denied opportunity and in a state of practically economic servitude. We are to go on with the wealth of the Nation being collected into the hands of the few, while the great mass of our people are reduced to a state of poverty and despair.

If I am correct in my visualization of the President's ideal, and if indeed that ideal is to be realized, then truly will our sufferings have been in vain. If, indeed, we are to go forward to such a fate, learning no lesson from that which we have endured, then must it be said that our people have been the victims of a fiendish irony.

THE NEED FOR REAL STATESMANSHIP

Real statesmanship in this time would seek to understand the causes for our economic troubles and take steps to see that these causes are removed. The fault is not in our economic system. It is not inherent in individualism. To the contrary, the chief factors which have brought about the depression have been the result of abuses of individualism. They are excrescences, cankers, and sores upon individualism, and the real remedy is to cut them out and cure them. The real remedy is to return to a state of purer individualism, freed from the cancers of the false collectivism which have infected our economic system.

I have in my mind a program to bring us to economic liberty. It would carry us back to the principles of real individualism and to some fair equality of opportunity, when there would be no longer ruthless exploitation of the consumer and of the average citizen. But from the present administration who could expect that such a program would receive countenance?

PSEUDO-SOCIALISM, SPURIOUS COLLECTIVISM

This bill well becomes the administration source in which it originates. It belongs to a system of collectivism, the spurious collectivism, the pseudo-socialism which is so typical of the Republican Party and of the present administration. As I said the other day, the collectivism of the Republican Party and the collectivism of Karl Marx have their chief difference in the fact that the socialism of Karl Marx was for the benefit of the people as a whole, whereas the socialism of the Republican Party is for the benefit of privileged classes—the special powerful few, to whom the party looks and expects to return it to power at the next election.

This is a socialistic measure. I will not affront the true socialist and follower of Karl Marx by hanging it upon his philosophy. It is a socialistic measure of the peculiar type characteristic of Republican philosophy, which holds that it is proper to confer a special favor upon a privileged class if only it may be argued that eventually a small part of the benefit may trickle down to some of the people. It is the kind of socialism that puts the masses in the position of Lazarus at the rich man's table, to remain content with a few crumbs that may fall from the banquet.

In line with that philosophy the protective system is founded; upon that argument is based the doctrine that a protective tariff is legal and justifiable; on that theory the Republican Party has granted benefits and special advantages to favored classes, always with the fine discrimination which leads to preferring those who enjoy large political power and are able to respond at the next election.

Subsidies have been given here, there, and everywhere. Even the voting power of the farmers was recognized when $500,000,000 of the people's money was cast away in the fruitless and foolish farm marketing act. Instead of striking down the special favors which you had conferred upon other classes as the result of which the farmers were impoverished, you undertook by this special favor to elevate the farmer into their class—the farmer whom you have bled for generations by forcing him to sell his products in the open markets of the world, while forcing him to spend his money in a closed market, buying at an arbitrary and false price under your protective system.

THE FARMER WANTS ONLY A SQUARE DEAL

The farmer has never asked anything but a square deal. He has never wanted anything but a square deal. Let me say that nothing but a square deal can ever be of any real benefit to the farmers of this country. What he needs is a fair fight with the right to buy in an open market at a fair price fixed by the law of supply and demand, even as he must sell in such a market.

And now we have come to the pass where American industry has been developed at the expense of other interests until it is an overgrown, swollen, and helpless infant, old and grayheaded, though yet an infant, and helpless and unable to stand alone. At last the time comes when the pap of special favor upon which it has been feeding for generations is no longer effective. The domestic market no longer suffices for industry.

The agricultural and other classes whom you have been bleeding throughout the generations, are at last exhausted and impoverished and can not longer furnish a market for your protected industries. So that at last you are forced to turn your eyes across the seas to world trade, and there you find yourselves hamstrung and destroyed by your cost-plus system of production, the Frankenstein which you have created. You built a dam and the water has filled behind it until the tide now sweeps all before it. You have tried to thwart economic law. You have defied the laws of supply and demand. You have created a certain special favored class, and now that class is being destroyed by the favors which they have received. [Applause.]

"THE BANKERS' DOLE"

In a recent speech in behalf of my bill for direct Federal aid for citizens in want, I pointed out that our Government was responsible in large part as having contributed to the causes for the depression. In a sense, the depression roots back to the war, which was our Nation's war, and not the war of any community or locality. The war was the direct cause of the immense burden of Federal taxation. It also caused enormous economic destruction, and maladjustments of many kinds, of far-reaching consequences.

I also argued against the injustice of allowing absentee owners of businesses and industries to evade responsibility for caring for the poor of the communities from which they draw their profits, and for their distressed former employees whom they had let out of their jobs. I insisted that the only way to get at these absentee owners, who could not be reached by the pressure of local sentiment, was through a system of Federal taxation taking a part of their surplus to feed those whom they had exploited. I also pointed out the injustice of placing the burden on the poorer and unorganized communities of caring for their own many distressed, and leaving to the richer communities the much lighter task of merely feeding their few who are in need.

The only attempted answers to my speech were made by certain Republican Members from New England, who merely shouted "Dole, dole," without any effort to meet my arguments. Now we are treated to the spectacle of those same Members, and others of their way of thinking, clamoring for the passage of this bill which, even under the President's eccentric definition, must in fairness be called a "dole." The difference seems to be that my bill is objectionable because it is to feed the starving, while this bill is all right because it is to rescue distressed bankers. It is a "bankers' dole."

This measure can not be defended upon any sound principle of our governmental or economic system. Let no Member who may support it ever hereafter refuse, upon grounds of principle, to vote for any grant, gift, loan, or subsidy of Federal funds or credit to any individual or corporation or for any purpose whatever. He may refuse for policy's sake, but he is forever foreclosed on principle.

It is within range of possibility that this bill will be beneficial in some ways and to some interests. It is certain that in the long run it will be harmful to the general welfare. Already, with the promise of its passage, Federal bonds are descending. None of them sell at par. Very likely the first result will be that the public credit will be impaired. This measure, with the others to follow, may make it difficult to sell our bonds at a reasonable rate. Before the depression is over it may yet transpire that we will have an important need for the public credit, and will regret that we were not more zealous in preserving it.

I can not vote for this bill, violative as it is of all sound principle and promising only doubtful benefits, balanced by evils which are certain and inescapable. At best it is an effort to save property. Instead of voting to save property, I prefer to vote first to save human lives. [Applause.]

Mr. STEAGALL. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, and had come to no resolution thereon.

ORDER OF BUSINESS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that general debate on the bill H. R. 7360 may continue throughout the day to-morrow, with the understanding that the bill will be taken up on Thursday for amendment under the 5-minute rule. The debate to be divided as it has been up to this time between the two sides.

The SPEAKER. May the Chair suggest to the gentleman from Alabama that the gentleman ask unanimous consent before that request is submitted that Calendar Wednesday business in order to-morrow be dispensed with?

Mr. STEAGALL. Mr. Speaker, I was going to make such a request to-morrow, because I thought that was the custom. However, I make the request now.

I ask unanimous consent that Calendar Wednesday business in order to-morrow be dispensed with.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object—I shall not object this time—but, as I stated on the first Wednesday, as soon as we get the committees going and the bills are on the calendar any request to dispense with Calendar Wednesday business will be resisted. I shall not object to this request owing to the urgency of the pending bill.

Mr. HOWARD. Mr. Speaker, reserving the right to object, may I ask the gentleman from Alabama [Mr. STEAGALL] if he has spoken with the chairman of the committee that would be on call to-morrow?

Mr. STEAGALL. I have not taken up the matter with anybody and did not expect to make the request until the House met at noon to-morrow, but I am assured by the leaders that there will not be objection to the request.

Mr. SNELL. Mr. Speaker, I reserve the right to object to ask the gentleman a question. If we conclude general debate to-morrow night does the gentleman think it possible to bring this bill to a vote Thursday night before we adjourn?

Mr. STEAGALL. I hesitate to say that we can finish the bill under the 5-minute rule on Thursday.

Mr. SNELL. We have had such prolonged debate I was hopeful that could be done.

Mr. STEAGALL. I feel sure we can finish the bill before Friday night. I hope we may be able to do that by Thursday night, but I would not like to so state now.

Mr. SNELL. I did not mean to exact a promise from the gentleman, but I thought if the gentleman could do it, it would be very satisfactory.

The SPEAKER. Is there objection to the request of the gentleman from Alabama to dispense with Calendar Wednesday business to-morrow?

There was no objection.

The SPEAKER. The gentleman from Alabama asks unanimous consent that general debate on the bill H. R. 7360 be extended to include the entire session to-morrow, to be equally divided and controlled by the gentleman from Alabama and the gentleman from Pennsylvania. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KLEBERG (at the request of Mr. WILLIAMS of Texas), indefinitely, on account of sickness.

Mr. GRANATA, indefinitely, on account of illness.

THE MORATORIUM

Mr. HALL of Mississippi. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the moratorium.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. HALL of Mississippi. Mr. Speaker and my colleagues in the House, before stating my reasons for opposing the President's 1-year intergovernmental debt moratorium, or postponement, as it pleases him for us to call it, I want to say that I am perfectly willing to cooperate with the administration in furthering any constructive plan for dissipating the prevailing economic depression and relieving our distressed farmers and unemployed industrial workers.

In my opinion, the moratorium was not only inopportune but superfluous. Our agreement with the debtor nations specifically provides for just such an emergency as the moratorium was designed to meet; consequently, each could have deferred its debt installments for three years by invoking that provision.

Undoubtedly the United States already has been overly indulgent with European countries in connection with their war debts. We have canceled nearly half of the principal or upward of $7,000,000,000, and spread the balance out over a period of sixty-odd years, with a ridicuously low rate of interest. In clamoring for cancellation of their outstanding obligations, the allied powers in effect are saying to the United States: "Thanks for winning the war, but will you not also be good enough to foot the bill."

With the United States Treasury in the "red" more than $2,000,000,000; with a substantial tax increase virtually inevitable; with farm mortgages galore being foreclosed; with other thousands of mortgage payments delinquent; with 7,000,000 Americans not only jobless but utterly dependent upon charity for "hand-outs" for barely keeping soul and body together, the $250,000,000 postponed by the moratorium is a sizable sum. Yet our big-hearted President, who went out of his way to relieve Europeans, has set his foot down firmly on Federal aid for distressed Americans because it would constitute a "dole."

Even the administration objects to the measure for setting aside $25,000,000 for enabling the Federal land banks to grant a moratorium on delinquent farm-mortgage installments during the depression. Notwithstanding, it favors wholeheartedly the proposal authorizing the Treasury to pour $100,000,000 into the capital of the land banks for protecting the value of farm-loan bonds, many of which are being held by wealthy individuals and big financial institutions.

Admittedly our farmers are considerably worse off to-day than before the World War. Everybody thought they were in a bad fix in 1929, but farm prices have since declined about 50 per cent; therefore farmers are now paying back, at the ratio of 2 to 1, money borrowed from the land banks two years ago. During the past decade farm values have shrunk about $30,000,000,000, and, at the same time, farm taxes have soared to unreasonable heights. Our farmers are helping to carry the burden assumed by the Government when it forgave Europe $7,000,000,000 of war debts.

While the big interests were gleaning billions of dollars in profits during the war, the Government held the price of farm products down to a minimum through the Food Control Administration, which was headed by the present White House incumbent. Farm production at the instance of the Government was boosted far beyond normal requirements, and then the farmers were left holding the surplus bag when the European demand for their products abated.

What has the administration wrought in connection with getting the farmers back to normalcy? It has created the Federal Farm Board and given it $500,000,000 of the taxpayers' money for engaging in a profitless price-fixing scheme up to date. I have supported the Farm Board and am not now willing to vote for repeal of the act, yet I regret to admit it has not benefited the man between the plow handles one red cent. I am hopeful of a brighter future.

I admit also it was a clear-cut instance of governmental meddling into business. For example, Muscle Shoals, to whose development the American taxpayers have contributed $50,000,000 or more, has stood for three years, and still is standing, as a white elephant on the hands of the Government because the administration opposes its operation by the Government; notwithstanding that its operation would furnish employment for hundreds of men and that profits accruing from the sale of electric current would help get the Treasury out of the "red." Who was it that observed, "Consistency, thou art a jewel"?

Furthermore, I oppose the moratorium because it unmistakably anticipates eventual cancellation of outstanding debts, which are estimated at the staggering sum of $12,000,000,000. This much was clearly implied in both the President's message and Secretary Mellon's qualifying statement. Anyone that knows anything at all knows good and well that none of the debtor nations wants to revise its obligation upward; but all want to revise them downward. This being the status quo, why did the President recommend reviving the War Debts Commission? The answer is obvious.

Getting down to brass tacks, are those debtor nations in fact unable to meet their obligations? I say most emphatically, they are. The selfsame countries for which we postponed debt payments in the amount of $250,000,000 expended last year more than $2,000,000,000 on their armies and navies; consequently their contention of inability to pay is rank perfidy.

Who is primarily responsible for the preposterous wave of propaganda urging abrogation of intergovernmental debts? The international bankers of Wall Street, who, violating every sane principle of sound banking, have lent billions of dollars in Europe and, besides, have peddled billions of dollars of foreign securities to our credulous American people. Now they have the gall to ask Uncle Sam to cancel the debts owed him, so that they may get their own money back. To this I am absolutely opposed.

According to a pertinent proverb, "Charity should begin at home," and by that token I demand that our own distressed people be taken care of before we engage in any more European philanthropy. Most emphatically do I demand that our farmers be given a square deal!

PROPOSED AMENDMENT

Mr. HOGG of West Virginia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point by printing an amendment which I propose to offer at the proper time in connection with the measure which the Committee of the Whole now has under consideration.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The matter referred to follows:

Proposed amendment of Mr. HOGG of West Virginia: Strike out lines 21, 22, 23, and 24 on page 5 and lines 1 and 2 on page 6 and insert in lieu thereof the following: "savings bank, trust company, or building and loan association that is closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks, savings banks, trust companies, and building and loan associations, upon application of the receiver or liquidating agent of such bank, savings bank, trust company, or building and loan association, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same."

CONSOLIDATION OF RAILROADS

Mr. LANKFORD of Virginia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a statement from the State Corporation Commission of Virginia with reference to the consolidation of railroads?

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. LANKFORD of Virginia. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following:

PETITION OF INTERVENTION AND PROTEST AGAINST THE PROPOSED PLAN OF CONSOLIDATION OF CERTAIN RAILROADS ON BEHALF OF THE STATE CORPORATION COMMISSION OF VIRGINIA

Comes now your petitioner, the State Corporation Commission of Virginia, and respectfully represents that it has an interest in the matters in controversy in the above-entitled proceeding, and desires to file this, its petition of intervention, and a statement of its objections to, and protests against, the plan of consolidation of certain railroads, and changes and modifications thereof, as set out in the said application of the Baltimore & Ohio Railroad Co. and others, dated October 1, 1931, and for leave to introduce evidence in support of its said objections and protests, and for grounds of the proposed intervention says:

I

Your petitioner is a commission created under the laws of the State of Virginia and the governmental agency of the State of Virginia charged with the duty of supervising, regulating, and controlling all transportation companies doing business in Virginia in all matters pertaining to the performance of their public duties, and of prosecuting before the Interstate Commerce Commission issues with reference to railroad transportation matters which affect the public welfare of the State of Virginia.

II

THE SYSTEMS PROPOSED UNDER THE PLAN AND SUGGESTED MODIFICATIONS THEREOF ARE SO GIGANTIC IN SIZE AND OF SUCH A NATURE AS TO BE IN VIOLATION OF A SOUND PUBLIC POLICY AND IN VIOLATION OF THE SPIRIT OF THE TRANSPORTATION ACT; AND SUCH PLAN IS NOT IN THE PUBLIC INTEREST

While the act of Congress under which these proceedings are being conducted requires the commission to formulate a plan for the consolidation of the railroads of the United States into a limited number of systems, there is no requirement that such systems should assume the tremendous proportions suggested even by the plan of the commission, much less in the application of the railroads here under consideration.

The centralization of such great power in so few persons immediately suggests the imminent threat of injury to the entire country which might ensue from an abuse of such powers. These lines reach out into every community of considerable size in the most populous section of the United States. In each community the railroad is represented by influential officials or agents and has many employees. The widespread influence which the heads of these systems would be empowered thereby to exert in the selection of public officials and legislative and congressional Representatives becomes at once apparent. Such a condition is entirely contrary to the principles of our form of government and constitutes a most vital objection to such centralization of power and control.

The Commonwealth of Virginia has heretofore enjoyed the active aid and cooperation of its railroads in the commercial and industrial development of the territory served by their lines.

Railroad mergers on such an extensive scale entirely destroy the local competitive railroad activities, which have contributed so much to the industrial development of this Nation. The incentive to the development of Virginia (or any other State), which now moves the independent lines to activity in this direction, is forever gone when the line has lost its identity. It then becomes obviously adverse to the interests of the system to promote an industry in one State if its freight revenues would be enhanced by locating it elsewhere on its lines. While the commission has the rate-making power, yet it can not be disputed that the railroads have a great influence in initiating and determining these rates, and that through this means industries in one locality may be placed at a great disadvantage against their competitors.

Such great centralization of power, therefore, may become an instrumentality not only for controlling the location and development of industries but even for the destruction of those now existing. The Commonwealth of Virginia would suffer great injury through the removal of the incentive to develop this State should the proposed consolidation be permitted.

The proposed consolidation of the more important Virginia railroads would inure further to the great detriment of this Commonwealth in that its people now enjoy the opportunity and privilege of transacting their important business with the heads of these roads—that is, the officials with ultimate authority—who, through personal contacts and knowledge of the situation, are able to dispatch their business promptly. In the event of the proposed merger the final authority will reside without the State, be difficult to approach, and with little or no personal understanding of the problems presented. The necessary result will be the transaction of such business, through subordinates, a thoroughly unsatisfactory and undesirable situation, resulting in delays and lack of understanding.

The Commonwealth of Virginia would suffer further injury in that the lines of railway involved now receive the close personal supervision of their managing heads and are operated with perhaps the highest degree of efficiency of any railroad lines in the

United States. To disturb such a satisfactory situation and involve the management of these lines in a top-heavy, complicated, and cumbersome organization of such great size, with the consequent "red tape" procedure, lost motion, and long-distance authority, will undoubtedly cripple the efficiency of their operation.

The Commonwealth of Virginia would suffer further injury in that the excellent rolling stock, locomotives and cars with which its lines of railway are equipped and which they have acquired through the traffic and business of the territory served by them, and the use of which now inures to the benefit of the people of Virginia, will become the property of gigantic systems and in all probability transferred to other lines. This will result in the loss of efficiency in the operation of the said Virginia lines.

Many cities and large communities of Virginia have been built upon the faith of and as a result of the location there of extensive railroad construction and repair shops and office forces. Large and highly trained and efficient organizations of employees, both in shops and offices, have purchased homes in these cities and communities. Experience in the past shows that railway consolidations almost invariably result in changes in the locations of terminals and division headquarters and other activities. Office employees are either discharged or moved to the head office. Such changes disrupt the organizations and frequently either abolish or remove them, and, at best, inject an atmosphere of uncertainty into the permanence of the local arrangements. It is not to the best interests of this State, nor of the Nation, to allow, much less to encourage, a movement to draw the people who make up these organizations and carry on the railway operations of the entire country, into the great centers of population, to the detriment of thriving and prosperous smaller cities and communities. These latter contribute through their shipments and travel their fair share of the revenue which enables the railroad systems to operate and they are entitled to receive their just proportion of the railroad's business activities which result therefrom. Such a distribution of railroad activities promotes a much-better balanced industrial growth throughout the country, and creates a wider and more intimate public interest in the prosperity and welfare of the railroads. This is of particular importance at this time when all State legislative bodies are considering and acting upon questions involving the relative degrees of taxation and regulation of rail and motor carriers.

The Commonwealth of Virginia protests against a consolidation of the nature proposed in the petition here under consideration as being grossly in violation of the spirit of the act of Congress authorizing railroad consolidations. It is conceded by all that the purpose of this act was to save the short-line and weak railroads through consolidation with the strong. There is nothing in the act to justify the merger of powerful and prosperous lines. The general public policy of the United States, as provided in the Sherman Act, is to prohibit powerful combinations of this nature. The consolidation act constitutes an exception which, as the congressional debates and reports show, was justified on the theory that short-line and weak railroads could be continued in the operating service of the public only by being brought into strong and prosperous systems able to carry the burden of their operation. The proposal now before the commission does not come within the exception intended by the act. On the contrary, it would for the most part constitute a consolidation of strong and prosperous lines with a centralization of power inimical to the public interests. Few, if any, weak lines are included in the plan.

The Commonwealth of Virginia further protests that while the proposed consolidation will greatly reduce the efficiency of the service of said lines of railway in this State, due to long-distance control and lack of personal supervision by those in authority, there is no reasonable hope of any corresponding compensation in freight-rate reductions. Most of the leading railway authorities agree that no material economies are to be expected as a result of such large and unwieldy consolidations as here proposed. Mr. Daniel Willard, president of the Baltimore & Ohio system, one of the petitioners, testifying at the hearing of S. 1175 before the Senate committee, admitted that few economies could be effected thereby and 80 per cent of these would be through reduction in the number of employees, thus adding to the unemployment problem. This is not in the public interest.

In conclusion, and by way of summary on this first point, the Commonwealth of Virginia protests against the plan of consolidation proposed in the petition, because: (1) Said plan will not effect any material economies; (2) it will not result in any reduction in freight rates; (3) it will deprive this Commonwealth of the active cooperation of the managing heads in the development of the industries of this State and the port of Hampton Roads; (4) it will confuse and disrupt labor conditions in the State and enhance unemployment; (5) it will deprive this State of its just share of railroad activities and cause much disturbance, unrest, and injury to cities and prosperous communities in Virginia and elsewhere, in which the present railroad offices, shops, and other activities are a vital part of their industrial life; (6) it will not save short lines and weak roads as the spirit of the act of Congress requires; (7) it will necessitate the citizens of Virginia transacting their business affairs through subordinates and under conditions where the persons in authority do not have a close personal interest in, or understanding of, the problems presented; (8) it will deprive this Commonwealth of that efficiency of service which is obtainable only where the system is not too large to permit personal contact between the executives and the men in their employ; (9) it will subject the industries located on the Virginia lines to the danger of discrimination in favor of competing industries on other lines of the proposed system; (10) it will deprive the railroads of the good will and intimate interest of the citizens of Virginia and members of its legislature which personal contacts between the people and the executives residing in the State have fostered, and which will change into resentment with absentee control and removal of State activities; (11) it will consolidate only the strong and prosperous lines of railroads in Virginia, which, instead of being benefited thereby, will be injured, and will remove the competition now existing between these independent lines; (12) and last, but not least, it will create an enormous centralization of power and influence, social, financial, and political, in a few individuals, which is contrary to the public policy of this Nation.

The Commonwealth of Virginia protests, therefore, that the entire plan proposed by the said railroads is not in the public interest and should be disapproved by the commission.

III

THE COMMONWEALTH OF VIRGINIA PROTESTS AGAINST THE INCLUSION OF THE NORFOLK & WESTERN, THE CHESAPEAKE & OHIO, AND THE VIRGINIAN SYSTEMS IN THE PROPOSED PLAN OF CONSOLIDATION AS NOT BEING IN THE PUBLIC INTEREST

The State Corporation Commission of Virginia has heretofore (March, 1925) filed in this matter a petition of protest against the plan of consolidation then under consideration by the commission. In so far as the Virginian, Chesapeake & Ohio and Norfolk & Western are concerned that plan was very similar to the plan now proposed in the petition of the railroads. The former plan contemplated the consolidation of the Virginian Railway with the Norfolk & Western, and the latter in turn with the Pennsylvania. It was also contemplated at that time that the Chesapeake & Ohio would consolidate with the Erie. Both of these steps were strenuously resisted by the Commonwealth of Virginia in its petition of March, 1925. The reasons then advanced in opposition to these consolidations are still applicable and the commission is respectfully requested to treat the former petition as a continuing objection to the plan now proposed for a similar consolidation of the Chesapeake & Ohio with the Erie and the Virginian with the Pennsylvania and Chesapeake & Ohio jointly, and for the consolidation of the Norfolk & Western with the Pennsylvania.

For reasons set out in the said former petition, it is apparent that the consolidation of the Norfolk & Western with the Pennsylvania, the Chesapeake & Ohio with the Erie and other roads, and the Virginian jointly with the Pennsylvania and Nickel Plate systems will be greatly detrimental to the public interests, and particularly in the State of Virginia. The incentive to promote the development of the port of Hampton Roads, as well as local industries along the lines of these railways in Virginia, will be almost completely removed. The large systems into which it is proposed to merge these Virginia railways would have their primary interests in the development of industries in other States, especially New York, Pennsylvania, Maryland, and Ohio, and the port of New York. The proper development of the port of Hampton Roads, which is a most valuable asset, not only to the State of Virginia but to the United States as a whole, is dependent upon the active cooperation and assistance of the railroads leading into it. This would be entirely lacking under the plan here proposed.

Subsection 4 of section 5 of the transportation act provides as follows:

"In the division of such railways into such systems under such plan, competition shall be preserved as fully as possible, and wherever practicable the existing routes and channels of trade and commerce shall be maintained."

There are four large and important ports within the territory embraced in the consolidation proposals here made by the railroads—New York, Philadelphia, Baltimore, and Hampton Roads. The proper development of all of these ports is not only of paramount importance to the trade and commerce of the entire United States, but is extremely essential to the national defense in the event of war.

It has been manifest for many years that the New York banking and other interests which control the Pennsylvania, New York Central, Baltimore & Ohio, and Erie systems have uniformly exerted their influence toward the direction of foreign traffic and commerce through the port of New York. It is essential, therefore, to the development of the other ports that the systems which primarily serve them be so constituted that their interests will lie solely in promoting the interests of one or the other of the three remaining ports. The allegiance of the Baltimore & Ohio system should be confined to the port of Baltimore, while that of the three Virginia roads named should be centered on Hampton Roads. No other plan will conform to the natural geographical layout of these roads and the purpose for which they were originally constructed and to which they are best adapted. To permit the union of the Chesapeake & Ohio and the Erie will have a strong and obvious tendency to divert traffic rightfully destined through the port of Hampton Roads and send it over the Erie through the port of New York.

The proposal of the railroads here under consideration completely divests the port of Hampton Roads of any strong railway having a primary interest in its development.

Upon analysis, this entire plan, in so far as these ports are concerned, would appear to have been conceived for the benefit of the New York bankers and other interests who profit most from foreign shipments through the New York port. The interests of the Nation require that other sections of the country also should be given fair and proper consideration.

In addition to the effect the proposed consolidation, if consummated, would have upon the port of Hampton Roads, a similar

situation, exists with respect to the coal-mining industries of Virginia and West Virginia. While these industries have been built up largely through the aid and cooperation of the Virginian, Chesapeake & Ohio, and Norfolk & Western Railways, at the same time a community of interest has grown up between the Pennsylvania system and the coal fields of Pennsylvania, the interests of which the latter system has been active in promoting. As pointed out in our former petition, the stock ownership by the Pennsylvania Railroad Co. in the Norfolk & Western has already affected adversely the interests of the port of Hampton Roads, and the disastrous effects of an actual merger of these lines become at once apparent. The question of relative coal freight rates to the Great Lakes and tidewater from the Pennsylvania fields over the Pennsylvania lines, on the one hand, and from the Virginia and West Virginia fields over the Chesapeake & Ohio, Virginian, and Norfolk & Western, on the other, for years has been the subject of constant controversy before this commission. The proposed mergers would undoubtedly place within the management of the consolidated systems the power utterly to destroy these industries in Virginia and West Virginia. The Commonwealth of Virginia insists that these industries are entitled to be served by lines whose primary interest it is to promote, not destroy, their welfare.

IV

THE PROPOSALS OF THE RAILROADS ARE IN CLEAR AND DISTINCT VIOLATION OF THE PROVISION OF THE TRANSPORTATION ACT, WHICH REQUIRE THAT, IN ORDER FOR A PLAN TO BE ACCEPTABLE, "COMPETITION SHALL BE PRESERVED AS FULLY AS POSSIBLE," AND ARE ALSO VIOLATIVE OF COMMISSION DECISIONS

In the face of this provision, the plan proposed by the carriers nevertheless provides for the consolidation of numerous lines which this commission has already decided, after full investigation, is in violation of said requirement.

The commission has already held in Proposed Acquisition of Control of Virginian Ry. by Norfolk & Western Ry., decided October 11, 1926, 117 I. C. C. 67, that the Norfolk & Western and Virginian are competing lines, and that the leasing by the former of the latter was not in the public interest. Yet the proposed plan, in effect, calls for their consolidation.

Completely ignoring the fact that the commission, on January 13, 1930 (160 I. C. C. 785), ordered the Baltimore & Ohio to dispose of its holdings of stock in the Western Maryland, because there was substantial competition between these lines, the railroads nevertheless insist on assigning the Western Maryland to the Baltimore & Ohio.

Another palpable violation of the holdings of the commission appears in the case of the Wabash, which the railroads propose shall be turned over to the Pennsylvania, in spite of the commission's decision of December 2, 1930 (169 I. C. C. 618), that the ownership of Wabash stock by a subsidiary of the Pennsylvania was in violation of the Clayton Act, due to the substantial competition between the Wabash and Pennsylvania, which such ownership of stock would tend to suppress.

Then again the railroads parcel out the Wheeling & Lake Erie to the Chesapeake & Ohio-Nickel Plate, although the commission, on March 11, 1929 (152 I. C. C. 721), directed the Nickel Plate to divest itself of its stock ownership in said company as in violation of the Clayton Act.

On May 8, 1928 (138 I. C. C. 517), this commission denied the Chesapeake & Ohio's application to acquire control of the Erie, but the railroads have overruled the commission and persist in assigning the Erie to the Chesapeake & Ohio. With respect to the relationship of the Chesapeake & Ohio and the Erie, the commission specifically found at page 529 of its decision, as follows: "We do not consider that the relationship of the Chesapeake & Ohio and the Erie is complementary or supplementary."

In numerous other respects, including the consolidation of the Norfolk & Western with the Pennsylvania, the proposed plan of the interested carriers contravenes the commission's plan as outlined in its report of December 9, 1929 (159 I. C. C. 522).

It would seem obvious from the spirit demonstrated by the leading railroad powers in parceling out and dividing the eastern railways in the manner proposed and in violation of this commission's previous rulings, that their chief purpose is to create monopolies and to abolish the competition which the act requires shall be preserved. With the considerable number of independent lines now serving this territory in active competition with one another, "working arrangements" to suppress and stifle such competition are extremely difficult of consummation, if not impossible. But if these independent lines should be merged or submerged into the four enormous systems as proposed, it would be but a simple matter to divide their spheres of activity among them to suit themselves and all competition will be gone.

V

CERTAIN OF THE PROPOSED CONSOLIDATIONS UNLAWFUL UNDER THE LAWS OF VIRGINIA AND WEST VIRGINIA

This issue was raised in Proposed Acquisition of Control of Virginian Ry. by Norfolk & Western Ry. Co., supra, though not decided in view of the fact that the lease of the Virginian by the Norfolk & Western had not been shown to be in the public interest. In discussing this matter, the commission said:

"The Commonwealth of Virginia and its State Corporation Commission insist that the proposed lease is ultra vires the charters of both the N. & W. and the Virginian, and that both companies are prohibited from entering into the lease by the constitution and statutes of Virginia, because their railroads are parallel and competing. * * * Section 3857 of the Code of Virginia, 1919, as amended by the acts of 1920, authorizes one railroad corporation to purchase or lease the properties of another, but with the limitation that 'nothing in this chapter shall authorize or be construed to permit the purchase, lease, sale, consolidation or merger of the works, property, or franchises of railroads competitive between points both of which are within this State, or lines between the same terminal points both of which are within this State.' The N. & W. contends that the proposed lease is not affected by the limitations of this statute because the competition between the two railroads is unsubstantial; and the two lines are not between the same terminal points, both of which are in Virginia. The record clearly establishes that the two lines are in direct competition between Virginia points. The charters of the Virginian and the N. & W. do not specifically authorize those companies to enter into the proposed lease, and the attorney general of Virginia cites a number of decisions of the United States Supreme Court to the effect that a railroad corporation can not lease its properties to another company unless specifically authorized by its charter, or aided by some other legislative action. Even granting that Congress has the power to authorize the leasing or consolidation of competing carriers, the State claims that the N. & W. and the Virginian can not be permitted to assert such right in derogation of their contract with the Commonwealth of Virginia, which created them. The legislature of West Virginia, on March 30, 1925, passed an act forbidding a railroad corporation from acquiring control by lease or otherwise of any parallel or competing line."

What is there said as to the Virginian and Norfolk & Western applies with equal force to the Virginian and Chesapeake & Ohio.

VI

THE PROPOSED CONSOLIDATION WILL NECESSITATE A COMPLETE REVISION OF THE RAILROAD TAX LAWS OF VIRGINIA (AND PROBABLY OF OTHER STATES)

The system of taxation of railroads employed by the Commonwealth of Virginia takes the form of a percentage franchise tax measured by the company's earnings. Where the lines are only partly in Virginia, the tax is based upon the relative proportion of the company's total earnings which the Virginia mileage bears to the total mileage. If these lines should become but parts of the enormous systems as proposed, the effect of such a revolutionary change in the allocation of earnings would doubtless be completely to demoralize the present tax system and necessitate the adoption of a distinctly different plan of taxation of these lines.

VII

TO SUCCESSFULLY EFFECT THE CONSOLIDATION AS PROPOSED WOULD NECESSITATE NEW FINANCIAL PLANS AND THE MARKETING OF MANY NEW AND EXTENSIVE ISSUES OF STOCKS, BONDS, AND SECURITIES AT TREMENDOUS COST. THIS COST WOULD HAVE TO BE ADDED TO THE PRESENT VALUES OF THE PROPERTIES ON WHICH EARNINGS HAVE TO BE ALLOWED AT THE EXPENSE OF THE SHIPPING PUBLIC

The refinancing of these enormous projects, involving, as has been estimated, about $10,000,000,000 of capitalization, would undoubtedly impose a tremendous cost and burden upon the railways, the stockholders, and the shipping public. The commission has already had frequent occasion to consider this question, notably in the Missouri Pacific-Gulf Coast case (94 I. C. C. 191). This presents a very serious objection to the proposals here under consideration.

VIII

WHAT DISPOSITION SHOULD BE MADE OF THE CHESAPEAKE & OHIO, NORFOLK & WESTERN, AND VIRGINIAN?

Not only would the proposed consolidations of these lines not be in the public interest, but their affiliation either with each other or with systems serving northern coal fields or ports north of Hampton Roads would be contrary to public interest. They should be left free "to interchange traffic on equal terms with all of the east-and-west eastern systems"; and to this end the Norfolk & Western should be pried loose from the Pennsylvania and the Chesapeake & Ohio divorced from its "entangling alliances" with the Erie.

PRAYER

Wherefore your petitioner prays that it may be granted leave to file this its petition of intervention in these proceedings and its statement herein of its objections to and protests against the said application of the railroads, as well as such other proper and pertinent objections and protests and proposals as may from time to time appear or develop during the conduct of these proceedings, and that your petitioner may be permitted to introduce such evidence as may be deemed necessary to protect the interests of Virginia herein, and that your petitioner may be accorded full opportunity to be heard in the hearing of this matter.

Respectfully submitted.

STATE CORPORATION COMMISSION OF VIRGINIA,
By H. LESTER HOOKER, *Chairman*,
GEORGE C. PEERY, *Commissioner*,
WM. MEADE FLETCHER, *Commissioner*,
H. E. KETNER, *Commerce Counsel*.

Dated at Richmond, Va., December 30, 1931.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1. An act to provide emergency financing facilities for banks and other financial institutions, and for other purposes; to the Committee on Banking and Currency.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 13, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

368. A letter from the commander in chief of the Grand Army of the Republic, transmitting the Journal of the Proceedings of the Sixty-fifth National Encampment of the Grand Army of the Republic, held at Des Moines, Iowa, on September 13 to 17, 1931 (H. Doc. No. 46); to the Committee on Military Affairs and ordered to be printed, with illustrations.

369. A letter from the chairman of the Joint Committee on Internal Revenue Taxation, transmitting a report by the Joint Committee on Internal Revenue Taxation covering refunds and credits of internal-revenue taxes for the calendar year 1930 (H. Doc. No. 223); to the Committee on Ways and Means and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. POU: Committee on Rules. H. Res. 101. A resolution providing for the consideration of H. J. Res. 163, to provide an appropriation for the expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932; without amendment (Rept. No. 38). Referred to the House Calendar.

Mr. MARTIN of Oregon: Committee on Rivers and Harbors. H. R. 7248. A bill authorizing the modification of the existing project for the Willamette River between Oregon City and Portland, Oreg.; without amendment (Rept. No. 39). Referred to the Committee of the Whole House on the state of the Union.

Mr. YON: Committee on the Public Lands. H. R. 5063. A bill to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes; with amendment (Rept. No. 40). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 3228) granting a pension to Mary Steward; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 1753) granting a pension to Laura B. Smith; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 6871) granting a pension to Hattie G. Kennedy; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 4963) granting an increase of pension to Elizabeth Simpson; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 7014) authorizing the restoration and occupation of the houses and grounds, known as Belvoir on the former Lord Fairfax estate upon the Fort Humphreys Military Reservation in Fairfax County, Va., appropriating $40,000 for such uses, and for other purposes; Committee on Public Buildings and Grounds discharged, and referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEA: A bill (H. R. 7498) to amend Act No. 4 of the Isthmian Canal Commission entitled "An act to prohibit gambling in the Canal Zone, Isthmus of Panama, and to provide for the punishment of violations thereof, and for other purposes," enacted August 22, 1904; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7499) to amend Act No. 3 of the Isthmian Canal Commission, relating to the suppression of lotteries in the Canal Zone, enacted August 22, 1904; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7500) to amend an Executive order promulgated August 4, 1911, prohibiting promotion of fights between bulls, dogs, or cocks; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7501) to prevent, in the Canal Zone, fire-hunting at night, and hunting by means of a spring or trap, and to repeal the Executive orders of September 8, 1909, and January 27, 1914; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7502) to regulate the carrying and keeping of arms in the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7503) to repeal the Executive order of November 23, 1909, making the enticing of laborers from the Isthmian Canal Commission or the Panama Railroad a misdemeanor; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7504) to provide for the extradition of fugitives from the justice of the Republic of Panama who seek refuge in the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7505) to provide for the protection of birds and their nests in the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7506) to repeal an ordinance enacted by the Isthmian Canal Commission August 5, 1911, and approved by the Secretary of War August 22, 1911, establishing market regulations for the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7507) to regulate radio equipment on ocean-going vessels using the ports of the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7508) to provide for the inspection of vessels navigating Canal Zone waters; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7509) to authorize certain officials of the Canal Zone to administer oaths and to summon witnesses to testify in matters within the jurisdiction of such officials; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7510) to punish persons deported from the Canal Zone who return thereto; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7511) to regulate the operation of street-railway cars at crossings in the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7512) to amend section 5 of the Panama Canal act; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7513) to provide for the appointment of a public defender for the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7514) in relation to the Canal Zone postal service; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7515) to provide for the establishment of a customs service in the Canal Zone, and other matters; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7516) in relation to the keeping and impounding of domestic animals in the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7517) to provide for the transportation of liquors under seal through the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7518) to amend an act entitled "An act extending certain privileges of canal employees to other

officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits," approved August 21, 1916; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7519) to amend the Penal Code of the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7520) to amend the Code of Criminal Procedure for the Canal Zone; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7521) to provide a new code of civil procedure for the Canal Zone and to repeal the existing Code of Civil Procedure; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7522) to provide a new civil code for the Canal Zone and to repeal the existing Civil Code; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 7523) to amend sections 7, 8, and 9 of the Panama Canal act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. SINCLAIR: A bill (H. R. 7524) to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, commerce, and industry by establishing an efficient credit system through which the unjust and unequal burdens placed upon agriculture during the period of price fixing and deflation may be lightened by providing for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm-loan system, the Federal reserve banking system, and the Postal Savings Depository System, and creating a Board of Agriculture to supervise the same; to the Committee on Banking and Currency.

By Mr. BANKHEAD: A bill (H. R. 7525) to provide that the United States shall cooperate with the States in promoting the general health of the rural population of the United States and the welfare and hygiene of mothers and children; to the Committee on Interstate and Foreign Commerce.

By Mr. SABATH: A bill (H. R. 7526) providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes; to the Committee on the Library.

By Mr. SOMERS of New York: A bill (H. R. 7527) relating to educational requirements of applicants for citizenship; to the Committee on Immigration and Naturalization.

By Mr. SWANK: A bill (H. R. 7528) to amend the act establishing the western judicial district of Oklahoma; to the Committee on the Judiciary.

By Mr. ALMON: A bill (H. R. 7529) to authorize the leasing of the Muscle Shoals properties upon certain terms and conditions, to provide for national defense, manufacture of fertilizer, fertilizer ingredients, and other chemicals, and for other purposes; to the Committee on Military Affairs.

By Mr. CONNERY: A bill (H. R. 7530) to require the Secretary of Labor to report annually to Congress conditions of employment of labor in manufacturing industries employing 100,000 or more workers; to the Committee on Labor.

By Mr. CARTER of Wyoming: A bill (H. R. 7531) extending the time for making final proof on homesteads; to the Committee on the Public Lands.

By Mr. LEAVITT: A bill (H. R. 7532) to provide funds for cooperation with the school board at Frazer, Mont., in the completion of the high-school building there to be available to Indian children of the Fort Peck Indian Reservation; to the Committee on Indian Affairs.

By Mr. GOLDSBOROUGH: A bill (H. R. 7533) to authorize the erection of an 854-bed addition to the United States Veterans' Administration hospital at Perry Point, Md.; to the Committee on World War Veterans' Legislation.

By Mr. JEFFERS: A bill (H. R. 7534) to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on World War Veterans' Legislation.

By Mr. CHAVEZ: A bill (H. R. 7535) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to direct the issuance of a patent to the pueblo of Taos for certain lands described herein; and for other purposes; to the Committee on Indian Affairs.

By Mr. KELLY of Pennsylvania: A bill (H. R. 7536) to regulate interstate and foreign commerce in bituminous coal; provide for consolidations, mergers, and cooperative marketing; require the licensing of corporations producing and shipping coal in interstate commerce; and to create a bituminous coal commission; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LaGUARDIA: A bill (H. R. 7537) to amend the Criminal Code so as to prohibit the importation and the interstate transmission of gambling devices; to the Committee on the Judiciary.

By Mr. TINKHAM: A bill (H. R. 7538) for improvement of Weymouth Fore River, in Massachusetts, from Hingham Bay to Weymouth Fore River bridge; to the Committee on Rivers and Harbors.

By Mr. CLANCY: A bill (H. R. 7539) to amend the World War veterans' act, 1924; to the Committee on World War Veterans' Legislation.

By Mr. RANKIN: A bill (H. R. 7540) to amend the World War veterans' act, 1924, as amended, by providing allowances for widows, children, and dependent parents of veterans of the World War; to the Committee on World War Veterans' Legislation.

By Mr. CRISP: A bill (H. R. 7541) to amend the World War veterans' act, 1924; to the Committee on World War Veterans' Legislation.

By Mr. CRAIL: A bill (H. R. 7542) to enact a uniform pension law for disabilities incurred in war service and granting pensions to certain soldiers, sailors, marines, and nurses who served the United States in time of war; to the Committee on Pensions.

By Mr. RAYBURN: Resolution (H. Res. 102) to authorize the Committee on Interstate and Foreign Commerce to investigate operations of common carriers; to the Committee on Rules.

By Mr. JENKINS: Joint resolution (H. J. Res. 201) further restricting for a period of two years immigration into the United States; to the Committee on Immigration and Naturalization.

By Mr. JOHNSON of Washington: Joint resolution (H. J. Res. 202) granting permission to Richard E. Elvins, captain, Medical Corps, United States Army, to accept a decoration bestowed upon him by the Spanish Government; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLGOOD: A bill (H. R. 7543) for the relief of Homer C. Alldrege, also known as Homer B. Collins; to the Committee on Military Affairs.

Also, a bill (H. R. 7544) granting a pension to Estelle Foster; to the Committee on Pensions.

Also, a bill (H. R. 7545) for the relief of Ruth Warlick; to the Committee on Claims.

By Mr. BRAND of Ohio: A bill (H. R. 7546) granting an increase of pension to Mary Roby; to the Committee on Invalid Pensions.

By Mr. BROWNING: A bill (H. R. 7547) granting a pension to Mary E. Burns; to the Committee on Invalid Pensions.

By Mr. BANKHEAD: A bill (H. R. 7548) granting six months' pay to Ruth McCarn; to the Committee on Naval Affairs.

Also, a bill (H. R. 7549) granting a pension to Sara B. Cordell; to the Committee on Pensions.

By Mr. BRITTEN: A bill (H. R. 7550) granting a pension to John N. Aull; to the Committee on Pensions.

By Mr. CLANCY: A bill (H. R. 7551) for the relief of Francis M. Dent; to the Committee on Claims.

Also, a bill (H. R. 7552) for the relief of Robert Leroy Oliver; to the Committee on Military Affairs.

Also, a bill (H. R. 7553) for the relief of John McKenna; to the Committee on Naval Affairs.

By Mr. CHAVEZ: A bill (H. R. 7554) for the relief of John Donovan; to the Committee on Naval Affairs.

Also, a bill (H. R. 7555) for the relief of Felix Griego; to the Committee on Military Affairs.

Also, a bill (H. R. 7556) for the relief of James D. McCaffrey; to the Committee on Military Affairs.

By Mr. CROWE: A bill (H. R. 7557) for the relief of Addison B. Hampel; to the Committee on Claims.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 7558) granting an increase of pension to Harold W. Kenny; to the Committee on Pensions.

By Mr. CRAIL: A bill (H. R. 7559) granting a pension to Elizabeth Polly Bell; to the Committee on Invalid Pensions.

By Mr. FULLER: A bill (H. R. 7560) for the relief of George N. Bethell; to the Committee on Claims.

By Mr. GILLEN: A bill (H. R. 7561) granting an increase of pension to Albert E. Akins; to the Committee on Pensions.

By Mr. GOODWIN: A bill (H. R. 7562) for the relief of Barney W. Munion; to the Committee on Military Affairs.

Also, a bill (H. R. 7563) granting a pension to Flora Rice Giddings; to the Committee on Pensions.

By Mr. GREEN: A bill (H. R. 7564) providing for preliminary examination and survey of Keaton Beach, Taylor County, Fla.; to the Committee on Rivers and Harbors.

By Mr. JENKINS: A bill (H. R. 7565) granting an increase of pension to Miram Colby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7566) granting an increase of pension to Mary C. Kneff; to the Committee on Invalid Pensions.

By Mr. JACOBSEN: A bill (H. R. 7567) granting a pension to Mary Anna Yohum; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7568) granting a pension to Martha E. Drenner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7569) for the relief of Anna Gerken; to the Committee on Military Affairs.

Also, a bill (H. R. 7570) granting a pension to Ida Wells; to the Committee on Pensions.

Also, a bill (H. R. 7571) granting a pension to Lottie Hoxie; to the Committee on Pensions.

By Mr. KEMP: A bill (H. R. 7572) to correct the naval record of Miller Frederick Simmons; to the Committee on Naval Affairs.

By Mrs. KAHN: A bill (H. R. 7573) for the relief of Rosalie Rose; to the Committee on Claims.

By Mr. KNUTSON: A bill (H. R. 7574) for the relief of Col. William L. Keller, Medical Corps, United States Army; to the Committee on Military Affairs.

By Mr. LONERGAN: A bill (H. R. 7575) granting a pension to Frank C. Comstock; to the Committee on Invalid Pensions.

By Mr. LANKFORD of Virginia: A bill (H. R. 7576) for the relief of John A. McGahy; to the Committee on Naval Affairs.

By Mr. LARRABEE: A bill (H. R. 7577) for the relief of Charles Morton Wilson; to the Committee on Military Affairs.

By Mr. LEAVITT: A bill (H. R. 7578) granting an increase of pension to Edna E. Leihy; to the Committee on Pensions.

Also, a bill (H. R. 7579) granting an increase of pension to Louise Hatch; to the Committee on Invalid Pensions.

By Mr. MOUSER: A bill (H. R. 7580) granting an increase of pension to Emily Morning; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 7581) granting an increase of pension to Emma J. McBride; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7582) granting an increase of pension to Amanda Reed; to the Committee on Invalid Pensions.

By Mr. NELSON of Missouri: A bill (H. R. 7583) granting a pension to Lucinda Smith; to the Committee on Invalid Pensions.

By Mr. NORTON of Nebraska: A bill (H. R. 7584) granting an increase of pension to Mary A. Fellows; to the Committee on Invalid Pensions.

By Mr. PARKER of Georgia: A bill (H. R. 7585) for the relief of the executive committee of the New Sunbury Association, successors to the property and ecclesiastical rights of the Sunbury Church and Association of Liberty County, Ga.; to the Committee on War Claims.

By Mr. PARKER of New York: A bill (H. R. 7586) granting an increase of pension to Amelia Carpenter; to the Committee on Invalid Pensions.

By Mr. REILLY: A bill (H. R. 7587) to provide for a survey of the Fox River, Wis., with a view to the prevention and control of floods; to the Committee on Flood Control.

By Mr. STALKER: A bill (H. R. 7588) granting a pension to Clara A. Vermilyea; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7589) granting a pension to Edward H. Laterell; to the Committee on Pensions.

Also, a bill (H. R. 7590) granting a pension to Henry Dodsworth; to the Committee on Pensions.

Also, a bill (H. R. 7591) granting an increase of pension to Harriet Brownrigg; to the Committee on Invalid Pensions.

By Mr. SABATH: A bill (H. R. 7592) for the relief of Frank Martin; to the Committee on Claims.

Also, a bill (H. R. 7593) for the relief of Louis Zagata; to the Committee on Claims.

By Mr. THURSTON: A bill (H. R. 7594) granting a pension to Susan Melugin; to the Committee on Invalid Pensions.

By Mr. VINSON of Kentucky: A bill (H. R. 7595) granting an increase of pension to Syntha A. Stewart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7596) granting a pension to Minnie Allen Lacy; to the Committee on Invalid Pensions.

By Mr. WIGGLESWORTH: A bill (H. R. 7597) granting a pension to Dora B. Mann; to the Committee on Invalid Pensions.

By Mr. WHITE: A bill (H. R. 7598) granting a pension to Carl Lentz; to the Committee on Pensions.

By Mr. WEAVER: A bill (H. R. 7599) for the relief of Laura E. Alexander; to the Committee on Claims.

Also, a bill (H. R. 7600) granting a pension to Buelah H. Baldwin; to the Committee on Pensions.

By Mr. WEST: A bill (H. R. 7601) granting an increase of pension to Sarah Shultsman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7602) granting an increase of pension to Mary M. Magill; to the Committee on Pensions.

By Mr. WOLVERTON: A bill (H. R. 7603) for the relief of Ord Rogers; to the Committee on Military Affairs.

Also, a bill (H. R. 7604) for the relief of William R. Brashear; to the Committee on Military Affairs.

Also, a bill (H. R. 7605) for the relief of Samuel C. Simpkins; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

346. Petition of D. B. Chapin, making charges of official misbehavior against sundry United States judges; to the Committee on the Judiciary.

347. By Mr. BACHMANN: Petition of Mrs. A. A. Pickering, president, West Virginia Woman's Christian Temperance Union, Rowlesburg, W. Va., urging that any measure for resubmission of the eighteenth amendment, or any measure to modify the Volstead Act, be opposed; to the Committee on the Judiciary.

348. By Mr. BOYLAN: Resolution adopted by the New York State Association of Real Estate Boards, unanimously indorsing the Federal home loan discount bank bill; to the Committee on Banking and Currency.

349. Also, letter from the Heating and Piping Contractors Association, of New York City, favoring House bill 4680, to provide for contractors on public-building projects to name their subcontractors; to the Committee on Expenditures in the Executive Departments.

350. By Mr. CONNERY: Memorial of the Great Chiefs Council of the Improved Order of Red Men, of Massachusetts, protesting the permanent berthing of the *Constitution* in any port except that of Boston, Mass.; to the Committee on Naval Affairs.

351. By Mr. CULLEN: Resolutions adopted by the United Victims of Ginger Paralysis Association, at Oklahoma City and Wichita, Kans., urging the Congress to investigate and expose the entire infamy of ginger paralysis so that justice may be done under the law for the wrecked and ruined lives of thousands of innocent victims of ginger paralysis; to the Committee on the Judiciary.

352. Also, resolution of the assembly, State of Wisconsin, the senate concurring, that the Congress of the United States be requested to take proper steps to eliminate all abuses now existing in the Federal land-bank system and to extend to farmers sufficient time to meet their obligations; to the Committee on Banking and Currency.

353. Also, petition of the conference of western governors, urging Congress to levy a duty of at least 6 cents per pound as against copper imported in refined ingot forms; at least 5 cents per pound as against copper imported in the form of blisters, regulus, scrap, old, composition, or in concentrates containing more than 30 per cent of copper; at least 4 cents per pound as against copper imported in the form of ores or in concentrates containing less than 30 per cent of copper; to the Committee on Ways and Means.

354. By Mr. EATON of New Jersey: Resolution of the mayor and borough council of the borough of Cartaret, N. J., opposing any tariff on copper; to the Committee on Ways and Means.

355. Also, resolution of members of the Montclair Real Estate Board, Montclair, N. J., indorsing appropriate legislation to establish a system of home-loan-discount banking; to the Committee on Banking and Currency.

356. By Mr. FITZPATRICK: Petition of Branch No. 348, Ladies' Auxiliary of Branch No. 387, National Association of Letter Carriers, urging defeat of any legislation pertaining to any decrease in the salaries of letter carriers; to the Committee on the Post Office and Post Roads.

357. By Mr. GARBER: Petition of Ray McLain, president National Guard Association, Oklahoma City, Okla., urging adequate appropriations for the National Guard and protesting against any proposed reduction; to the Committee on Appropriations.

358. Also, petition of the Hudson River Navigation Corporation, New York, urging support of House bill 28 providing for the construction of a revenue cutter to assist in keeping the Hudson River open during the winter months; to the Committee on Interstate and Foreign Commerce.

359. By Mr. GOODWIN: Petition of the Farmers Cooperative Creamery Co., of Mora, Minn., asking for leniency or a partial moratorium in the collection of amounts due upon mortgages to the Federal land banks by the farmers; for lower interest rates on mortgages upon farms to a point where the farmers' burdens can be carried, the pledge of the members of that cooperative to strict economy, and to meet their obligations to the limit of their ability to pay; to the Committee on Banking and Currency.

360. Also, petition of the Braham Commercial Club, Braham, Minn., in opposition to legislation retroactive in character and effect on proposed increase of taxes, and urging economy in appropriations so that Federal taxes may be reduced; to the Committee on Ways and Means.

361. By Mr. HALL of Mississippi: Petition of J. P. Clendenin and others of Hattiesburg, Miss., members of the Railroad Employees' Pension Association, urging the passage of the national pension law; to the Committee on Labor.

362. Also, telegram received from Ray P. Hiner, adjutant, stating that the Charles A. Baudy Post, American Legion, Biloxi, Miss., favors an immediate cash payment of the remainder of adjusted compensation to ex-service men as embodied in House bill No. 1; to the Committee on World War Veterans' Legislation.

363. By Mr. JOHNSON of Texas: Petition of Fort Stockton Chamber of Commerce, Fort Stockton, Tex., favoring a tariff on oil; to the Committee on Ways and Means.

364. Also, petition of Arthur R. Henderson, of Vancourt, Tex., opposing repeal of the Federal marketing act; to the Committee on Agriculture.

365. By Mr. HALL of Mississippi: Letter from Mrs. Joseph Rucker Lamar, chairman of the headquarters committee of the National Society of the Colonial Dames of America to the Members of Congress, asking for the adoption of House bill 4509, which bill has for its purpose the exemption of the house originally built by George Beall from taxation; to the Committee on the District of Columbia.

366. By Mr. MURPHY: Petition of Chris W. Heil and 31 other persons residing at Martins Ferry, Ohio, asking that a tariff on oil be enacted; to the Committee on Ways and Means.

367. By Mr. O'CONNOR: Resolutions of the New York Academy of Medicine, urging amendments to Volstead Act; to the Committee on the Judiciary.

368. By Mr. PERSON: Petition of 52 citizens of Detroit, Mich., favoring the enactment of legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

369. Also, resolution of city commission of Ferndale, Mich., recommending the enactment of House bill 5090, Seventy-second Congress, first session, to create Federal home-loan-discount banks; to the Committee on Banking and Currency.

370. By Mr. RUDD: Petition of International Beauty & Barbers Supply Dealers Association, of New York City, favoring the passage of House bill 5495 to amend section 217 of the penal laws of the United States; to the Committee on the Judiciary.

371. By Mr. SEIBERLING: Petition of Goodyear Industrial Assembly, Goodyear Tire & Rubber Co., Akron, Ohio, in behalf of 6-hour working day; to the Committee on Labor.

372. By Mr. SEGER: Petition of the Federal Bar Association, of New York, New Jersey, and Connecticut, urging the passage of the bill to create an additional permanent judgeship in the district of New Jersey; to the Committee on the Judiciary.

373. By Mr. SINCLAIR: Petition of Minot Association of Commerce and Charles Ordway and 39 others of Bucyrus, N. Dak., and vicinity, protesting against increased taxes on automobiles, accessories, and parts; to the Committee on Ways and Means.

374. By Mr. SWANK: Petition of Alice M. David, president Federation Woman's Christian Temperance Union, Oklahoma City, Okla., opposing repeal of prohibition laws; to the Committee on the Judiciary.

375. By Mr. SWEENEY: Petition emphatically protesting against the removal of Station C from Hudson and Thirteenth Streets to Washington and Christopher Streets, New York City; to the Committee on the Post Office and Post Roads.

SENATE

WEDNESDAY, JANUARY 13, 1932

(Legislative day of Thursday, January 7, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Jones	Robinson, Ind.
Austin	Dale	Kean	Schall
Bailey	Davis	Kendrick	Sheppard
Barbour	Dickinson	Keyes	Shortridge
Barkley	Dill	King	Smith
Bingham	Fess	La Follette	Steiwer
Black	Fletcher	Logan	Thomas, Idaho
Blaine	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Townsend
Bratton	Glenn	McNary	Trammell
Brookhart	Goldsborough	Metcalf	Tydings
Bulkley	Gore	Morrison	Vandenberg
Bulow	Hale	Moses	Wagner
Byrnes	Harris	Neely	Walcott
Capper	Harrison	Norbeck	Walsh, Mass.
Caraway	Hatfield	Norris	Walsh, Mont.
Carey	Hawes	Nye	Waterman
Connally	Hayden	Oddie	Watson
Coolidge	Hebert	Patterson	Wheeler
Copeland	Howell	Pittman	White
Costigan	Hull	Reed	
Couzens	Johnson	Robinson, Ark.	

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is necessarily detained from the Senate on official business. I ask that this announcement may stand for the day.

Mr. LA FOLLETTE. I was requested to announce the unavoidable absence on account of illness of the senior Senator from Minnesota [Mr. SHIPSTEAD].

Mr. TOWNSEND. I desire to announce the necessary absence of the senior Senator from Delaware [Mr. HASTINGS]. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Woman's Civic League of Pasadena, Calif., favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Wisconsin State Council of Carpenters, at Racine, Wis., favoring an investigation of the Federal Radio Commission and also the making of provision for increased broadcasting facilities for organized labor, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a communication from the West Texas Chamber of Comerce, of Stamford, Tex., favoring the Federal control of interstate gas lines, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate resolutions adopted by the Merchant Tailors' Society of the City of New York, N. Y., protesting against proposed increases in rates on certain classes of commercial mail matter, which were referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate resolutions adopted by the Georgetown Citizens' Association of the District of Columbia, protesting against proposed reductions in the salaries of Federal employees, which were referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the Georgetown Citizens' Association of the District of Columbia, expressing its disapproval of the principles contained in the report of the Select Committee on Fiscal Relations of the District of Columbia (of the House of Representatives) on the ground that many inequities are involved therein, that the evident intent of the legislation is to abrogate or repeal the provisions of the organic act for the District of Columbia relative to the cost of maintaining the National Capital, and urging, before any action is taken thereon, that full and open hearings be held in order that the citizens and organizations of the District of Columbia may have an opportunity to substantiate their claims relative to the proposed tax program for the District, which were referred to the Committee on the District of Columbia.

Mr. ROBINSON of Indiana presented a petition of sundry citizens of Sharpsville, Ind., praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

Mr. COPELAND presented a resolution adopted by the Northport (N. Y.) Rotary Club, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

PAYMENT OF ADJUSTED-COMPENSATION CERTIFICATES

Mr. COPELAND. Mr. President, I ask that a communication addressed to me from the Veterans of Foreign Wars at Catskill in my State may be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the communication was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CATSKILL, N. Y., *January 6, 1932.*

Hon. ROYAL S. COPELAND,
United States Senator,
Washington, D. C.

DEAR SIR: At a regular meeting held at Catskill, N. Y., on December 15, Sullivan-Teator Post, No. 770, Veterans of Foreign Wars (Inc.), adopted the following resolution:

"*It is hereby resolved*, That Sullivan-Teator Post, No. 770, Veterans of Foreign Wars (Inc.) of the United States of America, is in favor of the payment to all veterans and persons entitled thereto of the whole amount due on adjusted-compensation certificates, and that a copy of this resolution be sent to HARCOURT J. PRATT, Member of Congress; ROYAL S. COPELAND, United States Senator; and ROBERT F. WAGNER, United States Senator."

Would you be so kind as to use your support in behalf of our organization and other posts, who have adopted a similar resolution for the purpose of having full payments made on the adjusted-compensation certificates issued to veterans who served in the late World War?

Thanking you for your cooperation and interest in our behalf, we are

Respectfully yours,

SULLIVAN-TEATOR POST, NO. 770,
VETERANS OF FOREIGN WARS (INC.),
DEWEY TIPPINS, *Commander.*

SHORT SELLING

Mr. CAPPER. Mr. President, I have a resolution, Senate Resolution 93, pending before the Committee on Banking and Currency which provides for an investigation of short selling and other practices on the stock exchanges of the country, with a view of determining whether Federal legislation to regulate the exchanges is necessary and in the public interest.

There is a general feeling throughout the country, in which I share, that purely speculative short selling as permitted on the exchanges is responsible in large measure for the severity and prolongation of the depression; that the practices of the exchanges are inimical to the public interest.

The practice of permitting brokers to lend the securities of their customers to the short sellers for the express purpose of depressing the market value of those securities I regard as particularly vicious. My information is that this is a common and recognized practice. To my mind this practice amounts to a breach of trust and should be prohibited. I also have a measure pending in the same committee to attain this end. I realize that this committee is carrying a heavy load this session; but I do hope that early action can be taken on these measures in the interest of the general welfare.

Mr. President, I ask unanimous consent that Senate Resolution 93 be printed in the RECORD, and also certain editorials from the Kansas City Star and other leading newspapers commenting pro and con on the subject matter of the resolution.

There being no objection, the resolution, Senate Resolution 93, submitted by Mr. CAPPER on the 15th ultimo, and the editorials referred to were ordered to be printed in the RECORD, as follows:

Senate Resolution 93

Whereas a high percentage of the commerce among the several States and with foreign nations is carried on by corporations whose stocks, bonds, and/or other securities are listed and/or dealt in upon stock exchanges, such as the New York Stock Exchange, which are voluntary associations governed only by regulations made by their members whose profits come chiefly from commissions on sales and purchases on such stock exchanges; and

Whereas the market value of the stocks, bonds, and/or other securities so listed and/or dealt in has an important, close,

and direct relation to and effect upon the whole business of this country, and use is made of the Postal Service and of the various instrumentalities of commerce among the several States and with foreign nations in the purchase and sale of such stocks, bonds, and/or other securities on such stock exchanges and in the circulation of information with respect thereto; and

Whereas in the fall of 1929 a tremendous break in the market value of such stocks, bonds, and other securities inaugurated a widespread depression in this country, which has since continued and which has caused, and is causing, immense demoralization, stagnation, unemployment, loss and suffering of all kinds of commerce and among people in every walk of life; and

Whereas according to accredited statistics, notwithstanding the previous declines in security values during the period already covered by the depression, there occurred (a) in the months of March, April, and May, 1931, a progressive decrease which aggregated $14,520,780,805 in the market value of the common and preferred stocks listed on the New York Stock Exchange alone, and (b) in the single month of September, 1931, there occurred a decrease of $12,259,988,669 in the market value of the common and preferred stocks and of $4,207,526,124 in the market value of the bonds listed on the New York Stock Exchange alone, and during said month of September total failures were the highest and bank failures the second highest for all time, and the foundations of our financial structure seemed threatened; and

Whereas according to a public address made by Mr. Richard Whitney, president of the New York Stock Exchange, the short sales of the stocks listed on that exchange reached a peak of 5,589,700 shares on May 25, 1931, and again reached a peak of 4,480,000 shares on September 11, 1931; and

Whereas it is charged, and there is reason to believe, that the unnecessary short selling of securities on the various stock exchanges has contributed to the prolongation and intensification of the depression, in which view such important organizations as the Chamber of Commerce of the United States and the American Bankers Association, through their appropriate committees, have expressed concurrence; and

Whereas in view of the foregoing facts it is essential that there should be a full investigation of all matters pertaining to the short selling of securities on the various stock exchanges, followed by the adoption of such regulatory measures as may be found to be warranted: Therefore be it

Resolved, That the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, is hereby authorized and directed to investigate and ascertain fully and in detail, (1) the short selling of stocks, bonds, and/or other securities which has occurred on the various stock exchanges, or by or through the members or stockholders thereof and the brokers and traders thereon, during the years 1929, 1930, and 1931, (2) the borrowing and lending of stocks, bonds, and/or other securities that has taken place for that purpose, (3) what persons, firms, associations, or corporations have participated in such short selling, borrowing, and/or lending, and in what securities and what amounts, either alone or in conjunction with others, (4) the practices, rules, regulations, and course of conduct of such exchanges, members, brokers, and traders with respect to such short selling, borrowing, and lending, and (5) the causes and methods of such short selling, borrowing, and lending, and the effect of such short selling on security values, on commodity values, and on the various businesses of the country. The committee shall report to the Senate as soon as practicable the results of such investigation and shall include in its report such recommendations for remedial legislation as it deems to be necessary from the facts ascertained by such investigation.

The Secretary of the Treasury, the Comptroller of the Currency, the Federal Reserve Board, and the Federal Trade Commission are hereby requested to place at the service of the committee, or any duly authorized subcommittee thereof, such data and records, and to procure from time to time such information within their control, and to detail such assistants in connection with such investigation, as the committee or subcommittee may from time to time request.

As used in this resolution—(1) the term "stock exchange" means any place, board, or market, however created, organized, or conducted, where stocks, bonds, and/or other securities of corporations are bought and sold or offered for purchase and sale by owners or customers in person, or by or through stockholders or members of any such place, board, or market, or brokers or traders acting on their behalf, and (2) the term "short selling" means any sale of a share of stock, bond, and/or other security in consummation of which there is delivered by or on behalf of the seller any stock, bond, and/or security not bona fide owned by such seller at the time of making such sale.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such public hearings, to sit and act at such times and places during the sessions and recesses of the Seventy-second and succeeding Congresses; to employ such experts and accountants, and clerical, stenographic, and other assistants; to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths, and to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

[From the Kansas City (Mo.) Times]

NEEDED FACTS ON SHORT SELLING

Senator CAPPER, of Kansas, is confident of a Senate investigation of short selling which will reveal the identity of bear operators on the market and "their daily holdings, as well as the name of the stocks involved." This, it will be noted, is fuller information than recently was made public by the president of the New York exchange, who sought to minimize the influence of the practice by showing that the volume of short selling had averaged only 5 per cent of daily market transactions. The point has been made that while the average might be low the short selling of any one stock or group of securities might be so large as to determine the course of the whole market. There is cited the example of United States Steel, a "market leader," in which there recently was a short interest of 24 per cent on a single day.

A rather generally skeptical attitude on short selling will not be dissipated until a disinterested inquiry establishes the point as to whether there is not mischievous manipulation of market prices that is detrimental to the interests of security holders and to business sentiment. That would go for unwarranted activity on the long as on the short side. The one at times may be as pernicious as the other. Reported "pool operations" on this or that strategic security or commodity too often arouse suspicion and tend to undermine public confidence in the market. In the absence of all the facts no arbitrary position on short selling or related practices would be justified. Few, if any, members of the public are in position to say whether short selling, as ordinarily indulged, in is legitimate and necessary or otherwise. A competently directed inquiry could bring out the needed information. That is the point at issue just now.

[From the Kansas City (Mo.) Star]

SHORT SELLING AND BEAR RAIDING

The average person will have difficulty catching the nice distinction between "bear raiding" and short selling which is made by the president of the New York Stock Exchange. The president, Richard Whitney, explains that the two practices commonly are identified in the public mind, but says they are different. "Every man who has sold short is a potential buyer of securities," it is said, and the practice thus becomes a "source of great stability to a market," but the person who sells short in large volume with the hope of depressing the price "is abusing the legitimate practice of short selling," an abuse which the exchange condemns and seeks to prevent.

But it is difficult to establish the motive in such a case. Obviously, the seller is not going to reveal the hope that is in his mind, a hope for the only possible market movement by which he can profit. He is concerned only with a market decline, and, for his purposes, the bigger the better. Naturally, the term "bear raiding" is disliked. But the short seller of securities, whether in large or small volume, sells something he does not possess and does not expect to possess, except at a lower figure. Regardless of his deliberate purpose and whether or not he is a member of a group, his action, so far as he is concerned, is designed to have but one effect, to depress the market. That may still be short selling and not bear raiding. But a crabapple is just as sour by any other name.

[From the Plainfield (N. J.) Courier News]

SHOULD BAR SHORT SELLING

The stock market, which means primarily the New York Stock Exchange, is maintained for buying and selling securities.

But under the rules of the stock exchange it is possible for a speculator to sell stocks which he does not own.

This is short selling. In a time of depression and uncertainty it can be and is one of the greatest influences in forcing shares below the level their earnings and reasonable prospects warrant.

This does a great deal of harm. It reduces the value of collateral which men engaged in legitimate business have pledged with banks. It runs counter to all the efforts which are being made to restore confidence, to promote revival of business, to encourage new undertakings and the spirit of enterprise.

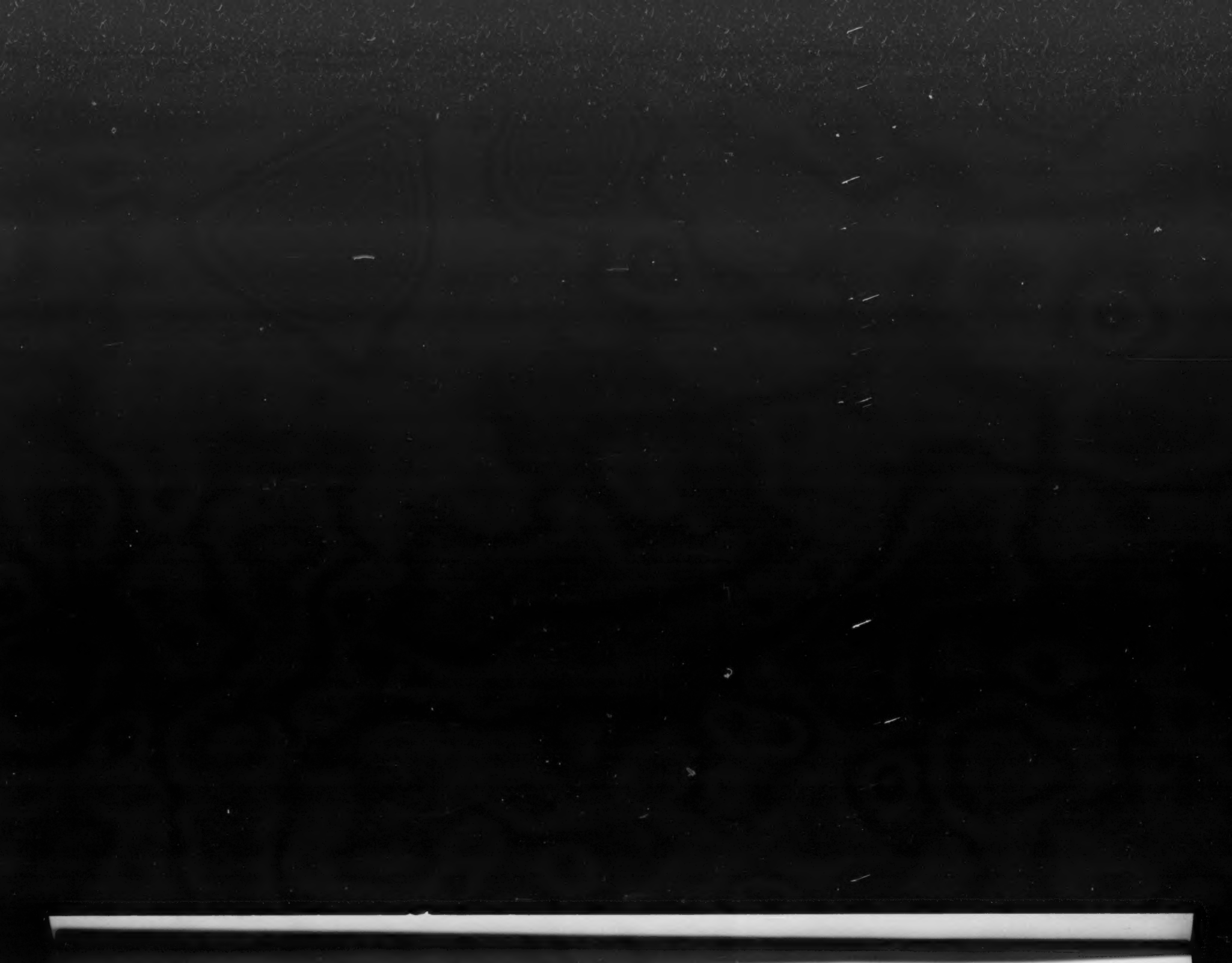
Those who sell stocks short are usually shrewd professional speculators. They are in close touch with market conditions and are quick to sense the opportunity to cause a break. They borrow stocks from brokers to make deliveries, and when the public has been forced or frightened into selling "cover" their short sales and gather in profits.

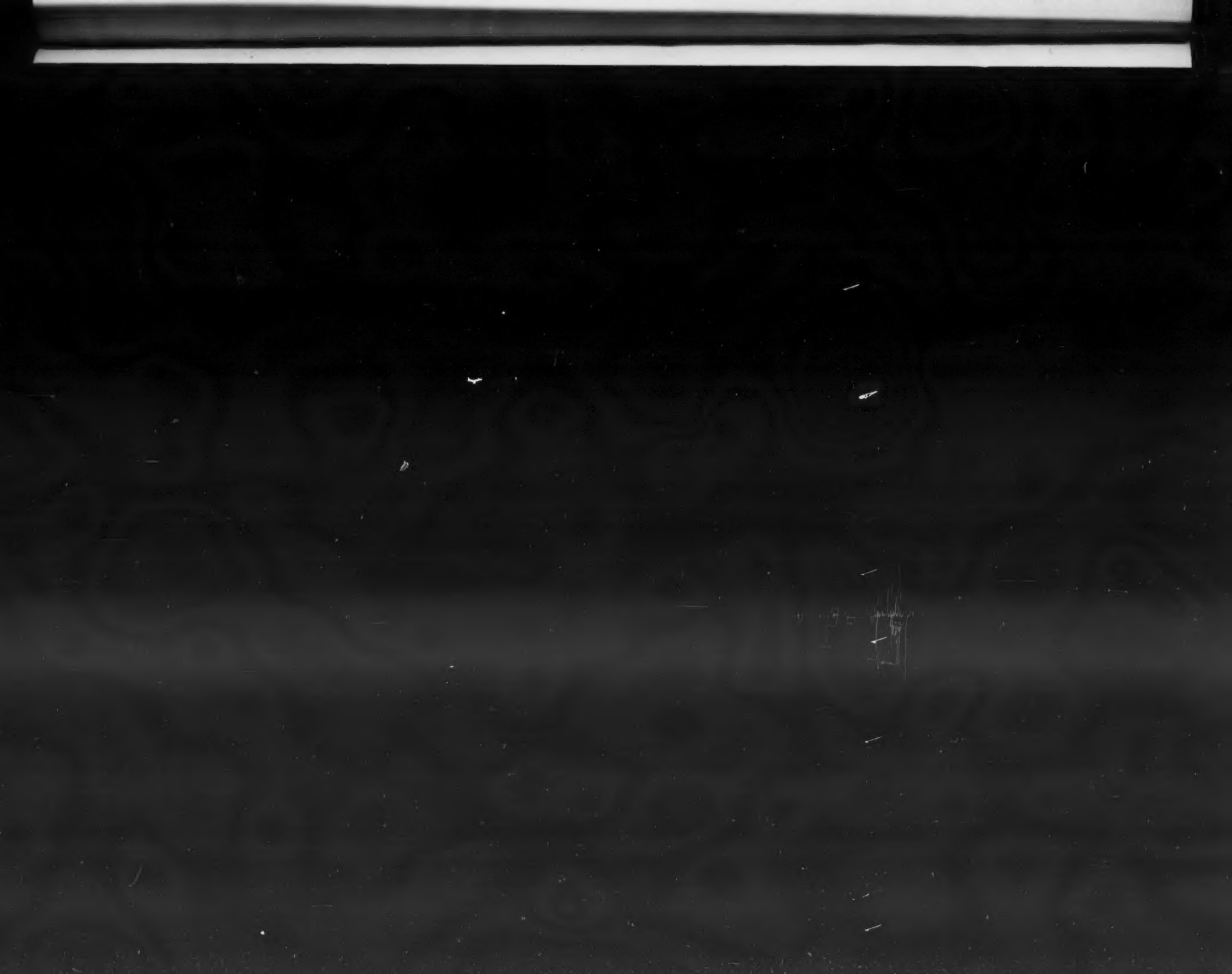
If short selling helped to check the course of a big stock-market "boom," it might have its value. But that is not the time when the short sellers operate. They hover about the market like vultures, and when a bad situation develops jump in with a flood of short sales and make it far worse.

On September 21 the governors of the New York Stock Exchange forbade short selling, using these words: "Short selling during the present emergency would tend to bring about a condition of demoralization in which prices would not fairly reflect values."

But within 48 hours the ban was lifted. Why? Was it because the brokers wanted to get the commissions on short sales?

You can't sell a piece of real estate that doesn't belong to you without committing a crime. Why should selling stocks that the seller does not own be other than a crime?





If the New York Stock Exchange does not take some decisive action soon, it will hear from the Nation in no uncertain tones. The exchange is supposed to be an aid to business, not a threat.

Short selling is an evil, an injury to the country, an effort to make profits by breaking down confidence in the value of securities. It should not, and we believe will not, be permitted to continue unchecked in these times of stress.

[From the Wheeling (W. Va.) Register]

WALL STREET PROBE

Searching inquiry into short selling with the purpose of identifying the leading bear operators in the stock and commodity markets is almost certain to be instituted by Congress, according to reports from Washington. It is said that Wall Street is even resigned to a legislative investigation with possible restrictive measures designed to discourage or stop short selling. But the prospect of an inquiry which will expose the identity and full activities of the individual traders who have sold the markets short must come as a real shock to America's national gambling resort. It is hinted that the plan to extend the investigation to such sweeping scope will be vigorously resisted, but the present Congress is not one likely to be intimidated. And there is little question of the power of a properly constituted congressional committee to enforce its demands in this matter.

The American people—not a mere majority of them but en masse—will unquestionably agree with the necessity for checking the depression profiteers who have been inflicting incalculable loss and injury on the business and industry of the country. And their names should be broadcast just as their destructive practices should be brought to an end, except in those few cases of legitimate protective transactions.

Senator ARTHUR CAPPER, of Kansas, declares that the short-selling gamblers of the Chicago Board of Trade have done more to ruin and depress American agriculture than any other influence. And when a man with a big-business complex, such as President Hoover's, says the same thing in effect of Wall Street in connection with the banking and industrial situation, little doubt is left on the pressing importance of this question.

Mammon has been served too long at the expense of a suffering public. It is time to put the welfare of 125,000,000 citizens above the skin games of the stock-market plunderers.

[From the St. Joseph (Mo.) News-Press]

HALTING THE MARKET RAIDERS

We are opposed to any extension of governmental interference in legitimate business, but can the "bear raids" on security values in the New York Stock Exchange be considered legitimate business? The term "gambling" has been applied to the practice, and not unjustly. And when the "shorts" undertake to depress prices below actual values, they are gambling with depression and distress and the effect of it all is to retard business recovery. So we are disposed to applaud Senator CAPPER, of Kansas, and to wish him well in his efforts to curb the abuse by law.

For a while, a few months ago, there was reason to hope that the stock exchange and its various adjuncts and dependencies would save Congress the trouble by putting their own house in order. A brokerage house issued a statement to the effect that, in times like these, short selling in the form of raids is "immoral and unwarranted." It was convinced that selling of this type should be prohibited, if not by a stock-exchange ruling then by a refusal of brokerage houses to lend their customers' securities unless expressly ordered to do so. "We shall not lend the stock of our customers," the statement added, "to anyone whose purpose it is to sell that stock short and so depress the value of our customers' property."

A very wholesome sentiment, but not popular in the Wall Street jungle. Other brokerage houses, unwilling to forego temporary profits, refused to catch step and the reform movement died aborning.

Whatever may be the merits or demerits of short selling in normal times, at a time like this it should be drastically restrained. The stock market is the Nation's principal barometer of business. As fast as business has put up its head in recent week the "shorts" have knocked it over. Raids carried on by a few powerful professional operators in Wall Street are retarding the return of normal conditions by keeping the stock market aflutter and the Nation uneasy.

So Congress should take a hand. If the law can stop a game of craps in a back alley, a game that injures no one save the players themselves, it should be able to stop the greedy gang of gamblers whose manipulations injury 124,000,000 people.

[From the St. Louis Star]

MORE ABOUT SHORT SELLING

All the theoretical defenses of short selling made by President Whitney, of the New York Stock Exchange, and other defenders of the practice don't offset the practical action of one old-established brokerage house which has announced that it will no longer loan stocks to short sellers without specific authority from the owners of the stocks. What moral right has any brokerage house to loan a stock it does not own, to be sold by the borrower, when that stock has been entrusted to its care?

It is undoubtedly true that short selling, with the resulting obligation to buy back in order to "cover" a short sale, provides a readier market for stocks and causes artificial upturns in a falling market. But it is also responsible for the flood of rumors and bear propaganda used to beat security values downward. Thus, it weakens the very market it helps create. Mr. Whitney thinks the abuses of short selling should be controlled, and its values retained. What specific plan has he to eliminate the hammering of values which is its chief abuse? And how much short selling would there be if the persons who borrow, sell, and deliver stocks they do not own had to borrow them from the owner instead of from the owner's broker?

[From the Christian Science Monitor]

SHORT SELLING

Short selling has come into the limelight again. The facts that various defenses of this proceeding have not silenced criticism, that the French Bourse has placed strict limitations on it, that a committee of the United States Chamber of Commerce urges regulation of it, that various Congressmen are planning restrictive legislation, that a prominent New York brokerage firm refuses to lend to shorts, and that Mr. Richard Whitney, president of the New York Stock Exchange, last week thought it necessary to issue a justification of the practice—these developments indubitably bring up the need for weighing the value of such an economic device.

Mr. Whitney's defense does not seem holeproof. He lists only two uses of the short sale: It is a brake on price inflation; it is a cushion to halt or soften declines. Time has amply proved that short selling is effective in doing neither. In the long bull market culminating in September, 1929, the short seller was about as efficient in curbing inflation as a cotton string would be in holding back a ship under sail. In the subsequent bear market of over two years, during which prices have crashed below intrinsic values to the detriment of the country, the much-defended short seller has been conspicuous by his ineptitude so far as being of benefit to the price structure. On the contrary, he has held to the selling side at a time when his activity could result only in a destruction of confidence and values. Even the stock exchange, which approves the short sale, had to suspend the practice for two days following Great Britain's abandonment of the gold standard, and during the period stocks rose substantially.

The breakdown of confidence evidenced in the flight from "securities" is a logical result of the unlimited right to sell what one does not own but which can be borrowed. To argue that there should be a free, natural, and open market, and that the law of supply and demand should not be interfered with, is a specious plea. Selling short creates an artificial supply, which, lacking an increased demand, causes a fall in prices. This artificial increase in the supply of securities often creates a dangerous interference with a natural market.

The demand for the restriction of the scope of short selling is growing. Its evils are apparent. If the exchange governers do not produce a remedy, Congress will. The house which refuses to lend its stock to short sellers is an example which may point the way to reform. Let the seller beware!

[From Topeka Capital]

CONGRESS INQUIRING INTO SHORT SELLING

In spite of defensive pamphlets, circulars, and books widely circulated to bolster up faith in Wall Street gambling, Congress is set on going into the matter to determine how much merit there actually is in the plea that an exchange can not be a market place with any restrictions upon the right to buy and sell. The particular issue is on the practice of wide-open short selling, both on security and commodity exchanges.

Freedom of the market is a taking phrase, but Congress will look into it in relation to the effect of freedom to anybody to offer for sale what he does not own or possess. Would a market be free for practical purposes if mere betting on prices, which the bulk of short-selling comes to, were outlawed?

If everybody with something to sell is admitted to the market and everybody with means to buy, what more is required to constitute a free market? Why is it necessary to admit persons who swell the supply by merely betting on the price?

There are students of the market in a given commodity or security who base their action on superior advices concerning actual supply and demand, and they bet large sums on their special information. But there are hundreds of thousands of persons induced by come-on wire houses every day to bet with no information whatever, one of the evils growing out of the betting system in the organization of exchanges.

The expert short seller, basing his action on careful study of demand and supply, includes in such investigation only actual supply and demand, not fictitious. If so, why is that not the legitimate market? The American wheat crop has in some single years been sold twenty times over, or every three weeks through the year. That would make the crop several times over as large as it is. But in calculating supply the shrewd short seller does not figure the crop at more than is actually harvested. He does not include fictitious supply. One of the questions before Congress in inquiring into short selling as a pure gambling game is why, if gamblers themselves in estimating supply limit their investigation into the actual production, fictitious supply created only of hot-air

gambling should be included as actual supply by managers of exchanges.

The fictitious has far outrun the reality in the development of gambling on market exchanges. The question of B. C. Forbes, of Forbes Magazine, to President Whitney, of the stock exchange, why the bond market has run all these years with no short selling, and with more stable prices than the stock market, or the grain market, is entitled to a more satisfactory answer than the defenders of unlimited short selling have yet made to it.

[From the South Bend (Ind.) Tribune]

SHORT-SELLING ISSUE

The stock market's gyrations in the last six months have provided Congress with another topic for debate. United States Senator ARTHUR CAPPER, of Kansas, contends that "this Congress can not overlook the duty to determine a Federal policy" on short selling. The commodity markets probably will be included in the investigation and discussion, for short selling is a factor in them, too.

The issue has not been materially altered by developments in the stock and commodity markets during the depression. What has happened, particularly in the stock market, is not necessarily condemnatory of short selling. That device has benefited the country in the past. During the depression short selling has been an effective depressant, but those who argue for its abolition on that ground do not give sufficient thought to the possibility that it will be a stimulant in the future.

More stringent regulation of short selling in economic emergencies, as this business depression, seems desirable. That could be accomplished without resort to drastic legislation. Stock and commodity trading technic is subject to regulation by officers and directors of the important exchanges. The traders themselves can curb harmful practices. They have had opportunities to correct short selling conditions during the depression and have failed to use them. By those failures they have weakened their own position in defense of short selling. In effect they have invited more legislative interference.

[From the Buffalo (N. Y.) News]

INFORMATION WILL HELP

A resolution to investigate short selling in stock and other markets has been introduced by Senator CAPPER, of Kansas, and apparently it has prospects of nearly unanimous support.

The inquiry, if fairly conducted, should have the effect, at least, of making both the Senators and the public more familiar with the process of short selling, the methods of financing it, and its general effect. In an investigation by the State some years ago the defenders of the practice appear to have had the better of the argument, and it is upheld by many business men who have most intimate knowledge of stock-market operations.

A Senate investigation should not take the form of an attempted prosecution of something condemned in advance, but should undertake to bring out the facts on both sides. By this course existing prejudice against short-selling operations may be removed if they can be shown to be legitimate and helpful to business in general. On the other hand, if the weight of evidence and of informed opinion shows short selling to be harmful, some accurate knowledge will be quite essential in framing corrective legislation. Mere guessing measures, devised for some temporary political effect, are almost certain to work mischief, even when they seek a commendable purpose.

[From the Joliet (Ill.) Herald-News]

QUESTIONS ON SHORT SELLING

Assuming the defensive with a congressional investigation of short selling in prospect, the president of the New York Stock Exchange, Richard Whitney, ventures upon a full justification of the practice. In an address at Syracuse, N. Y., Mr. Whitney finds short selling "an economic necessity in a free and open market." He cites figures to show that the volume of short selling on the exchange has been so small recently that it could not possibly have determined the course of security prices. The layman hardly is in position to cite any figures to the contrary. He can understand, too, why an exchange official should be inclined to enter a wholesale defense of the practice. It helps to create business for the market and the brokers, and back of it is a long tradition.

But the mind of the average layman is filled with questions. It is probable that he will insist upon an answer, that Congress will insist upon it, without, it is hoped, wasting a lot of time with the issue. Senator CAPPER believes that Congress is bound to go into the matter because of the current skepticism as to the necessity of short selling and a popular belief that it has been a potent factor in the beating down of market securities, thereby contributing to a prolongation of business uncertainty. Those are questions that ought, if possible, to be answered. Again, it ought to be explained why exchange authorities themselves have sought, at various times in recent months, to restrict short selling. If the practice is necessary and sound, why any restriction? Further, is not the exchange president ignoring the rather broad and obvious distinction that the person who sells short (what he does not possess) can have only the purpose, interest, and hope of a lower market, whereas the person who simply liquidates a security that he does possess merely is fearful that the market may be lower?

The public is interested in Mr. Whitney's view, but, quite naturally, it would like to hear the other side of the issue. A thorough, competently directed, and disinterested inquiry could afford the hearing. Surely no exchange official or other reasonable person could object to that.

[From the Williamsport (Pa.) Gazette-Bulletin]

TO STOP STOCK GAMBLING

A searching inquiry into short selling and bear raiding on the stock and grain exchanges is predicted by Senator CAPPER, of Kansas, who has introduced four bills designed to put a crimp in market gambling.

One bill would place the stock exchanges under a degree of regulation by the Federal Trade Commission. Another levies a flat 25 per cent tax on all short sales on the stock exchanges, while a third levies a similar tax on short sales on the grain exchanges. The Kansas Senator has also reintroduced a measure to regulate trading in futures on the grain exchanges.

In brief, the Capper measures declare trading in stocks is invested with a public interest and should be given full publicity through reports to the Federal Trade Commission; also, that ownership and interest in all stocks sold on margin should be made public.

Senator CAPPER has been fighting grain gambling on the grain exchanges for years, believing that the losses on the exchanges are, in the long run, paid by the growers and consumers of grain; also, that next to meeting the cost of the World War, the greatest single cause of the depression was the stock-gambling craze that followed the war and ran to unprecedented extremes, culminating in the market crash of October, 1929.

It will be interesting to see how Congress will react to this legislation, proposed for the protection of the public from the evils of short selling and other stock and grain market practices which have invited nation-wide criticism.

[From the Jackson (Miss.) News]

MEASURES OF MERIT

Senator ARTHUR CAPPER, of Kansas, has a bill pending in Congress to prevent the short selling of commodities by the Chicago Board of Trade.

A similar measure is pending to prevent the short selling of stocks by the New York Stock Exchange.

Both are measures of merit, especially the first-named.

If a person sells short bank shares he does not own he is ushered into the penitentiary.

If a person sells short several bushels of wheat or corn he does not own and is successful in the deal he buys himself a palace, a flock of automobiles, and goes joy riding.

There is no logic in this—no reason why one offender should wear stripes and the other be clad in purple and fine linen.

Selling the market short is gambling, pure and simple, regardless of the respectability of the person engaging therein. Furthermore, in the long run, he is certain to lose. The odds against him are even greater than in poker, roulette, faro, craps, keno, chuck-a-luck, or any other professional game.

One of the greatest jobs ahead of Congress is cleaning up the nests of gamblers who have directly brought about existing economic conditions.

A verse in Ephesians seems to appropriately describe the victims of these financial pirates; "* * * children, tossed to and fro, and carried about with every wind of doctrine (erroneous statements) by slight of men and cunning craftiness, whereby they lay in wait to deceive."

[From the Buffalo Times]

A SHORT-SELLING SYMPTOM

Until the New York stock market suspends short trading, the Buffalo Times has thrown Wall Street market news off the front page.

We refuse to be a party to the paralyzing of American business by unprincipled bear raiders who pound stock quotations down for their own benefit.

The stock market was no barometer of business in 1929. Business was sick then, and the market didn't know it.

We refuse to believe that it knows any more in 1931. Business may be sick, but it can't be as sick as the stock quotations.

The howling dervishes of Wall Street are scaring the country to death. Thousands of American business men read what the market is doing, go out and cancel a couple of orders, and fire the assistant bookkeeper.

If the stock exchange doesn't put its own house in order, it will probably have Senator JIM WATSON and Congress on its neck.

We favor the exchange doing its own job. We would hate to see Congress taking a hand in the mess.

Meanwhile, this newspaper will not be a party to the stock market's panicking the country.

Those who must know what is happening on the market can thumb their way back to the financial pages.

The market can crawl down cellar and pull the cellar in after it, but until further notice stock news is off the front page of the Buffalo Times.

[From the Washington Herald]

The apprehension which pervades Wall Street is in some measure due, I rather suspect, to the prospect that congressional

probers may spread before the public a full record of the short selling indulged in by gentlemen occupying very high places.

I understand that Washington has already called for and received from the stock exchange governors complete data covering short sales and names of short sellers. Revelations of the extent of short selling by certain individuals doubtless would create a first-class sensation. And it is extremely doubtful that the public would regard these short sales with the same commendation as has been voiced by the stock exchange officials.

The writer still believes that the stock exchange should bow to the public's will to the extent of experimenting with a ban on short selling during these panicky days in Wall Street. If the consequences were palpably more hurtful than helpful, then carefully restricted short selling could be again permitted. That course I urged upon President Whitney last week, but he was unable to see merit, and could see only danger, in the proposal.

The writer would share the financial world's uneasiness were short selling totally prohibited by statute. The delicate short-selling problem could be handled better and needed action taken more promptly by the stock-exchange governors themselves had they adequate understanding of the public's attitude and the will to respond thereto.

[From the Topeka Capital]

HOW CONTRUCTIVE IS GAMBLING?

An address by the president of the New York Stock Exchange is being circulated defending short selling, both of securities and commodities. Defenders of short selling may be granted sincerity, but when they declare, as in this case, that it is only what is done in every business every day, and undertake to illustrate how it is done every day, their illustrations fall short of being convincing. In this speech the writer says that short selling is no more than what the contractor does, for example, who bids for a building contract, offering to find and provide the materials, although he does not own them. And so in other lines of business.

It is becoming a serious question whether overemphasis in this country on gambling and security owning and the vast machinery devoted to these interests as well as the enormous publicity devoted to exploiting them if carried to such lengths as seem likely will not undermine constructive work. In 1929 legitimate constructive business was starved of capital because of the requirements of gambling. All the machinery of finance is more profoundly concerned in paying dividends to owners of securities than in enabling the farmer, for instance, to live in producing the world's daily bread. The overemphasis on relatively minor things does injustice to major things.

Following this idea there is a difference ultimately between the contractor and the short-sales gambler, either in securities or commodities, in the fact that when the short seller completes the transaction he does nothing. But when the contractor gets the contract, he builds a factory, or a business structure, or a school, or a home. His work is constructive. We don't know how much gambling, in drawing on capital, had to do with the collapse of the building business, but it was a likely factor.

The process itself of selling in enormous quantities things the seller does not own, for no purpose but to drive down the price, often does much damage, as even some stock speculators are now admitting, in a business depression. It is worth while to consider what the process is.

In the grain pit or the stock pit the seller does not go out to sell at a price. He holds up his hand and offers to sell a million bushels of wheat at 80 cents or a thousand shares of stock at $50. There is no sale. Nobody takes up the offer. He then lowers his price to 79 cents for wheat or $49 for stock and keeps selling the price down until it is met by some buyer. Meantime he has driven down the price, created a new price for real things—not because he has anything to sell but because no other gambler is ready to buy. This is exactly the reverse of any kind of bidding by owners with something to sell.

Aside from these features of selling short there is the fact that more commodities are sold than are in existence. The building contractor will not bid on a contract when he doesn't know where he can get the materials, but the commodity gamblers offer to sell more wheat, for example, than exists. There is no phantom supply of building materials created out of the air by gamblers.

[From the Grafton (W. Va.) Sentinel]

LEGALIZED GAMBLING

Senator CAPPER, calling upon the Government to "step in and stop the vicious and menacing gambling in stocks and commodities which goes on in our great markets," announces he will introduce at the next session of Congress a bill designed "to regulate both grain and security exchanges and curb short selling and all forms of vicious market gambling, whether up or down."

The Kansan uses some strong language in his denunciation of this "legalized gambling." For example:

"The country's great exchanges, as they have been conducted, are chiefly large centers for a colossal gambling game. * * * For years the gamblers have dominated and monopolized these exchanges that are supposed to reflect the true condition of supply and demand. * * * The leading commodity and stock exchanges we now have in the United States are not markets so much as they are 'rackets,' and the injury that the gambling does that is permitted to go on in them and the loss thereby inflicted annually on business and industry in the United States is beyond all calculation."

If the Senator can by legislation correct these abuses; if he can, in addition, prevent the building up of fictitious values and the demoralizing influence upon individual labor and enterprise which are the inevitable fruit of easy money in the market, he merits the support of every man in Congress. If he can, in short, rescue market trading from frenzied gambling and restore it to a status of sane investment, he will rank among the great benefactors of the age.

[From the Malone (N. Y.) Telegram]

WORTH LOOKING INTO

A thoroughgoing investigation into all phases of short selling in the security and commodity markets, with a view to a legislative program that will correct any evils found, will be accomplished by the present Congress, in the opinion of Senator CAPPER, of Kansas.

Short selling was recently defended by President Whitney, of the New York Stock Exchange. There are many persons well informed about financial matters who do not agree with Mr. Whitney. They hold that in the existing unsettled and depressed state of security markets short selling has done much harm, being an active force in making a bad situation worse.

It is now relatively easy to dislodge and force on the market holdings whose owners are hard pressed. Then the bears "cover." In the meantime a new "market" value has been set which does not reflect the real long-term value of the securities.

A congressional inquiry may help in forcing remedy of such evils.

[From the Lexington (Ky.) Leader]

REGULATION OF THE STOCK EXCHANGE

Congress will be called upon to consider a number of pieces of legislation designed to put the stock exchange under some sort of regulation. Senator Watson, for one, has insisted that action will have to be taken to prevent a recurrence of the events which battered down prices on the securities market and carried even the soundest stocks down to the bottom, to price levels far below their real worth.

While it is true that short selling and bear raids merely effected a transfer of millions of shares of stock, while all the shares sold were bought and are now in the possession of their owners, it is impossible to deny that the collapse of stock-market prices involved thousands of people in ruin and has had a profound effect upon the psychology of the country deepening and prolonging the depression.

There are those, including the President, who insist that short selling is not an unmitigated evil, that a certain amount of freedom on the market must be maintained, and that the exchanges serve a highly useful and vital purpose in the business life of the Nation.

But there are not many now who do not believe that fresh and more rigid rules regulating the exchanges should be formulated, preferably by members of the exchanges themselves. If this is not done it is certain that the Federal Government will take a hand. Congress seems to have made up its mind to act, and legislation will be offered and debated at the coming session looking toward Government control in some form if traders themselves do not find a way to correct the manifest and admitted abuses which have grown up.

A Lexington man of affairs, in a letter to Senator WATSON commending him for the interest he is taking in the problem, calls attention to the fact that the bear raids on the stock exchange, which began in October, 1929, inflicted on 11 great corporations losses aggregating $50,000,000,000. That is to say, the shares of stock of these corporations fell from the high market of 1929 in that degree, and stand to-day so far below their real worth that those who sell them at such prices are virtually giving them away.

These losses were, in part, paper losses. But they were also real losses, for those who had to part with their shares at prices which in the next two or three years will appear incredibly low.

The market has been manipulated. Violence has been done to every rule of reason and even common honesty. Raid after raid has been staged. Short selling has demoralized prices of standard stocks and of gilt-edged industrial and real-estate bonds.

The exchanges should not be tied up with Government red tape, but if they do not make rules which will remedy the grave abuses complained of Congress will undoubtedly establish some sort of regulation over them in the interest of the people as a whole.

[From the Mason City (Iowa) Globe-Gazette]

A VIEW OF SHORT SELLING

Interference with the operation of the law of supply and demand is usually disastrous—as we have seen in the case of wheat and cotton, as Britain found out in rubber and Brazil in coffee. No matter how the artificial restraint on prices is applied, the market continues to rise or fall in accordance with the available supply. In some cases the attempted interference seems actually to aggravate the normal fluctuation.

This well-proved law of economics, no doubt, will be appealed to by New York brokers who are opposing the growing movement for prohibiting short selling on the stock market. In a market like the present, with a big bear interest, short selling does indubitably make a lot of business for brokers, who get as much

commission for a transaction on the short as on the long side. So they are naturally in favor, for the most part, of letting things alone. Business is bad enough as it is—that's their natural attitude.

But it should be emphasized that short selling—selling something one doesn't own to force the price down, so that it may be bought later with a profit—is in itself an interference with the law of supply and demand. It is a means of artificially depressing the market, and it can do a lot of harm in the periods in which, for various reasons, the operations of normal economic laws are repressed. Half the business men of the United States read the stock reports daily to keep their fingers on the pulse of business. It is the one great daily barometer of conditions. And when by the selfish activities of short sellers they are given the impression that everything is getting worse day after day, confidence and recovery are much retarded. Eventually the bears, of course, will have to get out of the market or be trapped by the final triumph of the real law of supply and demand. But for months past they have been poisoning the minds of the country's business by creating an artificial distress which is not warranted by any facts in the business picture.

The stock exchange, itself, acknowledges indirectly the evil influence which short selling can exert when opportunity is offered. It did so just the other day, when Britain suspended the gold standard, and drastic rules against short selling were temporarily put in force. A few days later the head of the exchange made public an elaborate argument to prove that short selling was a "cushioning" influence on the market—but the day that a cushion was really needed the stock exchange, as a practical and not theoretical matter, suspended short selling. Actions speak louder than words.

The machinery by which short sales are handled is the loan of stock which brokers hold for their owners—stocks bought for investors or held for margins. It would be relatively simple to forbid the loan of such stocks, or at least to insist that the broker have the consent of the real owner before he lends the stocks as ammunition for a bear drive. But probably absolute prohibition of the practice would be best. Then the seller would be an actual seller, seeking the best price he could get instead of the lowest. And the real law of supply and demand would operate untrammeled.

[From the Poughkeepsie (N. Y.) Eagle News]

SENATOR CAPPER'S RESOLUTION

The Capper resolution ought to serve as a warning to those who guide the destinies of the Nation's exchanges. The reason for the demand for statutory action is that those who ought to have regulated short selling properly have failed to do so. By neglecting their obvious responsibilities they have created a situation in which public prejudices, based on incomplete information and inadequate experience, are being turned against processes essential to the conduct of business. The stock exchange and the commodities exchanges ought to lose no time in obviating the necessity for legislation which will be bad for themselves and harmful in the long run to the country.

[From the American Labor Banner]

CLOSE THE EXCHANGE

Now the stock exchange. It is objected that to close that outfit would create more unemployment. True, and that must not be. Let there be a 30-day closing, as a trial period, with continued employment.

Would that destroy the market for legitimate sales of values in stocks?

The brokers would remain. The gambling would stop—the feverish, desperate hunt for the bottom of the tub of muck and misery that is now going on and that has been going on for months, to the accompaniment of the operation of market pools and every despicable kind of market rigging and juggling.

Do not interfere with the opportunity to buy and sell, but close the so-called exchange, where those who buy because they want to own are in a trifling minority, and where those who must sell to get money are subjected to as neat a trimming as was ever meted out to desperate and needy persons.

Nobody suffered for want of the stock exchange when it was closed to help win the war to make the world safe for democracy. Nobody will suffer if it is closed for a month to help keep life in democracy, for which the world isn't much safer than it was.

AGRICULTURAL RELIEF

Mr. THOMAS of Idaho. Mr. President, I present a letter from Mr. Joseph Kaschmitter, of Cottonwood, Idaho, secretary of the Cottonwood Grain Growers (Inc.), inclosing a copy of resolutions adopted by the Cottonwood Local of the North Pacific Grain Growers (Inc.) at its annual meeting on June 15, 1931. I ask that the letter and resolutions be printed in the RECORD and referred to the Committee on Agriculture and Forestry.

There being no objection, the letter and resolutions were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

COTTONWOOD, IDAHO, *December 11, 1931.*

Hon. JOHN THOMAS,
United States Senate.

DEAR SENATOR THOMAS: We are taking the privilege of writing to you and trust you will bear with us while we try to touch on a few matters of importance to the American farmer and the Nation as a whole.

According to press dispatches of some time ago the American Farm Bureau Federation is sponsoring the equalization fee and the National Grange is advocating the debenture plan and it was precisely on these two plans that we based a resolution which was prepared by us and unanimously adopted by the Cottonwood local branch of the North Pacific Grain Growers (Inc.), Spokane, Wash., at its annual meeting on June 13 and later adopted by the stockholders of the Spokane regional at their annual meeting on June 15.

For your convenience am inclosing a copy of our resolution as adopted by the Spokane regional, and we kindly ask you to read and carefully consider same.

Economic conditions in this country to-day are something awful; the situation has become unbearable, and it is utterly impossible for the American farmer to continue under present conditions; it has become a question of life or death for American agriculture, and it is absolutely necessary that something be done as soon as possible to obtain relief. We wish to repeat, in preparing and introducing our resolution, we did not start a new movement, but rather we based our resolution on what many farmers and farm organizations throughout the United States have advocated and sponsored for years.

We feel that our only salvation lies in the enactment of the equalization fee, the debenture plan, or a similar form of legislation which would enable us farmers in this community and the Pacific Northwest in general to obtain about $1 per bushel for wheat consumed in the United States, the exportable surplus to be sold for whatever price the world market offers.

Please permit us to illustrate, if possible, in an attempt to make this point clear. For instance: Wheat here has been as low as 25 cents per bushel, or 75 cents less than in our resolution we ask for wheat consumed in this country.

Let us assume that every fifth bushel represents an exportable surplus. This means that 4 of each 5 bushels is consumed in the United States at a price of $1 per bushel to the Pacific Northwest grower, or a total of $4 for the 4 bushels. Adding to this the fifth bushel, or exportable surplus, at 25 cents, gives us a total of $4.25 for the 5 bushels, or an average of 85 cents per bushel to the grower for wheat produced in this section of the United States. By deducting 15 cents per bushel from the basic price of $1 (per bushel) on wheat consumed in this country we would have four times 15 cents, or 60 cents, to be added or applied to the 25 cents, which would bring the price on exportable surplus also up to 85 cents.

God knows that we are not asking an unreasonable price, for at 85 cents per bushel the Pacific Northwest farmer would not become wealthy; but it would enable him to at least make a living, which is almost impossible under present conditions.

As we understand the equalization fee, it would work out about on such lines as we have just attempted to give.

If, however, instead of one-fifth, the exportable surplus should prove to be one-fourth, or even a greater portion of the total production, then, of course, these figures would vary somewhat and a slightly higher basic price may be necessary, because we should have an average of about 80 or 85 cents per bushel for our entire production.

Whether the legislation enacted be an equalization fee, the debenture plan, or some similar form is, in our opinion, not of such great importance; what we want and absolutely must have is results.

What is of importance, however, is that the farmers and farm organizations unite and agree on some definite plan and give that plan their undivided support.

Various plans have been and are now being advanced to reduce and control production, but with all due regard and respect and in all kindness to the sponsors and friends of these plans we beg to say that, in our opinion, it is very hard to control production to any great extent, for the simple reason that we have no control over the elements and because even to do this it would be necessary to organize and bind the farmers to a definite agreement.

Furthermore, we feel that such a plan would work out on about the same lines as our prohibition law; there would be too much "bootlegging" unless a strict penalty were provided for in the event of violation of the agreement or contract, and if the penalty is provided for, then, in our opinion, the farmer will not sign the contract.

Then we must bear in mind that our taxes, interest, and other overhead expenses must be paid, and if we should reduce production to any great extent, then we must have a correspondingly higher price for that which we do produce and market with probably a higher price to the consumer as a result.

If, on the other hand, we continue to produce as heretofore and attempt to do away with the surplus by feeding the same to hogs or other livestock, then we will simply shift the overproduction from wheat to livestock; the hog and cattle market will be glutted and we will receive nothing for them.

Therefore let us demand relief legislation in the form of the equalization fee, the debenture, or a similar plan.

Let the farmers of America demand their just dues; let us organize and support some plan which promises to give relief;

let us demand passage of either the equalization fee, the debenture plan, or a combination of the two plans; let us raise and strengthen the tariff accordingly so as to keep foreign wheat out of this country, and thus let us get on a different basic market than the present low world market. It is difficult to understand why our wheat market should be based on a low world market and why, in other words, we American farmers should be obliged to pay the freight to Liverpool on all the wheat we market when three-fourths or four-fifths of our production is consumed in our own country. No other industry would ever dream of doing business along such lines. Why, then, should agriculture, the basic industry, continue to do so?

By giving relief to agriculture we will stimulate and help other industries and relieve the unemployment situation; in short, we will help everyone.

We have written to 10 United States Senators from various agricultural States; have mailed to them letters very similar to the one we are writing to you, inclosed in each letter a copy of our resolution as adopted by the Spokane regional, and urgently asked each of these 10 men to do their utmost to have enacted into law such legislation as the resolution calls for.

Received encouraging replies from these Senators, and we sincerely trust that you also may do your utmost to obtain the relief of which the country is in such great need, for as we have already stated, by helping the farmer we will also be helping other industry and thereby relieve the unemployment situation and thus help everyone.

Thanking you for your kind attention and hoping to hear from you in regard to these matters, we are,

Very truly and sincerely yours,

JOSEPH KASCHMITTER,
C. C. FREI,
JOSEPH UHLENKOTT,
Authors of Resolution and Circular Letter.
COTTONWOOD GRAIN GROWERS (INC.),
JOSEPH KASCHMITTER, *Secretary.*
COTTONWOOD ELEVATOR CO.,
By JOHN F. HUXOLL, *President.*
J. F. JENNY, *Secretary.*
V. G. LUSTIG, *Vice President.*
JOSEPH UHLENKOTT, *Director.*

To the stockholders of the North Pacific Grain Growers (Inc.), Spokane, Wash.:

The Cottonwood, Idaho, branch of the North Pacific Grain Growers (Inc.) submits to you for careful consideration the following:

Whereas American agriculture finds itself in a most deplorable condition; and

Whereas we feel that a desperate effort should be made to obtain relief from a condition which is constantly becoming more and more unendurable: Therefore

We respectfully ask that the Spokane regional inaugurate a movement, solicit the support and cooperation of the other regionals throughout the country, and, together with them and the national headquarters of the Federal Farm Board, strive earnestly to have enacted into law at the earliest possible time the McNary-Haugen bill, the debenture plan, or a similar form of legislation which would enable the American farmer to meet his obligations and in time pay off some of his indebtedness. As a means to that end we ask that the Spokane regional communicate with and (or) meet with other regionals and map out a plan of action on the basis that the Pacific Northwest farmer should receive at least $1 per bushel for wheat consumed in the United States, and on the exportable surplus would take whatever price the world market offers.

We also ask that the secretaries of the different regionals send out to the locals in their respective districts forms of petition to be signed by farmers throughout the country, such petitions asking Congress to enact such legislation, thereby granting to agriculture the relief of which it is so greatly in need, and thus placing agriculture on a parity with other industries.

Agriculture is the basic industry of our country, and with agriculture bankrupt all other industrial activity positively must cease and labor be thrown out of employment.

Therefore, since the welfare and interests of agriculture and labor are so closely connected and interwoven, we also ask that the support of labor and labor leaders be solicited to the cause, so that prosperity at the earliest possible moment may be given to the people.

The above resolution was unanimously adopted by the Cottonwood local of the North Pacific Grain Growers (Inc.) at its annual meeting on Saturday, June 13, 1931.

ADOLPH HINKELMAN, *President.*
FELIX MARTKEN, *Secretary-Treasurer.*

(This resolution was also adopted by the stockholders of the North Pacific Grain Growers (Inc.) (the Spokane regional branch of the Federal Farm Board) at their annual meeting on June 15, 1931.)

PRESIDENT HOOVER'S ECONOMIC PROGRAM

Mr. THOMAS of Idaho. Mr. President, I also present a copy of a resolution adopted by the National Wool Growers' Association of Salt Lake City, Utah, on January 11, 1932, which I ask may be printed in the RECORD and lie on the table.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas a world-wide business depression of unusual intensity has existed now for more than two years. Its causes are obscure, but its effects are so obvious as to demand that every government exert its immediate efforts to the enactment of all sound legislation which might be a factor in hastening a return of normal conditions. President Hoover has outlined a program to Congress of constructive legislation which, if speedily enacted into law, should prove of vast benefit to this country by establishing confidence and releasing capital to meet existing emergencies. Among the President's more important recommendations is approval of interallied debt moratorium, creation of Reconstruction Finance Corporation, promoting additional capital for Federal land banks, creation of a Home Discount Corporation, and liberalization of discount facilities of Federal reserve banks.

We note with pleasure the dispatch with which Congress has approved the foreign-debt moratorium, and we most respectfully urge upon Congress that it proceed to the enactment of the balance of the President's economic program with the same dispatch and high-minded and nonpolitical resolution that characterized its action in regard to the debt moratorium.

MEMORIAL TO THE COMTE AND ADMIRAL DE GRASSE

Mr. WAGNER. Mr. President, I ask to have printed in the RECORD and referred to the Committee on the Library a resolution adopted by the Sons of the Revolution of the State of New York at the annual meeting of the society held on Friday, December 14, 1931, indorsing the plan for the erection in the city of Washington of a suitable memorial to the Comte and Admiral de Grasse.

There being no objection, the resolution was referred to the Committee on the Library and ordered to be printed in the RECORD, as follows:

Whereas the recent Yorktown sesquicentennial celebration has just begun to call fitting public attention to the debt of the United States toward the Comte and Admiral de Grasse to whom Gen. George Washington wrote the day after the capitulation at Yorktown: "The surrender of York, which has brought so much glory and advantages to the allies, and the honor of which belongs to Your Excellency"; and

Whereas the illustrious leader of the American Revolution renewedly wrote to the Comte and Admiral de Grasse: "Your timely intervention has given to America, independence and liberty"; and

Whereas in 150 years since the splendid victory at Yorktown the United States have nowhere erected to de Grasse monument or memorial of gratitude and have merely recorded his name upon the Yorktown monument; and

Whereas it is being proposed, and with the approval of leading patriotic societies, that in Washington, D. C., an avenue shall be named after the Comte and Admiral de Grasse; and it is further proposed that there be erected, if possible, upon that avenue a fitting memorial to the Comte and Admiral de Grasse, of whom the late Ambassador Myron T. Herrick declared that "on the skill, courage, and devotion of that officer depended the fate of our war of independence"; and

Whereas there was introduced during the second session of the Seventy-first Congress, on May 24, 1930, by the Hon. Roy G. Fitzgerald, of Ohio, in the House of Representatives, a resolution known as House Joint Resolution 347, authorizing an appropriation of $50,000 for the erection in the city of Washington, D. C., of such a memorial to the Comte de Grasse and also for "A suitable public plot, place, square, circle, boulevard, or street to receive the name de Grasse": Therefore be it

Resolved, by the Sons of the Revolution in the State of New York, at its annual meeting, 1931, That the society hereby expresses its approval of the efforts that are making to testify of the national gratitude of the United States for the brilliant services to this country of the Comte and Admiral de Grasse and calls upon the Congress of the United States to erect in the city of Washington, D. C., this proposed de Grasse memorial.

AMERICAN CONSERVATION WEEK

Mr. WAGNER. Mr. President, I also request that a resolution adopted by the Educational Conservation Society memorializing Congress to pass Senate Concurrent Resolution 6 and House Concurrent Resolution 10, relating to American conservation week, may be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Public Lands and Surveys and ordered to be printed in the RECORD, as follows:

Resolution memorializing Congress to pass the Wagner-Colton (S. Con. Res. 6; H. Con. Res. 10) American conservation week resolution

Whereas there has been introduced and is now pending before the Congress of the United States, introduced in the Senate by Senator ROBERT F. WAGNER, as Senate Concurrent Resolution No. 6, and introduced in the House of Representatives by Congressman

DON B. COLTON, as House Concurrent Resolution No. 10, that certain bill now commonly known as the American conservation week resolution, calling upon the President of the United States to issue each year a proclamation designating the first week in April as American conservation week and inviting the people of the United States to observe that week in schools, churches, museums, parks, and other suitable places with ceremonies appropriate to the occasion; and

Whereas the American conservation week resolution was considered by the Senate Committee on Public Lands and Surveys and unanimously reported in the Seventy-first Congress, second session; and

Whereas the American conservation week resolution passed the United States Senate May 29, 1930, but did not come to a vote in the House; and

Whereas the above resolution was sponsored, championed, and supported by the Educational Conservation Society and its American conservation week committee with the assistance of State and National cooperating organizations; and

Whereas the American conservation week committee, consisting of State conservation departments, commissions, State game and fish departments, boards, and commissions, came to be organized originally in order to secure the passage of such a resolution and provide for the observance of such an occasion; and

Whereas schools, churches, museums, and parks, as well as State and National organizations throughout the Nation, have given their whole-hearted approval and indorsement to the American conservation week movement; and

Whereas in this way the people of the United States have expressed their whole-hearted approval and indorsement to this movement: Now, therefore, be it

Resolved by the Educational Conservation Society, acting in behalf of the American conservation week committee, That the Congress of the United States be memorialized to enact such bill into law and such action be taken before the adjournment of Congress now sitting.

PROPOSED INVESTIGATION OF FEDERAL FARM BOARD

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the resolution (S. Res. 42) directing the Committee on Agriculture and Forestry to make an investigation of the activities and operations of the Federal Farm Board, reported it with amendments, submitted a report (No. 84) thereon, and moved that the resolution be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which was agreed to.

REPORTS OF THE INDIAN AFFAIRS COMMITTEE

Mr. FRAZIER, from the Committee on Indian Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2406. An act for the relief of Harvey K. Meyer, and for other purposes (Rept. No. 85);

S. 2408. An act to repeal the act of Congress approved May 31, 1924 (43 Stat. L. 247), entitled "An act to authorize the setting aside of certain tribal land within the Quinaielt Indian Reservation in Washington for lighthouse purposes" (Rept. No. 86); and

S. 2553. An act to reserve certain land on the public domain in Utah for addition to the Skull Valley Indian Reservation (Rept. No. 87).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 2940) granting a pension to Milton Brinegar (with accompanying papers); to the Committee on Pensions.

By Mr. REED:

A bill (S. 2942) for the relief of John Potteiger; to the Committee on Claims.

A bill (S. 2943) granting honorable discharges to men who served honorably during the period of actual hostilities in the World War and later deserted the service; to the Committee on Military Affairs.

By Mr. HARRIS:

A bill (S. 2944) authorizing and directing the Secretary of War to appoint Master Sergt. Elmer Edward Wilson a warrant officer of the Regular Army; to the Committee on Military Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 2945) authorizing the appointment and retirement as a captain, United States Army, of J. C. Lewis; to the Committee on Military Affairs.

A bill (S. 2946) granting a pension to Joseph B. King;

A bill (S. 2947) granting a pension to Albert R. Meeker; and

A bill (S. 2948) granting an increase of pension to Cad W. Savage (with accompanying papers); to the Committee on Pensions.

By Mr. JONES:

A bill (S. 2949) relating to the adjustment of claims growing out of cancellation of contracts in the interests of the United States (with an accompanying paper); to the Committee on the Judiciary.

By Mr. HEBERT:

A bill (S. 2950) authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages; to the Committee on Agriculture and Forestry.

By Mr. SHORTRIDGE:

A bill (S. 2951) for the relief of Alvah Holmes Mitchell; to the Committee on Claims.

A bill (S. 2952) for the relief of Milo Reese; to the Committee on Military Affairs.

A bill (S. 2953) granting a pension to Charles H. Johns; to the Committee on Pensions.

By Mr. GLENN:

A bill (S. 2954) for the relief of Continental Illinois Bank & Trust Co., Harris Trust & Savings Bank, and the Hibernian Banking Association, all of Chicago, Ill.; to the Committee on Claims.

By Mr. WALSH of Massachusetts:

A bill (S. 2955) to amend the World War veterans' act, 1924, as amended; to the Committee on Finance.

A bill (S. 2957) for the relief of Albert Calef Gardner; to the Committee on Naval Affairs.

By Mr. KING:

A bill (S. 2958) to amend the charter of the Firemen's Insurance Co., of Washington and Georgetown, in the District of Columbia; to the Committee on the District of Columbia.

By Mr. WATSON:

A bill (S. 2959) to create Federal home loan banks, to provide for the supervision thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. SCHALL:

A bill (S. 2960) for the relief of the estate of Anton W. Fischer; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 2961) granting a pension to Mathew S. Holt; to the Committee on Pensions.

By Mr. HAWES:

A bill (S. 2962) for the relief of the estate of John Barry, deceased;

A bill (S. 2963) for the relief of the Mississippi Valley Trust Co., of St. Louis, Mo.;

A bill (S. 2964) for the relief of the Mercantile Bank & Trust Co., formerly Mercantile Trust Co., of St. Louis, Mo.; and

A bill (S. 2965) for the relief of the Jefferson-Gravois Trust Co., St. Louis, Mo.; to the Committee on Claims.

A bill (S. 2966) to authorize the erection of an addition to the United States Veterans' Administration hospital at Jefferson Barracks, Mo.; to the Committee on Finance.

A bill (S. 2967) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; to the Committee on Commerce.

A bill (S. 2968) granting an increase of pension to Thomas A. Heard (with accompanying papers);

A bill (S. 2969) granting an increase of pension to Walter M. Hawkins (with accompanying papers);

A bill (S. 2970) granting an increase of pension to Eliza Rogers (with accompanying papers);

A bill (S. 2971) granting an increase of pension to Susan A. Jones (with accompanying papers);

A bill (S. 2972) granting an increase of pension to Rose B. Hile (with accompanying papers); and

A bill (S. 2973) granting an increase of pension to Salina P. James (with accompanying papers); to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 2974) for the relief of G. T. Fleming;

A bill (S. 2975) for the relief of C. J. Holliday; and

A bill (S. 2976) for the relief of J. B. Trotter; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 2977) for the relief of Harold Bentsen;

A bill (S. 2978) for the relief of Ingvald A. Knudsen; and

A bill (S. 2979) for the relief of Roger O'Hanlon and James Murray; to the Committee on Claims.

A bill (S. 2980) for the adjudication and determination of the claims arising under the extension by the Commissioner of Patents of the patent granted to Frederick G. Ransford and Peter Low as assignees of Marcus P. Norton, No. 25036, August 9, 1859; to the Committee on Post Offices and Post Roads.

By Mr. WHITE:

A bill (S. 2981) to provide more adequately for the maintenance and repatriation of American seamen; to the Committee on Commerce.

ARCHITECTURAL SERVICES IN THE DESIGNING AND PLANNING OF PUBLIC BUILDINGS

Mr. WALSH of Massachusetts. Mr. President, at the request of the American Institute of Architects I desire to introduce a bill to direct the Secretary of the Treasury to contract for architectural and engineering services in the designing and planning of public buildings. In connection with the measure I have a statement prepared by the American Institute of Architects. I ask that the bill and the statement may be printed in the RECORD and both referred to the Committee on Public Buildings and Grounds.

There being no objection, the bill (S. 2956) to direct the Secretary of the Treasury to contract for architectural and engineering services in the designing and planning of public buildings, was read twice by its title, referred to the Committee on Public Buildings and Grounds, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to employ by contract, and at the established rates of compensation, outside professional or technical service of competent persons, firms, or corporations for the architectural and engineering designing and planning of such Federal buildings as are now or may in the future be placed under the jurisdiction of his department without reference to the classification act of 1923, as amended, or to section 3709 of the Revised Statutes of the United States.

SEC. 2. That such employment shall be based at all times on the highest grounds of proven professional ability in order that our Federal architecture may truly represent our national genius and keep pace with the rapid development of the arts of architecture and engineering. Architects or engineers shall not be employed without prior submission to the Secretary of the Treasury of satisfactory evidence of their qualifications and experience.

SEC. 3. That wherever circumstances warrant, such services shall be contracted for by the employment of the ablest architects and engineers resident in the general sections of the country wherein such Federal buildings are to be erected.

SEC. 4. At the discretion of the Secretary of the Treasury, the employment of outside architects or engineers may be omitted in connection with public buildings of a total cost for building and site of not more than $50,000.

SEC. 5. That all such individuals, firms, or corporations shall render their services subject to the approval and under the direction of the Supervising Architect of the Treasury, whose duty it shall be to act for the Government in all matters regarding sites, the allotment and subdivision of space, the control of technical detail, the letting of contracts, and the supervision of the erection of said Federal buildings.

SEC. 6. Nothing in this act shall be construed to affect the duties of the Supervising Architect of the Treasury in regard to maintenance, alterations, repair, or supervision of either existing or proposed public buildings.

SEC. 7. That the cost of compensation for outside professional or technical services shall be charged to the appropriation for the construction of the building for which such services are rendered.

SEC. 8. All acts or parts of acts inconsistent with the terms of this act are hereby repealed.

The accompanying statement was referred to the Committee on Public Buildings and Grounds and ordered to be printed in the RECORD, as follows:

STATEMENT BY COMMITTEE ON PUBLIC WORKS OF THE AMERICAN INSTITUTE OF ARCHITECTS

The American Institute of Architects, acting in collaboration with all of the major factors of the building industry, is sponsoring legislation designed to decentralize the Office of the Supervising Architect of the Treasury. A bill providing for the employment of architects and engineers outside of the Treasury Department, and resident in the different sections of the country where Federal buildings are to be erected, has been introduced into the Seventy-second Congress.

The purpose of this bill is to bring to the service of the Government the ablest professional ability in the Nation. The country is entitled to these services, and the employment of skilled architects and engineers outside of the Federal bureau will inevitably result in the creation of a more vital architecture appropriate to the regions in which Federal buildings are to be erected.

It can not be denied that to restrict the designing of our Federal buildings to a single department, no matter how efficient, must inevitably narrow and stereotype the expression of our architectural ideals. Moreover, we share the belief of a large body of public opinion that the rapid growth of governmental bureaucracy, which we have witnessed during the past few years, should be checked. We oppose the further encroachment of the Government into the field of private initiative. The Government of the United States is no more qualified to design our buildings than to paint our pictures or write our books.

This bill would leave the Office of the Supervising Architect of the Treasury to function solely as a supervising bureau, guarding the interests of the Government in all the practical necessities of its building operations, and retaining its control in regard to the maintenance, alterations, repair, and supervision of all public buildings.

In any emergency such as this speed as well as efficiency must result from the prompt allocation of various projects to architects resident in the general sections in which public buildings are to be built. Moreover, the employment of architects outside the Treasury Department must bring to the service of the Government the abilities of men familiar, not only with local conditions and customs, with climatic factors influencing design, and with regional methods of construction but of men thoroughly conversant with the use of appropriate and economical materials. Thus the practical results of the passage of this bill would be to insure not only vitality of design truly reflecting our national genius but a more diverse use of our national resources and a distinct saving in our building budget.

The validity of these arguments has been recognized by the Office of the Supervising Architect of the Treasury in the contracts already made with architects outside the department. These employments have been made under a permissive clause in the Keyes-Elliott appropriation bills, under which the Federal building program of the Treasury Department is going forward. When these appropriations are exhausted the discretionary power granted the Secretary of the Treasury for the employment of outside architects will lapse. It thus becomes important for the entire building industry and the taxpayers to secure the passage of this legislation now.

The responsibility of the Government for the encouragement of good architecture is without parallel. Its Federal buildings are symbols of its greatness. The elimination from the services of the Government of the knowledge, gifts, and inspiration of all architects, except those confined within the Treasury Building, would reduce our architectural dimensions to those of a single architect's office and limit us to the architectural control of one man, whereas the Government should have at its disposal every bit of architectural ability that the Nation possesses. Architecture is the most far-reaching and ubiquitous of all the arts. By our architecture our civilization will be judged. Building is one of the most important activities in the country, and the beneficent, practical results of this bill will be felt in every quarry, mill, and manufacturing plant of the country.

INVESTIGATION OF CONDITIONS IN HONOLULU AND HAWAII

Mr. McKELLAR submitted the following resolution (S. Res. 137), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Whereas recently the New York Times and the New York Herald Tribune, two of the most reputable newspapers in the United States, printed stories of a condition of lawlessness in Hawaii, and especially in Honolulu, that is shocking to a degree; and

Whereas Rear Admiral Yates Stirling, commanding the naval base at Pearl Harbor, has made a report published in these papers condemning officials intrusted with the enforcement of laws in Honolulu and Hawaii; and

Whereas it is apparent from said report that many revolting crimes have recently been committed in Honolulu and no real efforts have been made by the authorities to punish such crimes; and

Whereas it has been deemed necessary by the Navy Department to issue orders that American sailors and marines and American naval officers are prohibited from disembarking at Honolulu, which is American territory, because of the lawlessness and criminality rampant in said city: Now, therefore, be it

Resolved, That a select committee of three Senators be appointed by the Vice President, who shall make a thorough investigation of conditions in the said city of Honolulu and the Territory of Hawaii, and report its findings to the Senate at the earliest possible moment, particularly with reference to the following:

(1) The character and efficiency of all executive officials, from the governor on down;

(2) The recent acts of crime committed in said city and in said Territory and the attitude of the executive officials of the law in reference to said crimes; and

(3) The attitude of the people of Hawaii toward the Navy and its personnel.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings; to sit and act at such times and places; to employ such experts and clerical, stenographic, and other assistants as may be deemed necessary; to require, by subpœna or otherwise, the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; and to make such expenditures as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $2,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman. The said committee shall have power to designate not exceeding two of its number to go to Honolulu for the purpose of making a first-hand investigation of the facts, if same is deemed necessary.

THE RECOGNITION OF RUSSIA (S. DOC. NO. 49)

Mr. BORAH. Mr. President, I have in my hand a pamphlet prepared by Edwin D. Dickinson, professor of law at the University of Michigan, on the subject of recognition, dealing particularly with the situation with reference to Russia. I ask that it may be printed as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

THE SILVER QUESTION

Mr. WHEELER. Mr. President, I ask leave to have published in the RECORD an editorial from the Montana Standard, Butte, Mont., of the 5th instant, entitled "Free Coinage of Silver," and also an editorial from the Wallace (Idaho) Press-Times, of the 6th instant, entitled "A Constructive Move."

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Butte (Mont.) Standard of January 5, 1932]

FREE COINAGE OF SILVER

With the announcement of Senator WHEELER's plan for revision of our monetary system as an aid to economic rehabilitation by the reestablishment of silver, we may say with new assurance that history repeats itself. It will be 36 years ago this summer that the Nation last contemplated the silver question as part of its monetary program. At the election of 1896 the silver issue was killed, and in 1900 most of the country's "gold bugs" believed they had entombed it. But to-day, with new problems and new blowholes in our financial system, the question of "free and unlimited coinage of silver in ratio to gold at 16 ounces to 1" has been exhumed and revived. Senator WHEELER, in bringing the silver question in this fashion before the United States Senate, has the approval and support of very many people who believe, as he says, that free coinage of the white metal will solve some of our major economic problems.

Whether we may go the full length with Senator WHEELER in the results he so eloquently predicts will follow unlimited coinage of silver is beside the point. His bill in the Senate may at least have the result of forcing the administration to move in behalf of silver. For more than a year the White House has been besieged with petitions that some concerted action be taken in behalf of the white metal. This pressure is far from representing alone the communities interested in the mining of silver. The desire for remedial action is far deeper than that. The gold standard is entirely too small a foundation rock to accommodate the financial systems of all the nations now seeking to stand on it. The standing room is at such a premium that many economic systems can not endure the pressure.

A year ago there was world-wide demand for an international agreement for the rehabilitation of silver. It was understood then that the administration at Washington was procrastinating on the silver question because some foreign governments interested in silver had served warning that a silver discussion would surely involve the debt question. The debt question has come up anyhow and is a live issue in every national capital. Why an attack upon the silver problem should be longer delayed is a puzzle to many thoughtful people.

Perhaps Senator WHEELER's measure in the Senate will help to bring this question to a point of issue. Perhaps, also, there is a middle ground between silver at 16 to 1 and silver at 70 to 1, a point it reached last summer when it was agreed throughout the world that the debasement of the metal had paralyzed a large part of international commerce and trade, besides impoverishing half the world's people.

[From the Wallace (Idaho) Press Times, January 6, 1932]

A CONSTRUCTIVE MOVE

A constructive step of the first magnitude has been made by the introduction by Senator WHEELER (Democrat, Montana) of a bill to remonetize silver.

A companion bill has been introduced in the House by Representative EVANS (Democrat, Montana), thus completing the legislative initiative.

The introduction of these bills sweeps away all the chaff of propaganda and the straw men of international agreements and conferences which have filled the air.

The issue is now clearly drawn. The fight for silver as an equal adjunct with gold in the cause of bimetallism is on.

The cause of silver—meaning its restoration to the statutory parity with gold—is the cause of humanity, nationally and internationally. The interest of the silver miners is the most negligible of all concerned. Amid the discordance and bewilderment in high places, the tremendous loss and damage which has occurred, the suffering and misery of the people, the restoration of silver and thereby the reestablishment of bimetallism stands out not only as a bright particular star of hope but the only procedure which guarantees relief from the present intolerable conditions.

All citizens who are weary of foolishness and failure, all those who have not only their own best interests but those of the country at heart, should fall into line in support of the speedy enactment of this wise legislation.

If you would end the present debacle of misfortune (and the zero hour has not yet been reached) telegraph, telephone, or write your Senators and Representatives to support these bills. The restoration of silver will not be easy. Powerful influences will be matched against it; they are already in evidence:

First, is the administration led by President Hoover.

Second, is the Treasury Department, led by Secretary Mellon and Under Secretary Ogden Mills.

Third, is the powerful banking house of J. P. Morgan & Co., of London, Paris, and New York, at the head of the international clique of bankers.

These latter are almost solely responsible for the present disastrous situation of the United States and a large part of the Continent of Europe. They have undertaken to run the world financially and have failed—dismally.

It is time to shake off their strangle hold and end the era of ruin and disintegration. The case for silver is made.

The single gold standard has utterly failed. Twenty-four nations have now abandoned it. Bimetallism is the only hope of the country and the world.

ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

The Senate resumed the consideration of the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes.

Mr. BLACK. Mr. President, I send to the desk a memorial from the Legislature of the State of Wisconsin memorializing Congress to enact appropriate legislation to cure present abuses in the Federal land bank system and ask that it be read.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to enact appropriate legislation to cure present abuses in the Federal land-bank system

Whereas when times were prosperous many farmers throughout this State and the Nation borrowed money from the Federal land bank system; and

Whereas because of the depression there now exists such a shrinkage in farm values and such low prices prevail for agricultural products that the vast majority of these farmers are at the mercy of their creditors and are faced with the loss of their homes and farms; and

Whereas there has grown up in the Federal land bank system many abuses, including the policy of refusing to allow any reduction in the loans to farmers who have borrowed conservatively and then foreclosing the mortgages, driving these farmers from their homes, in order that they may be sold to others at prices far below the amount of the mortgage, with high sales commissions to the agents; and

Whereas the greater number of these farmers might save their homes if permitted to have their mortgages reduced to the figure for which these same homes are later sold; and

Whereas the Federal Government has seen fit to reduce foreign debts and grant moratoriums to foreign creditors: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Congress of the United States be requested to take proper steps to eliminate all abuses now existing in the Federal land bank system and to extend to farmers sufficient time to meet their obligations.

Resolved further, That properly attested copies of this resolution be sent to all members of both houses of the Congress of the United States.

Resolved further, That the chief clerk of the assembly is instructed to procure the printing of 500 extra copies of this resolution.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Alabama [Mr. BLACK].

Mr. BLACK. Mr. President, it is not my purpose to delay the Senate for more than five minutes, but on account of some statements that have been made as to the effect of this amendment I consider it very important that a correction should be placed in the RECORD.

In the first place, I am going to modify my amendment in one respect to meet suggestions some Senators have raised. Some have said that if my amendment should be adopted it would be construed by the land banks to limit the use of moneys in their possession for the purposes of granting extensions to $25,000,000. While I do not think such a construction would be justified or authorized, I wish to add at the end of my amendment this sentence:

The stipulation contained herein is not intended to and shall not be construed to limit the use or application of any of the moneys of the bank for the purpose of the extension herein authorized.

The VICE PRESIDENT. The Senator from Alabama modifies his amendment, and the question is on agreeing to the amendment as modified.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I yield.

Mr. BORAH. Will the Senator again read the suggested modification of his amendment? It has not as yet been printed, as I understand.

Mr. BLACK. The proposed modification seeks to add at the end of the amendment which I offered on yesterday this language:

The stipulation contained herein is not intended to and shall not be construed to limit the use or application of any of the moneys of the bank for the purpose of the extension herein authorized.

If that be not clear, I should be glad for any Senator who has any question about it to take the suggestion and examine it, the object being specially to set aside a fund of $25,000,000 to carry out the purposes with reference to extensions, and the modification being intended to instruct the board in administering the law that they are not hereby authorized to reach the conclusion that if more than $25,000,000 is needed they are prohibited from the use of any other funds for the purpose. I repeat, I should be glad to have any Senators who are interested in the proposition to examine this proposal while I say just a few words on the amendment and try to clear up some of the misconceptions that may have been created. I shall not only be glad but shall appreciate an investigation of the modification I have proposed of my amendment by Senators who are interested in the proposal. I should like to wait for a few moments before offering it until it shall have been examined by other Senators. Then, if they agree that, if adopted, it would accomplish the object sought, I shall ask to modify my amendment by the addition of the words which I have read.

Mr. CAREY. Mr. President, has the amendment of the Senator from Alabama been printed?

Mr. BLACK. The amendment has been printed——

Mr. CAREY. I should like to have a copy of it.

Mr. BLACK. But the modification which I have proposed to my amendment has not been printed because it was drawn up only a few moments ago.

Mr. President, some Senators have, perhaps unintentionally, left the inference with the Senate that this proposal would somewhat weaken the value of Federal land-bank bonds. Some, it seems to me, have placed an undue emphasis upon the idea of the value of bonds and have underestimated the idea of extending relief to farmers who are caught in the present terrible depression. In so far as my own views are concerned, I am frank to say that as between the bondholders and those who have been injured by the present depression, those who are being driven from their homes, as stated by the memorial of the Wisconsin legislative body, I would decide in favor of those who are compelled to abandon their homes; but, as I see it, there is no conflict and there can possibly be no conflict.

I admit that those connected with the administration of the Federal land banks have taken the position that it is all-important to leave them absolutely unhampered, either by legislative statement or by legislative mandate, so that they may proceed as they see fit, in spite of the terrible hardships under which farmers are now suffering. However, Mr. President, in the first place, $100,000,000 of Government money is to be added to the assets of the Federal land banks. That is to be given to them with the main objective of stabilizing the value of the bonds. I claim that Federal land bank bonds have not yet descended in value in proportion to other bonds in this country. There is nothing alarming in the statement which was made by Senators on yesterday that the Federal lands bank bonds have sunk to 80. What bonds can be mentioned that have maintained their previous equilibrium? There are none. Here, however, we propose, in the first place, to add $100,000,000 of assets, unrestricted in the use to which the money is to be applied, for the purpose of improving the values of the Federal land-bank securities for the bondholders.

Now, Mr. President, going a step further, I desire to say this proposal would add $25,000,000. The Senate committee amendment proposes to add the same $25,000,000. My amendment does not add a single dollar of appropriation to that which the Senate committee has recommended. The only difference is in the matter of application. My amendment limits the use of the additional $25,000,000 for the purpose of providing extensions which are authorized under the terms of the bill. It would take the place of funds which must be paid as interest on the bonds.

If these extensions shall not be granted, the bondholders will be injured, in my judgment, by reason of the fact that when to-day the farms of this country are sold no purchasers can be found for anything like a fair valuation of the properties. Many of them will be sold throughout the entire Nation at a value less than the mortgage. I have in my possession at the present time a letter from a citizen of the State of Arkansas who gives to me the figures as to the price at which his farm sold and its actual worth.

When the fees imposed by the sale, towering high, had been added to the amount of his mortgage, the property did not bring the value of the mortgage, and he is liable to-day for an excess judgment.

What benefit does that do to the bondholders. We know the land can not be sold to-day at any fair price. It is impossible, with the present value of the farm lands, to sell the properties, even if the land banks foreclose, for a sufficient amount to take care of the interest on the bonds. But here we provide that in deserving cases where an extension is granted this fund shall be used for the purpose of paying the bondholders; and yet the cry is heard in this Chamber that by providing for payment to the bondholders of the interest on their bonds they are going to be greatly injured and the value of their bonds will depreciate.

We do not take the position that the bondholders are reprobates, as was inferentially suggested by a Senator on the floor yesterday, nor do we take the position that the bondholders are of more value to this country than are the farmers who constitute the backbone of its citizenship. We do not believe that it is right or proper at this time when we are supplying funds to thaw out the frozen assets of the railroads, which have largely been financed by the Government since their very creation, at the same time to antagonize a $25,000,000 appropriation to take care of extensions for the farmers, when those farmers have always in the

past stood up and paid their debts like good citizens of this Republic. It is not proposed to grant a general moratorium; we do not even suggest $2,000,000,000 of Government bonds to lend the banks and to lend the railroads and to lend to various other financial institutions; but we do suggest that the Farm Land Board be told, "You have $25,000,000 which you can utilize in paying the bondholders their interest and for extensions."

It is somewhat surprising that Senators from States where many of the farmers have found themselves at the present time so hemmed in that they can not pay a $39 installment or a $40 installment or a $100 installment should hesitate about granting them extensions in order that the farmers may try to work out their own salvation on their own farms. I ask what logic will support a vote which says that the railroads and the banks are of such vital importance to the warp and woof of our commercial civilization that we must grant them $2,000,000,000 worth of credit, and balk when it is proposed that $25,000,000 shall be granted for the benefit of the farmers who feed and clothe the people of this Nation? Has the time come when our country has so far departed from its traditional belief that the farmers of this Nation in the final analysis constitute the background of a conservative citizenship that will maintain our traditions in times of peril and in times of danger that we must subordinate them to the railroads and to the banks?

Let there be no mistake as to the issue involved in this vote. Let it not be thought that the vote can be explained by statements that this is to preserve the bondholders and thus protect the farmers. The bondholders will not be injured by this amendment, but the farmers will be benefited and will be permitted to stay on their farms. In coming days, when, perchance, a different administration may bring about laws which will prevent their paying exorbitant prices exacted by trusts and monopolies created by tariff barons, many of them, under those circumstances, will be able to continue on their farms and pay their debts.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Massachusetts?

Mr. BLACK. I yield to the Senator.

Mr. WALSH of Massachusetts. I think all are agreed that extensions should be granted in case of loans that can not be met by distressed farmers; but I should like to inquire of the Senator whether or not any limit is fixed in his amendment for the extensions. May I have the Senator's views on that aspect of the question?

Mr. BLACK. That is a very pertinent inquiry; and I will say to the Senator that in the bill as it comes from the Senate committee a limit of five years is fixed.

Mr. WALSH of Massachusetts. Is that limitation of five years carried in the Senator's amendment?

Mr. BLACK. My amendment supports that in a way which I shall now explain to the Senator.

Mr. WALSH of Massachusetts. Very good; so that ultimately there will be no difference between the bill as reported by the committee and the amendment offered by the Senator if it should be adopted as to the 5-year limitation?

Mr. BLACK. There will not be a particle of difference. In other words, the bill as it came from the House and the bill as it came from the committee provides for a discretionary right on the part of the farm-land banks for 5-year extensions. The experience of Senators in the farming districts, however, has been such as to lead them to believe—whether justly or unjustly, I can not say—that the administration of the Federal farm-land banks has been a harsh one; that they have unnecessarily foreclosed mortgages.

There are some from my section who take the position that that was necessary because heretofore the law did not provide for extensions. In my own judgment, the law did heretofore authorize extensions, but this law provides for the authorization of extensions; and my amendment has this effect: Out of the $125,000,000 authorized to be appropriated to the Federal land banks in order to improve their standing, their financial rating, and to stabilize the value of their bonds and to authorize further extensions of credit, my amendment says that $25,000,000 shall be impressed as a trust fund for the purpose of replacing the money which the banks would not obtain as a result of granting extensions.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama further yield to the Senator from Massachusetts?

Mr. BLACK. I yield to the Senator.

Mr. WALSH of Massachusetts. In other words, the Senator's amendment seeks to direct the board to a consideration of the advisability of extending these loans, and that the sentiment of the Congress is in favor of that?

Mr. BLACK. Absolutely.

Mr. WALSH of Massachusetts. So that the purpose of setting aside a given part of the fund is to indicate to the board that Congress is sympathetic with that policy of administration?

Mr. BLACK. That is correct.

Mr. ROBINSON of Arkansas and Mr. COSTIGAN addressed the Chair.

The VICE PRESIDENT. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, this debate appears to have proceeded on the theory that the amendment of the Senator from Alabama injects into the bill the question of extensions. That is not correct. That has already been done by the amendment of the committee which appears on page 6, and is comprehended in lines 9 to 18.

Under the terms of the bill there is the implied right and power in the board to make extensions to any amount; but there is no express provision in the bill to set aside any portion of the fund appropriated for the purposes of extension.

Mr. BLACK. That is correct.

Mr. ROBINSON of Arkansas. All that the Senator's amendment does, as I conceive, is to make sure that a part of the large fund carried in the bill shall be devoted to the purposes of extensions and shall be, at least in part, to the benefit of those who are or may become delinquent in their payments. The increase in the bill from $100,000,000 to $125,000,000 was intended to accomplish the very same purpose.

Mr. BLACK. That is right.

Mr. ROBINSON of Arkansas. And the only difference that we have been discussing here for a day or two is whether we shall say expressly what we mean, or rest it on implication, as the committee amendment does.

Mr. BLACK. That is correct.

Mr. COSTIGAN and Mr. SHORTRIDGE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to the Senator from Colorado.

Mr. COSTIGAN. My judgment is in agreement with that of the Senator from Alabama; but I rise to inquire whether the word "stipulation" in his further amendment is a happy one?

Mr. BLACK. As I stated to the Senate a few moments ago, I shall be glad to have the Senator, with others, go over this proposal of mine to modify the amendment; and when I have completed my remarks I shall then offer the amendment as modified. As yet I have not offered it.

Now, just one other line of discussion.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield to the Senator.

Mr. FLETCHER. On page 2 of the Senator's amendment, the last clause says:

> The provisions of section 5 of this act, as amended, except the last sentence thereof, shall apply with respect to stock authorized to be subscribed for pursuant to this paragraph.

Why make that exception? Why put in that provision?

Mr. BLACK. I may say to the Senator, with reference to that, that personally I should prefer not to make it, and at the present time perhaps it should not be made; but I did that at the suggestion of the members of the committee, and I was impressed at that time with the fact that if I offered the amendment in that form it would not receive serious opposition from the members of the committee. Personally, I do not think that exception should apply; and if a proposal is made to strike it out I shall be glad to accede to it.

Mr. FLETCHER. I see no reason at all for it.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I do.

Mr. NORRIS. I am interrupting the Senator for the purpose of ascertaining whether or not there are one or two errors in the Senator's amendment. I am in favor of the amendment, but I desire to have it in proper form.

The Senator's amendment which I hold in my hand says:

On page 6, line 18, after the word "extension" and the period, insert the following:

In the bill that I have there is no such word on line 18, but it is on line 19

Mr. BLACK. The Senator is correct.

Mr. NORRIS. Then it ought to be inserted on page 6, line 19.

Mr. BLACK. That is correct.

Mr. NORRIS. Now, I want to ask the Senator another question. Farther down in the amendment it says:

It shall be the duty of the Secretary of the Treasury to subscribe from time to time for capital stock in the several Federal land banks in addition to the subscriptions provided for in section 5 of this act as amended.

As I have section 5, it has no provision of that kind.

Mr. BLACK. That was corrected on yesterday, and evidently has not been corrected in the committee print.

Mr. NORRIS. Just so it is corrected, all right.

Mr. BLACK. It is section 2.

Mr. NORRIS. That will make it all right. I was unaware that that correction had been made. I suppose the same thing will apply——

Mr. BLACK. May I also call the Senator's attention to the fact that there are two prints, and this amendment referring to line 18 is correct with reference to one of the prints, but it is line 19 in another print; and it will be necessary for me to ascertain which print is being used?

Mr. NORRIS. Then it is important to know from the Chair which print is being considered at the desk.

The VICE PRESIDENT. The Chair will state that line 18 is the correct line in the bill being considered at the desk.

Mr. NORRIS. Then my criticism does not apply. I did not know there were two prints of it.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from California?

Mr. BLACK. I do.

Mr. SHORTRIDGE. Do I understand that as the bill was reported the board has the discretionary power to make these advances to the extent of $25,000,000?

Mr. BLACK. That is correct.

Mr. SHORTRIDGE. The Senator's amendment proposes to make it in a sense mandatory on them to devote that sum for that purpose?

Mr. BLACK. It impresses $25,000,000 with a trust, in effect, for that purpose.

Mr. SHORTRIDGE. And now the suggested amendment to the Senator's proposed amendment limits the amount that may be so devoted? Is that the effect of the Senator's added amendment?

Mr. BLACK. It has exactly the opposite effect. Some of the Senators thought my amendment might be construed to prohibit the board from using anything in addition to the $25,000,000.

Mr. SHORTRIDGE. That is exactly what I wish to have understood.

Mr. BLACK. I did not want it to be so construed; and I have drawn up this tentative amendment with the request that those Senators who were interested in it look at it while I am making these remarks, and at the completion of my remarks I shall take it up with them and offer the amendment in the modified form.

Mr. SHORTRIDGE. In other words, the Senator wants to make it in effect mandatory upon the board to use at least $25,000,000 for the purpose indicated?

Mr. BLACK. I want them to have an overpowering incentive not to thrust people off their property until it is absolutely necessary; and I consider that the incentive will be the fact that here is $25,000,000 that they must use for that purpose and not for another purpose at this time.

Mr. SHORTRIDGE. To be used if necessary?

Mr. BLACK. That is correct.

Mr. SHORTRIDGE. But not to be limited to that amount?

Mr. BLACK. The Senator is correct.

Mr. SHORTRIDGE. Why limit it? If it becomes necessary to expend $26,000,000 for the purpose in mind, why should not that be done?

Mr. BLACK. I am very frank to state to the Senator that in so far as I am concerned, if it took the entire $125,000,000 to grant extensions properly at this time and thereby contribute to the peace, happiness, and contentment of people so that they would remain on their farms, I should prefer it; but I have offered this suggestion because I thought the Senate might accept this, but would not accept it if I attempted to impress that trust idea upon the entire amount.

Mr. SHORTRIDGE. I understand the Senator's position.

Mr. BLACK. I agree with the Senator thoroughly.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Wisconsin?

Mr. BLACK. I do.

Mr. BLAINE. I desire to suggest to the Senator from Alabama that I fear his proposed modification of the amendment he has offered does not happily state the proposition as the Senator would want it to be stated. If I may suggest a change in language——

Mr. BLACK. Would it suit the Senator to discuss that matter now with the Senator from Colorado [Mr. COSTIGAN], who is likewise interested? Then, at the completion of my remarks, I can get together with the Senators, and we will amend the proposal in such a way as to carry out the idea.

Mr. BLAINE. If the Senator will permit me, for the information of the Senate——

Mr. BLACK. Yes.

Mr. BLAINE. And if I may have the attention of the Senator from Colorado [Mr. COSTIGAN], instead of the modification proposed by the Senator from Alabama, why not use this language?—

The provision for extensions—

Instead of the language "stipulation," for the reason that extensions are earmarked in the amendment; they are defined—

The provision for extensions contained herein is not intended to and shall not be construed to limit the use or application of any of the funds—

Not "moneys," because we are treating of funds—

of the banks otherwise available for the purpose of making extensions herein authorized.

The language I have just quoted makes it clear that we do not limit this authorization to the particular amount of $25,000,000 stated in the proposed amendment, but that it shall not limit the use or application of any of the funds of the banks otherwise available for the purpose of making extensions herein authorized.

Mr. BLACK. That sounds very clear; and I will appreciate it if the Senator will show it to the Senator from Mississippi and the Senator from Colorado, and I shall later on offer a modification perhaps in that exact language.

I had just started to mention this one remaining point: I was very much impressed by the statement of the junior Senator from Utah [Mr. KING] with reference to the doubt in his mind as to the wisdom of further extension of credit in this country to our people. I am very frank to confess that I share with him this doubt. It has seemed to me that we are attempting in large measure, by an extension of public credit to various enterprises, to give immortal life to many industries and occupations that otherwise might fall under the war of competition.

It has likewise appeared to me that perhaps at least in many instances farmers would be better off if they did not negotiate large loans on their farms. It is with that idea in mind particularly that I am so anxious for the adoption of this particular amendment. I am far more interested in trying to preserve those industrious and energetic farmers who will, perhaps, if let alone, pay off this staggering load of debt than I am in saddling other farmers with another load of debt. So that the argument presented by the Senator from Utah, in my judgment, is a cogent reason why this amendment should be adopted and perhaps the reason why it should be further extended, even as intimated by the Senator from California.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. LOGAN. I would like to understand the Senator's amendment. Is it the purpose of the amendment to make it compulsory to use $25,000,000, if necessary, to grant extensions, and to leave it optional with the bank as to whether it will use the other $100,000,000 for the same purpose?

Mr. BLACK. That is correct. Carrying just one step further the suggestion of the Senator from Utah, there are farmers all over the Nation who have assumed obligations. They are obligations which an honest man desires to pay. They are obligations which, if not paid and which, if not properly secured, will result in injury to people who have bought bonds with the bona fide belief that they would be protected.

I am interested in the protection of those who have invested their money in bonds for the purpose of making it possible for competition to exist as to the amount of interest the farmers have to pay, but I am more interested in aiding, if possible, these farmers who now find themselves crushed by the economic conditions under which they live, and unable at this time to meet small installments which may mean to them the very roofs over the heads of themselves and their children and the ground which they must till in order to contribute their part to the wealth of this Nation.

I am not unmindful of the fact that their plight is largely due to the rapid concentration of wealth, produced in large part by them and the other toilers of this country, in the hands of a specially privileged few. I am not unmindful of the fact that the paternalism of the tariff act has aided in the construction of huge monopolies and trusts, which have been enabled to take out of the pockets of the farmer, who works from early morning till late at night, increased profits out of any just proportion to their participation in the management of the affairs of this Nation. But at this time they find themselves crushed on all sides by high prices of the things they need, with their crops on their hands, unable, at the prices fixed by others, to purchase the very necessities of life.

Mr. President, two years ago 504 men made incomes, in the way of profits out of their business, sufficiently large to buy the total wheat and cotton crops of the farmers of this Nation, and I have wondered what would have occurred if, instead of their owning stocks and bonds or gold in this stupendous amount, there had been placed up in front of the business establishments of those 504 men all of the cotton and wheat produced by the toiling masses of this Nation, so that the public could have seen exactly the maldistribution of wealth brought about by unfair laws giving special privileges to the few.

Now, Mr. President, we are in this amendment drawing the issue so plain that he who runs may read. Let there be no mistake. The condition can not be concealed behind a smokescreen of technicalities. It is simply this, in the final analysis: Do you believe that it is more important to the peace and the welfare and the happiness and contentment of the people of this Nation that you shall devote the entire $125,000,000 to increasing the value of the bonds, or that it is more important to devote $25,000,000 to granting extensions to honest and deserving men who otherwise will be driven from their farms, which are the last strongholds they have in this Nation of ours?

That is the issue, and that is the sole issue. Let the word be sent down by the party managers as you see fit, let the party lash be applied from the White House, if you please, the same place whence emanated the idea of providing $2,000,000,000 to aid the railroads of this Nation, which have practically been a ward of this Government since the very time they were created.

When we present a proposition which would devote $25,000,000 for the extension of credit to the farmer, as against $2,000,000,000 to support a billion dollars' worth of bonds for the railroads and other business enterprises, let the country know that the Congress considers the railroads and the banks and the industrial enterprises more important than the farmer back on the little plot of ground, where he helps to feed and clothe the people of this Nation and of the world.

That is the issue. I submit it to the Senate. It is the age-old issue, and somewhere, somehow, some time the people are going to compel an answer.

Mr. BORAH. Mr. President, I desire to ask a question of those in charge of this bill, particularly the Senator from Oregon. What is the real objection to this amendment? I do not understand what the objection is based on. It does not seem to me in its present form to be subject to the objection that it will injure the system, as was supposed in the beginning. It does not grant any moratorium. It does not command anybody to do anything. It leaves everything to the discretion of the board. It simply gives an additional amount, and the Senate would express its desire as to how the money should be used. At the present time, as the amendment now stands, I do not see what the objection to it is.

Mr. STEIWER. Mr. President, I can only answer the Senator's question by stating to him and to the Senate the belief which was entertained by the committee during the time of the consideration of this measure.

The subcommittee had before it members of the Farm Loan Board and the presidents of four of the land banks. In addition to that, we called Mr. Griswold, a private banker of Baltimore, who, more than any other banker in this country, has been active in the sale of the land bank bonds to the investors of the country. He has been identified unofficially with the matter from the beginning, and we were told that he has been most helpful in inducing the conservative investors of the country to make investments in these bonds.

It was Mr. Griswold's statement, and the statement of all of the officials of the Federal Farm Loan Board and of all the bankers who were before us, without any exception at all, that the earmarking of any part of the appropriation would be hurtful, for the reason that it would immediately invite delinquency.

I am not sure that I subscribe in full to the objections made by these gentlemen; but the committee, after rather deliberate consideration, and with the fullest idea of being helpful to the borrowers—and the Senate should realize that we are just as sympathetic in that regard as are any Senators here—after rather deliberate consideration the committee reached the conclusion that we would render to the borrowers the maximum amount of good, without bringing any injury at all to the system, if we merely provided the money for the subscription to the capital stock and then created in the land banks a power by which they could legally grant extensions under definite contracts.

I am not going to debate the matter at any length. I am merely speaking now because of the question propounded to me by the Senator from Idaho. I will be quite content with

any disposition the Senate may make of this matter, and I think that is true of all the members of the committee. We feel, however, that it is wiser not to invite delinquency. We think that the rule ought to be that the borrower who can not pay, due to economic depression, ought to be protected against foreclosure, and that we should clothe the banks with the power to extend that protection, and that we should furnish the money to the banks to enable them to grant the leniency which seems to be required under the existing conditions in very many areas of the country.

We feel that it is equally true that the borrower who can pay ought to pay, that the two propositions go together, that one is a corollary of the other, that the borrower who can not pay due to economic difficulties ought not to be foreclosed and evicted from his property, but that the borrower who can pay ought to pay in order that the system may not be broken down and destroyed.

The committee thought that result could be best accomplished if we merely made the subscription to the capital stock, created in the bank the power to make extensions, and then left the whole matter to the officials of the banks to determine in accordance with their best judgment.

I would like to add, before I conclude my answer to the Senator's question, that none of us were disposed to accept the present status of affairs as being at all satisfactory. We in the committee reflected the same thoughts which have been expressed here, that the attitude of the banks, or at least of some of the banks, in their collection methods, has been harsh and oppressive, that their methods of trying to wring money from people who can not pay are wholly indefensible. We would like to end that era of oppression if we can. But we have not the power to declare a moratorium. Even though we adopt the amendment of the Senator from Alabama, the fact will still remain that the Congress of the United States will be obliged to leave the administration of this matter to the land banks, and merely earmarking the subscription is not going to improve the situation if the banks in any event shall arbitrarily refuse to do the right thing by their borrowers. Merely earmarking the money might be a gesture which would be acceptable for the moment to the borrowers, but in the long run it would not give them the kind of relief we want them to have.

We thought, therefore, that it would be better not to earmark the money, as would be done by the amendment offered by the Senator from Alabama, and that it would leave the institutions in stronger position with the investors of the country if the money were permitted to flow into the treasuries of the land banks to be used as general capital, and that legislation enacted in such a way would not invite more delinquency than already exists. This answer may not be entirely satisfactory to all Members of the Senate, but I believe it is a truthful portrayal of the attitude of the committee which considered the bill.

Mr. BORAH. I think it is a candid answer and ought to justify the Senator in voting for the amendment, because it really boils itself down to the single proposition of whether or not the Congress should express itself in sympathy with a liberal administration of the measure in order to save the farmers who are in a position where they may lose their farms.

I understand from the Senator in the way of an objection that it may invite delinquencies, that it may encourage farmers not to pay when they could pay.

Mr. STEIWER. Mr. President, will the Senator let me interrupt him again?

The VICE PRESIDENT. Does the Senator from Idaho yield further to the Senator from Oregon?

Mr. BORAH. I do.

Mr. STEIWER. I think it is not a question that it might invite delinquencies. We are told that the legislation pending before Congress has already invited a very considerable volume of delinquencies and that within the last 30 days the position of the banks with respect to delinquencies has grown materially worse.

Speaking now only for myself, I did not want to take the responsibility of phrasing the legislation in such a way that it obviously, at least to my mind, would do an injury to the system when fully as great a relief can come to the borrowers by adhering to language substantially like that used by the committee in the bill as reported.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield to me at that point?

Mr. BORAH. Certainly.

Mr. ROBINSON of Arkansas. The Senator from Oregon is discussing a subject about which I had something to say a few minutes ago. The bill itself expressly authorizes extensions, and it places no limitation whatever on the power of the directors to make extensions, so that the suggestion which the Senator from Oregon has made applies to the committee report. I think it is undoubtedly true, when we say Congress is going to authorize extensions expressly, that delinquencies will increase; but I point out to the Senator from Oregon that this is accomplished by the amendment reported by the committee. The only difference over which the Senate has been wrestling for almost two days is whether the Senate shall say expressly what it has already said impliedly.

The bill came from the House with an authorization of $100,000,000. It was announced in the press that as a result of consideration of the amendment of the Senator from Wyoming [Mr. CAREY], $25,000,000 had been added to the bill for the purpose of enabling the board to take care of cases where extensions would be justified. The amendment of the Senator from Alabama [Mr. BLACK] provides that the $25,000,000, impliedly to be used under the terms of the committee amendment for extensions, shall be used for that purpose. That is the only difference that has occasioned all this discussion. The Senate by incorporating the amendment of the Senator from Alabama expressly declares that the $25,000,000 which has been added to the bill for the purpose of enabling the board to take care of extensions shall be used for that purpose.

Much has been said during the course of the debate with regard to the attitude of the board itself in connection with the extensions. The declaration has been made that foreclosures have been carried forward when they were not justified. I point out to Senators the fact that these banks, both Federal and joint stock, have a margin of only 1 per cent with which to absorb the profits and the losses of their enterprises, and that if any bank in the system, whether joint stock or Federal, grants extension to the amount that the collections are less than the maturities on the bonds, the banks become insolvent. Neither under this bill, if the amendment of the Senator from Alabama is agreed to, nor under the existing law can extensions be granted if the result of such extensions will be to reduce the returns or receipts of the banks below the amount required to meet their overhead and to pay the maturities on their obligation.

As I see it, the actual difference involved here is not a great one. It involves the question whether the board shall be left free to use the whole $125,000,000 for the purposes of the bill or directed to use a minimum amount of that sum—$25,000,000—or shall be required, if necessary, to use the full amount which has been already recommended by the committee to be employed for that purpose.

We all know that the committee in reporting the bill with $125,000,000 in it did so with the thought in mind that perhaps as much as $25,000,000 of that amount should be used for purposes of extension; that is, to enable the banks to make extensions. The banks would be glad to make extensions in cases where the loans will finally be paid, provided they are not put in the position of letting their own obligations go in default. In effect, the Senator from Alabama says: "It has been said impliedly that we want to use $25,000,000 of this fund for a certain purpose, but the purpose has not been expressed. My amendment does express the purpose."

That is an analysis as thorough as my mind is able to make of the controversy about which so much has been said here. I do not think the board is subject to criticism for the failure to grant extensions. I do not think the directors of the banks are so subject as a general proposition, because

if they had granted extensions to the degree that extensions were desired the result probably would have been that the collections of the banks would have been insufficient to meet their maturities. Both the amendment of the committee and the modification of it as proposed by the amendment of the Senator from Alabama are intended to meet that situation, and ought not to diminish the confidence of the public in the bonds.

I thank the Senator from Idaho for yielding to me.

Mr. STEIWER. Mr. President, will the Senator from Idaho yield to me for just an observation before he continues?

The VICE PRESIDENT. Does the Senator from Idaho yield further to the Senator from Oregon?

Mr. BORAH. I do.

Mr. STEIWER. The statement made by the Senator from Arkansas is, I am sure, a very fair one, and I think an adequate presentation of the real difference over which this argument is proceeding. I would like, though, to say that in our efforts to arrive at phraseology which will do the maximum amount of good without bringing any injury to the system we think we have reached a rather happy result. Of that there is some proof in the daily quotations of the bid prices on the bonds of the Federal land-bank system.

In spite of the fact that Liberties and other Government issues have been depreciating in recent days, the bonds of the land-bank system, since the committee made its report to the general committee, have substantially held their own. I have before me the quotation values as of the 5th of January and the 13th of January. I find that although one or two issues have dropped a point, most of the different issues have gone up one or two points, showing a healthy condition and that the investing public so far has not been alarmed by the language which the committee used.

Mr. BLAINE. Mr. President, will the Senator from Idaho yield to me at that point?

Mr. BORAH. I yield.

Mr. BLAINE. May I inquire if, instead of the suggestion relating to extensions having an influence upon the market price of the bonds, it is the fact that Congress has set up a proposal of a $125,000,000 subscription to the capital stock of the land bank, all of which $125,000,000 may be used to pay interest on existing bonds and even the principal of those bonds? Is not that the thing that has sustained the bond market for Federal land-bank bonds?

Mr. STEIWER. I think that is undoubtedly true, but even so if in the bill to authorize subscriptions there was something incorporated that the investing public regarded as hurtful or bad, then we would have lost the benefit implied by subscription. All I attempt to say is that there is nothing in the phraseology adopted by the committee that has been hurtful with respect to those bonds.

Mr. ROBINSON of Arkansas. I go further than the Senator from Oregon goes. I think all he has said is true, and that he might say a good deal more. The putting of $125,000,000 of new capital into these institutions for the purpose of enabling them to make new loans and to tide over old loans ought to increase very substantially the value of the bonds.

Mr. BARKLEY. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. BARKLEY. It should not only increase the value of the bonds already outstanding but induce the purchase of more bonds to bring more money into the system.

Mr. ROBINSON of Arkansas. Yes; but frankly, bonds can not be sold until the market has been restored to approximately par, because, as I explained the other day, these institutions, both Federal and joint stock, obtain the funds with which to make loans from the sale of bonds, and they are limited to 1 per cent margin to comprehend their profits and their losses on loans. If they obtained money by the sale of bonds at 75 or 80 and then invested that money in loans upon which they could only make 1 per cent, the transactions would, of course, be unprofitable and, if carried on in sufficient volume, would cause insolvency. There will be comparatively few new loans made until the bonds have increased in value very substantially and to the extent that the banks can afford to sell them on the market and invest the proceeds in loans.

I wonder if I have made myself clear.

Mr. BORAH. I think I understand the Senator from Arkansas, and I do not disagree with him at all.

Mr. President, perhaps it is unnecessary to continue the debate after the statement of the Senator from Oregon and the explanation which has come from both sides of the Chamber, but I do want to call attention to the language of section 5 as it was reported by the committee in connection with the language of the amendment which is offered by the Senator from Alabama. The language of section 5 is:

> When in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment.

The amendment of the Senator from Alabama does not in any sense modify the fact that this entire matter is under the absolute control of the board.

I am not one of those who desire to criticize the board or to criticize the land banks for being harsh, although they have been harsh, in my judgment, but they were forced to be so by reason of conditions under which they were operating. The law which they had to execute, the conditions which they had to meet, and the very small margin upon which they had to play necessitated their doing precisely what they did; and I have not any desire to criticize them. Nevertheless, the farmers of the country were left in a very serious situation; and this bill is designed to assist the board in relieving that situation. It does not take any power from them; it does not undertake to grant any moratorium; it does not suggest any moratorium; it leaves the board to determine in each case what it thinks is the right thing to do. Then we supply the means by which they are enabled to do the work.

Mr. MORRISON. Mr. President——

Mr. BORAH. Just a moment. It may be, Mr. President, that this bill, as a whole taking all the amendments—the amendments which came from the committee and the amendment which has been offered by the Senator from Alabama [Mr. BLACK]—may have a tendency to encourage delinquencies, as has been suggested; but when a farmer has sacrificed practically everything in the world he has in order to save his ranch or his farm, it will not be surprising—if he thinks there is a little relief in the offing which will save him some of the sacrifices which he has been making in order to save his ranch or farm—he should take advantage of it; and I have not any objection to his doing so. I think there might well be delinquencies, and they might well increase by reason of the condition of the farmer. When one goes out through the country and sees the sacrifices which the farmers have made in order to retain the last piece of property which they have, and sees them using every means which they have had at hand to meet their situation, he need not be surprised at all if they undertake to escape some of the sacrifices which they have been making. I think they ought to do so; it will be better for the country for them to do so. There is nothing to be gained by having a system which drives the farmer down to the level of the peon, and that is what is happening in many instances in this country at the present time.

If the Black amendment or the amendment of the committee has a tendency to relieve that situation, that is exactly what we ought to do. We can not go beyond the board. We can express our views, we can express our desires, we can express our sympathy with a liberal interpretation of the law, but that is all we can do; and I do not see, Mr. President, why the Senate of the United States should not do so; I do not see why the House of Representatives should not do so. It is a situation which calls for a liberal construction; it is a situation which calls for the execution of the law with a design and desire and purpose to save many of the farmers of the country from bankruptcy.

Mr. WALSH of Montana. Mr. President, I have been entirely unable to appreciate the apprehension which appears to be aroused by this amendment. We are proposing to appropriate $100,000,000 or $125,000,000 to be utilized by the land banks, adding to their assets to that amount, and for what purpose? Why are we doing this? There must be some reason for it. Is it done to enable the land banks to take their own bonds, for which there is now no great demand upon the market? That is not really contemplated. It must be because they are unable to sell bonds on the market that we are providing for this, either because of the general disturbed condition of affairs or else because there have been so many delinquencies, so many defaults in the payment of the underlying mortgages, that it becomes necessary to grant extensions.

It is perfectly well understood that there have been so many defaults by reason of the general depressed condition, the low prices of agricultural products, and by reason of drought in certain sections of the country, that this fund must be provided in order to take care of that situation. It seems to me that whatever harm can be done by advertising the fact that it becomes necessary to grant extensions has been done by making any provision in the matter at all. We propose to provide a fund of $125,000,000 for the land banks. Why? As a matter of course, becaus., for one reason, so many defaults have occurred that the land-bank system is going to break down unless extensions of time can be granted, and it is understood that a part of that fund, and perhaps a very large part of it, is going to be used to meet that situation of affairs.

What harm can be done by saying that a portion of this fund—$25,000,000 of it—shall be devoted especially to meet that situation of affairs? We have already advertised that situation of affairs to the world by making the general appropriation. It seems to me that it is a refinement to say that after having done that, we are likely to depress the sale of the bonds by indicating that some of the funds must be utilized to meet the conditions which have arisen.

Mr. MORRISON. Mr. President——

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Montana yield to the Senator from North Carolina?

Mr. WALSH of Montana. I yield.

Mr. MORRISON. I should like to know if the Senator thinks there is any danger in the amendment of the Senator from Alabama affecting the perpetual application to the whole land-bank system of the measure as reported to the Senate? Under the general amendment contained in the bill the power given to the board will go on forever unless there should subsequently be a change made by Congress, and, in the course of time, the board might use many millions of dollars under the bill in granting extensions. By segregating this $25,000,000 in the way the amendment of the Senator from Alabama [Mr. BLACK] proposes, would there be any danger of interfering with the power which the amendment reported by the Senate committee gives the board, without any limitation for all time, in the operation of the Federal land banks?

Mr. WALSH of Montana. I am not sure that I understand very clearly the idea which the Senator desires to convey.

Mr. MORRISON. I mean that the amendment reported by the committee gives the power to the land banks to grant extensions without limiting the amount they may use for that purpose.

Mr. WALSH of Montana. Exactly.

Mr. MORRISON. And that power extends from year to year, not merely as to a portion of the $125,000,000 but any resources the land banks may have for all time may, within their discretion, be so used. That I think is a very wise thing to do. I have no objection in the world to the Black amendment segregating a particular part, unless it affects the amendment of the committee, which gives the board the power to use any of their resources for the purpose indicated.

Mr. WALSH of Montana. I do not think that the Black amendment detracts in any measure whatever from the general grant of power made by the committee amendment.

Mr. MORRISON. If it does not, I do not see any objection to adopting it.

Mr. BARKLEY. Mr. President, if the Senator from Montana will yield there, I should like to have the attention of the Senator from Alabama.

Mr. WALSH of Montana. I yield.

Mr. BARKLEY. It strikes me that if the amendment of the Senator from Alabama is to be adopted it ought to be adopted without the last sentence which he proposes to add this morning, because that really will operate as a limitation. While it may be open to dispute whether the original language earmarking the $25,000,000 fund will be a limitation, yet, in addition to that, we say that we want everybody to understand that the $100,000,000 is to be used for that purpose, too, if necessary. Of course, we all agree that it may be so used if necessary; but if we put the modification which the Senator has proposed in the law, that will go further toward offering an indication that the funds should be so used than the Senator's original amendment. I appeal to him to see whether if this amendment is to be adopted it ought not to be adopted as he originally offered it and not in the amended form.

Mr. BLACK. If the Senator will yield, I may say to him that one of the reasons I put it in was because the Senator yesterday afternoon raised the question that the amendment as then offered would limit the board to the use of $25,000,000, and I said I did not think it would.

Mr. BARKLEY. I did not make that observation for the purpose of inviting any amendment that would attempt to go even further in earmarking the whole $125,000,000 as a fund to be set aside for paying delinquencies. I think the Senator's original amendment, if it does any harm at all, will do less harm in the effect that it will have upon the investing public, which we must not lose sight of, because, after all, if we do not get from private sources some new money into the system the $125,000,000 will not go very far toward reviving the land-bank system. I hope the Senator will consent to eliminate the proposed modification of his amendment.

Mr. WALSH of Montana. Mr. President, a further word I desire to say. The members of the Farm Board, I think, have been very much disturbed in the past—unnecessarily disturbed—by the fear that the talk about a moratorium has induced a great many people who were able to pay to postpone payment or to decline payment in the expectation that there was going to be a moratorium granted. I do not know about other States, but I am perfectly certain that no such situation has been operative upon the minds of very many borrowers in my State. Those who have asked for extensions or for forbearance upon the part of the land banks in the matter of foreclosure have been people who have been utterly unable to pay. I thought it was a myth that people were going to endeavor to escape payment because of the hope of a moratorium. I have not any fear that because $100,000,000 are necessary in order to meet the cases that are meritorious and in which extensions ought to be granted, we are going to be flooded with applications from people who are really able to pay, but who would like to take advantage of the provision to escape payment and apply their resources, whatever they may be, to the discharge of other obligations.

Mr. President, if we are going to encounter so much dishonesty upon the part of the borrowers, the farmers of this country—and the farmers of this country have been borrowers from the land banks—we are going to encounter it when they know that there is a fund of $100,000,000 or $125,000,000 for whatever purpose the land banks may care to apply it, including the matter of meeting the situation occasioned by extensions. We are going to have it just exactly in as great volume as though we specifically provided that $25,000,000 of this sum shall be set aside to meet contingencies that arise by reason of extensions which

might be granted. So the fear that this is going to occasion a flood of applications from people who ought not to have any extension is, to my mind, entirely unfounded.

Mr. VANDENBERG. Mr. President, I find a news pronouncement in the New York Times of this morning which, in my judgment, bears so much more fundamentally upon the fiscal and economic relief of America than anything which has yet been undertaken under legislative auspices that I venture to intrude for just a moment upon this discussion and to indicate the necessity for the interruption.

Mr. President, I find this statement in the New York Times as the opening paragraph in the article to which I advert. I quote:

> The first move in what is believed to be a new and aggressive antideflation campaign was taken yesterday by the Federal Reserve Bank of New York.

May I interrupt the quotation long enough to say that in my humble judgment the only point at which an antideflation campaign can wholly succeed over a decentralized area is through the Federal reserve banking system, and that all of the other things which we are undertaking to do for agriculture and industry and commodity markets and economics generally in the final analysis are wholly collateral to what is done through our central reservoir of credit and currency—the Federal reserve bank itself. The only reason why I interrupt the consideration of the present amendment to speak for just a moment on the subject is that in the final paragraph of this article I find language as follows:

> The newest move in the Federal reserve's efforts to combat the depression comes at a time when the governors of the various Federal reserve banks are in Washington conferring on matters of policy. It is possible that the action of the New York bank may be a first step in a general policy formulated at the Washington conference.

And I am taking this occasion to make it perfectly plain that at least one Senator upon this floor does not believe that the institution of collateral instrumentalities for sustaining credit in America is an adequate or a sufficient formula for the situation in which we find ourselves, important and splendid though these instrumentalities are in themselves.

We find ourselves not only in a situation requiring credit but we find ourselves in a situation requiring currency to replace from one to two billion dollars of currency that has been withdrawn from circulation and is in total hiding. Credit has to precede currency—that is obvious; but currency can follow credit from only one reservoir, and that is the reservoir of the Federal reserve banking system.

I have a profound feeling that the proposition embraced in proposals which I introduced on the first day of this session, and which was recently discussed by the senior Senator from Oklahoma [Mr. THOMAS], the proposition which was subsequently discussed by the senior Senator from Massachusetts [Mr. WALSH], and the proposition of a kindred nature which is being discussed so emphatically by ex-Senator Owen, of Oklahoma, who for a long time presided over the Committee on Banking and Currency of this body, in the final analysis go to the roots of our problem; and I want to use the exhibit which comes to us this morning in the New York Times, reporting upon the contemporary activity of the Federal reserve bank, to illuminate my point in just a word.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. VANDENBERG. I yield to the Senator.

Mr. WALSH of Massachusetts. I will state for the Senator's information that I have submitted to the Federal Reserve Board the bill which I introduced on this subject, and have asked their judgment as to the wisdom of Congress enacting the emergency rediscount power I proposed. Furthermore, I have communicated with the leaders of finance and industry throughout the country, and I expect to present to the Congress, later, their views. I am of the opinion that there is going to be a very extensive and favorable reaction to the proposal and the sentiments expressed by the Senator from Michigan will be most helpful in getting favorable action.

Mr. VANDENBERG. Mr. President, I am glad the Senator has proceeded to undertake to mobilize opinion upon this subject, and I am glad that he has sought the reaction of those who are high in the Federal reserve system. I undertook a similar quest six months ago, because I have felt from last June that the fundamental answer to our difficulties is the creation of an emergency rediscount power in the Federal reserve system which will make the system sufficiently elastic and sufficiently adequate to meet emergency wherever it arises all over the country. Progress has been slow. Probably it ought to be slow because we must be sure that we preserve the complete integrity of the Federal reserve system. But the attitude should not be a static one. Therefore I welcome indications that the matter is coming to have the consideration it deserves.

But, Mr. President, let me proceed with the demonstration to which I referred in respect to the article which I am reading. I quote:

> The action—

Referring to the action of the Federal Reserve Board—

> was widely interpreted——

Mr. FLETCHER. Mr. President, will the Senator tell us what that action was?

Mr. VANDENBERG. I am coming to it right now.

> The action was widely interpreted as the prelude to a new effort by the Federal reserve authorities to combat the crushing deflation in security prices.

Here is the answer to the Senator's question:

> It is believed that the central bank will shortly follow up with heavy purchases of United States Government bonds and a direct-action campaign among the banks urging them to avail themselves more fully of Federal reserve credit for the purpose of extending assistance to their customers and obviating continued forced sales of securities.

Mr. President, the irony of the situation! Banks are to be urged to avail themselves more fully of Federal reserve credit; yet, outside of the great central banking areas of the Nation, there is no available Federal reserve credit left.

Let me read further:

> There are over $8,000,000,000 of eligible assets in member banks of the country, he [Governor Harrison] pointed out, and the Federal reserve banks are in a position at this time, on the basis of their present gold supply, to expand Federal reserve credit to their members by some $3,500,000,000, which could mathematically form the basis for an increase of as much as $35,000,000,000 in bank credit.

If I may have the attention of the Senate at that point, this ratio, to begin with, is tremendously significant. It parallels and supports another ratio with which we are familiar. A dollar in money has the potentiality of $10 in credit to do the work of the Nation. If $2,000,000,000 of currency has gone into hiding, under the ratio $20,000,000,000 worth of credit has gone out of the credit arsenals of the land; and we are only putting a patch on it when we put $2,000,000,000 of credit at work again through a collateral corporation. The primary necessity, in addition to the credit, is the restoration of an adequate, normal supply of the tokens of exchange in our commerce, so that the natural flow of commerce can continue as indicated. We need the currency as well as the credit.

As I read from the article, there are supposed to be $8,000,000,000 of eligible rediscount assets in the member banks of the Federal reserve system in the United States to-day. If that is so—and I have no reason to doubt it—they are largely concentrated in the large banking centers; and as a result, Mr. President, not only the original intimate value of the Federal reserve system but particularly and essentially its emergency value is confined to those same centers. My plea is that if we are to have a Federal reserve system worthy of the name, it must be equipped in decentralized style to serve all the solvent banking of America, and particularly the independent community banking of America; and at this moment it is that community banking upon which these farmers are most largely dependent for



their credit, and upon which a resurgence of decentralized trade is dependent up and down America. It is these decentralized community banks that have no eligible assets for further rediscount.

Is that any reflection upon their assets? Not at all. No, Mr. President. Since the Federal reserve definition of eligible paper was established, perhaps 15 years ago, the entire method of large commercial financing has totally changed. At that time the great corporations of the country were constantly creating commercial paper which fell within the rediscount definition. To-day they are financing themselves independently; and this great volume of credit supposed to be eligible for rediscount, thus in turn supposed to create the base for the circulation of Federal reserve notes, has contracted to a point where, in my humble judgment, it is to-day one of the major hazards and jeopardies that we confront. I am submitting that if we would go to the roots of the problem, the place to go is the central reservoir of credit and currency which we have created for these purposes, but around which we have carefully skated every time we have discussed a single credit relief measure upon the floor. For example, we removed from the Reconstruction Finance Corporation bill the eligibility of its securities for rediscount. I did not raise the point because time was the essence of our need in respect to that particular bill. But the deletion of the rediscount eligibility at that place only emphasizes the need to broaden it elsewhere.

I think we can do more for the restoration of economic stability—for the benefit of agriculture, which we are seeking to serve in this immediate bill, for the benefit of economics generally, which we have sought to serve in the reconstruction bill—by creating a sound, safe, emergency rediscount privilege in the Federal reserve bank, which in turn creates a new flow of decentralized credit up and down the country, which in turn creates the base for the issuance of perfectly sound money—precisely the same kind of money that is issued to-day on the same basis. We have created those assets which, in the final analysis, must be our reliance.

At this point another quotation from this news article is significant:

> Before embarking on large-scale purchases of United States Government securities, however, the reserve has to supply itself with a liberal portfolio of commercial paper eligible as reserves against circulation, since under the terms of the Federal reserve act holdings of United States Government obligations are not eligible for use as reserves against Federal reserve notes.

In other words, the Federal reserve itself concedes its own need for additional rediscounts in order to meet its own view of our obvious national needs not only for credit but for a normal currency supply. The normal currency is $5,000,000,000. It is now down to three billion and a fraction. It must come back. But the primary requisite is more rediscounts, both as a credit transaction and a currency transaction. Wherefore we again read in this article—

> In some quarters Governor Harrison's remarks were interpreted as tantamount to an invitation to the banks to come to the Federal reserve for additional credit at this time.

Mr. President, I favor that invitation, and I particularly favor legislative action which will make an acceptance of the invitation possible over the whole area of the Nation where banks have closed too often not because they were insolvent but because they were not abnormally liquid.

I am not talking about an approach toward fiat money one inch. I am not talking about any superinflation by one ounce. I am talking about the same kind of sound money that exists to-day. I am talking about the same kind of sound credit that exists to-day. I am simply suggesting that if the assets that are now held in all of these banks up and down the land that are sound but which just happen not to qualify under the arbitrary strictures of a Federal reserve rediscount rule that was written 15 years ago—if that reservoir of credit, and then of currency, could be temporarily released as an emergency matter, we would have gone infinitely further by one single action than we can go in any other way.

I am begging the indulgence of the Senator from Alabama [Mr. BLACK] for interrupting the discussion of his amendment simply because I find that these high authorities in the great Federal reserve system are now in session at Washington; and I am hopeful that out of their session may come not only the precise policy which is described in the article from which I have read but a series of constructive, courageous recommendations for a broadening of this Federal reserve base so that it may adequately serve the whole Nation.

What I am saying is in full acknowledgment of the great service that has been rendered by the Federal reserve system and in full appreciation of the vital need that this system shall be preserved in all of its superb integrity. I would not take one stone from its foundation. I would not weaken a single beam in its structure. But, if possible, I would bring it into an even larger utility so that it may merit an even more profound place in the public confidence. I am persuaded that a temporary emergency rediscount privilege can be provided which will be completely safe, yet which will reach this broader objective. Included in this objective is the precise purpose upon which the New York Federal Reserve Bank apparently has embarked, according to this news article which I have read to the Senate.

I am not saying that all of our other credit expedients are not fine and worthy as charted in the legislation now on its way through the Congress. I favor all of them. This is an emergency, and it must be bravely met. It must be met with adequate credit facilities. It must be met with adequate currency facilities. It must be met not only by stopping deflation but also by recapturing our lost ground where this deflation has gone below a normal index. I favor all of these new instrumentalities. I support them. I applaud them. I am sure they will rebuild public confidence. They deserve this response. But I also am saying that in my judgment we have yet to take up the most important suggestion of all. It is just as much part of the presidential program as are these other things. It is the greatest steel beam of all. The President himself discussed it in general terms in his message of January 5, 1932, when he said:

> The discount facilities of our Federal reserve banks are restricted by law more than that of the central banks in other countries. This restriction in times such as these limits the liquidity of the banks and tends to increase the forces of deflation, cripples the smaller businesses, stifles new enterprise, and thus limits employment. I recommend an enlargement of these discount privileges to take care of emergencies. To meet the needs of our situation it will not be necessary to go even as far as the current practice of foreign institutions of similar character. Such a measure has the support of most of the governors of the Federal reserve banks.

This is the theme which must be constructively developed for the sake of both credit and currency. In it lies the best opportunity for a decentralized resurgence of credit, then a decentralized resurgence of trade, then a decentralized resurgence of employment, and finally the better, happier, safer economic day.

Mr. HARRIS. Mr. President, on account of the great distress of the farmers of my State many of them are unable to pay the interest on their farm loans which are mortgaged to the farm loan banks. The first bill I introduced on the first day of this session was to give these farmers relief so as to save their homes.

In my opinion, Mr. President, the pending amendment, directing that $25,000,000 should be applied to providing for extensions where borrowers are temporarily unable to make payments, has been sufficiently discussed, and I hope there may be no opposition to it. However, there is one word I wish to say in reply to the statement of the junior Senator from Oregon, to the effect that the adoption of the pending amendment would lead to delinquencies on the part of the farmers whose homes are mortgaged.

I want to read a letter from one of the very best men in the State of Georgia and who lives in one of the best agricultural sections, Judge W. L. Phillips, of Louisville, Ga., an able lawyer and a planter. He is a brother of Hon. John R.

Phillips, who was for several years a member of the Georgia Highway Commission. It would seem from his statement that it is not necessary to invite delinquencies. His letter was not written last year, or last month, but last week, and shows what the Farm Loan Board is doing at this time about foreclosing mortgages. This is what he said:

> Just yesterday I stood at the courthouse door and watched about seven or eight good, honest, hard-working farmers lose the work of their lifetime. The Federal land bank selling them out at a time like this when no one can raise a dollar on anything. Good farms bought in by the land bank at 50 cents or a dollar an acre. No one to buy. What is the Government going to do with all this land? Are all we who own farms going to become serfs only? The question is an awful and solemn one. Unless the farmers prosper, the world must go to ruin. The Federal bank will go to the wall when the Government owns all the land and no one is either able or willing to pay rent for it.

Mr. President, I have received within the past three weeks a number of letters from farmers whose homes are mortgaged to the farm-loan bank and they are equally as distressing as this one about conditions in my State. The farmers in my section, like those in other sections, are the backbone of the country. I am proud of the fact that in my section there will not be found one farmer or anyone else who believes in communism, or who talks it, or who talks resentfully of the Government; but if we appropriate large sums of money to go to the railroads, the trust companies, and others, as was done in the bill committing the Government to assist the big interests of the country to the possible extent of $2,000,000,000 and fail to appropriate money to afford relief to the farmers who are losing their homes, it will be a great injustice and the farmers will be made more dissatisfied with the Government's action than through anything that has been done by Congress in a quarter of a century.

Mr. NORBECK. Mr. President, will the Senator yield to me?

Mr. HARRIS. I yield.

Mr. NORBECK. I agree with what the Senator from Georgia has said, but I just want to ask him whether the other letters which he receives indicate that the writers believe the Federal land banks are Government-owned banks, and that the Government is getting the land when foreclosures are made?

Mr. HARRIS. Some of the writers of these letters may not understand the difference as we do, but I know that by passing this legislation it will help the situation. The farm-land banks, of course, do not belong to the Government. The farmers are interested in having Congress pass legislation which will afford them some relief and assist them in saving their homes. They are not particularly interested in knowing whether the Government or individuals own the bonds. We all know that this appropriation by Congress will help the farmers and save their homes for them, and that is the important thing. There can be no general prosperity until the farmers are first prosperous.

Mr. NORBECK. Mr. President, one would believe from listening to the discussion that the pending measure is one to restore agriculture to its equality with industry and labor. No one denies that agriculture is broken down through the various handicaps that have been imposed on it. The law of supply and demand has been set aside for the benefit of others. The farmer finds himself slipping; his earnings are reduced and the value of his property is shrinking. He is short on cash, and many farmers find it difficult to make the payments to the land banks. But I do not believe any credit system will restore agricultural equality. This is simply a bill to deal with a farm-loan situation, or, rather, with a very small part of the farm-loan mortgage situation. A very small percentage of the farmers are borrowers from this system, only about 1 out of every 11; but even this makes a large group, 400,000 in all. We are also told that nine-tenths of 1 per cent have been foreclosed, or a little less than one out of each hundred borrowers. This would be less than one farmer in each thousand throughout the United States. Are we forgetting about the other 999, who also have their troubles and will be compelled to bear some additional burden?

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. NORBECK. I yield.

Mr. WHEELER. I think the psychological effect of the adoption of this amendment would be extremely good. Let me say to the Senator that in my State, while the Federal farm-land bank has not, to my knowledge, foreclosed any mortgages upon farmers who naturally want to stay on the farms, yet they have sent out notices, they have sent out their collection agents, threatening in each instance to foreclose the mortgage. The result is that all of those farmers out there in that drought-stricken area are frightened to death for fear the banks are going to foreclose the mortgages. They have written, not one letter but hundreds of them, both to me and to my colleague, simply saying that if the banks are going to foreclose, they might just as well leave the farms and quit.

We have taken the matter up with the land banks and have had assurances from them that they would not foreclose a mortgage where the farmer wants to stay on the farm. There was then put up to them a proposition inaugurated by the chamber of commerce in one town that they give deeds to their farms, letting the farmer stay on the property until he paid off the mortgage, and then they would give it back. The effect of that was extremely bad, because the farmers are not going to stay on the farms any longer out in my section; they are going to move off the farms wholesale unless some assurance is given them that they will be able to stay there and work out and pay the mortgages.

It seems to me that if this amendment is agreed to, the psychological effect will be extremely beneficial to the farmers out in my section—in Montana, at least. For that reason I am going to vote for the amendment.

I appreciate the fact that the farm-land banks are in a very bad situation. I think something has to be done to help them, and this bill probably will help them. But, of course, the bill is going to do something else. It is going to help the holders of the bonds of the banks. We should not make any mistake about it and pass this legislation under any misapprehension, because the one thing it is going to do is to help out those who are holding the bonds of these farm-land banks. Insurance companies and banks which own the bonds are going to be helped out.

Just the other day we passed a bill appropriating, in substance, $2,000,000,000 for the purpose of helping out bondholders, helping out the banks, helping out the railroads, and helping out every great financial interest in this country.

Mr. NORBECK. Mr. President, let me suggest to the Senator from Montana that I am not opposing this bill. I introduced the bill in the Senate. I favor it. It was recommended by the committee of which I have the honor to be chairman.

Mr. WHEELER. I understand; but I was saying that I think the psychological effect of the adoption of the Black amendment will, if it does nothing else, be extremely beneficial to the farmers out in the Northwest. For that reason I am going to support the amendment, although I would say to the Senator that under the ordinary, normal conditions I would not do so. But I think the conditions out in my section at the present time are such that it is absoluely essential that something of this kind be done.

Mr. NORBECK. Mr. President, I quite agree with the Senator from Montana—and the Committee on Banking and Currency of the Senate increased the amount to be made available from $100,000,000 to $125,000,000. The criticism the Senator makes of the farm-land banks is that they are complying with the law. The law does not permit them to grant any extension. The bill as it comes from the committee would permit extensions. Instead of criticizing the board for obeying the law, let us change the law. If we pass the pending bill, we will have changed the law and gotten away from the very condition about which the Senator complains. It will be possible for the land banks to enter into agreements with farmers as to when and how they

are to pay, and the dunning letters will cease. The Senator from Montana and I are fully agreed on that matter.

The remarkable thing is that this Senate assumes that the Federal Government owns these farm-land banks when they are really owned by the farmers. They are owned by 4,000 farm-loan associations, each having an average of about 100 farmer members who are both borrowers and stockholders. If one farmer fails, the others must carry an additional burden. These farmers own over $60,000,000 capital stock in this system, and there is a double-liability clause in the law by which they may be assessed an amount equal to their stock. This would make another $60,000,000.

These are the owners of these cooperative banks, and we are ignoring them entirely. We assume to speak for them without considering them. We propose to grant extensions to certain delinquent borrowers at the expense of their neighbors.

The delinquent may have had misfortune or he may have been discouraged and signified his intention of giving up. In some cases even the neighbors have asked that foreclosure proceedings be started. I know that some of the land banks never foreclose except when a local association of farmer members asks that the foreclosure be made. And still we criticize the managing boards very vigorously.

The Committee on Banking and Currency is deeply concerned about saving this system, which has created a competitive condition in the farm mortgage market. It has been the means of lowering interest rates on farm mortgages in every agricultural State in the Union. It has not only been important to those who borrowed from the system but even those who were outside the system have received substantial though indirect benefits.

It is well known that the appropriation made by Congress is a small part of the total. These banks have borrowed more than a billion dollars that they have loaned to the farmers. They want to borrow more, but they can not unless their bonds are saleable. The appropriation authorized in this bill is not sufficient for substantial relief; it will just help some.

I repeat, the system can not function unless it is on a good business basis—unless it appeals to the investors, so that more bonds can be sold. It is the opinion of the managing board that if their books show too many delinquencies, investors will be afraid of the system. The bonds can most easily be sold when it is shown that the system is self-supporting and pays its own way. This proposed additional capital by the Government will make it easier for the system to function, providing an undue amount of extensions is not demanded and granted, in which case a very poor showing will be made on the books.

I do not believe the pending amendment will be helpful. I think it will lead to great demand for general extensions. It will be difficult for the land banks to collect, even from the farmers who are well situated.

We must not forget that a great majority of these borrowers are paid up to date. A very small percentage have been foreclosed, and this bill as pending provides a plan for extension to those who are worthy, and will be able to pay back later. It provides the fund for carrying out this plan. It will be especially helpful to areas that have suffered from crop failure, and extensions need not be granted in a wholesale way so as to break down the system.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Alabama [Mr. BLACK], as modified.

Mr. BLACK. Mr. President, I may state to the Senate that I promised some Members of the Senate to call for a quorum before the vote is taken. I therefore suggest the absence of a quorum. When a quorum is disclosed, I shall ask that the proposed amendment, as modified, be read.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Barkley	Borah	Bulow
Austin	Bingham	Bratton	Byrnes
Bailey	Black	Brookhart	Capper
Barbour	Blaine	Bulkley	Caraway
Carey	Harris	McNary	Steiwer
Connally	Harrison	Metcalf	Thomas, Idaho
Coolidge	Hatfield	Morrison	Thomas, Okla.
Copeland	Hawes	Moses	Townsend
Costigan	Hayden	Neely	Trammell
Couzens	Hebert	Norbeck	Tydings
Cutting	Howell	Norris	Vandenberg
Dale	Hull	Nye	Wagner
Davis	Johnson	Oddie	Walcott
Dickinson	Jones	Patterson	Walsh, Mass.
Dill	Kean	Pittman	Walsh, Mont.
Fess	Kendrick	Reed	Waterman
Fletcher	Keyes	Robinson, Ark.	Watson
Frazier	King	Robinson, Ind.	Wheeler
George	La Follette	Schall	White
Goldsborough	Logan	Sheppard	
Gore	McGill	Shortridge	
Hale	McKellar	Smith	

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present. The Senator from Alabama [Mr. BLACK] has modified his amendment, and the amendment as modified will be read for the information of the Senate.

The CHIEF CLERK. On page 6, line 18, after the word "extension" and the period, insert the following:

It shall be the duty of the Secretary of the Treasury to subscribe from time to time for capital stock in the several Federal land banks in addition to the subscriptions provided for in section 2 of this act as amended. All amounts received by each such bank from such additional subscriptions shall be used exclusively for the purpose of supplying such bank with funds to use in its operations in place of the amounts of which such bank is deprived by reason of extensions made as provided in this paragraph. To enable the Secretary of the Treasury to pay for stock issued hereunder, there is hereby authorized to be appropriated the sum of $25,000,000. The provisions of section 2 of this act as amended shall apply with respect to stock authorized to be subscribed for pursuant to this paragraph. The provision for extensions contained herein is not intended to and shall not be construed to limit the use or application of any of the funds of the banks otherwise available for the purpose of making extensions herein authorized.

Mr. GORE. Mr. President, I shall not delay a vote more than a minute or two. It is not a pleasant task to be hanging out red signals morning, noon, and night, but I am afraid that some Senators and some borrowers perhaps have not been bearing down quite hard enough on that part of their devotions, "Lead us not into temptation." I think we are venturing into the quicksands, and we may go beyond our depth and beyond our capacity to retrace our steps.

This entire banking system is based upon bonds. No bonds, no bank. That truth is incontrovertible. If too generous an invitation or too cordial an invitation is extended to the borrowers to claim extensions, that invitation will be accepted. Already 24 per cent are delinquent. In the State of Alabama 30 per cent are now delinquent. In Mississippi and in South Carolina 40 per cent are now delinquent. Yet we are told that a hard-boiled, illiberal, and ungenerous policy has been pursued, not with respect to extensions, which would be illegal, but in regard to mere indulgence—carrying the borrower who is in heavy weather and unable to make his payments.

This amendment seeks to set aside and earmark $25,000,000 for extensions and further indulgences. I fear it will aggravate our grief instead of relieving it, and that one year hence Senators will return to ask a relief fund of fifty, seventy-five, or even a hundred millions. I believe that the bill as reported would afford the needed and the merited relief without laying us liable to the burden or the danger with which this amendment may be fraught.

Mr. President, land-bank bonds have already fallen as low as 68 cents on the dollar. Four per cent bonds have fallen to 68. I speak of the bid and not the offer. I seriously question whether any of the banks will ever be able to sell another bond. The system can not survive as originally designed unless the bonds can be sold. I think the existence of the institution itself may be trembling in the balance at this hour.

Mr. STEIWER. Mr. President, will the Senator yield for just an observation?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Oregon?

Mr. GORE. Certainly.

Mr. STEIWER. I hesitate a little to permit the statement just made to go without explanation. The bid price quoted by the Senator, I think, was indeed the correct figure at one time.

Mr. GORE. It was 68 on 4 per cent bonds last September.

Mr. STEIWER. That was some time ago. At this time there is no bond reported with a bid price lower than 70, and, except for two issues, there is no bond with a bid price lower than 72. The range of bid prices runs from 72 to 94 as of date of yesterday's quotations. I thank the Senator.

Mr. GORE. That is 2 cents higher than I had stated. They have risen from 68 cents to 70 cents on the dollar as a result of the pending legislation. The bid of 94 related to 3-year bonds, one year of which has already expired. There has not been a bond sold or offered since November, 1930. I repeat that I seriously doubt, if this legislation be passed, if this amendment be adopted, if this policy be pursued, whether another bond of any of these land banks will ever be sold at par.

Forty per cent of the loans in Mississippi and South Carolina are delinquent now under what is designated as a rigid policy of enforcement of collection. Let it reach 50 per cent the country over and the bonds will decline to 50 cents on the dollar. I am unwilling to destroy the system. I sympathize with Senators, and I appeal to them not to enact legislation that will wreck the system itself. Let us not scuttle the ship merely because a storm is raging.

Mr. President, there are 5,000 loans in South Carolina, 2,000 of which are in default to-day. There are 158,000 farms in South Carolina. There are 21,000 loans in Alabama, 7,000 of which are in default. There are 258,000 farms in Alabama. There are 23,000 loans in Mississippi, my native State, and heaven knows I sympathize with their distress. There are 9,000 delinquencies in Mississippi to-day, perhaps more, because these figures are two months old. There are 312,000 farms in Mississippi.

I desire to challenge the statement made here that when these bonds were issued the United States was under any moral obligation to pay these bonds. It certainly was under no legal obligation to discharge the bonds. I deny that it was under any moral obligation to discharge or to pay the bonds. But, sir, if the United States or if the Congress of the United States invites the borrowers to become delinquent, if it encourages the borrowers to become delinquent, they may accept the invitation, and if they do, these bonds will go to default. I know Senators will then appear here pleading a moral right on the part of the bondholders and a moral obligation on the part of the Federal Government for payment of the bonds. I do not doubt that that day lies ahead of us, and when it comes what will we do? The borrowers own the banks and owe the bonds.

There are now 400,000 borrowers from the 12 land banks. There are 6,400,000 farmers in the United States. Those 6,400,000 farmers to-day are staggering beneath a mortgage indebtedness aggregating $9,000,000,000. If this system breaks down, we will be asked to tax the 6,400,000 farmers, who are already overburdened with debt, to pay the indebtedness of the 400,000 farmers. We will be asked to tax 158,000 farmers of South Carolina to pay the indebtedness of 2,000 delinquent farmers there, or perhaps 5,000 borrowers. We will be asked to tax 312,000 farmers in Mississippi to pay off the indebtedness of 9,000 delinquents, or, say, 23,000 borrowers.

I shall not be willing when that day comes to add to the burden of 6,400,000 farmers already oppressed with their own indebtedness. I shall not be willing to tax them to pay off the indebtedness of the borrowers from these land banks. I shall not be willing to tax 6,400,000 farmers who are selling their cotton and their steers at 5 cents a pound, selling their oats at 15 cents, corn at 25 cents, and wheat at 35 cents a bushel, and extract from that beggarly price revenue to discharge the indebtedness of borrowers from these banks. Of course, those who can pay ought to pay; and if the borrowers do not pay, I know the United States will be appealed to, on high and lofty grounds of moral obligation, to liquidate the indebtedness of these farmers. I do not wish that day to come, neither do I wish to see this system wrecked during the interval between this day and that.

The American farmer is the best risk. For this statement I have the authority of one of the largest industrial organizations in this country.

I wish to save the deserving borrower who can not save himself. I fear this amendment may crowd him out with the undeserving who can save themselves. I favor this legislation as an emergency measure, but I wish to safeguard it so that it will do more good than harm and not do more harm than good. I wish to save the deserving borrower without sacrificing either the land-bank system on the one hand or the American taxpayer on the other.

Mr. NORRIS. Mr. President, if any Senator had had any doubt as to how he should vote on this amendment, it seems to me it would have been at once cleared away had he listened to the questions propounded by the Senator from Idaho [Mr. BORAH] to the Senator from Oregon [Mr. STEIWER], together with the answers of the Senator from Oregon. Nobody has offered any objection, so far as I know, to this amendment except that, if adopted, it is going to result, as some believe, in an invitation to those who owe the farm land banks to ask for an extension of time for payment, and it is therefore feared that it will injure the system and that the bonds will depreciate more than they have already depreciated. Mr. President, to my mind the answer of the Senator from Oregon, given in his usual frank manner, was a complete refutation of that proposition.

This amendment, if adopted, will enable the land banks to operate while they grant extensions to those who are not able to pay. The money, $25,000,000, will be used in lieu of the payments that would have been made if those delinquent farmers were able to pay. Suppose some farmer who would not have asked for it had this amendment not been agreed to does ask for time; there would be nothing serious about that. There is many a farmer making these payments who is doing so after subjecting himself and his family to all kinds of privations in order to make them. Perhaps some of them will relieve their own distress with the money they otherwise would have used to pay this indebtedness as it matures in installments.

What is the other result? Suppose we do not do it; suppose we do not extend the time and that we foreclose the mortgages. What effect will that have on this system that Congress has inaugurated under which these loans are made? Will it bring any money? No; it will take the money out of the banks, and instead of those banks being in the farm loan business they will be in the land business. They will have to buy these farms at mortgage sales; they will have to pay the cost of foreclosure; they will have to pay the taxes. None of those things will they have to do if an extension is made to the worthy applicant, who afterwards pays his debts. They will not get any money by the foreclosure of these delinquent mortgages; and, as I stated, they themselves will have to buy the land if they protect the mortgages. Otherwise, who would buy them? Who is going to buy this land if it is put up for sale and the men who are now living upon it lose it? There is not anybody to do so. The farm loan system will own all those lands instead, and at the same time will not be able to pay the interest on their bonds, because they will have to utilize what income they have in order to pay taxes upon the lands which they own and the improvements which in many cases will have to be made.

This is not a question of what we would like to be able to do; it is a question of what under the circumstances we ought to do. Nobody, so far as I know, is anxious to have this system fail; we all want it to succeed; and if it shall fail, it will fail not because of any wrongdoing on the part of the farmers who borrowed the money. That has not been true of the banking system; that was not true a day or two ago when we voted $2,000,000,000 for the benefit of bankers who themselves, to a great degree, were responsible for the very condition in which they found themselves, and who, to a large degree, have been responsible for the present con-

dition of the farmers, who in many instances have produced abundant crops but are unable to sell them and get back the cost of production.

Mr. McKELLAR. Mr. President, will the Senator from Nebraska yield to me?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield to the Senator.

Mr. McKELLAR. As I look at the question, there is no provision of the bill that, if adopted, will do more than would this to strengthen the price of the bonds themselves, if one merely looks at it from the standpoint of the bondholders.

Mr. NORRIS. Yes, sir.

Mr. McKELLAR. There is no provision of the bill that will strengthen the value of the bonds themselves as would this provision, which would give the Federal Farm Board the right in the cases mentioned to make extensions.

Mr. NORRIS. And it will provide the money by which it may be done.

Mr. McKELLAR. Of course it will.

Mr. NORRIS. In other words, this money is going to be used, for the time being, in lieu of the money that the Farm Board would have had if there had been no delinquencies. I think that is the whole thing in a nutshell.

I would regret equally with the Senator from Oklahoma [Mr. GORE] to see this system fail; I regret just as much as anybody that this legislation is, in my judgment, necessary; nobody, so far as I know, feels differently about it; but we ought not, it seems to me, strain ourselves when we swallow this little dose which is necessary to relieve an unfortunate situation that has come upon agriculture, through no fault whatever of agriculture, when at the same time we are willing to gulp down with one swallow the proposition of levying taxes to the amount of $2,000,000,000 upon our people in order to pay for wrongs that have been brought about by men who, in a great degree, are responsible for this very agricultural condition, and, in addition to that, pay the money to the very people who are thus responsible.

The VICE PRESIDENT. The question is on agreeing to the modified amendment proposed by the Senator from Alabama [Mr. BLACK]. [Putting the question.] The ayes seem to have it.

Mr. BINGHAM. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ark.
Austin	Cutting	Jones	Robinson, Ind.
Bailey	Dale	Kean	Schall
Barbour	Davis	Kendrick	Sheppard
Barkley	Dickinson	Keyes	Shortridge
Bingham	Dill	King	Smith
Black	Fess	La Follette	Steiwer
Blaine	Fletcher	Logan	Thomas, Idaho
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Townsend
Brookhart	Goldsborough	McNary	Trammell
Bulkley	Gore	Metcalf	Tydings
Bulow	Hale	Morrison	Vandenberg
Byrnes	Harris	Moses	Wagner
Capper	Harrison	Neely	Walcott
Caraway	Hatfield	Norbeck	Walsh, Mass.
Carey	Hawes	Norris	Walsh, Mont.
Connally	Hayden	Nye	Waterman
Coolidge	Hebert	Oddie	Watson
Copeland	Howell	Patterson	Wheeler
Costigan	Hull	Pittman	White

Mr. McNARY. The senior Senator from Minnesota [Mr. SHIPSTEAD] is necessarily absent on account of illness. I desire that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

Mr. NORRIS. I ask for the yeas and nays on the amendment, as modified.

Mr. STEIWER. Mr. President——

The yeas and nays were ordered.

Mr. STEIWER. Mr. President, I tried to attract the attention of the Chair before the order had been made.

I merely wanted to suggest to the Senator from Alabama, with respect to his amendment, that on page 2, in lines 5 and 6, he consider the advisability of eliminating the exception which commences after the word "amended." It occurs to those members of the committee with whom I have consulted about this matter that if the Senator's amendment is agreed to it might better be agreed to without that exception, so that section 2 would apply in its entirety.

Mr. BLACK. It has already been stricken out.

Mr. STEIWER. I thank the Senator. I did not know it was out.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Alabama, as modified, to the amendment of the committee. On that amendment the yeas and nays have been demanded and ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BLACK (when Mr. BANKHEAD's name was called). My colleague the junior Senator from Alabama [Mr. BANKHEAD] is away on official business. If present, he would vote "yea."

Mr. BINGHAM (when his name was called). I have a pair with the junior Senator from Virginia [Mr. GLASS], who is detained on account of illness. He has told me that he is opposed to this amendment, and therefore I am free to vote. I vote "nay."

Mr. KING (when his name was called). I have a general pair with the senior Senator from Minnesota [Mr. SHIPSTEAD] and therefore withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. WALSH of Montana (when Mr. LEWIS's name was called). The Senator from Illinois [Mr. LEWIS] is unavoidably absent. If present, he would vote "yea."

Mr. MOSES (when his name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. That Senator being absent, I withhold my vote. If free to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. If he were present, I understand that he would vote as I expect to vote. Therefore I feel free to vote. I vote "yea."

Mr. HARRISON (when Mr. STEPHENS's name was called). If my colleague [Mr. STEPHENS] were present, he would vote "yea" on this amendment.

The roll call was concluded.

Mr. BARKLEY. Has the senior Senator from Colorado [Mr. WATERMAN] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BARKLEY. I have a general pair with that Senator. Not knowing how he would vote, I withhold my vote.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). I inquire if the Senator from Pennsylvania [Mr. REED] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. ROBINSON of Arkansas. I have a general pair with the Senator from Pennsylvania. I transfer that pair to the Senator from Mississippi [Mr. STEPHENS] and will let my vote stand.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Delaware [Mr. HASTINGS] with the Senator from Alabama [Mr. BANKHEAD]; and

The senior Senator from Illinois [Mr. GLENN] with the junior Senator from Illinois [Mr. LEWIS].

Mr. SHEPPARD. I desire to announce the absence on official business of the Senator from Virginia [Mr. SWANSON] and the Senator from Missouri [Mr. HAWES].

Mr. LA FOLLETTE. I desire to announce that the Senator from Minnesota [Mr. SHIPSTEAD] is detained from the Senate by illness.

The result was announced—yeas 49, nays 28, as follows:

YEAS—49

Ashurst	Bratton	Caraway	Cutting
Bailey	Brookhart	Connally	Dill
Black	Bulow	Coolidge	Fletcher
Blaine	Byrnes	Copeland	Frazier
Borah	Capper	Costigan	George

Harris	Logan	Robinson, Ark.	Tydings
Harrison	McGill	Robinson, Ind.	Wagner
Hayden	McKellar	Sheppard	Walsh, Mass.
Hull	Morrison	Shortridge	Walsh, Mont.
Johnson	Neely	Smith	Wheeler
Jones	Norris	Thomas, Idaho	
Kendrick	Nye	Thomas, Okla.	
La Follette	Pittman	Trammell	

NAYS—28

Austin	Dickinson	Kean	Schall
Barbour	Fess	Keyes	Steiwer
Bingham	Goldsborough	McNary	Townsend
Bulkley	Gore	Metcalf	Vandenberg
Carey	Hale	Norbeck	Walcott
Couzens	Hatfield	Oddie	Watson
Dale	Hebert	Patterson	White

NOT VOTING—18

Bankhead	Glenn	Lewis	Stephens
Barkley	Hastings	Moses	Swanson
Broussard	Hawes	Reed	Waterman
Davis	Howell	Shipstead	
Glass	King	Smoot	

So Mr. BLACK's amendment, as modified, to the amendment of the committee was agreed to.

Mr. STEIWER. We may proceed now, I think, Mr. President.

The VICE PRESIDENT. With amendment No. 2? No. 2 was passed over for the disposition of this amendment.

Mr. STEIWER. Although I do not know that the Senator from Alabama has ever committed himself finally, I was assuming that upon the adoption of his amendment, just agreed to, he would ask to change the figure on page 2, lines 18 and 19.

Mr. BLACK. Mr. President, I will say to the Senator that it is my understanding that this $25,000,000 amendment is not in addition to the $125,000,000 which is appropriated in another part of the bill; and therefore my amendment would carry with it the idea that the Senate would desire to reduce the $125,000,000 to $100,000,000.

Mr. STEIWER. Probably, if there is no controversy concerning it, it may be done by unanimous consent.

Mr. FLETCHER. Mr. President, the question would come on the adoption of the committee amendment; and rejecting the committee amendment would leave it as the House had it.

Mr. STEIWER. Yes; that is correct.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on page 2, lines 18 and 19, which will be stated.

The CHIEF CLERK. The committee proposes to strike out "$100,000,000" and insert "$125,000,000."

The amendment was rejected.

The next amendment was on page 2, line 23, after the word "issued," to strike out "from time to time"; in line 24, after the word "may," to insert "at any time"; on page 3, line 2, after the word "may," to insert "at any time"; in line 4, after the word "part," to strike out "out of available resources of said bank" and insert "if in the opinion of the board the bank has resources available therefor," so as to read:

Shares of stock issued pursuant to this paragraph shall be paid off at par and retired in the same manner as the original capital stock of said bank after said original stock outstanding, if any, has been paid off and retired: *Provided, however,* That stock issued pursuant to this paragraph may at any time, in the discretion of the directors and with the approval of the Federal Farm Loan Board, be paid off at par and retired in whole or in part; and that said board may at any time require such stock to be paid off at par and retired in whole or in part, if in the opinion of the board the bank has resources available therefor. The proceeds of all repayments on account of stock issued pursuant to this paragraph shall be held in the Treasury of the United States and shall be available for the purpose of paying for other stock thereafter issued pursuant to this paragraph.

The amendment was agreed to.

The next amendment was, on page 3, line 13, before the word "adding," to strike out "amended by" and insert "amended, effective July 1, 1932, by"; after line 14, to strike out "effective beginning with the first full semiannual period ending June 30 or December 31, following the enactment of this paragraph, every" and insert "every"; in line 18, after the word "shall," to insert "semiannually"; in the same line, after the word "account," to strike out "semiannually"; in line 22, after the word "reserve," to strike out "shows a credit balance" and insert "is"; and on page 4, line 1, after the word "paid," to strike out "No Federal land bank shall declare or pay a dividend or dividends to shareholders unless approved by the Federal Farm Loan Board. Stock owned by the Government of the United States in Federal land banks shall receive no dividends. In the case of Federal land banks the requirements of this paragraph shall be in lieu of the requirements of the first three sentences of this section and of the requirements as to percentages of reserves stated in the second paragraph of this section. This paragraph shall not be applicable to joint-stock land banks," and to insert "After deducting the 50 per cent or the 10 per cent herein directed to be deducted for credit to reserve account, any Federal land bank may declare a dividend or dividends to shareholders of the whole or any part of the balance of its net earnings, but only with the approval of the Federal Farm Loan Board. In the case of Federal land banks the requirements of this paragraph shall be in lieu of the requirements of the first three sentences of the first paragraph of this section and in lieu of the requirements of the first sentence of the second paragraph of this section," so as to make the section read:

Section 23 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 901, 902), is amended, effective July 1, 1932, by adding at the end thereof a new paragraph as follows:

"Every Federal land bank shall semiannually carry to reserve account a sum not less than 50 per cent of its net earnings until said reserve account shall show a credit balance equal to the outstanding capital stock of said land bank. After said reserve is equal to the outstanding capital stock 10 per cent of the net earnings shall be added thereto semiannually. Whenever said reserve shall have been impaired it shall be fully restored before any dividends are paid. After deducting the 50 per cent or the 10 per cent herein directed to be deducted for credit to reserve account, any Federal land bank may declare a dividend or dividends to shareholders of the whole or any part of the balance of its net earnings, but only with the approval of the Federal Farm Loan Board. In the case of Federal land banks the requirements of this paragraph shall be in lieu of the requirements of the first three sentences of the first paragraph of this section and in lieu of the requirements of the first sentence of the second paragraph of this section."

The amendment was agreed to.

The next amendment was, on page 4, line 23, after the word "effective," to strike out "beginning with the first full semiannual period, ending June 30 or December 31, following the enactment of this act" and to insert "July 1, 1932"; on page 5, line 4, after the word "earnings," to insert "semiannually"; in line 5, before the words "a sum," to strike out "semiannually"; in the same line, after the word "than," to strike out "20" and insert "10"; in line 7, after the words "equal to," to insert "25 per centum of"; in line 8, after the word "reserve" to strike out "shows a credit balance equal to" and insert "has reached the sum of 25 per centum of"; in line 10, after the word "capital," to strike out "stock 5" and insert "stock, 5"; in line 11, after the words "shall be" to insert "semiannually"; in the same line, after the word "thereto," to strike out "semiannually"; and in line 15, after the word "deducting," to strike out "20" and insert "the 10," so as to read:

SEC. 4. The first three paragraphs of section 24 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 911–913), are amended, effective July 1, 1932, to read as follows:

"That every national farm-loan association shall, out of its net earnings, semiannually carry to reserve account a sum not less than 10 per cent of such net earnings until said reserve account shall show a credit balance equal to 25 per cent of the outstanding capital stock of said association. After said reserve has reached the sum of 25 per cent of the outstanding capital stock, 5 per cent of the net earnings shall be semiannually added thereto.

"Whenever said reserve shall have been impaired it shall be fully restored before any dividends are paid.

"After deducting the 10 per cent or the 5 per cent hereinbefore directed to be credited to reserve account, said association may at its discretion declare a dividend to shareholders of the whole or any part of the balance of said net earnings."

The amendment was agreed to.

The next amendment was, on page 5, after line 19, to strike out:

SEC. 4. That section 25 of the Federal farm loan act (U. S. C., title 12, ch. 7, sec. 921) is amended by adding at the end thereof a new paragraph to read as follows:

"Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period."

And to insert:

SEC. 5. Section 13 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, sec. 781), is amended by adding at the end thereof a new paragraph to read as follows:

"10. When in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment (which includes amortization and interest) that may be or become unpaid upon any mortgage, and to accept payment of such unpaid installment during a period of five years or less from the date of such extension in such amounts as may be agreed upon at the date of making such extension. It shall be the duty of the Secretary of the Treasury to subscribe from time to time for capital stock in the several Federal land banks in addition to the subscriptions provided for in section 2 of this act, as amended. All amounts received by each such bank from such additional subscriptions shall be used exclusively for the purpose of supplying such bank with funds to use in its operations in place of the amounts of which such bank is deprived by reason of extensions made as provided in this paragraph. To enable the Secretary of the Treasury to pay for stock issued hereunder, there is hereby authorized to be appropriated the sum of $25,000,000. The provisions of section 2 of this act, as amended, shall apply with respect to stock authorized to be subscribed for pursuant to this paragraph. The provision for extensions contained herein is not intended to and shall not be construed to limit the use or application of any of the funds of the banks otherwise available for the purpose of making extensions herein authorized. Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension."

Mr. JONES. Mr. President, I offer an amendment to that amendment. I send it to the desk, and ask to have it stated.

The VICE PRESIDENT. The Senator from Washington proposes an amendment to the amendment, which will be stated.

The CHIEF CLERK. On page 6, line 16, after the word "installment," it is proposed to strike out the balance of the section and insert:

On or before or at the end of the amortization period, with the rate of interest per annum on such unpaid installment as is specified in the mortgage.

Mr. JONES. Mr. President, I think the amendment proposed by the committee is better than the language stricken out in the bill as it passed the House. But I think a little bit more liberal provision should be put into the bill. Therefore I have offered this amendment.

Instead of the deferred payment being divided up into installments over a period of five years, my amendment authorizes the putting off of the installment to the end of the period. As I said, I think the committee provision is better than the House provision. Originally it provided for the addition of the unpaid installment to the next payment, and that would add really a double burden, which it might be necessary to meet under conditions no better than those surrounding the first installment.

While, as I have stated, I think the committee amendment is an improvement on the language of the House, I think the language I have proposed would be better, under the conditions which confront these people.

Mr. STEIWER. Mr. President, I want to inquire of the Senator whether he considered the effect of this amendment upon the ability of the banks to meet their obligations to their bondholders and to keep their current interest payments up.

Mr. JONES. I would be glad to have the Senator's idea with reference to that. Of course, I have not given this matter the study which I know the Senator from Oregon has. I had this amendment printed and referred to the committee, and I imagine the committee considered it in connection with the committee amendment proposed. I would be glad to have the Senator's idea with reference to the proposition.

Mr. STEIWER. Mr. President, I do not know that I am an authority on the precise question. I will say that the subcommittee gave consideration to the Senator's proposal, and I think we were partly prompted by his proposal in changing the language of the bill as it passed the House and in presenting the language which is included in the bill as reported from the committee.

I agree thoroughly with the Senator that the language suggested in the committee report is superior to the language used in the bill as it passed the House. We were afraid that the extension of payments to the end of the mortgage period might so thoroughly throw the thing out of line that the banks would not be able to meet their obligations.

It has been explained already in the debate here that there is only 1 per cent margin upon which the banks must conduct all their operations, from which they are to pay their losses. If losses are heavy, as we may reasonably expect them to be in the years to come pending the restoration of better times in this country, it is quite obvious that the Senator's amendment at least might possibly bring to the banks a very serious problem and make it necessary for them to come back to the Congress for further authorization, and possibly for further subscriptions to capital.

I think it would be better, if the Senator were satisfied, for the Senator not to press the amendment; and I suggest now, in keeping with the thought the Senator has in mind, that the power to extend as provided in section 5 of this bill probably admits or reextension, that is to say, if the borrower can not pay within the agreed period which is created under the power of extension, it is provided in this bill, it seems reasonably clear, that the bank can reextend and no doubt would, if it did not bring to the bank a problem which it was not able to meet.

It occurs to us, therefore, that it is better to use the language suggested by the committee than the language suggested by the Senator's amendment.

Mr. JONES. Mr. President, has the Senator any doubt about the power to reextend?

Mr. STEIWER. I have not personally. The reason why I did not speak with more assurance was that I was reflecting merely my own judgment. My own opinion is that there is a clear right in the bank to reextend if the farmer is not able to pay within the time of the agreement as made between the borrower and the bank.

Mr. NORBECK. Mr. President, would the effect of the Senator's amendment be that if the payment could not be made it would be extended clear to the end of the amortization period?

Mr. JONES. That would really be the effect of the amendment.

Mr. NORBECK. It would extend it 20 or 25 years, if there were any extension at all?

Mr. JONES. It would bring it in at the end of the delinquent period.

Mr. NORBECK. I shall have to leave the Chamber, and I hope the Senator will pardon me for having interrupted him. I can not think of anything that would do more to break down the system than that.

Mr. JONES. Mr. President, I recognize the force of the suggestion of the Senator from South Dakota and also of the suggestion of the Senator from Oregon. They are interested in obtaining the same results I am desirous of attaining. I am perfectly willing to have a vote on my amendment without further discussion.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. JONES] to the committee amendment.

The amendment to the amendment was rejected.

Mr. HAYDEN. Mr. President, I offer two amendments, which I send to the desk. I would like to have both the amendments read.

The VICE PRESIDENT. The amendments will be stated.

The CHIEF CLERK. On page 6, lines 10 and 11, strike out the words "installment (which includes amortization and interest)" and insert in lieu thereof the word "obligation."

On page 6, line 12, strike out the word "upon" and insert in lieu thereof the words "under the terms of."

Mr. HAYDEN. Mr. President, if a borrower fails to pay his taxes, fails to pay any other lawful assessment due upon his land, or fails to pay his fire insurance, a Federal land bank which has loaned him money is authorized, under the Federal farm loan act, to pay such taxes and other assessments and to include the amounts thus paid within the loan. Authority to take such action is found in the ninth paragraph of section 12 of the Federal farm loan act, which reads as follows:

9. Every borrower shall pay simple interest on defaulted payments at the rate of 8 per cent per annum, and by express covenant in his mortgage deed shall undertake to pay when due all taxes, liens, judgments, or assessments which may be lawfully assessed against the land mortgaged. Taxes, liens, judgments, or assessments not paid when due, and paid by the mortgagee, shall become a part of the mortgage debt and shall bear simple interest at the rate of 8 per cent per annum. Every borrower shall undertake to keep insured to the satisfaction of the Federal Farm Loan Board all buildings the value of which was a factor in determining the amount of the loan. Insurance shall be made payable to the mortgagee as its interest may appear at time of loss, and, at the option of the mortgagor and subject to general regulations of the Federal Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed.

As I read the terms of this bill, as amended by the Senate Committee on Banking and Currency, the only amounts which can be extended and amortized are installments due and the interest on such installments. It seems to be clear that if the borrower is in such financial condition that he can pay neither an installment nor the taxes and other assessments due, all of his obligations ought to be gathered together and extended in every case where the Federal land banks have included them as a part of his mortgage.

I have submitted this amendment to several members of the committee which reported the pending bill, and they assure me that it meets with their approval.

Mr. STEIWER. Mr. President, a word as to what the Senator from Arizona has just stated. The members of the committee who have considered this proposal considered the language suggested in the two amendments of the Senator from Arizona as an improvement upon the language we have placed in the bill.

The VICE PRESIDENT. Is there objection to acting on the two amendments en bloc? The Chair hears none, and the question is on agreeing to the two amendments to the amendment of the committee.

The amendments to the amendment were agreed to.

The amendment, as amended, was agreed to.

Mr. GEORGE. Mr. President, I send to the desk an amendment I have had printed, and ask that it be read.

The VICE PRESIDENT. The amendment will be reported.

The CHIEF CLERK. The Senator from Georgia proposes to add a new section at the end of the bill, as follows:

SEC. 7. The unexpended balance of the sum of $20,000,000 appropriated by section 2 of the Interior Department appropriation act, approved February 14, 1931, and all amounts heretofore or hereafter received by the Secretary of Agriculture upon the repayment of any advance or loan authorized by such section, are hereby appropriated to be immediately available and to remain available until May 1, 1933, and to constitute a revolving fund until such date, to be administered by the Secretary of Agriculture and to be known as the agriculture credit fund for the purpose of making advances or loans to individuals for forming such local agricultural credit corporations, livestock loan companies, or like organizations as are now or may hereafter be qualified to do business with Federal intermediate credit banks and of increasing the capital stock of such corporations, companies, or organizations, and, in the discretion of the Secretary of Agriculture, of making advances or loans direct to such corporations, companies, or organizations, upon such security as he may deem adequate. The advances and loans from the revolving fund shall be made upon such terms and conditions as the Secretary of Agriculture may prescribe.

Mr. GEORGE. Mr. President, this amendment is, of course, a rider on this bill, and yet it is not unrelated to the general question of rural credits.

The amendment simply proposes to continue an appropriation heretofore made, or so much of it as has not yet been expended, until May, 1933, and to devote that appropriation to the same purposes to which the appropriation was to be devoted under the original act.

The only additional power given is the discretion given to the Secretary of Agriculture to lend from this fund directly to an agricultural corporation or livestock corporation or other like organization authorized to do business with the intermediate credit bank. There is no obligation to do so, there is no mandatory requirement that he make loans for that purpose, but he is merely given the discretionary power.

Mr. President, I wish to say that I originally intended to offer the amendment to the finance corporation bill which was passed by the Senate recently and which is now being considered by the House of Representatives. I consulted the Senator from Connecticut [Mr. WALCOTT], in charge of that measure, and he suggested to me that I defer offering the amendment until this bill came before the Senate. I regret that the Senator from Connecticut is not present. He is familiar with this particular provision. In fact, as a member of the committee he approved it originally, as I understand it.

I also consulted with the Senator from Ohio [Mr. BULKLEY] and the Senator from Virginia [Mr. GLASS], who were likewise interested, as members of the Committee on Banking and Currency, in charge of the finance bill already considered and passed by the Senate.

While this is a rider it undertakes to assist rural credits, not upon a purely temporary basis but it undertakes to set up something in the nature of a permanent system of rural credits.

Intermediate credit banks, of course, are under the Federal land banks. The connection, of course, all Senators appreciate. The intermediate credit bank makes loans for both production and marketing purposes. It makes those loans only to or through local agricultural corporations or livestock associations or like associations of farmers. It is therefore necessary for the farmers to be able to set up their local agricultural corporations or livestock associations in order to avail themselves of the privilege of borrowing through the intermediate credit banks.

In the last seed, feed, and fertilizer loan law providing loans to relieve farmers in the drought areas provision was made for the segregation of $20,000,000 to be loaned or advanced by the Secretary of Agriculture to those farmers who wished to organize local agricultural corporations or livestock associations. In other words, money was provided through which the original capital stock for this organization might be obtained, or the organization already in existence might obtain additional funds with which to increase its capital stock.

That was a constructive provision in that measure. There ought to be a permanent revolving fund set up for this particular purpose. But this amendment does not ask for a permanent revolving fund. It asks merely that the unexpended part of the original appropriation be continued until May, 1933, to be used for identically the same purposes as provided in the original act, with the single exception that the Secretary of Agriculture is given the discretionary power to make a loan directly to the corporation itself. He is not obliged to do so, and I apprehend that he would not undertake to do so.

I sincerely hope that those in charge of the bill will accept the amendment and let it go to conference.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Tennessee?

Mr. GEORGE. I yield.

Mr. McKELLAR. Is it the farm-feed loan appropriation to which the Senator refers, or is it a different appropriation?

Mr. GEORGE. It is $20,000,000 which was appropriated at that time for the purpose of establishing these associations or increasing the capital stock of existing associations.

Mr. McKELLAR. The amendment does not include the loans that were made to individuals?

Mr. GEORGE. Oh, no; except for this purpose. I may say to the Senator from Tennessee and to the Senate that it calls for $20,000,000, or so much of that fund as has not

been expended. It calls for the unexpended balance of it. There is about $7,000,000, as I understand.

Mr. McKELLAR. Will the Senator allow me to state that one of these feed-loan organizations was established in Tennessee for a number of States of which that particular State was the center? Arkansas, Mississippi, Alabama, and Tennessee, and possibly Kentucky, were included. I do not think anything the Government has done in a very long time has been of more real benefit to the farmers than were those loans. Many of the farmers could not have made crops if they had not had these loans. The loans were managed splendidly. A representative of the Government was sent out there as the general manager of the system, and he has done splendid work. I do not believe that Congress has done any better work at any time for the farmer than in the establishment of this fund for loans of this character. I wish they could be continued. I am in hopes that they may be continued under the amendment.

Mr. CAREY. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Wyoming?

Mr. GEORGE. I yield.

Mr. CAREY. I made some inquiries at the Department of Agriculture this morning regarding the fund. I find that out of the $10,000,000 set aside for agricultural credits, slightly less than $1,500,000 has been loaned, which would leave about $8,500,000 available under the amendment of the Senator from Georgia. As chairman of the subcommittee which has the bill in charge, I may state that we will be very glad to accept the amendment.

Mr. GEORGE. I thank the Senator.

Mr. McNARY. Mr. President, I think it very unfortunate, indeed, that this amendment is attempted to be placed on the bill now before us, because it interferes with a general policy now about to be worked out by the Department of Agriculture, together with the two committees of the House and Senate. This is purely an effort to divert the funds which were appropriated last year. The $20,000,000 appropriated last year, carried as an amendment to an appropriation bill, was for three purposes: First, agricultural credit; second, to enable the farmers to secure a crop; third, to rehabilitate agriculture; all of which was secured by liens on growing crops. It was supplementary to the legislation to care for people in the drought-stricken region.

The amendment of the Senator from Georgia now comes along without any head or tail to it. It diverts the money for another purpose than that provided in existing law.

Mr. GEORGE. I do not think so.

Mr. McNARY. I am sure of it. I have the act before me.

Mr. GEORGE. I would be glad if the Senator would point that out. My amendment devotes the fund to the identical purposes, except it gives discretionary power to the Secretary of Agriculture that he did not have heretofore.

Mr. McNARY. The Senator's amendment provides that the Secretary of Agriculture may use this money to strengthen rural credits upon such terms as he may suggest, leaving him a wide discretion. Last year that was not the purpose of the $20,000,000 appropriation. It was to assist the farmers in growing their crops, to rehabilitate agriculture, and to strengthen rural credits. In the act, which was sponsored by the Senator from Arkansas, a lien on growing crops was required of individuals borrowing money. It is quite a different proposition than the purposes of the Senator's amendment, because in my opinion the purposes of the pending measure were not in the minds of those who voted for the $20,000,000 amendment last year.

Furthermore, it runs contrary to and exactly into collision with the work of a separate committee, having jurisdiction over this matter, and the Secretary of Agriculture, who are trying to work out a permanent policy covering all matters relating to the growing of crops.

Mr. ROBINSON of Arkansas. Mr. President, I think the Senator from Oregon has misinterpreted the amendment of the Senator from Georgia.

Mr. McNARY. I read it very hastily. If I have misinterpreted it, I should be glad to be corrected.

Mr. ROBINSON of Arkansas. As I read the amendment of the Senator from Georgia, and I, too, have read it hastily, it proposes to devote the $20,000,000 which was appropriated last year in the act referred to by the Senator from Oregon to one of the same purposes that were authorized in the legislation of 1931, namely, to make advances or loans to individuals in the drought or storm or hail stricken areas of the United States for the purpose of assisting in forming local agricultural credit associations, livestock-loan companies, or like organizations, as are now or may hereafter be qualified to do business. Am I correct in that statement?

Mr. GEORGE. The Senator is entirely correct.

Mr. ROBINSON of Arkansas. It may be, and I think probably it is true that all of the remainder of the $20,000,000 will not be required for the purposes of the Senator's amendment. Only a comparatively small amount of it was used last year. But so far as my information goes, and I just a few moments ago had a conference with the Secretary of Agriculture, my impression is that the facts are as stated by the Senator from Wyoming [Mr. CAREY]. The adoption of this amendment is not inconsistent with the legislation in contemplation for the making of loans in 1932 either to individuals or to the associations embraced in the amendment.

I think it is regrettable that the whole subject matter could not have been considered by committees charged with such legislation, but at the same time I think the Senator from Oregon should bear in mind that the amendment of the Senator from Georgia is merely making available in effect the unexpended balance of the fund for the purposes for which it was authorized in 1931. Is not that correct?

Mr. GEORGE. Exactly. In order to make that perfectly clear, and in order to remove any controversy about it, I shall be glad to accept an amendment to my amendment simply continuing the unexpended balance of the fund to be used for the same purposes and under the same conditions as described in the original act.

Mr. STEIWER. Mr. President, will my colleague yield for a suggestion?

The VICE PRESIDENT. Does the Senator from Oregon yield to his colleague?

Mr. McNARY. I yield.

Mr. STEIWER. As I remember it, the $20,000,000 appropriated by the last Congress was for at least two purposes, if not more, and that under the authority of the resolution the Secretary of Agriculture set aside $10,000,000 for loans to the agricultural and livestock credit associations, and that $10,000,000 was to be used for some entirely dissimilar purpose, I believe for loans for food for farmers in the drought-stricken area.

If I read correctly the proposal of the Senator from Georgia, he would not only extend the law as to the $10,000,000 which was to be loaned to the agricultural livestock and credit associations, but that any residue of the other fund or any repayment from the other $10,000,000 would also be carried into the same fund. I was wondering if that is not what my colleague had in mind in the suggestion he made just a moment ago?

Mr. McNARY. Yes; in part; and I thank my colleague.

Let me say to the Senator from Georgia, having the previous act before me and having some familiarity with the purpose of it, that the act specified particularly that the $20,000,000 was first to be used to make advances or loans to individuals in the drought or storm or hail stricken areas of the United States. There is a restriction placed upon its use. The Senator's proposition makes it universal in its application without respect to any part of the country.

Secondly, it was to be used to make advances or loans to farmers for crop production. Crop production is a matter which is only partially related to the Senator's amendment.

His amendment does two things. It enters upon a line of legislation that is not contemplated by the bill now receiving the consideration of the Senate. Secondly, it restricts the application territorially, whereas the Senator's amendment makes its application universal. Those are the objections I point out to the Senator's proposal.

I have had several conferences with the Secretary of Agriculture, and he spent a part of yesterday and the day before with me attempting to bring about a uniformity in all these laws applying to drought-stricken regions requiring relief, so as to provide a revolving fund out of a portion of this fund to be applicable to all of the States under certain conditions.

The objection I have to the proposition of the Senator is that he is attempting to legislate in a haphazard way that has no relation to the subject matter in its entirety. The Senator is always anxious to legislate wisely and for the best purposes involved. If the Senator will withhold his amendment for a few days, I may state to him that the Committee on Agriculture and Forestry will go into the whole proposition and report out a bill that will meet the situation which he is trying to cure by his amendment. The only interest I have in the matter is for the legislation to proceed in an orderly and logical way.

Mr. ROBINSON of Arkansas. Mr. President, may I say to the Senator from Georgia that I have some sympathy with the suggestion which is made by the Senator from Oregon. At the same time I do not think the amendment of the Senator from Georgia is subject to the criticism made by the Senator from Oregon in the entirety of that criticism. The Senator from Georgia simply seeks to make available the unexpended balance of the fund for one of the purposes for which it was originally authorized. I believe that it may be well for the Senator from Georgia to consider the suggestion made by the Senator from Oregon.

Mr. GEORGE. Mr. President, I was about to say that I have introduced a bill creating a permanent revolving fund for this purpose, which bill has been referred to the Committee on Agriculture and Forestry. With the assurance of the Senator from Oregon that the matter is having consideration and that the committee does propose to deal with the subject, I am so thoroughly convinced of the justice and equity of the suggestion that I would be quite willing to abide the action of the committee. I understand that I have that assurance or did have that assurance from the Senator from Oregon?

Mr. McNARY. Yes; I stated very frankly that the committee will consider legislation of this character in a few days, just as soon as a plan has been finally submitted to several who are interested. I think one who is studying it at the present time is the able Senator from Arkansas [Mr. ROBINSON].

Mr. GEORGE. I was moved to offer the amendment at this time in part, at least, because of the action taken by the Senate in voting $50,000,000 directly to the farmers in the Reconstruction Finance Corporation bill. It seemed to me to be appropriate to set up this credit agency for those individuals who desire to form the local credit associations or who wish to extend the capital stock of existing corporations.

Mr. ROBINSON of Arkansas. Mr. President, may I add to what has been said by the Senator from Georgia [Mr. GEORGE] and the Senator from Oregon [Mr. STEIWER] and myself, that in the last paragraph of the act approved February 14, 1931, $20,000,000 were appropriated for two purposes; first, "to make advances or loans to individuals in the drought and/or storm or hail stricken areas of the United States for the purpose of assisting in forming local agricultural-credit corporations, livestock loan companies, or like organizations, or of increasing the capital stock of such corporations," and so forth. The second purpose was "to make advances or loans to farmers for crop production for the crop of 1931."

It is apparent that a part of that $20,000,000 fund was available for two purposes. I think it has been stated by the junior Senator from Wyoming [Mr. CAREY] that $10,000,000 of the $20,000,000 fund was set apart for the purpose of providing capital stock for the corporations described and that only a comparatively small amount of it was used for that purpose.

The amendment of the Senator from Georgia would make available the entire $20,000,000 or unexpended balance of it for one of the purposes embraced in the act. I think it may be very well for the Senator to pursue the course he has indicated that he is willing to pursue, having in mind that the matter is being studied now with a view to working it out along the lines of his amendment, and that, in all probability, a bill will be presented in the early future which will consummate his purpose.

Mr. GEORGE. Mr. President, I am quite willing to give it that direction.

The VICE PRESIDENT. The Senator withdraws his amendment.

Mr. JONES. Mr. President, I was just going to suggest to the Senator in regard to his amendment that, instead of it reading, "advance or loan authorized by such section, are hereby appropriated to be immediately available and to remain available until May 1, 1933, and to constitute a revolving fund" it be made to read, "advance or loan authorized by such section shall remain available until May 1, 1923, and shall constitute a revolving fund." Of course, however, if the Senator has withdrawn his amendment, it is not necessary to make any suggestion of that kind.

Mr. GEORGE. I appreciate the suggestion made by the Senator from Washington.

Mr. LOGAN. Mr. President, on yesterday I presented an amendment. I offer it at this time and ask the clerk to read it.

The VICE PRESIDENT. The amendment offered by the Senator from Kentucky will be stated.

The CHIEF CLERK. On page 6, line 10, section 5, after the word "it" and before the word "to," it is proposed to insert the following: "and the Federal farm loan association through which the loan was made consents to it."

Mr. LOGAN. Mr. President, the sole purpose of the amendment is to require the consent of the Federal farm loan association before there shall be an extension of the loans effected. These loans were originally made through farm loan associations, and the associations are responsible for any loss that may be sustained. I take it that everyone will agree that such extension could not be made without the consent of the association. Therefore I think a provision to that effect ought to be incorporated in the bill.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Kentucky yield to me?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. LOGAN. I do.

Mr. ROBINSON of Arkansas. May I say that I think the amendment of the Senator from Kentucky should be agreed to? Aside from the question of policy that has been referred to in connection with this subject by the Senator from Virginia [Mr. GLASS] and also by the Senator from Kentucky, there arises a question of power, a question of authority. If the Congress assumes to authorize extensions in violation of the law governing the associations which are responsible for the loans, we may be confronted with the problem as to whether those associations are to be held hereafter for the payment of the loans. We might involve a legal question that is easily averted by the incorporation of the amendment of the Senator from Kentucky.

Mr. LOGAN. In response to what the Senator from Arkansas has said, if the question should be taken before any court I assume that if the obligations are contractual between the bank and the association the court would say at once that this was invalid, because we could not confer upon the bank the authority to make the extension, as it would be an impairment of a contract.

On the other hand, if it is legislative, and they entered into an arrangement with the knowledge that the Congress might change the law, then the association would be released, and no extension would be made, because the bank is not going to relieve the association. I hope the Senator in charge of the bill will accept the amendment.

Mr. STEIWER. Mr. President, will the Senator yield to me for just an observation or two?

Mr. LOGAN. I yield.

Mr. STEIWER. I shall not address myself at length to this matter, but it is one which was considered by the subcommittee.

Applications for loans are made through the associations. I had some little trouble in my own mind determining whether under the law the application was really addressed to the association or to the bank. The language employed in the act is "through the association." I find, after conference with the officials of the Federal land bank board, that the contract for loaning the money when approved by the association is actually made by the land bank and the mortgage runs from the borrower to the land bank. In connection with the transaction there are some incidental matters growing out of the necessity for subscription to the stock of the association by the borrower and subscription to the stock of the bank by the association, but the mortgage actually runs from the borrower to the bank, and the association becomes an indorser upon the obligation.

Mr. LOGAN. That is correct.

Mr. STEIWER. I think it will be everywhere agreed, inasmuch as these associations are indorsers upon the obligations, that the bank can not legally extend the obligation without the consent of the indorser, and the committee, in the consideration of the matter, assumed that in every case the bank would endeavor to secure and would secure the consent of the association before making any extension. We concluded, however, in connection with the same matter, that it was not necessary to incorporate into the law that that consent be obtained. We assumed that the land bank would not make the extension if it was going to do it in such a way as to discharge its indorsers. Certainly it would not be to the bank's interest to do so. Therefore we thought it was not necessary.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. STEIWER. I am speaking in the time of the Senator from Kentucky [Mr. LOGAN]. I am very happy to yield if I have the right to do so.

Mr. ROBINSON of Arkansas. Very well.

Mr. STEIWER. We concluded merely that this restriction or definition that the Senator from Kentucky would write into the law was wholly unnecessary. We could have provided much wealth of detail. We could have provided, for instance, as to the form of the agreement of extension, and could have provided that such agreement be recorded. We could have provided that the rights of intervening lienors should not be infringed and that the junior encumbrances should be unaffected by the arrangement for extension. All those things should have been provided, but we reached the conclusion that they were all unnecessary because of necessity the land banks in making extensions would do nothing to permit the junior incumbrancer to intervene or to promote his rights and they would do nothing that would discharge the indorser.

With that explanation, I think it is wholly a matter of indifference to the committee as to whether this language is written in the bill or not.

Mr. LOGAN. Mr. President, I think the Senator misconceives what I have in mind. I believe it would be very unsafe to enact a law conferring power that we can not confer, on the assumption that the party upon whom it was conferred was going to do the thing that the law actually requires before the act would be legal. So to say that we will assume that the Federal farm banks will get the consent of the association would not, in my judgment, make the act good. I believe that it is necessary to the validity of the act itself that it shall provide that these extensions shall not be made without the consent of the other party interested, because the association is responsible for all loss, and to make an extension without its consent would release it, so that the bank naturally would not make the release. The associations might say "Congress has relieved us of any further responsibility; we have nothing to do with it; they have placed the authority in the banks." So, at least, I would say to the Senator from Oregon, accepting his view of the matter, that no harm can come by adopting the amendment and much harm may come by failure to adopt it.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Kentucky.

The amendment was agreed to.

Mr. CONNALLY. Mr. President, I have an amendment at the desk, which I now offer and ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of section 5 it is proposed to add the following:

The directors, in exercising the discretion to extend installments as herein provided, shall consider, in addition to general economic, business, and agricultural conditions, the particular circumstances affecting each loan for which an extension is sought, including amount and punctuality of former payments, the amount of principal remaining unpaid and its relation to the original principal, and all such other factors as affect the ultimate safety of such loan.

Mr. CONNALLY. Mr. President, I do not care to take up the time of the Senate in discussing the amendment. Its object is to require the board to pass upon the merits of each individual case rather than to adopt any broad general policy. If the loan has been good in the past, if payments have been met, it certainly ought to have preference over one that is not in a good condition. I submit the amendment to the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Texas.

The amendment was agreed to.

Mr. THOMAS of Idaho. I offer an amendment, which I ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 3, line 1, after the numeral "2," it is proposed to insert "(a)," and, after line 25, to insert the following new paragraph:

(b) Section 23 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 901, 902), is further amended by inserting before the period in the first sentence of the second paragraph thereof a colon and the following: "*Provided*, That any dividend or dividends declared by any joint-stock land bank shall be subject to the approval of the Farm Loan Board."

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Idaho.

Mr. THOMAS of Idaho. The object I have in offering the amendment is that I want the same requirement declaring dividends to apply to the joint-stock land banks that now applies to Federal land banks.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, in line 19, page 6, I think the words "Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension" are ambiguous and uncertain. I do not think they add anything to the bill, and I move to strike out those words.

The VICE PRESIDENT. The amendment offered by the Senator from Florida to the amendment of the committee will be stated.

The CHIEF CLERK. On page 6, the Senator from Florida moves to strike out the following words:

Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

Mr. STEIWER. Mr. President, inasmuch as the language just preceding the language to which the Senator has called attention provides that the payments shall be made by agreement, it would seem that this provision, providing that the payments shall be made in a certain fixed manner, becomes surplusage at any rate, and may be contradictory to the other language. I therefore am quite in agreement with the proposal of the Senator from Florida, and am in favor of the amendment.

The VICE PRESIDENT. Without objection, the vote whereby the amendment of the committee was agreed to will be reconsidered; and the question is upon agreeing to the amendment proposed by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. There is one further committee amendment, which will be stated.

The CHIEF CLERK. On page 7, line 2, strike out "as amended (U. S. C., title 12, ch. 7)" and insert "and/or any act or acts amendatory thereof or supplementary thereto."

The amendment was agreed to.

The CHIEF CLERK. It is also proposed to renumber the sections.

The VICE PRESIDENT. By unanimous consent, the sections will be renumbered.

The bill is before the Senate and open to amendment.

Mr. FRAZIER. Mr. President, I noticed in the hearings that the representatives of some of the farm organizations raised the question as to the voting by the Treasury Department of the stock representing the $100,000,000 put in by the Government. There was an explanation given; but the representatives of the farm organizations did not seem to be satisfied and thought there should be a provision here that this $100,000,000 of Treasury capital stock should not vote.

Mr. CAREY. Mr. President, the law provides that 3 directors shall be chosen by the farm loan associations, 3 by the Government, and 1 shall be selected from nominations made by the farm loan associations.

Mr. FRAZIER. That simply refers to the election of directors of the banks.

Mr. CAREY. Of the banks, yes; and the directors of the banks would control the banks, naturally. So, I do not think this additional stock ownership by the Government gives the Government any additional voting power in the banks or takes it away from the farm-loan associations.

Mr. FRAZIER. In the law, on page 8, section 5, it provides that the stock owned by the Government can be voted by the Farm Loan Commissioner; and, if it can, although they say it never has been voted, inasmuch as the representatives of the farm organizations want this voting power struck out, I can see no objection to an amendment, on page 2, line 19, after the words "$100,000,000," to add "such stock to be nonvoting."

The VICE PRESIDENT. Does the Senator offer that amendment?

Mr. FRAZIER. I offer that amendment. I understand that the $125,000,000 amendment was struck out, so that $100,000,000 is in the bill at the present time.

The VICE PRESIDENT. That is true. The amendment will be stated.

The CHIEF CLERK. On page 2, line 19, after the period following "$100,000,000," add the words, "such stock to be nonvoting."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

Mr. STEIWER. Mr. President, it is true, I believe, as suggested by the Senator, that under the act as the Senate is to-day amending it the new stock subscribed by the United States could be voted. Under the provisions of section 4 of the act it could be voted by the commissioner. The committee gave little attention to the matter. We thought the voting of the stock was more of a fiction than a reality and that it was of little consequence whether it voted or not, by reason of the fact that the banks are administered by boards of directors and a separate provision of the law prescribes the means of selection of the boards of directors. The boards of directors select the executive officers. The boards of directors and executive officers together conduct all of the operations of the institutions.

The provision respecting the voting of stock was put in the act in the first place because originally all of the stock was owned by the United States; and there was a temporary organization set up before the associations had been created or organized, and before there was any control or power in the representatives of the associations. At that time the subject was very real; but subsequently, by the development under the act, the right of voting is a mere theory. I do not know that it makes any difference whether the amendment goes in or stays out.

Mr. CAREY. Mr. President, I have made inquiry, and I find that even with the Government having power to vote this stock by the farm loan commissioner, that would have nothing to do with the election of the directors. The directors would be elected as I stated a few moments ago.

I do not know that this amendment makes a great deal of difference. It would not affect the control of the stock. I mean the directors would be chosen by the associations and by the Government—3 by the Government, 3 by the associations, and 1 to be selected from nominations made by the farm loan associations. So the control would not be with the Federal Government.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

The amendment was agreed to.

The VICE PRESIDENT. If there be no further amendment to be proposed, the question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

RESIGNATION OF MR. JUSTICE HOLMES

Mr. WALSH of Massachusetts. Mr. President, in connection with the retirement of Oliver Wendell Holmes, I ask to have read at the desk a communication sent to him by his former associates of the United States Supreme Court, and the reply thereto by Mr. Justice Holmes. They are both very brief and historic and should be preserved.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

SUPREME COURT OF THE UNITED STATES,
Washington, D. C., January 12, 1932.

Mr. Justice HOLMES.

DEAR JUSTICE HOLMES: We can not permit your long association in the work of the court to end without expressing our keen sense of loss and our warm affection. Your judicial service of over 49 years—20 years in the Supreme Judicial Court of Massachusetts and 29 years upon this bench—has a unique distinction in uninterrupted effectiveness and exceptional quality. Your profound learning and philosophic outlook have found expression in opinions which have become classic, enriching the literature of the law as well as its substance. With a most conscientious exactness in the performance of every duty, you have brought to our collaboration in difficult tasks a personal charm and a freedom and independence of spirit which have been a constant refreshment. While we are losing the privilege of daily companionship, the most precious memories of your unfailing kindliness and generous nature abide with us, and these memories will ever be one of the choicest traditions of the court.

Deeply regretting the necessity for your retirement, we trust that—relieved of the burden which had become too heavy—you may have a renewal of vigor and that you may find satisfaction in your abundant resources of intellectual enjoyment.

Affectionately yours,

CHARLES E. HUGHES.
WILLIS VAN DEVANTER.
JAMES C. MCREYNOLDS.
LOUIS D. BRANDEIS.
GEORGE SUTHERLAND.
PIERCE BUTLER.
HARLAN F. STONE.
OWEN J. ROBERTS.

SUPREME COURT OF THE UNITED STATES,
Washington, D. C., January 12, 1932.

The CHIEF JUSTICE AND ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES OF AMERICA.

MY DEAR BRETHREN: You must let me call you so once more. Your more than kind, your generous, letter touches me to the bottom of my heart. The long and intimate association with men who so command my respect and admiration could not but fix my affection as well. For such little time as may be left for me I shall treasure it as adding gold to the sunset.

Affectionately yours,

O. W. HOLMES.

EXPENSES OF DISARMAMENT CONFERENCE

Mr. ROBINSON of Arkansas. Mr. President, out of order, I ask leave to report back favorably from the Committee on Foreign Relations, Senate Joint Resolution 79, to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932.

Let me say that the joint resolution now submitted authorizes an appropriation of $450,000, which is the amount estimated by the State Department as necessary for the purposes of the conference.

The VICE PRESIDENT. Without objection, the report will be received.

Mr. ROBINSON of Arkansas. I ask unanimous consent for the immediate consideration of the joint resolution.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Senate proceeded to consider the joint resolution (S. J. Res. 79) to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932, which was read, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the sum of $450,000, or so much thereof as may be necessary, is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932, and for each and every purpose connected therewith, including transportation and subsistence or per diem in lieu thereof (notwithstanding the provisions of any other act), personal services in the District of Columbia and elsewhere, without reference to the classification act of 1923, as amended, stenographic and other services by contract if deemed necessary without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5), rent of offices and rooms, purchase of necessary books and documents, printing and binding, official cards, entertainment, hire, maintenance, and operation of motor-propelled passenger-carrying vehicles, the reimbursement of other appropriations from which payments may have been made for any of the purposes herein specified, and such other expenses as may be authorized by the Secretary of State.

THE CALENDAR

Mr. McNARY. I ask unanimous consent that the Senate proceed to the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Sheppard
Austin	Davis	Kendrick	Shortridge
Bailey	Dickinson	Keyes	Smith
Barbour	Dill	King	Steiwer
Barkley	Fess	La Follette	Swanson
Bingham	Fletcher	McGill	Thomas, Idaho
Black	Frazier	Logan	Thomas, Okla.
Blaine	George	McKellar	Townsend
Borah	Glenn	McNary	Trammell
Bratton	Goldsborough	Metcalf	Tydings
Bulkley	Gore	Morrison	Vandenberg
Bulow	Hale	Moses	Wagner
Byrnes	Harris	Neely	Walcott
Capper	Harrison	Norbeck	Walsh, Mass.
Caraway	Hatfield	Norris	Walsh, Mont.
Carey	Hawes	Nye	Waterman
Connally	Hayden	Oddie	Watson
Coolidge	Hubert	Patterson	Wheeler
Copeland	Howell	Pittman	White
Costigan	Hull	Robinson, Ark.	
Couzens	Johnson	Robinson, Ind.	
Cutting	Jones	Schall	

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

The Secretary will report the first bill on the calendar.

The first order of business was Senate bill 7, to provide for the deportation of certain alien seamen, and for other purposes.

Mr. STEIWER. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

REIMBURSEMENT OF THE CITY OF BALTIMORE

The joint resolution (S. J. Res. 8) authorizing and directing the Comptroller General of the United States to reopen, adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense, and for other purposes, was announced as next in order.

Mr. FESS. Let that go over.

Mr. TYDINGS. Mr. President, this joint resolution has been passed three times.

Mr. FESS. Will the Senator explain it?

Mr. TYDINGS. Certainly.

Mr. FESS. Is not that a claim which dates back to Civil War times?

Mr. TYDINGS. Yes; and nine States and a number of cities have had similar claims settled. I think Baltimore is the only city whose claim has not been paid. All the other claims have been made.

This claim has been approved by the Comptroller General. The canceled bonds have been submitted to him, he has made a thorough accounting of it, and this is only in line with all other similar measures which have been passed by the Congress.

Mr. FESS. What is it?

Mr. TYDINGS. This is a joint resolution to take care of a claim of Baltimore City for $171,000 advanced by the city to the Federal Government for the construction of breastworks around Baltimore at the time of Lee's invasion just before the Battle of Gettysburg. The action was taken at the request of the Federal Government, a bond issue was floated, and Baltimore was fortified at the request of the President of the United States.

I may say to the Senator from Ohio that in every other case where action like this was taken, some eight or nine cases, the Senate has approved a measure for relief, and the money has been paid. Baltimore is the only city whose claim has not been settled.

Mr. BINGHAM. Mr. President, I do not want to do anything to hurt the cause of my friend the Senator from Maryland, for whose cause I plead, but I desire to say that the State of Connecticut has a similar claim, a bill for the settlement of which has passed the Senate twice, I think, but which has never been enacted, because it never got by the House of Representatives, although eight other measures for the relief of States and cities have been enacted and the cases have been settled. I did not wish the Senator's statement to stand that the claim of Baltimore was the only one which has not been settled, because the claim of Connecticut has not been paid.

Mr. BORAH. Mr. President, these claims are founded in justice. There is no doubt about the basis of this claim. The obligations were incurred, and incurred at the request of the National Government.

Mr. FESS. Why has the city waited 69 years?

Mr. BORAH. The Lord only knows.

Mr. TYDINGS. I do not want to wait any longer. I do not want to make it 10 more years. I think the reason why we have not succeeded heretofore is because we could not get one body or the other to act on the claim. At this time I have attempted to get the claim out early so that there would not be any excuse for it being postponed further. I hope the Senator will not object.

There being no objection, the Senate proceeded to consider the joint resolution, which was read, as follows:

Resolved, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to reopen, adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense and to allow, in addition to the amount heretofore reimbursed to said city under the provisions of the act of March 3, 1879 (26 Stat. 385), not to exceed the sum of $171,034.31, as expenses incident to the raising of funds for such advances as shown in the Comptroller General's report of May 3, 1930, to the Senate, and to certify to Congress for an appropriation the balance found due the city of Baltimore.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

HUNTER P. MULFORD

The Senate proceeded to consider the bill (S. 236) for the relief of Hunter P. Mulford.

Mr. KING. Let the bill be read.

The bill was read, as follows:

Be it enacted, etc., That there is hereby appropriated, out of the revenues of the District of Columbia, the sum of $150 to enable the Commissioners of the District of Columbia to pay such sum to Hunter P. Mulford, in full settlement of his claim for damages against the District for personal injuries and for damaging his automobile as the result of being struck by certain apparatus of the fire department of the District at Fourteenth and E Streets NW. on November 22, 1929.

The bill was ordered to be engrossed for a third reading, read third time, and passed.

SENATOR FROM NORTH CAROLINA

The Senate proceeded to consider the resolution (S. Res. 60) to hear and determine the contest of George M. Pritchard against Josiah W. Bailey for a seat in the Senate from the State of North Carolina, which was read, as follows:

Whereas on the 3d day of March, 1931, the Senate referred to the Committee on Privileges and Elections the pending contest between George M. Pritchard and Josiah W. Bailey involving the question whether the said George M. Pritchard or the said Josiah W. Bailey, or either of them, is entitled to membership in the United States Senate as a Senator from the State of North Carolina: Now, therefore, be it

Resolved, That the Committee on Privileges and Elections is hereby authorized to hear and determine said contest and to take such evidence as it may deem proper in order to determine the questions involved and certify its conclusions to the Senate.

Said committee is authorized by itself or by any subcommittee to investigate the questions aforesaid, and shall have authority to act by or through such agents or representatives as it may see fit to designate.

Said committee or any subcommittee thereof shall have power to issue subpœnas and require the production of all papers, books, documents, or other evidence pertinent to said investigation, and to impound ballot boxes and all records and paraphernalia used in the election in question; and said committee or any subcommittee thereof may sit during the sessions of the Senate and during any recess of the Senate or of the Congress and hold its sessions at such places as it may deem proper.

It shall have authority to employ clerks and other necessary assistance and to employ stenographers, at a cost not to exceed 25 cents per 100 words, and to cause to be taken and recorded all evidence received by the committee, and to have said evidence printed for the information of the Senate.

The Sergeant at Arms of the Senate and his deputies and assistants are hereby required to attend the said Committee on Privileges and Elections or any subcommittee thereof and to execute its directions.

The chairman of the committee and each and every member thereof is hereby empowered to administer oaths and generally have such powers and perform such duties as are necessary or incident to the exercise of the powers and duties imposed by this resolution.

Said committee shall report to the Senate at the earliest practicable date.

The cost of investigations and proceedings in pursuance of the foregoing to be paid out of the contingent fund of the Senate and not to exceed $10,000.

Mr. ROBINSON of Arkansas. Mr. President, I believe this resolution should be referred to the Committee on Privileges and Elections, and that before the Senate undertakes to authorize an investigation of the matters set forth in the alleged contest, such action should be recommended by the committee having jurisdiction.

I am perfectly aware of the fact that the custom has grown up in the Senate of passing resolutions like that now under consideration without any formal expression of the committee charged primarily with the responsibility. This resolution was introduced by the chairman of the Committee on Privileges and Elections, the Senator from California [Mr. SHORTRIDGE], on December 10, 1931. It was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and by that committee reported back with an amendment.

As originally presented, the resolution authorized an expenditure of $25,000 for its purposes. The amendment reported by the Committee to Audit and Control the Contingent Expenses of the Senate reduced the authorization to $10,000.

We have been in the habit of expending from the contingent fund of the Senate hundreds of thousands of dollars in the consideration of contests, and perhaps those expenditures were essential and indispensable in cases where the Senate determined that a contest should be carried on.

It is for the purpose of inviting the attention of Senators to the fact that there are some unusual feaures in this contest that I rise. I do not believe there is sound justification for the contest. I do not believe we ought to initiate a proceeding of this nature until a prima facie case is made of the necessity for a hearing of the contest.

In making that statement it does not seem to me that I am moved by partisan considerations. There are some circumstances related to this subject of which it seems the Senate should have knowledge, and of which it should take cognizance, before it makes this initial appropriation, which, if made in good faith, will result in the expenditure of $100,000 or more.

Mr. SHORTRIDGE. Mr. President, will the Senator permit a question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SHORTRIDGE. As I understand it, it might not involve the expenditure of a dollar. If the Senator will pardon me, this resolution really is intended to give jurisdiction to the committee to investigate. The committee will be called immediately upon the adoption of the resolution, and at that time the sufficiency of the pleading can be taken up and considered, and it may be found to be utterly insufficient to warrant further proceedings.

Mr. ROBINSON of Arkansas. Mr. President, I am in entire accord with the statement made by the Senator from California, although I think I must be in discord with the conclusion at which he arrives. Does it require the appropriation of $10,000 to enable the Committee on Privileges and Elections to determine whether a contest shall be authorized?

Mr. JONES. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. In just a moment. My suggestion was and is that the resolution be referred to the Committee on Privileges and Elections, and when that committee has reported, it will then be time for the Senate to determine whether we wish to make appropriations for the purposes of the resolution.

No appropriation is necessary, we do not need to withdraw $10,000 from the already depleted and almost exhausted contingent fund of the Senate, to authorize the Committee on Privileges and Elections to decide whether it will hear this contest. They have the right to decide that upon a mere reference of the resolution.

I yield to the Senator from Washington.

Mr. JONES. I was about to ask the Senator from California what the Senator from Arkansas has just suggested, whether his committee could not proceed and pass upon the question without any appropriation whatever.

Mr. ROBINSON of Arkansas. I think it can, certainly. I pause now for an answer from the Senator from California. It may be unnecessary for me to go into some of the matters which are involved in the contest.

Mr. McNARY. Mr. President, if this matter is going to lead to prolonged debate, I shall make objection to its consideration, because we want to go through the calendar this afternoon.

Mr. ROBINSON of Arkansas. Mr. President, the Senator can not object to its consideration. It is on the calendar and consent has been given to its consideration.

Mr. McNARY. Consent has been given to the consideration of unobjected bills on the calendar.

Mr. ROBINSON of Arkansas. Mr. President, in all good faith, I think this matter ought to be determined now. I myself have asked that it be deferred until an opportunity could be had for fair consideration. If the Senator from California is willing that it shall go to his committee, I am willing and ready to make the motion to refer the resolution to that committee.

Mr. BINGHAM. Mr. President, I hope the Senator will make that motion.

Mr. ROBINSON of Arkansas. Unless some other Senator wishes to speak, I shall do so.

Mr. SHORTRIDGE. Let the Senator make the motion, and I will claim the floor to explain the situation as I understand it.

Mr. ROBINSON of Arkansas. If the Senator is going to oppose the motion, I shall reserve my right to continue to discuss the matter, unless some one objects to the consideration of the resolution.

Mr. McNARY. Mr. President, I have stated exactly what I intend to do. That is an important matter, and a time should be set aside for its consideration.

Mr. ROBINSON of Arkansas. Mr. President, it is a privileged matter.

Mr. SHORTRIDGE. Will the Senator permit me to make a suggestion?

Mr. ROBINSON of Arkansas. Yes.

Mr. SHORTRIDGE. Will the Senator let the matter go over until to-morrow?

Mr. ROBINSON of Arkansas. To-morrow I will not be here. I have remained this afternoon, after the passage of the bill which was under consideration, so as to be present when the pending resolution was reached on the calendar. This is a privileged matter, and why do Senators insist upon passing over a matter of the highest privilege in order to take up appropriations to settle claims?

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. ROBINSON of Arkansas. I yield.

Mr. BORAH. I can not understand why the resolution should not go to the committee. I do not understand why there should be objection to having it go to the committee and the committee report upon it.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the resolution be referred to the Committee on Privileges and Elections.

The VICE PRESIDENT. Is there objection?

Mr. SHORTRIDGE. For the moment I object.

Mr. ROBINSON of Arkansas. Then I retain the floor.

Mr. SHORTRIDGE. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. Yes, I yield; but I retain the floor.

Mr. SHORTRIDGE. I only wish to take a moment of the Senate's time.

The record shows that this contest, by way of verified contest paper, was lodged with the Senate on the 3d day of March, last year. The RECORD further shows that on that day I made several attempts to have the resolution taken up and considered, but was not permitted to do so through perhaps very proper objection of the Senator from Oklahoma [Mr. THOMAS] who held the floor until 12 o'clock noon on March 4.

I called attention to that record at the time the Senator elect from North Carolina [Mr. BAILEY] appeared here to be sworn in. Consistent with my views I raised no objection whatever to the Senator elect being sworn in and becoming de facto a Member of the Senate.

I offered this resolution on January 6. As I have understood it, the passage of such a resolution is legally considered necessary in order to give the committee jurisdiction of the subject matter. Indeed, the language of the resolution is substantially in the same form as all like resolutions. After the "whereas," which recites that on the 3d day of March the Senate referred to the Committee on Privileges and Elections the "pending contest between George M. Pritchard and Josiah W. Bailey, involving the question whether the said George M. Pritchard or the said Josiah W. Bailey, or either of them, is entitled to membership in the United States Senate as a Senator from the State of North Carolina," this is what follows:

Now, therefore, be it resolved, That the Committee on Privileges and Elections is hereby authorized to hear and determine said contest and to take such evidence as may be deemed proper in order to determine the questions involved and certify its conclusions to the Senate.

Mr. BORAH. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BORAH. Does not the Senator from California see that the resolution authorized the committee to proceed to hear the contest?

Mr. SHORTRIDGE. Certainly.

Mr. BORAH. What we are seeking to do is to have the committee report upon whether or not any such hearing should be had.

Mr. ROBINSON of Arkansas. Exactly.

Mr. SHORTRIDGE. Of course that is it. How can the committee, however, determine that question without some hearings unless it would be by way of what we might term a demurrer to the petition or the contesting paper? That would not involve the expenditure of any money.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from New Mexico?

Mr. ROBINSON of Arkansas. I yield.

Mr. BRATTON. Has not such a demurrer been filed and is it not now pending before the committee?

Mr. ROBINSON of Arkansas. Yes. It has been filed for many months.

Mr. BRATTON. It seems to me the committee could hear the demurrer and pass upon the legal question without the appropriation of any money.

Mr. ROBINSON of Arkansas. There is no excuse that is sound in reason, justice, or fairness for refusing to permit the Committee on Privileges and Elections to determine, in view of the issue I have raised here, whether it wishes to hear the contest. There is no excuse for the Senate drawing $10,000 from its contingent fund in order to enable that committee to pass on the question whether it shall take up the contest. I maintain, or shall maintain if driven to it, that there is no fair or substantial basis for the contest and that the committee, if given an opportunity to do so, would reach that conclusion. Why does the Senator from California insist upon an appropriation of $10,000 before his committee has passed upon the question of whether it wishes to hear the contest?

Mr. SHORTRIDGE. Mr. President, will the Senator from Arkansas permit me a word?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SHORTRIDGE. I am offering no excuses. I am not prejudging the case. In the main I agree with the Senator from Arkansas. It is only a question of procedure. I have said that again and again, whether this appropriation be made or not. If made, it might not result in the expenditure of one dollar.

Mr. ROBINSON of Arkansas. Oh, we may be sure that if the appropriation is made it will result in the drawing of $10,000.

Mr. SHORTRIDGE. It is merely a matter of procedure and I probably will yield to the views expressed. But the point I want to make is this, and I have generally been able to make myself understood. It occurred to me that the resolution in its substance was necessary in order to give the committee full jurisdiction to do exactly what the Senator suggests should be done; namely, that the committee should meet, should hear the respective parties as to the sufficiency of the allegations, and if the committee then decided that the petition should be amended so as to give reasonable ground for the belief that it was sufficient, the committee would so decide. I contemplate calling the committee together for the purpose of hearing counsel as to the sufficiency of the pleading. I do not prejudge it. I have no opinion as to the merits of the case. If it be proper to refer it to the committee and members of the committee will agree to meet at an early date, I have no objection to it; but I do not wish to be put in a false or misunderstood position.

Mr. ROBINSON of Arkansas. I am not putting the Senator in any attitude. He is putting himself in whatever attitude he is assuming here.

Mr. SHORTRIDGE. I will assume responsibility for it.

Mr. ROBINSON of Arkansas. I am asking that the resolution be referred to the committee of which the Senator from California is chairman, and that an expression be taken by the committee as to whether or not they desire the reso-

lution which the Senator is seeking to pass without the authority of the committee. If he objects to it going to his committee, I shall ask the liberty of taking the sense of the Senate on a motion to refer it to his committee.

Mr. SHORTRIDGE. I do not wish to prolong discussion or to get into a passion. I am willing the resolution should be referred to the committee. I have no objection whatever.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution is referred to the Committee on Privileges and Elections.

HARRIET C. HOLADAY

The bill (S. 287) to compensate Harriet C. Holaday was announced as next in order.

Mr. BORAH. Mr. President, this bill and the three succeeding bills passed the Senate at the last session. They are simply measures allowing amounts to relatives of deceased members of the Diplomatic Service, in the usual form.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay to Harriet C. Holaday, widow of Ross E. Holaday, late American consul at Manchester, England, the sum of $6,000, being one year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

LILLIAN G. FROST

The bill (S. 440) for the relief of Lillian G. Frost was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Lillian G. Frost, mother of Franklin Blaine Frost, late vice consul and third secretary, Department of State, the sum of $3,500, being one year's salary of her deceased son, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

ALICE M. A. DAMM

The bill (S. 631) for the relief of Alice M. A. Damm was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Alice M. A. Damm, widow of Henry C. A. Damm, late American consul at Nogales, Mexico, the sum of $5,000, being one year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

GERMAINE M. FINLEY

The bill (S. 1338) for the relief of Germaine M. Finley was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Germaine M. Finley, widow of James G. Finley, late a Foreign Service officer of the United States at Havre, France, the sum of $2,750, being one year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

BILL PASSED OVER

The bill (S. 475) to provide for the establishment of the Everglades National Park, in the State of Florida, and for other purposes, was announced as next in order.

Mr. JONES. I ask that the bill go over.

Mr. FLETCHER. May I remind the Senator that an identical bill passed the Senate last year?

Mr. JONES. Nevertheless, I would like to have it go over at this time.

The VICE PRESIDENT. The bill will be passed over.

PATENTS FOR LANDS IN NEW MEXICO

The bill (S. 1588) to authorize the Secretary of the Interior to issue patents for lands held under color of title was announced as next in order.

Mr. JONES. Mr. President, I would like to have a brief explanation of the bill.

Mr. BRATTON. Mr. President, I shall be glad to explain it. In 1926 Congress passed an act authorizing the Secretary of the Interior to issue patents to small tracts of land less than 160 acres in area in the State of New Mexico, where the occupant had held it under color of title for more than 20 years, at the price of $1.25 per acre. In 1928 Congress passed a general act authorizing the issue of patents upon the appraised value of the land. The department held that the later act by implication had repealed the former act.

In the meantime a number of the claimants of small areas, 10 or 15 acres in extent, had set about perfecting their titles to get patents. Some of them had done so and others were precluded from doing so. This bill reenacts the original law, with mineral reservation to the Government, and authorizes the issuance of patents upon the payment of $1.25 per acre. The bill is eminently fair.

Mr. JONES. I have no objection.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That whenever it shall be shown to the satisfaction of the Secretary of the Interior that a tract or tracts of public land, in the State of New Mexico, not exceeding in the aggregate 160 acres, has or have been held in good faith and in peaceful, adverse possession by a citizen of the United States, his ancestors or grantors, for more than 20 years under claim or color of title, and that valuable improvements have been placed on such land, or some part thereof has been reduced to cultivation, the Secretary may, in his discretion, upon the payment of $1.25 per acre, cause a patent or patents to issue for such land to any such citizen: *Provided*, That where the area or areas so held by any such citizen is in excess of 160 acres the Secretary may determine what particular subdivisions, not exceeding 160 acres in the aggregate, to any such citizen may be patented hereunder: *Provided further*, That coal and all other minerals contained therein are hereby reserved to the United States; that said coal and other minerals shall be subject to sale or disposal by the United States under applicable leasing and mineral land laws, and permittees, lessees, or grantees of the United States shall have the right to enter upon said lands for the purpose of prospecting for and mining such deposits: *Provided further*, That the term "citizen," as used herein, shall be held to include a corporation organized under the laws of the United States or any State or Territory thereof.

EDWARD B. WHEELER AND THE STATE INVESTMENT CO.

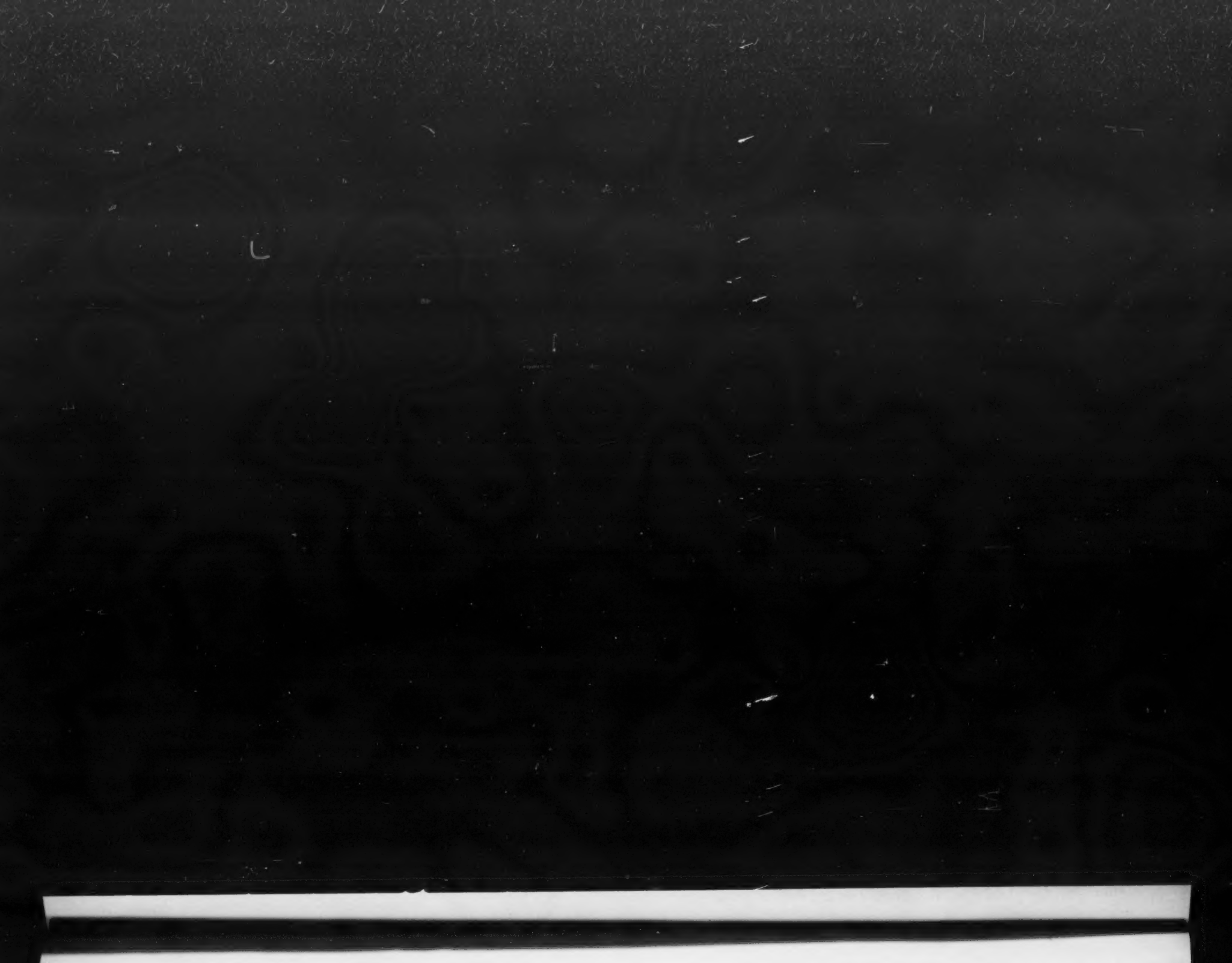
The bill (S. 1591) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico, was announced as next in order.

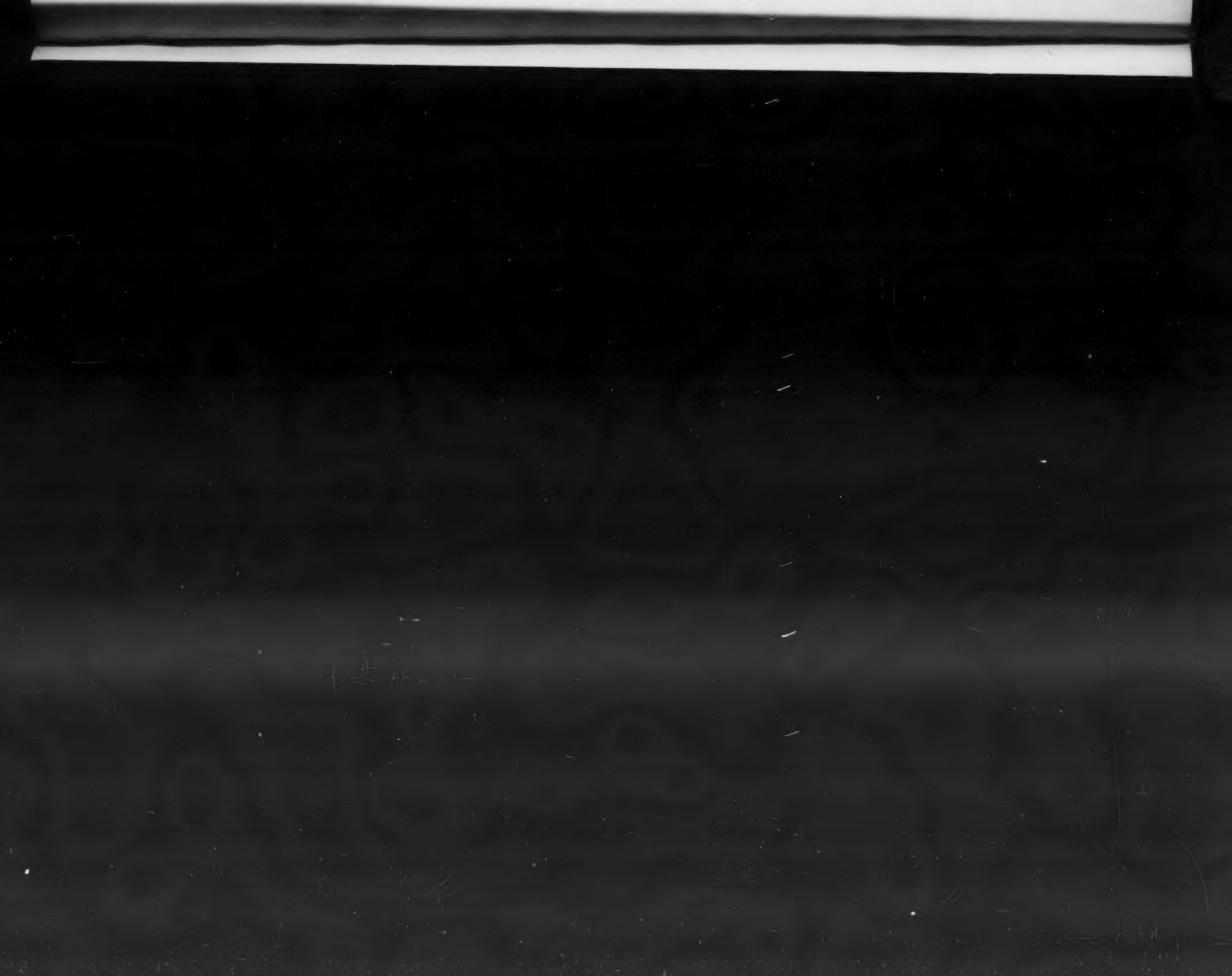
Mr. JONES. Mr. President, there should be a brief explanation of the purposes of the bill.

Mr. BRATTON. Mr. President, the Mora land grant is a Spanish land grant in New Mexico. It was ceded to the United States under a treaty with Mexico. A controversy arose between the owners of the grant and the Government respecting the western boundary line. The Government claimed that it was 3 miles farther east than the owners claimed. Therefore, a strip of land 3 miles wide and 30 miles long was in controversy.

While that controversy was waging and the owners were unable to bring suit to test the question and the Government was unwilling to do so, the Government permitted homesteaders to make homestead entries upon lands now aggregating about 10,000 or 12,000 acres. In 1907 the land was surveyed and the Government finally brought a suit against the owners to settle the controversy. But as a requisite to bringing suit the Government required the owners of the grant to stipulate that they would not disturb the settlers. The owners did so stipulate, but they did not stipulate to relieve the Government of liability.

The case was tried in the United States court and appealed to the Supreme Court of the United States. The court sustained the owners of the grant and awarded them title to the entire area, less those entries, so that the Government is now in the position of having approved entries upon 10,000 or 12,000 acres of land which belongs to the owners of the grant.





The bill proposes that the Secretary of the Interior shall ascertain the area and that the Secretary of the Treasury shall pay therefor at the rate of $2.25 per acre.

Mr. VANDENBERG. Mr. President, will the Senator discuss the reason why the department seems to be opposed to the bill?

Mr. BRATTON. Yes. It is upon the ground that the owners stipulated not to disturb the settlers. Of course, that was fair. The settlers had filed in perfect good faith, but the Government was at fault in permitting them to enter. As a matter of fact the Government exacted that stipulation of the owners before it filed suit, but the owners did not stipulate to absolve the Government of liability. They stipulated simply not to disturb the settlers.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Edward B. Wheeler, of Las Vegas, N. Mex., and the State Investment Co., of New Mexico, who were declared by the Supreme Court of the United States (United States *v.* State Investment Co. (1924), 264 U. S. 206) to be the owners, respectively, of certain lands in the tract known as the Mora grant, located in San Miguel and Mora Counties, N. Mex., an amount to be computed by the Secretary on the basis of $2.25 per acre for every acre of lands embraced within the claim of any bona fide entryman on such lands holding under patent from the United States or under any entry allowed by the Department of the Interior, the recovery of which lands by the said Edward B. Wheeler and the State Investment Co. is barred by the stipulation entered into between such parties and the United States on January 23, 1918. Such payment shall operate as a full settlement of all claims of such Edward B. Wheeler and the State Investment Co. against the United States or the owners of such lands for damages for the loss of such lands.

BILL PASSED OVER

The bill (S. 1861) authorizing the George Washington Bicentennial Commission to print and distribute additional sets of the writings of George Washington was announced as next in order.

Mr. JONES. I think that should go over.

Mr. FESS. Mr. President, will the Senator withhold his objection?

Mr. JONES. I do not think the Senator would gain anything if I should do so. I have examined the bill and I will not consent to its passage to-day, I will say to the Senator.

The VICE PRESIDENT. The bill will be passed over.

Mr. FESS. Mr. President, I will wait until another bill is before the Senate before making the remarks I desire to make.

OIL PORTRAIT OF FORMER PRESIDENT COOLIDGE

The Senate proceeded to consider the joint resolution (S. J. Res. 75) authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge, which was read, as follows:

Resolved, etc., That the Joint Committee on the Library is hereby authorized to procure an oil portrait of former President Calvin Coolidge for the Executive Mansion, at a cost not to exceed $2,500.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Ohio why an oil portrait is insisted upon?

Mr. FESS. It is a custom that goes back to the days of Washington.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

ADDITION TO THE CACHE NATIONAL FOREST, IDAHO

The Senate proceeded to consider the bill (S. 457) authorizing an addition to the Cache National Forest, Idaho, which was read, as follows:

Be it enacted, etc., That, subject to any valid existing claim or entry, all lands of the United States within the areas hereinafter described be, and the same are hereby, added to and made parts of the Cache National Forest, to be hereafter administered under the laws and regulations relating to the national forests; and the provisions of the act approved March 20, 1922 (42 Stat. 465), as amended, are hereby extended and made applicable to all other lands within said described areas:

The west half of sections 6, 7, and 18, sections 19, 30, and 31, in township 8 south, range 36 east, Boise meridian; section 6 and the west half of sections 7, 18, 19, and 30, in township 9 south, range 36 east of Boise meridian; sections 1, 2, 11, 12, 13, 14, 23, 24, 25, 26, 35, and 36, in township 8 south, range 35 east, Boise meridian; sections 1, 2, 10, 11, 12, 13, 14, 23, 24, 25, and 26, in township 9 south, range 35 east of Boise meridian, Idaho.

Mr. FESS. Mr. President, I should like to have the attention of the Senator from Washington for a few moments. There are no additional publications of the works of Washington provided for in the bill to which he objected a moment ago. Every member of the Senate will, I think, withdraw objection the moment it is understood what the bill proposes. In February, 1930, there was a provision adopted authorizing the publication of 3,000 copies of the definitive works of Washington, 2,000 of them to be sold by the Government Printing Office, those that were sold to libraries to be sold at $50 a set, and those that were sold outside of libraries to be sold at actual cost, including the proceeds that might come from the sales to libraries. In view of that situation unless we fix a time when the sales to libraries at $50 a set shall terminate there is no possibility of telling what the cost will be, so that those who are writing in to ascertain what they can buy sets for can not be answered, because we do not know what the cost will be. It is desired to end the time during which sets can be sold at $50 a set in July of this year. After that we can tell at what price we can sell the remaining sets because we will know the cost. That is all there is to the bill; it merely proposes to write into the law a provision that sales to libraries shall be discontinued on July 1, 1932.

Mr. JONES. Mr. President, I understand under the terms of the bill the thousand copies that are to be distributed to Members of the Senate and the House, and so forth, are to be paid for by those who buy the other 2,000 sets?

Mr. FESS. Yes.

Mr. JONES. I object to the bill.

The VICE PRESIDENT. The Senator from Washington objects.

Mr. FESS. Mr. President, we will get no value out of the gift that we make to the libraries. That is the object.

The VICE PRESIDENT. Senate bill 457 is before the Senate.

Mr. KING. Mr. President, I should like to ask the Senator from Idaho [Mr. THOMAS] whether the State which he has the honor in part to represent is in favor of this addition of a portion of the public domain to a national forest? The reason I ask the question is this: As the Senator knows, there have been, perhaps, too many reservations created, or at any rate forest reserves have been created where there were no forests, and the Interior Department and the President in the past acted rather improvidently; so that the Congress felt constrained to pass a law prohibiting forest reserves and additions thereto without the consent of Congress. Quite recently in enacting legislation dealing with the public domain it was provided that a reservation should not be made without the consent of the legislature of the State. I was wondering if the Legislature of the State of Idaho, or the people of that State, approved of carving out of the public domain these lands and putting them into a forest reserve, so that they might not be occupied for homes, or under any of the laws of the United States by which title may be secured.

Mr. THOMAS of Idaho. Mr. President, in answer to the question of the junior Senator from Utah, I will say that this particular tract of the public domain lies adjoining a settlement of farmers. It is on the side of a mountain and comprises about 19,000 acres. There is timber scattered through it but, owing to the overgrazing, gravel from erosion is covering up the farms of a great number of farmers in that vicinity.

This is only an important matter to this community, and the entire community there is anxious and very much concerned about this particular legislation. It came up at the last session of Congress, when a similar bill passed the House

of Representatives, and was also reported favorably by the Public Lands Committee of the Senate; but at the suggestion of some of those who were grazing their stock upon the public domain, it was held up. I personally inspected the area last summer, and certainly if there is any place that should be included in a forest reserve, it is this particular area. So far as I know, there is no objection to it in the State.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FISH AND GAME SANCTUARIES IN NATIONAL FORESTS

The Senate proceeded to consider the bill (S. 2326) to establish fish and game sanctuaries in the national forests, which was read, as follows:

Be it enacted, etc., That for the purpose of providing breeding places for game animals and fish on lands and waters in the national forests not chiefly suitable for agriculture, the President of the United States is hereby authorized, upon recommendation of the Secretary of Agriculture and the Secretary of Commerce and with the approval of the State legislatures of the respective States in which said national forests are situated, to establish by public proclamation certain specified and limited areas within said forests as fish and game sanctuaries or refuges which shall be devoted to the increase of game animals and fish of all kinds naturally adapted thereto, but it is not intended that the lands included in such fish and game sanctuaries or refuges shall cease to be parts of the national forests wherein they are located, and the establishment of such fish and game sanctuaries or refuges shall not prevent the Secretary of Agriculture from permitting other uses of the national forests under and in conformity with the laws and the rules and regulations applicable thereto so far as such uses may be consistent with the purposes for which such fish and game sanctuaries or refuges are authorized to be established.

SEC. 2. That when such fish and game sanctuaries or refuges have been established as provided in section 1 of this act, hunting, pursuing, poisoning, angling for, killing, or capturing by trapping, netting, or any other means or attempting to hunt, pursue, angle for, kill, or capture any wild animals or fish for any purpose whatever upon the lands of the United States within the limits of said fish and game sanctuaries or refuges shall be unlawful except as hereinafter provided, and any person violating any provision of this act or any of the rules and regulations made under the provisions of this act shall be deemed guilty of a misdemeanor and shall upon conviction in any United States court be fined in a sum of not exceeding $100 or imprisonment not exceeding six months, or both.

SEC. 3. That the Secretaries of Agriculture and Commerce shall execute the provisions of this act, and they are hereby jointly authorized to make all needful rules and regulations for the administration of such fish and game sanctuaries or refuges in accordance with the purpose of this act, including regulations not in contravention of State laws for hunting, capturing, or killing predatory animals, such as wolves, coyotes, foxes, pumas, and other species destructive to livestock or wild life or agriculture within the limits of said fish and game sanctuaries or refuges: *Provided*, That the present jurisdiction of the States shall not be altered or changed without the legislative approval of such States.

Mr. WALSH of Montana. Mr. President, I should like to ask a question of the author of this bill, the Senator from Arkansas [Mr. ROBINSON], particularly as to the concluding proviso appearing on page 3, which reads as follows:

Provided, That the present jurisdiction of the States shall not be altered or changed without the legislative approval of such States.

Under the general provisions of the bill the Secretary of Agriculture is authorized to set apart within the national forests game sanctuaries, and then under the provisions of the bill it becomes unlawful to hunt or kill animals within those game sanctuaries except as provided by the rules of the Secretary of Agriculture and the Secretary of Commerce. Does that mean that if the State should declare an open season on deer, for instance, commencing the 1st day of December, and the Secretary of Agriculture should declare that the season on deer should not commence until the 1st day of January, the State law would be abrogated?

Mr. ROBINSON of Arkansas. I do not know what the provision means; it was added to the bill by the committee which reported it.

Mr. WALSH of Montana. Let me inquire of the Senator whether it was the intention of this bill to take away from the States the full power of regulating the taking of game within the national forests, or at least within those areas within the national forests that are designated as game sanctuaries.

Mr. ROBINSON of Arkansas. These are game sanctuaries or refuges.

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Arkansas. And it is intended to conserve and promote the propagation of game. These are not hunting preserves; they are game sanctuaries and refuges.

Mr. WALSH of Montana. Exactly.

Mr. ROBINSON of Arkansas. I do not understand what is the purpose or effect of the proviso. It was added to the bill without my knowledge.

Mr. WALSH of Montana. The Senator will understand that the national forests are breeding places for all manner of fowl and animals that are legitimate game. Heretofore these matters have always been regarded as falling entirely within the jurisdiction of the States, to be regulated by the various States according to public policy as it is expressed in the various States.

In many of the States, of course, there are vast areas that are now within forest reserves, and it seems to me that the power conferred by the bill is a very questionable one to give the Federal authorities.

Mr. ROBINSON of Arkansas. The language of the bill pertinent to the inquiry of the Senator from Montana is this:

SEC. 2. That when such fish and game sanctuaries or refuges have been established as provided in section 1 of this act hunting, pursuing, poisoning, angling for, killing, or capturing by trapping, netting, or any other means, or attempting to hunt, pursue, angle for, kill, or capture any wild animals or fish for any purpose whatever upon the lands of the United States within the limits of said fish and game sanctuaries or refuges shall be unlawful except as hereinafter provided, and any person violating any provision of this act or any of the rules and regulations made under the provisions of this act shall be deemed guilty of a misdemeanor—

And so forth.

SEC. 3. That the Secretaries of Agriculture and Commerce shall execute the provisions of this act, and they are hereby jointly authorized to make all needful rules and regulations for the administration of such fish and game sanctuaries or refuges in accordance with the purpose of this act, including regulations not in contravention of State laws for hunting, capturing, or killing predatory animals, such as wolves, coyotes, foxes, pumas, and other species destructive to livestock or wild life or agriculture within the limits of said fish and game sanctuaries or refuges.

Then follows the proviso to which the Senator from Montana has specifically brought attention. Under that language it is not contemplated, as I have already said, that these shall be hunting preserves. They are set aside as sanctuaries or refuges, and the Secretary of Agriculture and the Secretary of Commerce are authorized to make necessary regulations for the enforcement of the act.

Mr. KENDRICK. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Wyoming?

Mr. ROBINSON of Arkansas. I yield.

Mr. KENDRICK. I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. HAWES. I should like to ask the Senator to withhold his request for a moment, if he will.

The VICE PRESIDENT. Does the Senator from Wyoming withhold his objection?

Mr. KENDRICK. I withhold my objection, but, Mr. President, it is a bill that I should like to study more carefully before final action is taken upon it.

Mr. HAWES. Mr. President, just a word of explanation. I do not believe the word "sanctuary" is well understood. That word simply means the setting aside of a small acreage in a larger area where game and fish may be saved from the hunter and the fisherman.

This bill specifically provides that no such refuge shall be set aside until the legislature of the State approves of it. Of course, in approving of it, it will approve everything that relates to it. These areas are on the national domain; but, in order to meet the objections of gentlemen from the Mountain States, while we thought the original bill covered their objections, yet in order to make it sure, I referred the matter to the Senator from Montana [Mr. WALSH], and submitted to him the proviso at the bottom of page 3, which provides that nothing can be done in the way of setting

aside an area as a sanctuary without the consent of the legislature of the State.

Mr. ROBINSON of Arkansas. I may say to the Senator from Missouri that the words actually employed in the proviso are not quite clear—

Provided, That the present jurisdiction of the States shall not be altered or changed without the legislative approval of such States.

I do not know what those words mean. They were put there without my knowledge. I never discovered them in the bill until a moment ago.

Mr. WALSH of Montana. Mr. President, let me remark that I think the facts are quite accurately stated by the Senator from Missouri; but if my attention was directed specifically to this language I do not now recall the fact. My understanding about that was that these game sanctuaries were not to be created except by the consent of the legislatures of the various States.

Mr. ROBINSON of Arkansas. That is in the bill.

Mr. WALSH of Montana. No; section 1 provides that the President is authorized—

Upon recommendation of the Secretary of Agriculture and the Secretary of Commerce, and with the approval of the State legislatures of the respective States in which said national forests are situated, to establish by public proclamation certain specified and limited areas—

And so forth. That seems to contemplate a kind of a general acquiescence in the provisions of this bill, and not approval of the creation of specific preserves or refuges. I may be wrong about that, but that is the impression that would be left upon my mind.

Mr. KENDRICK. Mr. President, I do not like to delay action on the bill, but I must insist on my objection.

The VICE PRESIDENT. Objection is made, and the bill will be passed over. The clerk will read the next bill on the calendar.

F. P. CASE

The Senate proceeded to consider the bill (S. 2684) for the relief of F. P. Case, which was read, as follows:

Be it enacted, etc., That in the enforcement of the contract between the War Department and F. P. Case for sale of all timber on the Catoosa Springs target range, Catoosa Springs, Ga., executed July 29, 1929, and requiring removal of said timber within 545 days under penalty of $500 per year, the exaction of said penalty for nonremoval of said timber shall not be required for a period of two years from January 28, 1932.

Mr. JONES. Mr. President, I should like to have a brief explanation of the bill.

Mr. HARRIS. Mr. President, the Government has a fort called Fort Oglethorpe down on the line between Georgia and Tennessee. Just adjoining that fort is a rifle range. There was more timber on it than the Government wanted, and they advertised for the sale of the timber on the reservation to the highest bidder.

This man, Mr. Case, made the highest bid, $12,000, and he paid that; but he had an agreement that if he did not get all the timber off within a year he would be penalized $500 and he was. During the last year, on account of the use of the rifle range by the Government and on account of conditions that we all know about, he was not able to get the timber off. This bill is to extend that time without penalizing him. He has already paid the Government $12,500, and the timber could not be sold for $3,000 to-day; and this bill is just to extend the time without penalizing him.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PURCHASERS OF LOTS IN HARDING TOWN SITE, FLA.

The bill (S. 476) for the relief of certain purchasers of lots in Harding town site, Fla., was announced as next in order.

Mr. VANDENBERG. Let that go over.

Mr. FLETCHER. Mr. President, may I ask the Senator if he will withhold that objection for a minute? This is the same bill that passed the Senate last year.

Mr. VANDENBERG. Mr. President, withholding the objection a moment, I am challenged by the fact that this appears to be a refunding real estate transaction down in Florida, in which the Government forgives $93,000 and actually refunds $100,000—in other words, a $200,000 bill. Is that correct?

Mr. FLETCHER. The facts are that the Government had a little piece of land up north of Miami Beach, some 40 acres, on which there had been originally a life-saving station. The land was of very little value. They threw it open to public entry, and a man named Norton entered it at about $2.50 an acre.

As the boom developed down there, the Government decided that they would take advantage of the boom themselves; and they got an Executive order and withdrew this property, less than 40 acres, from public entry and declared it a town site. Thereupon they laid off lots and that sort of thing, and had a public sale, and sold the lots at $386,000. The property had been worth, a little while before that, about $80. They sold it for $386,000. Some of the lots out on the ocean, or near the ocean, 50 by 100 feet, brought $15,000—that is, the bids were at that figure—and some lots farther back brought four or five thousand dollars. All together the Government made $386,000 out of this little piece of land at this sale.

Some of the people could not get the title to their land. After this homestead entry came up in court there was some delay and the Government would not deed them the land after they had paid for it, so some of the transactions fell through. Then there was a complete slump, and lots that sold for $15,000 could not be sold for $1,500 afterwards; and these people lost their money and lost their opportunity to make any trades or deals or sales because the Government did not make the deeds to them.

It is proposed now that the Government accept 50 per cent of what was bid as to those who have not paid, and as to those who have paid in full—people who could not get any deeds—that the Government refund them 50 per cent of what they paid; so that out of this piece of land, almost worthless when the sales were made, the Government would net $193,200 after it had paid back this 50 per cent and accepted the 50 per cent as provided in the bill. It would get $193,200.

Mr. VANDENBERG. How much would the Government have if it did not refund the $100,000 and proceeded with the collections?

Mr. FLETCHER. The total amount bid was $300,894.50. The bill proposes that 50 per cent be refunded where the people have paid these enormous prices, because they could not get their deeds from the Government.

The Government said, "We are involved in a lawsuit here with a homesteader, and we can not give you the title until this suit is all settled"; so it had to be threshed out in the Federal courts. The people who made the bids could not get title to the property and could not handle it in any way. They are simply asking that 50 per cent of these enormous bids—which is ten or twenty times more than the Government could get to-day—be returned to them where they actually have paid, and in the case of those who have not finished payment that the Government allow them to pay 50 per cent of their bids.

Mr. VANDENBERG. The Senator is aware of the fact that the department recommends against the bill?

Mr. FLETCHER. The department does not actually favor it. It is not very strongly against it, I think. The Government will actually net out of this little piece of land down there by declaring it a town site and selling the lots $193,200, after it complies with this bill.

Mr. BRATTON. Mr. President, will the Senator yield to me for a moment?

Mr. FLETCHER. Yes; I shall be glad to yield.

Mr. BRATTON. Let me say to the Senator from Michigan that my colleague and I conducted hearings on this measure as a subcommittee of the Committee on Public Lands and Surveys.

It appears that at this auction sale there was present a representative of the Department of the Interior, who conducted the sale and stated to prospective bidders on the ground that the Government was in position to make title to them. He stated it on the premises immediately preceding the auction. They bid with that statement in mind, and he received their bids. It was five years after that before the Government could give them title, because a homestead entryman litigated the question with the Government.

It is true that the Government finally won the suit five years later; but in the meantime these bidders could not get title, and they could not do anything with the land. The boom had burst, so to speak, and the land was valueless; and these people were simply caught, without any relief, because the Government had represented to them that it had title and was unable to give them title.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BRATTON. I yield.

Mr. VANDENBERG. If that is true, how does it happen, according to the report of the department, that some of the purchasers sold their lots at more than double the prices paid?

Mr. BRATTON. They sold their contracts. They could not give title, because they did not have patents. None of them had patents for five years. The Government could not give them patents for five years on account of the pendency of the litigation with the homesteader. Some of them auctioned and hawked their contracts by assignment, but they had no title. The Government was clearly at fault, and these purchasers were wholly blameless.

The bill provides that where a man has made as much as 50 per cent payment, he shall get a patent. If he has paid more than 50 per cent of the bid, it provides that the Government shall issue him his patent, and refund the excess over and above 50 per cent; and the Government will profit out of the transaction even then.

Mr. VANDENBERG. Let the bill go over for the day, Mr. President.

The VICE PRESIDENT. The bill will be passed over. The clerk will state the next bill on the calendar.

SAN ANTONIO ARSENAL, TEX.

The Senate proceeded to consider the bill (S. 187) to authorize the Secretary of War to grant a right of way for street purposes upon and across the San Antonio Arsenal, in the State of Texas, which was read, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to grant an easement for a right of way to the city of San Antonio, State of Texas, to construct and maintain a street to be known as Main Avenue, on the San Antonio Arsenal Military Reservation, Tex., on such terms and conditions as the Secretary of War may prescribe: *Provided*, That the construction and maintenance of said thoroughfare shall be without expense to the United States, and whenever the lands within said right of way shall cease to be used for street or highway purposes they shall revert to the United States.

Mr. JONES. Mr. President, I should like a brief explanation of this bill.

Mr. SHEPPARD. Mr. President, the bill involves no expense to the Government. A board of officers has looked into the situation and found that it will not interfere with the operation of the arsenal.

When the arsenal reservation was established many years ago it was on the southern edge of the city of San Antonio. The city has grown around it and beyond it for miles; and the fact that there is no street through it seriously blocks traffic southward from the city. Permission is given the city by this bill to construct a street through the reservation without any expense to the Government.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PAYMENT OF AWARDS BY PATENTS AND DESIGN BOARD

The Senate proceeded to consider the bill (S. 428) to provide for the payment of awards by the Patents and Design Board, which had been reported from the Committee on Military Affairs with amendments, on page 1, line 8, after the word "accepted," to strike out "may be paid out of any appropriation available for expenditure by the board for the purpose, or if no appropriation is so available, then such sum," and on page 2, line 1, after the word "board," to strike out "directly" and insert "through the Bureau of the Budget," so as to make the bill read:

Be it enacted, etc., That subdivision (r) of section 10 of the act entitled "An act to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States, and for other purposes," approved July 2, 1926, as amended, is further amended by adding at the end thereof the following: "Any sum so offered and accepted shall be certified by the board through the Bureau of the Budget to Congress for payment, the certificate to be accompanied by a brief statement of the nature of the design, the amount offered, and the person to whom payable."

Mr. McKELLAR (and other Senators). Let us have an explanation of the bill.

Mr. BINGHAM. Mr. President, when we passed the act establishing the Air Corps Patents and Design Board, after long hearings and very careful consideration, we neglected to provide any way in which the appropriation could be authorized after the board had accepted its expert's decision and decided to purchase a patent or design for the United States. As is set forth in the letter of the Secretary of War, with certain amendments which I hope will be adopted, he favors the passage of the bill and states that it is the one thing necessary to permit this feature of the law to act as it was intended to act by the Congress.

Mr. McKELLAR. How much will it cost?

Mr. BINGHAM. It will not cost anything additional. May I state to the Senator that the only case I know of that is pending is the case of an Army officer from the State of Texas who perfected a design for promoting night flying. Out of all the thousands of patents and designs submitted to the board, I think this is the only one they thought was worth purchasing by the Government, and they said it was worth a thousand dollars. There is no way in which that can go into an appropriation bill; but this bill provides if the Patents and Design Board finds that a design is worth purchasing, it can then recommend to the Budget, for recommendation to the Congress, the purchase of the patent or design. In other words, it enables the measure to function.

Mr. McKELLAR. I notice in the letter of the Secretary of War that he recommends a proviso that no sum in excess of $75,000 shall be paid for any one design.

Mr. BINGHAM. That was in the original bill as proposed by Congressman McSWAIN, of South Carolina.

Mr. McKELLAR. Why should not some limitation be put upon it?

Mr. BINGHAM. That limitation is now in the law, Mr. President. That which the Senator is reading from is from the existing statute, as he will see by the quotation marks. That is the law at present.

The VICE PRESIDENT. The question is on agreeing to the amendments of the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 1440) for the relief of August R. Lundstrom was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1891) for the relief of John F. Walker was announced as next in order.

Mr. JONES. May we have a brief explanation of that bill?

The VICE PRESIDENT (after a pause). No explanation being made, the bill will be passed over.

The bill (S. 461) to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," approved June 21, 1930, so as to give class B officers of the Army the benefits of such act was announced as next in order.

Mr. KING. Let that go over.

Mr. CAREY. Mr. President——

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2179) for the relief of Alexander M. Proctor was announced as next in order.

Mr. JONES. May we have some explanation of that bill?

Mr. GOLDSBOROUGH. Mr. President, this bill relates to a young man who enlisted in the Army and misstated his age at the time of his enlistment. He served two and a half years and then was dishonorably discharged. This bill is to correct his record.

Mr. JONES. Why was he dishonorably discharged?

Mr. GOLDSBOROUGH. I do not know why that was; but it was after his service of two and a half years.

Mr. JONES. I should like to know the reason.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

WAR-TIME RANK FOR RETIRED OFFICERS OF THE ARMY

Mr. CAREY. Mr. President, I should like to ask unanimous consent to return to Senate bill 461. I tried to get the attention of the Chair when that bill came up.

The VICE PRESIDENT. The Senator will be recognized. The bill, however, went over under objection.

Mr. CAREY. I should like to ask the Senator who objected to permit me to make a statement with regard to that bill.

The VICE PRESIDENT. The Senator from Utah [Mr. KING] objected.

Mr. KING. I will withhold the objection for a moment.

Mr. CAREY. Mr. President, I would like to explain this bill, which relates to 28 officers of the Regular Army who served in the World War. Under an act of Congress officers who served in the World War have been granted the highest rank which they held during that service.

The 28 officers to whom this bill relates, known as class B officers, after serving with honor in the World War, were retired under section 24b. There is nothing against their integrity. These 28 officers are deprived of the rank they enjoyed during the war, though every other regular officer who served in the World War upon retirement received his war-time rank. Their services in the war, as I have said, were commendable, and it seems unfair that they should be singled out and deprived of the privileges other officers have who were in the same situation. It does not confer upon them any additional pay. It just permits them to retire with the rank which they had during the war. I can not see any particular reason why this bill should not be passed. I can say, further, that it has the approval of the War Department.

Mr. McKELLAR. Mr. President, it will not result in any retired pay?

Mr. CAREY. They will get no additional pay at all. It simply gives them the rank they had during the war.

Mr. KING. As I understand, in the Army—and perhaps it is also true in the Navy—boards are created for the purpose of examining the records with a view to promotion. Some are promoted and some are not promoted. It appears from the Senator's statement that these gentlemen were not promoted.

Obviously, in the Army, if Regular Army officers were not promoted, if they did not receive higher rank, they could not now be legislated into that higher rank. Yet if I understand the Senator, he seeks, by this measure, to legislate those reserve officers who were not in the Regular Army into a higher rank than they had.

Mr. CAREY. I will say to the Senator from Utah that this measure applies to officers of the Regular Army only. Further, an act of Congress was passed which granted to all officers of the Regular Army the right to retire with the highest rank which they held during the World War.

Mr. McKELLAR. Of course, if it means that they are to be retired with additional pay, I do not think we ought to pass the bill, but if it just means that these gentlemen who served in the war and made good records in that war are to be entitled to their war rank, I see no objection to it whatsoever. Indeed, I think it ought to be passed.

Mr. CAREY. When the act was passed granting the higher rank to similar officers, these 28 officers were excepted. As I said, their services in the war were good, and I can not see any reason why this stigma should be placed upon them. Had these men resigned at the close of the war, they would now be retired with the rank they are asking for under this bill.

The VICE PRESIDENT. Does the Senator from Utah withdraw his objection?

Mr. KING. Mr. President, I do not understand the reason why they were discriminated against, if they were. I do not understand the measure sufficiently, notwithstanding the lucid explanation of my friend the Senator from Wyoming, but in view of his appeal, I withdraw the objection.

The Senate proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," approved June 21, 1930, is amended by striking out the words "except those retired under the provisions of section 24b of the act of June 4, 1920."

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALEXANDER M. PROCTOR

Mr. JONES. Mr. President, I objected a few moments ago to the consideration of Senate bill 2179, for the relief of Alexander M. Proctor. Apparently, according to the report, the only thing against this man is that he misstated his age at the time of enlistment. Apparently, his service was honorable and satisfactory. I, therefore, withdraw my objection to the bill.

There being no objection, the Senate proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Alexander M. Proctor, late of Company B, Twenty-third Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of said company and regiment on the 1st day of May, 1878: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LEMUEL SIMPSON

The bill (S. 315) for the relief of Lemuel Simpson was announced as next in order.

Mr. JONES. I think we ought to have an explanation of that bill and a reason for it. Otherwise, I ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

DENTON L. SIMS

The bill (S. 542) for the relief of Denton L. Sims was announced as next in order.

Mr. McKELLAR. I would like to have a statement as to that bill.

Mr. KING. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

HAROLD S. SHEPARDSON

The bill (S. 1293) for the relief of Harold S. Shepardson was announced as next in order.

Mr. JONES. I think there should be a statement with reference to that. If not, it should go over.

The VICE PRESIDENT. The bill will be passed over.

BAIL IN EXTRADITION PROCEEDINGS

The bill (S. 2379) permitting admission to bail in extradition proceedings was considered by the Senate.

The bill had been reported from the Committee on the Judiciary with an amendment, on page 1, line 12, to strike out the words "The undertaking on the bail bond shall run to the Government of the United States and the condition shall be that the accused shall appear before the officer admitting to bail, at such time and place as such officer may from time to time prescribe" and to insert the words

"The condition of the bail bond shall be that the accused shall appear before the officer admitting to bail at such time and place as such officer may from time to time prescribe. The undertaking on the bail bond shall run jointly to the Government of the United States and to the government making the demand for the surrender of the person named in the warrant, with the right of either to sue on such bail bond if forfeited," so as to read:

Be it enacted, etc., That section 5270 of the Revised Statutes, as amended, is amended by adding at the end thereof the following paragraph:

"Notwithstanding the foregoing provisions of this section, pending the hearing the person so charged shall be admitted to bail if the offense charged is bailable under the laws of the State, District, or Territory where the hearing is held; and he shall likewise be admitted to bail after the hearing upon taking the necessary legal steps to review the sufficiency of the extradition proceedings. The condition of the bail bond shall be that the accused shall appear before the officer admitting to bail at such time and place as such officer may from time to time prescribe. The undertaking on the bail bond shall run jointly to the Government of the United States and to the government making the demand for the surrender of the person named in the warrant, with the right of either to sue on such bail bond if forfeited."

Mr. KING. Mr. President, just a word. It is held by some courts that section 5270 of the Revised Statutes denies the right of bail in cases where persons are remanded, though the offense may be bailable in the United States and in the country seeking their extradition. Some judges, I am advised, interpret the law to mean that notwithstanding the apparently mandatory provisions of the statute, bail may be granted, other judges have held differently. The section of the Revised Statutes in question is in part as follows:

If on such hearing he—

The judge—

deems the evidence sufficient to sustain the charge under the provisions of the proper treaty or convention he shall certify the same, together with a copy of all the testimony taken before him, to the Secretary of State, that such a warrant may issue upon the request of the proper authorities of such foreign government for the surrender of such person according to the stipulations of the treaty or convention. He shall issue his warrant for the commitment of the person so charged to the proper jail there to remain until such surrender shall be made.

I am advised that in a number of cases the persons arrested and who were remanded to jail desired to test the proceedings, and the question as to whether, under the law and treaties, they were subject to extradition, but they were denied bail pending the final determination of the matter.

Mr. ROBINSON of Arkansas. Mr. President, the statute seems to be very clear in its terms. It gives the magistrate no discretion, but he must remand the man to jail.

Mr. KING. The pending bill provides that bail may be granted pending the hearing when the necessary legal steps are taken to review the sufficiency of the extradition procedure if the offense charged is bailable under the law of the State, District, or Territory where the hearing is held.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TESTIMONY OF ASSESSOR IN CONDEMNATION PROCEEDINGS

The bill (S. 9) authorizing the assessor of the District of Columbia to testify in condemnation proceedings was considered by the Senate.

The bill had been reported from the Committee on the District of Columbia with an amendment, on page 1, line 4, to strike out the words "be competent to testify as an expert witness as to the market value of such lands" and to insert in lieu thereof the words "not be qualified, by reason of the fact that he holds the office of assessor, from testifying as an expert witness to the market value of such lands, and as to benefits," so as to make the bill read:

Be it enacted, etc., That in any action for the condemnation of lands in the District of Columbia the assessor of the District shall not be disqualified, by reason of the fact that he holds the office of assessor, from testifying as an expert witness to the market value of such lands, and as to benefits.

Mr. McKELLAR. Mr. President, as I understand, this bill is designed to permit the assessor of the district to appear and testify in condemnation cases?

Mr. KING. That is all.

Mr. McKELLAR. I think it is a very worthy bill, and ought to be passed. I understand that in condemnation proceedings the Government has had to pay several times the real value of property time and again, and one of the reasons was that the assessor was held not to be a competent witness before the court.

Mr. WALSH of Massachusetts. Mr. President, it is not important to permit the assessor to appear as a witness, but it is important to permit him to testify as to market value. Is that provided for in this measure?

Mr. KING. It may not be important that he testify, but it is important that he shall not be disqualified merely because he is assessor. Unfortunately, the court held that because he was assessor he was not competent to testify.

Mr. WALSH of Massachusetts. This measure would make it possible for him to testify as to the assessed value of property?

Mr. KING. No.

Mr. WALSH of Massachusetts. Or to appear as an expert?

Mr. KING. That he shall not be disqualified from appearing as an expert because he is the assessor.

Mr. McKELLAR. Mr. President, in such proceedings now are the assessments made by the assessor admissible in evidence?

Mr. KING. No.

Mr. McKELLAR. Will they be under this bill?

Mr. KING. No.

Mr. McKELLAR. I think the bill ought to be amended so as to allow the assessments to be considered.

Mr. KING. Let me qualify that statement. This bill was prepared in part by the able attorney for the District of Columbia, Mr. Bride. He called the attention of the committee to a decision by one of the courts of the District granting a new trial, one of the grounds being that the assessor had given testimony in the case. The opinion of the court, as I understand, held that the assessor was disqualified as a witness because he was the assessor and an employee of the District government.

Mr. WALSH of Montana. Mr. President, that is quite aside from the question addressed to the Senator by the Senator from Tennessee.

Mr. KING. That is correct.

Mr. WALSH of Montana. It is held in quite a good many States that even the verified return of a taxpayer concerning his property to the assessor is not admissible against him as an admission against interest, which always seemed to me a very absurd ruling. But it seems to me that it would be quite unjust to permit the assessment made by the assessor to be offered against one claiming title to property.

Mr. KING. Mr. President, the committee did not consider the question as to whether or not the assessment rolls were admissible in evidence for the purpose of throwing light upon the value of the property. In some States assessment rolls are permitted in evidence, but I think that in most States the courts hold that they are not admissible. It was not deemed wise to deal with this question in this bill. That matter may be considered at another time.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill respecting the qualifications of the assesor of the District of Columbia to testify in condemnation proceedings."

ELK RIVER BRIDGE, TENNESSEE

The Senate proceeded to consider the bill (S. 556) to extend the times for commencing and completing the construction of a bridge across the Elk River at or near Kelso, Tenn., which had been reported from the Committee on Commerce with an amendment, on page 1, line 9, to strike out "1931" and insert in lieu thereof "1932," so as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Elk River, on the Fayetteville-Winchester road near the town of Kelso, in Lincoln County, Tenn., authorized to be built by the Highway Department of the State of Tennessee, by an act of Congress approved January 31, 1931, are hereby extended one and three years respectively, from January 31, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WACCAMAW RIVER BRIDGE, SOUTH CAROLINA

The Senate proceeded to consider the bill (S. 201) granting the consent of Congress to the State of South Carolina to construct, maintain, and operate a bridge across the Waccamaw River.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CHOCTAWHATCHEE RIVER BRIDGE, FLORIDA

The Senate proceed to consider the bill (S. 1291) to extend the times for commencing and completing the construction of a bridge across the Choctawhatchee River, near Freeport, Fla., which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Choctawhatchee River, near Freeport, Fla., authorized to be constructed by the State of Florida, through and by its highway department, by act of Congress approved June 18, 1930, are hereby extended one and three years, respectively, from date of approval of this act.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

ST. JOSEPH RIVER BRIDGE, MICHIGAN

The Senate proceeded to consider the bill (S. 2317) granting the consent of Congress to the State of Michigan and Berrien County, or either of them, to construct, maintain, and operate a bridge across the St. Joseph River, which was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Michigan and Berrien County, or either of them, to construct a bridge and approaches thereto across the St. Joseph River, at or near St. Joseph, Mich., at a point suitable to the interests of navigation, and to maintain and operate the same in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DAVID GORDON BUILDING & CONSTRUCTION CO.

The bill (S. 248) authorizing adjustment of the claim of the David Gordon Building & Construction Co. was announced as next in order.

Mr. KING. Let us have an explanation of that.

The VICE PRESIDENT. The bill will go over.

SUN SHIPBUILDING & DRY DOCK CO.

The bill (S. 250) authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co. was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

DON C. FEES

The bill (S. 229) for the relief of Don C. Fees was announced as next in order.

Mr. KING. Mr. President, I call the attention of the Senator from Nebraska [Mr. HOWELL] to the fact that there are apparently three companion bills. I do not wish to object, if the committee has examined carefully into the claims and thinks these are just measures.

Mr. HOWELL. Mr. President, these are bills which have been considered by the Comptroller General and he has recommended that the claims be paid.

Mr. KING. Has the committee examined them?

Mr. HOWELL. The committee has examined them in the light of the comptroller's report and has recommended that the claims be allowed.

Allow me to say that the bills were passed by the Senate in the last Congress. The committee at that time passed upon the bills. The present committee has authorized the chairman to report bills which had been reported out previously by the committee and passed by the Senate. In consonance with this authority, these bills have been reported by the chairman of the committee.

Mr. KING. Having, as I do, such extreme confidence in the Senator and the committee, if they have examined the claims and they are just, I have no objection.

Mr. HOWELL. In my opinion these are just claims; otherwise I should not have reported them.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to allow in the accounts of Don C. Fees, disbursing clerk, Department of Justice, the sum of $33.80, paid by him under authority and direction of said department for the purchase, in the open market, of 2,600 manila envelopes, which was disallowed by said Comptroller General.

DAVID GORDON BUILDING & CONSTRUCTION CO.

The bill (S. 248) authorizing adjustment of the claim of the David Gordon Building & Construction Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the claim of the David Gordon Building & Construction Co. arising out of certain extra work in the construction of lookout gallery and windows in the Cincinnati Post Office Building during the fiscal year 1930, and to allow in full and final settlement of said claim an amount not to exceed $1,116.60. There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $1,116.60, or so much thereof as may be necessary, for payment of the claim.

SUN SHIPBUILDING & DRY DOCK CO.

The bill (S. 250) authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the Sun Shipbuilding & Dry Dock Co. arising from the use of its Pier No. 4 on June 21, 22, and 23, 1930, by the Government, and to allow in full and final settlement of said claim not to exceed the sum of $110. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $110, or so much thereof as may be necessary, to pay said claim.

ESTATE OF THOMAS BIRD, DECEASED

The bill (S. 251) authorizing adjustment of the claim of the estate of Thomas Bird, deceased, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the estate of Thomas Bird, deceased, in the sum of $1,917.39, representing the value of wheat requisitioned and taken by the United States Grain Corporation during the World War, the said amount having been covered into the Treasury of the United States as miscellaneous receipts, and to allow said claim in the amount not exceeding $1,917.39. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,917.39 for the payment of this claim.

FRANCIS B. KENNEDY

The bill (S. 253) authorizing adjustment of the claim of Francis B. Kennedy was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of Francis B. Kennedy, narcotic agent, as reimbursement for money (private funds) of which he was robbed while investigating charges against Frank De Mayo and others at Kansas City, Mo., May 28, 1928, and to allow in full and final settlement of said claim in the sum of not to exceed $350. There

is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $350, or so much thereof as may be necessary, to pay said claim.

Mr. JONES. Mr. President, I understand from the Senator from Nebraska [Mr. HOWELL] that all the bills on this page of the calendar have been heretofore passed by the Senate.

Mr. HOWELL. Yes.

POTOMAC ELECTRIC POWER CO.

The bill (S. 260) authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D. C., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of the Potomac Electric Power Co. for the balance necessary to reimburse it for the amount actually expended by said company in making electrical service connections from its mains to the control room on the east bascule draw span of the Arlington Memorial Bridge and to allow said company a balance of not to exceed $2,157.25 in full and final settlement of said claim. There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $2,157.25, or so much thereof as may be necessary, for payment of said claim.

B. & O. MANUFACTURING CO.

The bill (S. 565) for the relief of the B. & O. Manufacturing Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the B. & O. Manufacturing Co. under contract No. 12429, dated May 28, 1929, for extra expense in recutting material for trousers delivered to said company by the Navy Department, and to allow not to exceed $1,597.52 in full and final settlement of said claim. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,597.52, or so much thereof as may be necessary, to pay said claim.

GUY CLATTERBUCK

The bill (S. 409) for the relief of Guy Clatterbuck was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $35 to Guy Clatterbuck, a forest ranger employed on the Flathead National Forest, State of Montana, in payment for a horse which was lost during a forest fire in said national forest.

WARREN J. CLEAR

The bill (S. 901) for the relief of Warren J. Clear was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Warren J. Clear, captain, Infantry, United States Army, the sum of $737 in reimbursement for the loss by earthquake and fire of personal property in Tokyo, Japan, on or about September 1, 1923, while he was serving as an attaché, American Embassy, Tokyo, Japan.

ELIZABETH B. DAYTON

The bill (S. 904) for the relief of Elizabeth B. Dayton was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby waived in favor of Elizabeth B. Dayton, formerly an employee of the United States Shipping Board.

JOHN HERINK

The bill (S. 943) for the relief of John Herink was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury, on certification by the Secretary of the Interior, is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John Herink a sum found to be the fair and reasonable value of all improvements placed by him on lots 1 and 2 and the north half northeast quarter section 30, township 27 north, range 10 east, sixth principal meridian, Nebraska, prior to his eviction therefrom, for which land a patent erroneously issued to him on November 20, 1922, and to return to him the full amount of all money paid by him to the United States in connection with said lands prior to the issuance of such patent: *Provided*, That as a condition precedent to the certification above mentioned by the Secretary of the Interior to the Secretary of the Treasury the land so patented be reconveyed to the United States free from all claim or right held or claimed under or through the patentee, and the acceptance of such reconveyance shall operate as a restoration of the right of entry under the public land laws to the said Herink, no other objection appearing: *Provided further*, That he may have the option, in lieu of the payment to him of all money hereinbefore provided, of making entry of other land to the amount of 160 acres under the general homestead law, or 320 acres under the enlarged homestead law, or 640 acres under the stock raising homestead law, anywhere in the United States where there are public lands subject to such entry, and receiving United States patent for such lands without payment to the United States of any fees, commissions, or other money and without further compliance with the homestead laws in connection therewith and the submission of proof thereof, the patent, however, to contain a reservation of mineral to the United States, if necessary, as in other entries under the same law.

LEBANON EQUITY EXCHANGE

The bill (S. 944) for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Commissioner of Internal Revenue be, and he is hereby, authorized and directed to receive, consider, and determine, in accordance with law but without regard to any statute of limitations, any claim filed not later than six months after the passage of this act by the Lebanon Equity Exchange, Lebanon, Nebr., for the refund of Federal income and profits taxes collected from the said Lebanon Equity Exchange for the year 1920 in excess of the amount properly due: *Provided*, That in the settlement of said claim there shall be no allowance of interest.

W. STANLEY GORSUCH

The bill (S. 1028) for the relief of W. Stanley Gorsuch was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to W. Stanley Gorsuch the sum of $45 for damages sustained by him when his automobile was struck on September 17, 1928, by a steel cable depending from an airplane belonging to the Government at or near the Aberdeen Proving Ground in the State of Maryland.

COLUMBIA CASUALTY CO.

The bill (S. 2159) for the relief of the Columbia Casualty Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem United States Treasury certificate of indebtedness No. 14559, in the denomination of $10,000, Series T. M. 1924, dated March 15, 1923, and maturing March 15, 1924, with interest at the rate of 4½ per cent per annum from March 15, 1923, to March 15, 1924, in favor of the Columbia Casualty Co., of New York, N. Y., or its assigns, without presentation of the said certificate, the certificate of indebtedness having been lost, stolen, or destroyed: *Provided*, That the said certificate of indebtedness shall not have been previously presented for payment, and that no payment shall be made hereunder for any coupons which shall have been previously presented and paid: *And provided further*, That the said Columbia Casualty Co. of New York, N. Y., shall first file in the Treasury Department a bond in the penal sum of double the amount of the lost, stolen, or destroyed Treasury certificate of indebtedness and the interest payable thereon, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury, to indemnify and save harmless the United States from any loss on account of the lost, stolen, or destroyed certificate of indebtedness herein described.

UNITED STATES HAMMERED PISTON RING CO.

The bill (S. 2325) for the relief of the United States Hammered Piston Ring Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the appropriation Aviation, Navy, 1929, act of May 21, 1928 (45 Stat. 636), is hereby made available in such sum as may be necessary, but not exceeding $4,492.76, for settlement by the Comptroller General of the United States, on principles of equity and justice, the claims of the United States Hammered Piston Ring Co., under contract with the Navy Department No. N–156–a–4703, dated June 10, 1929.

CLARENCE G. YOUNG

The bill (S. 2697) for the relief of Clarence G. Young was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Clarence G. Young, out of any money in the Treasury not otherwise appropriated, the sum of $50 in full satisfaction of all claims against the United States for the loss of a horse hired to the United States Forest Service on August 13, 1929.

HERMAN INGMAN

The bill (S. 2698) for the relief of Herman Ingman was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Herman Ingman, assistant postmaster at Marysville, Mont., the sum of $230 in full satisfaction of his claim against the United States for services rendered in hauling the mails between Marysville and Silver City, Mont., from May 5 to June 30, 1930, both dates inclusive.

INDIANA STATE MILITIA

The joint resolution (S. J. Res. 56) authorizing the Comptroller General of the United States to consider, adjust, and settle the claim of the Indiana State Militia for military service on the Mexican border, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Comptroller General of the United States is authorized and directed to consider, adjust, and settle the claim of the State of Indiana for mobilization expenses, subsistence, transportation, and supplies made to and for the use of the Indiana State Militia in the period of mobilization for Federal military service on the Mexican border under the call of the President of the United States of June 18, 1916, notwithstanding the disallowance of the claim by the Auditor for the War Department on August 19, 1918, because there was no law authorizing the reimbursement of any State for any expenses incurred in mobilization of any militia under the call of the President, June 18, 1916.

RELIEF OF CERTAIN EMPLOYEES OF FOREST SERVICE

The bill (S. 968) for the relief of certain employees of the Forest Service, Department of Agriculture, was considered.

The bill had been reported from the Committee on Claims with amendments, on page 2, line 4, to strike out the initial "N" and insert "M"; in line 6, strike out "1914" and insert "1925"; in line 8, to strike out "1925" and insert "1917"; in line 9, to strike out "$150" and insert "$100"; and in line 11, to strike out "$300" and insert "$150," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the following-named employees of the Forest Service, Department of Agriculture, the sums hereinafter specified, in full satisfaction of their claims against the United States for property losses sustained by them as a result of a fire which destroyed the Squaw Mountain road camp in Mount Hood National Forest near Estacada, Oreg., on September 15, 1929: Walter L. Shriner, $115, of which $75 represents the value of a 1917 Ford roadster and $40 represents the value of carpenter tools; P. A. Worden, $21, representing the price of a tent; Ben M. Joslin, $45, representing the value of a Winona wagon; Delbert H. Shaffer, $90, representing the difference between the value of a 1925 Ford coupe and the amount of the insurance collected thereon; A. W. Lee, $100, representing the value of a 1917 Ford roadster; Charles Palmer, $100, representing the value of a 1924 Chevrolet roadster; Wilbur Linn, $35, representing the value of a 1916 Ford touring car; George Cook, $150, representing the value of a 1925 Chevrolet roadster; and Jack Marrs, $50, representing the value of a 1919 Harley-Davidson motor cycle.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SARAH ANN COE

The bill (S. 157) for the relief of Sarah Ann Coe was considered.

The bill had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "$5,000" and insert "$4,000," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Sarah Ann Coe, widow of John Coe, deceased, out of any money in the Treasury not otherwise appropriated, the sum of $4,000 in full settlement for the death of her husband, who was killed on the morning of December 20, 1923, by a United States mail truck at Huntington, W. Va.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FARMERS' GRAIN CO. OF OMAHA, NEBR.

The bill (S. 942) authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co. of Omaha, Nebr., income taxes illegally paid to the United States Treasurer was considered.

Mr. KING. Mr. President, I inquire why this amount was not paid as other refunds by the Secretary of the Treasury? The senior Senator from Nebraska [Mr. NORRIS] will recall that large appropriations have been made from time to time to pay for taxes which have been illegally collected.

Mr. NORRIS. The tax that has not been repaid, I will say to the Senator, was technically barred by the statute of limitations. It is admitted that it is a just claim and ought to have been paid. It was not discovered until the statute of limitations had run against part of the claim, and only that part was repaid, under the general law, against which the statute had not run.

Mr. KING. I ask the Senator, in view of the large demands that are being made for refunds because of alleged irregular assessments or assessments that were too large, if we suspend the statute in this instance may not the precedent come home to plague the Government?

Mr. NORRIS. No; I think not. In two other similar bills that we have already passed the same question arises. In one of the cases it was a tax refund. They had first paid their taxes. Then a representative of the Internal Revenue Bureau came to them and said they had to pay some more taxes. They paid some more taxes. In this case it was a farmer's local elevator. They paid what was demanded, amounting to something over $2,000. Later it was discovered, as is admitted by the Government, that the demand on the part of the bureau for the additional money was wrong, that it was not owed under the law; but before they discovered it the statute of limitations had run. The Government of the United States has had the money all these years, to which it admits it was not entitled and upon which it pays no interest. This is simply to refund it.

Mr. KING. May I say to the Senator that the Finance Committee on a number of occasions had before it the question of extending the statute of limitations. Limits were fixed and it was agreed that the statute would not be further suspended and that there would be no legislation that would validate claims or give the right to bring suit against the Government when claims were barred by the statute of limitations.

Mr. NORRIS. I am in entire accord with the Senator on anything of that kind; but here is a case where the Government took some money that did not belong to it. It now admits it. It is holding that money in its hands. I do not believe in repeal of the statute of limitations, but certainly the Government of the United States will not take from some of these cooperative organizations their money that has been wrongfully exacted and which upon further investigation they find they had no right to take, that was not owed under the law, and still keep that money just because technically these people were not aware of what their rights were until technically the claim had expired by virtue of the statute of limitations running.

Mr. KING. I regard this as rather a dangerous precedent; but I shall not object.

The bill had been reported from the Committee on Claims with an amendment, in line 5, to strike out "with interest at 7 per cent," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to refund, from moneys not otherwise appropriated, the sum of $2,186.36 to the Farmers' Grain Co., of Omaha, Nebr., this sum being paid illegally and through error by said company as income taxes to the Commissioner of Internal Revenue, and covered into the United States Treasury.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FAIRMONT CREAMERY CO.

The bill (S. 945) for the relief of the Fairmont Creamery Co., of Omaha, Nebr., was considered. The bill had been

reported from the Committee on Claims with an amendment, on line 11, after the word "due," to insert "*Provided*, That in the settlement of said claim there shall be no allowance of interest," so as to make the bill read:

Be it enacted, etc., That the Commissioner of Internal Revenue is hereby authorized and directed to receive, consider, and determine, in accordance with law, but without regard to any statute of limitations, any claim filed not later than six months after the passage of this act by the Fairmont Creamery Co., Omaha, Nebr., for the refund of Federal income and profits taxes collected from the said Fairmont Creamery Co. for 1918 in excess of the amount properly due: *Provided*, That in the settlement of said claim there shall be no allowance of interest.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

STILLWELL BROS. (INC.)

The bill (S. 1683) for the relief of Stillwell Bros. (Inc.) was considered. The bill had been reported from the Committee on Claims with an amendment, in line 6, to strike out "$27,186.68" and insert "$5,986.92," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to Stillwell Bros. (Inc.) the sum of $5,986.92, to reimburse said Stillwell Bros. (Inc.) for losses incurred by them as subcontractors in the performance of work done in the construction of a dock at the navy yard, Bremerton, Wash., in 1917, and said sum is hereby appropriated.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DESIGNATION OF PRODUCTS OF LABOR

The bill (S. 2173) to authorize associations of employees in the District of Columbia to adopt a device to designate the products of the labor of their members, to punish illegal use or imitation for such device, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That a union or association of employees in the District of Columbia may adopt a device in the form of a label, brand, mark, name, or other character for the purpose of designating the products of the labor of the members thereof. A drawing of such device may be filed in the office of the clerk of the Supreme Court of the District of Columbia and the clerk shall register same in a book to be provided for such purpose and be entitled to collect $1 for each registration. A certified copy of the drawing so registered may be obtained from the clerk upon the payment of $1 for each certification. Such certificate shall not be assignable by the union or association to whom it is issued.

SEC. 2. No person shall in any way use or display the label, brand, mark, name, or other character adopted by any such union or association as provided in section 1 of this act without the consent or authority of such union or association; or counterfeit or imitate any such label, brand, mark, name, or other character, or knowingly sell, dispose of, keep, or have in his possession with intent to sell or dispose of, any goods, wares, merchandise, or other products of labor upon which any such counterfeit or imitation is attached, affixed, printed, stamped, or impressed, or knowingly sell, dispose of, keep, or have in his possession with intent to sell or dispose of, any goods, wares, merchandise, or other products of labor contained in any box, case, can, or package to which or on which any such counterfeit or imitation is attached, affixed, printed, painted, stamped, or impressed. If copies of such device have been filed, the union or association may maintain an action in the Supreme Court of the District of Columbia to enjoin the manufacture, use, display, or sale of counterfeit or colorable imitations of such device, or of goods bearing the same, or the unauthorized use or display of such device or of goods bearing the same, and the court may restrain such wrongful manufacture, use, display, or sale, and every unauthorized use or display by others of the genuine devices so registered and filed, if such use or display is not authorized by the owner thereof, and may award to the plaintiff such damages resulting from such wrongful manufacture, use, display, or sale as may be proved, together with the profits derived therefrom.

SEC. 3. A person violating any of the provisions of section 2 of this act shall be guilty of a misdemeanor punishable by a fine of not less than $100 nor more than $500 or by imprisonment for not less than three months nor more than one year, or by both such fine and imprisonment.

GALLINGER MUNICIPAL HOSPITAL

The bill (S. 1769) to authorize pay patients to be admitted to the contagious-disease ward of the Gallinger Municipal Hospital was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter pay patients may be admitted to the contagious-disease ward of the Gallinger Municipal Hospital for care and treatment at such rates and under such regulations as may be established by the Commissioners of the District of Columbia, in so far as such admissions will not interfere with admission of indigent patients.

WILLIAM ROBERT SMITH MEMORIAL

The bill (S. 2286) authorizing the William Robert Smith Memorial Association, of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the William Robert Smith Memorial Association, of El Paso, Tex., be, and it is hereby, authorized to construct without cost to the United States a memorial tablet at or near the site of Elephant Butte Dam, N. Mex., in honor of the work of William Robert Smith, former Member of Congress from the sixteenth district of Texas, in behalf of the Elephant Butte project and of irrigation in the Southwest.

Mr. SHEPPARD. Mr. President, I ask that the report may be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The report is as follows:

[Senate Report No. 81, Seventy-second Congress, first session]

MEMORIAL FOR WILLIAM ROBERT SMITH

Mr. SHEPPARD, from the Committee on Irrigation and Reclamation, submitted the following report (to accompany S. 2286):

The Committee on Irrigation and Reclamation, to which was referred the bill (S. 2286) authorizing the William Robert Smith Memorial Association of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas, begs leave to report the same with the recommendation that it pass without amendment.

The following letter from the Secretary of the Interior and memorandum from the Commissioner of Reclamation in reference to this bill will explain themselves:

DEPARTMENT OF THE INTERIOR,
Washington, January 8, 1932.

Hon. JOHN THOMAS,
Chairman Committee on Irrigation and Reclamation,
United States Senate.

MY DEAR MR. CHAIRMAN: In compliance with your request of December 31 for a statement of views on S. 2286, which is a bill that would authorize the William Robert Smith Memorial Association of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas, I transmit herewith a memorandum on the subject that has been submitted by the Commissioner of Reclamation.

After a review of the proposed measure, I agree with the commissioner.

Sincerely yours,

RAY LYMAN WILBUR, *Secretary.*

DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, January 6, 1932.

Memorandum for the Secretary.

The attached letter of December 31 from Hon. JOHN THOMAS, chairman Committee on Irrigation and Reclamation, United States Senate, requests a statement of views on proposed legislation entitled "A bill authorizing the William Robert Smith Memorial Association of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas."

The erection of a suitable tablet in memory of Mr. Smith seems a fitting tribute to one who rendered such distinguished service while in Congress in connection with the legislation authorizing the construction of the Elephant Butte Reservoir and who after his termination of service in Congress continued to show such a lively interest in the Rio Grande project and in irrigation in the Southwest. I accordingly recommend favorable consideration of the bill.

ELWOOD MEAD, *Commissioner.*

FRENCH BROAD RIVER BRIDGE

The bill (S. 2388) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn., was considered.

The bill had been reported from the Committee on Commerce with an amendment, on page 2, line 1, to strike out "January 31, 1931," and insert "February 6, 1932," so as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn., authorized to be built by the highway department of the State of Tennessee by an act of Congress approved February 6, 1931, are hereby extended one and three years, respectively, from February 6, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FRENCH BROAD RIVER BRIDGE

The bill (S. 2389) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the Dandridge-Newport Road in Jefferson County, Tenn., was considered.

The bill had been reported from the Committee on Commerce with an amendment, on page 2, line 2, to strike out "January 31, 1931," and insert "the date of approval hereof," so as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the French Broad River, at a point suitable to the interests of navigation, on the Dandridge-Newport Road, in Jefferson County, Tenn., authorized to be built by the highway department of the State of Tennessee by an act of Congress approved May 14, 1930, are hereby extended one and three years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PRINTING OF HEARINGS ON "AGRICULTURAL CONFERENCE AND FARM BOARD INQUIRY"

Mr. McNARY. Mr. President, on account of the absence of the senior Senator from Minnesota [Mr. SHIPSTEAD], who is detained at home on account of illness, I report back favorably from the Committee on Printing the resolution (S. Con. Res. 4) submitted by myself on December 17, 1931, and ask unanimous consent for its immediate consideration.

There being no objection, the concurrent resolution was read, considered by unanimous consent, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the printing act, approved March 1, 1907, the Committee on Agriculture and Forestry of the Senate be, and is hereby, empowered to have printed 5,000 additional copies of the hearings held before the committee on "Agricultural Conference and Farm Board Inquiry" during the current session.

CONDITIONS IN HAWAII

Mr. McKELLAR. Mr. President, a day or two ago I introduced a resolution to investigate conditions in Hawaii. It happened that the chairman of the Committee to Audit and Control the Contingent Expenses of the Senate, the junior Senator from Delaware [Mr. TOWNSEND], was out of the city, and I could not get a hearing. To-morrow at 11 o'clock a. m. there will be a hearing on the bill before the Committee to Audit and Control the Contingent Expenses of the Senate.

I have understood that the Senator from Oregon [Mr. MCNARY] is planning to ask an adjournment over until Friday. I hope that will not be done. I want to say that I do not believe there is anything of this kind that has come before the Senate that is more important than this investigation. The revelations of conditions in Honolulu have certainly been shocking, so shocking that the Navy will not permit its personnel, either its officers or its men, to land at Honolulu. There ought to be an investigation of the matter and it ought to be made now. It is imperative that it should be done at this time.

I want to appeal to the Senator from Oregon that we may adjourn only until to-morrow noon so the matter can be gone into at that time and gone into thoroughly. I give notice now that I want to make a speech on the subject, and I understand there are other Senators who want to make speeches on the same subject. I hope that the Senator will not ask an adjournment until Friday but will adjourn until the usual hour to-morrow so the matter may be threshed out at that time.

Mr. McNARY. Mr. President, it is always a pleasure to accommodate the able Senator from Tennessee but really the Senate has completed all the work it now has before it.

Mr. McKELLAR. Oh, no; this question is not completed.

Mr. McNARY. Several important bills are to be given attention before committees to-morrow. If we adjourn over until Friday we can devote the entire day to-morrow to that work. On Friday it is my purpose to have a morning hour following the adjournment. At that time the Senator from Tennessee may make his speech and offer his resolution.

Mr. McKELLAR. Mr. President, of course I do not want to interfere with arrangements that have already been made, but I want to give notice that this matter is coming up on Friday on the meeting of the Senate.

PERMISSION TO REPORT DEFICIENCY APPROPRIATION BILL

Mr. JONES. Mr. President, understanding that the Senator from Oregon expects to move an adjournment until Friday, I want to say that the Appropriations Committee expect to have House bill 6660, the deficiency appropriation bill, ready for report to-morrow. We thought we probably would have it ready this morning, but, because of the discussion of various matters, we did not get through with it. As I have said, however, we expect to be ready to report it to-morrow, and I want to ask unanimous consent, if we shall be prepared to report it to-morrow, that the report may then be filed and the bill printed and that such action may be construed as complying with the rule, so that we can take the bill up for consideration on Friday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. HARRISON. Does the Senator from Oregon expect to have an executive session?

Mr. McNARY. Yes; I now move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS ON NOMINATIONS OF POSTMASTERS

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported sundry post-office nominations, which were placed on the calendar.

POST-OFFICE NOMINATIONS CONFIRMED

The Chief Clerk proceeded to read sundry nominations of postmasters.

The VICE PRESIDENT. Without objection, the post-office nominations will be confirmed en bloc. The Chair hears no objection, and the nominations are confirmed.

ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

The Senate resumed legislative session.

Mr. CAREY. Mr. President, I move that the Senate insist upon its amendments to the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, request a conference with the House on the Senate amendments, and that the conferees on the part of the Senate may be appointed by the Chair.

The VICE PRESIDENT. The question is on the motion of the Senator from Wyoming.

The motion was agreed to; and the Vice President appointed Mr. NORBECK, Mr. STEIWER, Mr. CAREY, Mr. FLETCHER, and Mr. BARKLEY conferees on the part of the Senate.

ADJOURNMENT TO FRIDAY

Mr. McNARY. I move that the Senate adjourn until Friday next at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 20 minutes p. m.) the Senate adjourned until Friday, January 15, 1932, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 13 (legislative day of January 7), 1932

POSTMASTERS

FLORIDA

George P. Farnall, Belle Glade.
Harold A. Rosenberg, Canal Point.
Stuart T. Morse, Greenville.
John F. Yearty, Gulf Hammock.
Joseph M. Griffin, Holopaw.
Sara E. Sweat, Inverness.
Frederick L. Cory, Jupiter.
William H. Turner, Largo.
Cason Walker, Milton.
Charles W. Stewart, Naples.
Sinclair A. Bryan, Raiford.
Elizabeth D. Barnard, Tampa.
Jessie A. Heath, White Springs.

MISSISSIPPI

Robert B. Cox, Batesville.
Scott H. Speck, Blue Springs.
Bess L. Scarborough, Bude.
Holcombe H. McDonald, Lake.
Roy Scott, Lake Cormorant.
Anna C. Morehead, Laurel.
Daniel F. Hitt, Louin.
Ella C. Covington, Lyon.
William G. Sloan, Northcarrollton.
Myra P. Varnado, Osyka.
Etoyle S. Countiss, Pittsboro.
Joel L. Peach, Saltillo.
Samuel L. Deavenport, Scott.
Mary C. Carr, Tylertown.

PENNSYLVANIA

Howard P. Schaeffer, Bernharts.
William S. Behanna, Connellsville.
Fred A. Wyckoff, East Stroudsburg.
Mahlon C. Cleaver, Girardville.
Carl Steuer, Johnstown.
Elmer G. Cornwell, Mansfield.
Irvin L. Romig, Mertztown.
William F. Houser, sr., Middletown.
Anna E. Snyder, Seven Valleys.
Raymond Williams, Shoemakersville.
Harvey E. Rogers, Spring City.
Ezra M. Cooper, jr., Union City.
William D. Ghrist, Uniontown.
Charles B. Rothenberger, West Leesport.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 13, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Lord, to whom shall we go? We believe and are sure that Thou art the Holy One of God. We tarry with Thee that Thou mightest brighten our vision of human need and service. May we not omit from the prospectus of our lives the enjoyment of love, the devotion and the fidelities of home, and the attachments of friends. Enable us to repress desires when they reach the frontiers of our rights, and each day may we make faithful and generous contributions to the common task. Fill us with that interpreting, filial love which shall make Thee transcendingly beautiful and which shall draw us along the ways of duty. O Thou who sittest in the midst of infinite glory and power, there is nothing that Thou dost forget except our sins. We praise Thee in the name of Him who hast known tears, sorrow, and death, and yet lives forevermore. Amen.

The Journal of the proceedings of yesterday was read and approved.

PROPOSED AMENDMENT TO THE PENDING BILL

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to have printed in the RECORD an amendment that I propose to offer to the pending bill.

The SPEAKER. Is there objection?

There was no objection.

The proposed amendment is as follows:

Amendment to section 5:

"Within the foregoing limitations of this section, the corporation may also make loans to a municipality to aid in temporary financing when, in the opinion of the board of directors of the corporation, such municipality is unable to obtain funds upon reasonable terms through banking channels or from the general public, and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith."

ELECTION TO COMMITTEE ON CLAIMS

Mr. SNELL. Mr. Speaker, I offer the following resolution and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That ROBERT L. BACON, of New York, be, and he is hereby, elected a member of the standing Committee on Claims.

The resolution was agreed to.

FLORA M. SHANAHAN

Mr. WARREN. Mr. Speaker, I offer the following privileged resolution from the Committee on Accounts.

The Clerk read as follows:

House Resolution 88

Resolved, That there shall be paid out of the contingent fund of the House to Flora M. Shanahan, widow of Philip J. Shanahan, late an employee of the House, an amount equal to six months' compensation and an additional amount, not exceeding $250, to defray funeral expenses of the said Philip J. Shanahan.

The resolution was agreed to.

RECONSTRUCTION FINANCE BILL

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7360.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. WARREN in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the further consideration of the bill of which the Clerk will read the title.

The Clerk read the title as follows:

H. R. 7360, to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, unless questions should be asked, it is not my intention to take all of the 15 minutes, but there are one or two things upon which comment might well be made at this time.

Like, I imagine, everybody else in the House, I dislike to vote for this bill. None of us, so far as I can learn, wishes to put the Government into business in this fashion.

My feeling in this matter took shape 10 years ago, when the continuance of the War Finance Corporation was under consideration. Those were the piping times of peace. To be sure, there had been a setback, but it was nothing like what we have to-day, and it proved to be brief. Information laid before the Banking and Currency Committee led some of us to believe that the needs of the moment could be met by private organizations. At that very time there were gathered in Chicago bankers who met to do just what the War Finance Corporation contemplated doing if its life should be continued.

It seemed to me, and to nearly a majority of the Banking and Currency Committee, that inasmuch as private capital was ready to meet the further needs, we would better go out of the business. But a majority of the committee

thought otherwise, and Congress itself also thought otherwise, and the War Finance Corporation was continued—successfully, even profitably. Now, to-day, I might be accused of inconsistency in supporting the pending measure, but changed conditions alter reasons for action. We have another emergency, not to be compared with that of 1921, because so vastly greater in its extent. This emergency corresponds with that when the War Finance Corporation was originally created in time of war. It is not impossible that this emergency, although not producing horrible physical suffering like that of the World War, yet will in the aggregate have brought more unhappiness, more distress, more misery than the World War itself brought to our people. Because an emergency of unparalleled magnitude exists, I ignore my previous attitude, which was wholly determined by belief that private capital would organize and meet the situation.

In this juncture the President has advised the revival of the idea embodied in the War Finance Corporation. This alone will not cure the situation. Combined with the other proposals in the program of the President it is the hope, I am sure, of every Member that we shall take the leadership in breaking the jam and starting prosperity again on the upward path. We already have sent along one bill, the farm loan bill, to that end. We are here considering the next measure of the program.

I have been engaged with the legislative counsel and others through the last few days in perfecting what may be the third bill, the home loan bill. For the information of the committee I may say that the home loan bill was originally drafted, necessarily, with some haste. It was introduced as a basis for action rather than with the belief that it was in perfected form. Those particularly concerned with it hope to send to the printer to-night a perfected draft. Doubtless every Member of the House has received requests for copies of this bill and for information about it. Let me advise that you delay any further response until you receive the perfected draft, either to-morrow or the next day.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Certainly.

Mr. BLANTON. With respect to this $2,000,000,000 bill that the House expects to pass to-morrow, can the gentleman explain to the country why every Member who speaks for that bill prefaces his remarks with an apology?

Mr. LUCE. That may have been the case with others, but I have not been conscious of making any apology myself.

Mr. BLANTON. The gentleman understands the English language perhaps better than anyone else here, and if he will read the beginning of his remarks, I am sure he can not escape the conclusion that he began with an apology for supporting the bill.

Mr. LUCE. I imagine that every Member of the House feels as I feel in this matter—regret at the occasion for this bill.

Mr. BLANTON. The gentleman was a very influential member, as he is now, of the Banking and Currency Committee in the last session of Congress. There appeared before his committee, with the gentleman present, giving patient and sympathetic hearing, numerous Representatives in Congress from every part of the United States telling the gentleman and his committee that farm mortgages were being foreclosed by the Federal land banks, that farmers and their families were being put out of doors, when the farms foreclosed were worth four times ordinarily the amount of the mortgage. Those Representatives asked the gentleman and his committee to grant some temporary relief and stop this wholesale foreclosure of mortgages against farms. The gentleman was very sympathetic, all members of the committee were sympathetic, and we thought they were going to report out a bill. Then from the Treasury Department came emissaries of the administration and gummed the cards and threw the proposition out of the window, so to speak, and it is still in that situation. Farms are still being foreclosed, and farmers have no redress. What is the use of furnishing a little money to the farmer so that he may plant a crop if you are going to take his home and farm away from him? That is what I would like the gentleman to answer to the country.

Mr. LUCE. Mr. Chairman, the gentleman, with his usual skill and adroitness in muddying the waters, has disturbed the pellucid course of my remarks. [Laughter and applause.]

Mr. BLANTON. I am interested in relief for the farmer, not in generalities.

Mr. LUCE. Mr. Chairman, without going further into history and without attempting to fix responsibility for past omissions or commissions, but addressing myself to the present situation, I shall gladly take the interruption of the gentleman from Texas [Mr. BLANTON] as the text for the next thing that I desire to lay before this committee. It is true that as a member of the Banking and Currency Committee I expressed sympathy with the condition of the farmer. It is also true that in practically every session since I have been here I have shared in granting special appropriations for the farmers.

I do not desire now to retract in that matter or to criticize, but to point out to the gentleman from Texas and to the committee that we now find distress in every corner of the United States, that it is now not confined to the farms alone but is to be found in every street and alley in every city in the United States, that now there is a universal demand for comprehensive legislation helping every class, every region, every citizen, and I ask the gentleman to be as cordially sympathetic and helpful in the matter of all the citizenship of the United States as we have for many years tried to be in respect to that particular class engaged in agriculture.

Mr. BLANTON. Mr. Chairman, will the gentleman yield for one further question?

Mr. LUCE. Certainly.

Mr. BLANTON. Does the gentleman expect that by using $2,000,000,000—and where it is coming from I do not know, with a depleted Treasury of about one thousand million dollars—to put life into dead securities of railroads, it is going to help the people suffering in the alleys of whom he speaks? I doubt whether any of it ever trickles to them. It is going to revive dead securities of railroads over the country that are now practically worthless.

Mr. LUCE. To respond to that, I would again remind the gentleman from Texas, in order that he may call it to the attention of his constituents, that once more he has stood up for them and has blinded himself to the fact that Texas is not the United States and has refused to consider that all the country is concerned in this calamity.

It was for this very reason that I wished to take the floor to-day and point out what may happen if, in the course of the reading of this bill for amendment, gentlemen confuse the situation by rising and proposing amendments for the benefit of particular interests, particular classes, or particular regions.

Anybody who has long served in this House knows at this moment that this bill is going to pass the House. Everybody here knows that the dangerous point in the bill is not in this debate. Whatever we may have said here will have very little influence on the important issues. Those will arise in the course of the reading of the bill for amendment.

This bill follows closely the lines of the War Finance Corporation act. The details of that act were found to be adequate, found to be wise, found to be reasonable, and the administration of the law was satisfactory to all the people.

I deplore the suggestion that in the situation brought by this new emergency it is possible the members of this board will not use good sense, will not do justice, will not treat fairly all interests concerned. I very much hope we may be able to ward off amendments which will make it more difficult to administer the law, which will incline the board to the unfairness that it might not otherwise perpetrate, and that we leave, in this hour of crisis, to the wisdom, to the honesty, to the honor, and to the patriotism of this board the administration of the tremendous sum we shall put at its command.

Mr. MAPES. Mr. Chairman, will the gentleman yield to a question for information?

Mr. LUCE. Certainly.

Mr. MAPES. In the Senate the statement was made that the War Finance Corporation never at any time had outstanding more than $134,000,000 in loans. The debate in the House seems to indicate that there was a great deal more than that loaned by the War Finance Corporation. The statement was made yesterday in debate that it loaned in all $690,431,100. How does the gentleman account for that discrepancy? Which is correct?

Mr. LUCE. Loans were often made and repaid quickly.

Mr. MAPES. That occurred to me, but the further statement was made yesterday that after November 30, 1921, in the ensuing year $190,000,000 plus was paid back, leaving outstanding a balance of $185,000,000 plus. It does not seem as though that is the complete answer to the discrepancy in those two figures.

Mr. LUCE. I have no recollection, Mr. Chairman, of the figures, and there are none within my reach here.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Massachusetts 10 additional minutes.

Mr. LUCE. I have not within my reach the figures and can only respond with a general impression I have that this money was lent for different terms. Much of it was short-time lending. The money moved in and out of the Treasury, and at no one particular moment were all the resources of the corporation at work.

That suggests something I might have forgotten, which shows the benefit of questions. Let it be remembered that this corporation, as in the case of the farm loan appropriation we shall authorize, will be most successful to the degree that it is least used. Complaint has been made that the National Credit Corporation has not adequately functioned because of the fact that not until within a few days has an important part of the money it might raise been called for. That is the best testimony which can be produced as to the very great benefit the creation of that corporation has brought about.

The less that is lent if the pending bill becomes law the more successful it will be, because the primary purpose of this bill, as of the whole program of the President, is to renew confidence. At the very moment banks in my own locality are in great anxiety because of the lack of confidence, and an advance made within a few days by this National Credit Corporation has done wonders to save the day. If we let the people know that the resources of the Government are at their command in case of need, then we hope to have precisely the same thing that happens in the course of runs on banks, when anxious depositors will stand in line for hours, and on finally reaching the teller's window and learning that they can get their money, throw overboard any wish to get the money and ask to leave it in the bank. The thing we are doing now is to tell the people of the United States that their Government is going to save them. Therefore, the value of our legislation is in proportion to the extent to which it will allay fear.

Mr. GILBERT. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Certainly.

Mr. GILBERT. The gentleman has been addressing himself to the administration of this measure. There are many of us who have an apprehension that small business will not be adequately sympathized with in its administration. The Secretary of the Treasury, after a very long and successful financial career, has not shown a great deal of sympathy for agriculture or small business. I think there are quite a number on this side of the House particularly who are fearful that the great bulk of this money will be used in so-called big business. It would be very helpful to me and very reassuring if the gentleman from Massachusetts or some one who has given the matter great thought could by amendment provide for the allocation of funds that would insure that the great number of little banks and small business would really be heard. That is a matter that is giving me concern about this bill. To repeat my question, Does the gentleman feel that any amendment to this bill which could insure that relief could be drafted and would be wise?

Mr. LUCE. I doubt, Mr. Chairman, if it could be drafted, and I doubt whether it would be necessary, for the reason that in a time when need is brought home to everyone forcibly as never before, it is inconceivable to me that a group of trained, efficient, and respected men, men of the highest standing in the community, such as this board would be, would disregard any need or lose any opportunity to help that might present itself.

Let me illustrate: In my city we have two great factories, one a cotton factory, started more than a hundred years ago, and now empty. A still larger enterprise is our watch factory. What we want in our city is that the watch factory shall go to work and employ all the men it can. If you will start up that factory, then the grocery man, the hardware man, the clothier, the druggist, the doctor, the dentist will no longer worry. We do not want money for them. We want that watch factory to get to running at full capacity; we want to fill that empty factory with an industry which will employ our people.

Mr. KNUTSON. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. KNUTSON. The gentleman from Kentucky has called attention to what may prove to be a very serious point in this program. Those of us who were here during and immediately following the war recall that we set up an organization somewhat along this line. It was in either the Sixty-fifth or Sixty-sixth Congress, for the express purpose of giving relief to agriculture and to rural banks. The complaint I have heard against that organization was that the relief never got beyond the metropolitan centers; that the big banks took the money which we appropriated and liquidated their frozen assets, and that it did not give the relief which Congress intended it should give. I presume the gentleman from Kentucky is apprehensive that the same thing might happen in this instance. If I had an idea that we were only going to relieve the top and not the bottom, I would not agree to vote for this program. I would like to know what consideration the committee has given to the matter of safeguarding the flow of this money so it will go into all channels.

Mr. LUCE. As I just intimated, it is my own belief that if once you set going the wheels of the factories, if you once set going the tractors across the prairies, if you once set going every form of industry and activity the benefit will reach to every citizen, and that is the only way I know by which you can put an end to this depression.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. KNUTSON. Will the gentleman yield for another question?

Mr. LUCE. Certainly.

Mr. KNUTSON. We are facing a very critical situation and many enterprises are going to blow up if we do not extend relief. I think the gentleman will agree it is imperative that we save agriculture, because, after all, that is basic, and all other enterprises must primarily rest upon agriculture, and until the farmers' buying power has been restored we can not have any genuine prosperity in this country. So it would seem to me this legislation should give most serious consideration to the extension of relief to the farmers and incidentally to other industries by relieving the pressure which now rests on the farmer.

Mr. LUCE. I think the gentleman may not have heard my earlier remarks, which were largely based on that point.

Mr. KNUTSON. I will read them in the RECORD.

Mr. LUCE. It seems to me unnecessary at this moment to renew the age-old discussion of whether the heart or the lungs or the stomach is the most important part of the human body.

Mr. BLANTON. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. BLANTON. The gentleman spoke of his home banks and the withdrawals. When the gentleman by this bill puts

the Government into the banking business with a capital of $2,000,000,000 and authorizes this corporation to put its branches all over the United States and accept deposits, does not the gentleman know that they are going to take deposits from his home banks, away from the little country banks all over the country, and that that is going to injure the banks, the little banks, rather than help them? Why should that provision be put in this bill, that they shall be empowered to accept deposits of private money all over the United States in competition with our local banks?

Mr. LUCE. Mr. Chairman, it is completely evident I shall never be able to make the gentleman from Texas understand that this is a country of 120,000,000 people, a country of countless industries and activities of all sorts, and that they are all so connected, so interwoven, that help to one helps all.

Mr. BLANTON. Does the gentleman want the deposits in his home banks to go to this Government corporation?

Mr. LUCE. I want the deposits of my home banks to go anywhere that they can help. [Applause.]

Mr. UNDERHILL. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. UNDERHILL. Is it not a fact that there are millions of dollars to-day tucked away in stockings and elsewhere that are not deposited because of a lack of confidence in our present banking system, and that that money would go into this corporation and thereby help in a renewal of confidence?

Mr. LUCE. The latest estimate I have seen is that there are $2,000,000,000 so hoarded. We want to set that to work.

Mr. KETCHAM. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. KETCHAM. I want to know if the gentleman's impression of the attitude of those who appeared before the committee is similar to that of the distinguished gentleman from Maryland, who yesterday, in response to a question along this line, as to whether or not the direct benefits were going back into the various communities of the country, stated that unless all those who appeared were false in their professions before the committee, that was the aim and design; that there would not only be the indirect benefits of which the gentleman speaks but that there would be direct and positive assistance to the individual banking institutions in the small communities. Is that the gentleman's impression?

Mr. LUCE. That is my impression and that is my belief, and, so far as I know, there is but one gentleman who thinks to the contrary—the gentleman from Texas.

Mr. BLANTON. Mr. Chairman, will the gentleman yield there, since he has referred to me in that manner?

Mr. LUCE. Yes.

Mr. BLANTON. This superprivate banking institution that the gentleman's President organized in the summer—did the gentleman know that it has not helped a little bank in the country anywhere? The two strong banks of my home city, the strongest in the country so far as stability is concerned, before they could get any credit whatever from it were asked to put up $50,000 each of money in order to get some return of credit. It has not helped the little banks. It has helped the big banks of New York and Massachusetts, but has not helped the small banks of the country.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Chairman, I desire to discuss for a few minutes the constitutionality of that provision of the bill which empowers the Speaker of the House of Representatives to appoint two members of the board of directors of the proposed Reconstruction Finance Corporation.

Section 3 of the bill H. R. 7360, which is now under consideration, among other things, provides:

> The management of the corporation shall be vested in a board of directors, consisting of the Secretary of the Treasury, the Secretary of Agriculture, and the governor of the Federal Reserve Board, who shall be members ex officio, and two persons appointed by the President of the United States and two persons appointed by the Speaker of the House of Representatives by and with the advice and consent of the Senate.

This is clearly an attempt to place the Speaker of the House of Representatives in the shoes of the President and to invest him with what I think is universally held to be an Executive function.

Section 1 of the Constitution reads:

> All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Congress has no power except that granted it by the Constitution, or such as follows by necessary implication. Certainly the power to appoint officials is not one of them, nor does it follow by implication from anything that appears in the Constitution.

Article II, section 1, of the Constitution provides:

> The executive powers shall be vested in the President of the United States of America.

Field *v.* Clark (143 U. S. 649), I think, is generally conceded to be a leading case dealing with constitutional limitations. In this case Justice Harlan says:

> That Congress can not delegate legislative power to the President is a principle universally recognized as vital to the integrity and maintenance of the system of government ordained by the Constitution. * * * "The true distinction," as Judge Hanney, speaking for the Supreme Court of Ohio, has well said, "is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring authority or discretion as to its execution, to be exercised under and in pursuance of the law. The first can not be done; to the latter no valid objection can be made." * * *
>
> The legislature can not delegate the power to make a law, but it can make a law to delegate a power to determine some fact or state of things upon which the law makes, or intends to make, its own action to depend.

The converse of that is equally true. The Congress can neither exercise an executive function, nor can it lawfully deprive the President of any of his inherent or constitutional prerogatives.

Section 2 of Article II of the Federal Constitution provides, among other things, that the President—

> Shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments.

This is the only provision in the entire Federal Constitution that gives any right to Congress to deal at all with the matter of appointments, and it can deal in the manner here provided and in no other.

The Constitution of the United States has been held by all constitutional authorities to be a grant of power. Neither the Congress, the President, nor the courts may exercise functions not specifically, or by necessary implication, granted to them in this instrument. The power of appointment is by the Constitution placed in the President. It can not by any law of Congress be lodged elsewhere except as provided in the Constitution.

In the Constitution of the United States of America, Annotated, at page 395, in discussing the power of Congress in connection with appointments, I find the following:

> Appointments to office can only be made by the Executive in the manner provided and not by congressional enactment, and the Congress can not by law designate the person to fill an office; but Congress may authorize a particular officer to perform a particular duty or may extend the duties of officers, * * *.

In support of that statement the following authorities are cited: Wood's case (15 Ct. Cls. 151; affirmed in 107 U. S. 414), United States *v.* Ferreira (13 How. 40), Kentucky *v.* Dennison (24 How. 108), Shoemaker *v.* United States (147 U. S. 301), Ekiu *v.* United States (142 U. S. 663), United States *v.* Perkins (116 U. S. 485).

Willoughby, a recognized authority on constitutional law, in his Constitution of the United States, volume 3, paragraph 991, declares that—

> The Congress has no appointing power beyond the selection of its own officers. It may create an office, but not designate the one to fill it.

By two acts of Congress passed in 1823 and 1834 Congress designated the judge of the territorial court of Florida to act as a commissioner to examine into and report to the Secretary of the Treasury upon certain claims arising under a treaty entered into by the United States and Spain in 1819. The constitutionality of this appointment was challenged. Chief Justice Taney, in disposing of the matter, held that Congress was without authority to make the appointment, laying down the rule that "the appointment of the commission is plainly an executive duty." (Shoemaker *v.* U. S., 147 U. S. 301.) Later on in the opinion the Chief Justice says, "Congress can not by law designate the persons to fill these offices," referring to the commissioners attempted to be appointed by Congress.

In the case of Akiu *v.* United States (142 U. S. 663) the question arose as to whether one Hatch was legally appointed as inspector of immigration. In discussing the matter the court said:

> But the Constitution does not allow Congress to vest the appointment of inferior officers elsewhere than in the President alone, in the courts of law, or in the heads of departments.

The case of Myers, Administrator, *v.* United States (272 U. S. 52) has been referred to by my distinguished colleagues the gentleman from Iowa [Mr. RAMSEYER] and the gentleman from South Carolina [Mr. STEVENSON] in discussing the constitutionality of the provision which authorizes the Speaker to appoint two of the directors of the Finance Corporation.

In discussing the executive power at page 117 of the opinion Chief Justice Taft says:

> It was urged that the natural meaning of "executive power" granted the President included the appointment and removal of executive subordinates. If such appointments and removals were not in exercise of the executive power, what were they? They certainly were not the exercise of legislative or judicial power of government.

Later on, at page 130, the Chief Justice, after discussing the right of Congress to create an office and determine its functions, continues:

> On the other hand, the moment an office and its powers and duties are created the power of appointment and removal, as limited by the Constitution, vested in the Executive.

In 1837 the question arose as to whether or not the Senate of the United States could originate an appointment. In disposing of the matter the then Attorney General, B. F. Butler, held that—

> The Senate can not originate an appointment; its constitutional action is confined to the simple affirmation or rejection of the President's nomination.

It has also been uniformly held that in the absence of statutes the President may appoint the necessary officials either to fill offices created by Congress or to administer the laws.

In my judgment, even if this law were to be passed, the President could immediately dismiss the two directors appointed by the Speaker of the House and confirmed by the Senate, and, under his inherent powers, he could appoint two new directors who would be authorized to proceed with their duties as directors of the corporation.

It seems to me clear that the appointive power is an Executive function. It would appear equally clear that it is in no sense a legislative function. If it is not a legislative function it can not be exercised by Congress directly nor can it be exercised indirectly by authorizing one of its members to make an appointment.

I think no authority can be found either in the judicial decisions or in the opinions of Attorneys General that would give any sanction to what we are attempting to do in the bill. My genial and able friend from South Carolina [Mr. STEVENSON] has quoted excerpts from the dissenting opinion of Justice Holmes in the case of Springer *v.* Philippine Islands (277 U. S. 189), showing that in certain cases appointments made by congressional enactments have been acquiesced in by the Congress and the Executive. The cases cited, however, are exceptional in character and certainly can form no sufficient basis upon which to argue that the power of appointment may be assumed by Congress. In every instance and without deviation where the power of Congress to appoint has been challenged the courts and Attorneys General have decided against such power.

It has been argued here that the Rehabilitation Finance Corporation has been divested of sovereignty by reason of having been created an entity capable of suing and being sued. That may be conceded in part, but it is nevertheless in its organization an instrumentality of Government, created by Congress and financed by the Federal Treasury, to carry out functions which appear at present to be beyond the capacity of private enterprise. Even if it were to be conceded that it is not such, the power of Congress could not be enlarged so as to appoint any of its governing officials. Congress may pass laws but may not administer or enforce them. This is clearly an Executive function of which Congress can not deprive the Executive.

The distinguished gentleman from South Carolina has attempted to show that the decision of the court in Springer against Philippine Islands, supra, is merely obiter dictum, so far as the matter in controversy here is concerned. He also insists that it was a political opinion rather than a judicial one. Whatever may be said with reference to this opinion in that regard the reasoning of Justice Sutherland is not obiter dictum. We have the right to assume that his reasoning was approved by the majority of the court. If it was, it is conclusive on the matter now in controversy.

It seems to me that the argument of the gentleman from South Carolina that the Rehabilitation Finance Corporation is similar in character to the Emergency Fleet Corporation, the Federal farm-loan banks, and other agencies of a similar character, is beside the point. The question involved here is not whether the Government in creating such corporations has divested itself of sovereignty. The question is whether or not the Congress has the power of appointment. All the decisions hold that it does not have that power. That being the case, it can not exercise that power by indirection and circumvention as is attempted here. [Applause.]

Mr. HOCH. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. HOCH. It seems rather clear to me that if these directors are officers of the United States, then they must be named in accordance with the provisions of the Constitution. As I understand the argument in support of the constitutionality of this provision, it really amounts to the contention that they are not officers of the United States, but are simply employees or officials of this corporation. It seems to me if we are to admit the validity of that argument, then Congress might avoid the provisions of the Constitution upon occasion by simply creating a corporation to do a certain thing and then saying that since those who direct the corporation are officers of the corporation, and not officers of the United States, their appointment does not need to be made in compliance with the constitutional provisions as to appointments. It seems to me this argument would fall at once, because it would plainly be an evasion of the Constitution, which the court would not tolerate.

Mr. WILLIAMSON. I think there is no doubt about the correctness of the gentleman's statement.

I am not contending here that these two directors are officers of the United States. In my judgment it is not very material whether we hold they are officers or not. They are undoubtedly agents of the United States. The point is, that the Congress does not have the power of appointment, because it is an executive function, which Congress can not exercise. Congress can neither appoint officers or employees by law nor can it appoint through one of its Members, because that is a function which belongs to the Executive, of which Congress can not deprive him.

Mr. RAMSEYER. Will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. RAMSEYER. The gentleman has made a very clear and logical argument in support of his position that the provision referred to is unconstitutional. I have some State supreme court decisions bearing on the proposition of the





power of the legislature to confer on the speaker of the house and the president of the senate the appointment of directors in corporations, in which the State held some of the capital stock. In these cases the court held that the legislature could not do that because that was an encroachment on the executive power reposed by the State constitution in the governor.

I have here two North Carolina cases in point, and if the gentleman does not object, I will give him the citations to be printed in the RECORD.

Mr. WILLIAMSON. I shall be glad to have them.

Mr. RAMSEYER. They are Clark against Stanley, Sixty-eighth North Carolina, page 59, and Howerton against Tate, Sixty-eighth North Carolina, page 546.

Mr. WILLIAMSON. I want to qualify my acceptance of the statement of the gentleman to this extent. State legislatures often exercise powers that are not granted in the Federal Constitution. State constitutions are in the nature of limitations upon the power of State legislatures. Their powers are not grants, and hence their powers are not as circumscribed as those of Congress. We find that some State constitutions give the legislature the right to appoint in certain cases, and in other cases it has been exercised under their reserved powers.

Mr. RAMSEYER. The provisions in the North Carolina constitution are similar to the provisions in the Federal Constitution in defining legislative, executive, and judicial powers. The North Carolina Supreme Court held that the executive power was in the governor, and that an act of the legislature curtailing such power was unconstitutional.

Mr. WILLIAMSON. I thank the gentleman for his observations. I yield back the balance of my time.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from the Philippine Islands [Mr. OSIAS].

Mr. OSIAS. Mr. Chairman, it is not my purpose unduly to inject myself into the debate. It has been my aim ever to observe the amenities, the proprieties, and the rules of the House of Representatives. I trust that it will not be thought that I am bringing in extraneous material as I discuss this bill creating a Reconstruction Finance Corporation, because there is a feature which is of particular interest to the people of the Philippine Islands. I am watching with great care the progress of the discussion, in so far as section 3 of the bill (H. R. 7360) is concerned, relative to the membership of the board of directors for the corporation which this bill seeks to establish.

The gentleman from South Dakota [Mr. WILLIAMSON] who has just spoken alluded to the celebrated Philippine case, involving certiorari to the Supreme Court of the Philippine Islands, Springer et al. against Government of the Philippine Islands.

Two or three other gentlemen, in the course of their remarks, in connection with the debate on this bill have made reference to this Philippine case.

It is my purpose to supplement and clarify certain features of this particular case, in order that the membership of Congress may understand clearly the fundamental points involved and their intimate relation with the destiny of the Philippine Islands.

The Philippine Legislature, consisting of the Philippine Senate and the House of Representatives, was created by the Philippine autonomy act, approved by Congress in August, 1916. By agreement between the Filipino leaders of the legislature and the Governor General of the Philippines, a series of laws creating various companies were enacted.

Among the companies that were established by virtue of these laws were the Manila Railroad Co., the Philippine National Bank, the National Petroleum Co., the National Cement Co., the National Coal Co., the National Development Co., and the National Iron Co. In accordance with these legislative enactments, which bore the approval of the duly authorized representatives of the Filipino people on the one hand and the representative of American sovereignty in the Islands on the other, the power to vote the stock of these corporations was vested in the Governor General, the president of the Philippine Senate, and the speaker of the Philippine House of Representatives. These members of the Board of Control, as they are called in some acts, or the committee, as they are referred to in others, were by law given the power to vote the stock of Government-owned corporations.

I shall address myself now to one point raised in the colloquy between the gentleman from Alabama [Mr. BANKHEAD] and the gentleman from Iowa [Mr. RAMSEYER] appearing on page 1729 of the CONGRESSIONAL RECORD. The gentleman from Alabama asked, among other things, this question:

> Did it allow the Governor General to remain as one of the directors?

The answer was:

> Of course, that is not involved.

The reply clearly is incomplete, and it is my desire to supplement it. Of course, the gentleman from Iowa was not discussing the power of the Governor General in the course of his remarks, and he was absolutely right in his reply from that standpoint; but, Mr. Chairman, in the Philippine case the power of the Governor General was very vitally involved. By the decision of the Supreme Court of the United States in one of the most important cases appealed to Washington it was declared that the president of the Philippine Senate and the speaker of its House of Representatives were without legal right to exercise voting power in these corporations, thereby leaving alone the Governor General.

So we have a situation in the Philippine Islands fraught with dire dangers. We have a chief executive appointed by the President of the United States in the selection of whom we have no voice. He is not responsible directly to the Filipino people, but he is clothed with the power to dispose, if so minded, of all these companies that I have mentioned, involving capitalization of several millions of dollars. The capital involved is Philippine money.

For several years the board of control during the era of understanding and cooperation functioned smoothly. Later, under a less liberal atmosphere misunderstanding and conflict arose. It is not accurate, however, as I found in the CONGRESSIONAL RECORD on page 1816, to say that these differences arose because of the hostility on the part of the legislature toward the Governor General. I do not believe it would be accurate either to say that it arose because of the hostility of the American chief executive toward the Philippine Legislature. I believe it would be more accurate to say that it arose from an honest difference of opinion, and that it was purely a constitutional issue, involving nothing of personalities or national affinities.

What I wish to emphasize at this juncture is that I have found various enactments of this body, similar to those enacted by the Philippine Legislature. No constitutional question was ever raised, for example, in the case of the Regents of the Smithsonian Institution, which the defenders of the Filipino side in this celebrated case cited as being analogous to the laws creating the board of control for these government-owned corporations.

It is obvious that we are in a very precarious state indeed in the Philippines. Our fate hangs but by a thread. The board of control, declared constitutionally defective, functioned properly when there was understanding and cooperation with a chief executive who had a sympathetic understanding of the psychological and sociological nature of the Philippine people. Even the successor of this Governor General I allude to—and I mention no names because I want to avoid personalities—for a while acted with the Filipino members.

The CHAIRMAN. The time of the Commissioner from the Philippine Islands has expired.

Mr. McFADDEN. Mr. Chairman, I yield the gentleman five minutes more.

Mr. OSIAS. I thank the gentleman.

Mr. Chairman, it is clear that there can be no economic stability for us under such conditions; there is no certainty in the situation of the Philippine Islands.

Under a liberal and sympathetic Governor General our government may function somewhat smoothly and with fair efficiency, while under another Governor General, with opposite views, the very laws enacted by the Philippine Legislature may be set at naught. I conclude by inviting the attention of Congress to the fact that our situation is a very precarious one indeed, because if the Governor General so desires he could dispose of all the companies which I enumerated at the outset.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. OSIAS. Yes.

Mr. BANKHEAD. Do I understand that the result of this decision of the Supreme Court in this case did not entirely nullify the whole act, but eliminated only from that board the speaker of the house of representatives and the president of the senate, and that the Governor General is the only one to act in that capacity?

Mr. OSIAS. The gentleman is right, and that is one reason why the duly authorized representatives of the Filipino people come pressing for the immediate solution of the Philippine problem to remove the uncertainty. Little or no consistent and substantial progress can be made, either in politics or in economics, as long as the present uncertainty prevails. It is the earnest expectation of my people that something tangible, something definite, something concrete shall be done by this Congress that will forever make the Filipino people masters of their national life.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. OSIAS. I do, with pleasure.

Mr. CLARKE of New York. As I understand the matter, some of those who have studied the problem have come back from the Philippine Islands with a definite recommendation that within, we will say, a period of 5 or 10 years, the promise of independence to the Filipino people should be redeemed. Does the gentleman believe that with the different classes of people in the different islands, and all that, these people are now ready to assume and are able to protect themselves if at the end of that time they are given their freedom?

Mr. OSIAS. Yes, sir; they are now ready.

Mr. DYER. Will the gentleman yield?

Mr. OSIAS. Yes, I gladly yield to the gentleman.

Mr. DYER. Does not the answer which the gentleman has given to the question asked by the gentleman from New York apply to the present time as well, instead of waiting 5 or 10 years?

Mr. OSIAS. Indeed, it does.

As I said when I had the privilege of taking the floor the other day, our stand is clear and definite. We believe that there should be no further delay in the granting of the independence which was promised by the Congress and which was substantially enunciated by American Presidents, irrespective of party affiliation. [Applause.]

Adverting once again to the Philippine Board of Control case, I desire to stress the extreme danger to Philippine life of prolonging a situation whereby one appointive officer may exercise solely the exclusive power of voting the stock of corporations involving land, property, and millions of the people's money, and the imperative necessity of applying a fundamental and lasting remedy.

With respect to the United States Supreme Court decision, while we bow to the opinion of the majority, we find solace and satisfaction in the dissenting opinion of an honored member of the Supreme Court whose very recent retirement evoked words of highest commendation from no less a personage than the Chief Magistrate of this Republic. I can do no better than to close with the words of Justice Holmes, who said in concluding his opinion in this Philippine case:

> The corporations concerned were private corporations which the legislature had power to incorporate. Whoever owned the stock, the corporation did not perform functions of the Government. This would be plain if the stock were in private hands, and if the Government bought the stock from private owners the functions of the corporations would not be changed. If I am right in what I have said, I think that ownership would not make voting upon the stock an executive function of the Government when the acts of the corporation were not. I can not believe that the legislature might not have provided for the holding of the stock by a board of private persons with no duty to the Government other than to keep it informed and to pay over such dividends as might accrue. It is said that the functions of the board of control are not legislative or judicial and therefore they must be executive. I should say rather that they plainly are no part of the executive functions of the Government but rather fall into the indiscriminate residue of matters within legislative control. I think it would be lamentable even to hint a doubt as to the legitimacy of the action of Congress in establishing the Smithsonian as it did, and I see no sufficient reason for denying the Philippine Legislature a similar power.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. STEWART].

Mr. STEWART. Mr. Chairman, I rise as a member of the Committee on Banking and Currency to discuss some of the features of the bill now under consideration, which provides emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

May I digress at this time to thank the Members of the House for the uniform courtesy and assistance which they have extended to me, a new Member of this body.

This bill provides for the creation of a corporation with a capital stock of $500,000,000, to be subscribed by the Treasury of the United States, with a board of directors to be composed of the Secretary of the Treasury, the governor of the Federal Reserve Board, the Secretary of Agriculture, and four directors, two of whom shall be appointed by the President of the United States and two of whom shall be appointed by the Speaker of the House of Representatives, and who shall be confirmed by the Senate.

Under section 9 of the bill, the corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations. Section 5 provides:

> In no case shall the aggregate amount of advances made under this section to any one corporation and its subsidiary or affiliated organizations exceed at any one time 10 per cent of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

The total amount of money available for any one borrower, should the total amount of bonds authorized under this section be issued, would be the sum of $200,000,000.

The question of limiting the amount available to any one borrower was considered carefully by the members of the Committee on Banking and Currency; suggestions were made that there should be no limit; suggestions were also made limiting the amount available to a much smaller sum, but after mature consideration the committee concluded that the amount now written into the bill was advisable.

Section 5 of the bill also provides that the corporation shall extend its aid to agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, and to make loans upon such terms and conditions not inconsistent with the act as it may determine to any bank, savings bank, trust company, building and loan association, insurance company, intermediate credit bank, agricultural credit corporation, livestock credit corporation, and any agricultural or farmers' association incorporated under the laws of any State, or other bona fide financial institution in the United States * * *, including loans secured by the assets of any bank that is closed, insolvent, or in process of liquidation, to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank, and any receiver of any national bank is authorized to contract for such loans and to pledge any assets of the bank to secure the same.

The corporation may also, upon the recommendation and approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing of railroads and railways engaged in interstate commerce, to railroads and railways in process of construction, and to receivers of railroads and railways, when in the opinion of the board of

directors of the corporation such railroads or railways are unable to obtain funds upon reasonable terms through banking channels or from the general public, and the corporation will be adequately secured.

It can not be stressed too strongly that this corporation has the widest possible powers and field of operations and is intended to ameliorate and cure the ills of all branches of agriculture, commerce, industry, and finance, no matter how small the institution applying for aid may be; but this bill, as drawn, should and will stand also as a bulwark against the failure or embarrassment of institutions of the largest capitalization.

In testimony adduced before the Committee on Banking and Currency, it was stated that there are in this country upwards of 40,000 miles of electric railways, with a property investment of about $5,000,000,000; and that there are reporting to the Interstate Commerce Commission, the same as steam railroads, 211 electric railways, representing a mileage of about 9,000 miles; a property investment of over $1,000,000,000. These railways employ 47,397 workers and have a total unmatured debt of $686,238,100. The Committee on Banking and Currency, therefore, thought it proper to use the language referred to in section 5 of the bill, above quoted, so as to include electric railroads as well as steam railroads reporting to the Interstate Commerce Commission.

Mr. GARBER. Will the gentleman yield?

Mr. STEWART. I yield.

Mr. GARBER. I am very much interested in the very able exposition being made by the gentleman from New Jersey. I am wondering if the committee has considered the phraseology on page 7 of the bill, which reads: "To railroads and railways in process of construction." Of course, we realize it is necessary to give general power to a board of this kind, but I am wondering if it is not going a little too far to extend finances, under the existing depression, for the construction of railroads. Could not the construction of railroads very well be held in abeyance until after we have passed through this critical period? The construction of railroads might require millions of dollars, which if distributed over the country in small sums to the banks in the agricultural districts and building and loan associations would be of great benefit to the country.

Mr. STEWART. I will say in direct answer to the question of the gentleman from Oklahoma that the committee did have that matter under consideration. There was one particular instance of a railroad that had been built from both ends; a small place was left uncompleted, and the need of the completion of that road was set forth, as it seemed to the committee, most graphically and convincingly. We thought that in view of the discretion which is lodged in the men who will be at the head of this corporation instances of that kind might very well be within the purview of this bill, especially as section 5 provides that such loans are only to be made upon the recommendation and approval of the Interstate Commerce Commission.

Does that answer the gentleman's question?

Mr. GARBER. To the extent that the gentleman has shown a consideration of the subject it does, but I still doubt the advisability of such inclusion in this relief program.

Mr. STEWART. There have been criticisms directed against banks and banking and the railroads in the discussion of this bill; some of them may be justified, but we are facing a condition which must be met promptly, and we can not at this time attempt by legislation to correct the abuses, if such there be, in connection with the banking and railroad laws, nor is it the intention of this bill to deal with the subject. Such action can properly be deferred, if it is found necessary, to a later date. But the fact remains that the great life-insurance companies have $3,000,000,000 invested in the mortgage bonds of railroad companies as the security behind the life-insurance policies which have been issued to 50,000,000 of our citizens; also a billion and a half dollars are invested in these railroad securities by financial institutions, fire and accident insurance companies, universities and other educational institutions, hospitals, religious and charitable organizations. The savings banks, insurance companies, and other institutions are also holders of the securities of the electric railways to which I have referred. In self-preservation we must see to it that incalculable damage shall not be done to the holders of these securities and to the widows, orphans, and other beneficiaries of trust estates which are invested in these securities.

Moreover, aid extended to the great transportation systems of this country would cause an immediate increase in the demand for labor and materials of every kind and description and would be of the greatest benefit in relieving some of the unemployment now prevalent. As stated by some of my colleagues yesterday, approximately one-third of the former employees of railroads are now unemployed.

The fear has been expressed here that there would be such a demand on the part of railroad corporations, insurance companies, banks, and other large financial institutions that the small borrower or small banker will not find funds available for his needs. I do not entertain any such fears, and I confidently believe that the amount of money which the Treasury will be called upon to furnish in the last analysis will be well within the limits of the present bill, and that the losses, if any, will be insignificant.

The governor of the Federal Reserve Board in his testimony before our committee stated that the War Finance Corporation made loans to 4,317 banks, and in proportion to the amounts loaned the losses were small. In the State of Iowa, for instance, the corporation loaned $24,000,000 with only one loss of $20,000, due not to any errors in banking but to a case of forgery.

For every one of the so-called international bankers, about whom we hear so much, there are thousands of small banks and bankers who cater to the needs of the individual and the small business enterprise. These banks are scattered throughout our entire country, and they have stood up nobly in the face of the terrific pressure to which they have been subjected. I have nothing but praise for the small-town banker in the distressing circumstances in which he has found himself during the present crisis.

This bill is intended to assist and put courage into the hearts of this type of banker and to make it possible for depositors to realize on the funds which they have placed in these institutions.

Mr. Frederick H. Ecker, president of the Metropolitan Life Insurance Co., of New York, in his testimony before the Senate committee, stated that some of the smaller insurance companies might require a measure of aid from this corporation but that no situation was anticipated where the large life-insurance companies would have to have recourse to this corporation for aid.

The maturities of 128 Class I railroads which fall due during the first quarter of 1932 are as follows: Bonds, $2,667,500; loans and bills payable, including bank loans, $33,894,395; equipment trust obligations, $35,560,820; and the total amount of maturities during the entire year is $110,782,506.

It was also testified before our committee that the requirements of all railroads are in the neighborhood of $157,000,000. In the event of a situation arising which would necessitate the borrowing from the corporation of the entire amount, it would only amount to a little over 7½ per cent of the resources of the corporation.

I think that these facts clearly demonstrate that this corporation is capable of taking care of the situation through its own intrinsic merit, but I do not believe that it will ever be called upon to furnish a large amount of money, which some of its critics imagine, for the reason that I believe the psychological effect of knowing that such a powerful instrumentality, authorized by the Government of the United States, stands ready to furnish aid, will encourage all industry and commerce and in most cases render any aid unnecessary.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield to the gentleman from New Jersey two additional minutes.

Mr. OLIVER of New York. This is one of the most informative addresses we have had. It has been a pleasure to listen to it, and I am glad the gentleman from Alabama has yielded the gentleman additional time.

Mr. STEWART. The direct result of the enactment of this bill, in my judgment, will be to bring hoarded money out of safe-deposit boxes and out of stockings and to start the stream of liquidation which will ultimately relieve our present economic difficulties. [Applause.]

Mr. SEIBERLING. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Chairman, what I have to say will be largely repetition of that which has gone before, but because of some of the questions asked of my colleague [Mr. LUCE] this morning, I feel, even at the risk of redundancy, that these points should be emphasized.

As I view it, the chief virtue of this bill is a restoration of confidence on the part of the people. Big banks can take care of themselves, although many of them have been in a shaky condition. Even if we have a prejudice against big business or big banks or big banking, nevertheless we must recognize that those banks are the repositories of the savings of our people. They can not hire safe-deposit boxes. It is not convenient for them to put their money into securities. They want it handy where they can get at it. Consequently, they place it in charge of the banks.

I do not confine my remarks to my own city or my own section of the country, but I want to tell you more particularly about the lack of confidence which exists, and give you one illustration of how confidence was restored in my section of the country. There was a run on a very conservative banking institution. The bank was perfectly sound and solvent, but fear can not be reasoned with, and, as a neighboring bank had gone out only the day before, the depositors in this bank were frantic. They filled the square where the bank was located, so that traffic had to be diverted. There were several thousand milling about there. The governor and the State treasurer deposited the limit which the State was allowed to deposit in one bank, and addressed the crowd. The mayor of the city deposited his pay check and some city money, and he addressed the crowd, but there was no diminution in the size of the crowd or of the clamor. They sent not far away to a Catholic church, St. Catherine's Church, and the bishop and two priests responded and mingled with the crowd and advised them to go home, and in less than three hours the run on that bank stopped, because of the confidence which the depositors had in their spiritual advisers. The run was caused because of the lack of confidence in the stability of the bank. That same confidence in their spiritual advisers, I think exists throughout the country to-day with reference to their Government. If they know or are informed through the press that the Government stands back of these perfectly solvent institutions, they will not cause runs on banks and withdraw their savings and place them in unsafe quarters, much more unsafe than if they had left them with the bank.

Up in my section of the country you can not borrow money on good securities. Why? Because to-day there is a run on this bank, and it has got to have every dollar of its assets liquid in order to meet that run; and to-morrow there is a run on another bank. Each bank is anticipating a run and consequently is holding its money in reserve. So you can not borrow for commercial or industrial purposes. In the savings banks they have had to enforce the 90-day clause. Now, when the 90 days expire the people who have deposits in those savings banks have already been disturbed because the bank has evoked that clause or power which the law allows, so that just as surely as the bank opens its doors there is going to be a run which will oblige them to close, thereby withdrawing that money from circulation and adding another large amount of frozen assets.

Mr. GARBER. Will the gentleman yield?

Mr. UNDERHILL. I yield.

Mr. GARBER. Let me say, in support of what the gentleman is so well describing, that it is not only peculiar to his section but to almost every section of the United States of which I have any information, and especially is it true with reference to the Western States.

Mr. UNDERHILL. I was coming to that. I do not offer this as a criticism, but merely as a statement of my own belief, one which I think comes pretty near to being the fact. If we had realized the seriousness of the situation soon after we convened and had shortened our Christmas vacation, irrespective of what was done before, and had passed some measure of relief I do not believe that the Saturday before the New Year 22 banks would have gone out in North Carolina and, I think, an equal number in South Carolina and several in my own State. As I said, I do not offer that as a criticism. We could not anticipate how serious the situation was.

As the gentleman from Oklahoma says, it is not confined to my section of the country. It affects all sections of the country. In my State we had not had a bank close its doors for 36 years. The first bank that closed its doors was in my district; the second one that closed its doors was in my district; and the third one that closed its doors was in my district; then two on the borders of my district closed. I represent, in part, a city of 120,000 inhabitants, and I am told that a survey shows that 89,000 of those people have money in those institutions, which they can not get out and use for the purpose of buying food, fuel, and other necessities. The biggest farm in my district consists of a window box, but every member of the community has to buy food, fuel, and other commodities which other sections of the country produce. If our people had liquid assets I think their own ingenuity, their thrift, their ambition, and their pride would keep the wheels of industry moving, but until you restore confidence to the bulk of the people you can not reason with their fear.

Mr. BLANTON. Will the gentleman yield?

Mr. UNDERHILL. I yield.

Mr. BLANTON. The gentleman admitted that the action of his governor and State treasurer in making the deposits and of the mayor's pay check did not restore confidence, but that it took the people's spiritual advisers to do that. Does not that indicate that the people require something else besides Government interference?

Mr. UNDERHILL. I said that I believe all of those people and all of the people throughout the Nation have an equal confidence in our great Government.

Mr. BLANTON. The gentleman expressed the view that had we passed such a bill as this in the Christmas vacation it might have stopped the closing of a score of banks. If his argument is good and sound, that this bill will do that, then if we had passed such a bill last summer we could have stopped the closing of 2,000 banks in the United States.

Mr. UNDERHILL. Well, the gentleman, with his usual disregard of present conditions, searches away back into the past and criticizes something that has occurred in the past, not to prove the soundness of his argument but principally because he can not get away from partisanship.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. UNDERHILL. Principally because he can not see beyond the borders of his own district. While the gentleman from Texas is a valuable man in the House, I often wonder at his erratic course. Although he is a valuable man in this House, too often his remarks and his votes are influenced by what he thinks will be helpful to him in Texas.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. BLANTON. I was only answering partisanship with partisanship. Was there not partisanship in the statement of the gentleman from Massachusetts criticizing the House and the Congress for not staying in session during the Christmas holidays?

Mr. UNDERHILL. It was entirely foreign to any idea that the gentleman from Massachusetts has. I have been a Member of this body for 12 years and have taken the floor perhaps overmuch, and I challenge a search of the records where you can find one single instance where the gentleman from Massachusetts has uttered a partisan word on the floor of the House.

Mr. GARBER. Will the gentleman yield?

Mr. UNDERHILL. I yield.

Mr. GARBER. The gentleman was very careful to state, I will say to the gentleman from Texas, expressly disclaiming any criticism of the delay. I was carefully listening to the gentleman in that respect.

Mr. UNDERHILL. May I now resume just for a moment and emphasize once more that the value of this legislation is not in the amount of $2,000,000,000. It is not whether it is going to help the farmer or the railroads or the banks, but the fact it is going to restore an immediate share of confidence in the great bulk of the people, and after all, they are the great, inexhaustible source of wealth and of bank deposits throughout the United States.

If we do not have to lend one single dollar of it, if we do no more than restore confidence, every congressional district in the Nation, whether it produces an oversurplus of agricultural products, an oversurplus of the products of the mine, an oversurplus of the product of the mill or of the factory, is going to benefit, because we are all interdependent. I enjoy in the winter season the tomatoes and the lettuce—fresh vegetables and fruit—that come from Florida and Texas and California, but if I have no money I can not buy it. If my money is all tied up in a savings bank I can not buy, nor can the gentlemen who represent Florida, Texas, and California purchase the products of Massachusetts in the way of shoes, textiles, and other manufactured goods.

Let us not become partisan, let us not become localized, let us have a broad, comprehensive view of the biggest, best, most resourceful country in the world and restore to the people the confidence that they had, and if we restore their initiative and their ambition and their willingness to sacrifice and their willingness to do for others in a crisis, we will come to the front and we will once more get along on a normal basis and once more return to active manufacturing, agriculture, mining, and all of the other activities which have made us so prosperous in the past. [Applause.]

Mr. BUSBY. Mr. Chairman, I yield three minutes to the gentleman from Connecticut [Mr. LONERGAN].

Mr. LONERGAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by inserting a telegram from the insurance commissioner of the State of Connecticut; a telegram from Mr. George T. Wight, manager of the Life Presidents Association, on the subject of insurance policies during the past year; and a telegram and letter from the banking commissioner of the State of Connecticut, giving reasons for the closing of 11 banks in Connecticut since December 17 last.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The matter referred to follows:

HARTFORD, CONN., *January 12, 1932.*

Hon. AUGUSTINE LONERGAN,
House of Representatives:

Figures for policy loans of life insurance companies transacting business in Connecticut have not been filed and probably will not be available before March 1. At a meeting of the Life Presidents Association, held in New York recently, Mr. Law, president of the Penn Mutual Life Insurance Co., made a statement that the new loans alone to policyholders amounting to $427,291,000 would be made during the year 1931. These are probably aggregate figures of the 52 companies which report to the Association of Life Insurance Presidents, and I understand the group of companies represented in this association transact at least over 80 per cent of the life insurance business in this country. I suggest that you wire George Wight, manager of the Life Presidents Association, 165 Broadway, New York, and Byron K. Elliott, general counsel American Life Convention, 1221 Locust Street, St. Louis, Mo., for further information.

HOWARD P. DUNHAM,
Insurance Commissioner.

NEW YORK, N. Y., *January 13, 1932.*

Hon. AUGUSTINE LONERGAN,
House Office Building:

Am glad to respond to your wire received late yesterday afternoon. Based on actual data for first nine months and on estimate for last three months, 52 United States legal reserve life insurance companies increased their outstanding loans to policyholders by approximately $427,000,000 during calendar year 1931. These companies have approximately 91⅛ per cent of the assets of all such United States companies.

GEORGE T. WIGHT.

HARTFORD, CONN., *January 12, 1932.*

Hon. AUGUSTINE LONERGAN,
House of Representatives:

Eleven trust companies or private banks closed in Connecticut since December 17 due to depreciation of securities and heavy withdrawals. Can not estimate percentage as closing statement not yet filed.

GEORGE J. BASSETT,
Bank Commissioner of Connecticut.

STATE OF CONNECTICUT,
OFFICE OF THE BANK COMMISSIONER,
State Capitol, Hartford, January 12, 1932.

Hon. AUGUSTINE LONERGAN,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: I wired you this morning as requested, but think perhaps you might be interested in a little more of the details.

In practically every instance where a bank has either been closed or been taken over by some other bank for liquidation, their lists of securities had depreciated to such an extent that the borrowing capacity of the various banks was severely curtailed, with the result that when their deposits began to be withdrawn they were unable to furnish sufficient quick assets in marketable collateral to enable them to secure further cash. Naturally their correspondent banks would not loan on their notes receivable as the correspondent banks would not be familiar with the borrowers of the local banks. Furthermore, they were unable to borrow on or dispose of their mortgage loans, since most of the savings banks that under ordinary conditions could have taken such mortgages were also conserving their cash assets to meet their own withdrawals.

Most of the banks that have been closed and the seven which have been either merged or taken over by larger banks were apparently solvent earlier in the fall, but the security market dropped off badly in the last two months of the year, and the heavy withdrawals that were made during December brought about the situation to which I refer.

Very truly yours,

GEORGE J. BASSETT, *Commissioner.*

Mr. BUSBY. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Chairman, I am going along with others of my colleagues in the support of this measure, not because I am enamored with any of its provisions but largely because I fear the consequences to the country at large of failure of adoption.

There are two provisions of the bill to which I would respectfully direct the attention of the committee.

At the bottom of page 2, section 3, of the bill and following in the same section on page 3 I find this language:

> Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

And again on page 4 of the bill, section 4, beginning with line 11, I find this language:

> Without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States.

Unless there be, Mr. Chairman, the intention to duplicate salaries or to set up a condition where two salaries may be paid by the Government to the same individual, there can be no justification for the inclusion of this language in the bill.

Mr. Chairman, I wish to join with others in their challenge to the proposal set out in section 3 of the bill vesting in the Speaker of the House of Representatives the power to appoint two members of the board.

Mr. BEEDY. Mr. Chairman, will the gentleman yield before he comes to that point?

Mr. COX. Gladly.

Mr. BEEDY. Relative to that section of the bill to which the gentleman has just called the attention of the committee, my attention was attracted to that section this morning and I myself was in doubt as to what purpose it was intended to serve. I contacted with the Treasury Department, and their answer to me was, in substance, this: That there was no thought of taking anybody now engaged in any of the departments and employing him in this corporation from the outset and at the same time permitting him to retain the position which he now has. This clause was inserted in the bill looking to the day of liquidation. It aims

at economy in the winding up of the affairs of the corporation. When the time comes that this corporation may have served its purpose, there will be employees in the Government who can be utilized in closing up the affairs of this corporation and so save our going outside and hiring new men. This was their answer to me and I give it to the committee for what it is worth.

Mr. COX. I thank the gentleman for disclosing the purpose of this language in the bill.

Mr. Chairman, the language in section 3 of the bill empowering the Speaker to appoint two members of the board raises the question of the constitutional power of the Congress to delegate to a legislative office an executive function. This point was first raised by the gentleman from Iowa [Mr. RAMSEYER] on the opening of the debate, and in his statement he referred to Article II, section 2 of the Constitution, which, among other things, provides:

He (the President) shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur; and he shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments.

Gentlemen who support the validity of the proposal to vest this power in the Speaker of the House of Representatives take the position that the directorship of this corporation is not a Federal or public office, within the meaning of the Constitution, and therefore the Congress does not usurp any constitutional powers of the President in providing that the Speaker of the House of Representatives shall make appointment of two members of the board.

I take the position, Mr. Chairman, that this contention is not sound.

Mr. TUCKER. Will the gentleman yield?

Mr. COX. Yes.

Mr. TUCKER. Does my friend take the position that the directorship of this corporation is not a Federal office?

Mr. COX. Directorship of this corporation I hold to be an administrative office but, in the light of certain holdings of the Supreme Court, may be held not to be such; but the director is a Federal agent, handling Federal property and performing administrative functions that bring him within the class referred to by the Constitution.

The case of Springer against the Philippine Islands has been referred to in statements already made on the floor during this debate. For the purpose of giving the committee the benefit of a fuller understanding of what the court said in this case I take the privilege of quoting from the majority opinion of the court.

But before proceeding with such quotation I wish to direct the attention of the committee to the argument of the gentleman from South Carolina [Mr. STEVENSON], who, in a rather elaborate discussion of this question on yesterday, undertook to support the affirmative of the proposition now under discussion.

In his effort to escape the force and effect of the decision of the court in the Philippine case, he took the position that the decision of the court, in so far as it applied the constitutional test to the validity of the act of the Philippine Legislature, was purely obiter dicta.

I respectfully take issue with the able gentleman from South Carolina in that statement. An obiter dictum is the holding on a point not necessary to the decision. In other words, Mr. Chairman, a gratuitous opinion which binds no one. The binding force of a decision is coextensive with the facts on which it is founded.

I would respectfully call the committee's attention to the fact that the point made in the Philippine case was that the legislature was without constitutional power to vest in a legislative office an executive function. The organic act of the Philippines, enacted by the Congress in 1916, vests in the governor general all executive power, and in this respect violated no provision of the Constitution. The whole test in the Philippine case is under the provisions of the Constitution, and necessarily so. Therefore, the decision of the court in that case fits this situation like a glove. The court said:

Some of our State constitutions expressly provide in one form or another that the legislative, executive, and judicial powers of the Government shall be forever separate and distinct from each other. Other constitutions, including that of the United States, do not contain such an express provision. But it is implicit in all, as a conclusion logically following from the separation of the several departments. See Kilbourn v. Thompson (103 U. S. 168, 190–191). And this separation and the consequent exclusive character of the powers conferred upon each of the three departments is basic and vital—not merely a matter of governmental mechanism. That the principle is implicit in the Philippine organic act does not admit of doubt. See Abueva v. Wood (45 Phil. Rep. 612, 622, 628, et seq.).

It may be stated, then, as a general rule inherent in the American constitutional system, that, unless otherwise expressly provided or incidental to the powers conferred, the legislature can not exercise either executive or judicial power, the executive can not exercise either legislative or judicial power, the judiciary can not exercise either executive or legislative power. The existence in the various constitutions of occasional provisions expressly giving to one of the departments powers which by their nature otherwise would fall within the general scope of the authority of another department emphasizes, rather than casts doubt upon, the generally inviolate character of this basic rule.

Legislative power, as distinguished from executive power, is the authority to make laws, but not to enforce them or appoint the agents charged with the duty of such enforcement. The latter are executive functions. It is unnecessary to enlarge further upon the general subject, since it has so recently received the full consideration of the court. Myers v. United States, 272 U. S. 52.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. BUSBY. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. COX. Mr. Chairman, dealing with the corporations set up by the Philippine Legislature, the court says:

The property is owned by the Government, and the Government in dealing with it, whether in its quasi-sovereign or its proprietary capacity, nevertheless acts in its governmental capacity. * * * It must deal with the property of the Government by making rules, and not by executing them. The appointment of managers (in this instance corporate directors) of property or a business is essentially an executive act which the legislature is without capacity to perform directly or through any of its members.

Whether the members of the board or the committee are public officers in a strict sense we do not find it necessary to determine. They are public agents at least, charged with the exercise of executive functions and therefore beyond the appointing power of the legislature.

To revert again to the argument of the gentleman from South Carolina [Mr. STEVENSON], he takes the position that this corporation that we here seek to set up is a separate entity or an entity separate and wholly independent of the Government. That position can not be supported either by the language of the measure or by the precedent as established by the decisions of the courts. The Government has not surrendered its control over this board, as the gentleman from South Carolina contended, in that, as he insisted, the Government had, so far as the functions of the board are concerned, yielded all sovereignty. Sovereignty in the sense as used is somewhat interchangeable with the term "the police powers of the State." This corporation is subject to the will of Congress and therefore it is more than the agent of Congress; but if it is solely the agent of the Congress, it is under and subject to legislative will, and therefore, Mr. Chairman, the position that the gentleman takes I again say is not sound.

The gentleman and others referred to citations given in the minority opinion of the court in the Philippine case. If members of the committee will take the pains to consult those cases they will find in every one of them that which supports rather than combats the majority decision of the court in the Philippine case.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. COX. Mr. Chairman, I have not more than commenced the argument I intended to make. I have not the heart, under the circumstances, to ask for more time.

Mr. SEIBERLING. Mr. Chairman, I yield 20 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, there has been some concern expressed by gentlemen who have taken the floor in discussing this bill lest the so-called larger interests participate in the major benefits proposed by the bill. I did not expect to speak generally upon the bill, but before I enter upon a discussion of that phase of it upon which I had specially prepared myself, I should like to attempt to clarify one or two matters. We have recently seen it demonstrated that when the so-called larger interests proceed unwisely to involve themselves and the country through unwise loans and an unjustifiable extension of credits, I say that in such a situation we have lately seen that the little fellow suffers tremendously with the big fellow. By the same token, it would seem to me that to-day we can not set up any constructive plan to relieve the situation which, though it may operate to relieve the large interests in the first instance, will not likewise benefit the little fellow.

I was discussing this very problem yesterday with one in authority who believes in the general efficacy of this proposed emergency legislation. He said it was desired to aid the railroads not alone for themselves but for the benefits which, through their aid, would flow to life insurance companies and the thousands of laboring men who have invested in life insurance and have gone in great numbers for loans on their policies.

Mr. GILBERT. Will the gentleman yield?

Mr. BEEDY. I have many friends on this side of whom I am very fond and I always dislike to refuse to yield, but I have a limited time at my disposal and have just suggested to one of my friends on the Democratic side that if he will permit me to continue without interruption, I will, before I finish, ask for five minutes' additional time for a question period. If that will not satisfy the gentleman, I will permit an interruption at this time, but I will appreciate it if the gentleman will wait.

Mr. GILBERT. That is perfectly satisfactory.

Mr. BEEDY. When we aid a large bank, that large bank is in a position to aid the smaller banks. If such large banks do not cooperate in aiding the smaller banks, if this corporation does not in the first instance reach out and aid the smaller banks, the responsibility will rest with others than those who compose this Congress. It seems to be generally agreed that we are proposing the most constructive and helpful plan for all concerned which can be devised in this emergency.

My friend from Texas a moment ago asked a question of the gentleman from Massachusetts, who under the pressure of the moment, did not answer with his usual directness. It illustrates once again how many false notions are disseminated through debate here. By the way, I have a great liking for the gentleman from Texas. He has been very kind to me ever since I came here as a young Member. I recognize my own faults, and I have recognized the gentleman's faults, but I have never seen a gentleman grow in usefulness more than the gentleman from Texas has grown in the last six or seven years. I know that the gentleman's heart is right. I know the gentleman would not do his country an injury willingly. I know that intentionally the gentleman would not mislead anybody.

The gentleman is a diligent, hard-working Member, but he is apt to give the galleries and the public the idea, not always justified, that the rest of us are not mindful of the rights of the people and the smaller interests. Wrong and damaging impressions thus get abroad all too frequently.

This afternoon he asserted that—

> This great superbanking structure is being created to operate branches all over the country, and to accept deposits from individuals in competition with small banks, thus draining local communities of their funds.

He asked:

> Does the gentleman from Massachusetts want to make it possible for this superbanking structure to take money out of the small banks in his community and turn it over to the big interests?

The gentleman from Massachusetts said, "I want to see money go wherever it will do the most good." Well, that perhaps was not an altogether satisfactory answer. But there is no provision in this bill, let me assure the gentleman from Texas, that empowers the Reconstruction Corporation to go into the banking business, in the sense that it may receive deposits from individuals in Texas or Massachusetts or any other State in the Union. The gentleman must have had in mind the provisions of section 12 of the bill before us, the first half of which is taken bodily from the Federal land bank act, the constitutionality of which was tested by the Supreme Court when there was a question as to the validity of its bond issues. This precise language in section 12 was cited by the court, and the decision based on it was that the Federal land-bank system was a constitutional creation.

This bill aimed to make sure the constitutionality of this Reconstruction Corporation, and section 12 refers to nothing in the world but public funds.

Mr. BLANTON. Since the gentleman has mentioned the gentleman from Texas, would the gentleman kindly yield?

Mr. BEEDY. I yield.

Mr. BLANTON. I want to thank the gentleman for his kind reference. I am sure it is reciprocated 100 per cent. Senate bill No. 1, which passed the Senate night before last and which is now on the Speaker's desk, the gentleman knows, is to be substituted for this House bill, very likely.

Mr. BEEDY. Very possibly.

Mr. BLANTON. That bill provides that this Finance Corporation may receive deposits. It does not say "bank deposits." It says, "It may receive deposits." That was the provision to which I had reference.

Mr. BEEDY. Well, the gentleman did not make it clear. I am discussing the House bill. No bill from the Senate is yet before us. But since reference is made to the provisions of the Senate bill, I desire to make it clear that I will not vote to empower the proposed Reconstruction Corporation to compete with private banks in my own or the gentleman's State in soliciting private deposits.

The language in section 12 of this bill has been tested and approved by the Supreme Court, and it simply authorizes the Reconstruction Corporation, in the discretion of the Secretary of the Treasury, and under regulations which he may prescribe, to receive moneys as a public depository. I myself will be willing to go no further in that regard.

Some Member yesterday—I think it was the gentleman from Colorado [Mr. EATON]—arose and said, "I wish somebody in the discussion of this bill would tell me whether the Reconstruction Corporation has the power to loan to banks in my section of the country on frozen assets."

Let me give assurance to the membership of this House that this bill is expressly designed to enable this corporation to come to the assistance of any bank with an undue volume of frozen assets, for example, with an undue amount of mortgages on real estate. This corporation may lend money to such a bank on its real-estate mortgages, and thus, to that extent, make liquid the assets of the bank.

I think there need be no doubt in the minds of anybody in that regard. That is the fact, and in that respect I think this bill will be found to be very helpful.

Now let us be clear about this, men of both parties! In the face of the suffering that we see upon all sides, we are sobered by the responsibilities which rest upon us. There is no man in this body whom I know who does not have chief concern for the well-being of the man who earns his living with his hands, for those who toil, for those who have less of the world's goods than some who are more fortunate.

No one of us here if he knows it is voting for anything designed in this extremity to help the big interests to the detriment or injustice of the average citizen. So far as I am able to determine, this bill will do as much for the little fellow as it will for the big fellow. If it does not, I shall be tremendously disappointed in it. What this bill is to accomplish we may not with certainty predict. Certain it is that it will prove to be no panacea. I believe, however, that as one of several pieces of legislation designed to meet this

emergency it will prove extremely helpful. I trust that many of us may live to come back here in later years and rejoice that we had a part in the enactment of this legislation.

I now desire to address myself particularly to that clause of the bill which gives authority to the Speaker to appoint two members of the board of directors in the proposed corporation. We are not all lawyers. As a lawyer perhaps I am more interested in this phase of the bill than in some others. Those of you who are interested in following me will, I trust, find some profit in what I shall undertake to say. Because this is such an important subject and because it is so highly technical, I shall beg the indulgence of the committee, if I confine myself more closely to my manuscript than is my custom.

I start with the major premise that the provision in question violates the plain language of the Constitution.

The second clause of section 2 of Article II of the Constitution of the United States provides that the President of the United States—

> Shall nominate and, by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States whose appointments are not herein otherwise provided for and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers as they think proper in the President alone, in the courts of law, or in the heads of departments.

Under the plain and mandatory language of the Constitution itself, therefore, all "officers of the United States" must be appointed by the President, by and with the advice and consent of the Senate; and it is obvious that Congress can not vest the power of their appointment elsewhere.

By the latter part of the above provision Congress is authorized to vest the appointment of such "inferior officers" as it thinks proper—

First. In the President alone;

Second. In the courts of law; or

Third. In the heads of departments.

The express grant of this limited power clearly negatives and denies by implication any authority for Congress to vest in anyone else the power to appoint these "inferior officers." Expressio unius est exclusio alterius.

Regardless of whether the officials in question are technically "officers of the United States" or "inferior officers," therefore, it is obvious, under the clear language of the Constitution, that the power to appoint them can not be vested in anyone except the President of the United States, the courts of law, or in the heads of the executive departments of the Government.

Congress can not vest this power in the Speaker of the House of Representatives, because the Constitution not only does not authorize it but forbids it by implication.

My second premise is that the directors of the Reconstruction Finance Corporation will be officers of the executive department of the Government.

This bill (H. R. 7360) provides for the granting of financial relief by the Government through a corporation which obviously and essentially is to be a part of the executive branch of the Government. Under the provisions of section 3 its affairs are to be conducted, and practically all of the provisions of the law are to be administered, by a board of seven directors.

The simple fact that the function of these directors is to administer and execute the law is alone sufficient to make them, in fact and in law, officers of the executive branch of the Government. Under the plain language of section 2 of Article II of the Constitution, therefore, they must be appointed by the President, by the courts of law, or by the heads of departments.

An analysis of the first sentence of section 3 demonstrates conclusively that they are officers of the executive branch.

How do we arrive at that conclusion and what justification is there for it? Let us see.

Two of the seven members, the Secretary of the Treasury and the Secretary of Agriculture, are heads of important executive departments, and a third, the governor of the Federal Reserve Board, is the chief executive officer of one of the most important independent establishments of the executive branch of the Government. All three were appointed by the President by and with the advice and consent of the Senate. Thus, both by virtue of the nature of their official positions and by virtue of the method of their appointment, they are "officers of the United States" in the strictest sense of that term as used in the Constitution.

Nobody, I undertake to say, will disagree with that.

Two of the four appointive directors are to be appointed by the President, by and with the advice and consent of the Senate, and thus by the method of their appointment as well as by virtue of the fact that their sole function will be to administer and execute the law, they also will be constitutional "officers of the United States" within the strictest meaning of that term.

The sole function of the two remaining directors is precisely the same as that of the other five directors—in their capacity as directors—to administer, put into effect, carry out, execute the law. Their functions clearly are those of officers of the executive branch of the Government, and, no matter what they are called, there is no escape from the fact that, if they were validly appointed and should perform those functions, they would be, in fact, officers of the executive branch of the Government.

Other legislative attempts—similar to that embodied in the present bill—have been made and have recently been held unconstitutional. My friend from Georgia has discussed at some length the case of Springer against the Philippine Islands. I have attempted to reduce to simplest terms the facts in that case. Let me give them to you as I have them.

The case of Springer *v.* Government of the Philippine Islands (277 U. S. 189) arose out of an attempt of the Philippine Legislature to vest in a board composed of the Governor General, the president of the senate, and the speaker of the house of representatives the power to vote the stock of the National Coal Co. and the Philippine National Bank, substantially all of which was held by the government of the Philippine Islands. Certain directors were elected for the corporation and the bank by a vote of the government's shares which was cast by the president of the senate and the speaker of the house. The Governor General challenged the validity of the legislation and did not participate in either election. It was contended that the election of directors and managing agents by a vote of the government's stock was an executive function intrusted by the organic act of Congress for the government of the Philippine Islands to the Governor General, and that the acts of the Philippine Legislature divesting him of that power were in conflict with this organic act.

[Here the gavel fell.]

Mr. SEIBERLING. Mr. Chairman, I yield the gentleman 20 additional minutes.

Mr. BEEDY. The Supreme Court of the United States upheld that contention, and said:

> Thus the organic act, following the rule established by the American Constitutions, both State and Federal, divides the Government into three separate departments—the legislative, executive, and judicial.
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> * * * * * * *
>
> It may be stated, then, as a general rule inherent in the American constitutional system, that, unless otherwise expressly provided or incidental to the powers conferred, the legislature can not exercise either executive or judicial power; the executive can not exercise either legislative or judicial power; the judiciary can not exercise either executive or legislative power.
>
> Legislative power as distinguished from executive power, is the authority to make laws, but not to enforce them or appoint the agents charged with the duty of such enforcement.
>
> Not having the power of appointment, unless expressly granted or incidental to its powers, the Legislature can not ingraft executive duties upon a legislative office, since that would be to usurp the power of appointment by indirection, though the case might be different if the additional duties were devolved upon an appointee of the executive. Shoemaker *v.* United States, 147 U. S. 282, 300, 301, 13 S. Ct. 361, 37 L. Ed. 170. Here the members of the legislature who constitute a majority of the "board" and "committee," respectively, are not charged with the performance

of any legislative functions or with the doing of anything which is in aid of the performance of any such functions by the Legislature. * * *.

Whether the members of the "board" or the "committee" are public officers in a strict sense, we do not find it necessary to determine. They are public agents at least, charged with the exercise of executive functions and, therefore, beyond the appointing power of the legislature.

The pending bill similarly provides for a corporation all of whose stock will be owned by the Government of the United States, and in the provisions of this bill there is also an attempt on the part of Congress similar to the attempt of the Philippine Legislature to exercise the functions of the executive. The appointment of the managing directors of the Reconstruction Finance Corporation is purely an executive function which can not be validly performed by Congress, because under the Constitution the legislature may not properly exercise either executive or judicial powers. Just as in the case against the government of the Philippine Islands, the court found it unnecessary to determine whether the board or committee were public officers, so in this case it is unnecessary to determine whether the managing directors of this corporation will be, strictly speaking, officers of the United States. The important fact is that they will be public agents charged with the exercise of important executive functions in the management of the corporation. These directors are, therefore, "beyond the appointing power of the legislature."

While the Springer case arose under the organic act creating the government of the Philippine Islands, it is important to note that the Supreme Court based its decision on the broad principles established generally by the American Constitution. Those principles are equally applicable to this attempt to usurp the powers of the Executive; and it is clear that their application to the provision of this bill providing for the appointment of two directors of the Reconstruction Finance Corporation by the Speaker of the House of Representatives will result in a decision holding that provision to be in conflict with the Constitution.

In the case of Myers *v.* United States (272 U. S. 52) Myers was appointed by the President, by and with the advice and consent of the Senate, to be a postmaster of the first class at Portland, Oreg., for a term of four years. Before the expiration of his term his resignation was demanded, and, upon his refusal to resign, he was removed from office by order of the Postmaster General upon direction of the President. Myers protested against his removal and brought suit in the Court of Claims for his salary from the date thereof to the end of his term. The Court of Claims denied Myers's claim, and the Supreme Court of the United States affirmed that decision.

In rendering the opinion of the court, Chief Justice Taft said, pages 116, 117, 128, 163:

Accordingly, the Constitution was so framed as to vest in the Congress all legislative powers therein granted, to vest in the President the executive power, and to vest in one Supreme Court and such inferior courts as Congress might establish, the judicial power. From this division on principles, the reasonable construction of the Constitution must be that the branches should be kept separate in all cases in which they were not expressly blended, and the Constitution should be expounded to blend them no more than it affirmatively requires..

* * * * * * *

The vesting of the executive power in the President was essentially a grant of the power to execute the laws. But the President alone and unaided could not execute the laws. He must execute them by the assistance of subordinates. This view has since been repeatedly affirmed by this court. Wilcox *v.* Jackson (13 Peters, 498, 513), United States *v.* Eliason (16 Peters, 291, 302), Williams *v.* United States (1 How. 290, 297), Cunningham *v.* Neagle (135 U. S. 1, 63), Russell Co. *v.* United States (261 U. S. 514, 523). As he is charged specifically to take care that they be faithfully executed, the reasonable implication, even in the absence of express words, was that as part of his executive power he should select those who were to act for him under his direction in the execution of the laws. The further implication must be, in the absence of any express limitation respecting removals, that as his selection of administrative officers is essential to the execution of the laws by him, so must be his power of removing those for whom he can not continue to be responsible.

The court quoted from Mr. Madison's speech in the First Congress, as follows:

The powers relative to offices are partly legislative and partly executive. The Legislature creates the office, defines its powers, limits its duration, and annexes a compensation. This done, the legislative power ceases. They ought to have nothing to do with designating the man to fill the office. That I conceive to be of an executive nature. Although it be qualified in the Constitution, I would not extend or strain that qualification beyond the limits precisely fixed for it. We ought always to consider the Constitution with an eye to the principles upon which it was founded. In this point of view we shall readily conclude that if the Legislature determines the powers, the honors, and emoluments of an office, we should be insecure if they were to designate the officer also. The nature of things restrains and confines the legislative and executive authorities in this respect; and hence it is that the Constitution stipulates for the independence of each branch of the Government.

The court finally adds:

Our conclusion on the merits, sustained by the arguments before stated, is that Article II grants to the President the executive power of the Government, i. e., the general administrative control of those executing the laws, including the power of appointment and removal of executive officers—a conclusion confirmed by his obligation to take care that the laws be faithfully executed; that Article II excludes the exercise of legislative power by Congress to provide for appointments and removals, except only as granted therein to Congress in the matter of inferior offices; that Congress is only given power to provide for appointments and removals of inferior officers after it has vested, and on condition that it does vest, their appointment in other authority than the President with the Senate's consent; that the provisions of the second section of Article II, which blend action by the legislative branch, or by part of it, in the work of the executive, are limitations to be strictly construed and not to be extended by implication; that the President's power of removal is further established as an incident to his specifically enumerated function of appointment by and with the advice of the Senate, but that such incident does not by implication extend to removals the Senate's power of checking appointments; and finally that to hold otherwise would make it impossible for the President, in case of political or other differences with the Senate or Congress, to take care that the laws be faithfully executed.

While that case arose upon a removal of an officer by the President, the court's frequent reference to the power of "appointment and removal" discloses clearly that the principles upon which its decision was based apply to the power of appointment as well as to the power of removal. It is obvious that the application of the same principles to the provision in this bill for the appointment of two directors by the Speaker of the House of Representatives would result in an equally strong opinion holding such provision to be void under the Constitution.

Yesterday the gentleman from South Carolina made a very interesting address and he cited some cases which, I must say, for the moment gave me concern. Last evening I took occasion to ascertain whether, as a matter of fact, they were authority for the conclusion that this provision in the bill, authorizing the Speaker to appoint two of these directors, is constitutional. I think the House will agree with me that they are not, but that they are clearly distinguishable from the instant case in the bill before us.

Much emphasis was laid upon the cases of United States *v.* Strang (254 U. S. 491), Sloan Shipyards *v.* United States Fleet Corporation (258 U. S. 549), and Skinner and Eddy Corporation *v.* McCarl (275 U. S. 1), wherein the Supreme Court held that the Emergency Fleet Corporation was a private corporation, separate and distinct from the Government; that its officers and agents were not officers and agents of the United States; and that suits against the corporation are not suits against the Government and need not be brought in the Court of Claims.

Much has also been made of the fact that three directors of each Federal land bank and all directors of joint stock land banks are elected by private stockholders, and that the directors of the Federal land banks serve also as directors of the Government-owned Federal intermediate credit banks.

Now, understand, that the stock of the Federal land banks was originally all taken by the Government, but when loans were made, as you recollect, it was provided that subscriptions to the stock of the Federal land banks must be made by the borrowers, and as those subscriptions were made the Government's holdings were retired, until finally the stock was largely owned by private individuals.

Mr. KETCHAM. Not only largely but almost entirely. As a matter of fact, only $200,000 of the total capital stock

is retained by the Government, and that all in one of the 12 banks.

Mr. BEEDY. I do not know how much capital stock remains in the Government, but I do know it is a small amount. So, in order to be safe in my statement, I stated that it is largely owned by private stockholders. The gentleman from Michigan informs me that only $200,000 of the total capital stock is retained by the Government.

Now, the set-up of the intermediate credit banks was such that the Government owns all of that stock, while the stock of the joint land banks is wholly owned by private parties.

The cases cited by the gentleman from South Carolina are, I submit, totally inapplicable to the Reconstruction Finance Corporation, because there is an essential and fundamental difference between this corporation and all of those mentioned in the cases referred to.

This fundamental difference is that—

First. Corporations like the Emergency Fleet Corporation, joint-stock land banks, Federal land banks, and Federal intermediate credit banks are not themselves charged with the primary duty of administering, executing, and enforcing the law, but operate under the supervision of separate governmental boards which are charged with that function; whereas,

Second. The Reconstruction Finance Corporation is itself charged with the primary and complete duty of administering, executing, and enforcing the provisions of the Reconstruction Finance Corporation act, and operates under the supervision of its own board of directors instead of a separate and distinct Government board or commission.

You will remember that the law passed by Congress set up the Federal Farm Loan Board but did not provide charters of these various banks. Their articles of incorporation under the law were filed with the Federal Farm Loan Board. That board then granted the charters and bestowed upon them whatever power they have. Everything they do is under the direct supervision of the Federal Farm Loan Board, which itself stands in a situation parallel to that in which the reconstruction corporation will stand if this bill becomes a law.

Corporations like the Emergency Fleet Corporation, joint-stock land banks, Federal land banks, and Federal intermediate credit banks are merely the instrumentalities through which the purposes of the law of the Congress are accomplished. They are not the sole representatives of the Government or the sole repositories of the power to enforce and administer the law. Over and above them and their boards of directors are strictly governmental boards, such as the Federal Farm Loan Bureau and the United States Shipping Board, which are composed of officers of the United States charged with the duty of overseeing the activities of such corporations and being primarily responsible for the administration, execution, and enforcement of the law and the accomplishments of its objects.

The Reconstruction Finance Corporation, however, acts under the supervision of no such separate governmental board, commission, department, or bureau other than its own board of directors. All of the powers, duties, and responsibilities with respect to the administration, execution, and enforcement of the Reconstruction Finance Corporation act will be vested in the board of directors of that corporation. They are the sole representatives of the Government, and the powers, duties, and responsibilities conferred under this act are conferred upon them alone. Their functions are like those of the Federal Reserve Board, the Federal Farm Loan Bureau, the United States Shipping Board, and the Interstate Commerce Commission, and very unlike functions of the boards of directors of Federal land banks, joint-stock land banks, Federal intermediate-credit banks, Federal reserve banks, and the Emergency Fleet Corporation.

When this fundamental difference in their functions, duties, and responsibilities, and in their relation to the Government is taken into account, it is perfectly obvious that the decisions of the Supreme Court holding that the Emergency Fleet Corporation was a mere private corporation, separate and distinct from the Government, are totally inapplicable to the Reconstruction Finance Corporation and its board of directors. The United States Shipping Board was vested with all of the powers, duties, and responsibilities with respect to the execution and enforcement of the shipping act, and the Emergency Fleet Corporation was merely its instrumentality for accomplishing, in part, the purposes of the law. The Reconstruction Finance Corporation, on the other hand, through its board of directors, is the sole repository of all of the powers, duties, and responsibilities created by the Reconstruction Finance Corporation act.

The Reconstruction Finance Corporation, therefore, is not a mere private corporation like the Emergency Fleet Corporation. It is more analogous to the United States Shipping Board. Its board of directors, like the members of the United States Shipping Board, have the functions, duties, and responsibilities usually conferred upon officers of the executive branch of the Government.

What does it matter that they are called directors of a corporation? The important thing is not what they are called but what their functions are. Their functions are those of important Government officers intrusted with the sole power and responsibility of administering, executing, and enforcing the provisions of an important act of Congress. To them alone Congress is intrusting the administration of this act; and, regardless of what they are called, they are, in fact and in law, administrative officers.

As administrative officers their powers are purely executive. They have no legislative or judicial functions; and, under our tripartite system of Government, they rightly belong to, and will constitute a part of, the executive branch of the Government. As such their selection and appointment rightly belong to the President of the United States. To him the Constitution intrusts all of the executive powers of the Government, and it requires him to "take care that the laws be faithfully executed." To him must be given the power to appoint those who will execute this law.

CONCLUSION

Having answered the arguments of those who assert the constitutional right of the Speaker of the House to appoint two directors and having shown that the authorities and precedents upon which they rely are totally inapplicable to the question now before us, I invite your attention to the fact that this is an emergency bill designed to relieve a situation involving the failure of thousands of banks with resultant suffering to millions of depositors. To incorporate in it a provision rendering it unconstitutional is to invite litigation which, to say the least, will spread distrust and uncertainty far from helpful in bringing to the people of the United States the relief which they have been promised by the administration and by the leaders of both parties in Congress, and which they have a right to expect.

This provision for the appointment by the Speaker of the House of Representatives of two directors of a relief corporation, which is to be essentially a part of the executive branch of the Government, can serve no useful purpose. It is not essential to the functioning of the corporation nor to the accomplishment of the objects of this legislation. It is not calculated to preserve any important principle of our Government, but on the contrary it is inimical to, and in conflict with, the fundamental principles of our Government.

It is in conflict with section 2 of Article II of the Constitution of the United States and should be stricken from the bill. I shall offer an amendment to strike out the provision in question unless the majority having the bill in charge will do so themselves.

I trust I have demonstrated my contention to the satisfaction, at least, of those lawyers in this House who will divest this question of all considerations of partisanship and will view it in the clear light of reason.

[Here the gavel fell.]

Mr. SEIBERLING. Mr. Chairman, I yield the gentleman five more minutes.

Mr. GILBERT and Mr. SUMNERS of Texas rose.

Mr. BEEDY. I yield first to the gentleman from Kentucky.

Mr. GILBERT. I simply wanted to make two observations. First, I thoroughly agree with the gentleman in his legal argument. Perhaps the latest announcement on this question by any court of last resort is by the Court of Appeals of Kentucky with respect to the appointment of a road commission. A very able decision by Judge Thomas, a very able judge, in the recent case of Rouse against Johnson is in thorough accord with the gentleman. In this decision the entire field of legislative usurpation of the executive power is considered. I recommend a study of this opinion to those who are in doubt as to the unconstitutionality of this provision.

The other observation I wish to make and to which I think we should all bear witness, is that there is now a protest from the insurance companies of the country that the railroads are making a catspaw out of them in the statement that unless the railroads are helped by this and similar legislation the solvency of the insurance companies will be impaired.

I have a communication from Mr. Free Dennis, of Louisville, Ky., speaking for the Mutual Benefit. He sympathizes, as we all do, with the situation in which the railroads find themselves, yet he protests against the solvency of the insurance companies being thrown into doubt by this persistent appeal by the railroads, which is unfounded. He states that no insurance company will become insolvent by reason of the decrease in railroad securities, that the railroad securities held by the insurance companies will not exceed 16 per cent.

Mr. BEEDY. The gentleman is absolutely correct. I have never heard it intimated that there was any life-insurance company in this country which because of its holdings of railroad securities was anywhere near insolvent. Here, again, is an illustration of the care we should exercise in our discussion of these questions in this House. The all-too-frequently loose thought which emanates from this body has such far-reaching consequences that I fear there is gradually crystallizing in the country a sentiment that something is wrong with the Congress, with the men who come here sworn to serve the whole people. I may say that if such fear is present in the minds of our people, I assuredly believe it is without foundation. [Applause.]

We are looking after the welfare of the people of this country. The Government is sound and responsive to the popular will. The life-insurance companies of the Nation are solvent. The truth is that many demands have been made upon them in recent times for loans to policy holders who are in need, and their liquid funds may not be as ample as might be desired at the moment. I am informed, however, that our insurance companies have ample assets.

Mr. SUMNERS of Texas. May I interrupt the gentleman by asking him a legal question? I am very much interested in the gentleman's discussion of the constitutionality of this arrangement. I have not been able to attend upon the debate on account of being detained with other matters, but I would ask the gentleman this question. If, according to his contention, the Speaker of the House should proceed without constitutional warrant and two members should come upon the board created in that way, would it invalidate the board in its actions, or would the attempt of the Speaker to appoint two persons, even if they are confirmed, be a nullity, or what would happen?

Mr. BEEDY. I will tell the gentleman what I think the other five members of the board might do in such event.

Mr. SUMNERS of Texas. I have great respect for the gentleman's opinion and I would like to know his legal judgment in the matter.

Mr. BEEDY. I think the other five members of the board would be entirely justified in refusing to admit to their counsel the two members appointed by the Speaker; that they might proceed straightway with the business of the corporation and ignore any attempts of these two members appointed by the Speaker to participate in the business conduct of the corporation.

Mr. SUMNERS of Texas. That is not my question. Would their actions be legal? What does the gentleman think about that?

Mr. BEEDY. I believe any action taken by the two directors in question would be wholly without legal authority.

I want to say further, in answer to the gentleman from Texas, that there is a section in the bill providing that if any sentence, clause, or part of the law should be held unconstitutional, that would not affect the rest of it.

Mr. COX. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. COX. The gentleman supports the proposition that a director of the corporation would be an executive officer?

Mr. BEEDY. An administrative officer, a part of the executive branch of the Government.

Mr. COX. The gentleman does not think the validity of that provision in section 3 of the bill which has been discussed is necessarily dependent on that?

Mr. BEEDY. I do not think that what the officers might be called is the determining factor, but that the nature of the duties they are to perform under the law is controlling.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. KETCHAM].

Mr. KETCHAM. Mr. Chairman and members of the committee, in common with practically all members of the committee whom I have heard discuss this bill, I shall be most happy indeed to support it. I can only hope that in a measurable degree the benefits expected to come from it may be speedily realized.

I want to take just two or three minutes to emphasize one thought, at least, that has been advanced by several others, and which finds considerable response in my own thinking.

There should be no mistake or misunderstanding as to the intent of Congress in providing means through this legislation whereby its benefits might be felt both directly and indirectly in every community throughout the United States. Two members of the committee, Mr. GOLDSBOROUGH, of Maryland, representing the majority, and Mr. LUCE representing the minority, have responded directly and positively to the particular questions I asked covering this point. They have both stated emphatically that there can be no question about both the direct and indirect benefits to small communities growing out of this legislation.

My reason for emphasizing this particular phase of the question at this time is due to the experience we have had in parallel matters. I submit one illustration which will be readily recalled by Members of the Seventy-first Congress. You will remember that in connection with the appropriation for the construction of post-office buildings in the Treasury Department appropriation bill of the last Congress that a considerable portion of one session was spent in very earnest debate upon the question as to whether or not we should have granite or Bedford stone used in the erection of a splendid post-office building in a great New England city. Many of the Members grew exceedingly eloquent in their presentation of viewpoint upon this question and the discussion was one of the best I have listened to upon a question of that sort. The essential point of that debate, so far as it applies to the situation we confront to-day, was whether or not the limit of appropriation should be extended to the amount of $750,000 to provide the granite. A Member from the Middle West suggested that in view of the limited lump sum provided in one bill for the construction of these public buildings that it would be better to spend the $750,000 in the erection of 10 or 15 smaller post-office buildings in small cities. Upon the presentation of this argument you will recall the overwhelming vote by which the granite was rejected and a distribution of the extra money presumably made among the smaller cities which would not otherwise have been included.

In other words, when this corporation is set up and the directors proceed to consider how the funds made available can be best distributed, my fear has been that the demands

from the large centers would be so tremendous that even the immense sums provided in this legislation would not be sufficient to cover them all, much less to reach down to direct benefits to the smaller communities.

When comparative needs are considered I think you know where the small community almost always comes out. It is for that reason that I emphasized the importance of this particular point in the questions asked, and I take this moment to reemphasize it this afternoon in order that those in charge of the administration of the law, if they ever do examine the RECORD to find out what was in the minds of the Members of Congress when the legislation was enacted, may find at least an expression of anxiety from those who want to support the legislation and believe in it in behalf of smaller communities.

Mr. McGUGIN. What would be the objection to an amendment providing that a certain percentage of this money shall be used in that way?

Mr. KETCHAM. I may say in response to the question of the gentleman from Kansas that I would not want to do anything in connection with this bill that would in any way hamper the success of the administration of it. For that reason, in compliance with the wishes of those in charge of it, on both sides, I hesitate to support such an amendment, although I would like to see the effect of such an amendment shown in the administration of the law.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. KETCHAM. Yes.

Mr. McCORMACK. In the administration of this law is it or is it not the gentleman's opinion that the banks will have to cooperate by using the money they receive from the corporations for the extension of credit, which is contemplated by the act and which the Congress undoubtedly has in mind and which I shall have in mind when I vote for its passage?

Mr. KETCHAM. That is undoubtedly true, but the question is whether or not the demand may not be so large from the larger centers of population that it will not reach the remote locality.

Mr. McCORMACK. The thought I had in mind is that the beneficiaries of the legislation must in turn cooperate in the administration of the law itself.

Mr. KETCHAM. There is no question about that. If it were not for these very definite and positive assurances on the part of the committee, carrying with it the assurance of those who possibly may be permitted to speak for those who in turn will be charged with the administration of the law, that that is in their mind as well, I certainly would be disposed to favor an amendment similar to the one suggested by the gentleman from Kansas [Mr. McGUGIN].

In the last few moments of my time I wish to call the attention of the committee to a situation that is not directly connected with this legislation, but that is, I believe, of very general interest. I have in mind the introduction of a resolution providing for an investigating committee, to be set up by the House of Representatives, to make inquiry into the operation of what are called in many sections of the United States "bondholders' protective committees," and I particularly desire the attention of the members of the committee who have had any experience along that line, and ask them to let me know whether or not they have had any such experiences as those which I am about to describe, because this matter has been brought to my attention very pointedly by men who have been very seriously affected in their financial operations by the setting up of these so-called bondholders' protective committees. I do not think I need to outline their operation. It is enough to say that when default has occurred in interest or principal of a certain bond issue upon a certain building that may have been constructed, immediately or very soon thereafter there comes notice to the bondholders that a bondholders' protective committee has been set up, and will the bondholders be pleased very promptly to send in their bonds to this protective committee in order that their interests may be protected. When it is a matter wholly within a State, when the bond issue is in the State, and the building is in the State and the underwriting corporation resides in the State, it is a matter that can be handled by the State. So far as my own State is concerned I am advised that the situation is being handled satisfactorily. The great difficulty, amounting almost in many instances to tragedy, is where the bondholders reside not in one State, but are widely scattered, and the underwriting corporation and building in question are in another State.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr KETCHAM. Yes.

Mr. McFADDEN. Does the scope of the gentleman's resolution contemplate these bondholders' committees that are now dealing with foreign bonds, that are in default, in South America and in Europe?

Mr. KETCHAM. My thought was to make it an investigation into the "bondholders' committees" across State lines. I have not yet formulated my resolution, and all I wanted to do this afternoon was to make this statement to see whether or not the experience I have had in this matter is in any degree paralleled by the experience of other gentlemen.

Mr. McFADDEN. I think the gentleman's resolution should be broad enough to include those I have in mind. There are in organization now committees headed by unknown persons, dealing with that whole situation.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. McFADDEN. Mr. Chairman, I yield five minutes more to the gentleman from Michigan.

Mr. KETCHAM. I desire this investigation in order that it might be determined whether or not the things that are charged in the correspondence that comes to me concerning the activities of these bondholders' committees have been the experience of other Members of the House or members of the committee. I would be grateful if anyone who had similar experience might advise me so that we could determine the proper lines of inquiry. I have consulted with the various departments of Government that I thought might have authority, but I find that there is a lack of jurisdiction over this particular matter.

Need for haste is imperative, because these bondholders' committees are now being set up in connection with many of the securities that have recently defaulted, and if we are not going to be in the position of locking the barn door after the horse is stolen, some action should be taken at the earliest possible moment. For that reason I would be very glad, indeed, if anyone who is interested would be kind enough to advise me in the hope that by prompt action something may be saved to the bondholders who have in good faith bought these bonds, in the belief that they were valid, first-mortgage securities, and are now finding that through the manipulation of some of these so-called bondholders' committees they are absolutely being figured out of the equity which they thought was absolutely secure when they bought those bonds.

Mr. BURTNESS. Will the gentleman yield.

Mr. KETCHAM. I yield.

Mr. BURTNESS. Of course, the gentleman's objection is not at all to the local committees which actually were formed?

Mr. KETCHAM. Oh, no. The difficulty is not there.

Mr. BURTNESS. The gentleman feels there is a sort of racketeering game conducted by people not interested at all, attempting to set up bondholders' committees in connection with organizations that are in default?

Mr. KETCHAM. Exactly. I do not want to trespass upon the patience of the committee, but I would like to reply to the suggestion made by the gentleman from North Dakota. In some instances I am quite certain that this has amounted to perhaps a modification of the new modern term that is so distressing—namely, a racket; a definite racket, made a definite business, profiting by the peculiar

circumstances that exist because the bondholders' protective committee can not be reached by reason of it being in another State. I mean reached by authority of a State.

I sincerely hope that if there have been similar experiences, the gentlemen of the committee will report the matter to me.

Mr. BRUMM. Will the gentleman yield?

Mr. KETCHAM. I yield.

Mr. BRUMM. There is within my knowledge two illustrations of securities in one State purchased by parties living in another. I would like to ask the gentleman if he has any theory as to what the racket is.

Mr. KETCHAM. I can indicate, if the gentleman will permit me to read one sentence from a letter which is typical of several that have come to my desk. This is what they say: "Please send in these bonds. We hope to have them liquidated by 1946."

Here are the items of expense charged. I want you to gather for yourself some notion of how long the proceeds of the bonds will last if the expense rates as set out in this first report of the so-called bondholders' committee, which was very recently set up, shall be continued until 1946. All I can say, without going into the detail of it, is that probably there will have to be some assessment to pay for the charges made by this bondholders' protective committee. It violates its name to the very extreme and violates the purpose that is indicated in the correspondence with the bondholders themselves.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I think it would be well to announce to the committee at this time that the Committee on Banking and Currency is considering an amendment to the section of the bill which provides for the appointment of directors of the corporation to be established by this legislation. Some of us had thought there would not be any objection to having the Speaker of the House name two directors, and in that way have those of his political persuasion share in the responsibility for the administration of the corporation. But since the provision has provoked so much discussion, and since some Members of the House are in doubt as to the validity of the provision, and, in order that we may expedite the legislation, I will say to the committee that at the proper time I shall offer an amendment to that provision of the bill which I feel sure will be satisfactory to the entire committee and to the House.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. COCHRAN of Missouri. I would like to ask the chairman, while he is on his feet, if the committee has considered the advisability of adding what is commonly termed the Copeland amendment, which was added in the Senate, which would extend credit to cities to take care of the situation in cities where it is found their financial condition would justify such credit? Has the committee considered such an amendment?

Mr. STEAGALL. The committee has not.

Mr. COCHRAN of Missouri. Would the chairman care to state what his attitude would be toward such an amendment?

Mr. STEAGALL. My attitude would be one of acquiescence with the judgment of the entire committee. If they saw fit to consider the inclusion of that amendment in the legislation, I would go along with them, but if the gentleman desires a frank answer from me personally, I do not favor it. [Applause.]

Mr. GOLDER. Will the genleman yield?

Mr. STEAGALL. I yield.

Mr. GOLDER. I am inclined to believe from information I have that the rest of the committee would absolutely be behind the chairman in that point of view.

Mr. BURTNESS. Will the gentleman yield for a question on the legislative phase of the matter?

Mr. STEAGALL. I only asked for recognition for one particular purpose. I have promised time to other Members, and I can not occupy the floor at length.

Mr. BURTNESS. I think we are all interested in this question. I refer to the problem of legislative support with reference to this bill, since the Senate has passed a bill. Will we substitute that bill?

Mr. STEAGALL. We will deal with that question when we come to it. We have not reached that yet.

Mr. Chairman, I desire to yield five minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, a few minutes ago we heard a very brilliant speech by the gentleman from Maine [Mr. BEEDY] on a constitutional question involved in the pending bill but which the chairman of the Committee on Banking and Currency has indicated need not concern the membership of the committee or the House during the further consideration of this bill.

It is my purpose briefly to address the committee on a great outstanding American, one of the greatest constitutional lawyers and judges in the history of our country.

It is fitting and proper that the legislative branch of the Government should pause for a moment and take cognizance of the voluntary retirement to private life of an outstanding member of the judicial branch of the Government. I refer to Justice Oliver Wendell Holmes of the United States Supreme Court. [Applause.]

The life of Judge Holmes is so well known to my colleagues and to the people of America that it is unnecessary to refer to it in detail.

Born in Boston, March 3, 1841, he has unselfishly devoted his life to the best interests and welfare of his country, and of his fellow men. In time of war and in time of peace he has given to God, country, and to mankind the best that was in him.

On December 4, 1902, Justice Holmes, then Chief Justice of the Supreme Judicial Court of the Commonwealth of Massachusetts, was appointed to the bench of the United States Supreme Court by President Roosevelt. The President sought a man of broad opinions and vision, capable of interpreting and applying the Constitution to the changes in political, social, and business conditions, a man capable of looking into the future, who loved tradition but would not be bound and governed by tradition and precedent that had no place under modern conditions—to summarize, a man who, as a member of the Supreme Bench, would be liberal in his interpretation of the law—and he selected Oliver Wendell Holmes.

For nearly 30 years Justice Holmes has served as a member of the highest judicial tribunal in the country. During that time he has rendered such service as to exalt him in the eyes of his fellow men. His career, predicated upon independent and constructive lines, but always keeping foremost in mind his love of country and the preservation of its principles and ideals of government, has created admiration and respect by all, and the recognition that he is and will be for all time one of our outstanding citizens.

On January 12, 1932, at the age of 90 years, his mental vigor and alertness unimpaired, but probably constrained to conserve his physical strength, he submitted his resignation, which the President reluctantly accepted. In accepting the resignation, the President acted as the representative of the people. The President properly "reluctantly accepted" the resignation, and the country joins with him in such thought and expression.

But what a lesson we can learn from the career of Justice Holmes! A lesson of obedience to God, of love of country and of mankind, of loyalty to country in war and in peace, of service to his fellow men, of response to the call of duty and adherence thereto, of determination and courage in the performance of duty—to summarize, of the giving to God and country the best that was in him.

Judge Holmes has returned to private life. Accompanying him into private life goes the respect, friendship, and best wishes of the American public.

While, as a Member of the Congress, I am expressing my personal views, I feel that I can safely speak for the membership of both bodies of the legislative branch of our Government, of my colleagues in the House and the Senate, and send to Judge Holmes in private life the salute of the Members of the Congress of the United States.

It will be difficult for the President to find a man to fill his position in the same manner as Justice Holmes did. However, the appointment of a man of his liberal thought would receive the approval of the country and constitute an action that would be for its best interests. [Applause.]

We pay our tribute and respect to this wonderful outstanding American citizen, whom American citizens of all generations in the future will love and respect as one of the most powerful, constructive, and progressive personages in the life and history of our country. [Prolonged applause.]

Mr. STEAGALL. Mr. Chairman, I yield 30 minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies and gentlemen of the committee, at this moment, and under these appalling conditions, there is no bulwark like that of faith—faith in God, faith in our country, and faith in ourselves. Upon sober reflection, will we not all readily admit that it would be entirely impossible to frame a bill of this character that would meet fully the individual view of each Member of this House? Differences must, therefore, of necessity be reconciled in the broader view of the means of effectuating the purpose and the accomplishment of its primary objective.

I am supporting H. R. 7360, known as the reconstruction finance act, enthusiastically and in a spirit of patriotism, because I am convinced that the time is past due when the creation of emergency measures are necessary to protect the credit and financial structure of this Nation's business. I am not primarily concerned with who originated this idea. I am thinking and am interested solely in the wholesome effect which its speedy enactment will have upon the general agricultural and business interests of the American farmer, business man, and manufacturer. Its objective is unquestionably to furnish necessary credit otherwise unobtainable under existing economic conditions and dislocations and to protect the farmer, business man, and banker against further paralyzing influences and shocks which have already destroyed his confidence in every form of business obligation and almost taken away the mainspring of hope. The world is troubled and tired, and there are few, if any, things which do not need straightening out. Matthew Arnold did not, in my opinion, overstate the situation when he said—

> We are here as on a darkling plain; swept with confused alarms of struggle and flight; where the armies of ignorance clash in the night.

Under these disturbing conditions and in these bewildering times no permanent, constructive program seems capable of formulation. It is, therefore, imperative that the Government shall step into the breach through legislation of this character to halt without further wreckage and devastation the unending declining spiral where one thing reacts on another with a further downward trend, in order that we may regain our poise, composure, and courage, and stand, even if temporarily, upon some steady foundation. Above all things, it is necessary during this crisis that ours, the first credit of the world, shall remain unshaken. We need not the expert testimony of economists, nor assurances from those high up in the ranks of finance, to warn us of the inevitable dangers which would follow our failure to meet this present crisis boldly and courageously. This depression, if you mind to call it that—and that is certainly a charitable term—has been no respecter of persons, and its cruel operations have caused perhaps more suffering, sorrow, and loss in practically every American home than any catastrophe that has ever fallen on this Nation.

I am sure I speak for the entire House when I say that there is no one here who does not regret the necessity of this legislation and who does not know that it is defensible only because of these distressing conditions. It did not require any special message from President Hoover to convince the majority of us nor the very large majority of the communities and districts which we represent, that a state of emergency exists throughout the length and breadth of this great commonwealth, and that speedy congressional action upon a program of relief is imperative. From the banker in New York to the little merchant in an isolated spot in the woods, this legislation makes a strong appeal, though I am frank to admit that its direct benefits will not be in equitable proportions, and so far as its direct major benefits are concerned the masses are taken care of through the small neck of its bottle.

The American business man has been trained in a school of optimism but for more than two years has been contending against a decline in activity and price levels in all markets and after that long period finds that conclusive evidence of the turn is still lacking; and notwithstanding very learned prophecies and positive predictions from those who should be able to speak with authority and conviction, he has not yet located the street "around whose corner prosperity was coming," and that problems of indisputable gravity remain in greater accumulation each day to be dealt with and solved. Under these conditions, and in the light of what has transpired by and through government during the past 10 years, and in the face of the complexity of present confusions, is it to be wondered at that a feeling of depression, bewilderment, and despair has affected millions of our best citizens with the result that caution has been put ahead of enterprise, safety above risk, and all the problems raised that come from frozen and misplaced confidence and frozen and misplaced credits. To counter these both justified and unjustified alarms, a program for economic recovery, centering on these problems, upon which general attention has become fixed and which accordingly supply the keys to the situation, seems necessary and indispensably imperative.

Though the President, whom the American people have placed in the highest position of leadership, should be one of the best-advised persons in the country, there is no assurance that the eight measures proposed by him, of which this bill is one, constitute a perfect program or that it will even bring an appreciable degree of succor. But it is indisputable, I think, that his recommendations are aimed in the direction of relief, and therefore should command from this august body, as temporary and emergency measures, wholehearted nonpartisan support. If this is a temporary and transitory period of depression, as the present administration at every opportunity advertised it to the Nation to be, then these temporary creations should and will no doubt accomplish the desired purpose. On the other hand, if we are in the midst of a far-reaching transition and economic revolution, as I can not but feel we are, then these temporary palliative measures can suffice for nothing more than first-aid which, unless heroically administered, will result in a further and, if possible, more drastic degeneration of prices and values. It is my earnest hope that my diagnosis is erroneous, but only time can tell. We should remember that credit is built on earnings, though it is started on confidence. Personally, I am afraid our troubled economics to-day are too fundamental to be cured by mere financing. The substantial nourishment which we need is renewed earning power to create renewed buying power—credit will take care of itself then.

I think it not unfair that the people of the country should know that the administration program in not a single instance, so far as I am able to observe, seeks to deal with basic causes and basic remedies for the existing demoralized and tragic general economic conditions. Though I believe in his personal integrity and sincerity of purpose, I do not hesitate to say that I would think a long time and be very reluctant before I would follow his judgment on any permanent economic program. At this grave hour, and because of the time it would consume, however brief, I can not think it proper to rehearse the unwisdom of the policies of the Republican administration during the past 11 years. Even if I had the time, I would not be so disposed, unless I were satisfied that such a discussion would be beneficial to the American people. To paraphrase a trite expression, "it is no time to play politics" when the credit of banking institutions, railroads, industrial enterprises, and entire agricultural communities is being wiped out by the onslaught of ever-widening and deepening forces of this unprecedented depression, the destruction being even as effective as the explosions of the invaders which leveled buildings, wrecked

properties and devastated homes and farms during the World War. There can be no doubt but that we are face to face and "knee to knee," so to speak, with an emergency greater than that of 1920 and 1921, and that the peace-time policies of this Nation and its governmental and financial programs during the past 11 years have plunged this civilization into as dangerous an economic whirlpool as the military vortex of the World War.

Since the chairman of our committee and several of its ablest members have discussed in an instructive and illuminating manner the various provisions of the bill, and especially its machinery and purposes, in detail, it is not my intention to do so. I do desire to call to the attention of the House that the bill which we are now considering, unlike the bill of the administration, introduced by the gentleman from Kansas [Mr. STRONG], is directed toward affording some relief to agicultural as well as the banking and railroad interests of the country. No one can deny that the rehabilitation of agriculture should always go hand in hand with the reconstruction of business institutions and enterprises. Of course, in the last analysis, the proportion of direct benefit under the operations of this bill will depend entirely upon the attitude and judgment of those who will be named as the corporation's directors. This bill, with its $2,000,000,000 financial structure, gives to its directors, as in my judgment it should do, almost unlimited powers. Its effectiveness is greatly dependent upon the elasticity of its operative powers and the broadness of the discretion vested in the directors which, it seems to me, is essential if it is to serve as a gigantic movable pool of public credit and constitute an impregnable line of defense against further attacks of hysteria, fear, and emotional excitement. Its authors have given it as their sound judgment that the prompt creation of the corporation, with its powerful Government backing, will immediately so inspire confidence and counter deflation that new avenues of credit will open up, millions upon millions of dollars will come out of hoarding and hiding, banking facilities will expand, and in due time it is hoped that its effects will accomplish a national assurance which is essential for any degree of prosperity.

There are certain particular features of the bill to which I desire to attract you attention. I do not think the bill is designed to create inflation by currency expansion. Nor do I think that, with the exception of closed banks, its lending powers will be extended to other than going concerns. To be perfectly candid and frank, it is my firm opinion that relief under this bill is directed chiefly toward strengthening the financial structure of banking institutions and the steam railroads.

In other words, the direct and positive relief which was unquestionably the purpose of the original administration bill was directed toward the banks, insurance companies, and railroads; not because, as I understand, they are banks, railroads, and insurance companies, but because through these three sources strength to the credit structure of the Nation could be more quickly and effectively administered with greater benefit to the American people as a whole. This statement is based upon the known fact that our banks are our normal and usual sources of credit, and the abnormal decline in the market value of commodities and securities has so severely depreciated the value of customary forms of collateral that they no longer constitute a basis for reasonable credit, and for the further reason that many banks are dammed up with slow and illiquid but sound assets, which make it unwise and unsafe for them to put out further cash with which to serve the credit requirements of their customers.

Relief to the railroads is another means of accomplishing this same purpose, and perhaps was intended by the original authors of this legislation to constitute its chief beneficiary. The railroad problem has ceased to be merely a railroad problem and is a general economic and financial problem of the first magnitude. The savings of the American people are invested, directly and indirectly, through their bank deposits and insurance policies to a greater extent in railway securities than in any other class, except those of the United States Government. More than 70 per cent of all railroad bonds and notes are held by banking, insurance, and other institutions. It has been reliably reported that many banks now hold as their reserves railroad securities equal to three, four, five, six, and seven times the amount of their capital structure, including surplus and undivided profits. As a result of the calamitous bond depression many banks have been kept going with impaired capital structure, but in the interest of the public, provided the value of these bond portfolios can be restored reasonably promptly. Of the $10,703,000,000 total railroad bonds and notes outstanding on December 31, 1930, life insurance companies alone held approximately $3,000,000,000, or 28 per cent, as part of the assets protecting their 50,000,000 policyholders. Mutual savings banks, with 13,000,000 depositors, held about $2,000,000,000.

It appears to me to be useless to consider or debate at a time like this and in connection with a heroic effort to remedy this situation the matter of whether the banks and insurance companies have exercised good or bad judgment. Personally I hold no brief for the railroads or the big banking institutions. Yet I feel that both, properly administered in behalf of the American people, are indispensable. In making this statement I am not unmindful of the vindictive and vituperative remarks and unquestionably just criticism which have been directed toward the larger banking institutions, that have in some instances, no doubt, adopted unscrupulous methods and fraudulent practices in the sale of bonds throughout this country. A partially true picture of this wholesale fraud and cheat wherein smaller banks throughout the country were fleeced and flimflammed out of their cash and good securities upon the recommendation of Federal bank examiners and personal urgent recommendations from even the presidents themselves of some of the institutions is quite clearly presented in a fair, simple, and telling way by the author of a recent publication entitled "The Scapegoat." Since most of these institutions have cleaned their baskets of the dirty linen and now hold the cash, I do not believe that they should or will be given assistance under this measure unless the executives first are replaced or the institutions make just and full restitution for their fraudulent wrongs. Of course, since no particular institution is named as beneficiary under the bill for any particular amount the question of loans to institutions of this character must be left to the judgment and conscience, I think, of the directors of the corporation. All of us know that the great majority of our banking and financial institutions are directed and managed by public-spirited men of integrity and unimpeachable character, and the acts of a few should in nowise prejudice or blacken the record of the many. Irrespective of the worthiness and desirability of the main objective under this bill, which my study and concentration of the whole plan have developed, the assured relief to agricultural intermediate credit banks, joint-stock land banks, and building and loan associations appeals most strongly to my sense of justice and agrees with my idea of the equity of this legislation. I am perfectly willing, however, to admit that there is room for dispute as to the limits within which the corporation should function.

There can be no doubt, however, but that the farmer, small business man, and country merchant have rights which must be preserved and problems which must be considered by this Government in this emergency to the same extent and degree as any other individual business operator or receiver of a fixed income. If I did not believe that the effect of this legislation would be beneficial to the country as a whole, notwithstanding the fact that its first and direct benefits will devolve upon those who control the financial credit structure of the Nation, I would not only cheerfully and as a matter of duty withhold my support, but I would most vigorously and to the limit of my capacity and power oppose its passage.

In conclusion, I desire to say that as a member of the committee I feel that this House and this Nation can depend with implicit confidence upon the able leadership of the chairman of the Committee on Banking and Currency to promptly and thoroughly consider all legislation which will come before it during this national emergency, and that no

man in this House is more interested in carrying relief to every class of the Nation's deserving sufferers through sound and constructive legislation than is Mr. STEAGALL.

Though I dislike, and especially, being a new member of the committee, to be placed in the position of taking exception to any provision of a bill which it has considered and favorably reported, I could not keep in harmony with myself nor be faithful to my conception of what is best legislation if I did not make clear some of the features of this bill which I do not favor. Briefly, they are these:

I do not think it wise at this time and under these conditions to establish any relationship between the securities of this corporation and the Federal reserve system, as provided for under section 9 on pages 10 and 11 of the bill. Of course, it may be that later we shall have to consider making them rediscountable in some form at the Federal reserve, but that should be studied separately and dealt with carefully.

I also doubt the wisdom of authorizing the selection of two of the directors by the Speaker of the House, and solely because Mr. GARNER is not now our President. I think any departure of this kind from the established way would be setting an undesirable precedent.

I do not think the directors should be nominated or selected for more than two years. I do not think that an emergency measure of this kind should, except where absolutely necessary, be restrictive as to amounts which might be loaned to any beneficiary under the act. I can see in this the possibility whereby responsibility might be shifted on shoulders to which it would not justly belong.

I also doubt the wisdom of making obligations of this corporation subject to surtax, for the reason that only individuals and not corporations are liable for this tax.

As I am not an economist, and the mantle of prophecy has never fallen upon my shoulders, I can do nothing more than exercise faith in the outcome of this unusual grant of power and lease of the Treasury. My judgment is that it will prove constructively helpful in accomplishing the purpose for which it is designed and thereby speed the Nation to better times. There can be no question but that the extent of the support which the bill receives in this House will be helpful psychologically to the situation. Personally, I still have abiding faith in the genius, industry, and courage of the American people, and with a constructive leadership I know they can win this economic battle.

Notwithstanding the disruption of plans, the destruction of prosperity, and the general unrest and discontent which these conditions have provoked, it seems to me that it is well and wise that each of us should realize that there are great opportunities for all of us to be leaders in our own sphere, and no one in a position to help us out of our man-made depression should be merely a looker-on. It is certainly not becoming for those who cheered the loudest in 1929 to hide in a storm cellar in 1932. If we will forget, for the present at least, the other fellow's mistakes and unite in a spirit of service and cooperation, we shall surely pull out of this slough of despond, poorer but wiser and happier men and women. Should we not all strive at this hour to do our part, without considering the political consequences first, toward building the foundation of a period of prosperity and tranquillity more sound, more widespread, and more peaceable than any our present civilization has known, and one that will be shared and enjoyed more equitably than ever before by every man and woman who lives under the American flag?

May I venture, in this final word, that this anonymous verse will "reconstruct" your hope in the early coming of the dawn of a brighter day?—

Once in Persia reigned a king
Who upon his signet ring
'Graved a maxim true and wise,
Which when held before his eyes
Gave him counsel at a glance
Fit for every change or chance.
Solemn words, and these are they:
"Even this shall pass away."

[Applause.]

Mr. STEAGALL. Mr. Chairman, I yield five minutes to our beloved and distinguished Member from Virginia [Mr. TUCKER].

Mr. TUCKER. Mr. Chairman, I have a sense of great relief this afternoon. I do not think I have been able to vote for any bill of importance for the last three years, but I have come to the conclusion I can vote for this one; and as probably some of you have noticed that I have not voted for anything for several years, it may be proper that I should give you my reasons for it. The rule of my public life has been never to vote for any bill that is not recognized in some power, express or implied, in the Constitution.

I have very grave doubts about the provision in this bill with reference to the power of the Speaker to appoint some of the directors. I did not have the privilege of hearing my distinguished friend from Iowa [Mr. RAMSEYER] whom I always hear with interest, on that subject, and I have not had the time to examine that question, but I am relieved of that now by the statement of the chairman of the committee that this item will be eliminated from the bill.

Now, what have we here? A great bill, I dare venture to say. Nothing like it has ever before been before Congress in times of peace and I pray God we will never have anything like it hereafter—a bill carrying, in effect, $2,000,000,000. What for? Not for the relief of farmers, laborers, merchants, doctors, or lawyers, but for the relief of the whole people of the United States. No "hocus-pocus" farm relief bill with the claim by the Congress of the power to put the farmer on a financial equality with industry but it is the hope of its proponents that all the people shall share in it.

I am pleased to see my way straight through this matter. We are proposing to organize a great corporation, carrying with it great powers and a great amount of money, to meet the most dreadful depression ever known in America. Where do we get the power to do it? From the Constitution itself.

Many of you will remember that this very question was one which rose in the Constitutional Convention when there was offered in that great body an amendment giving the power to Congress to incorporate. It was voted down, and the Supreme Court has held since that time that where a proposition was voted down in that convention Congress could not consider a bill growing out of that rejected proposition; nor could an implied power be invoked in such a case, because if what Congress wanted to effect was voted down in the convention, that was the end of it.

I have tried so often in the past to impress upon my brethren here this very doctrine in reference to these Federal educational bills. It is exactly the same principle. Three times in the Federal convention this question was submitted to them. They voted it down, and yet we have been bothered here for the last 10 years in every Congress with such bills.

Now, hear me. This question first came up in the great case of McCulloc against Maryland.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. TUCKER. I thank my friend for his courtesy. The question arose in that great case with Judge Marshall sitting on the bench with respect to the power of Congress to incorporate a bank. He was met by the fact in the argument that the Constitutional Convention had decided that that should not be done. Yes; but, he said, look at clause 18, section 8, of Article I, and you will find that great coefficient clause which, after enumerating 17 grants of power, says that Congress shall have power to make all laws necessary and proper to carry into effect the foregoing powers and all other powers possessed by any officer or department of the Government. Now, said he, by an examination we find this Government has the power under the Constitution to regulate commerce, to lay taxes, to raise armies, to coin money, emit bills, and so forth, and that it must have some facilities to carry out its fiscal policy. Such are absolutely necessary.

And that fiscal policy can best be carried out by the establishment of banks. And, while the Constitution originally





did not give the power to create corporations, but did grant powers to Congress creating a fiscal policy in the Government, any law, which was necessary and proper to carry out this end was valid. Its fiscal policy was constitutional and under the coefficient clause it could be carried out by a law of Congress.

That is our position here to-day. That banking system was established, and we have had national banks for years. We have the reserve bank system, the farmers' loan banks, and God knows what else. [Laughter.]

They were established on the principle of Marshall's decision in the case I have just cited and are needed by the Government to carry out its fiscal operations.

This bill is improperly captioned. Its caption ought to read, "A bill to provide emergency financing facilities for banks and other financial institutions as fiscal agents of the Government, and for other purposes."

We stand on solid ground, backed by Chief Justice Marshall. It is an enormous undertaking. It may be a dangerous undertaking. The power is there to do it right if we put the right men in office to carry this law out.

Some people say the big banks will get it all and the little banks will not get any. That is not the spirit of the bill. The spirit of it is that all shall be equal before the law, and woe be to those men who, as directors, should attempt to make its operations local or sectional.

I, therefore, am glad that I am able to support the bill, hoping and believing that it will be of great service to the country if properly executed, and that the men who are appointed to direct its affairs will be governed by the highest ideals, looking only to the good of our distracted country and its triumphant resurrection from the depression under which we are now suffering. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield myself 40 minutes, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

Mr. McFADDEN. Mr. Chairman, I think at the outset in the discussion of this particular measure that is now pending before the House, I should refer to that period of time between 1921–22 up until we reached the speculative period of 1929. That is the period of time that stands out as the period of inflation and deflation of the people in the United States. It was a period of inflation by the Federal reserve system whose operations synchronized with the bankers who were building up a situation which has resulted in the chaotic condition in which we now find ourselves.

That was a period of time when our large bankers, our international bankers, were engaged in the flotation and sale in the United States of foreign securities. It was that period of time when domestic bankers were reorganizing the industries of the United States, the railroads, and of consolidations and new creations. These consummations were brought together in New York and other large cities, devising new securities which were issued, enormous profits were taken out, in sale of stocks and bonds issued and sold to the innocent public.

The innocent public were on the up-and-up, so far as the investment news was concerned. They were the investors, and there was plenty of whoopee made by the bankers to induce the public to purchase this class of securities.

In that period of time the international bankers unloaded on these investors billions of dollars worth of foreign securities, and billions of dollars of securities almost of the same type that were known as domestic securities.

It was in 1924 or 1925, during hearings of the Committee on Banking and Currency, of which I was chairman, that I first discovered what our bankers were doing to this country and I began an intensive study which I have continued from that time on up to the present time. I frequently called attention of the membership of this House to what was taking place, without much result, I regret to say. I have before me here now a copy of the hearings before the Committee on Banking and Currency of the House of Representatives of the Seventy-first Congress, second session, on House Joint Resolution 364, which I introduced, and on which hearings were held before that committee. The resolution prohibited the purchase of German reparation bonds by national banks, Federal reserve banks, and member banks of the Federal reserve system.

I did all I could to secure the passage of that resolution, and I caused to be called before the committee the Secretary of the Treasury and the Secretary of State. The administration was opposed to the passage of the resolution. The administration then in power in this House gave no consideration to it. What was the result? The international bankers were then engaged or were about to engage in the sale of $100,000,000 worth of German commercialized reparation bonds in the United States. They were offering those bonds at 91¼ to the innocent American people, and they were subscribed by a syndicate of bankers headed by J. P. Morgan & Co., Kuhn, Loeb & Co., and others of the international banking group, and I suppose most of them are held now by the banks and by the people of the United States, who paid 91¼ for them. Those bonds have recently been down to as low as 22, and they are around 30 or 35 to-day. I did all in my power to stop the sale of foreign securities in the United States. I am very happy now that in the other end of the Capitol the Finance Committee of the Senate is looking into this question. They are finding out that some of the things that I have been saying for a long time are true. They are finding out that the American people have been exploited by these bankers and that enormous profits have been made from the distribution and sale in the United States of these billions of dollars worth of securities. They have not done the people in the United States any good. The last sale of this hundred million dollars' worth of reparation bonds in the United States I firmly believe did not do the Germans any good. It was an unloading process. It would be interesting to know, if we could know, what became of the proceeds from the sale of those bonds and to know how much of them went to take up other loans, the profits of the distributing houses who sold them. It is interesting to me to know now and see disclosed in these hearings the tremendous profits which are being made and the commissions paid and acknowledged as having been made by these bankers who are responsible to a very great degree for the financial and economic situation that we find ourselves in at this time. These bankers are also responsible in a similar manner for the distribution of worthless securities on the innocent American public through the consolidations and the maneuverings in the past 10 years, in the unloading of the securities which they had in the manner in which it was done. They were purely speculative manipulations filled with greed and desire to make money, with little regard as to security back of the issues, so long as the public would buy.

I call attention also, as I have previously on the floor of this House, to another method of taking the people's money from them in the United States and sending it abroad. It was through the use of acceptance credits, and billions of dollars have gone into foreigners' hands, and the people of the United States have been deprived of the use of that money through this source. There is still another source, and it is about time that Congress or the people who are dealing with these situations began to look for the facts. What we are doing here now is dealing with the effects and not with the causes.

I refer now to another angle of this exploitation of the American public through the sale of investment securities by these same houses, and I refer now to stocks—stocks in foreign banks, stocks in foreign insurance companies, stocks in all kinds of business enterprises abroad. Thousands and hundreds of thousands of shares of stock in the German Reichsbank have been sold by these bankers to American investors, and they are held by American investors to-day. Gentlemen, you have no idea of the quantities of foreign securities that are still held here in the banks, in trust funds, in insurance companies, and in all classes of investors pools. The investments trusts are loaded to the hilt with this class

of securities, and American people who are buying investment trust securities to-day do not know what is back of those investments. Hundreds of millions of dollars of foreign securities go to back up securities which they are buying. I believe I am not exaggerating it to any extent when I say that we have in excess of $40,000,000,000 worth of this kind of securities in the United States to-day, that we have shipped abroad in this particular class over $40,000,000,000, and how much of it are we going to get back? We see in to-day's papers and in yesterday's papers where word is being sent to us that they do not intend to pay. It is nothing but exploitation. During this period of time or just prior to it we were engaged in the World War. The World War cost us between forty billions and fifty billions of dollars. In addition to that add to it $40,000,000,000 worth of foreign securities held in this country which took that amount of money out of this country, and is it any wonder that we are in the position that we are in to-day, and that we are asked to pass the kind of legislation that is proposed here? Where does the request for this legislation come from? It comes from the very same bankers I am referring to. The first knowledge that I had of the need for this legislation came when Members of Congress were called to the White House and there given a review of the financial condition of Europe and then the financial condition of the United States. A crisis was painted. We were told then that conferences had been held with New York bankers, with clearing-house bankers.

We knew just prior to that that the New York bankers had been here consulting with high officials of the Government. We were told definitely that something had to be done. The New York bankers had agreed to organize the National Credit Corporation, with a capital of $500,000,000. We were told they would subscribe $150,000,000 of the capital that this organization might be able to meet the requirements of the drastic situation that was then presented. The fear at that time was that there might be $1,800,000,000 worth of gold withdrawn from New York. It was a desperate situation. We were told that in case the National Credit Corporation could not cope with the distressing financial situation there might be a possibility that we would have to revive, when Congress convened, an institution similar to the War Finance Corporation. It has arrived here. We have it now before us. It is the Reconstruction Finance Corporation. It proposes to organize, not with bankers' subscriptions—and those bankers have been perfectly willing that Uncle Sam should take the risk—a corporation with a capital of $500,000,000 of taxpayers' money. It provides a vehicle through which there can be issued and sold $1,500,000,000 worth of debentures, bonds, or other securities; a total of $2,000,000,000; and the United States is to guarantee the payment of all of it.

Gentlemen, I have referred, and referred rather mildly, to this exploitation that has been taking place. Millions of people have lost their all by this manipulation, which was deliberate on the part of these bankers. There has been great suffering, there is great suffering to-day, and there is going to be more.

This morning I received a letter from a man in Pittsburgh, and I want to quote from that letter. I am getting letters along this line continually, and I suppose every other Member of Congress is getting them also. I quote:

> Heaven knows the higher-ups are already in sufficiently bad odor all over the country, the feeling is widespread and growing daily; no one seems to have the slightest confidence in either the ability or the integrity of the international bankers, and each time one of them goes upon the witness stand that feeling, among the people at large, is intensified. It is a highly unfortunate state of affairs into which this country has been plunged, and it savors not a little of irony, not to suggest the comparison with that famous cake-eating episode of Marie Antoinette, that the very men who brought about our major troubles are to be intrusted with the cure. No provision whatever has been made, so far as I can see, to restore labor to the pay roll, and the wage-cutting program still continues. The bankers will continue to deflate labor until labor deflates the bankers. The people have been lied to and imposed upon, stolen from, and otherwise treated outrageously Personally I would not care to be numbered among the victims of their righteous wrath.

Mr. Chairman, this particular bill is a scheme for taking $500,000,000 out of the Treasury of the United States. It is a scheme for taking a half billion dollars of the people's money, produced by labor at the cost of toil and suffering, and give it to a supercorporation for the sinister purpose of helping a gang of financial looters to cover up their tracks. It is a scheme for giving those financial looters a chance to dispose of evidence, which, if brought out into the light of day, would cause the doors of our Federal penitentiaries to close upon them for a long term of years. As such, it is unfit for your consideration.

I was very much interested in listening to the distinguished gentleman from Virginia, whom we all love and whom we respect as one of the leading constitutional lawyers of the House. I want to quote from some other good sources. How would General Washington regard such conduct which we now are about to witness? In his Farewell Address in 1796, he advised his country as follows:

> All obstructions, * * * all combinations and associations, under whatever plausible character, with the real design to direct, to control, counteract, or awe the regular deliberation and action of the constituted authorities, are destructive of this fundamental (checks in the Constitution) principle, and of fatal tendency. They serve to organize faction * * * to put in the place of the delegated will of the Nation the will of * * * a small but enterprising minority, and * * * to make the public administration the mirror of the ill-concerted and incongruous projects of a faction, rather than the organ of consistent and wholesome plans digested by common counsels and mutual interests. * * * The habits of thinking in a free country should inspire caution in those intrusted with its administration to confine themselves within their respective constitutional spheres, avoiding the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all departments in one, and thus to create, whatever the form of government, a real despotism. * * * The necessity of reciprocal checks in the exercise of political power * * * is evinced by experience, ancient and modern. To preserve them must be as necessary as to institute them. * * * Let there be no change by usurpation, for * * * this is the customary weapon by which free governments are destroyed.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. STAFFORD. Again the gentleman is making most serious charges. Will the gentleman inform the committee of the basis upon which he makes the statement that this bill is for the relief of looters and the other charges he has made; whether anything like that is in the hearings before the Senate committee or the House committee?

Mr. McFADDEN. No. Unfortunately, there is not.

Mr. STAFFORD. On what does the gentleman base these serious charges?

Mr. McFADDEN. I am basing them on the use which the Federal reserve system has made of the acceptance credits, both domestic and international.

Mr. STAFFORD. Then, the gentleman is indicting the operations of the Federal reserve system?

Mr. McFADDEN. I am making statements in regard to them that are very serious; and I will say to the gentleman that I have a resolution before this House, which should be passed, calling for an investigation and audit of the affairs of that system.

Mr. STAFFORD. As a member of the House Committee on Banking and Currency, did the gentleman at any time in the hearings advise the committee of the charges which the gentleman is now making?

Mr. McFADDEN. I spoke in regard to these acceptance matters; yes.

Mr. STAFFORD. And that instrumentality is largely for the benefit of looters of finance?

Mr. McFADDEN. I did not say it in just those words.

Mr. STAFFORD. But in stronger words.

Mr. McFADDEN. I can not yield further. The matter was discussed in committee. I want to quote from Thomas Jefferson, who advised his followers in this language:

> The spirit of the times may alter, will alter—

He says in his Notes on Virginia—

> our rules will become corrupt, our people careless [divine prophecy]. A single zealot may become persecutor and better men be his victims. * * * The time for fixing our rights on a

legal basis is while our rulers are honest. * * * From the conclusion of this war we will be going down hill. It will then not be necessary to resort every moment to the people for support. They will be forgotten and their rights disregarded. They will forget themselves in the sole faculty of making money, and will never think of uniting to effect a due respect for their rights. The shackles, therefore, which shall be knocked off at the conclusion of this war will be heavier and heavier, until our rights shall revive or expire in a convulsion.

In his Kentucky Resolutions of 1798, in Section IX, this patron saint of Democracy says:

It would be a dangerous delusion were a confidence in men of our choice to silence our fears for the safety of our rights; that confidence is everywhere the parent of despotism; free government is founded in jealousy and not confidence; it is jealousy and not confidence which prescribes limited constitutions to bind down those whom we are obliged to trust with power; that our Constitution has accordingly fixed the limits to which and no further our confidence may go. * * * In questions of power, then, let no more be heard of "confidence in man," but bind him down from mischief by chains of the Constitution.

For the former judge advocates now in Congress, who, incongruously enough, claim to admire the wisdom of great jurists like Story and Marshall, yet have never appeared before the Supreme Court to overthrow Webster's supremacy, though they are willing to defend this new race of rulers we have among us, let me quote from Mr. Justice Joseph Story's opinion:

But a new race of men is springing up to govern the Nation; they are the hunters after popularity, men ambitious, not of honor so much as of profits of office, the demagogues whose principles hang laxly upon them, and who follow not so much what is right as what leads to a temporary vulgar applause. There is great, very great danger that these men will usurp so much popular favor that they will rule the Nation; and, if so, we may yet live to see many of our best institutions crumble in the dust.

In his classic work, the Commentaries on the Constitution, Mr. Justice Story continues:

Let the American youth never forget that they possess a noble inheritance, bought by the toils, and sufferings and blood of their ancestors. * * * It may, nevertheless, perish in an hour of folly, or corruption, or negligence of its only keepers.

I want to now quote from another eminent authority, Daniel Webster, who said, when a question similar to that which is now pending was discussed and where the principles were alike:

The people of this country have not established for themselves such a fabric of despotism. They have not purchased at vast expense of their own treasure, and their own blood, a Magna Charta to be slaves. * * * Who will show me any constitutional injunction which makes it the duty of the American people to surrender everything valuable in life, and even life itself, not when the safety of their country may demand the sacrifice, but whenever the purpose of an ambitious and mischievous government may require it? Sir, I almost disdain to go to quotations and references to prove that such an abominable doctrine has no foundation in the Constitution of the country!

To transform our Constitution into the "magna charta of slaves" and cowards has always been the aim of some of our European neighbors, who find it more easy to manipulate the ambitions of a few than to bribe the whole Nation. From its very institution our form of government—a deliberative government—has withstood the torrents of invectives of its enemies that have flown unceasingly from the subsidized press of this country in all periods of our history under the Constitution. And how would the martyred Lincoln advise us to-day were he here to witness this assault on your constitutional privileges and duties? Where would he look for the danger? Let us hear him speak:

If destruction be our lot, we must ourselves be its author. * * * When the vicious portion of our population shall be permitted * * * to silence at their pleasure those opposed to their procedure * * * the best citizens will become alienated from our institutions and it will be left without sufficient friends to defend it effectually. At such times and under such circumstances men of sufficient ambition will not be wanting to seize the opportunity, strike the blow, and overturn that fair fabric which has been the fondest hope of the lovers of freedom throughout the world!

I want to quote from still another eminent authority, John Adams. In that letter to Jack Taylor, which you will find in the Works of Adams, volume 6, page 467, he had this to say about the necessity of sprinkling checks all through the Constitution:

First, the States are balanced against the general government. Second, the House of Representatives is balanced against the Senate and the Senate against the House. Third, the executive authority is in some degree balanced against the legislature. Fourth, the judiciary is balanced against the legislature, the executive, and the State governments. Fifth, the Senate is balanced against the President in all appointments to office and in all treaties. Sixth, the people hold in their own hands the balance against their own representatives with periodic elections. Seventh, the legislatures of the several States are balanced against the Senate by sexennial elections. Eighth, the electors are balanced against the people in their choice of President and Vice President.

Listen to the clarion call of Theodore Roosevelt to the American people to abolish this obnoxious and cowardly concept of nonresisting obedience to boss rule from their councils. In Senate Document 904, Sixty-second Congress, second session, his words thunder:

I deny that the American people have surrendered to any set of men, no matter what their position or their character, the final right to determine those fundamental questions upon which free government ultimately depends. The people themselves must be the ultimate (interpreters of their rights) and, when their agents differ in their interpretations of the Constitution, the people themselves * * * after full and deliberate judgment should settle what interpretation it is that their representatives shall adopt as binding.

"After full and deliberate judgment"! Does this sound like "after getting their orders from the boss"? What is "deliberate judgment"? How can a representative "judge" of anything without going through the mental and logical process of judging the relative merits of many differing views of any question?

Roger Williams in 1644, when founding his Rhode Island Colony, said:

The sovereign, original power lies in the people. * * * They are distinct from the "government" they set up to do their bidding; the "government" is but the peoples' servant, not their master. * * * Civil magistrates, whether kings or parliaments, states and governors, can do no more in justice than what the people allow, and are, therefore, but the eyes and hands and instruments of the people whose rights they must preserve. * * *

Gentlemen of the Congress, this particular bill, in my judgment, encroaches upon the Constitution of the United States to a very great extent. I want to read the solemn oath which each of us takes when he comes into the Halls of this Congress to represent his constituency:

I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

We are about to pass our judgment on a measure which deals vitally with every man, woman, and child in this United States, and it behooves us to carefully remember our obligation and the fact that we are representing the people of the United States.

Mr. SIROVICH. Will the gentleman yield for a question?

Mr. McFADDEN. I will.

Mr. SIROVICH. On the Senate side they have allocated the sum of $50,000,000 from this Reconstruction Finance Corporation for the benefit of the farming interests of our Republic. Would the gentleman be in favor of allocating a certain sum of this money for the benefit of the large cities of the United States which, while solvent in every conceivable way, are denied the privilege of getting money from the local banks of their communities to further the best interests of the public welfare?

Mr. McFADDEN. I would say in answer to that that here is an institution that is being organized by this Government out of the taxpayers' money. To be fair in the administration of this act they should take care of the necessary needs of all of its people. I can see no reason why, if you are going to help one class of people, the bankers of the country, the railroads of the country, and the insurance companies of the country, you should not also help the cities of the country, why you should not help the counties of the

country, and why you should not help the municipalities that are in trouble.

This is a bill to establish a Reconstruction Finance Corporation. After wrecking the business fabric of the country, the looters now come forward with a scheme for taking over the remaining property values of the entire United States. They propose to conduct a bankrupt sale of American equities. They propose to put the United States in pawn for 10 years to pay their losses on worthless foreign paper. As Franklin-Bouillon lately said concerning international bankers and their victims, "Usurers first, victims afterwards."

Instead of paying their own losses as other citizens have to do, these financial magnates ask us to pass a law for their especial benefit. They ask us to establish a supercorporation to shelter them and to conceal the details of their misdeeds from the public. They ask for $500,000,000 to keep themselves out of prison. They have already in the last several years filched from the United States Treasury enough money to pay the entire national debt, but that does not prevent them from staging another raid on it. With this last grand steal they propose to avail themselves of a supercorporation with a detective service de luxe, and by means of this supercorporation controlling all other corporations and spying on every individual in the country they propose to spread their losses over the entire population of the United States.

These are the railroads which, during the war, when it got to the point that they saw they were going to sustain a great loss, rushed to Washington and asked Uncle Sam to take over and administer the railroads and assume the losses. This cost Uncle Sam about $3,000,000,000 that time.

The man who does not owe any money is to be held up under a threat and forced to give up anything he may happen to have left in order to pay them for Germany's new planetariums, her splendid new factories, her newly created residential suburbs, her blue-ribbon ocean liners, and her new war cruisers. What the rest of the world has been excused from paying to us the American workingman must make good.

American labor has paid $500,000,000 in hard-earned taxes and is now invited to watch that $500,000,000 being taken out of the United States Treasury and handed over to a supercorporation to serve a special class. Senator WALCOTT has said that this money is to be used to help "going concerns." If they are "going concerns," why do they come here asking for doles from the United States Government and the overburdened United States Treasury? It is because they have put their signatures on illegal, worthless, and uncollectible paper and they are unwilling to take part in the rehabilitation of this country unless and until the United States Government takes over that paper and relieves them of their responsibilities concerning it. Their scheme is to make the people of the United States furnish a purchase price for their frozen assets, to have the Government put its signature on those assets, to tie them up in a different package, and then to sell them again to the general public. What else? The scheme is dangerous, unsound, and dishonest.

A bank loss is a bank responsibility. The collective losses of United States banks should be borne by the banks and not by the general public. The banks have a recourse in the case of every loss they have sustained. The courts are open to them. The guarantors of the circulating evidences of debt upon which the banks recklessly advanced funds belonging to the American bank depositors are fully liable and there is no reason why the people of this country should shoulder their responsibility. If the accepting banks of this country and the 10 great and powerful discount dealer corporations which sit at the receipt of custom in New York and levy tribute on every item of American business can not honor their signatures, the law should look after their condition and conduct an examination of their business. There is no reason why we should permit them to reimburse themselves at the expense of the general American public.

This thing has been in progress here for 17 years. It became acute in 1920 and then the farmers had to bear the cost of it. The credit rationers recouped their losses in 1920 by deflating American agriculture—a blow from which it has never recovered. The present scheme does not select any one class to pay for the orgies of the credit rationers but it proposes instead to collect tribute from every member of the population. The first tribute is the $500,000,000 which is to be taken out of the people's Treasury. This invention, widely advertised as a cure-all, is not worth half a billion dollars of the taxpayers' money. We have no right to take that money out of the Treasury and to spend it on doubtful expedients. We have no right to take that money and to use it for what you must all agree is nothing more than a cheap promoter's scheme for creating a temporary illusion of prosperity. The establishment of this expensive corporation will leave the underlying evils of the present situation uncorrected; in fact, it will intensify them. It will not alleviate the present distress.

They tried to sell this scheme to the banks and the banks would not take it. They organized a National Credit Corporation in the hope that the banks would subscribe to its capital and the banks would not do it. The banks passed the burden back to the administration. They reminded the Government that the common people are the goat in this country and that whenever there is any wreckage to be cleared up, the American wage earner is the person who is supposed to pay the cost of it. Hence this assessment, this raid on the taxes that have been paid in.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. McFADDEN. Mr. Chairman, I yield myself 15 additional minutes.

Mr. BLANTON. Will the gentleman yield for a question with reference to this National Credit Corporation?

Mr. McFADDEN. Yes.

Mr. BLANTON. I have been told that it chartered itself under Delaware laws with a capital stock of only $1,200. Is that so?

Mr. McFADDEN. The gentleman is correct.

Mr. BLANTON. What has been the aggregate of its loans?

Mr. McFADDEN. During the hearings I understand it was stated $50,000,000.

Mr. BLANTON. I have understood it was only $10,000,000.

Mr. McFADDEN. I beg the gentleman's pardon. I think $10,000,000 is correct. During the hearings, and two months after the corporation was launched, they made their first call for 10 per cent of the capital.

Mr. BLANTON. Then it has been of practically no benefit to the banking interests?

Mr. McFADDEN. It has been stated that the psychology of it has been the greatest benefit.

Mr. LUCE. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. LUCE. I am told that last week it loaned in my own city more money than that.

Mr. McFADDEN. I am glad to know that they did.

Mr. LUCE. I mean in the city of Boston; not my own home city.

Mr. McFADDEN. The name of the proposed supercorporation is worth noticing. It was given in advance. It is a high-sounding name—the Reconstruction Finance Corporation. That name was chosen to deceive the people. It was selected in order to make the people believe that this is a bill devised in their interest, whereas it is one of the boldest raids on the United States Treasury that has ever been perpetrated. The issue might as well be joined now. Sooner or later there will be a struggle here between the people and the overlords of wealth and privilege.

Sumner says:

> The next great struggle the human race will have to face is the struggle between plutocracy and democracy.

That struggle is beginning. Read this bill and you will see the predatory interests preparing to move in here with their dictators and subdictators, their secret police files, and their detectives. How long do you think the American people can be held in subjection by the power which conceived this bill and dictated the provisions of it and which is now engaged

in disguising the real purpose of it? Last week Father Cox, of Pittsburgh, led an army of men here to the very door of the Capitol to warn us that there will be trouble in this country if something is not done by the Federal Government to relieve the sufferings of the unemployed and their dependents. He was told that this so-called relief measure was on its way. Was that a sufficient answer? I think not. If, as Eugene Meyer and Ogden Mills declare, the object of creating this supercorporation is chiefly psychological, we had better discard it and turn immediately to a more common-sense course. Psychology is a poor substitute for reality. It will not feed a starving man or shelter him against the cold. While the emissaries of the international bankers move to and fro behind the scenes, telling you that this country is distressed and that theirs is the only scheme that will cure it, better measures, more honest measures, as for instance the relief bills of Senator LA FOLLETTE and Senator COSTIGAN are neglected. There is no bread for the hungry in this bill, as there is in theirs.

The common man does not want to fight, and he will not fight against his Government but he will fight to defend it and to rescue it from those who abuse it. We have an army of the dispossessed—women sleeping in the open and children crying for bread. This is a condition which can not long endure. It would be a reflection on the men of this country if they should allow it to endure much longer. And yet we hear Senator WALCOTT himself saying that the benefit of this bill will be largely psychological; that it will create confidence, and that confidence is what is needed. Half a billion dollars taken from the United States Treasury and used to relieve the richest class in the country is not likely to create a feeling of confidence in the mind and heart of the general public. You must remember that this bill saddles the United States Government with a debt of $2,000,000,000. The only securities the Government is offered for this huge advance of cash and credit are the frozen assets no man will buy and which the National Credit Corporation could not persuade the banks to accept as a common burden. Nor is the liability of the Government limited to $2,000,000,000. The bill provides that—

> In the event that the corporation shall be unable to pay upon demand, when due, the principal of, or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations.

In other words, the obligations of the corporation are to be the financial risks and obligations of the United States Government and they are to be paid by the Secretary of the Treasury when the responsibility reaches the Government, which, in my opinion, will be soon and often. These obligations of the United States Government may be issued in lieu of cash when the corporation makes a loan. They may be peddled in this country and in foreign countries as well at any price the corporation may determine to place upon them. This bill unlocks the door of the United States Treasury and decrees that it shall be left open for 10 years to come. It offers a sanctuary to the predatory interests. Do you think the people of the United States will permit such a state of things to exist? Do you think they will permit themselves to be taxed to keep this financial monstrosity alive? The obligations of the corporation can be used. That means they can be used as collateral security for Federal reserve notes. In other words, one obligation of the Government is to be used to secure another obligation of the Government.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SEIBERLING. In order to keep the record straight, does not the bill provide that the indebtedness of the corporation shall never exceed the amount of $2,000,000,000?

Mr. McFADDEN. The gentleman is quite correct, but I am pointing out to the gentlemen here the possibilities of a $30,000,000,000 inflation, where these securities, when held by corporations, can be placed with banks as security for their note, and their note discounted in the Federal reserve, and the Federal reserve can issue Federal reserve notes thereunder.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I will.

Mr. BLANTON. It is said that the Treasury lacks about $1,200,000,000 of having anything in it; where are we going to get this money?

Mr. McFADDEN. I have just been telling the gentlemen here that we are going to issue one obligation on another obligation.

Mr. BLANTON. Where is the Government going to get the initial $500,000,000?

Mr. McFADDEN. I think, if it gets it at all, it is going to get it through the Federal reserve system. The gentlemen at the other end of the Capitol, I understand, say that the Federal reserve system shall not furnish any money to this corporation through rediscount in any manner of its obligations.

Mr. BLANTON. But as soon as this corporation is organized and it makes a call on the Treasury for the $500,000,000, where is it coming from? If the Treasury lacks $1,200,000,000 of having anything in it, how is it going to pay it?

Mr. McFADDEN. The Treasury will have to borrow it.

Mr. BLANTON. How?

Mr. McFADDEN. Through bond or note issues.

Mr. BLANTON. When we made an attempt to pay the just debt that our Government owed our soldiers Mr. Mellon and the President said that we did not have any money and that it would disrupt the Government to pay $1,000,000,000 in that matter. I was wondering how they were going to explain this.

Mr. McFADDEN. As the gentleman knows, the Secretary recommends this bill.

Can obligations secure obligations? Can debts secure obligations? Is it so written in the Constitution? Is it so held in any court of law? Do we intend to consecrate such a financial heresy by law? If we do, we shall make ourselves the laughingstock of the world.

Under this bill the obligations of the corporation can be used by member banks as collateral security for their promissory notes to secure advances from Federal reserve banks. You all know that provision of the Federal reserve act. It was intended for emergency use only. Do you know the extent to which it has been abused? I will tell you.

In 1928, in the period of wild speculation, when the Federal reserve was permitting credit to be used in the New York Stock Market and brokers' loans were on the up and up, they were assisting in making the prices go up and up and getting the public in—in 1928 member banks borrowed $60,598,690,000 from the Federal reserve banks.

How many of you gentlemen knew that? Think of it. Sixty billion dollars payable upon demand in gold in the course of one single year.

Mr. SIROVICH. Was not that also for accounts receivable besides collateral securities?

Mr. McFADDEN. I am talking of the total amount the Federal reserve banks advanced in credit in 1928.

The actual payment of such obligations calls for six times as much monetary gold as there is in the entire world. Such transactions represent a grant in the course of one single year of about $7,000,000 to every member bank of the Federal reserve system.

Mr. McGUGIN. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. McGUGIN. I take it the gentleman has gone into this matter in great detail, and I would like to ask about three questions.

In the first place, from the gentleman's study of the situation, does the gentleman have any idea that $2,000,000,000 will start to stabilize the banking structure of the country and liquidate the bad paper?

Mr. McFADDEN. My best answer to that is to refer to the figures I have just given of the use in the year 1928 of $60,000,000,000 worth of Federal reserve credit, which was

largely used in the stock-market orgy which took place at that time.

Mr. McGUGIN. Now I would like to ask the gentleman another question. Does the gentleman have any idea that any reasonable or appreciable amount of this $2,000,000,000 will ever reach down to the country banks and the country institutions, unless we provide in the bill that a certain percentage of it must be confined to smaller loans?

Mr. McFADDEN. I can not answer the gentleman as to what the administration of this organization will do. It is only fair to say, however, that in the administration of the War Finance Corporation there were some loans made in the country.

Mr. McGUGIN. There was an entirely different situation then from the situation now. There was an entirely different situation then. The War Finance Corporation wos not organized with a bunch of vultures outside the door ready to grab it as soon as it was organized.

Mr. McFADDEN. Is it any wonder that there is a depression in this country? Is it any wonder that American labor, which ultimately pays the cost of all the banking operations of this country, has at last proved unequal to the task of supplying this huge total of cash and credit for the benefit of stock-market manipulators and foreign swindlers?

The proposed corporation will furnish fresh obligations which may be used as security for similar loans from the Federal reserve banks and thus again and in a different way these corporation obligations of the United States Government will be used to secure other obligations of the Government.

According to the bill, the obligations of the proposed corporation are to consist of notes, bonds, debentures, and other obligations. Of these the last mentioned are to be short-term obligations rediscountable at Federal reserve banks. Here again you see a proposal to offer these corporation-Government obligations in return for Federal reserve notes. This is akin to the excessively evil short-term Treasury certificate which was introduced into this country in 1929 under the influence of certain experimenters who infest the Treasury and are ever on the alert to try out new schemes on the general public at public expense. The use of this credit instrument—the short-term Treasury certificate—is not allowed in France, and it should be forbidden here. Instead of creating new forms of it we should rid ourselves of the one we have, because the sole purpose of these obligations is to facilitate the manipulation of the money market for the benefit of insiders. About the time Mr. Mills discovered the short-term Treasury certificate as a credit instrument and while he was descanting on its merits and delivering himself of loud cries concerning this "new and prime credit instrument," the ancient dodge was known for what it was worth in Europe—that is, a means of fooling the people, an instrument of destruction and control. The bill under consideration sets up the same instrument, but in this case the Treasury has no actual power to decide when emissions of these instruments shall take place. The proper functions of the Treasury, its power to issue the obligations of the United States Government, are given over to the Reconstruction Finance Corporation. Are we to sanction such an innovation?

This bill attacks the highest prerogatives of the Government. The very fact that it has been introduced here shows the growing audacity of the forces which have destroyed our old American way of doing business and which are now seeking to destroy the Constitution itself. They will not destroy it, because the people who sent us here will not allow it to be destroyed.

Lord God of Hosts, be with us yet
Lest we forget, lest we forget!

This is 1932, the bicentennial of the birth of George Washington, the Father of our Country. What was his advice to the infant Republic whose greatness he foresaw, whose trials he anticipated? It was brief and to the point. No one connected with the Government has the least excuse for forgetting it. "Avoid entangling alliances." What would he think if he could know that we had permitted designing international bankers to come here and to introduce the outworn banking and financial machinery of European countries in defiance of our Constitution and in violation of our rights? What would he think if he could know that our wealth by the billions has been fraudulently transferred to foreign lands, and that in consequence of this grave disaster we are now brought so low that we are actually being urged to take the last fatal plunge to betray America and to let her be sold down the river to the leeches of Wall Street? History is filled with ironies, but there never yet was any irony comparable to this—that we should celebrate the bicentennial of George Washington by passing this bill, this product of un-American minds, here in the House of his friends. [Applause.]

Mr. SIROVICH. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SIROVICH. The distinguished gentleman from Pennsylvania has made the statement that $60,000,000,000 were given out in credit by the Federal reserve to the various banks of the country in one year. As I understand it, the only paper rediscountable in the Federal reserve is commercial paper that represents accounts receivable that come from every honest business man and merchant throughout the United States. Besides these accounts receivable, the Federal reserve discounts bonds, notes, securities, debentures, and big-board stock. Will the gentleman state, if he knows, what percentage of that $60,000,000,000 given by the Federal reserve to the various banks was honest commercial paper and what percentage represented money loaned by the Federal reserve for collateral securities as stock and bonds?

Mr. McFADDEN. I have not the figures here.

Mr. SIROVICH. Can the gentleman put them in the RECORD?

Mr. McFADDEN. I think I can.

Mr. STEAGALL. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Chairman, while I have the greatest respect for the opinion of every Member who has expressed himself here, yet I can not bring myself to believe some of the statements made by the gentleman from Pennsylvania. I can not bring myself to believe that patriotism in our country has sunk so low that the solid bankers and business men of the country are allied in a predatory assault upon the Treasury of the United States.

I have faith in our country. I do not believe that the patriotism of Washington and Jefferson and Lincoln is dead.

But that was not the particular purpose for which I rose.

Under the provisions of section 5 of the bill we are willing to lend to banks, including savings banks, agricultural associations, and others various sums of money as may be authorized by the corporation. The purpose of my speaking here now is to ask that the committee accept an amendment to section 5, which I caused to be printed in the RECORD to-day. It simply adds to these bodies already provided for in the section that may receive aid that of municipalities; that we may loan cities who certainly need credit extension.

The President has said that we should not have a dole; that every State and municipality should take care of its own. That is what we are trying to do, but municipalities are confronted with this fact. Up to a few months ago short-term loans were obtainable from the bankers at a low rate of interest. At the present time, when municipalities are endeavoring to finance relief works of various kinds and need short-term loans to carry on, they find that the rate of interest has been advanced by the banks several hundred per cent. To my mind no one should be more eligible to receive credit of this kind than the municipalities of our country. They are doing their share; and unless they are enabled to carry on by securing loans, they will be unable to do the relief work they have pledged themselves to do and will have to call necessarily upon the Federal Government.

In following out the policy of the President, that localities should provide relief for their own unemployed, the city of New York mapped out a plan to provide work and assistance for 100,000 heads of families who were without work. The city sought a short-term loan of $90,000,000 to

meet this and other pressing obligations. The bankers informed the mayor that they would not make the loan except at a high rate of interest and also that the city comply with certain other conditions they would enumerate. These tactics of the bankers have caused the city to abandon many of the proposed relief plans. At this point I would like to quote from Mayor Walker's statement:

> On the one hand the national authorities are urging that the relief for the acute unemployment and resulting poverty and distress must be provided by the localities themselves—that is, by cities, towns, and villages. On the other hand the banks have raised the interest charges on short-term loans to prohibitive rates and are imposing almost impossible conditions or even flatly refusing to do business with the authorities of their own communities.
>
> While billions have been loaned through these same banks to foreign lands, they are now professing inability to meet imperative necessities right at home.

Surely if the Government is willing to lend its credit to help railroads and banks it should be willing to help municipalities that are straining every effort to relieve the distress in their localities.

Mr. GOLDER. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. GOLDER. Is it not a fact that the banking interests have neglected to loan money to municipalities because they have not attempted to balance their budgets?

Mr. BOYLAN. I think there are mighty few people in the United States to-day, either privately or collectively, who are able to balance their budgets.

Mr. GOLDER. The gentleman certainly does not think that you can balance a budget by borrowing more money?

Mr. BOYLAN. I think in time of stress that we should borrow. We are not going to be broke forever. I hope the gentleman is not so pessimistic as to think the country is on its last legs, that we are going to go out of existence as a Republic. I have confidence in our country. We are going to recover. It is not going to rain all of the time. We look hopefully for the sun to shine and for prosperity to come again.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. SIROVICH. Would it not be worth while to tell our distinguished friend from Philadelphia that from the statement of one of his men from Pennsylvania these very banking interests have loaned money to European countries whose budgets were not balanced.

Mr. BOYLAN. Of course, I am not the one to say the distinguished gentleman from the city of Philadelphia is allied with the international bankers. What I say is that if you are going to help corporations, if you are going to help savings banks even, you should help municipalities. Every gentleman sitting here knows that the coffers of the savings banks of the country are filled to overflowing. In many of the large cities they refuse to accept a considerable account in a savings bank. I have been informed that in some of our larger cities you can not open an account in a savings bank even to the extent of $500. This is a condition I have read that did not exist during previous financial distress in our country.

During the hard times of 1893 I read there was no money in the savings banks, and no money in any of the banks, but to-day the situation is different. The savings banks' vaults are filled to overflowing, but due to lack of confidence there is no opportunity to make loans whereby to earn interest on these deposits, hence they do not care to take new accounts.

That is not the point I want to make. The point I want to make is this. We talk about relief for the farm and for the agricultural interests. I am for that, and always have been, not only here but in the legislature of my own State. But our country has grown so large that the great need is now felt in the large cities. If the worst comes to worst, the farmer has a roof over his head, he has some vegetables and preserves stored away in his cellar, a few hams or a hog salted down and he can live, but in the large cities many people are without even food or shelter, and we have to provide channels of relief such as we have set up, and for which we require loans. The adoption of my amendment to the bill will materially aid our cities in their splendid work. [Applause.]

The CHAIRMAN. Under the rule, subsequently enlarged by the House, all time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That there be, and is hereby, created a body corporate with the name "Reconstruction Finance Corporation" (herein called the corporation). That the principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This act may be cited as the Reconstruction Finance Corporation act.

Mr. STEAGALL. Mr. Chairman, I move that the committee do now rise.

The motion was agree to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 7360 and had come to no resolution thereon.

BOARD OF VISITORS, NAVAL ACADEMY

Pursuant to the provisions of section 1081, title 34, United States Code, the Speaker appointed as members of the Board of Visitors to the Naval Academy the following Members of the House: Mr. DELANEY, New York; Mr. KNIFFIN, Ohio, Mr. SCHUETZ, Illinois; Mr. ALLEN, Illinois; Mr. LANKFORD, Virginia.

PHILIPPINE INDEPENDENCE

Mr. HARE. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HARE. Mr. Speaker, I ask this to announce that the contemplated hearing before the Insular Affairs Committee on the Philippine independence bill have been postponed until January 22, from January 15.

RECONSTRUCTION FINANCE CORPORATION

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting a portion of section 5 of the bill now under consideration, as it would appear if certain amendments, designed to aid the Rural Credits Bureau of the State of Minnesota, were written into the act.

The SPEAKER. Without objection, such permission is granted.

There was no objection.

The matter referred to is as follows:

> SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, *to any State for use in operating a system of rural credits established and maintained by such State, or* to any bank, savings bank, trust company, building and loan association, insurance company, intermediate credit bank, agricultural credit corporation, livestock credit corporation, and any agricultural or farmers' association incorporated under the laws of any State, or other bona fide financial institution in the United States (herein referred to as financial institutions), including loans secured by the assets of any bank that is closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same.
>
> All loans made under the foregoing provisions shall be fully and adequately secured: *Provided, That loans to a State may be made upon the bonds thereof pledging the credit of such State. For the purpose of consummating a loan to a State, the corporation may submit a bid for the purchase of the bonds of such State where the law thereof requires such bonds to be sold upon competitive bids.* The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes of such financial institutions, or by way of discount or rediscount of obligations tendered by them for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve. Each such loan, *except a loan to a State*, may be made for not exceeding three years, and the corporation may, etc., etc.

GUARANTEED BANK DEPOSITS

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks on the question of bank deposits.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker and Members of the House, in my judgment the first requisite in any program to promote the general welfare and stabilize business conditions is to restore confidence. With confidence restored, prosperity will follow. That is our first duty to the people of the country.

Nothing would go further or more quickly inspire faith than the enactment of a law to guarantee bank deposits. Public confidence in American banking institutions is at a low ebb. One illustration will suffice to prove this statement. That is the phenomenal increase in postal savings.

On March 1, 1931, postal savings in the country totaled $175,000,000. On December 1, 1931, they had increased to $550,000,000, an increase of $375,000,000 in nine months' time. This situation portrays to my mind a deplorable lack of faith in our banking institutions. However, it is not without encouragement in another respect, and that is that it shows the people still have some faith in Government. That is a hopeful sign, really inspiring, as the old ship of state has been drifting upon turbulent waters for the two years last past.

I do not want to be understood as challenging the soundness of our banks or in any way reflecting upon their management. They have been put to a severe test. It has been said "faith is a continuation of reason." It was after reason had taken its departure that unwarranted runs were made upon the banking institutions of the country and building and loan companies also, with disastrous results to the great majority of people.

Millions of dollars have been lost to the people by reason of this lack of faith. Personally my faith has never been disturbed. Generally speaking, however, the faith of the people has been badly shaken. Confidence therefore must be restored if we are to have prosperity upon a permanent basis.

To pass a law guaranteeing bank deposits would immediately restore confidence in banks and increase man's faith in man. Its immediate effect would be to bring out millions of dollars in hiding and put them into the channels of trade.

The measure under consideration (H. R. 6181) has a twofold purpose; first, to guarantee bank deposits and bring about a feeling of security that would dissipate all doubts and fears; and second, it would instantly revive business, contribute immensely to the relief of unemployment, and relieve the present tension now adversely affecting agriculture.

The Government should not claim any rights for itself which it is not willing to concede to the individual citizen. What do I mean by that? Simply this: That all Federal moneys in public depositories are safeguarded by bonds and other acceptable securities. The same is true of State, city, and county funds, in my own State of Ohio, at least. Why, then, discriminate against the individual, who is the least able to suffer a loss?

President Hoover recognizes that the first essential in any program to relieve present conditions is the restoration of confidence. In pleas already made to Congress, and previously to the country as a whole, he has urged this as the first essential. To be consistent, he should throw the weight of influence behind this measure. Bankers themselves should give it their moral support. Increased faith in banks would increase deposits. The increased interest resulting from loans would pay the small assessment to be made upon them to meet the cost and expense of administering a fund to be maintained to guarantee this protection to depositors.

The enactment of a law of this kind would contribute to a situation that would give rest to our nerves and peace to our minds. It would remove all doubts, drive away all fears, and insure a future that would be ideal and conclusive to the peace, happiness, and contentment of all the people.

I shall not worry you with any further discussion of this measure. Its provisions are simple, its purpose is worthy, and the good effects it would have plainly apparent. Bank depositors, large or small, are entitled to this protection, and it should be accorded them. You are men of intelligence and, I trust, possessed with a sense of fairness and justice that will determine your action when you come to vote upon this measure, mindful of the fact that it would lift the people out of the slough of despondency which overwhelmed them more than a year ago and still firmly grips them.

This measure is no part of President Hoover's program to relieve present conditions. I was disappointed when I found that it did not embrace a proposal of this kind. I think it a valuable addition to any program that is intended to relieve our economic situation.

RECONSTRUCTION FINANCE CORPORATION

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, to include two amendments which I hope to offer to-morrow to the pending bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Speaker, when the Reconstruction Finance Corporation bill comes up for consideration on to-morrow I hope to offer not only the most vital amendment ever proposed by me but, to my mind, one of the most important amendments ever offered in a legislative body by any man or set of men.

Nothing is so vital to the very life of our Nation as a contented and prosperous rural population of independent home-owning farmers and their families. When we lose them all else will be sinking sand, and nothing else can be so vitally important as legislation to save these good people and their homes and, through saving them, to save our Nation.

The amendment which I hope to offer to the pending bill will do this very thing and is as follows:

SEC. 1. In furtherance of the purposes of this act, to stop the foreclosure of loans on farm lands, return to original owners farm lands already taken over under foreclosure proceedings and reclaim farm lands generally, it is provided that the corporation be, and it is hereby, authorized to (a) purchase past due interest coupons or notes from any and all persons, firms, or corporations holding same against farm lands; (b) either purchase outright or insure the payment of any and all such interest coupons or notes as shall become due on or before November 1, 1933; and (c) enter into such negotiations, perfect such transactions, and make such expenditures as may be necessary to reclaim and return to original owners any and all farm lands now held, owned, or possessed by any person, firm, or corporation as the result of a foreclosure proceeding, suit at law or equity, or exercise of a power of attorney, wherever the original owners of such farm lands, taken over during the years 1929, 1930, and 1931, wish to repossess or recapture same and such arrangements can be reasonably perfected.

SEC. 2. In all cases where farm lands are recaptured, repossessed, or resold to original owners, the terms and rate of interest must be as lenient and reasonable, or more so, than the original foreclosed loan, and the corporation shall pay or purchase all interest coupons or notes due or to become due on or before November 1, 1933, by such repurchase as the result of the new transaction.

SEC. 3. All money expended under this section shall be evidenced by a series of notes of equal amount falling due each year for 10 years, beginning November 1, 1934, drawing interest from date at 4 per cent, signed or executed by the original borrower, his heirs, executor, administrator, or assigns, and constitute or be secured by a lien second only to the balance or amount due on the original loan.

SEC. 4. In connection with the transactions herein provided for, arrangement shall be made for the preservation of the security, the payment of taxes and any payment or curtailment the borrower may be able to make before November 1, 1934, whether or not money advanced hereunder or in anticipation of interest or installments to become due after November 1, 1933.

SEC. 5. The corporation shall make such payment of taxes now due or to become due and take such transfer of tax liens as may be necessary to carry into effect the purposes of this act and shall extend the same privileges of payment as to money expended for this purpose, as is herein provided for money spent in connection with interest.

SEC. 6. No money shall be expended under this act for the purchase of any interest coupon or note, or for the repurchase of any land, or in any way whatsoever where taking into consideration

the prevailing market prices of farm land at the time of such loan transaction, the original loan connected therewith, when negotiated, was not amply secured.

Mr. Speaker, this amendment, if adopted and written into law, will bring real relief to the farmers of the Nation. It will be seen that none of this money will go into the pockets of the farmers. All of it will go to the Federal land banks, long-term loan associations, and other corporations and individuals holding loans on the lands of the farmers of the Nation. As is always the case, all will be benefited by the relief that goes to the farmers.

This proposed legislation will aid not only the farmer who is about to lose his land by foreclosure but will also help the farmer who has already been closed out.

Some may say that the Government will lose by this proposal. Well, to my mind the Government will probably lose in a financial way by practically all the loans and advances that may be made under the provisions of this bill. It is expected that the Government will lose financially, but it is also hoped that this loss will be turned into a profit by benefiting the whole Nation and ushering in more prosperous times than we are experiencing just now.

It seems to me that this proposed amendment is in accordance with the very purposes of the bill if it is to be helpful to the Nation as a whole. Frankly, if this amendment and other similar amendments are to be voted down, I very much fear that the bill is not in the interest of the whole people but is intended for only a favored few.

For several days Members of the Congress have been debating whether or not this bill is for the masses of the people or only for the big bankers and other monopolistic interests. The fate of the amendments that are offered when the bill is up for amendment will settle this question fully for all who are interested enough to be present and look and listen.

I fully believe that the amendment is in order and sincerely hope that it may be adopted and that it will be written into law in the very near future.

I hope to offer another amendment which is almost, if not quite, as important and which is as follows:

The aggregate of advances made to any bank, banker, trust company, cooperative association, person, firm, or corporation under this act shall not exceed the amount remaining unpaid of the advances made by such bank, banker, trust company, or cooperative association (a) for agricultural purposes, including the breeding, raising, fattening, and marketing of livestock, or may have discounted or rediscounted notes, drafts, bills of exchange, or other negotiable instruments issued for such purposes; (b) to any person, firm, corporation, or association conducting an established and going business in the United States whose operations shall be necessary or contributory to the employment of labor or the operation of either farming, fruit growing, dairying, mining, or other operations furnishing an opportunity for gainful employment to people within the United States; (c) to any person, firm, or corporation or association engaged in the business in the United States of exporting therefrom domestic products to foreign countries if such person, firm, corporation, or association is, in the opinion of the board of directors of the corporation, unable to obtain funds upon reasonable terms through banking channels; and (d) loans of $50,000 or less to individuals, firms, and small corporations engaged in any legitimate business operating within the United States of America and when such loan is necessary for the successful operation of said business.

Nothing contained herein shall prevent loans to railroad companies directly or to, or in connection with closed, insolvent banks in process of liquidation as specified in this act.

Much has been said about the War Finance Corporation act being a precedent for this bill. The War Finance Corporation act was entirely different legislation from this, in that it made very specific the kind of loans and the amounts that could be made. Any one who will take time to read that act will see, at once, that there was no doubt as to who were to get the loans. The loans were to be made to the farmers of the country and those who were either aiding the farmers or helping in the winning of the war. After the war closed some amendments were adopted extending aid to those who were farming and who were suffering as the result of the war. Aid was likewise extended to those who had made loans to the farmers.

The two amendments which I hope to offer to-morrow would, if adopted, go a long way toward making this bill similar to the War Finance Corporation act.

I certainly hope that this bill is made much more specific in its provisions as to just when, where, how, and to whom this money is to be loaned.

GENERAL CARRIERS

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by my colleague, Mr. MCFADDEN, of Pennsylvania, in Savannah, Ga., last year, touching the transportation question of the country.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article which includes the speech of Representative MCFADDEN, of Pennsylvania, in Savannah, Ga., July 21, 1931.

[Savannah Morning News, Savannah, Ga., July 21, 1931]

CONGRESSMAN M'FADDEN SEES RAILROADS AS GENERAL CARRIERS—PENNSYLVANIAN SAYS THE ROADS OF TO-MORROW WILL BE WELL-INTEGRATED, ROUNDED-OUT ENTERPRISES, READY TO SERVE THE PUBLIC WITH ANY MEANS OF TRANSPORTATION FOR WHICH THERE IS A REAL DEMAND AND WHICH CAN BE RENDERED UPON A SOUND ECONOMIC BASIS—THIS COVERS NOT ONLY SERVICE BY THE RAILS BUT ALSO ON THE HIGHWAYS, THE SEAS, THE GREAT LAKES, THE INLAND WATERWAYS, AND IN THE AIR

Hon. LOUIS T. MCFADDEN, Representative from the fifteenth congressional district of Pennsylvania, and chairman of the House Committee on Banking and Currency, made the principal address last night at the complimentary dinner of the chamber of commerce to Henry D. Pollard and E. R. Richardson at Hotel De Soto.

The distinguished Pennsylvanian spoke on "Railroad Transportation," his splendid audience giving him the closest attention. His address was one of moment. He referred to the railroad of the future which will serve the public in so many ways, by rail, by highway, by sea, and in the air, not limiting its methods of transportation, but coordinating them and developing them. It was the logical outcome, he said, that railroads should become general carriers, meeting every need of transportation.

The speaker was introduced by Richard M. Charlton in a talk which was one of the notable events of the evening. Mr. Charlton said:

"A little more than a century and a half ago Washington took up his winter quarters in Valley Forge, partly because of its defensibility and partly to protect the Continental Congress then in session in the little town of York, Pa.

"The Congress was far more secure than the army was. But by the grace of God, by the fortitude of the American patriot, and by the drilling of Von Steuben, the army moved out of its insecurity as winter fled and once more marched into Philadelphia. There also the Congress continued with its deliberations.

"In the State of Pennsylvania were first rung the peals of independence, and there lie both the hall of independence and the bell of liberty.

"There also was Gettysburg. There was the pinnacle of the invasion of the North by Lee. Up the bloody slopes of Cemetery Ridge was that immortal charge of the thin gray line. There fell the hopes of the Confederacy. There also were left the memories of the valiant deeds of the men of the South and the courage and resourcefulness of the men of the North.

"What a happy condition in this land of ours that to-night there comes to us a Pennsylvanian to receive our hospitable welcome and to gain our attentive ears! There is nothing strange in this. That section which stretches from the Atlantic to the Ohio was first to ratify the Constitution—Delaware, Pennsylvania, and New Jersey. Hardly had the ink dried upon their signatures as Georgia affixed hers. Three of these first four States had acted unanimously—the only three.

"If independence was officially declared in Pennsylvania, it was Georgia who furnished the gunpowder to fight its first real battle at Bunker Hill. If the pæans of independence were first sounded in Pennsylvania, the conqueror of the British sent the cannon of the vanquished to Georgia that they might repose here as the fruits of the victory. If Washington endured the tortures of the Pennsylvania blizzards and marched out of them with renewed spirit and the hope of victory, Georgia took unto her own heart that great captain of the decisive campaign in the South and placed his dust beneath his own memorial here that deeds of valor may not perish nor a State forget its gratitude.

"Almost a century after the Continental Congress left the little town of York in Pennsylvania, a baby boy first saw the light of day there. He came into the world just like the other babes have done, to put the passions of joy and pride into the hearts of those who love them so. And if the Continental Congress could move to Philadelphia, he could move to Canton. To-day that baby boy has followed the march of that august body. The Congress has grown into a great and mysterious organization. He has become great and powerful in its deliberations.

"In his home town of Canton was he educated. At 16 he became that ubiquitous individual more particularly known as the bank's office boy. At 23, seven years later, he was its cashier. At 40 he was its president. He was the president of the Pennsylvania State Bankers Association, and an organizer and director of the

Pennsylvania Chamber of Commerce. He was elected to the Congress in 1914, and with an ascending scale of flattering majorities has been reelected to each succeeding Congress. He has been a member of the House Committee on Banking and Currency since 1915, and its chairman since 1921. He has served as chairman of the joint committee of the House and Senate of inquiry on membership in the Federal reserve system.

"He is one of the leading financial experts in the Congress and author of several important amendments to the Federal reserve act, the Federal farm loan act, the War Finance Corporation act, and the agricultural act of 1923. He is the author of the important law of 1927 that extended the charters of the Federal reserve banks and amended the national bank and Federal reserve acts.

"He is a Georgian by instinct and owns an extensive plantation within her borders. He has been visiting the State for 15 years. He is no stranger to her people.

"I present to you therefore, fellow Georgians, a man of parts. His life has been filled with vigorous and consequential effort. His contribution to the remedial legislation of the country has been noted for its intelligence and its wisdom. He comes to you with a message which will illustrate his intellectuality. He is the gentleman from Pennsylvania, the Hon. LOUIS T. MCFADDEN, Member of the Congress."

Mr. MCFADDEN spoke as follows:

"The comparative state of economic health and soundness of American railroads undoubtedly affects the welfare of more people than any other group of investment enterprises in the world. This is due to the immense capital which has gone into their properties, aggregating about twenty-six billions of dollars, and the practically universal distribution among the population of the ultimate ownership of this capital.

"American railway stocks and bonds are outstanding in the hands of the public to the extent of about eighteen billions of dollars (indicating great undercapitalization as compared with the total investment of twenty-six billions). According to the best information obtainable there are nearly 1,000,000 separate owners of railroad stocks. The number of separate owners of bonds is entirely unknown, but may quite readily be another million. These figures, however, go only a very little way in indicating where ultimate ownership actually rests.

"There is scarcely a person in the United States, regardless of age, income, or extent of property ownership, who does not have, either directly or indirectly, a very real interest in the welfare of the railroads. Every insurance company, bank, trust company, or savings fund is a large investor in rail securities, and hence every depositor, policyholder, or insurance beneficiary is indirectly a part owner of the railroads, since his or her funds, present or prospective, consist in part of the securities represented by railroad stocks or bonds. Similar statements apply to nearly all hospitals, colleges, endowed schools, and charitable or welfare institutions. An interesting and important point in this connection is that insurance policyholders alone in the United States number 51,000,000; and, assuming that at least half of these policies carry benefits to other persons besides the holders themselves, this one group by itself would account for 75,000,000 people having a financial interest in the railroads through the institutions upon which they are dependent for protection.

"It is probably not too much to say that in literal truth the only sort of person living in America who could be picked out as having no financial interest whatever in the solvency and prosperity of railroads would be one who had deliberately chosen, as his rôle of life, that of the vagrant or tramp, who neither owns, nor hopes to own, any property whatever save the clothing on his back. Anyone with possessions or aspirations at all beyond those of such a man has, whether he knows it or not, a real, tangible, measurable stake in our railroads and their future.

"The adoption of fair policies of government toward the railroads, the assurance to them of equality of opportunity with all other forms of enterprise, and willingness on the part of their patrons (particularly the great industrial leaders of the country) to deal with them on the principle of 'live and let live,' therefore become matters of personal moment and concern to substantially every human being living in the United States.

"Business men must not forget that the flow of commerce is a reciprocal process. Buyers are sellers as well. Producers are also consumers.

"The normal buying capacity of the railroads is estimated at one-sixth of the country's total. Can our business men or our farmers, the latter of whom are dependent for their markets upon the consuming power of the industrial centers, permit that enormous purchasing power to be needlessly crippled? Ordinarily the railroads buy about one-quarter of all the coal produced in the United States, some 20 per cent of the timber cut, some 19 per cent of the fuel oil, about 17 per cent of the iron and steel output, and large amounts of practically every other basic product, and of nearly all manufactured products turned out in the United States.

"The railroads are good employers. No industry practices more humanitarian policies toward its workers than American railroads. From the close of the World War until the stock-market collapse of 1929, the average number of employees was about one and three-quarter millions, and the pay roll was nearly $3,000,000,000 a year.

"Drastic economies made necessary by the extraordinary conditions of 1930 and 1931 have now brought the number of employees down to approximately 1,300,000 and the pay roll to two and one-quarter billion dollars, or perhaps a little less, per annum. While these figures represent great reductions, nevertheless the distribution of more than $2,000,000,000 per year in wages is an enormous contribution to the purchasing power of the country. Moreover, as the railroads themselves concede in their application for increased freight rates, maintenance of their properties for this year is not being fully kept up, and the number of men employed, and consequently the pay roll, would currently be larger had the railroads sufficient revenue to make this possible.

"One of the severe burdens upon the railroads is that of taxes, which now amount to more than $1,000,000 per day. In 1930 the taxes paid by the railroads to Federal, State, county, and municipal Governments consumed 25.8 per cent of the net revenue from railway operations. What this means is that the railroads of this country have reached the point where they are now operated for three months of every year in order to earn enough to pay their tax bills, a startling situation to anyone giving it serious thought. Can not we say that such a drain upon net earning power is greater than any industry might reasonably be expected to withstand, and especially one so rigidly regulated and restricted as the railroads? It must not be forgotten that railroads are subjected to all the forms of taxation which were imposed upon them prior to the establishment of regulation, and subsequently our four kinds of government have added new forms. Moreover, the railroads are being regulated on a theoretical earning power of only 5¾ per cent, which, however, has never actually been attained. In contrast with this, utilities under State jurisdiction are permitted to earn up to 7 or 8 per cent, while the unregulated industries in favorable periods not infrequently show returns of 10 to 20 per cent and more.

"Notwithstanding the importance of sustaining the economic health of the railroads, they have at no time been allowed sufficient earnings since the system of Federal regulation went into effect more than 40 years ago. Coming down to more recent times, the transportation act of 1920 provided that under efficient and economical management they should be accorded rates sufficient to produce a fair return upon the value of the property used by them in the service of transportation. Under authority of this act the Interstate Commerce Commission for the last nine years has theoretically had in effect a basis of 5¾ per cent as constituting such fair and reasonable return. The facts are, however, as just indicated, that in no one of the nine years has that extremely meager return ever been reached for the railroads as a whole. The total shortage for the 9-year period now exceeds two and one-half billions of dollars.

"Think what it would mean in relieving unemployment and in lessening the excessive pressure to bear down upon pay rolls under which the railroads are now laboring if they had at their disposal to-day even a fair proportion of that two and one-half billions. Many people would say it is justly theirs, as it was evidently the clear intent of Congress that a fair return should be given to them.

"Since the depression began in the latter part of 1929, the return on railroad property investment has been very low indeed. For the year 1930 it was 3.54 per cent. For the present year, as a whole, upon the present basis of rates, it may perhaps, approximate 2½ or 2¾ per cent on the assumption that there will be some seasonal increase in business toward the end of the year. But for the first five months of 1931 the actual return was only 2.10 per cent.

"The number of cars loaded with revenue freight declined early in June to a level of about 740,000 per week, which represents the lowest figures ever reached since records of car loadings have been kept, beginning with the year 1918, while the number of idle cars has risen to above 600,000, eating up interest at the rate of $50,000,000 or $60,000,000 a year.

"Concurrently, the decline in passenger traffic has been enormous, amounting to over 40 per cent since 1920. The fact that this is due largely to the use of the private automobile rather than to the effect of commercially operated busses does not minimize the necessity for recognizing the severity of the loss involved and the need for making up for it in other directions where practicable.

"So low have railroad earnings fallen in the first half of 1931 that the status as legal investments for savings funds, trustees, etc., of hundreds of millions of dollars in railroad mortgage bonds is threatened, though they should logically be of gilt-edge character and their soundness as to both interest and principal beyond question.

"It was to meet these conditions, to protect railroad credit in general, to save their properties from deterioration through insufficient maintenance, and to assure their ability to continue giving the country the transportation service which is required, that the railroads made their application to the Interstate Commerce Commission for an increase in freight rates.

"Perhaps the most important thing to bear in mind in connection with this application is that it is an emergency revenue measure and not a rate measure. By this is meant that it is a measure deemed necessary by the railroads to protect their earning power at a critical period and to prevent a crisis from developing into a disaster. It is not intended as a permanent rate measure, that is, a long-term readjustment of the rate structure, or a revision of the rate structure upon more scientific lines. These are doubtless desirable developments of the future, but the contention of the railroads is, and apparently with justice, that the immediate protection called for in the emergency rate application is necessary in order to give time for subsequent dealing with the fundamentals of the situation in a fundamental and orderly way.

"In addition, it is important that the Interstate Commerce Commission should be free to consider all the questions involved in the 15 per cent rate case upon a purely economic basis, with a

view to the good of the country, and free from political pressure or questions of expediency. It is and should be regarded as a semijudicial body in matters of this kind and as a trustee for the public as a whole.

"The railroads, I understand, are not coming before the public with any plea for sympathy or pity. They are not asking that the investment in a recessive industry be bolstered up in order that individuals may be saved from loss. If it were true that the railroads were being superseded by newer and better forms of transportation, then economic law should take its course and the capital losses be borne as best they may. But this is not the situation which confronts us. The railroads are not a recessive industry. In the eight years ending with 1930, the railroads spent approximately eight and three-fourths billions of dollars upon internal improvements and betterments. It is not too much to say that they were rebuilt internally, and these improvements and betterments resulted in the immense economies and in the enormous increases in efficiency of operations which have given this country, in the last few years, better transportation service with respect to speed, dependability, and reliability, both passenger and freight, than it or any other nation ever before enjoyed in history.

"Moreover, in 1929, the latest year for which records are available, the railroads demonstrated their position as the backbone of our transportation system by rendering 90 per cent of all the ton-miles of commercial freight traffic performed in the United States by all agencies put together, with the exception of the traffic moving on the Great Lakes, which of course have been great avenues of transportation—the gift of nature—for more than a century.

"In other words, despite all of our highways, airways, and artificial inland waterways, the railroads still remain supreme, and, as far as we can see, will continue to do so indefinitely. Hence the Nation can not afford to have their physical utility impaired or their credit destroyed.

"Incidentally, it is well to point out that the United States is far more dependent upon railroads than any other country in the world. With less than 8 per cent of the world's area and less than 7 per cent of the world's population, our country owns one-third of the world's railway mileage and uses far more than a third of the total service, measured in ton-miles and passenger-miles annually.

"It is sometimes the custom to speak of highway and airway transport as competitive with the railroads. A sounder view, and one taken by the most advanced railroad managements, seems to be that in so far as these forms of transportation are commercially used they should be regarded as supplementary to railroad service. Ultimately we may come to think of transportation on the artificial inland waterways in the same light.

"The interstate commerce clause in the Constitution, empowering Congress to regulate commerce among the several States and the foreign nations, was written into that document in 1787. In that early day the only methods by which transportation was rendered between the States were by highways and waterways. Yet these are the only two forms of interstate transportation which are to-day entirely unregulated by Federal authority, while the railroads, which were probably not dreamed of by any of the signers of the Constitution, are the most highly and restrictively regulated. This is naturally an unfair and unjust condition and calls for remedy.

"It seems desirable that passenger-bus transportation, though it has not been the chief cause of the loss of passenger revenues to the railroads—that, as stated, being principally attributable to the private automobile—should nevertheless be justly and properly regulated. Such regulation should not be for the purpose of destroying bus transportation or of artificially forcing back traffic to the railroads. It should be constructive and fair in its purpose, but it should require that these bus lines which are common carriers (and this would include practically all bus service except for schools) should, like the railroads—rendering an almost identical form of service—be required to obtain certificates of public convenience and necessity for initiation or extension of their lines; make and file proper reports and accounts; file tariffs covering their charges, and adhere to them; charge only such fares as may be just and reasonable; refrain from all discriminatory practices; and render safe, adequate, and regular service.

"It may be recalled with regret that a bill to subject busses to reasonable regulation failed in the last Congress, mainly because its opponents insisted upon attaching to it the unsound restriction that railroads should be barred from any participation in bus operations. The only possible justification for this was the fear of monopoly. But is not fear of monopoly inconsistent with the idea of fair and just regulation, particularly when the powers of the Government to exercise regulation over the railroads are ample to meet any condition which may arise?

"Turning to motor trucks, we have a much more difficult situation to face with respect to problems of regulation. Very little motor-truck commercial service is of the common-carrier kind. We have privately operated trucks, private carriers for hire, and contract trucks, besides the relatively few which are common carriers. Only the common-carrier trucks are really capable of regulation of a kind parallel to that exercised over the railroads. If we try to regulate them as to their rates, practices, accounting, etc., we will simply force them to abandon the status of common carriers and revert to some other class of service.

"It, therefore, seems that under existing conditions we can not very well deal with the motor-truck question in the comparatively simple manner with which passenger busses can be dealt with. It does, however, seem reasonable to point out this much—that the primary purpose for which our highway system exists, and is being extended, at the taxpayers' expense, is for purposes which may be designated as those of pleasure and convenience, and not those of heavy commercial transportation. It is pertinent also to inquire to what extent the costs of highway construction and maintenance are increased to meet the needs of a relatively small number of very heavy commercial vehicles; whether the resulting burdens and diversion of the general purchasing power of the country from other channels into the building of unnecessarily expensive highways are really good things for the Nation from the economic viewpoint; whether the burdens of highway building and upkeep are fairly apportioned between the ordinary passenger automobile and the heavy commercial truck.

"When we arrive at carefully thought-out answers to such questions as these, we will be in a better position to deal with the control of the commercial motor truck, and particularly the extremely heavy vehicle designed to perform mass transportation upon highways, which most people think of as being intended for moderate-sized vehicles of 'pleasure and convenience.'

"With reference to the inland waterways, the Federal Government has spent many hundreds of millions of dollars upon their construction and maintenance principally upon the Mississippi-Warrior-Ohio River system, and State governments have added enormous additional sums, largely represented by the New York Barge Canal.

"One of the most objectionable features in the entire inland-waterways situation is the operation by the Government, through the Inland Waterways Corporation, of an important line of barges upon the Mississippi and Warrior Rivers at rates so low as to constitute subsidies to the industries using them. Moreover, the railroads are compelled to make joint through rates with these barges, thus short-hauling their own traffic and cutting their revenues.

"It has been estimated by competent authority that the rates charged shippers on those Government barge lines barely cover the out-of-pocket costs of operation without any allowance for the enormous capital investment in the river systems, or for maintenance of channels, locks, dams, and so forth. According to these estimates, the rates cover less than half the actual costs, if all the elements of capital investment are taken into consideration. The taxpayers, of course, make up the difference. It is, of course, needless to say that the Government barge line, itself, pays no taxes.

"By the terms of what is known as the Denison Act, the War Department is directed to sell the Government barge line, if practicable, to a private purchaser, with the restriction that no railroad shall have any interest or participation therein. Under these conditions no buyer has thus far appeared. It seems obvious that this restriction is an artificial and unjust one and should be eliminated in order to permit the railroads to consider whether, by coordinating the barge lines with their own services, it would be possible to put the barge operations upon a sound economic paying basis.

"One of the great injustices done to the railroads has been to bar them from the use of the Panama Canal, since the date of its opening in 1914, notwithstanding the fact that, as the largest taxpayers in the Nation, they have been the principal contributors to its construction and maintenance.

"There is no reason why the railroads should not be free to use the canal, or the inland waterways, upon the same terms as citizens generally. Amendment of the Panama Canal act, which is urgently needed, would not only give the railroads the right to use that waterway, but would restore to them the rights, which the act also took away from them, to participate in intercoastal shipping and in shipping on the Great Lakes.

"It is interesting to look into the future, and 20 years ahead is by no means too far to look when considering policies with reference to matters so important as transportation. It may be assumed that three major developments will be involved in this period:

"(a) The actual carrying out of consolidation of the railroads as contemplated under the transportation act of 1920. While the public interest urgently requires this to be done, it is most important to realize that enactment of supplementary legislation is necessary to enable it to be brought about effectively.

"Few persons question the desirability of integrating our rail systems into a comparatively small number of large, financially strong groups capable of assuring to the country the continuance of the maximum degree of progress in the further development of transportation. In addition, it may be conceded that if there is any possibility at all of reducing the future cost to the public of rail transportation, a scientifically worked out scheme of consolidation must necessarily enter into the very groundwork of the plan. Therefore such further legislation as may be required, beyond that contained in the transportation act, should be properly considered and enacted by Congress.

"(b) Coordination between the various forms of transportation, together with the enactment of legislation essential to permit the bringing of this about. This matter has partly been touched upon. Removal of the restrictions of the Panama Canal and of the Denison Act would give the railroads again the freedom of the seas, the Great Lakes, and the internal waterways. They need no legislation to engage in foreign ocean shipping, and some of our most progressive companies are already doing so with results which will no doubt be beneficial. There is no reason at all why, if it is good policy for a great railroad to join in an enterprise

having for its purpose the carrying of passengers and freight across the ocean to alien soil, it would not be equally good policy to engage in enterprises having for their purpose the carrying of passengers and freight from port to port and city to city within our national boundaries.

"The rights now enjoyed, and increasingly availed of, by the railroads to participate in highway and airway transport should not only be carefully safeguarded but enlarged and amplified as the necessity and growth of these supplementary services may require. Similarly, there is much justification for saying that the railroads should be given the right to engage in pipe-line transportation if in the future it should seem desirable to include that form of service within the scope of their activities.

"The railroads of to-morrow will be well-integrated, rounded-out enterprises, ready to serve the public with any means of transportation for which there is a real demand and which can be rendered upon a sound economic basis. This covers not only service by the rails but also on the highways, the seas, the Great Lakes, the inland waterways, and in the air. Congress and the State legislature will best serve the public by facilitating the process of combining our new forms of transport using the railroads as a nucleus.

"(c) A third step will be the internal reorganization of the railroads to equip them for properly performing the functions of general carriers. We may, for instance, look forward to the time when on the staff of a division superintendent there will not only be a trainmaster, supervising the operation of trains, but also a roadmaster supervising the operation of busses and trucks, a boat or shipmaster supervising the operation of water transportation, and an airmaster supervising the operation of the air transport enterprises in which the railroad employing him is engaged.

"There seems no reason to think that this is merely a fanciful picture or an extravagant vision of the future. It appears to be merely the logical development of railroads into general carriers, meeting every need of transportation."

TO JOHN NANCE GARNER

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, to incorporate a poem dedicated to JOHN NANCE GARNER. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MILLIGAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following poem by Walt Cousins, dedicated to the Speaker of the House, Hon. JOHN NANCE GARNER:

"Jaun," we're sendin' Dick to help you
'Round the billin' big corral,
Where the cattle's always millin'
An' a range boss needs a pal;
Where prohibition gits attention
Spite of h— an' waters high,
While the Delta's overflowin'
An' Uvalde's parchin' dry.

While the Mississippi's ragin'
Under rain clouds black as ink,
An' the mohair bucks 'round Pearsall
Air a-bleatin' for a drink.
Yep, wet an' dry's an issue
On earnest, honest lips
If you'll dam up Frio Canyon
An' drain the cussed Mississip.

We air sendin' Mr. KLEBERG—
An' he's comin' with a whoop;
He can help you rope an' tie 'em,
For he whirls a wicked loop.
Leastways he shorely done it
On the last election day,
From the hills of Bexar County
Clean to Corpus Christi Bay.

Mr. BROOKHART won't be comin'
Down to Texas soon again
To discipline of his party
In the Lone Star's great domain.
Messrs. Bullington an' Creager
Ain't sich a seethin' mob
As would need a regular herder
Fer to keep 'em on the job.

We air glad that you air 'lected
An' we're a backin' of yore play;
We're all a-stickin' with you
To the endin' of the day.
We hope you never lose yore bearin's
While you're ridin' in the lead,
Nor bust a cinch an' lose a stirrup
In the roarin' big stampede.

—By WALT COUSINS.

PERMISSION TO PRINT LIST OF COMMITTEE HEARINGS

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that the majority floor leader have permission to print in the RECORD to-day and for each day hereafter during the present session, a schedule showing the list of committee hearings for the following day.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. COCHRAN of Pennsylvania (at the request of Mr. TEMPLE), for the remainder of the week, on account of important official business.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p. m.) the House adjourned until to-morrow, Thursday, January 14, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Thursday, January 14, 1932, as reported to the floor leader by clerks of the several committees:

JUDICIARY COMMITTEE

(10.30 a. m.)

Hearing relative to impeachment of Andrew W. Mellon, Secretary of the Treasury, United States of America (H. Res. 92).

COMMITTEE ON RULES

(10.30 a. m.)

Changes in Private and Consent Calendar rules.

COMMITTEE ON LABOR

(10.30 a. m.)

Prevailing rate of wages.

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

Construction bill.

COMMITTEE ON MILITARY AFFAIRS

(10.30 a. m.)

Muscle Shoals.

WAYS AND MEANS COMMITTEE

(10 a. m.)

Taxation, general statements.

COMMITTEE ON RIVERS AND HARBORS

(10.30 a. m.)

Cape Fear Harbor.

COMMITTEE ON IMMIGRATION

(10 a. m.)

Alien husbands.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

370. A letter from the Secretary of War, transmitting a report dated January 11, 1932, from the Chief of Engineers, United States Army, on preliminary examination of Mosquito Creek, Lancaster County, Va.; to the Committee on Rivers and Harbors.

371. A letter from the Secretary of War, transmitting a report dated January 11, 1932, from the Chief of Engineers, United States Army, on the preliminary examination of Bayou Bienvenue, La., and on preliminary examination of waterway from the New Orleans Industrial Canal, La., to Mississippi Sound, through Lake Borgene and partly by way of Bayou Bienvenue; to the Committee on Rivers and Harbors.

372. A letter from the Secretary of War, transmitting a report dated January 11, 1932, from the Chief of Engineers, United States Army, on preliminary examination of water-

ways from Harlingen, Tex., to Gulf of Mexico by way of the Arroyo (Colo.) Laguna Madre and cut across Parre Island or such other route as may be advisable; to the Committee on Rivers and Harbors.

373. A letter from the Secretary of War, transmitting a report dated January 11, 1932, from the Chief of Engineers, United States Army, on preliminary examination of Windmill Point Creek, Lancaster County, Va.; to the Committee on Rivers and Harbors.

374. A letter from the Secretary of War, transmitting a report dated January 11, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Sapelo River, Ga., both the south and north prongs or channels to the head of navigation thereon, and to a point at and beyond Baisdens Bluff, on the south channel of said river, with a view of connecting up with the inland waterway; to the Committee on Rivers and Harbors.

375. A letter from the Secretary of War, transmitting a report dated January 11, 1932, from the Chief of Engineers, United States Army, on preliminary examination of San Juan River, N. Mex., with a view to the control of its floods (H. Doc. No. 222); to the Committee on Flood Control and ordered to be printed, with illustrations.

376. A letter from the Secretary of War, transmitting a report dated January 11, 1932, from the Chief of Engineers, United States Army, on preliminary examination of waterway from the headwaters of Oklawaha River, Fla., and Lake Griffin to Lake Tohopekaliga, through Lake Apopka and other lakes connecting the Oklawaha River system with the Kissimmee River system; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. COOPER of Ohio: Committee on Interstate and Foreign Commerce. H. R. 70. A bill granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio; without amendment (Rept. No. 43). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 73. A bill to extend the times for commencing and completing the construction of a bridge across the Elk River at or near Kelso, Tenn.; with amendment (Rept. No. 44). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H. R. 75. A bill granting the consent of Congress to the State of South Carolina to construct, maintain, and operate a bridge across the Waccamaw River; with amendment (Rept. No. 45). Referred to the House Calendar.

Mr. WYANT: Committee on Interstate and Foreign Commerce. H. R. 81. A bill granting the consent of Congress to the Catawissa Railroad Co. to reconstruct, maintain, and operate a railroad bridge across the Susquehanna River at or near Catawissa, Pa.; without amendment (Rept. No. 46). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 149. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.; with amendment (Rept. No. 47). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 419. A bill granting the consent of Congress to Pend Oreille County, Wash., to construct, maintain, and operate a free highway bridge across the Clarks Fork River at or near Ione, Wash.; without amendment (Rept. No. 48). Referred to the House Calendar.

Mr. BURTNESS: Committee on Interstate and Foreign Commerce. H. R. 474. A bill granting the consent of Congress to the State of North Dakota to construct, maintain, and operate a free highway bridge across the Missouri River at or near Garrison, N. Dak.; without amendment (Rept. No. 49). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 4695. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Culbertson, Mont.; with amendment (Rept. No. 50). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. H. Res. 88. A resolution to pay Flora M. Shanahan, widow of Philip J. Shanahan, six months' compensation, and an additional amount, not exceeding $250, to defray funeral expenses of the said Philip J. Shanahan (Rept. No. 41). Ordered to be printed.

Mr. LINTHICUM: Committee on Foreign Affairs. H. R. 6347. A bill for the relief of Neal D. Borum; without amendment (Rept. No. 42). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARENTZ: A bill (H. R. 7606) for the relief of Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. FITZPATRICK: A bill (H. R. 7607) to provide for the entry under bond of exhibits of arts, sciences, and industries; to the Committee on Ways and Means.

By Mr. HAUGEN: A bill (H. R. 7608) to amend the grain futures act; to the Committee on Agriculture.

Also, a bill (H. R. 7609) to amend the agricultural marketing act, approved June 15, 1929; to the Committee on Agriculture.

By Mr. KNUTSON: A bill (H. R. 7610) to provide for the independence of the Philippine Islands; to the Committee on Insular Affairs.

By Mr. RUTHERFORD: A bill (H. R. 7611) to construct a public building for a post office at the city of Monticello, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. SWANSON: A bill (H. R. 7612) to authorize the President of the United States to appoint an additional judge of the District Court of the United States for the State of Iowa; to the Committee on the Judiciary.

By Mr. DICKSTEIN: A bill (H. R. 7613) to construe the contract labor provisions of the immigration act of 1917 with reference to singers and/or choristers, and for other purposes; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7614) relating to admission to the United States of aliens likely to become a public charge; to the Committee on Immigration and Naturalization.

By Mr. JOHNSON of South Dakota: A bill (H. R. 7615) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. SMITH of Idaho: A bill (H. R. 7616) for the enlargement of the Federal building at the city of Twin Falls, Idaho; to the Committee on Public Buildings and Grounds.

By Mr. MITCHELL: A bill (H. R. 7617) to provide for terms of the United States District Court for the Nashville Division of the Middle District of Tennessee to be held at Murfreesboro, Tenn.; to the Committee on the Judiciary.

By Mr. HILL of Washington: A bill (H. R. 7618) for the relief of homesteaders on the diminished Colville Indian Reservation, Wash.; to the Committee on the Public Lands.

By Mr. HOWARD (by departmental request): A bill (H. R. 7619) to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.; to the Committee on Indian Affairs.

By Mr. LUCE: A bill (H. R. 7620) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. BRITTEN: A bill (H. R. 7621) to authorize the construction of certain naval vessels, and for other purposes; to the Committee on Naval Affairs.

By Mr. CHASE: A bill (H. R. 7622) to authorize the erection of a 295-bed addition to the United States Veterans' Administration hospital at Coatesville, Pa.; to the Committee on World War Veterans' Legislation.

By Mr. CHRISTOPHERSON: A bill (H. R. 7623) to amend paragraph 709, schedule 7, of the tariff act of 1930; to the Committee on Ways and Means.

By Mr. MEAD: A bill (H. R. 7624) to provide a shorter work week for postal employees, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. HORR: A bill (H. R. 7625) to provide for the appointment of an additional district judge for the western district of Washington; to the Committee on the Judiciary.

Also, a bill (H. R. 7626) authorizing the enlargement of the site for the immigration station at Seattle, Wash.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7627) to reconvey to the State of Oregon all right, title, and interest of the United States in and to Sand Island, near the mouth of the Columbia River, in the State of Oregon, reserving to the United States the right to the perpetual use of the said land for military purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 7628) for the erection of a Federal building at Bremerton, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. HARLAN: A bill (H. R. 7629) to amend the World War veterans' act of 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. CONDON: A bill (H. R. 7630) to authorize the erection of a United States veterans' hospital in northern Rhode Island or southeastern Massachusetts, and to authorize an appropriation therefor; to the Committee on World War Veterans' Legislation.

By Mr. LEHLBACH: A bill (H. R. 7631) extending the classified civil service to include postmasters of the third class, and for other purposes; to the Committee on the Civil Service.

By Mr. SWEENEY: Resolution (H. Res. 104) authorizing the Committee on Rules to investigate the activities of the Federal Farm Board; to the Committee on Rules.

By Mr. STEVENSON: Resolution (H. Res. 105) to print the prayers offered by the Rev. James Shera Montgomery, Chaplain of the House of Representatives, during the opening sessions of the Seventieth and Seventy-first Congresses, as a House Document; to the Committee on Printing.

By Mr. McLEOD: Joint resolution (H. J. Res. 203) to amend section 3 of the joint resolution entitled "Joint resolution for the purpose of promoting efficiency for the utilization of the resources and industries of the United States, and so forth," approved February 8, 1918; to the Committee on Patents.

By Mr. KERR: Joint resolution (H. J. Res. 204) for the further relief of farmers in the drought and/or storm stricken areas of the United States; to the Committee on Agriculture.

By Mr. BURTNESS: Joint resolution (H. J. Res. 205) to amend the Constitution of the United States; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ABERNETHY: A bill (H. R. 7632) granting a pension to Ada Daniels Simpson; to the Committee on Pensions.

Also, a bill (H. R. 7633) granting an increase of pension to Ernest R. Hales; to the Committee on Pensions.

Also, a bill (H. R. 7634) granting a pension to Mrs. Charles S. McWilliams; to the Committee on Pensions.

Also, a bill (H. R. 7635) granting a pension to John J. Tolson; to the Committee on Pensions.

Also, a bill (H. R. 7636) granting an increase of pension to Jacob Lemuel Hartsfield; to the Committee on Pensions.

Also, a bill (H. R. 7637) granting a pension to Mattie Phillips; to the Committee on Pensions.

Also, a bill (H. R. 7638) granting a pension to Tyre Moore; to the Committee on Pensions.

Also, a bill (H. R. 7639) for the relief of Carrie Price Roberts; to the Committee on Claims.

Also, a bill (H. R. 7640) granting a pension to Hulda J. Simpson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7641) granting a pension to Nancy Elizabeth Paul; to the Committee on Pensions.

By Mr. BACON: A bill (H. R. 7642) for the relief of Ann Engle; to the Committee on Claims.

By Mr. BALDRIGE: A bill (H. R. 7643) for the relief of Arthur A. Dismore; to the Committee on Military Affairs.

Also, a bill (H. R. 7644) to authorize the appointment of Kay Rossman as warrant officer of the United States Army; to the Committee on Military Affairs.

By Mr. BEAM: A bill (H. R. 7645) for the relief of James W. Blair; to the Committee on Claims.

By Mr. BEERS: A bill (H. R. 7646) granting an increase of pension to Ellen C. Clum; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7647) granting a pension to Minnie G. Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7648) granting an increase of pension to Emily McPherran; to the Committee on Invalid Pensions.

By Mr. BLOOM: A bill (H. R. 7649) for the relief of Charles A. Brown; to the Committee on Claims.

By Mr. BRUMM: A bill (H. R. 7650) for the relief of Harvey A. Wildermuth, alias William H. Berkey; to the Committee on Military Affairs.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 7651) for the relief of the Potter Title & Trust Co.; to the Committee on Claims.

Also, a bill (H. R. 7652) for the relief of Clarence S. Weisand; to the Committee on Military Affairs.

By Mr. CARDEN: A bill (H. R. 7653) granting an increase of pension to Winnie Hazard; to the Committee on Invalid Pensions.

By Mr. CHRISTGAU: A bill (H. R. 7654) for the relief of Vincent J. Conrad; to the Committee on Claims.

Also, a bill (H. R. 7655) for the relief of Dr. Charles T. Granger; to the Committee on Claims.

Also, a bill (H. R. 7656) for the relief of William R. Nolan; to the Committee on Claims.

By Mr. CLANCY: A bill (H. R. 7657) for the relief of V. W. Lankey; to the Committee on Claims.

Also, a bill (H. R. 7658) for the relief of J. G. Bayerline; to the Committee on Claims.

Also, a bill (H. R. 7659) for the relief of Trifune Korac; to the Committee on Claims.

By Mr. CONNOLLY: A bill (H. R. 7660) granting a pension to Winifred Mulherrin; to the Committee on Pensions.

Also, a bill (H. R. 7661) for the relief of Stanford Anderson; to the Committee on Naval Affairs.

By Mr. CORNING: A bill (H. R. 7662) for the relief of Thomas Ryan, otherwise known as William Kelly; to the Committee on Military Affairs.

By Mr. CRAIL: A bill (H. R. 7663) to restore Robert Gatewood to the rank of lieutenant commander in the United States Navy and place him on the officers' retired list of the Navy; to the Committee on Naval Affairs.

Also, a bill (H. R. 7664) granting a pension to Joseph Farrell; to the Committee on Pensions.

By Mr. CULKIN: A bill (H. R. 7665) granting an increase of pension to Martha J. Carlton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7666) granting an increase of pension to Annie Kelly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7667) granting an increase of pension to Alice W. Butts; to the Committee on Invalid Pensions.

By Mr. DICKSTEIN: A bill (H. R. 7668) for the relief of Columbia Casualty Co.; to the Committee on Claims.

By Mr. DRANE: A bill (H. R. 7669) granting a pension to Minnie Phelps; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7670) granting an increase of pension to Martha J. Anderson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7671) granting an increase of pension to De Etta Wheeler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7672) granting a pension to Ella M. B. Sawyer; to the Committee on Invalid Pensions.

By Mr. EATON of Colorado: A bill (H. R. 7673) granting a pension to Juliet Thoroughman; to the Committee on Invalid Pensions.

By Mr. EVANS of Montana: A bill (H. R. 7674) validating certain applications for and entries of public lands, and for other purposes; to the Committee on the Public Lands.

By Mr. FINLEY: A bill (H. R. 7675) granting a pension to Amy Sumner; to the Committee on Pensions.

By Mr. FOSS: A bill (H. R. 7676) granting an increase of pension to Susan E. Dean; to the Committee on Invalid Pensions.

By Mr. FULBRIGHT: A bill (H. R. 7677) granting a pension to Mary B. Morris; to the Committee on Invalid Pensions.

By Mr. GIBSON: A bill (H. R. 7678) granting an increase of pension to Emily E. Preston; to the Committee on Pensions.

Also, a bill (H. R. 7679) granting an increase of pension to Cordelia A. Elkins; to the Committee on Invalid Pensions.

By Mr. HORR (by request): A bill (H. R. 7680) for the relief of Frank H. Wilson; to the Committee on Claims.

Also, a bill (H. R. 7681) for the relief of Kitsap County, in the State of Washington; to the Committee on Indian Affairs.

Also, a bill (H. R. 7682) granting a pension to Albert J. Thomas; to the Committee on Pensions.

Also, a bill (H. R. 7683) for the relief of Stillwell Bros. (Inc.); to the Committee on Naval Affairs.

By Mr. HOWARD: A bill (H. R. 7684) for the relief of Sacred Heart Hospital, Yankton, S. Dak.; to the Committee on Indian Affairs.

By Mr. KVALE: A bill (H. R. 7685) for the relief of Charles Forsman; to the Committee on War Claims.

Also, a bill (H. R. 7686) for the relief of Maurice Phillips; to the Committee on War Claims.

By Mr. LAMBERTSON: A bill (H. R. 7687) for the relief of W. B. Ford; to the Committee on Claims.

By Mr. LEHLBACH: A bill (H. R. 7688) for the relief of Carl Ullmann & Co.; to the Committee on Claims.

By Mr. LOZIER: A bill (H. R. 7689) granting a pension to John E. Stringer; to the Committee on Pensions.

Also, a bill (H. R. 7690) granting an increase of pension to Surena Weese; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H. R. 7691) for the relief of James B. Ray; to the Committee on Military Affairs.

By Mr. MAJOR: A bill (H. R. 7692) for the relief of Percy A. Casserleigh; to the Committee on Claims.

By Mr. MITCHELL: A bill (H. R. 7693) granting a pension to Roscoe Morrow; to the Committee on Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 7694) granting an increase of pension to William T. Conway; to the Committee on Pensions.

By Mr. MOUSER: A bill (H. R. 7695) granting an increase of pension to Sarah L. Kooken; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7696) granting an increase of pension to Eliza Jane Cole; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 7697) granting an increase of pension to Hattie E. Barnett; to the Committee on Invalid Pensions.

By Mr. RICH: A bill (H. R. 7698) granting an increase of pension to Martin V. Stanton; to the Committee on Pensions.

By Mr. RUTHERFORD: A bill (H. R. 7699) for the relief to William H. Brown; to the Committee on Claims.

Also, a bill (H. R. 7700) for the relief of William M. Brown; to the Committee on Claims.

By Mr. SUMMERS of Washington: A bill (H. R. 7701) granting a pension to Henry G. Mauzey; to the Committee on Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 7702) granting an increase of pension to Julia Ann Ford; to the Committee on Invalid Pensions.

By Mr. SUTPHIN: A bill (H. R. 7703) incorporating the National Ethiopian Supreme Council of the Universal Order of Free Masons (Ethiopian rites, inclusive); to the Committee on the District of Columbia.

By Mr. SWANSON: A bill (H. R. 7704) granting a pension to Susan Humphrey; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 7705) granting an increase of pension to Eva P. Black; to the Committee on Invalid Pensions.

By Mr. TIERNEY: A bill (H. R. 7706) to correct the military record of Egbert L. Bennett; to the Committee on Military Affairs.

Also, a bill (H. R. 7707) to correct the military record of John H. Hannigan; to the Committee on Naval Affairs.

Also, a bill (H. R. 7708) to correct the military record of Joseph B. Murphy; to the Committee on Naval Affairs.

Also, a bill (H. R. 7709) to correct the military record of Marius Larson; to the Committee on Military Affairs.

By Mr. WASON: A bill (H. R. 7710) for the relief of Laurence A. Martin; to the Committee on Claims.

Also, a bill (H. R. 7711) for the relief of John H. Reardon, alias John Wilson; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

376. By Mr. ALDRICH: Petition of 105 members of the Woman's Christian Temperance Union of Westerly, R. I., opposing the repeal, resubmission, or any modification of the eighteenth amendment; to the Committee on the Judiciary.

377. By Mr. CAMPBELL of Iowa: Petition of the Eilert Auen Post, No. 133, of the American Legion of Lake View, Iowa, urging the passage of the widows and orphans bill, providing for the payment of pensions to the widows and orphans of veterans of the World War; to the Committee on Pensions.

378. By Mr. CHRISTGAU: Petition of the farmers and business men of Winona County, in opposition to Federal expenditures for the development of a 9-foot channel in the upper Mississippi River; to the Committee on Rivers and Harbors.

379. By Mr. CONDON: Resolution of the Reserve Officers' Association of the United States, Department of Rhode Island, setting forth the attitude of the department upon the appropriations recommended in the budget of the War Department, for the maintenance of the Organized Reserves, the Reserve Officers' Training Corps, the citizens' military training camps, and the National Board for the Promotion of Rifle Practice; to the Committee on Appropriations.

380. By Mr. CULLEN: Petition of the Air Corps Officers' Association of the Sixth Corps Area, urging the Senate and Congress of the United States to support any reasonable construction program advanced by the Army Air Corps through the Secretary of War, and also give support to the recommendations of the Secretary of the Navy as set forth in his annual report; to the Committee on Military Affairs.

381. By Mr. GARBER: Petitions of the Albany Chamber of Commerce, Albany, N. Y.; the Seaboard-Great Lakes Corporation, and the Perkins-Goodwin Co., of New York, urging support of House bill 28 authorizing the sum of $475,000 for the construction of an ice breaker for service on the Hudson River; to the Committee on Interstate and Foreign Commerce.

382. Also, petition of Jenkins Music Co., Oklahoma City, Okla., and C. N. Burnham, Washington, D. C., protesting against retroactive increases in the income-tax provisions of the law; to the Committee on Ways and Means.

383. By Mr. KENDALL: Petition of members of the Woman's Christian Temperance Union, of Stoyestown, Pa.,

urging that any measure for the modification of the Volstead Act be opposed; to the Committee on the Judiciary.

384. By Mr. KVALE: Petition of the Ladies Auxiliary of the National Association of Letter Carriers, urging defeat of House bill 5467; to the Committee on the Post Office and Post Roads.

385. Also, petition of the Woman's Christian Temperance Union of Hector, Minn., against referendum of the eighteenth amendment; to the Committee on the Judiciary.

386. By Mr. LONERGAN: Petition of the Connecticut Forest and Park Association, regarding protection of the forests of the United States from destruction by fire; to the Committee on Agriculture.

387. By Mr. McKEOWN: Petition of entire membership of the Bricklayers, Masons, and Plasterers International Union of America, local No. 9, of Tulsa, Okla., favoring the anti-injunction bill; to the Committee on Labor.

388. Also, petition of Bristow (Okla.) Chapter of Business and Professional Women's Clubs, urging a tariff on crude oil; to the Committee on Ways and Means.

389. Also, petition of Sapulpa (Okla.) Chapter of Business and Professional Women's Clubs, urging a tariff on crude oil; to the Committee on Ways and Means.

390. Also, petition of Wewoka (Okla.) Chapter of Business and Professional Women's Clubs, urging a tariff on crude oil; to the Committee on Ways and Means.

391. Also, petition of Okemah (Okla.) Chapter of Business and Professional Women's Clubs, urging a tariff on crude oil; to the Committee on Ways and Means.

392. By Mr. RUDD: Petition of Manhattan Board of Commerce (Inc.), of New York City, favoring the investigation of the New York Stock Exchange and other stock exchanges and better-business bureaus; to the Committee on Interstate and Foreign Commerce.

393. Also, petition of Air Corps Officers Association, of the Sixth Corps Area, Chicago, Ill., favoring reasonable construction program advanced by the Army Air Corps through the Secretary of War; to the Committee on Military Affairs.

394. By Mr. SNELL: Petition of Woman's Christian Temperance Union, of Saranac Lake, N. Y., in support of the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

395. By Mr. STRONG of Pennsylvania: Petition of officers and members of Troop L, One hundred and fourth Cavalry, Pennsylvania National Guard, opposed to any reduction in the appropriation for the National Guard; to the Committee on Appropriations.

396. By Mr. SEGER: Petition of citizens of Paterson, N. J., and vicinity, favoring payment in full of the soldiers' bonus with interest; to the Committee on World War Veterans' Affairs.

397. By the SPEAKER: Petition of L. E. Berno, that through the right of copyright, Class AA, No. 49024, he be appointed Chief Justice of the Supreme Court of the United States; to the Committee on the Judiciary.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 14, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, we look back through the years and our alarms have been false prophets, for Thou hast been a God of consolation, light and joy. Do Thou bless us with patience, with forbearance, and with sympathy for all men. Lead us to bring our convictions, our influence, and our characters to bear boldly and directly upon all that is evil. May we stand in our conscience strength, seeking to help our country by our wisdom, by our thoughts, by our enthusiasm, and by our determination. Wherever men may be crossing the crowded ways of life, or in the remotest places of our land, or in homes waiting and watching for the sunrise, O God, may we help them. So we pray that the spirit of the golden rule may prevail within the walls of this historic Chamber. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, the bill H. R. 6172, entitled "An act to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes," insists upon its amendments to said bill, requests a conference with the House thereon, and appoints Mr. NORBECK, Mr. STEIWER, Mr. CAREY, Mr. FLETCHER, and Mr. BARKLEY to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills, joint resolutions, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 9. An act respecting the qualifications of the assessor of the District of Columbia to testify in condemnation proceedings;

S. 157. An act for the relief of Sarah Ann Coe;

S. 187. An act to authorize the Secretary of War to grant a right of way for street purposes upon and across the San Antonio Arsenal, in the State of Texas;

S. 201. An act granting the consent of Congress to the State of South Carolina to construct, maintain, and operate a bridge across the Waccamaw River;

S. 229. An act for the relief of Don C. Fees;

S. 236. An act for the relief of Hunter P. Mulford;

S. 248. An act authorizing adjustment of the claim of the David Gordon Building & Construction Co.;

S. 250. An act authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co.;

S. 251. An act authorizing adjustment of the claim of the estate of Thomas Bird, deceased;

S. 253. An act authorizing adjustment of the claim of Francis B. Kennedy;

S. 260. An act authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D. C.;

S. 287. An act to compensate Harriet C. Holaday;

S. 409. An act for the relief of Guy Clatterbuck;

S. 428. An act to provide for the payment of awards by the Patents and Design Board;

S. 440. An act for the relief of Lillian G. Frost;

S. 457. An act authorizing an addition to the Cache National Forest, Idaho;

S. 461. An act to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," approved June 21, 1930, so as to give class B officers of the Army the benefits of such act;

S. 556. An act to extend the times for commencing and completing the construction of a bridge across the Elk River at or near Kelso, Tenn.;

S. 565. An act for the relief of the B. & O. Manufacturing Co.;

S. 631. An act for the relief of Alice M. A. Damm;

S. 901. An act for the relief of Warren J. Clear;

S. 904. An act for the relief of Elizabeth B. Dayton;

S. 942. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer;

S. 943. An act for the relief of John Herink;

S. 944. An act for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr.;

S. 945. An act for the relief of the Fairmont Creamery Co., of Omaha, Nebr.;

S. 968. An act for the relief of certain employees of the Forest Service, Department of Agriculture;

S. 1028. An act for the relief of W. Stanley Gorsuch;





S. 1291. An act to extend the times for commencing and completing the construction of a bridge across the Choctawhatchee River near Freeport, Fla.;

S. 1338. An act for the relief of Germaine M. Finley;

S. 1588. An act to authorize the Secretary of the Interior to issue patents for lands held under color of title;

S. 1591. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico;

S. 1683. An act for the relief of Stillwell Bros. (Inc.);

S. 1769. An act to authorize pay patients to be admitted to the contagious-disease ward of the Gallinger Municipal Hospital;

S. 2159. An act for the relief of the Columbia Casualty Co.;

S. 2173. An act to authorize associations of employees in the District of Columbia to adopt a device to designate the products of the labor of their members, to punish illegal use or imitation of such device, and for other purposes;

S. 2179. An act for the relief of Alexander M. Proctor;

S. 2286. An act authorizing the William Robert Smith Memorial Association, of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas;

S. 2317. An act granting the consent of Congress to the State of Michigan and Berrien County, or either of them, to construct, maintain, and operate a bridge across the St. Joseph River;

S. 2325. An act for the relief of the United States Hammered Piston Ring Co.;

S. 2379. An act permitting admission to bail in extradition proceedings;

S. 2388. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn.;

S. 2389. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the Dandridge-Newport Road in Jefferson County, Tenn.;

S. 2684. An act for the relief of F. P. Case;

S. 2697. An act for the relief of Clarence G. Young;

S. 2698. An act for the relief of Herman Ingman;

S. J. Res. 8. Joint resolution authorizing and directing the Comptroller General of the United States to reopen, adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense, and for other purposes;

S. J. Res. 56. Joint resolution authorizing the Comptroller General of the United States to consider, adjust, and settle the claim of the Indiana State Militia for military service on the Mexican border;

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge;

S. J. Res. 79. Joint resolution to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932; and

S. Con. Res. 4. Concurrent resolution to provide for the printing of 5,000 copies of the hearings on Agricultural Conference and Farm Board inquiry.

NAVAL ARMAMENTS TRUCE

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to address the House for 10 minutes. Is there objection?

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, we have a long day before us; we will have a great many amendments before us, and we will be here until 7 or 8 o'clock to-night. I would like to ask the majority leader what his opinion is with reference to allowing these unanimous-consent requests and how far he is going to let them go.

Mr. RAINEY. Mr. Speaker, I will say to the gentleman that I do not think we can finish the bill to-day. It may be necessary to carry it over until to-morrow, and there is nothing else ready for to-morrow.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCLINTIC of Oklahoma. Mr. Speaker, when I became a Member of this House some 17 years ago I took an oath to obey and to defend the Constitution of the United States. I construed that oath to mean to defend the policies of this Government. Since that time and up to the present moment I have conscientiously performed my duty in the very best manner I knew how.

I have before me this morning a solemn agreement which was entered into by the Secretary of State with other nations of the world with respect to an armament truce for one year. I construed that solemn agreement as binding upon this Government and upon the other nations involved. I construed that agreement not as a scrap of paper but as an agreement that Members of the United States Congress should recognize and be willing to abide by, having in mind the fact that at the present time the enormous expenditure for armaments throughout the world is pretty nearly breaking the backs of most of the civilized nations.

I want to call your attention to the terms of this armament truce. I intend to read excerpts from this document and then ask permission to put it in the RECORD. I quote the following from this document:

> Convinced that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe,
>
> * * * * * * * *
>
> In view of the fact that an undertaking on the part of all states not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments and to prepare the ground for the success of the forthcoming conference.

Continuing, it says:

> We agree to refrain from any measure involving an increase in our armaments.

Now, the Secretary of State, if I am correctly informed, agreed to the terms of that document, as did the other nations of the world which were parties to it. Therefore, as a member of the Naval Committee, I have taken the position that we should live up to our agreement; that we should never be placed in a position where the United States could be pointed out as having acted dishonorably and be charged with not being willing to live up to an agreement it made with other nations of the world. That is the position I have taken. I have been honest in that position, and I want to say that if there is a single Member of this House who is willing to criticize me because I have followed the terms of an exact agreement, I pause now and I would like to have such Member rise in his seat and tell me wherein I have been wrong in supporting the agreement made by this Government.

[Mr. McCLINTIC of Oklahoma made a long pause.]

Not a single Member has risen, and therefore I must believe that I have exercised the prerogatives to which I am entitled, and that I have kept my oath as a Member of the Congress of the United States, and that I have been willing to support agreements made by the State Department on behalf of this Government.

When a person proceeds in the performance of his public duty he is sometimes subjected to scurrilous attacks, attacks which are probably sponsored by interests which are interested in some other welfare than that of our Government. I would not dignify an attack coming from a yellow sheet by even mentioning its name, but some of the Members have brought to my attention the fact that I have been attacked editorially because I have been willing to stand, just like you are entitled to stand, in support of our Government.

I am going to put this document in the RECORD to show that my position is a position in favor of our maintaining a proper attitude toward the other nations of the world.

When we take into consideration the fact that the nations which are to be benefited by the moratorium have expended nearly $2,000,000,000 for armaments, we are bound to realize that that is the inward cancer that is eating up the body politic of the various nations of the world.

Many of the best minds in the Nation are of the opinion that it would not be possible for any nation on earth to land an army on our shores as long as we maintain adequate aircraft. If this is true, then the expenditure of $700,000,000 could not possibly be of any service to the Nation unless we were contemplating some kind of offensive military move. The country at the present time is facing its greatest depression. There are over 6,000,000 out of employment. Over 10,000 banks have crashed within the last few years. The Government is facing a deficit that is estimated at $2,000,000,000. Imports and exports have fallen off several million dollars. The staple products of the country, such as corn and wheat, are selling below the cost of production. The people of the United States, in my opinion, will not countenance the expenditure of such a sum of money for military purposes unless the necessity is apparent, and I can not conscientiously support such a program.

The President of the United States has already appointed delegates to meet with the representatives of the other military powers for the purpose of reducing expenditures. The wild struggle for military supremacy on the part of various nations is the principal cause for the depression in Europe, and unless new agreements can be put into effect and those charged with the responsibility of representing our people will assume a peaceful and friendly attitude, untold miseries and hardships will be the result. As I view it, the Naval Affairs Committee should give the delegates appointed by the President the right to proceed in a friendly manner without following the dictation of certain officials in the Navy who will gladly spend all of the money there is in the Nation for the purpose of constructing a few additional ships, many of which are now in the obsolescent type.

The Democratic majority leader, Congressman HENRY T. RAINEY, has been quoted by the press as being against this program. Congressman JOSEPH W. BYRNS, chairman of the House Appropriations Committee, has offered a bill to consolidate all of the military activities under one head, having in mind that expenditures must be reduced. I desire to congratulate him for making this proposal, as such a policy would do away with duplication, extravagance, and waste to the extent millions of dollars could be saved and at the same time bring about more efficiency.

Realizing this, as many of you do, I have raised my voice and have said to the people of the country that I am not in favor of violating the terms of this agreement, and I desire to refrain from any measure involving an increase of armament at this time.

This is the language, and I am very glad, indeed, to have the privilege of making these few statements in order that you may know that this Government has entered into an armament truce for the period of one year, in order that the delegates that have already been appointed by this Congress may proceed under a proper atmosphere and that the other nations of the world may realize that the United States is a nation big in every way, big enough to set an example in order that we may reduce these enormous expenditures that in many countries are absorbing more than 80 cents out of every dollar that is collected in the way of taxes.

I do not give a continental damn for what these yellow-sheet newspapers say about me as long as I proceed in the performance of my duty, and I want the Members of this House to know that I am standing here within all of my rights, having done that which I think is proper and correct, and as long as I am a public servant I am going to continue faithfully in the performance of my duty, supporting this Government, supporting its agreements, regardless of what somebody connected with the yellow press may have to say. [Applause.] I thank you.

The document referred to above is as follows:

ARMAMENTS TRUCE

[Released for morning newspapers of October 31]

The following are the texts (1) of a note dated October 2, 1931, received from the secretary-general of the League of Nations referring to the resolution adopted by the assembly on September 29 relating to an armaments truce, and (2) of the reply of this Government:

(1)

SIR: In execution of a decision of the Council of the League of Nations of September 30th, the text of which is attached (C.639(1).1931.IX), I have the honor to forward the report and resolution relating to the armaments truce adopted by the assembly on September 29th. (A.93.1931.IX.)

In accordance with these decisions, I would ask you to be good enough to let me know before November 1, 1931, whether your Government is prepared, in accordance with the terms of the above-mentioned resolution and report, to accept the armaments truce proposed by the assembly.

I have [etc.]

ERIC DRUMMOND, *Secretary-General.*

The resolution referred to in this note is quoted as follows:

"Convinced that the crisis which at the present time is creating such profound disturbance among the nations of tne world is due to a number of economic and political causes originating principally in the lack of mutual confidence between the nations; and

"Convinced that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe,

"The assembly addresses a solemn appeal to all those who are desirous that practical effect should be given to the principles of peace and justice upon which the covenant is based, and urges them to devote all their efforts toward creating a world opinion strong enough to enable the general disarmament conference to achieve positive results, including in particular a gradual reduction of armaments to be continued until such time as the object laid down in article 8 of the covenant is attained.

"In view of the fact that an undertaking on the part of all States not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and to prepare the ground for the success of the forthcoming conference,

"The assembly requests the governments invited to the disarmament conference to prepare for this event by means of an armaments truce, and, accordingly:

"Requests the council to urge the governments convened to the said conference to give proof of their earnest desire for the successful issue of the efforts to insure and organize peace and without prejudging the decisions of the conference or the programmes or proposals submitted to it by each government, to refrain from any measure involving an increase in their armaments.

"Likewise requests the council to ask the governments to state before November 1, 1931, whether they are prepared for a period of one year as from that date to accept this truce in armaments."

(2)

The following is the text of the reply:

"The Secretary of State presents his compliments to the secretary-general of the League of Nations, and with reference to the latter's note of October 2 with regard to an armaments truce proposed by the assembly, has the honor to make the following declaration:

"The Government of the United States has received the resolution of the Council of the League of Nations of September 30, 1931, suggesting an armaments truce and declares that, without prejudicing its position at the forthcoming general disarmament conference or affecting any proposal it may desire to submit to that conference, it is prepared, for the period of one year beginning November 1, 1931, to accept the truce, provided that like action is taken by the other principal military and naval powers.

"It is the understanding of this Government that the proposed truce shall not apply to construction which had been begun or for which contracts had been let prior to its entry into force.

"The Government of the United States hopes that by a unanimous acceptance of this truce an atmosphere of confidence will be created which will prevent competition in armaments and prepare the ground for the successful conclusion of the general disarmament conference."

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I propound a parliamentary inquiry, if it may be so considered?

The SPEAKER. The gentleman will state it.

Mr. SNELL. As I understand, it is the intention of the chairman of the Committee on Banking and Currency to pass the House reconstruction bill. We already have a bill of the same character passed by the Senate which has been messaged over to the House and, I believe, referred to the Banking and Currency Committee. Just what program does the Speaker have in mind, and where will these two bills get together and finally get to conference?

The SPEAKER. The Chair understands, after talking with the gentleman from Alabama [Mr. STEAGALL], chairman of the Committee on Banking and Currency, that it is his desire to pass the House bill and send it to the Senate with the hope the Senate will immediately adopt the Senate bill as one amendment to the House bill and ask for a conference and that the House will agree to such conference.

The only other way would be to follow one of two procedures. One would be to get unanimous consent to sub-

stitute the Senate bill for the House bill and consider it as original text or when the House bill comes up to offer the Senate bill as an amendment to the House bill as one amendment. If the Senate bill should be offered as an amendment to the House bill, then, of course, it would still be subject to one amendment. This parliamentary situation would possibly handicap the committee in presenting their various amendments which the RECORD indicates will be proposed.

It is a matter for the gentleman from Alabama to a large extent, as well as the membership of the House, what procedure shall be followed. Ordinarily it has been the custom to substitute the House bill for the Senate bill, or vice versa.

Mr. CRISP. Mr. Chairman, I am sure the entire House is anxious to have this important matter disposed of at the earliest practicable moment. Is not the practical way, the Senate having passed a bill dealing with this subject matter before the House has finally acted, for the House to consider the Senate bill, so that when the House has acted the matter goes to the Senate and can be immediately put in conference? If this is not done and we pass the House bill and send it to the Senate, the matter is blocked, unless the Senate passes the House bill and it can not be put in conference.

Mr. SNELL. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. SNELL. The entire House bill would be before the Senate for debate and consideration from beginning to end?

Mr. CRISP. Absolutely. It seems to me this would be a practical way to meet the situation. I think it is carrying out the usual policy with respect to legislative courtesies between coordinate legislative bodies and it also will serve the purpose of expediting final action on the measure. It is the usual practice when one body has passed a bill first and it reaches the other body for that body to substitute the bill that has passed one body first; and in this case it seems the practical thing is to ask unanimous consent to consider the Senate bill with an amendment striking out all after the enacting clause of the Senate bill, have pending thereto as one amendment the House bill, with a unanimous-consent agreement that the Committee of the Whole House on the state of the Union in considering that amendment shall consider the amendment, which is the House bill, as an original text, open to any amendment that it would be open to if we were considering the House bill.

Mr. SNELL. It was my original intention to ask that, but the gentleman from Alabama preferred to do it this way, and I am perfectly willing to do it in this way, but I hope we will not get into any entanglement that is going to delay final passage of the bill.

Mr. CRISP. I may say that I have no objection whatever to any plan the gentleman from Alabama has. It is not any of my business, and I am not prone to jump in where I have not any responsibility, but I think we are all anxious to get this matter disposed of.

Mr. SNELL. I think we ought to know something about the procedure before we get started to-day.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. CRISP. I will if I have the floor.

Mr. LaGUARDIA. Mr. Speaker, permit me to point out that several of the Members have been laboring with this bill nights and they have different amendments prepared to offer to the House bill, because that was the only bill we had before us. So any arrangements which may be agreed to should provide for the consideration of the House bill, so that we may offer our amendments.

Mr. SNELL. I do not think anyone would think of any other procedure.

Mr. CRISP. I thoroughly agree with the gentleman. I think the members of the House Committee on Banking and Currency know a thousand times more about it than I do, and I think their bill should be considered by the House, and if you are going to take up the Senate bill it should be with everything stricken out after the enacting clause and the text of the House bill should be considered as an original bill. I myself would not agree to any other policy.

Mr. STEAGALL. Mr. Speaker, this is the situation: The House is proceeding to consider the House bill under a rule. The Senate bill at the time of the adoption of the rule was not before the House. Anticipating that taking up the Senate bill would necessitate the offering of one amendment, with limited right of action on the part of the House, members of the committee have agreed that we should proceed under the special rule to consider the House bill, and let it go to the Senate, assuming that the Senate is just as anxious to get through with the bill as we are and will not delay action there to get the bill finished.

Mr. LUCE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LUCE. Under the proposed procedure, will it be possible to vote on amendments as they are presented in Committee of the Whole?

The SPEAKER. Certainly; the ordinary rules of the House provide that the membership shall vote on them.

Mr. LUCE. Furthermore, is it necessary to make a request that the bill shall be taken up section by section for amendment?

Mr. STEAGALL. I did not get quite all that the gentleman said; but I gather that he wants to know if under the procedure as agreed on by which we consider the House bill the committee will have a full opportunity to amend that bill under the general rules of the House?

Mr. LUCE. No; the gentleman does not quite comprehend my question. I wanted to insure that the amendments would be offered section by section, that we might not be confronted with jumping from one part of the bill to another and coming back again, which would result in confusion and controversy.

Mr. STEAGALL. Yes; that will be done; the amendments will be offered section by section and considered accordingly.

Mr. BEEDY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BEEDY. That we may be clear on this—if the House shall adopt the procedure suggested by the gentleman from Georgia, the amendments may be offered in committee and considered in the usual manner; we would nevertheless be forced to vote by one vote on the whole bill, and not a separate vote on any amendment.

The SPEAKER. There is no unanimous-consent agreement pending.

Mr. JONES. If we consider the House bill as an amendment, the House will not have an opportunity to make a motion to recommit. I want to know if the gentleman will add to his request an agreement in the way of a motion to recommit as if it was an original bill.

Mr. STEAGALL. It needs no agreement. We are taking up the House bill under a special rule.

Mr. JONES. Once or twice when we have had the House bill considered as an original proposition, and it was once adopted in the House, a motion to recommit was not permissible, and we were foreclosed on the motion to recommit.

CRIME IN HAWAII

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I present the special report by a special committee on the Hawaiian situation, and I ask unanimous consent that it be printed in this place in the RECORD, including a statement by the Delegate from Hawaii [Mr. HOUSTON].

The SPEAKER. Is there objection?

There was no objection.

The report is as follows:

REPORT OF THE SPECIAL COMMITTEE FOR THE PURPOSE OF INQUIRING INTO RECENT CRIME COMMITTED IN HAWAII

The special committee of the Naval Affairs Committee, consisting of Messrs. McCLINTIC, DELANEY, BOLAND, BARTON, WOODRUFF, and BRITTEN, appointed for the purpose of making a complete investigation of the confidential files and cablegrams relating to the recent unpleasant situation of the killing of a native Hawaiian who was one of the five accused of the atrocious crime of rape of an American woman, find as follows:

The island of Hawaii has a population of approximately 370,000, 85 per cent being of mixed races other than Caucasians; that out of this number approximately 225,000 are males and

145,000 are females; that in the past there have been frequent occurrences of the crime of rape, resulting in the majority of cases in light sentences or acquittal. The committee further finds that the officials charged with the responsibility of enforcing the law having in the past nolle prossed a case in which an enlisted man in the United States Navy was murdered. Herewith is attached an extract from the Honolulu Times, January 11, 1930, and the Honolulu Advertiser, January 3, 1930.

From our investigation of crime conditions in Honolulu and a careful examination of the records in the Navy Department touching on these conditions it seems apparent that the attitude of the law-enforcement officers is typical by their action in the above-mentioned case of the murder of Isadore Wolf, seaman, first class, United States Navy. Further, the general attitude of these officials toward the crime of rape has, in our opinion, been such as to lend encouragement to the perpetrators of this offense.

We respectfully call attention to the case in which one Ahakeulo pleaded guilty to the crime of assault and attempt to ravish and was sentenced to an indeterminate term of 4 months to 15 years. Later he was given a pardon by the governor of the island upon the theory that his services were needed as an amateur boxer at Madison Square Garden in New York City, representing the Territory of Hawaii. It may be here stated that this same person is one of the five who was charged with the atrocious crime committed against the wife of an officer in the United States Navy.

The committee feels that the establishment of such a precedent, namely, the pardoning of individuals who have been found guilty of attacking females, has caused a lawless element to believe that this crime can be committed in Honolulu without serious consequences for their acts. The committee is cognizant of the fact that the great mass of the fine people domiciled in Honolulu and Hawaii are just as patriotic, self-respecting, and law abiding as are to be found anywhere, and that they join with the people of the United States in deploring the fact that such a condition exists.

We recommend:

First. That the Judge Advocate General and the Attorney General be requested to render every service possible in order to see that those charged with this crime shall be given a fair and just trial.

Second. That in view of the fact that Governor Judd, of Hawaii, after a native athlete had been tried and convicted for a similar offense, gave to him a pardon within a very short period that he be called on to give a complete statement of facts as to why he established such a precedent, thereby causing a lawless element to feel that this crime could be committed without any serious consequence.

Third. That the Governor of Hawaii make a full and complete report as to whether or not it would be advisable to recommend to the legislature a penalty of capital punishment for the crime of rape.

Fourth. That the organic law of Hawaii be amended to empower the governor to remove for misfeasance, malfeasance, or nonfeasance in office of any official in the Territory.

Fifth. That the officials in the Navy be commended for having protected the lives of those who are charged with murder as an outgrowth of the serious condition herein set forth, and in addition for cooperating with the officials of Hawaii in trying to bring about a peaceful solution of the problem in such a way as to prevent disorder and bloodshed.

JAMES V. MCCLINTIC.
JOHN J. DELANEY.
PATRICK J. BOLAND.
WILLIAM E. BARTON.
ROY O. WOODRUFF.

[Extract from Honolulu Times, January 11, 1930]

BUT THE VICTIM IS STILL DEAD

Two years and a half ago a man was murdered in Kaimuki in a gang fight between civilians and service men. The man who was killed was a naval sailor. Less than a week after the tragedy the Territorial grand jury returned indictments charging two men with manslaughter.

That was all that occurred, so far as the records show, until last week, when the city and county attorney's department entered a nolle prosequi of the charge against the two accused men.

Perhaps the refusal to prosecute was justified. After two and a half years it is quite likely that the material witnesses had died or gone to the ends of the earth.

The fact remains, however, that the dropping of the charge leaves another murder unsolved in Hawaii. The outstanding fact is that a man was killed—beaten to death—and that his slayers, whoever they were, have not been brought to book, and probably never will be.

But the prosecuting officers can at least congratulate themselves that another case has been wiped off the books and they won't have to worry about it any more—if they ever did.

[Extract from Honolulu Advertiser, January 3, 1932]

CHARGES OF MURDER ARE DISMISSED—FINAL CHAPTER OF FAMOUS KAIMUKI RIOT CASE WRITTEN

An end came yesterday in Judge Albert M. Cristy's second division of the circuit court to the prosecutions which arose out of the celebrated riot between civilians and service men at 9 o'clock the night of July 16, 1927, near the corner of Waialae Road and Wilhelmina Rise, Kaimuki, and which resulted in the death of Isadore I. Wolf, United States Navy, of Wailupe, the following day at the naval base hospital at Pearl Harbor.

As a result of Wolf's death William H. Stuart and Abel Keala were indicted by the Territorial grand jury on July 22 on a charge of second-degree murder. Wolf was said to have been knocked down and beaten over the head with a flat piece of iron, his skull receiving a fracture which resulted later in his death.

Two groups of men, one of civilian and the other of service members, were indicted at the same time and charged with rioting. The riot charges were dropped some time ago.

On motion of Griffith Wright, deputy city attorney, Judge Cristy yesterday entered a nolle prosequi in the second-degree murder charge against Stuart and Keala, who were ordered released from custody and their bonds canceled.

[Copied from the Honolulu Advertiser, December 3, 1931]

COURT'S INSTRUCTIONS TO THE JURY

Here are the instructions presented by Judge A. E. Steadman to the jury in the Ala Moana assault case Wednesday night. They were prepared for submission by attorneys representing both sides of the case:

"Gentlemen of the jury, the defendants in this case stand charged with the crime of rape.

"You are the exclusive judges of the facts in this case and the credibility of the witnesses, but the law you must take from the court as given you in these instructions to be the law, notwithstanding any opinion you might have as to what the law is or should be.

"You are instructed that rape is defined in our statutes as follows: * * *.

"I further instruct you that while it is the law that the complaining witness must have resisted to the utmost of her ability, such resistance may be overcome by the acts and conduct of the defendants and by the use of such force by the said defendants as to cause the complaining witness to be physically exhausted and helpless. In determining that ability you should consider all the evidence, both direct and circumstantial, tending to establish this capacity for resistance. And if you are satisfied beyond a reasonable doubt that the prosecutrix resisted to the utmost of that capacity, that is sufficient.

"I instruct you that * * * if you are satisfied from all the evidence beyond a reasonable doubt that the complaining witness in this case did so resist up to that point, that is all that need be shown in this connection.

"I instruct you that the indictment in this case is of itself a mere formal accusation or charge against the defendants and is not of itself any evidence of the guilt of the defendants and no juror shall permit himself to be influenced in any way against the defendants because or on account of the indictment in this case.

"You are instructed that the burden of proof rests upon the prosecution to make out and prove to you, to your satisfaction beyond all reasonable doubt, the crime charged in the indictment, and unless this has been done you must find the defendants not guilty.

"By their plea of not guilty the defendants deny every material allegation of the indictment, and they can not be rightfully convicted unless the prosecution, by the evidence, has overcome the presumption of innocence in favor of the defendants.

"You are further instructed that if the testimony in this case in its weight and effect be such as two conclusions can reasonably be drawn from it, one favoring the innocence of the defendants and the other tending to prove their guilt, then you should acquit the defendants.

"You are instructed that under the laws of the Territory of Hawaii, a female who is alleged to have been raped is a competent witness in a prosecution therefor; but no person shall be convicted of such an offense upon the mere testimony of the female, uncorroborated by other evidence or circumstantial.

"Hence in this case you are instructed that you can not convict the defendants or any of them upon the sole testimony of the complaining witness; her testimony as to the alleged offense must be corroborated by evidence other than her own and tending to prove, beyond a reasonable doubt, each material element of the crime. Thus, you can not find that the offense charged was committed upon the complaining witness by the defendants on her testimony alone; to warrant you in finding that the offense charged was committed by the defendants the testimony of the complaining witness as to such fact must be corroborated and supported by other and independent testimony, believed by you to be true.

"The court instructs you that corroborative evidence must be evidence which does not rest wholly upon her credibility but must be such evidence as adds to, strengthens, confirms, and corroborates her testimony.

"The court instructs the jury that if you entertain a reasonable doubt as to whether or not independent evidence corroborates the testimony of the complaining witness that the defendants did commit the offense charged, you will find the defendants not guilty.

"You are instructed that the burden of proving the presence of the defendants or any of them at the time and place of the alleged offense rests upon the Territory, and the prosecution must prove to your satisfaction and beyond a reasonable doubt that the defendants were present at the time of the alleged commission

of the offense. The burden is not upon the defendants to prove that they were not present.

"I further instruct you as a matter of law that although the testimony of the complaining witness must be corroborated before you can find these defendants guilty as charged, such corroboration need not be direct, but may exist in facts and circumstances adduced in evidence which corroborate the truth of the story told by the prosecuting witness and to point out these defendants as the persons responsible for the crime charged.

"I further instruct you that every person concerned in the commission of an offense, whether he directly commits the act constituting the offense or, being present, aids, incites, countenances, or encourages another thereto or is accessory before the fact to the commission thereof * * * may be indicted and tried as if he had directly committed such offense.

"All who take part in the commission of any offense or, being present, aid, incite, countenance, or encourage others in the commission thereof, shall be deemed principals therein.

"And in this connection I instruct you that 'aid' means to support by furnishing strength or means in cooperation to effect a purpose, to help, to assist.

"That 'incite' means to move to action, to stir up, to spur, to urge on.

"That 'countenance' means to encourage, favor, approve, aid, or bet, to indorse tacitly or actively.

"That 'encourage' means to give help or patronage to, to foster, to incite, to urge.

"If, therefore, you are by the evidence convinced beyond a reasonable doubt that any one of the defendants, at the time and place and under the circumstances as shown by the evidence herein, ravished the complaining witness by force and against her will, and that the other of said defendants at said time and place and under said circumstances took part in the commission of said offense, or, being present, aided, incited, countenanced, or encouraged the commission of said act, your verdict will be guilty as to each and everyone of said defendants.

"I instruct you that the defendants by their pleas of not guilty have put in issue the commission of the crime charged in the indictment, and that they have introduced evidence to establish an alibi, by which is meant that even if the crime was committed as charged they were, during all the time of the commission thereof, at a different place and were not and could not have been the persons who committed it.

"If, therefore, after considering this evidence, together with all the other evidence in the case, you have a reasonable doubt as to whether the defendants were at the place where the crime was committed during the time that it was committed, but were in some other locality, it will be your duty to give the defendants the benefit of that doubt and find them not guilty.

"Gentlemen of the jury, I instruct you that in determining the guilt or innocence of the defendants of the crime charged in this case, you should not permit any prejudice which you may feel against such a crime to influence you against these defendants. You must reach your conclusions herein solely upon the basis of the evidence adduced in this trial and upon the law applicable thereto as set forth in these instructions.

"I instruct you that if you shall find as a fact and beyond a reasonable doubt that the complaining witness promptly after the alleged crime made complaint either to the police or to other persons that is competent evidence for you to consider as affecting the credibility of the testimony of the complainant.

"I further instruct you that in cases of this nature it is not essential that the complaining witness should be corroborated by the testimony of other eyewitnesses as to the particular act constituting the offense, and if the jury believes beyond a reasonable doubt from the testimony of the complaining witness and by other facts and circumstances testified by other witnesses, that the defendants did commit the offense as charged, then you should find the defendants guilty as charged.

"You are instructed that you have no right to disregard the testimony of the defendants merely on the ground that they are defendants and stand charged with the commission of a crime. The law allows a defendant to testify in his own behalf and you should apply to such testimony the tests given you in these instructions with reference to the credibility of witnesses.

"I instruct you that a defendant in any criminal proceeding may give evidence on his own behalf, and thereupon be subject to cross-examination in like manner as any other witness, but in case any such person shall neglect or decline to offer himself as a witness no inference shall be drawn prejudicial to such accused by reason of such neglect or refusal, nor shall any argument be permitted tending to injure the defense of such accused person on account of such failure to offer himself as a witness.

"Certain witnesses have been called by both the prosecution and the defense to testify as to prior statements of other witnesses different from the testimony of such witnesses in court. If you find that certain witnesses have made prior statements different from their testimony here in court you may consider such statements in weighing the testimony given by such witnesses in court, but such statements are not of themselves evidence in the case. That is to say, prior inconsistent statements may discredit the testimony of a witness, but they do not prove or disprove the truth of such statements themselves.

"The court further instructs you, gentlemen of the jury, that you are the exclusive judges of the credibility of the witnesses, of the weight of the evidence, and of the facts in this case. It is your exclusive right to determine from the appearance of the witnesses on the witness stand, their manner of testifying, their apparent candor or frankness or lack thereof, which witness or witnesses are more worthy of credit, and to give weight accordingly. In determining the weight to be given the testimony of the witnesses you are authorized to consider their relationship to the parties, if any, their interest, if any, in the result of this case, their temper, feeling, or bias, if any, has been shown, their demeanor on the witness stand, their means and opportunity of information, and the probability or improbability of the story told by them.

"If you find and believe from the evidence that any witness in this case has knowingly and willfully sworn falsely to any material fact in this trial or that any witness has knowingly and willfully exaggerated or suppressed any material fact or circumstance in this trial for the purpose of deceiving, misleading, or imposing upon you, then you have a right to reject the entire testimony of such witness except in so far as the same is corroborated by other creditable evidence or believed by you to be true.

"I further instruct you that the burden of proof is upon the Territory and the law, independent of the evidence, presumes the defendant to be innocent, and this presumption continues and attends him at every stage of the case until it has been overcome by evidence which proves him guilty to your satisfaction and beyond a reasonable doubt. And in this connection I instruct you that the doubt which will entitle the defendant to an acquittal must be a reasonable doubt, not a conjured-up doubt, such a doubt as you might conjure up to acquit a friend, but a doubt that you could give a reason for.

"A reasonable doubt is not a possible doubt, not a conjectural doubt, not an imaginary doubt, not a doubt of the absolute certainty of the guilt of the accused, because everything relating to human affairs and depending upon moral evidence is open to conjectural or imaginary doubt, and because absolute certainty is not required by law. The real question is whether after hearing the evidence and from the evidence you have or have not an abiding belief, amounting to a moral certainty, that the defendant is guilty, and if you have such belief so formed, it is your duty to convict; and if you have not such belief so formed, it is your duty to acquit. You should take all the testimony and all the circumstances into account and act as you have such abiding belief the fact is.

"I further instruct you that you may bring in, under the charge against the defendants in this case, any one of the following verdicts as the facts and circumstances in evidence under the law as given you in these instructions may warrant:

"1. Guilty as charged.

"2. Not guilty.

"3. A separate verdict as to each defendant."

STATEMENT OF THE HON. VICTOR K. HOUSTON, DELEGATE FROM HAWAII

We in Hawaii have been distressed beyond measure by the atrocious happening of the so-called Ala Moana case in the Territory and the further regrettable incidents that followed in sequence the termination of the first trial, which resulted in a hung jury, and culminating in the violent death of one of the defendants in the case.

At the very outset and in the clearest possible manner I wish to impress this committee with the fact that no one in Hawaii condones or excuses the original assault. Everyone has been distressed beyond measure by the occurrence. It has even been said that it is a case unprecedented in the history of Hawaii, for which we can and do hang our heads in shame.

I have made no attempt to excuse the assault, nor have I impugned the character of the unfortunate victim nor made any insinuations; she has my deepest sympathy. My sympathy likewise goes out to the mother of Mrs. Massie, Mrs. Fortescue.

I have at all times declared that I was ready and willing to advise with members of the press with respect to any of the facts, and in interviews have referred to the sequence of events as they were described in the testimony given at the trial and in the local press. At no time have I claimed that there could be any excuse for the occurrence, and if I have been quoted as excusing the act it was because of an erroneous interpretation of what I have said.

I repeat that we in Hawaii do not excuse the original assault, nor have we attempted to excuse it; we are debarred even from making excuses.

I do, however, wish to point out that the Hawaiian people are quite different in character from that which would appear from numerous sensational articles that have been published, fanned on, no doubt, by some of the releases of a provocative character that were made by the Navy Department. We are a peace-loving people, generally orderly, friendly, and disposed to carry out the principle of "love thy neighbor," irrespective of racial antecedents. Like other civilized people we have a horror of criminal assaults, from which our own women probably have suffered far more than have any Caucasian women.

There has been complaint with respect to the laxity of law enforcement and of the inability of the police force to control gangs, but this is a difficulty which many of the States on the mainland have in common with ourselves. There has been friction as between the head of the police and the local civil-service commission, which is vested with the sole power to discharge members of the force or to hear appeals concerning discharges, resulting in an embarrassing situation for the elected sheriff, who is likewise head of the police.

It might be well in this connection for me to set out as a background the make-up of the population of the Territory of Hawaii,

about which there has been a great deal of misunderstanding. According to the census of 1930, the population of the Territory amounted to 368,336, of which 137,582 were located in the Honolulu district. The island of Oahu, which makes up the city and county of Honolulu, contains 202,933. The total population is made up of the following with respect to citizen status: Native born, 299,799; foreign born but naturalized, 5,260; foreign born with first papers, 828; foreign-born aliens, 62,281; and unknown, 168. With respect to racial stock, the population was made up as follows: Of a total of 368,336, there were the following of Hawaiian stock: Pure Hawaiians, 22,636; Caucasian Hawaiians, 15,632; Asiatic Hawaiians, 12,592; or a total of 50,860. Chinese stock, 27,179; Japanese stock, 139,631; Korean stock, 6,461; Filipino stock, 63,052; Negro stock, 563; Caucasians, 60,373; other races, 217. For the purpose of classification under "native born," Filipinos were not segregated from those who were born in the United States, for the reason that they owe allegiance to the United States, and hence by the census enumeration were classified as "natives," though they have not American citizenship except as to those who were born in Hawaii or on the mainland. This largely mixed population has successfully been merged into what we had always felt was a very fair representation of American citizenry by the so-called melting pot of the races. Largely due to the teaching of the early American missionaries race prejudice never had been made an issue in our national life nor in our social life. Visitors and travelers have commented upon the unprecedented feeling of friendship that exists in Hawaii and which has been denoted by the expression, the "Spirit of Aloha," which in itself means lov..

Others have criticized the administration of the law in Hawaii and have commented upon what they were pleased to call the "apathetic" attitude of mixed-blood juries, and in doing so have asked questions with respect to the proportion of non-Caucasian blood that was represented in administrative departments. Hence it may not be inopportune to point out that the Governor of Hawaii, Hon. Lawrence M. Judd, is a Caucasian appointed by the President by and with the advice and consent of the United States Senate. He was born in Hawaii, and I have full confidence in his ability to handle the existing disturbed situation in cooperation with the elected legislature of the Territory. The legislature of the Territory is made up of a senate of 15 and a house of 30. In the senate there are 6 Caucasians and 1 of Chinese ancestry. The others are Hawaiians or part Hawaiians. In the house there are 8 Caucasians and one other who was born on the mainland, 2 of Japanese ancestry, 5 of Portuguese stock, and the balance of Hawaiian and part Hawaiian stock. The board of supervisors, which governs the city and county of Honolulu, is made up of a mayor, who is a Caucasian, and 7 supervisors, of whom 6, including 2 Portuguese, are Caucasians, and 1 Chinese. In the courts of original jurisdiction in the Territory, of which there are 8, 7 judges are Caucasian and only 1 is Hawaiian. The supreme court is made up of 3 Caucasian judges. All of the judges of these courts are appointed by the President by and with the consent of the Senate of the United States Congress.

With respect to the apathetic attitude of mixed-blood juries, and more particularly with reference to this particular jury which was impaneled in one of the courts presided over by a Caucasian judge, Judge Steadman, who originally came from the State of South Dakota, and took his law degree at the Harvard Law School, I would like to point out that the jury was out for a period of 97 hours, that according to press reports they are understood to have held in the neighborhood of 100 ballots, and that at no time were there more than either 7 or 6 votes on one side. It is a matter of record, however, that in the past juries in sex cases have frequently convicted, and the community has complained because of light and inadequate sentences imposed by the courts. This matter was the cause of some considerable newspaper comment sometime in 1929. Complaint has also been made locally, not because of the jury's action but because of the action of the parole board in releasing prisoners in advance of their minimum sentences. In this connection it is further brought to the attention of this committee that the board of prison directors, who have control of paroles, is at the present time composed of 5 members, of whom 4 are Caucasian men and 1 a part-Hawaiian woman of the highest character. This board of prison directors is in succession of a previous board of prison inspectors which also had control of paroles and which was made up of two of the present Caucasian men and the same part-Hawaiian woman.

In the event that it may be felt that the penalties provided for in the statutes are not of sufficient severity, may I not add in this connection that the penalty for the crime of rape provides imprisonment at hard labor for life or any number of years; carnal abuse of female under 12, until the last session of the Territorial legislature provided a mandatory punishment of death or imprisonment for life at hard labor, in the discretion of the court? At the last session of the legislature that was amended so as to include any number of years' imprisonment, in the discretion of the court. It is believed that these schedules of punishment are in substantial accord with the statutes to be found in the average State. It is possible that further severity in such matter may be necessary, and I have recommended to the presiding officers of the legislature that punishment of death be provided for the crime of rape and sterilization in the case of other punishments short of the death penalty.

Whilst we have all personally been disturbed by reason of the original attack, we have been further disturbed by reason of the unjust exaggeration of the facts, and what would apparently be untrue statistical statements as well as defamatory and provocative statements on the part of sworn officers who have taken a personal oath to support the Constitution.

It is perhaps not unreasonable that I should point out to you that the Territory of Hawaii is not, as are States, a sovereign governing community. Prior to annexation Hawaii had been a Kingdom whose independence had been recognized by all of the great powers of the world. Subsequently it became a Republic and was completely self-governing. During the Spanish War annexation, which had been sought since the revolution became an accomplished fact, and in 1900 an organic act for Hawaii was granted setting up a Territorial form of government. As a Territory then we are and have remained to the present in a situation wherein we had less initiative and less independence of action, less sovereignty than we had before annexation. We have always looked forward to reaching that sovereign stage when we would become a State and it was hoped that defects in the organic act could be remedied by the provision of a proper and up-to-date State constitution.

I now come to that part of the Navy Department's release in which reference has been made in a defamatory way to "40 similar cases have been reported in the previous 11 months." Governor Judd, under date of January 12, refers to this statement as "absolutely and unqualifiedly false." He further stated that "the Ala Moana case is unprecedented in the history of Hawaii." And in this connection we must insist that ordinary sex cases which do not involve violation or which merely involve fornication or seduction are not in fact "similar cases." Records from which such rumors grew disclose for the entire year 1931 and over the signatures of officers in charge of such records the following: Rape, 1 case; assault with intent to ravish, 4 cases; assault with intent to raviah a female under 12, 1 case; carnal abuse of female under 12, 1 case; total 7. All other sex cases involve no violence and were of a character such as fornication, seduction, and sexual intercourse or for the support of an illegitimate child. Only one rape case and one assault with intent to rape were against white women. We mention this fact because of the malicious and exaggerated reports which refer to danger to white women. By making this statement we do not infer for a minute that a sex crime committed against any other than a white woman is to be considered in a different light. We in Hawaii abhor any crime against the chastity of women. We do not countenance such savagery; we have been shocked and deeply grieved by the occurrence and we look hopefully to the eradication of the evil which Princess Kawananakoa, the Republican National Committeewoman for Hawaii, has properly qualified as "the serpent in our beautiful Eden." Records for the year 1929 to 1930 similarly indicate only one rape case in all of the courts of the Territory, in which case a Caucasian was convicted of the offense.

There have unfortunately been numerous other sex cases, not involving violence; the balance of the sex cases are partially and probably the result of the disproportion of the sexes in the Territory. As to this I again refer to the figures of the United States Census, which show that in 1930 there were 222,640 males and 145,696 females. The great bulk of this disproportion is due to the single Filipino workmen that are to be found on the plantation, and they likewise are by and large the greatest offenders in this respect (sex crimes).

Next, the Navy Department's releases have referred to the fact that the defendants in this trial were defended by the best criminal lawyers and that they had been paid extraordinarily large fees. The plain inference from this is that sinister influence had been responsible for the support of these defendants and that similar elements probably had furnished the extraordinarily large fees. The counsel for the defendants consisted of Judge Heen, a former judge of a circuit court of the Territory, later a city and county attorney for Honolulu and for several years and now a member of the Territorial senate. Judge Heen served as a member of the governor's crime commission and his record is outstanding and unblemished. He has stated the following: "I beg to advise that the fees received by me for representing two of the defendants in the so-called Ala Moana case were paid by their relatives. The amounts were comparatively small considering the gravity of the offense and the amount of work and the responsibilities involved. I agreed to represent the defendants at the urgent request of their relatives and only after having become convinced that they were innocent." Two of the other defendants were represented by Mr. William Pittman, a brother of Senator KEY PITTMAN, and also a lawyer with an unquestioned record. Mr. Pittman has likewise written to the governor as follows: "I understand that it is reported that the defense for the boys I represented in the Ala Moana case was financed by outsiders, and that I received a large fee. This is untrue. I represented Ida and Joe Kahahawai, and my fee was paid by relatives and was very moderate. In fact, I accepted a small fee because I was convinced the boys were innocent, and I am still of the same opinion."

It may not be out of place to here refer to the newspaper reports regarding the comment of the Naval Affairs Subcommittee of the House with respect to the charge of the judge to the jury. They are quoted as saying that the judge's charge seemed a "thinly veiled instruction to acquit." In order that there may be no misunderstanding regarding this charge, I will ask that it be inserted here. It was submitted to the subcommittee. In order that Judge Steadman may not unwittingly be prejudged, I also insert at this point a dispatch on this subject just received from Governor Judd.

Whilst all the foregoing comments have to do with the original assault case itself, there followed a period during which publicity

was given to the views of various naval officers and the Navy Department, in which it was declared that wives of naval officers were not safe in Honolulu. The broadcasting of this statement was soon embroidered upon and within the week disorders occurred in Honolulu, resulting in the abduction of one of the defendants by a gang of men supposedly of naval make-up; he was taken into the country, stripped, beaten, and left alone. To this date the identity of the gang who abducted this defendant has not been ascertained. To cap the series of disorders we now come to the violent death of one of the other defendants.

I have personally the deepest sympathy for those who are involved in this latest catastrophe which has so shattered the harmony which heretofore has existed in our community.

I can not but be critical of the statements that were released by responsible officials of the Navy Department, which were of a provocative character. It seems to me that we whose local government is still of a formative character have a right to expect from Federal officials and citizens of sovereign States that they will not either by word or gesture countenance lawlessness when the efforts of the legal machinery have not yet been exhausted.

In conclusion I beg that the country be calm and temperate in the consideration of this subject, moderate in criticism, and not further inflame by prejudice the people of one section of the country against another.

[Postal Telegraph]

WASHINGTON, *January 13, 1932.*

SECRETARY INTERIOR,
Washington, D. C.:

Late dispatch states House Naval Subcommittee charged Judge Steadman's instructions in Ala Moana case were "thinly veiled instructions to acquit."

Judge Alva Edgar Steadman, who presided, was born in the mainland United States, where he had his preliminary education, and holds a bachelor of arts, 1916, from Stanford and bachelor of laws from Harvard, 1922. During war he was in service over two years, being commissioned officer all but three months, retiring as captain of Infantry. He came to Hawaii in 1922 and entered law firm of former Governor Frear, from which he went to the bench in 1927. His record on bench has been outstanding, receiving much favorable editorial comment from time to time. He is married to a daughter of one of Honolulu's most prominent bankers, his wife being all white and descended from the oldest New England missionary stock. The transcript of the evidence which is being forwarded will speak for itself as to Judge Steadman's conduct of the trial. Shall also forward all editorial comment thereon. After arraignment, defense counsel filed motion for bill of particulars, plea in abatement, demurrer, and motion to quash, all of which judge denied. Prior to and during trial defense repeatedly moved for election by prosecution as to which defendant was principal and which accessories, all of which denied. During the jury's deliberations defense counsel three times moved the court for mistrial, manifestly in belief a conviction impended.

Two of these motions were summarily denied by Judge Steadman, and on the third the Territorial attorney general and prosecutor were called in. It was patent that prosecution's objection, which was voiced, was unnecessary, as judge indicated call was merely formality and promptly denied motion. All connected with prosecution believed conviction would result, but after over four days' and nights' deliberation, which is longest any judge has ever held jury in Hawaii, the judge declared mistrial after definite word from jury that agreement was absolutely impossible. I respectfully suggest instructions be submitted in full to Attorney General for his opinion. Thirteen instructions were requested by prosecution and 12 given; 26 instructions were requested by defense and 11 given. Law on instructions in criminal cases covered in sections 2426 to 2430 Revised Laws, Hawaii, 1925. Section 4156 required corroboration of prosecutrix in rape charge. It is apparent, when charges extend even to judiciary sponsored by best element of community and appointed by President, that some sinister and ulterior motive is in the background which will be dealt with in my written report, being prepared. This report has taken and will take time, as it will be based on nothing but facts. I am authorized to state that this message has been subscribed to by the Territorial attorney general, the city and county attorney, the president, vice president, secretary, and the treasurer of Hawaii Bar Association. I am further authorized to state that each and every member of the law firm now representing Mrs. Fortescue, Lieutenant Massie, and codefendants, which firm was identified with the prosecution during the trial, assert that the instructions were eminently fair to the prosecution. Would appreciate your furnishing Delegate HOUSTON with foregoing information. JUDD.

THE RIGHT OF VETO

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to print in the RECORD an opinion of the Supreme Court of Minnesota touching the right of the governor to veto an act of the legislature redistricting the State.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. REED of New York. Mr. Speaker, under leave granted me to extend my remarks in the RECORD I insert the following decisions of the Minnesota courts dealing with the redistricting problem, which is of nation-wide importance.

They are as follows:

DECISION OF SUPREME COURT OF MINNESOTA ON OCTOBER 9, 1931

SYLLABUS

1. The apportionment act of the Congress of August 8, 1911 (37 Stat. L. 13), was superseded and replaced by an act of the Seventy-first Congress approved June 18, 1929, entitled "An act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of representation in Congress."

2. The word "legislatures" as used in the United States Constitution, Article I, section 4, is construed as meaning the representative body which makes the laws of the State; not synonymous with the law-making power of the State; and does not include the governor of the State.

In making a congressional apportionment the State legislature acts exclusively under said Article I, section 4, and does not act strictly in the discharge of legislative duties as a law making body but as an agency responding to a Federal mandate.

3. The majority vote of the senate and house of representatives in redistricting the State for congressional purposes under Article I, section 4, was effectual, though the matter was put in the form of a bill, in the form of a law.

4. Upon the record there is no room for the application of the doctrine of practical construction.

5. Upon the record the court could not interfere with the division of the State upon ground of inequality of population and want of contiguity even upon the hypothesis that the provisions of the act of 1911 still prevailed.

6. Since we have held that the act of 1929 supersedes and wholly replaces the act of 1911, and that the authority under the former is unrestricted, unlimited, and absolute, it follows that the action of the legislature in the performance of their duty thereunder is beyond the reach of the judiciary.

7. It is held that the determination of the legislature, as more fully stated in the record, in no way violates the fourteenth amendment to the United States Constitution.

Affirmed.

Majority opinion

(By Chief Justice Wilson)

The appeal is from an order sustaining a demurrer to the petition of relator, a citizen, and taxpayer, on the ground that it did not state facts sufficient to constitute a cause of action.

These proceedings arise from an act of the Seventy-first Congress, approved June 18, 1929, entitled "An act to provide for the fifteenth and subsequent decennial censuses and to provide for apportionment of representation in Congress." The effect of the act was to reduce Minnesota's Representatives in the House of Representatives of the Congress of the United States from 10 to 9 Members. Intending to divide the State into nine congressional districts, there was introduced in the house of representatives in our State legislature a bill known as H. F. 1456, and which, in form, specified the counties to constitute each of such nine districts. This measure passed the house on April 16, 1931, and the State senate on April 20, 1931. It was transmitted to the governor, who promptly returned it to the house, where it originated, without his approval and with his written objections, which, in form, constituted a veto.

RESOLUTION ADOPTED BY THE HOUSE

Two days later the house adopted the following resolution, to wit:

"Whereas on the 16th day of April, 1931, the House of Representatives of the State of Minnesota duly passed H. F. No. 1456, a bill for an act to divide the State of Minnesota into nine congressional districts; and

"Whereas on the 20th day of April, 1931, said H. F. No. 1456 was duly passed by the Senate of the State of Minnesota; and

"Whereas said bill is now in the possession of the house: Now, therefore, be it

"*Resolved*, that the chief clerk of the house be, and he is hereby, directed to deposit for filing with the secretary of state the enrolled copy of said H. F. No. 1456, said bill to become and remain part of the permanent records of the office of the secretary of state."

Five days later H. F. No. 1456 was deposited with the secretary of state in accordance with the terms of the foregoing resolution.

The population of the various congressional districts as specified in H. F. 1456, as shown by the census of the United States for the year 1930, was as follows:

First congressional district	228, 596
Second congressional district	251, 734
Third congressional district	291, 601
Fourth congressional district	286, 721
Fifth congressional district	344, 500
Sixth congressional district	301, 984
Seventh congressional district	326, 391
Eighth congressional district	276, 633
Ninth congressional district	253, 786

An equal division of our population of 2,551,583 would allocate 283,509 inhabitants to each congressional district.

It is the duty of the secretary of state to receive filings of candidates for nomination to the office of Representatives in Congress from all persons eligible to be candidates thereat; and to refuse such filings for nomination thereto when persons tendering

the same appear to be ineligible. He also has charge of the printing of all necessary ballots, the expense of which is usually greater than the income from filing fees.

QUESTION EFFECT OF GOVERNOR'S VETO

Soon after the adjournment of the 1931 session of our State legislature a controversy arose as to whether the legislature had in fact prescribed the congressional districts in the State or whether the governor's veto has invalidated the efforts of the senate and the house. The secretary of state, claiming the governor's veto was a nullity, acted upon the theory that new districts had been created and accepted a filing fee from one or more persons as candidates in at least one of such districts and refused to accept filing fee from one who sought to be a candidate at large upon the theory that the legislature had failed to comply with the requirements of Congress. The relator herein seeks to sustain the veto of the governor and to have determined the question as to whether or not the proceedings of the senate and the house are a nullity.

In the United States Constitution we find:

"ART. I, SEC. 4. The times, places, and manner of holding elections for Senators and Representatives shall be prescribed in each State by the legislature thereof; but Congress may at any time by law make or alter such regulations except as to places of choosing Senators."

In the constitution of the State of Minnesota we find:

"ART. IV, SEC. 1. The legislature shall consist of the senate and house of representatives, which shall meet biennially at the seat of government of the State."

On August 8, 1911, the Congress passed an act for the apportionment for Representatives in Congress among the several States under the Thirteenth Census. (37 Stat. L. 12, ch. 5; U. S. C., title 2, sec. 3.) It was therein provided that the Congressmen should "be elected by districts composed of contiguous and compact territory and containing as nearly as practicable an equal number of inhabitants." Such provision is not found in the language of the act of June 18, 1929. (46 Stat. L. 26.) It is the contention of the appellant that said provision of the 1911 law is still in force because the act of 1929 provides that such redistricting be made—

"By apportioning the then existing number of Representatives among the several States, according to the respective number of the several States as ascertained under such census by the method used in the last preceding apportionment."

It is claimed that the foregoing language reads into the statute of 1929 that portion of paragraph 3 of the 1911 statute which requires that the districts be composed of contiguous and compact territory and containing as nearly as practicable an equal number of inhabitants. It is also pointed out that the language of the 1911 act provides that Representatives to the Sixty-third Congress "and each subsequent Congress" should be elected from such districts.

The principal questions presented by appellant are, first, that H. F. No. 1456 is invalid because vetoed by the governor and not passed over his veto; secondly, that if H. F. No. 1456 is otherwise valid, the provisions of the same, dividing the State into districts are so arbitrary and unfair as to violate the provisions of the act of Congress of August 8, 1911, and also certain provisions of the Federal Constitution.

DEFINES STATUS OF STATUTE OF 1911

1. For a long time Congress passed apportionment acts following each decennial census act. Obviously these decennial statutes were enacted to meet the change in population and it was always apparently contemplated that 10 years hence another law of similar character would be enacted.

In 1920 Congress did not enact such a law. Consequently the 1911 status served. It was a general and permanent law, at least for a time, and Congress very properly caused the same to be included in the Judicial Code in 1926. Section 3 of the act of 1911 is as follows:

"That in each State entitled under this apportionment to more than one Representative, the Representatives to the Sixty-third and each subsequent Congress shall be elected by districts composed of a contiguous and compact territory, and containing as nearly as practicable an equal number of inhabitants. The said districts shall be equal to the number of Representatives to which such State may be entitled in Congress, no district electing more than one Representative." (37 Stat. L. 14.)

We construe the foregoing section as meaning that the provisions thereof were applicable only to elections held under "this apportionment," i. e., pursuant to the act of 1911. The law was apparently so written to so limit its application. The history of the enactment of these laws, necessitated by the national decennial census, confirms this belief. No such law having been passed by Congress in 1920, the Congress in 1929, apparently to meet the past omission and to avoid a repetition, enacted the 1929 law which called for the fifteenth and subsequent decennial census and to provide for apportionment of representations in Congress.

It embraced the two subjects which had usually been covered by separate acts. Upon the enactment of the 1929 law the 1911 act so limited by its own language and so replaced by subsequent law "was no longer upon the scene." The later law contained a clause repealing all inconsistent laws. Some portions of the 1929 law were inconsistent with the same sections in the 1911 law.

1929 LAW EFFECT IS EXPLAINED

In fact, the 1929 law made provision which would replace all of the 1911 law, unless it was that portion of section 3 requiring the districts to have the characteristics therein mentioned. It is true that many statutory laws are cumulative and additional, but such statutes usually involve remedies whereby a class of persons may proceed under a prior law or under the one which gives cumulative or additional remedies.

In the case before us the history, nature, purpose, and language of these statutes disclose a clear intention on the part of Congress to have each of these apportionment acts replace its immediate predecessor. We believe it was the intention of Congress to have the 1929 statute supersede and take the place of the entire statute of 1911.

Until the 1911 act it was made the duty of the legislatures of the several States to divide the respective States into districts. Such was their constitutional duty. The 1911 act went further and provided that the State legislatures in redistricting should act in the manner provided by the State laws. This was to reach and include the referendum existing in some States, particularly in the State of Ohio.

The clause, "by the method used in the last preceding apportionment," as used in the 1929 act, we construe as relating exclusively to the arithmetical method of computation.

HOLDS 1911 LAW NOW OUT OF PICTURE

Congress has never attempted to modify the grant of this constitutional power to the State legislature, but it did assume in the act of 1911 to direct how the duty should be performed; that is, in accordance with the laws of the State. Since no direction now exists, we need not consider the power of Congress to give this direction in the 1911 law. The constitutionality of that act may present a debatable question, but that is unimportant, since we hold that that law is no longer in the picture.

2. The act of 1929 does not require the districts to be "composed of contiguous territory equal in number to the number of Representatives to which such State may be entitled."

We are of the opinion that the various provisions of our State constitution cited in the briefs are of little importance in relation to the matter now in controversy. The power of the State legislature to prescribe congressional districts rests exclusively and solely in the language of section 4, Article I, of the United States Constitution. The provisions of the State constitution control and operate when the ordinary affairs of the State are involved. They can not, of course, prevail as against the provisions of the superior fundamental law of our Nation.

The legislature is required to "prescribe" the times, places, and manner of holding elections. This means "to lay down authoritatively as a guide, direction, or rule of action; to impose as a peremptory order; to dictate; appoint; direct." (Webster's New International Dictionary.)

MANDATE FROM PEOPLE OF NATION

The command to the legislature comes, as indicated, from the United States Constitution. The reason why the State legislature acts in the matter is because of a mandate not from the people of the State but from the pepole of the United States. It seems, then, that our first question is to be solved by ascertaining the meaning of the term "legislature" as found in the Federal Constitution, Article I, section 4.

The ordinary meaning of the word "legislature" is that it refers to the senate and house of representatives, which our State constitution says constitutes the "legislature." Within this meaning it indicates the representative body, which makes the laws of the State, and of which the Chief Executive is not a part, although he has a limited restraint upon the enactment of State laws. Perhaps the veto power is a legislative power. (Gottstein *v.* Lister, 153 P. 595; Spokane Grain & Fuel Co. *v.* Lyttaker, 109 P. 316; In re Opinion of the Justices, 107 Atl. 705, 5 A. L. R. 1407.) The word "legislature" has also been used to indicate "the lawmaking power of the State." (In re Schrader *v.* Polley, 26 S. D. 6, 127 N. W. 848; Hawke *v.* Smith, 100 Ohio State 385, 125 N. W. 400; State *v.* Howell, 107 Wash. 167; Stuart *v.* Chapman, 104 Me. 17, 70 Atl. 1069; Davis *v.* Hildebrandt, 241 U. S. 565.) Appellant urges us to so hold. Under our State constitution the legislature consists of the senate and the house of representatives. We believe the word is ordinarily so understood. The frequent expression that our State, like the Nation, has three branches of government, executive, legislative, and judicial, is seldom, if ever, understood as meaning that the governor is a part of the legislative.

GIVES CONGRESS ONE LEGISLATURE

In what sense was the word used in the Federal Constitution? Unless a contrary intent appears, we must accept words as used in their ordinary meaning; if so, little construction is here required.

The word "legislature" is found in other portions of the Federal Constitution. The Members in the lower branch of the Congress shall have the qualifications requisite to be members of the lower house of the "State legislature" (Art. I, sec. 2; also see Amendment XVII). Prior to the adoption of the seventeenth amendment, providing for the election of United States Senators by popular vote, they were chosen by the "legislature" (Art. I, sec. 3). The seventeenth amendment also authorized the "legislature" to empower the executive authority to make temporary appointments to fill vacancies in the United States Senate until the people fill such vacancies as the "legislature" may direct. Prior thereto the governor was authorized to fill such vacancies by temporary appointments until the next meeting of the "legislature" (Art. I, sec. 3). It is provided that the United States shall protect each State against domestic violence upon application of the "legislature" (Art. IV, sec. 4). It provides that members

of the "State legislature" shall take certain official oath (Art. VI). The phrase "members of the legislature" is used in Amendment XIV, section 2, and also in section 3. It provides for the "consent of the legislature" to the United States Government buying lands for certain purposes (Art. I, sec. 8). It prohibits two or more States merging without the "consent of the legislatures of the States concerned" (Art IV, sec. 3). It provides that amendments may be ratified by the "State legislatures" (Art. V). The same article provides that Congress upon application of the "legislatures of two-thirds of the several States shall call a convention for proposing amendments." It is provided that the presidential electors shall be appointed as the "legislature" may direct (Art. II, sec. 1). Then we have the provision now under consideration.

CITES ELECTION OF SENATORS

In the days when the "legislature" elected the United States Senators it was never suggested, so far as we are advised, that the governor could apply his veto power. Indeed, in all the use of the word "legislature" in these various provisions in the Federal Constitution it would seem that it was used in the same sense—in the ordinary meaning; i. e., as being the representative body which makes the State laws and not all the governmental machinery which constitutes the lawmaking power of the State. Indeed, at the time of the adoption of the Federal Constitution there were seven or more States wherein the veto power did not exist.

We think it was the spirit of the framers of the Constitution that in ordinary questions of governmental affairs the majority should rule. We see no reason why they would intend to advance the proposition that if the governor was opposed to the judgment of the legislature that it would have to determine questions referred to it by a two-thirds vote, as is required by our State constitution, instead of by a majority vote, while in those States where no veto existed a majority would always control. We can not think that such consequential situation was intended. We must view the situation from the viewpoint of the framers of the Constitution as it then appeared in their light.

We can not be controlled by what one might think the law ought to be now. The construction of such constitutional provisions is sound in fundamentals. The word "legislatures" as so used necessarily had reference to legislatures as they were then known. A constitution must always be construed in the light of its history. The referendum was then unknown, and where it has been considered as a part of the lawmaking power relative to Article I, section 4, it was because of the act of 1911, providing that the redistricting was to be done according to the laws of the respective States. Congress itself by that act recognized the referendum as a part of the legislative authority of the State.

ACTS UNDER POWER FROM CONSTITUTION

It is now the settled law that the State legislature in ratifying amendments to the Federal Constitution does not act in the discharge of its legislative duties as the lawmakers body, but does act for and in behalf of and as representative of the people of the State, under the power conferred by Article V of the Federal Constitution. (Hawke *v.* Smith, 253 U. S. 221; Barlotti *v.* Lyons, 182 Calif. 575; Decher *v.* Secretary of State, 209 Mich. 565; Whittemo *v.* Terral, 140 Ark. 493; Prior *v.* Noland, 68 Colo. 263.)

The legislature in districting the State is not strictly in the discharge of legislative duties as a lawmaking body—not acting in its sovereign capacity—but is acting as representatives of the people of the State under the power granted by said Article I, section 4. It merely gives expression as to district lines in aid of the election of certain Federal officials; prescribing one of the essential details serving primarily the Federal Government and, secondly, the people of the State. The legislature is designated as a mere agency to discharge the particular duty. The governor's veto has no relation to such matters; that power pertains, under the State constitution, exclusively to State affairs.

The word "legislature" has reference to the well-recognized branch of the State government, created by the State as one of its three branches for a specific purpose, and when the framers of the Federal Constitution employed this term we believe they made use of it in the ordinary sense with reference to the official body invested with the functions of making laws, the legislative body of the State; and that they did not intend to include the State's chief executive as a part thereof. We would not be justified in construing the term as being used in its enlarged sense as meaning the State or as meaning the lawmaking power of the State.

We are of the opinion that the authorities support our conclusion. (Hawke *v.* Smith, 253 U. S. 221; Brooks *v.* Fisher, 79 Cal. 173, 4 L. R. A. 429; Barlotti *v.* Lyons, 182 Cal. 575; Decher *v.* Secretary of State, 209 Mich. 565; Whittemore *v.* Terral, 140 Ark. 493; Prior *v.* Noland, 68 Colo. 263; In re Opinion of the Justices, 118 Me. 544; State *v.* Morris, 79 Okla. 89; Carson *v.* Sullivan, 223 S. W. 571; Ex parte Dillon, 262 Fed. 563; In re Opinion of the Justices, 254 Mass. 617.) It follows that the governor's veto herein was a nullity.

CITES CASE NOT IN HARMONY WITH VIEW

State ex rel. Schrader *v.* Polley (26 S. D. 5) is not in harmony with our conclusion. The opinion in that case was put upon two grounds, the first being based upon the theory that Article I, section 4, did not delegate power to the legislature or to the State to provide for the election of Representatives, and it was said that this power was one reserved by necessary implication to the various States and that the whole purpose of Article I, section 4, was simply to grant to the Congress the power to supersede by law enacted by Congress any State regulation on the subject.

The second ground was, however, that the words "the legislature thereof" did not mean simply the representative body we have spoken of, but did mean the "lawmaking power" of the State as established by the State constitution, and including the people of the State when authorized to act in view of the referendum provisions contained in State constitution. The second ground in the Schrader case seems to have been overruled by Hawke *v.* Smith (253 U. S. 221).

We are not satisfied with the first reason given in support of the Schrader case and we speak with the utmost respect for the learned judges who have reached a conclusion differing from ours. We feel that it was erroneous to claim that the action was taken under a power reserved to the people of the State without regard to the grant of power in the Federal Constitution. We think the State acts rather under a power surrendered to it.

Certainly Congress must have the implied, if not the expressed, power to provide for the election of its Members and to make all necessary laws in reference thereto. (United States Constitution, Art. I, sec. 8.)

QUOTES SOUTH DAKOTA OPINION IN APPROVAL

We have not considered the matters involved herein in as great detail as were covered by the helpful memorandum of the learned trial court, and in reference to the reasoning of the South Dakota case we now quote with approval a portion of the memorandum:

"There can be no inherent power in the people of South Dakota to legislate for anyone except themselves. There can be no inherent power in the people of the State to adopt a Federal Constitution or to amend the Federal Constitution which is to govern the inhabitants of other States and Territories. As a matter of fact, that Constitution may be amended, and they may be subjected to the effects of such amendment without their consent and contrary to their expressed wishes. The Representatives in Congress are officers of the Federal Government.

"They legislate for all the people of the United States. They govern the District of Columbia, the Territory of Alaska, and the island possessions of the Nation. It does not sound plausible that any State may claim that it has inherent power or control over legislative, executive, or judicial officers who are performing executive Federal functions. The State does not have inherent power to determine who shall vote in a Federal election, whether it be for President, Senators, or Representatives.

"The right to vote in such an election is derived from the Federal Constitution exclusively. The Federal Government determines the term of office, the duties, powers, and rights, and the compensation of Senators and Representatives. It determines their apportionment to the several States. It is a Federal election to choose Federal officers by Federal electors. (Ex parte Yarbrough, 110 U. S. 651, 28 L. Ed. 274; Felix *v.* United States, 186 Fed. 685.) Congress has already fixed the time for congressional elections. (U. S. C. A., title 2, sec. 7.) Nothing is left to the States except through their legislatures to fix the places of election. As in the case now before the court, so in the Schrader case, this was done by districting the State. It does not seem to be either an inherent and reserved power of the people of the State, nor does it appear to be State legislation, subject to the State constitution."

1911 PROVISION HELD NOT TO APPLY

In Ex rel. Davis *v.* Hildebrandt (241 U. S. 565) it was held that the act of 1911 expressly modified the phraseology of previous acts by inserting a clause mainly intended to provide that where by the State constitution and laws the referendum was treated as a part of the legislative power the powers thus constituted should be held and treated to be the State legislative power for the purpose of creating congressional districts by law.

The provision so inserted, permitting the redistricting to be done by the State "in the manner provided by the laws thereof," permits a referendum under the laws of Ohio and substantially recognizes the referendum as a part of the legislature of that State. No such provision is contained in the present act.

The Hildebrandt case seems to hold that Congress has the constitutional power to control the method by which the State legislature may act, and may or may not subject its action to the referendum. If that be the true interpretation of that case, the Congress has now deliberately omitted any such requirement and reverted to the character of legislation in vogue prior to 1911, when no control over legislative method was attempted to be exercised. The Hildebrandt case is discussed in Hawke *v.* Smith (253 U. S. 221).

HOLD SUBSTANCE, NOT FORM, TO CONTROL

3. The fact that the legislature voted upon the subject matter in the form of a bill is not controlling. Form does not control. We look to the substance. They voted upon the particular measure. No one misunderstood. The issue was clear. They definitely gave their assent to and expressed their determination fixing definite lines, accomplishing the redistricting as they saw fit. They prescribed the districts within the meaning of said Article I, section 4. In short, they did what the constitution said they should do. Their action was effectual.

4. Appellant calls our attention to the fact that on seven occasions prior to voting upon the measure now under consideration the legislature of this State has made State and Federal reapportionments in the form of a bill for an act which was approved by the governor. We are of the opinion that such procedure as disclosed in appellant's brief is insufficient to support the claim of

practical construction. We are also of the opinion that since the matter here involved arises out of the Federal Constitution, and its meaning is so clear and the purpose is so apparent, the language being used in its ordinary meaning, that there is no room for the application of the doctrine of practical construction. (State ex rel. University of Minnesota *v.* Chase, 175 Minn. 259; State ex rel. Morris *v.* Wrightson, 22 L. R. A. 548.)

LEGISLATURE EXERCISING POLITICAL POWER

5. Dividing the territory into districts under Article I, section 4, involved discretion, a discretion the extent of which can not be well defined; a discretion on the part of the legislature, not on our part. If the provisions of the 1911 act were still in force, as contended, and serving as a command as to how the duty should be performed, we would be required to hold that the court could interfere only where such discretion is plainly and grossly abused. It is our function to review questions of law and not to revise official action involving the exercise of discretion. We are not to say whether the division is the best that could have been made, but whether the legislature proceeded according to legal rules.

The legislature in this matter was exercising a political and discretionary power granted by the Federal Constitution for which the members are amenable to their constituents.

How nearly equal in population such districts may be made in actual practice must depend largely upon the integrity of the legislature; and we find nothing in the record authorizing our interference, even upon the hypothesis that the rule of conduct, as contained in the act of 1911, still prevails. (State ex rel. Meighen *v.* Weatherill, 125 Minn. 336; Donovan *v.* Suffolk County, 225 Mass. 55, 2 A. L. R. 1334; People ex rel. Carter *v.* Rice, 135 N. Y. 473; People ex rel. Woodyatt *v.* Thompson, 155 Ill. 451; In re Baird, 142 N. Y. 523; State ex rel. Warson *v.* Howell, 92 Wash. 540; Wise *v.* Bigger, 79 Va. 269, 2 A. L. R. 1337 Anno.) Though a case might arise that would require our disapproval this does not seem to be such.

6. However, as already stated, we hold that the act of 1929 wholly replaces the act of 1911, and that the authority so given by Article I, section 4, is unrestricted, unlimited, and absolute. That is, the authority is not hampered by requiring the duty to be performed in any particular manner.

The law does not prescribe any rule of conduct controlling the performance of the duty imposed. Under such circumstances in administrative and political affairs and in the absence of constitutional limitations, the action of the legislature is beyond the reach of the judiciary. We have no right to and hope to refrain from putting up our opinion against the opinion of those in whom the exclusive right to redistrict has been lodged. Under the circumstances we simply have no control over the legislature. (Richardson *v.* McChesney, 128 Ky. 363; 129 A. L. R. 299; State ex rel. Morris v. Wrightson, 22 L. R. A. 548; 2 A. L. R. 1337 Ann.)

7. It is claimed that H. F. 1456 is so unfair and the districts are so unequal in population that the redistricting is in violation of the fourteenth amendment to the Federal Constitution. A part of the argument is that two voters in the same district have the same power as three voters in another of the districts. The specific claim seems to be that the alleged violation of this amendment relates to the provision that "no State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States." It seems sufficient to say that while the Constitution does not define the "privileges and immunities" of citizens, the right of suffrage is not one of them. Nor did the fourteenth amendment add to the "privileges and immunities" of a citizen. (Minor *v.* Happersett, 21 Wal. 717; Pope *v.* Williams, 193 U. S. 632.) We believe the argument advanced is fallacious and untenable, and are of the opinion that the fourteenth amendment is in no way violated.

Affirmed.

Dissenting opinion

(By Justice Dibell)

My view is that the apportionment of the State into congressional districts must be by legislation. Nor am I satisfied that if it is otherwise H. F. No. 1456, passed by the house and senate and returned to the house by the governor as a vetoed bill, and by its resolution ordered deposited with the secretary of state, without other action thereon, and without action by the senate, constituted an effective apportionment.

(By Justice Stone)

I can not agree that, because in its assigning administrative or political functions to State legislatures the constitution excludes all other State agencies, the same conclusion is forced where, as in Article I, section 4, a specific lawmaking task is vested in them. Judgment based only upon identification of the agency selected ignores the more important factor of the kind of action demanded.

Administrative and political action proceed in their own way and subject to their own peculiar limitations. Legislative act in lawmaking is something very different, especially in a Republic.

The necessity of submitting the result to executive approval or veto and the right to pass over a veto (although not found in all States) have from the beginning been characteristic of American constitutional government. Few other subjects gave the Constitutional Convention so much difficulty. Its members considered that the power of any legislature to make laws might wisely be subjected to a qualified executive veto. They so conditioned the lawmaking power of Congress. It could well have been contemplated, therefore, that while any other kind of action would be by the legislature alone, the purely legislative function of lawmaking would be subject to conditions imposed by the State constitutions.

LEGISLATURES BUT SPEAK FOR STATES

Wanted in every such case is State action. (McPherson *v.* Blacker, 146 U. S. 2, 36 L. ed. 869.) The legislatures but speak for the States. The manner of their speaking naturally is that best suited or ordinarily resorted to for disposing of the matter in hand. If the latter requires lawmaking, then lawmaking of the ordinary kind and in the ordinary way must be contemplated.

That the convention was conscientiously dealing with a lawmaking function in Article I, section 4, is clear. The idea is suggested in the word "prescribed." It is confirmed by the grant to Congress of the power "by law" to make or alter regulations made by the States. "The times, places, and manner of holding elections" are not only appropriate to be dealt with by lawmaking, but also wholly inappropriate to any other process. So I can not conceive that the intention was any other than that the task assigned should be performed by ordinary State legislation. Any restriction of State power to subject the lawmaking of its own legislature to executive veto must rest on remote and unnecessary implication and so there is no such restriction.

Because under American theory the people themselves are the source of all governmental powers and the Federal Constitution but a grant of some, there is merit in the reasoning of the judges in State ex rel. Schrader *v.* Polley (28 S. Dak. 5, 127 N. W. 848). We never think of any reserved power of the States as one granted by the Federal Constitution to the new Government, and as immediately regranted by the same instrument to the States. But without bothering over mere language, the power now in question was plainly vested and confirmed in the State legislatures however constituted.

QUOTES FROM JUDGE ON BASIC LAW

So far the provision was satisfactory to the States at the time. But Judge Story tells us the whole section "was afterwards assailed by the opponents of the Constitution, both in and out of the State conventions, with uncommon zeal and virulence. The objection was not to that part of the clause which vests in the State legislatures the power of prescribing the times, places, and manner of holding elections, for so far it was a surrender of power to the State governments. But it was to the superintending power of Congress to make or alter such regulations." Story on the Constitution (4th ed.), section 814. There is no difference of substance between the South Dakota view that the power was "reserved" by the State governments and that of Judge Story that it was surrendered to them. They agree that the power remained in the "State governments."

Had the State conventions, or any single member of any of them, considered any other view tenable, the debates would show it. The "uncommon zeal and virulence" of the opponents of adoption were such that not even slight and technical objections to the new National Government were overlooked. This one, if anyone had thought of it at all, would have been made much of, for the whole fight on the Constitution was grounded on its effect as a surrender of State power.

REFERS TO OPINION OF CHIEF JUSTICE WHITE

McPherson *v.* Blacker, supra, is helpful only by contrast. The power there involved of the State legislatures in the selection of presidential electors was not legislative but political in character. Ohio ex rel. Davis *v.* Hildebrandt (241 U. S. 565, 60 L. Ed. 1173), seems to me decisive of the main question. The power of Congress principally discussed was that to decide what is republican government, within the constitutional guaranty thereof to the States. It is to that alone that Mr. Chief Justice White directed most of his reasoning dealing with the powers of Congress.

It was considered plain that, assuming the power had been invoked, that Congress had recognized, in the act, 1911, that the referendum did not introduce any such "virus" as to make the Ohio State government other than republican. It was not held that Congress had any power whatsoever to make or unmake the referendum as a part of the State legislature as meant by Article I, section 4.

On the contrary, the States are repeatedly referred to, in respect to their functions under that section, as acting "through their legislative authority" or as exercising "State legislative power for the purpose of creating congressional districts by law." That is, "legislative" as used in Article I, section 4, was considered synonymous with "the legislative power" of the States. Hence, it was concluded the involved redistricting act was properly subject to veto by referendum under the Ohio constitution.

THAT CONCLUSION IS IMPOSSIBLE UNLESS ARTICLE I, SECTION 4, INVOKES THE WHOLE LEGISLATIVE POWER OF THE STATES

In that assertion I do not overlook the discussion by the court of the act of Congress of 1911 and its effect, "in so far as Congress had power to do" it, of recognizing the validity of a referendum on a State redistricting act. The limitation, "in so far as Congress had power to do," is significant. Whatever power is possessed by the States or their legislatures has been the same ever since the Constitution was adopted. The exercise of that power is subject to supervision (Ex parte Siebold, 100 U. S. 371, 25 L. Ed. 7), but the grant of it not to modification by Congress. That body can no more modify or impose new conditions on the constitutional confirmation of State power than it can amend the grant of

its own. So it can not say how or by whom the State power shall or may be exercised. It can not say of what a State legislature may or may not consist for the purpose of its exercise.

DECLARES POWER OF CONGRESS LIMITED

Congress may "by law" make its own "regulations" or alter those of the States. It can not say either that the State regulation shall or shall not be subject to veto by executive or people. That would be to amend the constitutional confirmation of power in the State legislatures which has always meant either that their power was or was not subject to such veto. The act of Congress of 1911, while it could not change the Constitution, could and did construe it. The interpretation was that the whole legislative power of the State was invoked, the referendum to be or not to be a part of it as determined by the fundamental law of each State.

If, as we now decide, the term "legislatures" as used in Article I, section 4, does not refer to the legislative power of the State, however exercised, but is confined to the members of the legislatures as such, and so excludes executive veto, it equally excludes veto by referendum, and both the opinion of Congress and the decision in the Hildebrandt case are wrong.

That case was distinguished in Hawke *v.* Smith (255 U. S. 221, 64 L. Ed. 871). An Ohio referendum was again in question. It was held without effect on the ratification by the legislature of an amendment to the Federal Constitution. The argument that to require approval by referendum was simply one for ratification by the legislative action of the State was considered "fallacious in this—ratification by the State of the constitutional amendment is not an act of the legislature in the proper sense of the word. It is but the expression of the assent of the State to the proposed amendment.

HILDEBRANDT CASE IS DISTINGUISHED

The Hildebrandt case was considered "inapposite" because, first, as said there, "Congress had itself recognized the referendum as part of the legislative authority of the State for the purpose stated." (As already shown, Congress could not make or unmake the referendum as part of the legislative power of the State for that or any other purpose. The most it could do was to recognize, as it did by the act of 1911, that it was part of the legislative process in some States.) The court went on to say next:

"It was held (in the Hildebrandt case) * * * that the referendum provision of the State constitution, when applied to a law redistricting the State with a view to representation in Congress, was not unconstitutional. Article I, section 4, plainly gives authority to the State to legislate within the limitations therein named. Such legislative action is entirely different from the requirement of the Constitution as to the expression of assent or dissent to a proposed amendment to the Constitution. In such expression no legislative action is authorized or required."

We are dealing now with legislative actions. It is established that, if required by a State constitution, the referendum is a part of the legislative process. It must be equally true that, when made so by a State constitution, executive approval and veto are parts of the same process and so not excluded by Article I, section 4.

I can not concur either in putting aside so easily the argument that there has been a persuasive, if not a controlling, practical construction contrary to the conclusion of the majority. It is always easy for a court to remove a case from the reach of any sort of construction simply by asserting a lack of room for it. The contrary opinion of the court of last resort of our sister State of South Dakota is enough to make a real question.

The comment already cited from Judge Story shows that the State ratifying conventions considered that the power concerning times, places, and manner of electing Congressmen was left to untrammeled State action, except for the superintending function of Congress. The latter was all they objected to.

CONTENDS ACTION IS A PRECEDENT

Without adequate historical search, my impression is that never heretofore has there been serious question that the States have the whole power of legislative action in the matter, except as Congress may make its own regulations or alter those of the States. Minnesota is but one of many States—all of them so far as I know—where congressional redistricting has been always by ordinary statute.

The present Chief Justice of the United States when Governor of New York expressed himself on the subject of congressional redistricting to an extraordinary session of the legislature in 1907 as follows:

"It is not my purpose to propose a particular plan of apportionment. It is the function of the legislature to formulate such plan and submit it in a suitable bill for executive action." (Public Papers, New York, July 8, 1907, p. 52.)

Congress has always assumed that congressional redistricting could be by ordinary State legislation participated in by the executive through the right of veto where required by fundamental State law. That it has considered also that such legislation may be subject by State law to veto by referendum is plain from the act of 1911 and the debates concerning it (47 CONGRESSIONAL RECORD, 3436, 3437, 3507).

One thing more. Our legislature thought that it was proceeding in the ordinary way by "A bill for an act" which, before becoming effective as law, would need approval by the governor unless passed over his veto. As such and not otherwise it was submitted to him. Only the lower house, after his veto and in default of repassage, ordered the measure filed with the secretary of state.

DOUBTS LAW EXEMPT FROM STATE PROVISION

It strikes me that we ought not so far to disregard the intention of our own legislature as to say that its purpose was other or different from what so plainly appears; that is, to enact State law in the ordinary fashion but first to subject it to executive disapproval. So possibly we do not have before us the question that would arise had the legislature intentionally proceeded independently of the governor. The scope of their action they themselves define so plainly as to negative that intention. They attempted only to enact a State law. I question whether we can exempt it from any of the applicable provisions of our State constitution.

As to the substance of the measure, I agree that we can not hold it a transgression of legislative power. I agree also that the act of Congress of 1911 is wholly superseded by the one of 1929.

For the reasons above given, I think that the order appealed from should be reversed.

DECISION OF JUDGE GUSTAVUS LOEVINGER, OF THE DISTRICT COURT OF RAMSEY COUNTY, MINN., ON JUNE 11, 1931

STATE OF MINNESOTA,
County of Ramsey.

District court, second judicial district—The State of Minnesota, upon the relation of W. Yale Smiley, petitioner and relator, *v.* Mike Holm, as Secretary of State of the State of Minnesota, St. Paul, Minn., respondent

This matter came on for hearing before this court as a special term held on the 16th day of May, 1931, in the courthouse in Ramsey County, Minn., on the demurrer of the respondent to the petition of the petitioner and relator.

The petitioner appeared in person and by George T. Simpson and John A. Weeks, his attorneys; the respondent appeared by Henry N. Benson, attorney general of the State of Minnesota, and W. H. Gurnee, assistant attorney general.

After hearing the arguments and upon all the files, records, and proceedings herein, it is ordered that said demurrer be sustained.

Dated June 11, 1931.

GUSTAVUS LOEVINGER,
Judge of the District Court.

MEMORANDUM

Prior to the Fifteenth Census the State of Minnesota was entitled to 10 Representatives in Congress and had been divided into 10 congressional districts, in each of which one Representative was elected. Under the Fifteenth Census, taken in 1930, and the provisions of the congressional act of June 18, 1929, section 22a, the number of Representatives in Congress from Minnesota was reduced to nine. The State legislature in April, 1931, in the usual manner passed a bill for an act, known as House File No. 1456, dividing Minnesota into nine congressional districts, from each of which a Representative in Congress was to be elected in the next congressional election.

When this act was presented to the governor for his approval or disapproval he returned it to the legislature with his veto because of its alleged inequalities. The legislature as a whole took no further action, but the house of representatives passed a resolution ordering the bill to be filed with the secretary of state as a part of the permanent records of his office.

The secretary of state received and filed the act of the legislature, treating it as valid legislation, and received the filing fee of a candidate from one of the congressional districts for election as Representative.

SECRETARY OF STATE DEMURS TO PETITION

The petitioner herein attacks the act as invalid and seeks to enjoin the secretary of state from accepting any more filing fees and to compel him to return the filing fee already received. The secretary of state demurs to the petition.

Article I, section 4, of the Federal Constitution reads:

"The times, places, and manner of holding elections for Senators and Representatives shall be prescribed in each State by the legislature thereof; but Congress may at any time by law make or alter such regulations except as to the places of choosing Senators."

Article 4, section 1, of the Minnesota State constitution reads:

"The legislature shall consist of the senate and house of representatives, which shall meet biennially at the seat of government of the State."

Article 4, sections 11 and 12, of the Minnesota State constitution provides:

"Every bill which shall have passed the senate and house of representatives in conformity to the rules of each house and the joint rules of the two houses shall, before it becomes a law, be presented to the governor of the State. If he approves, he shall sign and deposit it in the office of the secretary of state for preservation and notify the house where it originated of the fact; but if not, he shall return it with his objections to the house in which it shall have originated."

Thereafter the legislature shall proceed to reconsider the bill, and if after such reconsideration two-thirds of the legislature approve of the bill it shall become a law. It is further provided:

"Every order, resolution, or vote requiring the concurrence of the two houses (except such as relate to the business or adjournment of the same) shall be presented to the governor for his signature, and before same shall take effect shall be approved by him or, being returned by him with his objections, shall be repassed by two-thirds of the members of the two houses according to the rules and limitations prescribed in case of a bill."

Article 4, section 23, of the Minnesota State constitution reads:

"The legislature shall provide by law for an enumeration of the inhabitants of this State in the year 1865 and every tenth year thereafter. At their first session after each enumeration so made and also at their first session after each enumeration made by the authority of the United States the legislature shall have the power to prescribe the bounds of the congressional, senatorial, and representative districts and to apportion anew the senators and representatives among the several districts according to the provision of section 2 of this article."

Article 5, section 2, relates to the apportionment of representation in the two houses composing the State legislature, but is not pertinent to the issues involved in this litigation.

On August 8, 1911, Congress, pursuant to its authority, under Article I, section 4, of the Federal Constitution, enacted a law requiring that the States be redistricted under the Thirteenth Census, being the census of 1910, "in the manner provided by the laws thereof," in contradistinction to the phrase used in the Federal Constitution, "by the legislature thereof."

The redistricting act as passed by the Minnesota Legislature instead of so dividing the State that the congressional districts shall be contiguous and compact, and that each of them shall contain approximately 283,000 inhabitants, provided that the fifth congressional district, including portions of the city of Minneapolis, shall contain a population of 344,500, the seventh congressional district shall contain 326,391, whereas the first congressional district contains only 228,596. It is also claimed that territorially the districts are not "compact."

PETITIONER CONTENDS THAT ACT IS INVALID

Shall the demurrer be sustained? The answer involves a determination (1) whether the word "legislature" as used in article 1, section 4, of the Federal Constitution means merely the members meeting at a stated time as contemplated by article 4, section 1, of the State constitution, or whether it means the entire legislative power of the State, including the power of the governor to veto, and the consequent invalidity of any law not passed over his veto by a majority of two-thirds; (2) whether under article 4, section 23, of the State constitution the power to redistrict the State into congressional districts is specially conferred upon the State legislature and that the general provisions in article 4, sections 11 and 12, as to the governor's veto do not apply; (3) whether or not the congressional act of August 8, 1911, or any part of it is still in force and applicable; and (4) whether the alleged numerical and territorial inequalities in house file No. 1456, also known as the redistricting act, authorize the court in declaring it null and void.

It is the contention of petitioner Smiley, a citizen, taxpayer, and voter, that the redistricting act is invalid because after its veto by Governor Olson the State legislature failed to pass it over his veto by the two-thirds vote required for the validity of all State legislation which has been vetoed under the State constitution, article 4, sections 11 and 12.

This contention is based upon the claim, first, that the term "legislature" as used in Article 1, section 4, of the Federal Constitution means the legislative power of the State as constituted under the State constitution, including not only the bicameral deliberative body ordinarily called the legislature but also the governor when he is a part of the legislative power through the veto and including the people themselves when by initiative or referendum they participate in the exercise of legislative power; and, secondly, that the act of August 8, 1911, is still in force and requires any redistricting act in Minnesota to be enacted according to the laws of Minnesota. He contends, further, that the inequalities in the redistricting act are so great that the court is authorized to and should declare it null and void.

LEGISLATURE VESTED WITH SPECIAL POWER

The respondent, Mike Holm, secretary of state, appearing by the attorney general of the State, contends that the redistricting act is in full force and effect, for the reasons that, first, the term "legislature" as used in the portion of the Federal Constitution under examination applies to the body created and described in article 4, section 1, of the State constitution as the legislature; secondly, that the redistricting of the State for congressional elections is a special power vested exclusively in the State legislature by article 4, section 23, of the State constitution and is not subject to gubernatorial veto; thirdly, that the congressional act of August 8, 1911, is no longer in force; and, fourthly, that the alleged inequalities in the redistricting act present a political or legislative but not a judicial question.

1. The word "legislature" is used 11 times in the Federal Constitution and five times in its amendments. In the following instances the context leaves scarcely any room for doubt about the meaning attached to the term; the bicameral body, holding sessions periodically, seems to be indicated:

(1) Article I, section 2, clause 1, and (2) Amendment XVII, clause 1, providing that the qualifications for electors for Representatives in Congress and for United States Senators, respectively, shall be the same as the qualifications for electors in State elections for members of the most numerous branch of the State legislature;

(3) Article I, section 3, clause 2, and (4) Amendment XVII, clause 2, providing, respectively, in the former that the executive may appoint a Senator to fill a vacancy until the next meeting of the legislature and in the latter he may fill the vacancy if empowered by the legislature until the people fill it by an election;

(5) Article IV, section 3, providing that the United States shall protect each State against domestic violence on the application of the legislature or of the executive (when the legislature can not be convened);

(6) Article VI, clause 3, requiring that the members of the several State legislatures shall be bound by oath to support the Federal Constitution, and (7) Amendment XIV, section 2 and (8) section 3, referring to members of State legislatures.

In addition to the foregoing, the case of Hawke *v.* Smith (253 U. S. 221, 231; 40 S. Ct. 495, 498, 64 L. Ed. 871) enumerates the following uses of the word "legislature" as having reference to the bicameral body and not to the legislative power of the State.

(9) Article I, section 3, clause 1, providing for the choosing of United States Senators by the legislature of the States.

(10) Article I, section 8, clause 17, providing for the purchase by the United States of places for public purposes by the consent of the legislatures of the States in which the same shall be.

(11) Article IV, section 3, clause 1, providing that no State shall be formed by the junction of two or more States or parts of States without the consent of the legislatures of the States concerned.

(12) Article V, providing for the ratification of amendments to the Federal Constitution by State legislatures.

The word "legislature" appears in four other places in the Federal Constitution and its amendments.

CITES CASES BEARING ON LEGISLATIVE ISSUE

(13) Article V, in addition to providing for the ratification of an amendment to the Constitution by the legislatures of three-fourths of the several States, also provides in the same sentence that Congress, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments. The language and the purpose of these two provisions, the one bearing on the application by the legislature for a convention to frame proposed amendments, and the other on the ratification by the legislature of the proposed amendments, are so similar, the only difference being that the former requires only two-thirds of the legislatures while the latter calls for three-fourths of the legislatures, it seems supererogatory to say that the term "legislature" must mean the same in both parts of this article. Any other construction is not likely to be claimed.

(14) Article II, section 1, clause 2 of the Federal Constitution reads:

"Each State shall appoint, in such manner as the legislature thereof may direct, a number of electors equal to the whole number of Senators and Representatives to which the State may be entitled in the Congress."

These electors are to elect the President. This clause was under consideration in two cases, Re Opinion of the Justices (Me.) (107 Atl. 705, 5 A. L. R. 1407) and McPherson *v.* Blacker (146 U. S. 1, 36 L. Ed. 869).

The precise point in the Maine case was whether an act of the legislature granting women the right to vote for presidential electors was within the operation of a constitutional amendment requiring submission to the voters, upon request, of any act, bill, resolve, or resolution passed by the legislature. This involved the construction of the term "legislature," as used in this portion of the Federal Constitution.

The justices of the State of Maine held that the clause there being considered clothed each State with the absolute power to appoint electors in such manner as it may see fit without any interference or control on the part of the Federal Government, and that the clause "in such manner as the legislature thereof may direct," simply means that the State shall give expression to its will as it must of necessity through its lawmaking body—the legislature.

And it further held that the act of the legislature must be passed and become effective in accordance with and in subjection to the constitution of the State, like all other acts and resolves having the force of law.

Although this is the pivotal point in the case, it is not supported by the citation of any authorities nor amplified by reasoning. The opinion is not persuasive. The effect of the opinion is that the term "legislature," as used in Article II, section 1, clause 2, is struck out and the word "State" is substituted. It holds that the use of the expression "in such manner as the legislature thereof may direct" is not a limitation on the power of the State to control the legislature. It makes use of these words meaningless and surplusage.

DECISION IN MICHIGAN CASE QUOTED IN ACTION

In the second case in which this clause of the Constitution was under scrutiny, the McPherson case cited above, the question was whether the Legislature of the State of Michigan could direct that presidential electors be elected from district coterminous with congressional districts or whether they had to be appointed at large. On the one hand, it was claimed that since the appointment was made by the State it had to act as a political entity on each elector, and the provision for election from districts was in violation of Article II, section 1, clause 2. In opposition thereto it was claimed that since the appointment was to be made as the legislature directed, its discretion was unlimited. The Supreme Court in the course of its opinion said (36 L. Ed. at p. 874):

"The clause under consideration does not say that the people or the citizens shall appoint, but that 'each State shall'; and if the words, 'in such manner as the legislature thereof may direct' had been omitted, it would seem that the legislative power of appointment could not have been successfully questioned in the absence of any provision in the State constitution in that regard. Hence the insertion of these words while operating as a limitation upon the State in respect of any attempt to circumscribe the legislative power can not be held to operate as a limitation on that power itself."

The determination of the issues in the McPherson case did not require a definition or interpretation of the term "legislature" as there used, but it did decide that the use of the word "legislature" was not surplusage; that ordinarily the legislature has unlimited legislative power and if there is nothing in the State constitution to the contrary the act of the legislature is the act of the State through its legislative power; and it seems to hold that the insertion of the phrase "in such manner as the legislature thereof may direct" is not a limitation on the power of the legislature but is a limitation on the State in respect to any attempt to circumscribe the legislative power of the legislature by constitutional limitations on that power.

The opinion of the justices of Maine is not in harmony with the apparent holding of the United States Supreme Court in the McPherson case. The latter case is not only controlling as authority but is sounder in its reasoning.

(15) Attention is also called to Amendment XVII, clause 2, in which an election to fill a senatorial vacancy is contemplated "as the legislature may direct." In the first clause of this amendment the word "legislature" from the context defines itself. In the second clause the juxtaposition of "legislature" and "executive" certainly gives strong color to the view that the word "legislature" is used in its obvious and organic sense.

The deliberate choice of the words "the legislature of any State," rather than the words "the State" or the words "the State by law," tend to show that the legislature and not the legislative power is meant. Hence one must conclude that the term "legislature" used in the last line of the same clause can hardly have been used in any different sense. Nor should it be forgotten that the seventeenth amendment came in response to a demand for the popular election of Senators after the courts had declared that under Article I, section 3, clause 7, of the Federal Constitution, providing for the election of Senators by State legislatures, the power of the State legislature was exclusive and not subject to the control of State constitutions.

SOUTH DAKOTA CASE INVOLVES REDISTRICTING ACT

(16) This disposes of all references to the State legislature in the Federal Constitution adversely to the claims of petitioner except Article I, section 4, clause 1. This clause was construed in two State and one Federal decision. The first in point of time was the case of State ex rel. Schrader *v.* Polley (1910) (26 S. Dak. 5, 127, N. W. 848). In that case the question involved was whether a redistricting act passed by the legislature of the State of South Dakota was valid before it was submitted by referendum to the people as required by the constitution of the State.

The court held that the act of the legislature was not valid until it was so submitted. It placed its opinion upon the ground that the redistricting act of the State legislature is in all things the same as any other law, that it is subject to the same constitutional limitations as to the manner of passage, approval, veto, and referendum as any other law that may be passed by the legislature.

It bases its decision upon the opinion that no power to divide the State into congressional districts was ever delegated to the legislature of the State by Article I, section 4, of the Federal Constitution. It holds that this clause of the Constitution does not delegate the power to the State legislature or to the State itself to regulate such elections, because the State already in its sovereign capacity possessed that power and that the Federal Constitution simply left that power with the State, where it already reposed.

The court goes further and holds that the word "legislature" as used in this part of the Constitution does not mean simply the members who compose the legislature acting in some ministerial capacity, but refers and means the lawmaking body or power of the State as established by the State constitution and which includes the whole constitutional lawmaking machinery of the State.

It appears to this court that the learned Supreme Court of South Dakota erred in assuming that a State legislature in providing for the time, place, and manner of electing Representatives in Congress is exercising a power reserved to the people of the State of South Dakota and inherent in them without regard to the grant of power in the Federal Constitution.

There can be no inherent power in the people of South Dakota to legislate for anyone except themselves. There can be no inherent power in the people of the State to adopt a Federal Constitution or to amend the Federal Constitution which is to govern the inhabitants of other States and Territories. As a matter of fact, that Constitution may be amended and they may be subjected to the effects of such amendment without their consent and contrary to their expressed wishes.

INHERENT POWERS OF STATE AND NATION DISCUSSED

The Representatives in Congress are officers of the Federal Government. They legislate for all the people of the United States. They govern the District of Columbia, the Territory of Alaska, and the island possessions of the Nation. It does not sound plausible that any State may claim that it has inherent power or control over legislative, executive, or judicial officers who are performing exclusively Federal functions.

The State does not have inherent power to determine who shall vote in a Federal election, whether it be for President, Senators, or Representatives. The right to vote in such an election is derived from the Federal Constitution exclusively. The Federal Government determines the terms of office, the duties, powers and rights, and the compensation of Senators and Representatives. It determines their apportionment to the several States. It is a Federal election to choose Federal officers by Federal electors. (Ex parte Yarbrough, 110 U. S. 651, 28 L. Ed. 274; Felix *v.* U. S., 186 Fed. 685.)

Congress has already fixed the time for congressional elections. (United States Code, Annotated, title 2, sec. 7.) Nothing is left to the States except through their legislature to fix the places of election. As in the case now before the court, so in the Schrader case, this was done by districting the State. It does not seem to be either an inherent and reserved power of the people of the State, nor does it appear to be State legislation subject to the State constitution.

The same clause came up for judicial consideration next in Ohio, in State ex rel. Davis *v.* Hildebrandt (94 Ohio, St. 114 N. E. 55). The question there involved the validity of a redistricting act duly passed by the State legislature, approved by the governor but rejected by the people in a referendum vote.

The Supreme Court of Ohio held the act invalid upon two grounds; first, that under the congressional act of August 8, 1911, the redistricting of States under the Thirteenth Census was to be done "in the manner provided by the laws thereof" (United States Code, Annotated, title 2, sec. 4); and, secondly, that the expression "legislature," as used in Article I, section 4, of the Federal Constitution meant the legislature of the State subject to all the provisions and limitations of the State constitution, including the governor's veto and popular referendum.

The reasoning upon the second point was similar to the Schrader case and other cases referred to and overruled by Hawke *v.* Smith (253 U. S. 220, 64 L. Ed. 871, 10 A. L. R. 1504). The case was appealed to the United States Supreme Court. (Ohio ex rel. Davis *v.* Hildebrandt, 241 U. S. 565, 60 L. Ed. 1172.) The Supreme Court of the United States decided this case on three grounds.

(1) The decisions of the State supreme court on what constituted valid legislation under the State constitution and laws was conclusive on the Federal Supreme Court; (2) the attack upon the decision of the State supreme court holding the State redistricting law to be invalid because not passed as required by the congressional act of August 8, 1911, is without merit; and (3) the contention that to include the referendum within the State legislative power for the purpose of apportionment is repugnant to Article I, section 4, even if sanctioned by Congress, because based on the assumption that the referendum annihilates representative government is without substance.

It is clear that this case does not undertake to define the meaning of the term "legislature" as used in Article I, section 4, nor does it decide that under this section, in the absence of congressional regulation, a redistricting of the State under a congressional reapportionment by the State legislature is void unless done in accordance with the State constitutional requirements. All that was actually involved and decided so far as pertinent here is that the congressional act of August 8, 1911, directed the State to be redistricted according to State laws rather than by the State legislature and that the attempted redistricting of the State of Ohio by the State legislature was ineffectual because not done according to its legal requirements.

CONSTITUTIONALITY OF LAW IN OHIO CASE CONCEDED

The clause now under discussion came under the judicial eye of the United States Supreme Court again a little later in the case of Hawke *v.* Smith above referred to. The court referred to Article I, section 4, in order to answer the argument that the Hawke *v.* Smith case in holding that the State legislature, unhampered by State constitutional provisions, has the exclusive power to ratify an amendment to the Federal Constitution was inconsistent with the Davis *v.* Hildebrant case.

The opinion points out that the two cases are inapposite. The Davis *v.* Hildebrant case construed an act of Congress. The act itself, it was pointed out, recognized the referendum as part of the legislative authority of the State for the purpose stated. The constitutionality of the Ohio law was conceded.

No case has been called to the court's attention or been found by the court after diligent search in which the word "legislature" as used in any State constitution or in any State or Federal law was ever construed as meaning the legislative power of the State or the entire legislative machinery of the State.

Those cases which construe the word "legislature," as used in the Federal Constitution, to mean the legislative power of the State, do it upon the theory either that the power exercised is not dependent on the Federal Constitution but is a power reserved to and inherent in the people of the State to be exercised as they see fit (Schrader *v.* Polley) or that whenever the legislature acts, whether under State or Federal authority, it can act only in the manner contemplated by the State constitution from which alone it gets its potency. (State *v.* Hildebrant, 114 N. E. 55.)

The untenability of both these views is conclusively established in the Hawke *v.* Smith case by the United States Supreme Court, unless an inference may be drawn that the framers of the Constitution used the word in two different senses and a distinction can be made between its use in Article I, section 4, and perhaps Article II, section 1, and its use in other parts of the Constitution.

It is claimed this very distinction was made in Hawke v. Smith (253 U. S. 220), in the following language:

"Article I, section 4, plainly gives authority to the State to legislate within the limitations therein named. Such legislative action is entirely different from the requirement of the Constitution as to the expression or assent or dissent to a proposed amendment to the Constitution. In such expression no legislative action is authorized or required."

It is contended on behalf of petitioner that by this language the Supreme Court of the United States distinguishes between the use of the word "legislature" in Article V and its use in Article I, section 4, and construes the latter as the equivalent of the legislative power of the State, while the former means the bicameral body.

USE OF WORD "LEGISLATURE" IS BASIS OF ARGUMENT

It is quite true that in ratifying an amendment the legislature frames no legislation; an affirmative vote has no effect unless and until a sufficient number of other legislatures have concurred, and the effect of the amendment is not limited to the geographical jurisdiction of the legislature, whereas in prescribing the places of a congressional election the legislature not only votes but frames the legislation; its affirmative vote is at once effective and its effect is limited to the State. But this functional distinction does not hold good as to powers given to or duties put upon the State legislature in other parts of the Constitution.

Thus, in applying to Congress for a constitutional convention in consenting to the sale of land to the Government and in consenting to the forming of a new State cut of portions of its own territory, it must draft appropriate legislation, must deliberate upon it, must vote upon it, and to some extent at least its actions go into effect at once and are limited in territorial consequences to their own States.

In all these respects, as well as in directing how a senatorial election shall be held, it is legislating. But why should not the legislature legislate in performing Federal powers or functions? Is it to be assumed that the framers of the Constitution used the word "legislature" in its obvious and legally proper sense when they wanted it to perform nonlegislative functions, but as soon as they imposed on it functions more nearly legislative they did not mean the legislature at all?

As a matter of fact, the language of the Supreme Court last above quoted is technically correct, for if the entire fourth section of Article I be construed in the light of legislative power granted not only to the State legislature but also to Congress, the result is ample power in the State to legislate. But the statement there made must be construed with reference to the subject under discussion, namely, the situation in the case of State v. Hildebrandt, as distinguished from the situation in the case of Hawks v. Smith.

In the latter the act of the legislature was clearly distinguishable from legislation and hence not comparable to a legislative act of redistricting. But it does not follow because a "State" has the legislative power to enact a redistricting measure "within the limitations" of Article I, section 4, that the word "legislature" as there used means the legislative power of the State, or that the court intended to be so understood.

That in many places the Constitution uses the word "legislature" in its organic, bicameral sense, is established textually and judicially. Before the court can reach the conclusion that the same word was used in a fundamentally different sense in one or two instances in the same instrument, something more than a mere difference in the character of the services to be performed should appear. The intent should be apparent from the instrument. It should not be necessary to be read into it by a process of interpretation and interpolation.

POWER OF LEGISLATURES IN PRESCRIBING ELECTIONS

Another coincidence which ought to be given weight is the fact that Article I, section 4, requires the legislature in the same clause and by the same grant to prescribe the times, places, and manner of "holding elections for Senators and Representatives." But the legislature alone, unhampered by State constitutions, voted for Senators. Naturally, it alone was interested in the time, place, and manner of exercising its power of voting for Senators. Not even Congress could tell the legislature at what place it should vote for Senators.

Yet, if the contention of the petitioner is sound, then the Constitution uses the same word at the same time in two senses, in the sense of the legislature when it fixes the place or the time or the manner for its vote on Senators, and in the sense of the legislative power of the State when it fixes the time, the place, or the manner of voting for Representatives. The result once more demonstrates the difficulties in which the court becomes involved when it attempts to "interpret" a term contrary to its plain, usual, and obvious meaning.

As a further aid to interpretation, it may be well to check the soundness of the theory that the framers of the Constitution used the term "legislature" in its usual and obvious sense by an examination of the entire instrument. (U. S. v. Morris, 1 Curt. 23, 26 Fed. Cas. No. 15815; McPherson v. Blacker, 146 U. S. 1, 13, S. Ct. 3, 36, L. Ed. 868.) The framers of the Constitution referred to numerous rights to be exercised through various agencies.

They made use of the Congress, the legislature, the executive, the State, and did not fail to refer to "appropriate legislation by the State." There is no internal evidence that they used any of the terms employed inadvertently, inaccurately, or superfluously. (Holmes v. Jennison, 14 Pet. 540, 10 L. Ed. 579.) On the contrary, it has been called "an instrument of exact expression." (Myers v. S. S., 272 U. S. 52 (p. 233), 71 L. Ed. 160 (p. 214, subd. 17).) Upon this assumption every word and phrase must be given effect. (Blake v. McClung, 172 U. S. 239, 19 S. Ct. 165, 42 L. Ed. 432; Knowlton v. Moore, 178 U. S. 41, 20 S. Ct. 474, 44 L. Ed. 969.)

Thus, as the appropriate agency designated by the Federal Constitution, the legislature shall "choose" Federal Senators, "fill" senatorial vacancies, "prescribe" the time, place, and manner of holding elections for Senators and Representatives, and "direct" how the State shall appoint presidential electors. In the same capacity the legislature may "apply" to the United States for protection against domestic violence, "apply" to Congress to call a constitutional convention, "ratify" an amendment to the Federal Constitution, "consent" to the purchase of land from the State by the United States, "consent" to the formation of a new State out of portions of its own territory.

But if a criminal escape from one State to another, the State harboring him must deliver him upon the demand of the executive of the State from which he fled (Art. IV, sec. 2, clause 3); if a vacancy occurs in representation from any State, the executive authority shall call an election to fill it (Art. I, sec. 2, clause 4); if a vacancy occurs in the senate, the executive may make temporary appointment (Art. I, sec. 3, clause 2); if the legislature can not be convened, the executive may ask for protection against domestic violence (Art. IV, sec. 4).

POWERS OF STATE AGENCIES ENUMERATED IN DECISION

And by contrast, when a State cedes territory to the United States (Art. I, sec. 8, cl. 17) or when it consents to surrender its equal representation in the Senate (Art. V), it acts in its corporate or full legislative capacity. So must the original States have acted prior to 1808 when they admitted the importation of such persons as they thought proper (Art. I, sec. 9). Each State reserves to itself authority to train and to appoint the officers of the State militia (Art. I, sec. 8, cl. 16). Amendment XVIII may be enforced by the State "by appropriate legislation." A State may ratify an amendment to the Constitution by a convention (Art. V) as well as by the legislature, although neither the State, nor its executive, nor a convention, but only "the legislature" may request that amendments be proposed. On the other hand, the restrictions or prohibitions put upon a State are never directed to its legislature or its executive but upon the State in its entire corporate capacity.

Moreover, it would seem as if the framers of the Constitution, wherever it was likely that the Federal Government would come in frequent contact with the State government or wherever it delegated or relied upon a State for the performance of one of the objectives of the Union, specified the agency within the State with which it would deal or on which it relied.

As vacancies in the Congress ought to be filled promptly, both the executive and the legislature were charged with duties and powers to fill them. The Government might often need grounds for public purposes within a State. The Constitution designated the legislature as the party to deal with. The relationship was different where the State ceded territory to the United States, hence no such designation. Since a special electorate was to elect the National President, a most important task, a special agency, the legislature was nominated to direct how the State was to appoint such electors.

The establishment of justice required the unquestioned right of extradition; hence, the proper State agency to demand a fugitive was designated, namely, the executive. It is interesting to note that if a slave escaped, merely his owner might make the demand for his surrender. (Art. IV, sec. 2, clause 3.) Another important purpose of the Union was domestic tranquillity; hence, the naming of the legislature and the executives as the proper parties to apply to for aid against domestic violence.

That amendments to the Constitution would be proposed was forecast. The National Government would be vitally interested in knowing with whom it is dealing; hence, Congress might refer the matter of ratification to State legislatures or direct the calling of State conventions. Loyalty to the Federal Government is of prime importance. The Federal Constitution was the supreme law. Positive duties were placed on the State legislature, the State executive, and the State judiciary under it.

Hence, they were all required to take an oath to support it. (Art. VI.) Nothing with reference to Federal elections was left exclusively to the States. It was too important to the life of the Nation; hence, the agency to prescribe the times, places, and manner of electing Senators and Representatives was definitely fixed as the State legislature. But lest it fail to act or act ill-advisedly, Congress, as in a number of other instances, was given supervision and control. (Art. I, sec. 4, clause 1; see for similar provision Art. I, sec. 10, clause 2.)

Another reason presents itself why the Constitution makers carefully and clearly designated the State agency to perform specified functions, free from local or popular interference or control.

NATIONAL GOVERNMENT MISTRUSTED BY STATES

The founders of the Government had but lately emerged from a war against a tyrannous sovereign in the shape of a king. They were intent on establishing a government in which, through checks and balances, tyranny would be impossible. They were creating a new sovereign, the people. It was still uncertain whether the new sovereign, if made incompetent by ignorance, or misled by demagoguery, or inflamed by passion, might not be as tyrannous as the old.

A new nation was being brought forth, conceived in new ideals and dedicated to a new governmental experiment. The States mistrusted the National Government. The Nation was not sure

of cooperation of the States. The people feared for their liberties and their leaders did not wholly trust the people. In fact, in the original Constitution very little was left to popular action. No Federal executive officer was elected by the people, nor did the States have any voice in the appointment of any Federal officer.

The President and Vice President were elected by a specially appointed body of men exactly equaling the number of Senators and Representatives in Congress, none of whom could hold any other Federal office. It was to be a small group exercising its independent judgment. Even these were not chosen by the people. No Federal judicial officer was elective, nor did the States have any voice in their selection. Federal Senators were to be elected by the State legislatures. They were to be an aristocracy in statecraft. It was feared the people might not choose Senators wisely. A legislature was more to be trusted with that task. In the selection of Representatives in Congress, and in that only did the people have a voice. In fact, the people are mentioned in the original Constitution only in the preamble and in Article I, section 2, clause 1. They were treated better in the amendments. (See amendments 1, 2, 4, 9, 10.)

But their active participation in the Federal Government in peace times prior to the extension of the ballot in senatorial elections by the seventeenth amendment and the popularization of the vote for presidential electors through political action was extremely limited. Not only were the people denied the elective franchise in the selection of all officials except Representatives in Congress but they were not even given the right to determine by what body, whether the legislature or a constitutional convention, an amendment to the Federal Constitution should be ratified.

In all but a very few of their possible dealings with the Federal Government the State was required to act through its legislature or its executive and not through its legislative power. In view of this attitude by the National Government toward the States it is not surprising to find that in the matter of fixing the times, places, and manner of electing Representatives in Congress the same caution was shown and the duty to prescribe regulations were definitely cast upon the State legislatures. Even the legislatures were subject to congressional surveillance, so great was the fear of popular opposition to the central Government.

PRINCIPLE OF JUDICIAL ACTION IS INVOLVED

It may be urged that in interpreting the Constitution one should not sacrifice the spirit to the letter; that where popular control over legislative action is concerned one should adopt a liberal rather than a strict construction; and that where important public policies are involved one should lean toward a broad rather than a narrow view. If a conclusion contrary to what is herein expressed could have been arrived at by the application of the foregoing principles of interpretation, the court would not have hesitated to make the application.

But the court believes that its action in this case is controlled by a different canon of interpretation, an even more important principle of judicial action. The question here is whether the court, under the guise of judicial interpretation, can in effect amend the Constitution by substituting for the word "legislature" in Article I, section 4, the word "State" or the expression "legislative power of the State."

Criticism has from time to time been directed against the courts for their alleged usurpation of legislative powers by reading into constitutional clauses restraints upon the legislative policies beyond what was originally intended. It seems to this court that it would be a clear and indefensible act of judicial legislation if the court would construe the word "legislature" in the enlarged and comprehensive sense of "the State." The former is a well-defined, well-recognized branch of the State created by the State for a specific purpose. It ought not by interpretation to be construed as being synonymous with the State or with the whole legislative machinery of the State. So, to hold seems an unwarranted amendment of the Federal Constitution by striking out a word having a clear-cut connotation, and substituting for it another word or phrase with greatly different connotations. The courts may not thus juggle with constitutional law.

Why should the framers of the Constitution use a precise expression such as "legislature" at least 14 and possibly 15 times in the Constitution and its amendments in one sense and then in 1 or at the most 2 other places use it in a different sense? Surely the possibility of confusion and conflict as to its meaning must have occurred to them.

It would have been easy for the framers of the Constitution to use an expression indicating that presidential electors shall be appointed and the times, places, and manner of electing Representatives shall be prescribed by the State or by law or by the State through its legislative power so as to bring out the difference, as was done in the eighteenth amendment, if such distinction was intended to be incorporated in the Constitution. If none was intended, the court may not find one by its power of interpretation.

There is nothing technical in this interpretation. It does not defeat the general principles of representative government. It is not an interference with State rights. It is merely restricting the exercise of a certain Federal function in accordance with the unambiguous language of the Federal Constitution to a branch of the State government created by and according to the constitutional wishes of the people of the State. Should the legislature, which for the time is the agency of both the Federal Government and the State in the performance of the function of redistricting the State, perform its duties unacceptably, it lies within the power of Congress to remedy the wrong.

FOUR CONSTITUTIONAL PROPOSITIONS DISCUSSED

It will be urged that in Minnesota and elsewhere the construction here put upon the Constitution is contrary to the practical construction given it by State legislatures and governors for many decades. Such construction may be resorted to in aid of the true meaning when the meaning is open to doubt. But, as was so clearly and convincingly established by the Supreme Court of Minnesota in the recent case of State ex rel. University of Minnesota *v.* Chase (175 Minn. 259, 220 N. W. 951) constitutions can not be amended by the doctrine of waiver or estoppel or nonuser or even universal usage and custom. A different rule may prevail in a country which has no written constitution. In America it is the intent that must control the court. When that intent appears to be clear the duty of the court is equally clear.

Summarizing this branch of the case and surveying the situation as a whole, the conflict between the legislatures as the creatures of the State and subject to its control and the legislatures as designated agencies of the Federal Government for the performance of Federal functions free of State control has centered around four constitutional propositions: (1) the manner of appointing presidential electors, (2) the redistricting of the States in congressional elections, (3) the election of Senators by the people, and (4) the right of the people by referendum to participate in amending the Federal Constitution.

It is apparent that the issues involved are not merely matters of constitutional construction but have been at times somewhat obscured by matters of political policy. There has been a constant struggle by the people to obtain a larger and more direct control in Federal affairs. In the executive department this has manifested itself by dissatisfaction with the constitutional method of electing the President and Vice President. In the legislative department it has resulted in an amendment to the Constitution providing for the popular election of Senators. Through the primary election the voice of the voter made itself heard in legislative halls on senatorial elections even before the Constitution was amended. Through the referendum the people sought to have a voice in the amendment of the Constitution itself. The battles were frequently waged in the courts. The courts were divided, some construing the Constitution in accordance with its historic and in its more obvious sense, some construing it in line with the political policies of the day. So far as popular participation in the election of Senators was concerned, the struggle ended with the adoption (1913) of the seventeenth amendment.

POLITICAL POLICIES SAID TO BE LEGISLATIVE SUBJECTS

So far as popular participation in amending the Federal Constitution was concerned, it ended with the case of Hawke *v.* Smith (1920) in the Supreme Court of the United States. So far as popular voting for the President and Vice President is concerned, it is accomplished through depriving presidential electors of any independent indiscretion and making them merely the agents of political parties. In 1911, at the request of the representatives of Ohio in the Federal Senate, Congress resolved to subject the power to redistrict the States to the legislative power of the State, including the referendum, where it existed. In 1931 Congress did not see fit to take any such action. The Constitution has not been amended. Political policies are matters for legislatures, legislative agencies, and voters. Where the language of the law is clear and unambiguous, the courts may not brush it aside, no matter how meritorious the political arguments or how objectionable the written enactments. As the Supreme Court of the United States said in Hawke *v.* Smith:

"There can be no question that the framers of the Constitution clearly understood and carefully used the terms in which that instrument referred to the action of the legislatures of the States. When they intended that direct action by the people should be had they were no less accurate in the use of apt phraseology to carry out such purpose."

Having in mind these considerations, the court concludes that Article I, section 4 of the Federal Constitution was intended by its framers to empower and require the State legislature and not the legislative power of the State to prescribe the times, places, and manner of electing Representatives in Congress, subject only to the supervision and control of that power by Congress itself.

2. It is argued with considerable vigor that under the Minnesota State constitution the redistricting act of the State legislature is valid, even though the reference to the State legislature in the Federal Constitution would bear the interpretation that is sought to be placed on it by petitioner. Article IV, section 23, provides that after each State and Federal census "the legislature shall have power to prescribe the bounds of congressional, senatorial, and representative districts, and to apportion anew the Senators and Representatives among the several districts."

It is argued that this is a special provision giving the State legislature specific powers, and that the powers given to the legislature by this section are not subject to the general provisions of sections 11 and 12 of the same article requiring gubernatorial action on every "bill, order, resolution, or vote." There is some force to the argument. But this force is greatly diminished by the fact that the Federal and State functions were intermingled. As to the State functions, no good reason exists why they should not be subject to veto.

The argument is weakened still more by a casual inspection of the State constitution, which shows that it contains a great number of similar specially enumerated duties, powers, and functions. If all of these escape the possibility of the executive veto provided for in article 4, sections 11 and 12, the Governor of Minnesota has very limited legislative responsibilities. On the whole,

the claim appears to be without sufficient merit to be made a basis for upholding the act of the legislature. It must rest upon Federal sanction or fail.

WORD "LEGISLATURE" HELD INTENTIONALLY AVOIDED

3. Unless the act of 1911 is still in force there is no congressional legislation prescribing how the several States shall be redistricted. The act of 1911, paragraph 4, provided for the election of Representatives from the districts existing on August 8, 1911, "until such State shall be redistricted in the manner provided by the laws thereof." There was no mention in this act of redistricting by the legislature. On the contrary, the word "legislature" was studiously and intentionally avoided. In its place Congress directed the redistricting to be done in the manner provided by the State laws.

In only one decision has the statute been construed. In State *v.* Hildebrant (94 Ohio St. 154, N. E. 55) this very law was construed to take the power out of the exclusive jurisdiction of the State legislature and put it into the hands of the legislative power of the State. Under the language quoted there can be no quarrel with this decision. The Supreme Court of the United States on an appeal in the same case (241 U. S. 565) held that under this language a redistricting act had to be passed in Ohio according to its laws.

If this law were still in force and constitutional, it would be decisive of the issues. But it is no longer in force. The title of the act of August 8, 1911, read: "An act for the apportionment of Representatives in Congress among the several States under the Thirteenth Census."

Section 1 of this act provided for the total number of Members in the House of Representatives and apportioned them among the several States. This section clearly is now of no further effect. Section 2 provided for the contingency of New Mexico and Arizona entering the Union as States. It has no application to the present situation. Section 3 provides that any State "entitled under this apportionment to more than one Representative" shall be divided into the same number of districts as it has Representatives, each district to elect only one Representative, and provides that such districts shall be compact, contiguous, and contain as nearly as practicable an equal number of inhabitants. Congress may change its ideas as to the mode and manner of redistricting States under some other congressional reapportionment.

The court would have to read into this section the words "and subsequent reapportionments," in disregard of its title and express language, in order to give it vitality when the reapportionment under the Thirteenth Census is at an end. Courts have no power to amend legislative acts, however desirable such an amendment might seem to be. Section 3 expired by its own limitations when the apportionment it undertook to regulate had ceased to be in force. For precisely the same reason, section 4 of the act of 1911 has no further legislative power. This law was clearly a temporary law enacted for a specific purpose and a limited period of time. When that purpose was accomplished, when the period had come to an end, the legislation came to an end with it. The act of 1911 is no longer on the scene.

The point has been made that even if the act of 1911 or any of its sections were permanent legislation, in so far as it attempted to vary the powers conferred on the State legislature by Article I, section 4, it was unconstitutional and void. It is claimed that in State *v.* Hildebrant, supra, the constitutionality of the act of 1911 was not raised, argued, or decided. Under the views already expressed by the court, it is unnecessary to determine this issue. Some of its constitutional aspects were, however, apparently raised, argued, and decided in that case.

4. In his message to the legislature, as set forth in plaintiff's petition, the Governor of Minnesota vetoed the bill because of numerical inequalities in the redistricting plan adopted. These inequalities are undeniable. They appear to justify the governor's strictures. Under the view of this court, that the act of 1911 has no application to the apportionment under the fifteenth census, there is no Federal, legislative, or constitutional provision requiring congressional districts to be compact, contiguous, and as nearly equal in population as practical. Consequently, this court can not hold the act violative of any Federal mandate. Neither is there any State nor constitutional requirement which, if it were applicable, could be invoked to support a judicial veto of the act. Perhaps if the numerical inequalities were so gross as to be, in effect, a denial of representation to a substantial portion of the population or so arbitrary and unreasonable that the court would be justified in concluding that the act amounted to a failure to redistrict or if it were palpably corrupt, the court might set the act aside upon the ground that the legislature had failed to exercise any legislative discretion at all. But that is not the situation. The voters in the fifth congressional district, with a population of 344,500, may complain that they have been treated unfairly as compared with the voters in the first congressional district, with a population of 228,596. That presents a legislative or political, not a legal, question and calls for action by the voters or legislators of the State, not by the courts. Even if the act of 1911 were in force, it is doubtful whether under the principles just stated that act would justify judicial interference.

LOEVINGER, J.

RECONSTRUCTION FINANCE CORPORATION

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. After all the exchange of views we have had on these several propositions, some of us are still at a loss to know what the gentleman from Alabama intends to do. Does he intend to ask unanimous consent to consider the House bill as if no Senate bill had passed?

Mr. STEAGALL. It does not require any unanimous consent; we are considering the House bill under a special rule.

Mr. Speaker, I ask unanimous consent that in case we succeed in concluding the consideration of the bill to-day for amendment, the previous question will be ordered at the end of that consideration, and that no vote be had until to-morrow. There is some hope that we might be able to finish to-day, but we do not desire to vote until to-morrow.

Mr. SNELL. Reserving the right to object, I do not see why it is necessary to ask unanimous consent for that purpose. That would be the normal procedure.

The SPEAKER. The previous question is ordered under the special rule. As the Chair understands, the gentleman from Alabama would like to have an agreement that in case the bill is completed under the 5-minute rule to-day, a vote will not be taken prior to to-morrow.

Mr. CRISP. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CRISP. If under the rule the previous question is ordered when the consideration of the bill is completed and the committee rises, a motion to adjourn would effect that, would it not? If the House adjourned and the previous question is ordered under the rule, it comes up the next day for a vote.

Mr. STEAGALL. I simply wanted that understanding for the convenience of certain Members.

Mr. Speaker, I move that the House now resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7360) to provide emergency financing facilities for financial institutions to aid in financing agriculture, commerce, and industry, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the Reconstruction Finance Corporation bill, with Mr. WARREN in the chair.

The Clerk read as follows:

SEC. 2. The corporation shall have capital stock of $500,000,000, subscribed by the United States of America, payment for which shall be subject to call, in whole or in part, by the board of directors of the corporation. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated the sum of $500,000,000, for the purpose of making payments upon such subscription when called. Receipts for payment by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

Mr. STEAGALL. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from Alabama [Mr. STEAGALL] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: At the end of section 2 insert the following:

"There is hereby allocated of the capital stock of the corporation the sum of $50,000,000, which sum, or so much thereof as may be necessary, shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States who, because of the failures of banking institutions and conditions resulting from crop failures or the general depression, are unable to obtain credit for crop-production purposes for the year 1932. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine."

Mr. STEAGALL. Mr. Chairman, that is offered as a committee amendment to the bill.



Mr. LUCE. Mr. Chairman, I make the point of order, first, that the amendment offered is not germane to the section in question; and, secondly, is not germane to the bill. I wish to be heard upon the point, if I may.

Mr. Chairman, first, to dispose of the proposition that this amendment is not germane to the section in question, if the Chair will examine the section he will observe that this section provides, first, the amount of the capital stock; secondly, the matter of payment; thirdly, the authority to appropriate for the purpose of making such payment; and, fourthly, a detail in regard to receipts.

There is nothing in this section that bears upon the use to which the money is to be put; that bears upon any disposition of the money.

If I may repeat for the benefit of the Chair, who is to rule upon this matter, I fear that the Chair did not hear my first proposition.

There are four proposals in section 2: First, the amount of the capital stock; second, the matter of payment; third, the authorization by the Treasury; and, fourth, the matter of receipts. None of those proposals concerns the disposition to which the money is to be put. That is provided for in a later section, section 5, and I respectfully submit to the consideration of the Chair that if the amendment is germane to the bill at all, it is germane to section 5 and not to section 2, and should be postponed until section 5 is reached.

Now, as to the second proposal on the matter of germaneness, if the Chair will examine section 5 he will find that the purpose and authorization of the bill are entirely confined to loans to institutions. He will observe by line 18 the specification "other bona fide financial institution."

I would call to his attention the significance of the word "other" as well as the words "financial institution."

If I correctly grasp this amendment it proposes an authorization to make these loans to individuals. Of course, this is not the time nor the place to discuss the wisdom of that. I want simply to emphasize at the moment the fact that by the amendment under consideration loans are to be made to individuals. There is, however, nothing in the bill itself that contemplates action by other than institutions.

I would further call the Chair's attention to the fact that if the Chair should decide it is proper in this bill to make loans to individuals the Chair would, in order to be consistent, have to permit the introduction of an amendment authorizing loans to veterans of the World War who are in distress, or to any other class or group in the community. Having once opened the door, there is no closing it.

Therefore, sir, because this is clearly beyond the scope of the bill and because it is not pertinent to the section to which it is offered, I trust the Chair will see fit to sustain the point of order.

The CHAIRMAN. Does the gentleman from Alabama desire recognition on the point of order?

Mr. STEAGALL. Mr. Chairman, the amendment deals with the disposition of the fund provided in this section, which is to constitute the capital stock of the corporation. The corporation is authorized to use that fund in quite a large number of methods. We prescribe in this amendment that a portion of that fund shall be allocated to the Department of Agriculture for loans to meet the purposes set forth in the amendment. We have undertaken in the bill to specify quite a number of corporations, organizations, financial institutions, banks, railroads, life-insurance companies, and so forth, that may be permitted to obtain loans from the corporation. This amendment simply provides for the allocation of the amount of $50,000,000, to be used by the Department of Agriculture for the purpose of making loans to aid in crop production. It specifically deals with the capital stock provided for in this section, and it seems to me this is the section in which it should be placed.

The amendment was drawn, as the Members have observed, in a most hurried way, because of the fact that the Committee on Banking and Currency only a few moments ago dealt with the matter in a meeting of the committee and I prepared it without time to exercise extreme care. I think it is in the proper section. If not, or if there is any question about that, and that is to be the only question involved, of course, we could transfer it to section 5, where I think it would also find proper place; but I think it is more properly placed in section 2.

Let me read the title of the bill:

To provide emergency financial facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

We use this language in section 5 of the bill:

To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products.

We set forth a number of uses to which this fund may be devoted for agricultural purposes. We authorize loans to intermediate credit banks, to joint-stock land banks, to Federal land banks, to agricultural credit corporations, or to any agricultural association incorporated under the laws of any State.

Then, to meet the purposes declared in the title of the bill and as set forth in section 5 and to deal with the disposition of the funds provided in section 2, we provide that $50,000,000 of this fund shall be allocated to the Department of Agriculture for the purpose of making loans for crop production. It had not occurred to the members of the committee that there could be any question as to the germaneness of this amendment, certainly, in one or the other of these sections, and in my view of the matter it has its proper place in section 2.

Mr. DYER. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Missouri.

Mr. DYER. If the amendment offered by the gentleman from Alabama should be agreed to, would it not, in a way, limit the amount that agriculture could receive under the bill?

Mr. STEAGALL. Not in the least.

Mr. DYER. Would it not be at least open to question whether or not the corporation should do anything more for agriculture than $50,000,000?

Mr. STEAGALL. Not in the least, and I hardly see how a lawyer would find any basis for such a possible view of the amendment; certainly not, if the gentleman will read the entire bill. This merely allocates a specific sum designated, to be expended by the Secretary of Agriculture. It does not in any way deprive the board of the right nor limit the power to make loans for all the other purposes set forth in the bill. All those purposes are specifically declared without allocating amounts. This is an exception which allocates a certain amount for a specific purpose.

It has been the custom for some years, certainly during four or five different sessions, to make appropriations for the purposes outlined in the amendment, and those funds have been used by the Department of Agriculture, where they have set up an organization and the necessary machinery to handle the funds, and they have acquired an experience of years in making such loans and in their collection. This amendment does not in any way involve the board of directors of the corporation in the administration of this sum of $50,000,000, but allocates that amount, separate and apart from all the other mechanics of the bill and places it in the hands of the Secretary of Agriculture. All the board of directors for the corporation would be required to do would be to set aside the fund for the Department of Agriculture and that would end the work of the corporation in connection with it.

Mr. HARE. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HARE. Is there any other provision of the bill whereby any of the funds provided for could be lent to individual farmers' production purposes?

Mr. STEAGALL. There are no provisions in the bill for direct loans to any individual anywhere and this amendment does not provide for individual loans. This amendment simply allocates a fund to the Department of Agriculture to be used by that department in making loans, and that department takes its status in the category of the

banks and other institutions for which these funds are available, except it names the specific amount which the Department of Agriculture may have.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Texas.

Mr. BLANTON. While the point of order is good in that the gentleman's amendment is not germane to section 2, the gentleman clearly could prepare a proper amendment to section 5.

Mr. STEAGALL. I have already indicated, if the gentleman will permit me to say so, that I would be pleased to transfer the amendment to section 5. It is my opinion, however, that the proper place for the amendment is in section 2.

Mr. BLANTON. Would it not save time to allow the Chair to sustain the present point of order without further argument, as he must do that, and then offer the amendment to section 5? It would not then, if properly framed, be subject to a point of order.

Mr. STEAGALL. I do not have to allow the Chair to do so.

The CHAIRMAN. The Chair is ready to rule.

The Chair will only pass upon that phase of the point of order made by the gentleman from Massachusetts dealing with the germaneness of the amendment to section 2. The Chair thinks that the amendment is clearly not germane to that section and therefore sustains the point of order.

Mr. JONES. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 2, line 8, after the word "called," insert the following:

"*Provided*, That not less than $50,000,000 of the amount so subscribed and the expansion of same through the notes, debentures, bonds, or other obligations as set out in section 9, shall be allocated and made available to the intermediate-credit banks, agricultural-credit corporations, livestock-credit corporations, and agricultural or farmers' associations as set out in this act."

Mr. LUCE. Mr. Chairman, I make precisely the same point of order, and in view of the Chair's recent ruling, I should hope that my good friend from Texas would attach this to some more pertinent section.

Mr. JONES. This is where this amendment belongs.

Mr. LUCE. I reply upon the good judgment of the Chairman in the matter.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. JONES. Yes; I do, Mr. Chairman.

I will state, Mr. Chairman, that the first amendment I sent up covered not only the phase that this one covers, but also the phase that was covered by the amendment which the chairman offered. I am in thorough sympathy with his amendment; but the amendment which I have sent up at this time simply allocates $50,000,000 of the $500,000,000 subscribed to the organization set out in the bill, and the expansion of $150,000,000 under section 9.

Section 2 provides for a capital stock of $500,000,000 subscribed by the United States of America, payment of which shall be subject to call, in whole or in part, by the board of directors of the corporation.

I provide that not less than one-fifth of the amount subscribed shall be available to intermediate credit banks named in section 9.

The amendment offered does not undertake to alter the form of the distribution; it leaves it as provided in the bill. It carries with it the utilization of all facilities provided in the bill, but simply makes certain that at least $50,000,000 shall be allocated to certain functionaries set out in the bill. I do not change in the least the method of distribution. In fact, under the section as worded, every one of the $500,000,000 may be allocated under the terms of the bill, as I have set out. The board will have the discretion to use all of it for that purpose.

But in view of the previous experiences that we have had, when we have put in the bill a provision that the board might use a part of it for a purpose, they have some way to use it for other purposes, I provide that not less than 10 per cent of the $500,000,000 shall be allocated to certain facilities and used for purposes named in the bill. I do not see how there can be any question that it is germane. If it is not germane here where would it be germane? I simply say that 10 per cent of the amount subscribed shall be allocated to the specific purpose set out in the operative part of the bill.

The amendment which I first prepared included not only what I now offer but also the substance of the one which Mr. STEAGALL has offered. In view of the Chair's ruling, I have stricken out the last section, not because I wished to but in order to bring it within the ruling of the Chair. I hope the stricken provision may be restored in conference. For the RECORD I wish to present the amendment as originally drawn:

Amendment offered by Mr. JONES: Page 2, line 12, after the word "America," insert the following: "Not less than 20 per cent of the amounts subscribed under the foregoing paragraph and the pro rata expansion of same through the notes, debentures, bonds, or other obligations as set out in section 9 shall be allocated and made available to the intermediate credit banks, agricultural credit corporations, livestock credit corporations, and agricultural or farmers' associations as set out in this act.

"Of this amount the board of directors is hereby directed to allocate to the Secretary of Agriculture $50,000,000 of the funds provided under the terms of this act to be used by him in making loans or advances to farmers in the several States of the United States who, because of the failures of banking institutions or conditions resulting from crop failures, or the general depression, are unable to obtain credit for crop-production purposes for the year 1932. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance."

The CHAIRMAN. The Chair thinks there is a distinction between the amendment proposed by the gentleman from Texas and the question just passed upon. The Chair thinks the amendment proposed by the gentleman is clearly in order to this section of the bill. The Chair therefore overrules the point of order.

Mr. JONES. Mr. Chairman, I am in hearty sympathy with the purpose of the amendment offered by the chairman. I have drafted an amendment along similar lines covering the same ground.

My friends, we are living in one of the strangest periods in American history. With only a small percentage of the world's population and a limited portion of her geographical area, we have three-quarters of the world's automobiles, more than one-half of the telephones, and tremendous resources of every kind.

The fault is in the distribution of these resources. Another strange thing is that the American people are considerably in debt. They are having trouble in paying their debts, yet what we owe, we owe to ourselves.

The United States Government does not owe any money abroad. Very few individuals owe anything abroad. Yet we are in the midst of a great depression.

My objection to this bill is that it does not strike at the main cause of the trouble. The concentration of wealth, its unequal distribution, and the destroying of the purchasing power of agriculture are the causes contributing to our present unhappy situation.

Proposed measures frequently stipulate that agriculture shall have a part in their benefits, and yet when it comes to a practical operation, somehow the results are not forthcoming. That is not always the fault of the bill. Frequently it is the fault of those who administer it.

It so happens that they find it unworkable. It so happens that agriculture finds it must depend upon the commercial banking facilities of the country, which are on a 60 and 90 day basis, which means that there are added burdens and added difficulties.

My amendment does not in any way interfere with the handling of the funds provided in this bill, but it does make certain that at least $50,000,000, together with the pro rata portion of the expansion, shall be allocated to the intermediate credit banks, the intermediate associations, and the agricultural associations named in the bill. It simply says that this group of financiers, who ever they may be, who

will administer this bill must see that these institutions at least get some of the money. They have not done it heretofore.

Mr. HARE. Will the gentleman yield?

Mr. JONES. I yield.

Mr. HARE. If they have not done it heretofore and they have had the facilities and the money, will they do it under this construction?

Mr. JONES. They will have $50,000,000 at this time laid at their feet. There will be plenty of people who will want the money. What excuse will they have not to use it?

I would like to see a great deal more than this allocated. I think the board should allocate a great deal more than this, but I want to see that they do allocate some of it and make it available.

Mr. SPARKS. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SPARKS. If the gentleman's amendment is passed, would that not be a specific direction to them that the money should be used for the purpose stated in the amendment?

Mr. JONES. It certainly would. That is the purpose I have in offering the amendment.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GILBERT. Will the gentleman yield?

Mr. JONES. I yield.

Mr. GILBERT. I am fearful that that will be considered as a legislative indication of the amount that the Congress thinks should be so used.

Mr. JONES. No. I am specifically stating that that is not true. I put it in "not less than $50,000,000." This, together with the expansion set out in section 9, means $150,000,000 more, or a total of $200,000,000.

Mr. GILBERT. I know the gentleman's opinion is that way, and so is mine, but I am fearful that it will be taken as a legislative direction.

Mr. JONES. I hope the gentleman will not take up my time arguing that phase of it. I will state that I first drafted the amendment so as to read two-fifths, but I feared the House would not be willing to go that far. I also included the substance of the Smith amendment, but that was held out of order. I am willing, if the House desires, to make it $100,000,000. I think it should be that much, because 30 per cent of the people of America are engaged in the industry of farming.

I made it $50,000,000 because I thought, and I still think, that the House will, in its good sense and judgment, adopt the amendment offered by my good friend the chairman of this committee, and this will be in addition to that. In view of the apparent sentiment in favor of that amendment, and about which I have talked to the gentleman from Alabama heretofore, with that $50,000,000 set apart in the way the Senate has set it apart we could well afford to specify $50,000,000 as set out in the terms of the amendment I have offered.

Mr. GOLDER. Will the gentleman yield?

Mr. JONES. I yield.

Mr. GOLDER. The record which I have from the Department of Agriculture would indicate that that department still has $20,000,000 unexpended for the purpose for which the gentleman desires this amount.

Mr. JONES. I desire to state that it would have to be reappropriated, because it is an unexpended balance which only extended over last year. To make it available it would be necessary to reappropriate it through either the Appropriations Committee or by action of the Congress.

Mr. GOLDER. Will the gentleman yield further?

Mr. JONES. I yield.

Mr. GOLDER. Is there any reason why the Federal Farm Board can not use the $500,000,000 which has been appropriated for the purpose for which the gentleman desires this money?

Mr. JONES. That particular amendment limited it to work of the Federal land banks, and their operation in real-estate liens which they hold on various farms of the country. It is a different program altogether.

Mr. LANKFORD of Georgia. Will the gentleman yield?

Mr. JONES. I yield.

Mr. LANKFORD of Georgia. I have not had time to compare the amendment which the gentleman has offered with the amendment which was introduced by the gentleman from Alabama and which was withdrawn. Do they conflict in any respect?

Mr. JONES. No. They do not conflict in the least. This is in thorough harmony and accord, and I put it this way in order to make at least a portion of this money allocated to the farmers.

I do not favor this type of measure. But if it is to pass, it should certainly be fair to all sections.

I think an expansion of the currency within reasonable limits would do more to restore this country than any other one thing. That would be simple. It would be direct. It would stimulate both agriculture and industry. With one-third more gold than we had in 1920, and 20 per cent less money in circulation, we can expand on a perfectly sound basis.

Mr. STEVENSON. Mr. Chairman, I rise in opposition to the amendment.

This amendment is not needed by the intermediate credit banks. It is not proper for it to be inserted. The intermediate credit banks were organized with $60,000,000 of capital stock to be furnished by the Treasury, and it was furnished, with the provision that when needed the Treasury would furnish them $60,000,000 more. They have only taken up $30,000,000 of it. There is $30,000,000 of money in the Treasury right now for the use of the intermediate credit banks, for the purpose for which they were created, which has never been called, and therefore I object seriously to their coming into this fund and diverting some of it in this way when it is perfectly apparent that if we can do anything on this line, as the Senate has done, if a reference to the Senate is permitted, we can allocate to the Secretary of the Treasury, when we reach the proper section, the amount which my friend desires to give to the intermediate credit banks, which do not need it, and whose machinery is so cumbersome that they do not ever get anything. It is almost worth the money to borrow it from the intermediate credit banks. Then it will be time enough to allocate the $50,000,000 and allocate it so that the farmer can do as he did last year, when he borrowed $60,000,000 and repaid $45,000,000. He borrowed it directly from the organization set up by the Secretary of Agriculture, and he paid back, as I say, $45,000,000, so that is the place to deal with that thing.

Mr. JONES. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. JONES. The gentleman names these intermediate banks in the bill. If they can not use it, why does the gentleman name them?

Mr. STEVENSON. We name them in order that the board may be given the power to deal with these banks if it should become necessary. If these people show that they are accomplishing a worthy purpose and do not have enough money in the Treasury of the United States otherwise, that then the board may give it to them, but we are not directing the board to give it to them.

Mr. JONES. My amendment not only names the intermediate credit banks but it names agricultural credit corporations, livestock corporations, and agricultural or farmers' associations.

Mr. STEVENSON. That merely gives the board the power to furnish money to those people when they need it, but we do not say that the board must pay it to them. If we should provide that, it would unduly hamper the action of the board and take away some of the discretion we are lodging in it to a very great degree. [Applause.]

Mr. McGUGIN. Mr. Chairman, I am in sympathy with the motives back of the amendment offered by the gentleman from Texas. I do not think this bill, with its administration left to a board, is going to give a fair and square deal to agriculture. However, this is to be a $2,000,000,000 corporation, and $50,000,000 would be 2½ per cent or 2½ cents on the dollar. Agriculture is entitled to more than that, and while the amendment does not limit the amount of money which agriculture would be given, I think $50,000,000 would be the limit. I think that is the way it would be construed.

Mr. JONES. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. JONES. The amendment which I offer provides for $50,000,000 of the $500,000,000 capital stock and the expansion, which would be $150,000,000 additional, or $200,000,000 in all under the notes, debentures, bonds, or other obligations as provided in another section.

Mr. McGUGIN. That is very much better. None the less, I think that local business and agriculture should have at least $500,000,000 of this money.

Mr. JONES. I agree with the gentleman.

Mr. GREEN. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. GREEN. I am interested in finding out if the gentleman from Texas and the gentleman who has the floor believe that this amendment is to take the place of the so-called Smith amendment, which has recently been ruled out of order?

Mr. JONES. No; it is in addition to that.

Mr. GREEN. I am for the Smith amendment, which has been held out of order.

Mr. JONES. I will state that my amendment included all that the Smith amendment contained, but when it was held out of order I struck out the last part of it and offered it without the additional $50,000,000. My original amendment also had that in it.

Mr. HOWARD. Mr. Chairman, I am in favor of this good amendment. I will be in favor of any amendment that any mortal might offer to this bill, well knowing that any amendment would improve this legislation which is so eagerly desired by the international bankers.

Mr. Chairman, this is a very humiliating situation for a non-Mellonite from the prairie country. We went out last year and pleaded with the American people to utterly repudiate the Mellonite influence which has controlled things here in Washington for the past 10 years. The people favorably regarded our plea. They wiped out an overwhelming majority of Mellonites and sent down here a majority of Democrats. For what purpose? For the purpose of giving us a chance to do something which the Mellonite rule had not permitted to be done. Now we find this legislation brought in by the very charming gentlemen of the majority on this committee. The chairman knows I love him, but I would love him more if he would ditch this Mellonite bill and bring in a real Democratic bill, under the terms of which the country might have some hope for lifting up the head of agriculture.

Under this bill, without proper amendment, there is no hope for agriculture. Unless some amendment shall be adopted to provide at least a measure of a square deal for agriculture, along with the international bankers' larger square deal, I shall be unable to support the bill. I would like to go along with my committee, but I speak simply the sentiments of one plain Democrat who is unable, under any circumstances, to go back to his home people and tell them he was lying to them when he said that everything offered by the Mellonite administration was bad and gave them the promise that if they would elect a Democratic majority in the House we would break away from the Mellonite leading strings and enact some legislation offering at least a chance for the welfare of the common herd in America. [Applause.]

Mr. DIES. Mr. Chairman, ladies and gentlemen of the committee, Congress seems to be determined to pass the Reconstruction Finance Corporation act regardless of the many serious objections to its enactment. I believe that the liberalization of the credit facilities of the Federal reserve system would accomplish considerably more good without the appropriation of $500,000,000 and the authorization of Government bonds for an additional $1,500,000,000 to provide funds to loan to railroads, insurance companies, and financial institutions. But certainly if Congress is determined to enact this unprecedented character of legislation, we who are opposed to its enactment have the right to demand that a considerable portion of the money appropriated and authorized shall be used for the purpose of extending loans to the farmers of this Nation.

Agriculture has always furnished the foundation of our economic stability, and there can be no return to normal conditions until agriculture is restored to some degree of prosperity. At the present time the farmers are compelled to sell their products below the cost of production. As a consequence of this, they are facing ruin and disaster if the situation continues. Many farmers contracted necessary debts at a time when their cotton was selling for 16 cents a pound and their wheat at $1 a bushel. Now they are required to discharge these debts with 5-cent cotton. In other words, they are compelled to deliver to their creditors three times as much cotton as would have been necessary when the debts were contracted. This they can not do. Immediate credit facilities must be extended to the farmers in order to enable them to carry their indebtedness until such time as the price of farm commodities shall rise to a level sufficient to enable them to discharge their indebtedness with the same quantity of farm commodities as they would have had to deliver at the time the indebtedness was contracted. Not only is this true, but many farmers are unable to finance themselves during 1932 so as to raise another crop unless they are able to obtain credit. In many sections of the Nation the banks are unable or unwilling to extend necessary credit to farmers. In many sections the banks have closed their doors so that the farmer has no credit facilities whatsoever. It is, therefore, unthinkable, unjust, and unfair for this Congress to extend aid to the railroads, the insurance companies, the investment companies, and other financial institutions without making ample provisions to take care of the credit needs of the farmers of this country. Although I shall vote against this bill for many reasons which I do not have time to enumerate, I insist that if it is going to be passed, as now seems certain, we should amend it in such a manner as to allot as large an amount of the $2,000,000,000 as possible to extend credit facilities to the farmers of this Nation.

No nation can long survive the ravages of time or the wreck of ages when its farming classes are ignored or forced upon a lower economic plane than that occupied by the favored and privileged classes of the Nation. Many farmers of my district are unable to obtain credit with which to carry their obligations and finance the making of a crop for 1932. They are not asking for special favors at the hands of this Government, but they certainly have a right to demand that they shall receive the same consideration as is accorded the railroads, the insurance companies, and the investment trusts. They are a brave, energetic, and independent class of people, and if they are given an equal opportunity they will face the situation with undaunted courage and help restore this country to a sound economic condition. In behalf of these people and the farmers in every section of the Nation I insist that ample provisions be made to extend to the farmers the necessary credit facilities.

Mr. GREEN. Mr. Chairman, it was not my purpose to have anything to say on this bill, as it was the belief that the Smith amendment would prevail, without objection or point of order being raised against it.

I am very hopeful that the House will eventually adopt the provisions of this amendment, which was offered recently by the chairman of the committee but which went out on a point of order raised by the gentleman from Massachusetts [Mr. LUCE].

I fully realize, gentlemen, that those of you who represent the large financial centers would not be true representatives

of that great, monstrous sentiment if you did not undertake to put without strings, without any limitation, this $2,000,000,000 of the taxpayers' money into their hands to be used as they see fit. But on the other hand, there are at least some of us here who represent constituencies that do not happen to be so powerful and so strong. However, my constituents are the most noble people in the world and are entitled to a share in this legislation. Some of us represent rural districts in which local credit is not obtainable, but in which the need for it is acute.

In my own district, in the heart of it, if you please, the Kiwanis and the Rotary Clubs are now going into their pockets and buying tobacco seed and fertilizer for the local farmers to plant tobacco in order that they and their children may have something to live upon. This channel of relief is, of course, inadequate to meet the pressing needs.

Ah, you can talk about your banks being depleted. Ah, you can talk about your billions of railroad credits needing rehabilitation, but, my friends, when you talk about finances, stocks, bonds, and fortunes in contrast with hunger and the right to live, they are entirely different subjects. My farmers are entitled to the right to live and plant and harvest and carry on their duties as citizens the same as your large corporate interests.

I want the provisions of the Smith amendment put in this bill. It is for only $50,000,000; yes, only 2½ per cent of the total. The Department of Agriculture has collected and now has $45,000,000 in the drought-relief loan fund, and it has a few million dollars which have been collected from the seed and fertilizer loans—a sufficient amount to take care of the $50,000,000 that we now ask you to relend them. The growers will give security on the crop that is to be grown as a result of this loan the same as those heretofore.

More than 90 per cent of the loans previously made have been repaid. Do we have assurance that this same percentage will be repaid to the Treasury by the international bankers when they get possession of this $2,000,000,000? We have the past performance of the farmers that have paid 94 per cent in some instances on these seed and fertilizer loans. Ah, I know some of you boasted only a few moments ago over on the Republican side of the aisle that the bill is going to pass anyway, what difference does it make who votes for it and who does not. This is the autocratic sentiment which prevails there, but I ask you if might always makes right?

Mr. GOLDER. Will the gentleman yield?

Mr. GREEN. I yield, provided I may have a little extension of time. I have not spoken on this measure heretofore. So I ask, Mr. Chairman, unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GOLDER. I should like to state, not in a spirit of criticism but in the interest of accuracy, that when the gentleman from Florida stated that the loans had been repaid to the extent of 90 per cent, the Department of Agriculture indicates that the total loans have been repaid to the extent of 40 per cent, and that the loans in the State of Florida have been repaid to the extent of 11 per cent. I am making this statement——

Mr. GREEN. Wait a minute. If the gentleman will look through the entire record, he will find that in my district, in which the Kiwanis and Rotary Clubs are now buying seed, they have paid over 90 per cent of the loans received by them, and the gentleman will find from the proceedings in the other body that on the total of the seed and fertilizer funds almost 94 per cent has been repaid.

Mr. GOLDER. The records of the gentleman from Florida are entirely at odds with the records which I have from the Department of Agriculture.

Mr. GREEN. I am not surprised that my friend champions the cause of the big interests instead of that of the farmers. He would not be a true representative of industries in his district if he did not undertake to guard the $2,000,000,000 so that they may have their pound of flesh regardless of the conditions of the agriculturists of our country.

My friends, if the gentleman from Massachusetts or some others of that group still contend that the Smith amendment is subject to a point of order and eliminate it on a point of order, then I hope, in the wisdom of the House, it will substitute the bill which has been passed in the other branch and let us vote on it.

I hope that you will substitute that provision, if necessary, in lieu of your entire bill here and let agriculture have at least 2½ per cent of the appropriation that we are about to make. My friends, I have no fight to make against our bankers and banks. They need relief, and we are going to give it to them in this bill. But things are critical in rural districts, and I would appeal to you in the interest of those who can not get credit otherwise. If they could obtain credit from their local banks and local sources, I should not ask you to lend them from the Federal Treasury. Frankly, I believe that our trend of Government is drifting too much toward the people depending upon the Federal Treasury and too little toward the citizens depending upon themselves. This is not a wise principle of democratic government, but in this great emergency, when our best thought is at sea to find a solution of the grave situation with which we are now surrounded, I plead with you, if you are going to allow favor to one kind of our industries and to one section of our country, that you likewise look to the other sections of the country and the agricultural districts, where some 35 per cent of our people reside. If you are going to extend further Federal assistance to industry, extend it to agriculture likewise. Local loan agencies in my State are doing much to relieve the present distress; they are making loans to our farmers but are unable to adequately meet the situation.

If you are going to relieve banks, railroads, insurance companies, and other agencies, then let us have definite assurance that one-horse farmers may also obtain relief to which they are so justly entitled. They now deserve so much, but receive so little. If you enable him to produce, all local business men will profit. Many business men of my district are dependent upon the farmers' produce for their existence. Let us uphold our great democratic principle of equal opportunity for all and special privilege to none. Let us pass the Smith amendment for $50,000,000 for loans to farmers.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that I may proceed for 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Chairman, I would not ask for this time but for the fact that I have not had an opportunity to speak on this measure. In my opinion this bill does not even begin to reach our trouble.

Mr. Chairman, we are in the midst of a great panic. As was once said with reference to the World War, the present depression might well be characterized as a major phenomenon in the life of the American Republic.

It is a money panic—the worst this country has ever seen. In my opinion conditions will not grow materially better until we inflate the currency and put more money into circulation. The quicker Congress does this the better it will be for all concerned.

We read in history, Mr. Chairman, of what has been called the Dark Ages, and many of us have been led to believe that it was a period of religious and intellectual relapse. But the truth is that what we know as the Dark Ages was a money panic, an economic depression, lasting over a lapse of centuries.

For hundreds of years after the fall of the Roman Empire, gold was the money of the world. It was the coin of kings, the coin of the realm, of every country in Europe. The amount in existence was insufficient to meet the requirements of the civilized world at that time, and the supply was gradually diminishing. As a result values fell, trade become

stagnant, commerce became paralyzed, and the world lapsed into an economic lethargy that lasted for approximately a thousand years.

In 1453, when Constantinople fell into the hands of the Turks, Europe was forced to seek a westward passage to the Orient. This resulted in the discovery of America, and with it vast, and apparently unlimited, supplies of gold.

There was an immediate reawakening. The world took on new life. Values began to rise; trade was revitalized; commerce was increased; the world awoke from its legthargy of centuries and moved forward into a new era of prosperity.

This new discovery of additional supplies of the circulating medium of the world not only inflated prices and revived trade and commerce but it stirred the souls and fired the imaginations of men and ushered in the most glorious period the world had ever seen.

Under this invigorating impulse even the genius of mankind seemed to be stimulated. The succeeding decades produced men like Shakespeare, whose writings did more to shape the course of our western civilization than those of any other man who ever lived "in the tides of time." It gave to the world Cervantes, author of Don Quixote, who by his ingenious pen swept away the fallacies of centuries and struck from the minds of men the shackles placed upon them by the caste systems of ancient institutions. It gave to the world Galileo, before whose matchless genius the old heavens folded away and a new universe swung into view. In fact, this period gave to the world more men of genius than any other age in the world's history.

Under the restless impulse of this stimulus men began to venture across the Atlantic to carve their homes from the unbroken wildernesses of America, and in a few decades brought forth upon this continent the greatest Government ever devised by the mind of man.

Gold was still available in indefinite supplies, and for more than a century the question of lack of circulating medium never reached the intensified proportion that it has to-day.

But those conditions have changed. We now find ourselves in the same position the people of Europe were in at the beginning of the Dark Ages. The amount of gold in existence is insufficient to meet the monetary requirements of our intensified, complex civilization, and the supply is rapidly diminishing. There is no hope for the discovery of an El Dorado with unlimited supplies of the precious metal, for the simple reason that all territories have been prospected and all the known fields have been exploited. We must find some other method of increasing the circulating medium in order that prices may rise, business be stimulated, and this panic broken. This can be done in two ways only, and they are by remonetizing silver or inflating the currency.

Twelve years ago to-day there were $53 per capita in circulation in this country. Cotton was 30 cents a pound. Wheat was $2.25 a bushel. Corn was $1.60 a bushel. At that time we were enjoying prosperity throughout the length and breadth of the land.

On the basis of that inflated currency, we contracted our debts; we floated bonds which virtually fixed our tax rates. On that basis we established our standard of living and our wage scale and our salaries.

The currency has now been contracted until to-day there is only about $40 per capita in circulation.

A good deal of our money is in hiding, and a large portion of it has been lost or destroyed. Our circulating medium is wholly and hopelessly insufficient to meet the demands of the present time.

To-day we find that cotton is 6 cents a pound instead of 30 cents, wheat is 50 cents a bushel or less instead of $2.25, and corn is 35 cents or less instead of $1.60. In other words, a dollar has more than five times the buying power in raw materials, such as wheat, corn, and cotton, that it had in January, 1920.

With this cheap wheat, cheap cotton, and cheap corn, with the price of cattle, hogs, sheep, and other agricultural commodities accordingly depressed in value, it is simply impossible for our farmers, the backbone of the Nation, to pay their taxes and earn a decent living. Our merchants are going bankrupt, our banks are failing, and business generally has become paralyzed.

What is the remedy? It is to remonetize silver throughout the world or inflate the currency back to what it was in 1920, and thereby stimulate commodity prices and revive business generally. I shall have something to say on the silver question later.

The bill now before the House does not do this.

The thing I fear about this bill is that this $2,000,000,000 will be absorbed in these old watered stocks and worthless bonds, which are clogging up the banks of the country, and will not reach the great mass of the American people, and therefore will not raise the price level of commodities one penny. Why go out and in an indirect method pour $2,000,000,000 into a sink hole instead of distributing it to give relief to the suffering American people? [Applause.]

Practically every Member of Congress who discusses this matter in the cloak room or on the streets or in his office agrees that the remedy for this situation is inflation. They practically all agree that the currency should be inflated, but they are at a loss to know how this can be done.

I will tell you how it can be done. In the first place, we have in the Treasury more than $4,000,000,000 worth of gold. Some men tell us that we must have a dollar's worth of gold in the Treasury as a reserve against every dollar of gold certificate. That is not necessary. Forty cents in gold is an ample reserve for a dollar gold certificate. Therefore, we could issue $1,800,000,000 in gold certificates to-morrow by an act of Congress, put that money into circulation, and break this panic overnight, without in any way impairing our gold reserve. If you fear a raid on the Treasury, make them legal tender and redeemable in five years. If you do not want to issue gold certificates, then we might do as Abraham Lincoln did during the Civil War—issue United States notes and make them legal tender. I know that some gentlemen who are suffering from a gold complex will throw up their hands in horror and call that "fiat" money. But I call your attention to the fact that there are $346,681,016 in United States notes out to-day. They are not gold certificates, they are not silver certificates, they are not Federal reserve notes, but simply United States notes. Take the circulation statement of United States money sent to you once a month from the Treasury Department, and you will find that this statement is correct. You will also find it states that these "United States notes are secured by a gold reserve of $156,039,088 held in the Treasury."

If this $156,000,000 in gold is sufficient reserve against $346,000,000 in United States notes then we have enough gold in the Treasury to issue more than $5,000,000,000 in Treasury notes, if we so desired, without impairing the gold reserve.

But those who grew rich out of the war, and who now hold Government bonds that, as I have shown, have five times the buying power of the basic raw materials of the country that they had when they were issued, do not want any inflation. Those who have hoarded money and escaped taxes do not want any inflation. They prefer to exact the last pound of flesh from the suffering masses of America as a result of this depression and the consequent increased buying power of the bonds or the money they now hold.

But some men have asked how we could put this money into circulation. That would be the easiest matter on earth. We could pay it on some of the debts owed by this Government, and wipe that amount off the statute books. For instance, we could pay off the World War veterans' adjusted-service certificates, and in that way serve a threefold purpose. [Applause.] It would pay the veterans what we owe them and at the same time remove that debt from the statute books of the Republic. But, above all, it would do more than that; it would cause the values of wheat and corn and cotton and other raw materials to rise overnight. It would enhance the value of agricultural and industrial commodities. Land values would return to normal, busi-

ness would be revived, our commerce would take on new life, and the dark cloud of this unprecedented panic would melt away like mist before the sun. It would usher in a new day of happiness and prosperity for the American people. [Applause.]

Mr. GLOVER. Mr. Chairman, this gesture to agriculture in the bill is a bouquet of dog-fennel with dogwood blossoms in it. [Laughter.] There is not a man who has analyzed the bill that does not know that the man directly connected with agriculture will get no benefit whatever from this bill unless an amendment like that suggested by the gentleman from Texas [Mr. JONES] a moment ago is adopted by this committee, and I shall vote for this amendment.

The bill does not seek to deal with any man individually engaged in agriculture, but deals alone with corporations. Ninety per cent of the people engaged in agriculture are not incorporated in an incorporated body at all. This does not seek to deal with anybody unless incorporated under the law of the State, and 90 per cent of the farmers can not get any benefit under the provisions of this bill unless this amendment is adopted to deal with the individual farmer to help him.

The bill provides that any railroad corporation can have 10 per cent of the capital provided in the bill, $2,000,000,000, which would be $200,000,000 to each railroad corporation that wanted it. Five of these railroad corporations could absorb $1,000,000,000 of this money.

When you come down to the next corporation—that is, the insurance companies, which have billions of bonds which they will unload on the Government—their railroad bonds—you know that. The next is the building and loan associations. God knows they could take the $2,000,000,000 and then not have what they want. I want to say to you that if the funds are not allocated a few corporations will swallow the whole amount provided for in the bill and agriculture will get nothing.

There was a pitiable condition described yesterday in the press in Washington. We had before the Ways and Means Committee the Secretary of the Treasury, who, you say, is a great man, pleading for higher taxes. He was telling the committee that we were facing a $4,000,000,000 deficit in the United States Treasury and that we had to balance it; that we had to practice economy. You sat here right near that committee, pleading and clamoring, with the indorsement of the President of the United States and the Secretary of the Treasury, to vote a debt of $2,000,000,000 more to the United States Treasury. We owe $16,500,000,000 now, we are facing a $4,000,000,000 deficit, and $2,000,000,000 more here would make us indebted about $22,500,000,000. Gentlemen, I say to you that legislation of this kind, that may be handled by a few corporations for their benefit, is a dangerous piece of legislation.

[Here the gavel fell.]

Mr. GILBERT. Mr. Chairman, I represent a purely agricultural constituency. I would not support this bill if I did not believe that a greater amount will be allocated to agriculture than the amendment itself provides. I also realize that the amount is expressed as a minimum, but we are all aware that whenever a legislative body either cites a minimum or a maximum, those figures are held by the administrative body and the courts as indicating the approximate amount in the mind of the legislative body. For instance, whenever a legislative body fixes a maximum of an executor's commission at 5 per cent, that 5 per cent is deemed to be the amount in the mind of the legislative body, and unless there is an exceptional case, that is the percent allowed.

Our Republican friends tell us that the benefits will trickle down to agriculture. That is the false theory of the Republican Party as to prosperity. Prosperity, like civilization, like a tree, like everything that God creates, grows from the ground up. Prosperity does not trickle down, but it permeates up. I hope to support this bill. I am not deluded to think that anything I shall say will have any effect whatever on this amendment, but I do not want my people to believe that I had in mind any such figure as provided in this amendment as to the amount agriculture would eventually receive, or I could not in conscience support the bill at all.

The good or evil of this measure depends solely upon its administration. All we can do is to provide the means and trust to God that those administering them will do so intelligently and justly and with sympathy to agriculture and small business now in such distress.

Mr. PETTENGILL. Mr. Chairman, ladies and gentlemen of the committee, I appreciate the grave danger that confronts us. We are being frightened into something that we all recognize to be fundamentally unsound—a gigantic subsidy to business, a dole to capital, and a step toward State socialism. In the face of a great emergency, however, we might, and perhaps should, waive these considerations, but before we do so let us see whether it is going to harm or help, and whom it is going to help and whom it is going to harm.

I am interested in the welfare of banks, their stockholders and depositors, but I am as much interested in the banks of the Middle West, their stockholders and depositors, as in the banks of New York. I am interested in the welfare of the holders of railroad securities, but I am also interested in the holders of United States bonds. I hold in my hand a clipping from the New York Herald Tribune, of Wednesday, January 13, showing the bond dealings on the New York Stock Exchange for Tuesday, January 12. Eleven issues of United States bonds and notes are represented. Not a single one of them is selling at par. United States Treasury 3's of 1951–1955 which sold less than four months ago at 99.21 sold Tuesday for 82.3, a drop of 17 points. Six of these 11 issues are selling below 90. At the present market value Treasury 3½'s are selling to yield 4.46 per cent; Treasury 3⅜'s of 1941–1943 are selling to yield 4.73 per cent; Liberty 4¼'s are selling to yield 4.54 per cent.

In the light of these facts, is it possible that we can now float additional Treasury notes and debentures of this Reconstruction Corporation totaling $2,000,000,000 for much less than 5 per cent? And we must further remember that we will have to issue almost $2,000,000,000 more to meet the deficit of the Treasury for the fiscal year ending June 30 next; in all, approximately $4,000,000,000 of new Government borrowings.

If these obligations can not be sold for less than 5 per cent what is going to be the effect on savings deposits of the banks of the Middle West? Will not the savings depositors withdraw their 3 per cent money in order to buy these tax-exempt issues yielding 5 per cent? Are we justified in draining the banks of my State and of the West in order to bolster up the banks of New York? Do we gain anything in order to hold up eastern banks if it closes western banks? I hold in my hand a telegram just received from a leading banker of the Middle West, a man whose name is known to every banker in the United States. I have wired for permission to use his name but have not yet had a reply. I nevertheless read it:

> Have favored Reconstruction Finance Corporation. However, think sale two billion tax-exempt 5 per cent bonds would cause withdrawal of millions of savings deposits and cause many bank failures. Most banks are now paying only 3 per cent on savings. It is doubtful whether the national emergency justifies the legislation with the result that would surely follow sale of bonds.

If the issue of 5 per cent Government notes causes a run on the savings-bank deposits of western banks, will it be possible for the money to flow back again to the West fast enough to meet the withdrawals? In other words, can the western banks borrow money from the reconstruction corporation as fast as their depositors withdraw it?

Savings banks might protect themselves by requiring 30 or 60 day withdrawal notices, but this would cause still further uneasiness and distress. In any event commercial deposits yielding no interest, or a very small interest rate, would be subject to withdrawal to buy the new issues.

Another thing. Will not the flotation of two to four billions of additional obligations at this time cause existing United States bonds and Treasury notes to go to still further lows? What good will it do to bolster up the price of railroad securities held by banks and insurance companies if

at the same time you depreciate still further the value of United States obligations, of which they are also heavy holders? Will not the holders of existing bonds and notes selling at 4¼ to 3⅛ per cent dump them on the market in order to buy the new 5s? And what havoc will follow that result!

I quote a sentence from an editorial in the South Bend Tribune, Tuesday last, as follows:

> The people should understand that impaired Federal credit will prolong this depression and make the economic experience of the last two years seem relatively painless.

I also quote the following from an editorial in the Chicago Tribune:

> The exhaustion of the credit of the United States Government may seem fantastic, but it is not. There is a limit to the borrowing power of even the richest nation in the world. With the credit of a score of major governments and a host of minor ones to-day seriously impaired, it would be folly to pretend that the same fate will not befall the United States Treasury if it follows the same reckless course. Marching toward bankruptcy at the rate of a billion a year, we can cover a great deal of ground in a short time.

It may be necessary to use the credit of the United States in this great emergency, but let us use it sparingly and only to meet actual suffering and distress upon the part of those who have neither railroad bonds nor Government bonds nor savings deposit accounts.

I would like to see something done toward melting the frozen deposits of closed banks, but that situation differs from this in these two respects, first, that money would be advanced to banks in liquidation upon the pledge of absolutely good collateral so that the Government does not stand to lose, rather than be subjected, as this money would be, to the hazards of railroading, banking, and so forth; and, second, the money would go directly to the depositors who need it.

In this great emergency there is one thing which we must maintain at every hazard, and that is the credit of the United States Government. If we maintain that, we can weather through, but if that goes, everything is gone. It is our backlog; it is our sheet anchor.

Whether I am returned to this House or not, so long as I am here I am going to do my best to protect the integrity of the most sacred signature in America, the name of Uncle Sam on his promissory notes.

This bill must go to conference. Before we finally vote on it, important amendments may be made, justifying its support. As it is now worded, however, I have grave doubts as to the wisdom of passing it.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent that all debate on this section, and all amendments thereto, shall close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina [Mr. STEVENSON]?

Mr. SABATH. Mr. Chairman, I shall have to object.

Mr. STEVENSON. This is only one preliminary section of the bill. I shall have to insist that the gentlemen speak in order. If gentlemen are going to undertake to debate everything, I shall have to ask that they be required to debate the amendment that is now pending. Mr. Chairman, I ask unanimous consent that the debate on this section, and all amendments thereto, shall close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. SABATH. Reserving the right to object, will the gentleman not make that request to apply only to the pending amendment?

Mr. STEVENSON. Very well. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment shall close in five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina [Mr. STEVENSON]?

There was no objection.

Mr. LAGUARDIA. Mr. Chairman, I ask for recognition to carry out the idea suggested by the gentleman from South Carolina that we should proceed with the discussion of the bill and the amendment before us. There will be very many amendments offered, and I want to state that those amendments are offered sincerely after a great deal of thought and study. But before we go any further I want to point out that it is rather confusing to some of us to hear the gentlemen on the Democratic side of the House criticize the present administration and complain of certain features of this bill, should it become a law, to criticize the expenditure of this money after the bill passes when, lo and behold, you have brought it out yourselves. [Applause.]

It is also confusing to hear gentlemen on this side of the House being captious and irritable because our friends across the aisle are offering amendments seeking to extend benefits throughout the country. I do not see how gentlemen on this side can object because these same gentlemen claim that it is an administration measure. If the bill is a success, both the Republican and Democratic Parties are entitled to the credit. But, gentlemen, if it fails both sides will have to share in the responsibility.

Now, some of us admit that the orderly thing to do is to first provide the immediate relief where it is needed, at the bottom, and provide facilities to stimulate public work. This bill will hardly do that. Why not at least give study to a national plan for the guaranteeing of deposits in our banks? That is the only way to give the depositors confidence. The thousands and thousands of depositors who have lost millions and millions of hard-earned savings are not going to have their confidence in banks restored because Congress appropriates to give more millions to some of the very institutions responsible for the ruin of these depositors. I insist that guaranty of deposits is not only essential but a necessary corollary to this bill.

If Congress means to do something constructive, it should immediately commence a study of unemployment insurance. Oh, yes, call it a dole. I am not afraid of the word any more, after the $2,000,000,000 here authorized to be appropriated—a dole to insolvent banks and busted railroads. [Applause.]

So, gentlemen, let us be frank with each other. In my 14 years of service in this House I have never heard so many speeches for a bill with so many apologies. I have not yet spoken with one Member of the House who says he likes the bill. Every Member with whom I have spoken has told me he does not like the bill; that he does not like the provisions of the bill but is going to vote for it.

Mr. PARSONS. They have to vote for it, if you please.

Mr. LAGUARDIA. Put it any way you want. If there is any Member who does not feel that way, let him advise me, because I want to except him. The most cruel kind of coercion ever used on a legislative body is being employed.

I want to say to my friends on the committee that they should give us a hearing on our amendment. The gentleman from South Carolina is quite right in suggesting that we should talk to the amendment, but we should give some consideration to these amendments. Inasmuch as we are under coercion at this time, at least permit some of the Members to ease their conscience by attempting to place some safeguards in this bill. [Applause.]

Mr. STEVENSON. I will say to the gentleman that we want them to ease their consciences by talking to the pending amendments.

Mr. LAGUARDIA. That is fair.

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired; and the question is on the amendment offered by the gentleman from Texas.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the amendment may again be read.

The CHAIRMAN. Without objection, the Clerk will again read the amendment.

There was no objection.

The Clerk again read the amendment.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. JONES) there were—ayes 107, noes 90.

Mr. LUCE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. JONES and Mr. LUCE.

The committee again divided, and the tellers reported that there were—ayes 120, noes 112.

So the amendment was agreed to.

Mr. SABATH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SABATH: In line 7, page 2, strike out "$500,000,000" and insert "$1,000,000,000."

Mr. SABATH. Mr. Chairman, by a majority vote we have just provided that $50,000,000 of this fund should be positively allocated to the farmers for their aid and relief. In the last few days, as well as to-day, all gentlemen who have spoken for or against this measure have clearly demonstrated that the need is great. Even the Secretary of the Treasury no longer calls the existing conditions a depression but a crisis. Conditions are alarming. The administration and everyone who has given any study to this measure claim that it is not the amount involved, but rather the confidence that this bill will reestablish if it is enacted into law. Consequently, if that be true, instead of a $500,000,000 capital it should be a $1,000,000,000 capital, because then the confidence will be twice as great as compared to that which the bill will now provide.

I hope that you gentlemen are aware of the fact, from the reports and evidence given, that only about $300,000,000 has been used by the war-time War Finance Commission, notwithstanding the fact that a much larger amount was available. I hope that the gentlemen representing the administration who insist that by the passage of this bill confidence will be restored and the amount will not be needed are correct. But, Mr. Speaker and gentlemen, I feel that by increasing the capital to $1,000,000,000 we will satisfy the millions of people who have been pleading for a $5,000,000,000 loan, and you know that some of the most influential papers and their editors have been advocating now for a year a $5,000,000,000 loan.

I believe that by increasing the capital from $500,000,000 to $1,000,000,000 and by granting the power to issue bonds to the extent of five times the amount of the capital we can create a $5,000,000,000 corporation, although we may not need half of its resources.

I will at this time make a special request and plea. I voted for the proposition of the gentleman from Texas giving positive assurance that the farmers will receive relief. I have done so because I will offer, or the gentleman from New York, as a member of the committee, will offer, an amendment to extend credit not only to farmers but to municipalities which are in dire distress and must have temporary relief and financial aid but are unable to obtain it. The need for aid of some of our great municipalities is far greater than is supposed, and relief given to them will have a more beneficial effect upon business than loans made to the banks and railroads.

[Here the gavel fell.]

Mr. SABATH. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SABATH. In the great city of Chicago, due to the fact that we are behind two years in the collection of taxes, we will be obliged to close the schools and, in all likelihood, discharge policemen and suspend operations, not because the city is bankrupt but because we have been unable to collect taxes because of the technicalities and rulings of the courts. What applies to Chicago applies to other municipalities. I hope you gentlemen who represent the rural districts will be fair and just. We always come to your assistance. I have voted with you for years on every proposition that was said to help agriculture. I hope you will be broad and liberal and show some appreciation and assist us in securing relief for municipalities which through no fault of their own find themselves in this unfortunate position. I hope that when the amendment is offered you will vote in favor of it.

[Here the gavel fell.]

Mr. RUTHERFORD. Mr. Chairman, I rise at this time for the purpose of having an amendment read which I will offer at the conclusion of the reading of section 5.

The CHAIRMAN. Without objection, the Clerk will report the amendment.

Mr. STAFFORD. Mr. Chairman, reserving the right to object, is it merely for the information of the committee?

Mr. RUTHERFORD. Yes.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read the amendment, as follows:

Amendment by Mr. RUTHERFORD to H. R. 7360:

"SEC. 5. (a) The corporation is hereby authorized and directed to lend the sum of $50,000,000, or so much thereof as may be necessary, to the Secretary of Agriculture, to be expended by the Secretary of Agriculture for the purpose of making loans or advances during the year 1932 to farmers in the several States of the United States who, because of failures of banking institutions and conditions resulting from the general depression, are unable to obtain credit for crop-production purposes. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine.

"SEC. 5. (b) Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan, under this section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both."

Mr. LUCE. Mr. Chairman, do I understand this is read for information as an amendment to be presented to section 5?

Mr. RUTHERFORD. At the conclusion of the reading of section 5 the amendment will be offered.

Mr. LUCE. May I inquire of the gentleman from South Carolina [Mr. STEVENSON] if it is not his intention to present his view that the discussion should be confined to pending amendments?

Mr. STEVENSON. Yes; that is my intention. As we have started out, it will be sometime in February before we get through, if we do. I hate to limit gentlemen in their discussions, but I expect to ask that the debate be confined to the amendment which is pending.

Mr. RUTHERFORD. Mr. Chairman, as I understand the purport of this legislation, it is to set up a corporation with a fixed capital to do what? To aid in financing agriculture, commerce, and industry, and, later on, the banks and the railroads. The purpose of my amendment is to go just a step farther.

Mr. STEVENSON. Mr. Chairman, I do not want to be unduly persistent, but that amendment is not before the committee. The amendment now pending is the amendment of the gentleman from Illinois [Mr. SABATH], to increase the amount to $1,000,000,000, and I make the point that that is the amendment which we should now discuss.

The CHAIRMAN. The gentleman from South Carolina is correct. The gentleman from Georgia will proceed in order.

Mr. RUTHERFORD. Mr. Chairman, I think this legislation may in the end prove a blessing to many sections of our country. In my opinion you can not help the larger banks of the country without indirectly helping the smaller banks, helping industry, and probably in the end it may help the farmer, because it may loosen up credit, which is something that is much needed at this time.

I would like to see the bill amended further by taking in a class of individuals that are in sore distress at this time, and they are the farmers of this country.

Gentlemen of the committee, if you will pardon a personal allusion, I will tell you that for many years I was in the banking business and dealt directly with the farmer. In those days the farmer never thought of coming to the Con-

gress for relief. But since 1920, in my section of the country, the boll weevil destroyed practically all of the cotton crop in many places, which was the only crop that would bring money in the fall of the year with which to pay their obligations. In the days before that the farmer could go to the bank and the only thing the banker had to determine was the ability of the applicant to pay a given amount for which he may have applied. To-day hundreds of the banks have been destroyed. They have been liquidated and are out of business. What were known then as supply merchants have all gone into bankruptcy, and there is no avenue on earth through which they can apply for assistance to make their crop. It is this class of people I am appealing to you to assist, so that it may be possible for them to secure the necessary funds to carry on their legitimate farming business. [Applause.]

Mr. STEAGALL. Mr. Chairman, I have the most profound affection and personal regard and the highest esteem for the ability of the distinguished gentleman from Illinois [Mr. SABATH] who offered the amendment now before the committee. But I wish to remind the gentleman and the committee that, as has so often been pointed out during this debate, we are doing an unusual thing here in our efforts to meet an unusual condition and one which we hope and pray is only a temporary condition.

It has not been insisted by those who have urged this method of seeking relief that it is necessary to make the capital of this corporation more than $500,000,000. That is an enormous sum of money. It is enough to command vast credit and extend large accommodations. The corporation will have, in addition to the $500,000,000 capital provided for, the right to issue obligations to the extent of $1,500,000,000 guaranteed by the Treasury of the United States, which means that there will be no difficulty in obtaining additional funds, making in all $2,000,000,000, for which the Treasury is liable, for the conduct of the business of the corporation. No one until now, so far as I have heard, except the esteemed gentleman from Illinois, has ever thought that it is necessary to make the capital of this corporation more than $500,000,000.

Certainly, we do not desire to go any farther with this sort of legislation than the necessities demand, or which the situation requires the Congress to go. We have fixed the capital at $500,000,000, with a limit on the duration in which the loans may be made by the corporation, and the period of maturity, and when the corporation may terminate its activities. I hope the committee—and most of the members of the committee agree with me—that we should not go farther with this appropriation out of the Treasury of the United States, and the additional obligations amount to $1,500,000,000 for which the Treasury is responsible. We feel that we should not go any farther in involving the Government in the manner provided in this bill.

Mr. SABATH. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SABATH. Both of my bills provided for $1,000,000,000 capital, so it is not a matter that I thought of to-day.

Mr. STEAGALL. The gentleman from Illinois is entirely correct. The gentleman is consistent, and I commend his purpose and his labor in connection with the legislation, but I insist that the additional capital which he desires to provide is not needed.

The main thing is to let the country know that a piece of machinery has been set up that is sufficient and has the facilities adequate for the purpose intended. The psychological effect is expected to play a big part.

It is not expected that the $2,000,000,000 will ever be used, or anything like that amount.

Mr. MAY. The gentleman's idea is to appropriate the smaller portion of the money as a fixed capital, with an elastic clause?

Mr. STEAGALL. Yes; $500,000,000, with the right to issue $1,500,000,000 bonds and obligations secured by the Treasury.

The CHAIRMAN. All time has expired, and the question is on the amendment offered by the gentleman from Illinois [Mr. SABATH].

The question was taken, and the amendment was rejected.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 2, after the amendment of the gentleman from Texas [Mr. JONES], insert "*Provided further*, That not less than $100,000,000 of the amount so subscribed and the expansion of same through the notes, debentures, bonds, or other obligations as set out in section 9 shall be allocated and made available to industrial enterprises."

Mr. STEVENSON. Mr. Chairman, it strikes me that that is foreign to the purpose of this bill. There is no provision here for industrial enterprises, and I make the point of order.

The CHAIRMAN. Does the gentleman from Missouri wish to be heard on the point of order?

Mr. COCHRAN of Missouri. I do. This bill provides for taking care of certain industrial enterprises specifically named in the bill. It is to a certain extent class legislation. You pick out certain industrial enterprises that can be recognized. The title of the bill shows it is to provide emergency financial facilities, for what? Agriculture, commerce, and industry, and my amendment applies to industry. Why, therefore, should it not be in order? You have just adopted an amendment to help the farmer. I ask now that you help those engaged in industry. The purpose of my amendment is to make the bill general as to industry and not pick out the railroads and other favored corporations. Industry under my amendment will not be entitled to recognition unless the applicant can comply with the other provisions of the law. My city is a great railroad center. Over 30 trunk lines enter St. Louis, but, Mr. Chairman, we have other great corporations in St. Louis in need of help that are able to advance security equal to if not better than that offered by railroads.

Agriculture is in distress. We want to help the farmer, but we must also do something for others who are also in distress.

I think it is perfectly clear that it is not subject to a point of order.

Mr. STEVENSON. Mr. Chairman, I did not state the grounds of my point of order. It is not germane either to the section or to the bill.

The CHAIRMAN. The Chair is ready to rule. The amendment offered by the gentleman from Texas [Mr. JONES], which was adopted by the committee, provided that a certain part of this fund should be allocated to financial institutions. The amendment offered by the gentleman from Missouri [Mr. COCHRAN] provides for the allocation of part of this fund directly to industrial enterprises. The Chair does not think that the amendment is germane to this section and therefore sustains the point of order made by the gentleman from South Carolina.

The Clerk read as follows:

SEC. 3. The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, the Secretary of Agriculture, and the Governor of the Federal Reserve Board, who shall be members ex officio, and two persons appointed by the President of the United States and two persons appointed by the Speaker of the House of Representatives by and with the advice and consent of the Senate. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the directors appointed by the President of the United States and the Speaker of the House of Representatives shall be five years from the date of the enactment hereof, and thereafter the term of each director so appointed shall be five years from the date of the expiration of the term for which his predecessor was appointed. Whenever a vacancy shall occur among the directors so appointed the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of $10,000 per annum each. No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests or the interests of any corporation,

partnership, or association in which he is directly or indirectly interested, nor shall any employee receive a higher salary than that herein fixed for directors.

Mr. STEVENSON. Mr. Chairman, by direction of the committee, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from South Carolina [Mr. STEVENSON] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. STEVENSON: Beginning after the word "officio" in section 3, line 17, page 2, strike out all down through the word "appointed" in line 11, page 3, and insert in lieu thereof the following:

"And four persons appointed by the President of the United States, by and with the consent of the Senate, not more than two of whom shall be of the same political party, and not more than one shall be appointed from any one Federal reserve district. Each director shall devote his time not otherwise required by the business of the United States principally to the business of this corporation. Before entering upon his duties each of the directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the directors appointed by the President of the United States shall be two years and run from the date of the enactment hereof, and until their successors are appointed and qualified."

Mr. STEVENSON. Mr. Chairman, the amendment has been worked out very carefully, and it composes all of the differences which the committee had as to the method of appointment of the directors and of their term of office and the limitations applied. The committee has unanimously agreed to that and directed the chairman to present the amendment, and we hope we have gotten the clear of a very controversial matter by this arrangement, and I hope the committee will adopt the amendment.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. WILLIAMSON. I would like to know the purpose of limiting the office to a period of only two years, when the life of the corporation is made 10 years.

Mr. STEVENSON. The life of the corporation is made 10 years, but even the original bill did not propose to make the term of office of the directors as long as the life of the corporation. The directors can be reappointed or they can hold until their successors are appointed, and it is thought wiser by many of us to make the term two years. This is a corporation of tremendous power and tremendous responsibility, and it would be unseemly if it turned out that some of the directors were not efficient or satisfactory and it would become necessary to get rid of them. If it turned out that way—and it is not unusual for that to happen—then the President can appoint a successor who will be satisfactory. There is no reason why the term of office of the director should be 10 years just because the life of the corporation is 10 years. I would never vote for a bill conferring this vast power upon a board appointed for 10 years. It is too much despotism lodged in the hands of a man for a decade. I do not think this House has a right to do it.

Mr. WILLIAMSON. Did the gentleman have in mind the fact that there might possibly be a change of administration?

Mr. STEVENSON. Surely. If there is, we should have the advantage of it. The gentlemen on that side recognize the probability, and this bill was drawn with fine features, so as to cross over the administration to be elected this year, which will probably be Democratic. [Laughter and applause.] I am not a hypocrite. I am not a Republican. I am a Democrat, and I am entitled to the benefit of whatever happens next November, and they will have two years' time in which to make the loans, and they can make all the loans necessary to be made within two years.

I would remind the gentleman that that spirit, which I have frankly expressed, has been frequently expressed on the other side of the aisle on like occasions.

[Here the gavel fell.]

Mr. LaGUARDIA. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from South Carolina, at the end of the amendment.

The CHAIRMAN. The gentleman from New York [Mr. LaGUARDIA] offers an amendment to the committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LaGUARDIA: At the end of the committee amendment insert:

"*Provided*, That one director shall be assigned to specialize in the needs and requirements of small banking institutions having capitalization of less than $200,000, and said director shall be a person having had previous experience with independent banks."

Mr. LaGUARDIA. Mr. Chairman, although I come from a big city that is being severely criticized for having these large banking institutions, I offer this amendment to protect the little banks throughout the country. The tendency will be to give aid to large banks, and I can mention three of them right now who will be generously aided, and their desire is to put the little banks out of business.

I am not joining in this mutual admiration party that is going on, or the facility of my fellow Republicans who are so ready to admit that there will be a change of administration this fall.

Mr. SIMMONS. Will the gentleman yield?

Mr. LaGUARDIA. No; I can not yield. I do not know anything about politics. Let me go on with the amendment, which is important.

Mr. STEVENSON. Will the gentleman yield?

Mr. LaGUARDIA. I yield to the gentleman.

Mr. STEVENSON. The gentleman speaks of it being concentrated in two or three large banks in his city. I call the gentleman's attention to the fact that this amendment which I have offered distinctly restricts the appointing power so that only one member of the board can be appointed from one Federal reserve district. Therefore, they could not all come from New York.

Mr. LaGUARDIA. I will say to my genial colleague it is not the place where these men are appointed from, but it is the influence they are under afterwards—their desire to impress and be useful to the "big fellows." [Applause.] If at any time you should go on a golf links on a Saturday afternoon up in Westchester and perchance there should be a foursome composed of the presidents of the National City Bank, the Chase National Bank, the Guaranty Trust Co., and J. P. Morgan & Co., you will also see Eugene Meyer caddying for the four. [Laughter and applause.]

Now, all that my amendment provides is to give expression, in so far as we can legislatively do so, to the idea that these little banks which at one time were the backbone of American agriculture and American industry should not be ruthlessly put out of business. [Applause.] All we say is, "Take one of your men who is not owned body and soul by these big group banks, one of your men who has had experience and sorrow, and who has gone through the tribulations and suffering of the independent banks, and let him specialize in the needs of the little banks."

I offer this amendment in all sincerity, and I can not see how any Member who really wants to maintain a sound banking system in this country can vote against the amendment. Of course, if any Member believes that the small banks should go out of business, he can properly vote for my amendment, because personally I believe that will be and is the policy of certain gentlemen specifically placed on the board of the corporation by the bill.

Mr. STEAGALL. Mr. Chairman, I am not apprehensive that any harm would result from the adoption of the amendment to the amendment offered by the gentleman from New York, but I will say to the gentleman that we would make ourselves ridiculous if we declared, directly or indirectly, as a legislative body that we expect any man to be appointed on this board who does not know banking from top to bottom. Of course, it is desirable that the men to be appointed on the board of directors know something of the operation of small banks, but it is also important that they know something of the operation of large banks. Let us hope the men selected will know all sorts of banking and that they

will deal with their problems in a way to be of assistance to all.

The gentleman proceeds upon a false premise and a false philosophy when he attempts to separate and distinguish between banks in this country. That is one of the mistakes that have been made all along by the big bankers who thought they could ignore the problems of the small banks. The little banks can not ignore the big banks nor can the big banks ignore the little banks without paying for it. Let me say to the gentleman as one who shares his purposes, as revealed by his remarks in connection with this amendment, that I have watched the trend of affairs in the banking system of the United States for some years, without pretense at any scientific knowledge of economics, but as a plain, common-sense citizen and Member of Congress. I have watched this trend for quite some time in the Banking and Currency Committee of this House, upon which I have had the honor to serve, and time and again I have called the attention of those who appeared before that committee representing the larger banking interests to the fact that they were foolish in assuming that they could separate themselves from the smaller banking institutions throughout the country.

I said to some of the leaders in the banking world who appeared before our committee, when some of these difficulties were in their incipiency, that if they thought it was a trifling thing for a little bank back in the interior, with only a very limited amount of resources, to be forced to close its doors, they were sorely and seriously mistaken, that any man who held such a view did not have as much common sense as he ought to have to be intrusted with the responsibility of leadership in the banking world. I said then, and it is in the record, that no man knows, when a little shanty in a back alley catches on fire, whether the mansion on the front street is safe or not. The fire that began on the back street has spread until many institutions, both large and small, have been wiped out and the communities left in demoralization and distress. That is the condition from which we are now suffering and from which we are trying to relieve ourselves by this legislation. Bank failures are no longer limited to small banks. All are being caught and swept away or threatened with destruction.

I represent a community of small banks, many of which are closed. But I am going to be big enough, I hope, to try to save them all wherever it can be done, because we are all yoked up together; we face a common destiny so far as the economic structure of the United States is concerned. It is a pity this legislation could not have come sooner. There are many banks now in liquidation that could have been kept open.

I am not free to say here all I have had poured into my ears by letters, by telegrams, by long-distance calls, and the many methods by which Members gather up information on the outside of the House. I am not free to say how anxiously the small banks and the small communities now await action by this Congress on this bill, which they know, as a matter of common sense, is the only thing we have any opportunity of doing which gives any promise of relief for them.

Mr. BEEDY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BEEDY. I rise to call the attention of the committee to the fact that Mr. Meyer was the president of the War Finance Corporation, and although he has been pictured here as the caddy of some of the big bankers of the country, he testified, I think, that that corporation made loans to more than 2,000 small banks during the war, and there was no such limitation as this written into the bill.

Mr. STEAGALL. The gentleman is entirely correct. While I am not the representative of the former director of the War Finance Corporation, candor requires me to say that, as Director of the War Finance Corporation, he rendered incalculable service to the farming communities throughout the entire sections of the South and West. [Applause.]

Mr. PARKS. Mr. Chairman, there was so much confusion that we did not hear the amendment. May I ask unanimous consent that the amendment be again reported?

The CHAIRMAN. Does the gentleman refer to the amendment to the amendment offered by the gentleman from New York?

Mr. PARKS. Yes.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again reported the amendment.

Mr. HARE. Mr. Chairman, it will not be construed from what I shall say at the outset that I am opposing this particular bill. However, I want to make it clear that I am opposed to such legislation becoming a policy of government. I am supporting the bill on the ground that it is designed to meet a pressing and what I call a distressing emergency. If the bill were proposed under normal conditions, I would oppose it, because when this Government undertakes to aid or finance any and every activity in the country in time of peace, it is launching into a field of governmental activity of superlative magnitude. I want to preface my remarks further and say that I do not consider it one of the real functions of government to insure prosperity to any particular class or classes of its people, particularly if such prosperity is to be contingent upon or draw directly upon the Treasury of the United States. However, it is a function of government to keep the doors of opportunity open to each and every class and to all alike. I want to say, too, that when our Government or any other government, for that matter, undertakes by legislative fiat to guarantee or insure prosperity to any particular class of its people at the expense of others, it begins to court disaster and starts "riding for a fall." The danger may not be immediately apparent and the crisis may be delayed, but the day of reckoning will certainly come. That day, in so far as our Government is concerned, appears to be at hand, and presents itself now as a "distressing emergency." The rapid approach has been seen by close observers for some time, and those in charge of the administrative affairs of government have resorted to many expediencies hoping that the fatal day would be delayed or averted; but instead of eliminating or deferring the unfortunate hour, their efforts seem to have hastened the crisis.

It is not necessary to go into any great detail describing the causes of this great economic depression, for which there seems to be no immediate relief. It is sufficient to say that, in my opinion, the fundamental trouble began a little more than a century ago when the first real protective tariff law was enacted; when Robert Y. Hayne, of South Carolina, resigned his seat in the United States Senate to become governor of his State and uphold the "nullification act" and more effectively wage a fight against the newly established policy inaugurated by Congress, for he considered the newly enacted tariff act as legislation for the benefit of a few at the expense of many; he considered it legislation or a governmental policy designed to increase the prosperity of a particular class of people, which of necessity would operate to the detriment or injury of all the other people, regardless of how slight or little it may at first appear. That small beginning, or that slightly preferential policy, as it may have been termed at that time, has reached such proportions and become such a vital factor in the functions of government that men and women throughout the Nation are today looking for and demanding special legislation that will give success or bring prosperity not only to every class but to every individual.

Those industrially inclined sought special consideration at the hands of the Government 100 years ago when the tariff act referred to was passed. They insisted that special legislation was needed to assist the infant industries to establish themselves and thereby increase the prosperity of the Nation. Subsequently those who would develop the transportation side of our economic life sought and obtained special legislation at the hands of their Government. Al-

though they may have contributed much to the economic growth of the Nation they grew richer and more powerful than those engaged in other lines of activity quite as essential to the stability of the Government or Nation. Those employed by these companies sought and obtained legislation that would in its operation bring increased prosperity to them, although the real reason assigned for this, as well as all the legislation referred to, was based or predicated on the theory that such legislation would be for the benefit of the "public."

After industry, transportation, and labor of a particular class seemed to have prospered under the policy of special or privileged legislation, those engaged in agricultural pursuits felt that the long-established policy of governmental protection should be enlarged so as to include the basic industry of our country—a perfectly natural and logical conclusion. As a result, arrangements were made whereby agriculture could be financed directly or indirectly by governmental agencies, it being contended that such a policy was consistent and in line with special concessions and privileges provided for others. That is, it was in keeping with other legislation enacted by the Government and designed to bring or insure greater prosperity to the beneficiaries. There is little doubt that some of each class of persons referred to have benefited temporarily as the result of the various kinds of legislation enumerated, but it seems that each and every class is not questioning whether the legislation in the long run has proven to be beneficial. Many of the high protectionists engaged in industry now admit that the policy has been carried to the extreme and but little or no protection would have been much better for the country in the end. While the railroads have been the beneficiaries of the Government in the past they see that the policy afforded them if afforded to other means of transportation will mean their absolute destruction. Under the theory of "similar" or "equal" protection with industry and transportation, agriculture is saying that it would have been much better off if a land bank or a farm board or other means of special credit had never been provided. All classes who have been the direct beneficiaries of legislation designed to bring them prosperity are now in the throes of economic despair; that is, following the wake of the many legislative efforts on the part of Congress to bring undue prosperity to the various classes we have had 12 months or more of increasing destruction and distress. The disastrous results have reached such proportions that we are threatened with riots and revolutions, and we are now called upon to appropriate billions of dollars to meet an emergency in time of peace.

Some attempt to excuse themselves in the support of this proposed legislation by saying that it is simply a revival of the War Finance Corporation that served the country in an emergency immediately following the World War and its reestablishment is, therefore, justified in order to serve the present emergency. It should be remembered that there is a big difference between that emergency and this one. We were in no way responsible for the war out of which that emergency arose, but we now have an emergency from which I do not believe our Government can fully absolve itself. We can not say now as we could then, "It is an emergency for which we are in no way responsible." We can not say to-day that this is an emergency brought about by circumstances over which we had no control, because the condition facing us now is not an accident or a mere incident in the life of a nation. It is the natural, logical, and inevitable result of governmental policies of long standing. I am convinced that the inducement or encouragement afforded different and various activities by the different legislative protective programs already referred to has served as an instrument for unforeseen and unintentioned economic self-destruction. The protection afforded by the ever-increasing tariff schedules gave rise to the acquisition and extravagant use of productive agencies; that is, it encouraged the use and adoption of expensive agencies, unwarranted by the capacity of the consuming world to properly and permanently absorb the product of such agencies without similar protection or corresponding inducements which, under natural laws and prevailing customs of society, could not be afforded by legislative fiat.

I do not want to be overcritical of those responsible for the enactment of legislation designed for the benefit of the few as compared with the whole, because I am willing to concede that they were generally sincere and thought that such legislation would be to the best interest of the classes destined for aid and that at the same time would work no injury to others. It may have been due to lack of sufficient foresight, for it has never been within the capacity or ability of any one man or class of men to properly analyze or interpret the future economic condition of a nation or nations for any length of time. No one has had a sufficient grasp on the factors and conditions that act or react upon each other to know just what the result of such legislation would be. It is true that an intimate knowledge of fundamental economic laws, recognized by observation and experience for centuries to be the effect of human and physical phenomena, should aid greatly in discerning conditions or circumstances that will prevail in the future, but no mind has had a sufficient understanding of all the arteries permeating the economic life of a fast-progressing civilization to see very far in advance just what conditions will come forth. The present picture, however, should be sufficient to compel the honest and inquisitive mind to analyze these conditions and see if it is possible to determine definitely and in detail the real and underlying causes. When this is done there should be sufficient courage and determination on the part of Congress to establish and adopt such policies as will prevent a recurrence of these conditions in the future and in time of peace.

We can understand and appreciate the necessities giving rise to the original War Finance Corporation, for it grew out of emergencies arising on account of an awful and disastrous World War, but it is almost tragic to think of the causes and conditions necessitating a similar corporation in time of peace. I recall that the War Finance Corporation was revived not long after the war, or shortly after President Harding had been elected and inaugurated as President of the United States. I recall further that an effort was made to revive the corporation during the latter part of President Wilson's administration, and I remember quite well that President Wilson vetoed the resolution and, among other reasons assigned for his opposition to the resumption of the corporation's activities, said:

> It would continue the Government as an active factor in ordinary business operations. If activities of any considerable magnitude resulted, they would necessitate the imposition of additional taxes or further borrowing, either through the War Finance Corporation or by the Treasury. In either case new burdens would be laid upon all the people. Further borrowing would in all likelihood tap the very sources which might otherwise be available for private operation or which the Treasury is now compelled to reach to meet current obligations of the Government. There is no question that the borrowing of the Government should be limited to the minimum requirements, and that the Government should not be called upon further to finance private business at public expense.

These observations are as applicable to the proposed legislation as they were when he vetoed a similar measure in 1920.

I understand that this bill contemplates the expenditure of $2,000,000,000. This is an enormous amount of money. It should be remembered that this is about one-tenth of the national debt arising out of the World War, and this is only the beginning. The bill provides that the proposed corporation is created for a period of 10 years. If it is to cost as much per annum as the amount contemplated in this bill, the cost of this disaster in time of peace will be equal to that following the World War. And we have no assurance that the underlying causes for this great financial catastrophe will be remedied or removed. I think it is high time, therefore, that instead of resorting to various expediencies Congress should set itself to the task of determining the causes of such depressions and trying to establish policies of government that will prevent their recurrence.

The passage of this bill may avert a greater financial catastrophe, but it will not remove the causes of this de-

pression. They are deep-seated and can not be remedied by mere expediencies. The proponents of the bill say it will prevent further bank failures and aid insolvent banks and those in the course of liquidation. I sincerely trust that in the administration of the bill, if enacted into law, it will operate to release millions of dollars now tied up in defunct banking institutions, but I doubt very much whether such funds will soon be placed in the channels of trade, because "a burnt child dreads the fire." These depositors will not entrust their earnings any time soon to another banking institution unless they have some assurance or guarantee that such deposits will be protected.

Mr. Chairman, it is not my purpose to speak in opposition to the amendment offered a few minutes ago by the gentleman from New York [Mr. LAGUARDIA], but I want to make a few observations with reference to the subject matter in the amendment.

The gentleman from New York [Mr. LAGUARDIA] says his amendment is for the purpose of protecting banking institutions. I want to repeat that in my judgment this bill should have directed its attention more specifically to protecting the banking institutions of this country [applause], because in the last analysis the depression permeating the entire United States and the entire world, for that matter, will be relieved only through the banking institutions of the nations, for the depression through which we are going has been brought about largely by the failure of the banking institutions to properly function and to meet the demands of industry, business, commerce, and agriculture.

If we are going to protect these banking institutions, my suggestion is that we go at it in a straightforward manner and bring into this House a bill proposing legislation that will insure deposits in those institutions especially created, supervised, and maintained by the Federal Government.

There has not been as much uphill and downhill business in any other institution of America as in the banking business. There has been greater success and more failures in the banking business than in any other institution in America that is yet a going concern.

Mr. DIES. Will the gentleman yield?

Mr. HARE. Yes.

Mr. DIES. I read a statement a few days ago that is authentic, which stated that 1 per cent of the banks of this country had resources equal to the combined resources of 99 per cent. Now, does the gentleman believe that this Government ought to aid the 1 per cent or the 99 per cent?

Mr. HARE. My idea is this: I want to make it clear, if I can have the time—because I have given the matter some thought and some consideration for several years—that we are going to come to the time when we will have to protect deposits in the banking institutions of this country, provided we are to expect such institutions to continue and serve the purpose for which they were intended.

We need not try to postpone action any longer. We might just as well face it, and face it manfully, courageously, and intelligently.

I proposed last year, and have proposed again this year, that we take the excise profits arising out of the Federal reserve system and insure the bank deposits of the member banks of the Federal reserve system to the extent of 50 per cent. I listened a few days ago to the gentleman from Oregon [Mr. HAWLEY], and I have always admired his frankness and his fairness. He tells us that within the last two years approximately $6,000,000,000 have been withdrawn from banking institutions.

[Here the gavel fell.]

Mr. HARE. Mr. Chairman, I would like to have five minutes more. I have not had an opportunity to speak on this bill before to-day.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. STRONG of Kansas. Mr. Chairman, I object.

Mr. STEAGALL. Mr. Chairman, may I ask the gentleman from Kansas not to object to the request of the gentleman from South Carolina.

Mr. STRONG of Kansas. Mr. Chairman, at the request of the chairman of my committee, I withdraw the objection.

The CHAIRMAN. The objection of the gentleman from Kansas to the request of the gentleman from South Carolina has been withdrawn. Is there objection to the request of the gentleman from South Carolina that he may have five additional minutes?

There was no objection.

Mr. STEAGALL. Will the gentleman from South Carolina yield to me for a moment to give some figures?

Mr. HARE. Yes.

Mr. STEAGALL. Supplementing what I said a moment ago, the War Finance Corporation made loans for agricultural purposes in 1921 to 4,317 banks, mostly country banks. The largest amount outstanding was $134,000,000, and they had paid back by 1923 down to $37,000,000. I wanted these figures to appear in the RECORD.

Mr. HARE. Mr. Chairman, when my time expired I was referring to a quotation from the gentleman from Oregon [Mr. HAWLEY]. He says that within the last two years $6,000,000,000 has been withdrawn from the banks, put in stockings or other places, and removed from circulation.

It is the withdrawal of these deposits, the withdrawal from the banks of currency which is placed in hidden places that is the cause of the depressed condition throughout the country to-day.

We speak of renewing the confidence of the public in business. It has been suggested that this bill attempts to renew confidence in the railroads and other business activities. I want to say that confidence has not been lost in the railroads. They are able to perform their accustomed work. What they need is not more confidence, but more goods to carry. [Applause.] Confidence has not been lost in insurance companies. What they need is business or more business. Confidence has not been lost in commerce, confidence has not been lost in manufacturing establishments. Confidence has been lost in only two things in this country, and I say this for the benefit of my friend from Kansas [Mr. STRONG]. One of them is the people have lost confidence in the banking institutions of the United States and the other is they have lost confidence in the Republican Party. [Applause.]

I am taking the position that until we realize the full import of this problem and take steps to guarantee or insure in some way the deposits in our banking institutions, this bill or no other bill will restore the confidence of the public. This bill will not do it. The people who have their money to-day in their pockets, in their clothes, or in their closets, upon the passage of this bill are not going to put it back into the banks. Do not fool yourselves. They are going to keep it right where they have it, and when this money we are appropriating is expended, the banking institutions of this Nation will be in just as sore need as they are to-day.

Mr. MAY. Will the gentleman yield for a question?

Mr. HARE. Yes.

Mr. MAY. Will not the fact this institution is authorized to lend to the railroads, and lend directly to them, take away from the banking institutions of the country, in many instances, the opportunity to make profits by such loans?

Mr. HARE. I think there is no doubt about that, but the point I want to emphasize is that if we want to restore confidence, let us restore confidence to these institutions that handle the money of the Nation and the money of the people, and then we will see this $6,000,000,000 referred to will find its way back into circulation and find its way into the channels of trade, and this $2,000,000,000 we are appropriating would be unnecessary. [Applause.]

It has been stated here by those representing President Hoover, and sponsoring various kinds of emergency legislation, that the entire program is for the purpose of renewing the confidence of the public in business and banking institutions. There is no doubt but what such a program is necessary, because I think one of the great troubles with business and banking, as well as other activities, is the public

has lost confidence, not only in the policies and practices of the business machinery of the country, but the public has lost confidence in the governmental machinery under which such institutions have been operating. The restoration of confidence is a great problem at this time, but in my judgment you are not going to restore confidence in our banking systems or our banking institutions with the little assistance they will get out of this or the other legislation proposed by the President and already acted upon. The only proposal he has submitted that will restore confidence to any extent is the one that would give greater security to bank deposits, and it seems that he is not in as big a hurry about this one as some of his other schemes; that is, it seems that he is anxious to have the Government come to the rescue of big bankers, the international bankers, big business enterprises, big transportation companies, and other big activities.

It is my honest conviction that if Congress will inaugurate a plan whereby the deposits in our banking institutions will be insured or guaranteed in some way there would be an immediate reaction in all business activities throughout the country. The billions of dollars that have been withdrawn from the banks would soon find their way back into these institutions. Money would then be available for trade, business, commerce, industry, agriculture, and every other activity of any consequence. The sooner we can get to that type of legislation the better it will be for this country. Instead of being placed at the bottom of his proposals, the President should have placed it at the top of the list. As a matter of fact, I am only sorry we were unable to have this matter command his interest last year, because if such legislation had been enacted at the last session of Congress it would have preserved and kept in circulation millions of dollars that have been virtually lost in the meantime. To my mind, H. R. 16038, introduced in the last Congress and reintroduced at this session and now known as H. R. 5125, if enacted into law would give such confidence in our banking systems and banking institutions that there would be an immediate reaction in business generally. I trust the Banking and Currency Committee will begin the consideration of such a measure at the earliest possible date. [Applause.]

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. SABATH. Mr. Chairman, having advocated this legislation for over a year, I am tremendously satisfied and assured that when this bill finally passes and becomes a law it will do the good and bring about the aid that I have been claiming.

Realizing the conditions and the sentiment throughout the Nation and wishing to bring about the reestablishment of confidence by this legislation and by this measure, I desire that the House name the four directors of the institution directly and thereby eliminate the fear that it might be utilized for the benefit of the New York bankers and of the railroads. I still have the utmost confidence in the judgment of this House and its Members, and I believe that if they retain and utilize the power of appointing the four directors, the entire Nation will immediately have such confidence in this legislation that faith in the future and success of the Nation will be restored.

Therefore, I regret exceedingly that the committee has withdrawn the provision, at least, that authorizing the Speaker to name two of the directors and has left the entire power to the President.

My bill provided for the appointment of four directors by the House, and, notwithstanding what some constitutional lawyers say, I still maintain that the House has the power, and I believe it would have been the wise thing for this House to select four outstanding citizens of America who would devote their time to see that this legislation would be honestly, fairly, and justly administered, not in the interest of the banks and the railroads but in the interest of the American people themselves. [Applause.]

Therefore I regret that my proposition has not been adopted and that the amendment of the committee provisions, giving the Speaker the right to name two of the directors, has been withdrawn and the entire power left in the hands of the President.

Nevertheless, I wish to serve notice on the President that we will not tolerate the appointment of any member on that committee who in any way will be controlled by the capitalistic group or by the men who brought about the present distress and suffering to the Nation. [Applause.]

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from New York [Mr. LAGUARDIA].

The question was taken; and on a division (demanded by Mr. LAGUARDIA) there were 77 ayes and 103 noes.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the adoption of the committee amendment.

The question was taken, and the committee amendment was adopted.

Mr. LAGUARDIA. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 2, line 15, strike out the words "the governor" and insert in lieu thereof "any member."

Mr. LAGUARDIA. Mr. Chairman, if the President desires to appoint the present governor of the Federal Reserve Board, that is his responsibility; but I do not see why the House should assume the responsibility to appoint Mr. Eugene Meyer on the board of the Reconstruction Corporation.

Mr. STEVENSON. As a matter of fact, if the President wanted to appoint Mr. Meyer he could do it anyway. You will not get clear of it by this amendment.

Mr. LAGUARDIA. Exactly; but the responsibility will be his. I do not want to go into the Eugene Meyer former relations with the War Finance Corporation, but my colleague from Maine [Mr. BEEDY] made reference to what he termed the splendid services of Mr. Eugene Meyer, and I feel justified in referring to these same services of Mr. Eugene Meyer and his connection with the War Finance Corporation——

Mr. BEEDY. Will the gentleman permit an interruption? The gentleman from New York will recall that I made no reference to the services of Eugene Meyer; I referred to the allusion of the gentleman from New York, wherein he characterized Mr. Meyer as a caddy on the golf course. I made no reference to his services.

Mr. LAGUARDIA. I am going to characterize him worse than that.

Mr. BEEDY. The gentleman put words into my mouth that I did not utter.

Mr. LAGUARDIA. It is difficult to put words into the mouth of the gentleman; but I want to see if I can not put something into his heart.

Let me read from the report of the Select Committee to Investigate Destruction of Government Bonds, reported to this House March 2, 1925, of which the distinguished gentleman from Alabama, the present chairman of the Committee on Banking and Currency, was a member; the gentleman from Pennsylvania [Mr. MCFADDEN] was a member; and the gentleman from Kansas [Mr. STRONG], who has nourished ambitions to become a member of the Federal Reserve Board ever since I have known him, was a member; and also the gentleman from South Carolina [Mr. STEVENSON] was a member. That committee said:

During the period of these transactions and up until a quite recent date the managing director of the War Finance Corporation, Mr. Eugene Meyer, in his private capacity, maintained an office at No. 14 Wall Street, New York City, and through the War Finance Corporation sold about $70,000,000 in bonds to the Government and also bought through the War Finance Corporation about $10,000,000 in bonds and approved the bills for most if not all of these bonds in his official capacity as managing director of the War Finance Corporation.

Wait a minute, gentlemen. The worst is yet to come:

When these transactions just referred to were disclosed to the committee in open hearing the managing director appeared before the committee and stated that while the books of the War Finance

Corporation disclosed the fact that commissions were paid on these transactions, they were in turn paid over to the brokers, selected by the managing director, who executed the orders issued by his brokerage house; and immediately after this disclosure to the committee the managing director employed Ernst & Ernst, certified public accountants, to audit the books of the War Finance Corporation, who did, upon the completion of their examination of these books, report to the committee that all moneys received by the brokerage house of the managing director had been accounted for.

Now, gentlemen, get this:

While simultaneously with the examination being made by the committee, the certified public accountants, heretofore referred to, were nightly carrying on their examination, it was discovered by your committee that alterations and changes were being made in the books of record covering these transactions, and when the same was called to the attention of the treasurer of the War Finance Corporation he admitted to the committee that changes were being made. To what extent these books have been altered during this process the committee has not been able to determine.

I will read on—

Notwithstanding the fact that there was no authority for the purchase of bonds above par such purchases were made. The dates of purchase of bonds as given by the Secretary of the Treasury, which would have shown that about $24,000,000 had been paid by the Government for bonds in excess of the highest market rate for the various days on which it was alleged that the purchases were made, were found to be incorrect. It was also found that the dates given by the War Finance Corporation and the Federal Reserve Bank of New York City, N. Y., did not agree and that the records of the former also vary as to dates of purchase. For example, the dates furnished by the Federal reserve bank statements were sometimes given as the date of delivery of the bonds, sometimes the date of the transaction, and sometimes the date on which the transaction was reported. The dates given by the records of the War Finance Corporation were equally confusing. One transaction in the books of the War Finance Corporation has journal entry as of November 15, 1918, a subentry in the journal as of November 12, the detail sheet is dated November 11, and the dates of purchase given as November 8 and 9. The market prices varied each day. Only a complete audit will disclose how nearly correct is the loss of $24,000,000 which the dates given by the Secretary of the Treasury show.

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LAGUARDIA. And while this committee was in the course of investigating these alterations along came the end of the session, and when they asked to be continued it was denied, and the committee died, and this hearing, these shocking details on which the report I have just read was based, with the exception of volume 1, has never been printed! The committee was permitted to die and the hearings not permitted to be printed. Is that not true, Mr. STEAGALL?

Mr. STEAGALL. That is correct.

Mr. MAY. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. MAY. The only purpose of the amendment offered by the gentleman is to prevent this man from becoming a member of this board of directors?

Mr. LAGUARDIA. Well, we would not appoint him; it would not prevent the President from appointing him. The bill provides now that the governor of the Federal Reserve Board shall go on the board. My amendment provides that the President may appoint any other member of the Federal Reserve Board.

Mr. MAY. The gentleman's amendment gives the President the power of choosing any member?

Mr. LAGUARDIA. Exactly. Then, if the President appoints this gentleman, the responsibility is his and not ours. I do not see anything wrong with this amendment.

Now, gentleman, let us look at this situation. Here was the United States Government, after the war, refunding its national debt by buying Liberty bonds. What necessity was there to employ a broker to buy those bonds? The mere call on the member banks of the Federal reserve system would have brought in all the bonds they wanted.

Assuming that the fees did go from the firm of Eugene Meyer to the brokers, it is not denied that the purchase and sale was made through his own firm at 14 Wall Street; he employed the other brokers and the advantage he has in employing brokers to buy millions of dollars of bonds can well be understood. If the older Members who were here at the time will recall the hearings, as I am sure the gentleman from Alabama [Mr. STEAGALL] remembers, bonds were bought back above the market value, all done through this brokerage house of Mr. Eugene Meyer, through other fellow brokers who were paid. Now, ladies and gentlemen, I submit that here are $2,000,000,000 to be loaned or otherwise invested. I will not say that Mr. Eugene Meyer was dishonest in this thing, but he did what the law said he could not do. He certainly displayed disregard for the law in order to give huge profits to brokers employed by his firm. Is that not true, Mr. STEAGALL? Because in the report they cite the penal provision of the law, in which it is provided:

No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the determination of any question affecting his interest—

And so forth. That is cited in the report. It was in direct violation of the law. I say, gentlemen, that here is the largest entity ever created by any legislative body in the world, with a capital of $2,000,000,000; with greater powers than were ever given any set of directors at any time in the history of governments or banking, and with that history in mind, with the attitude, with the callousness, with the viewpoint, with the connection of Mr. Eugene Meyer, I respectfully submit that we ought to wash our hands of him and let the President select the member of the Reserve Board best fit to serve on this important board. [Applause.]

Mr. STRONG of Kansas. Mr. Chairman, the gentleman from New York has mentioned the fact that I served upon the committee to which he referred and made the report from which the gentleman has quoted. The committee upon which we served was a committee appointed by the House to investigate the duplication of Government bonds. The committee continued for a year and we found no evidence of any duplicating of Government bonds, and I filed a minority report taking that position, which was in the hands of the gentleman from New York. During the vacation a Mr. Brewer, who was employed by the committee against my wishes, brought out the proposition that he had discovered a great mare's nest; that Mr. Eugene Meyer had taken $2 for every $1,000 of bonds bought and sold. So they called the committee together in vacation time for the purpose of giving the country a great scandal. Mr. Eugene Meyer came before that committee and proved to them absolutely that every dollar of that $2 per thousand was paid to brokers for the purpose of buying bonds, and he did not receive a red cent of it. So the great scandal blew up.

That is what the gentleman is quoting. Where did Eugene Meyer get into this War Finance Corporation except by the invitation of Mr. McAdoo? He carried on the negotiations in the buying and selling of Government bonds which Mr. McAdoo wanted him to do. There was no scandal.

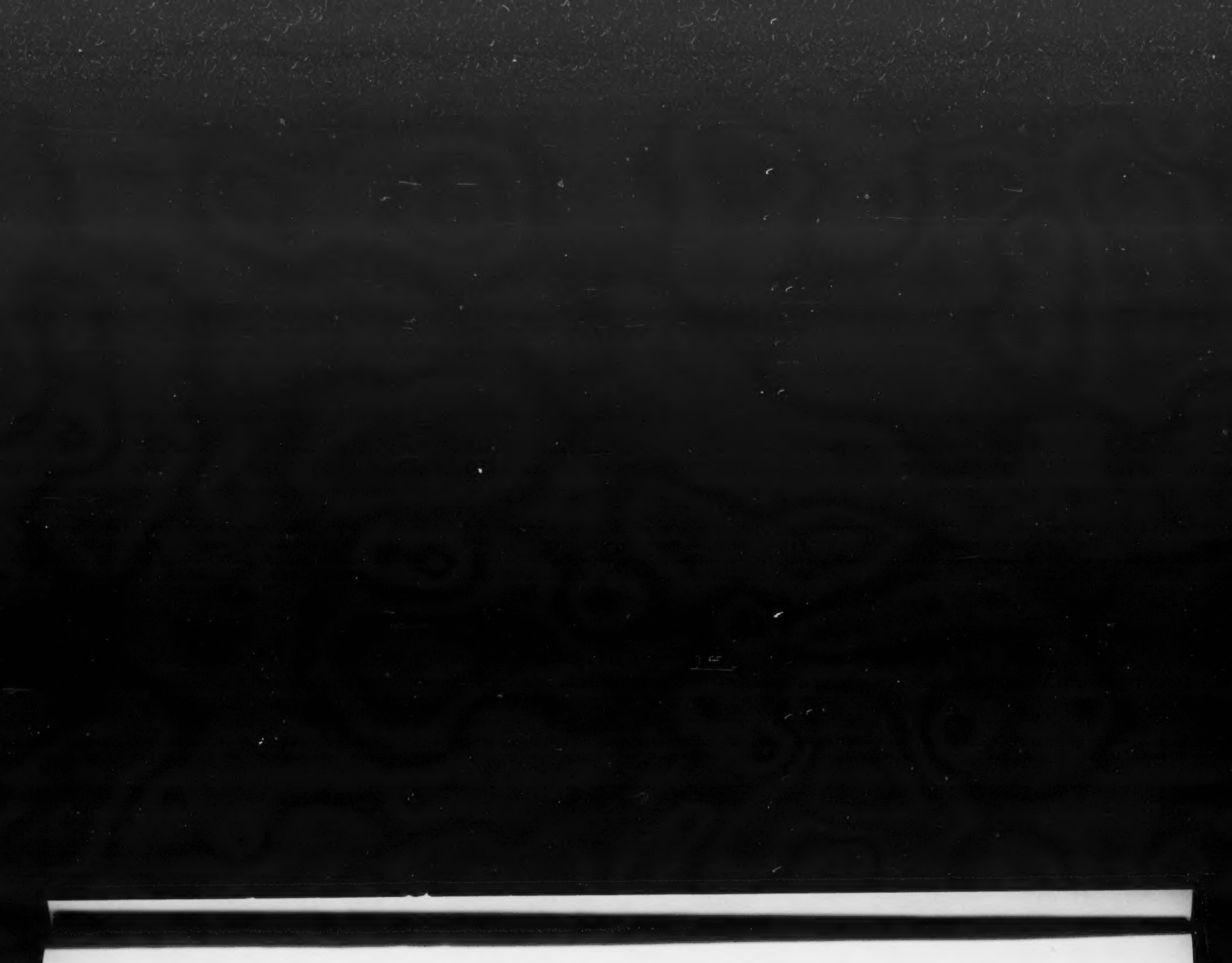
A report was made to this House. I made a minority report. The chairman of the committee, Mr. MCFADDEN, also declined to sign the report, and made a minority report. What did you gentlemen do about it? The scandal charging the duplication of Government bonds died in the borning. I object now to having it read into the RECORD that I was a party to trying to cover up for Mr. Eugene Meyer or criticized him. [Applause.]

Mr. STEAGALL. Will the gentleman yield?

Mr. STRONG of Kansas. I will.

Mr. STEAGALL. I want to say, in fairness to the name of the gentleman who is under discussion that it was not thought by that committee that he was guilty of misappropriating any funds that came into his hands or any violation of law except the technical provisions of the statutory regulations under which he acted.

Mr. STRONG of Kansas. I thank my chairman. That is all I care to say. [Applause.]





Mr. LOZIER. Mr. Chairman, I arise in support of the amendment offered by the gentleman from New York [Mr. LAGUARDIA]. I favor his amendment for more reasons than those stated by him.

The pending bill—H. R. 7360, known as the reconstruction finance measure—creates a corporation with a board of directors to be composed of the Secretary of the Treasury, the Secretary of Agriculture, the Governor of the Federal Reserve Board, and four additional directors, two of which shall be appointed by the Speaker of the House and two by the President.

It has been argued that the provision authorizing the Speaker to appoint two of the members of this board is unconstitutional, and the committee in charge of the bill, yielding to this clamor, has submitted an amendment providing that the President shall appoint all of these four directors, thereby eliminating the Speaker from the picture. While the question is not free from doubt, I am of the opinion that the provision vesting the appointment of two of these directors in the Speaker is not unconstitutional, for the reason that the members of this board are not in truth and fact officers of the United States within the meaning of the Constitution vesting in the President the power to appoint officers of the Government, but are in reality directors or officers of a business corporation created by an act of Congress. But it seems to be agreed that this bill will be amended so as to vest in the President the appointment of these four directors.

I think it is exceedingly regrettable that the Congress of the United States, in the enactment of financial legislation and in the creation of boards and commissions, has fallen into the vicious habit of making this or that member of the Cabinet or this or that bureau chief a member of such board or commission. Seemingly, Congress proceeds on the theory that it can not enact any worth-while legislation unless it writes into the law that the Secretary of the Treasury, the Secretary of Agriculture, the President of the Federal Reserve Board, or some other departmental head or bureau chief shall be members of the board created by such act.

By this policy and practice we are in effect admitting that the agencies we are creating will signally fail to accomplish the purposes for which they were enacted unless we place them under the control of one or more departmental heads or bureau chiefs. Why should every benevolent agency created by the Congress be placed under the thumbs of one or more Cabinet officers? Why should a departmental head dominate every board or commission created by Congress to remedy conditions which have become intolerable under a President whose will is law and gospel to such Cabinet officers or bureau chiefs? Do our departmental heads and bureau chiefs have a monopoly on the wisdom and financial ability of the Nation? Must all of our relief legislation be placed in the hands of the President and his Cabinet officers who have made such a miserable mess of everything they tried to do?

The pending bill drops into the same old rut and creates one of the greatest business corporations that the world has ever known, and hangs on the neck of such body corporate Andrew Mellon, Arthur Hyde, and Eugene Meyer. The first two have made a witches' stew of practically everything they have touched, and Mr. Meyer represents the interests and groups that have unconscionably exploited our people and brought our country to the verge of bankruptcy. Among the 123,000,000 people in the United States is it possible that the President can not find two men of outstanding financial genius and experience to act in the place of Mellon and Hyde, the two Dromios in the Hoover comedy of errors?

There are many, many men in the United States who outrank these champions of big business and special privilege, who are not touched by the evil genius of the Hoover administration; other men in whose veins the milk of human kindness has not turned to wormwood and gall; who are in sympathy with wayfaring men and women; and who would more ably and efficiently administer the provisions of this act. I hope the time may be near at hand when we will arrest the drift toward bureaucracy, when we will have the courage to enact remedial legislation that will not automatically thrust Cabinet officers and bureau chiefs into membership of boards and commissions created by substantive laws.

In view of his record as Secretary of Agriculture, where is the man so rash as to credit Mr. Hyde with any special financial genius? Mr. Meyer breathes and lives in the atmosphere of big business and special privilege. He is an outstanding representative of that all-powerful group that uses the agencies and instrumentalities of the Government to accomplish their sordid and selfish interests. And when the impartial historian in the future writes the record of the present administration he will ascribe to Mr. Mellon the unenviable distinction of having exerted the most sinister, sardonic, and malignant influence in this generation. [Applause.]

Sycophants never tire of cackling that Mr. Mellon is the greatest Secretary of the Treasury since Alexander Hamilton. How unwarranted this praise. How baseless this fulsome flattery. It almost amounts to sacrilege to mention the present Secretary of the Treasury in connection with Alexander Hamilton. Hamilton was an intellectual giant, Mellon a financial buccaneer. Hamilton brought an impoverished infant Republic to financial ease, Mellon brought the richest and most powerful Nation in the world to the verge of bankruptcy, and practically destroyed a financial and economic structure that had been 150 years in building.

I am an uncompromising Jeffersonian. I do not accept the political philosophy of Alexander Hamilton, but I admire his patriotism and respect his integrity and financial genius. I will now read a letter written by Alexander Hamilton which will show how different he was from Andrew Mellon. This letter was written on August 10, 1792, to Clement Biddle. A few moments ago I saw the distinguished and versatile gentleman from Philadelphia [Mr. BECK] sitting near the well of the House. He is a ripe scholar, well versed in the history of his country.

If you should ask him, "Who was Clement Biddle?" he would no doubt quickly tell you that he was a great American patriot; a great grandson of William Biddle, a shoemaker and colonel in Cromwell's army, who fought at Naseby and had a part in the overthrow of Charles I; that during the Revolution Clement Biddle was quite active in patriotic affairs; that he and his brother, Owen Biddle, signed the "nonimportation agreement," with other Philadelphia merchants, in 1765; that he organized a company of Revolutionary soldiers known as the "Quaker Blues"; that he fought at Princeton, Brandywine, Germantown, and Monmouth; that he sacrificed and suffered at Valley Forge; that he fought in the forefront at the Battle of Trenton, after which he was designated by Washington to receive the sword of the Hessian officers when they surrendered; that he was aide-de-camp to General Greene, deputy quartermaster of the United States Army; appointed by President Washington as United States marshal in charge of the forces sent to suppress the whisky rebellion; the friend and factor of George Washington; shipper and importer; active in securing the adoption of the first 10 amendments to our Federal Constitution. To this patriot Mr. Hamilton wrote as follows:

PHILADELPHIA, *August 10, 1792.*

CLEMENT BIDDLE, Esq.

DEAR SIR: I have concluded to offer you the agency for providing all such supplies for the War Department as are not objects of direct contract with the Treasury. The compensation, about $800 a year; but it occurred to me that you were engaged in the business of broker, and hence apprehension has been excited, lest a connection of the kind contemplated with the department should be misinterpreted and misrepresented by those who are too much disposed to malign and calumniate. I have not, however, made any other appointment, willing to apprise you of my intention before I did it, as I could not know your future plans of business. I hope you will be persuaded in every event of the friendship and esteem with which I am, dear sir,

Your obedient servant,

A. HAMILTON.

The original of this letter is preserved in Independence Hall, Philadelphia. It illustrates the care exercised by Mr. Hamilton and our other constitutional fathers in scruti-

nizing the business relations of men appointed to Government positions, especially where the duties of the office were intimately connected with commerce and business affairs—a conception never entertained by the Harding-Coolidge-Hoover-Mellon régime. The appointment of Mr. Biddle would not have violated the letter of any Federal law, but both Hamilton and Biddle knew the spirit of the law and sound public policy would be violated by such appointment.

Imagine Andrew Mellon writing a letter of this character. Think of Andrew Mellon ever entertaining lofty conceptions like those reflected in the foregoing communication. When did the present Secretary of the Treasury hesitate to appoint a person engaged in big business, or representing big business, to a position of power and influence in the Government, where he could, if he so desired, feather his own nest and enrich his business associates by favoritism or graft in the public service. Such an exalted impulse as that which dominated Alexander Hamilton could never be conceived in or brought forth from the sordid and provincial brain of the Pittsburgh Crœsus, who for more than 10 years has had a strangle hold on the economic activities of the Nation.

[Here the gavel fell.]

Mr. LOZIER. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LOZIER. I have read this letter because it forcibly illustrates the rugged personal integrity of our first Secretary of the Treasury. He had a high appreciation of his duties and responsibilities. He was a devoted friend of Clement Biddle and desired to give him a Federal appointment, but he realized that this position was so closely connected with commerce and the business affairs of Mr. Biddle as to afford an opportunity for graft and illicit gain. His keen intellect told him that the appointment would be criticized and condemned. He did not think that Mr. Biddle would take advantage of the opportunities to enrich himself, but Hamilton knew that the appointment would place Mr. Biddle in a position where he could graft on the Government or bestow favors on his business associates if he were so disposed. Hamilton was unwilling to make this appointment under those conditions, nor was he willing to place his friend in the embarrassing attitude incident to such appointment; and so by this letter, Mr. Hamilton, in a polite manner, indicated to Mr. Biddle that he, Hamilton, could not afford to make the appointment, and that he, Biddle, could not afford to accept the appointment.

The present Secretary of the Treasury is a stranger to the high ideals and exalted conceptions of public service which actuated Alexander Hamilton. Since his appointment nearly 11 years ago, Mr. Mellon has been the apostle of big business, the tireless advocate of special privilege, and the spokesman of the few favored groups that dominate our economic life and have driven us dangerously close to disaster. Mr. Mellon does not have the confidence of the American people. He is not in tune with the spirit of our institutions. Much of the opposition to this bill comes from the fact that Mr. Mellon will very largely administer the act, and millions of good citizens believe it will be maladministered by him.

Mr. Mellon does not deserve to be placed in the same class as Alexander Hamilton and Albert Gallatin, our two really great Secretaries of the Treasury, whose shoe latchets Mellon is not worthy to unloose. I hope the time will soon come when we will have another Secretary of the Treasury actuated by the same high ideals as those that guided the pen of Alexander Hamilton when he wrote the letter to which I have just called your attention. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, in view of the statement that has been made by the gentleman from New York [Mr. LAGUARDIA] and by the gentleman from Kansas [Mr. STRONG], I am going to ask unanimous consent that there may be placed in the RECORD at this point a statement made by me on March 2, 1925, which is a part of the report which the gentleman from New York referred to.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The statement referred to follows:

STATEMENT BY MR. M'FADDEN

I have withheld my signature from the report of the special committee which was prepared, signed, and presented by three of its members, for the reason that the report, under the exigencies of the situation, was, in my judgment, presented prematurely, and for the reason that had its presentation not been forced by the approaching end of this Congress, it might have had a different tenor and different recommendations.

While the committee has proceeded as expeditiously as circumstances permitted, and has progressed satisfactorily in its inquiry and investigation to the time of the conclusion of such inquiry and investigation, its hearings were necessarily much curtailed and finally suspended to permit a report to be made to the present Congress. There has not been opportunity to hear many of the witnesses available to it, and the committee did not have time or opportunity to call or hear all of the witnesses offered by the Treasury Department, or permit cross-examination by that department of witnesses previously heard, a courtesy which, in my judgment, should be fully accorded to it. In consequence of this, the investigation was suspended before the committee had exhausted the evidence and data available to it, and, of course, its conclusions and recommendations are not as authoritative as if they had followed an examination of a wider scope.

It was my desire that the authority of the committee be continued for a sufficient length of time to accord opportunity for a full and complete hearing on this most important subject, but, such authority having been refused, I can not subscribe to a report which, under the necessities of the case, is incomplete and which, if hearings had been continued, might have stated different conclusions, and, necessarily, different recommendations.

LOUIS T. MCFADDEN.

Mr. McFADDEN. Mr. Chairman, I was chairman of this particular committee, which was designated by the House to investigate this question which at that time seemed to be a duplication of United States bonds. It was ascertained before we had gone very far into this study that it was not a question of duplication of United States bonds as such but it was more a question of duplicate payments of real United States bonds. In the course of that study the committee saw fit, under my direction, to employ as an expert to aid us a man who had been assigned by the Department of Justice to look into this very subject, a lawyer, a very able man, a man who did an unusual amount of work and who has been rewarded for that work by persecution ever since.

I want to say to the House, now that this matter has come up, and it was not brought up at my instance, that as chairman of the committee I directed the drafting of the main part of this report, which I did not sign. You will see when you read the statement I put in the RECORD why I did not sign the report. We were at a most interesting phase of this matter when influences were brought to bear upon the administration officers of this House that these hearings should be stopped, that we should not have our authority extended to complete the inquiry, and we did stop right in the midst of this examination.

It is fair to say, as regards the statement made by the gentleman from Kansas [Mr. STRONG], who was a member of that committee, that he was not in sympathy with the activities of the committee. I want to say also that in the activities of this committee it was almost impossible to get information out of the United States Treasury. We had all kinds of difficulty. Now that the matter is up I want to say to you, gentlemen, that there should be an audit of this matter. This matter should be finally determined. [Applause.]

I want to say also in regard to the transactions which were referred to by the gentleman from New York [Mr. LAGUARDIA] that the investigation of this committee disclosed that the managing director of the War Finance Corporation bought and sold Government bonds, placing the orders with his own private banking house in New York to the extent of something over one and three-quarter billions of dollars. It was very unethical, to say the least. At the time the authority of the committee was stopped, the committee was engaged in an examination of the broker's slips, which showed the commissions that were being paid on these transactions. The day before the authority of the commit-

tee stopped the chairman of that committee presented to the Secretary of the Treasury a Government bond which upon the records as he checked them over I am willing to say upon my own authority that that bond appeared to have been paid three times by the United States Treasury.

I want to say to you, gentlemen, this is a very serious matter. It can not be passed over lightly. It is a matter that the Congress some time or other must look into and clear up. [Applause.]

Mr. LUCE. Mr. Chairman, we have just been informed that the gentleman from Pennsylvania [Mr. McFADDEN], who was the chairman of the Committee on Banking and Currency until the present session opened, was aware for six years of some delinquency that ought to be investigated; and now, six years after he knew that fact, he comes before us and demands action.

Last December, sir, the integrity of Eugene Meyer was brought in question by the gentleman from Pennsylvania. His fitness to be appointed to the position of governor of the Federal Reserve Board was questioned, and on this floor we met every charge, and in the body that had to pass judgment upon the fitness of that appointment his views did not prevail. He said here, openly and publicly, that Eugene Meyer should never be confirmed, and yet the body that had the duty to confirm, that had the duty to listen to all these attacks, and that through many days did listen to these attacks, finally passed judgment upon the charges of the gentleman from Pennsylvania and said that they were unfounded.

I beg of you, sir, that this committee will not now listen to a man who lay quiet for six years, and now through some motive that I have no desire to question, at last says that six years ago there was some awful crime committed, something dreadful perpetrated, which ought to be investigated, and that should disbar this man from designation to fill this position. I say, out of his own mouth he convicts himself of being false to his trust as a Member of the House. [Applause.]

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to proceed for one minute.

Mr. LUCE. Mr. Chairman, I shall object unless I have an equal opportunity to rejoin.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Chairman, all I desire to say is that I have been repeatedly calling this matter to the attention of the public and of the Congress. [Applause.]

Mr. LUCE. Mr. Chairman, I ask permission to speak for one minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LUCE. Mr. Chairman, through the six years since I have sat on this committee with the gentleman from Pennsylvania [Mr. McFADDEN] I have never heard him make that request of that committee once. [Applause.]

Mr. LaGUARDIA. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. STEVENSON. Mr. Chairman, I am not going to object; but I serve notice now that we want to make progress on the bill, and this is foreign discussion.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LaGUARDIA. Mr. Chairman, I want to say to the gentleman from Massachusetts [Mr. LUCE] he is always fair, but in this instance he should not take it out of the gentleman from Pennsylvania [Mr. McFADDEN] for something for which he is not responsible. [Applause.] It was I who brought this matter up, and just because everybody has been kicking the gentleman from Pennsylvania around, now the gentleman from Massachusetts jumps on him too. [Applause.]

I want to say to the gentleman from Alabama [Mr. STEAGALL] that what I said concerning the governor of the Reserve Board I read from a statement over his sacred and solemn signature in this report; and I want to say to the gentleman from Kansas [Mr. STRONG] that there is not one word of direct denial in his minority report of the specific allegations that I have read from the report of the majority of the committee. And again to the gentleman from Alabama [Mr. STEAGALL] that he made every effort at the time to get this very same report in the RECORD.

Mr. STRONG of Kansas. Put it in the RECORD.

Mr. LaGUARDIA. Certainly, I will.

Mr. STRONG of Kansas. That is the fair thing to do.

Mr. LaGUARDIA. Yes; surely I will put it in the RECORD. The gentleman used one whole page talking about duplication of bonds, but not one word did he peep about the charge of misconduct that I have read from the report of the committee.

Mr. STRONG of Kansas. There was none.

Mr. LaGUARDIA. I refer, gentlemen, to the days when we had this up. You remember the gentleman from Illinois, our colleague, Mr. King, who brought up this question of duplicated bonds, and do you remember how he was abused because of infringing upon the sacred name of Andrew Mellon [laughter], because he dared to bring in the Secretary of the Treasury? Do you gentlemen know that this gentleman referred to, Mr. Brewer, was appointed by President Harding as an Assistant Attorney General? Do you know that President Harding issued an order to give him access to these records in the Treasury Department? Do you know that order was ignored? Do you know that President Harding was compelled to drop him from the Department of Justice? Do you know that a committee of Members, of which I was one, walked down to a safe-deposit vault and physically examined these duplicated bonds?

This has nothing to do with the question now pending, but I want to say, gentlemen, there is no one that has a shorter memory than the House of Representatives. Oh, it was the fond hope of a lot of you gentlemen that this report had been forgotten. It is an official report, a public document, on file in the archives of the House of Representatives, and I submit to the gentleman from Massachusetts [Mr. LUCE] it has never been denied, and I was within my rights to refer to it. The sad part of it all is that the charge I have read can not be denied. [Applause.]

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New York [Mr. LaGUARDIA].

The question was taken; and on a division (demanded by Mr. LUCE) there were 115 ayes and 125 noes.

Mr. LaGUARDIA. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. LaGUARDIA and Mr. BUSBY.

The committee again divided, and the tellers reported that there were 123 ayes and 131 noes.

So the amendment was rejected.

Mr. STRONG of Kansas. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. STRONG of Kansas. Mr. Chairman, there has been a good deal said about the committee that made the report in 1925 and my minority report. I want to read my minority report to the House, which was made March 25, 1925. It is as follows:

Three members of the committee of five signed the majority report, and the chairman has filed a separate report. I do not agree with the conclusions as set forth in the majority report, nor do I concur in the statements on which such conclusions are based. I find that the evidence presented to the committee does not substantiate the statements and conclusions set forth in the majority report.

There have been duplicate-numbered bonds issued by the Treasury, but I do not find that these bonds were spurious or fraudulent nor that the Government did not receive full payment therefor.

I find that there were errors made and that some petty thieving occurred. I find, however, that such errors and such petty

thieving were not more than could be expected under the volume of work and the general war-time conditions that prevailed. In fact, it is remarkable that in handling over $140,000,000,000 in bonds and other securities from the beginning of the war up to the present time the Treasury has sustained so few losses. This achievement deserves commendation rather than criticism.

The Secretary of the Treasury has repeatedly stated that these charges made in the majority report are unfounded and has ever so insisted when before our committee. It should be noted in this connection that the majority report deals with matters which occurred prior to the time that the present Secretary of the Treasury took office and that he would have no personal or political reason for defending any such charges as made if they were founded on fact.

Mr. Brewer, who produced much of the testimony upon which the majority report is based, has been engaged on this general matter for almost four years without any appreciable result. His investigation has cost the Government hundreds of thousands of dollars in time, labor, and other expenses, and your select committee has already spent $10,000 in this investigation. On the basis of the evidence presented, to continue the committee and to have an audit as requested by the majority report would be nothing less than a great waste of public moneys. If there were fraud, as charged, the public interest would demand an audit. There has been no fraud and there is, therefore, no occasion for an audit. A complete audit would take possibly 10 years with an inestimable amount of expense.

The recommendations for the separation of the register's office, the Bureau of Engraving and Printing, and the Division of Paper Custody from the Treasury Department, making them an independent establishment by act of Congress, are ridiculous. Such recommendations are not justified by any evidence that has been presented before your committee.

I could at great length point out how unfounded are the conclusions as expressed in the majority report. I feel that this is unnecessary, but it is perhaps well to call your attention to the following as an example: Under the heading, Destruction of Evidence, in the majority report, an opinion is rendered on the law in relation to destruction, holding that the Secretary of the Treasury has no authority to destroy securities. The Secretary of the Treasury has always had such authority, and the Attorney General of the United States has in a recent written opinion conclusively confirmed the Secretary's authority.

Respectfully submitted. JAMES G. STRONG.

HEARINGS BEFORE COMMITTEE ON LABOR

Mr. CONNERY. Mr. Chairman, I ask unanimous consent to proceed for half a minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CONNERY. Mr. Chairman, the Committee on Labor will hold hearings on the prevailing rates of labor in Washington, and will be glad to hear any Members of the House who may care to appear. The hearings will begin to-morrow morning at 10.30 o'clock.

RECONSTRUCTION FINANCE CORPORATION

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, intermediate credit bank, agricultural credit corporation, livestock credit corporation, and any agricultural or farmers' association incorporated under the laws of any State, or other bona fide financial institution in the United States (herein referred to as financial institutions), including loans secured by the assets of any bank that is closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same.

All loans made under the foregoing provisions shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes of such financial institutions, or by way of discount or rediscount of obligations tendered by them for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve. Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally. The corporation may make loans under this section at any time prior to the expiration of one year from the date of the enactment hereof; and the President may from time to time postpone such date of expiration for such additional period or periods as he may deem necessary, not to exceed two years from the date of the enactment hereof. Within the foregoing limitations of this section, the corporation may also, upon the recommendation and approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing of railroads and railways engaged in interstate commerce, to railroads and railways in process of construction, and to receivers of railroads and railways, when in the opinion of the board of directors of the corporation such railroads or railways are unable to obtain funds upon reasonable terms through banking channels or from the general public and the corporation will be adequately secured: *Provided*, That no loans or advances shall be made upon foreign securities and foreign acceptances or for the purpose of assisting in carrying or liquidating such foreign securities and foreign acceptances. In no case shall the aggregate amount of advances made under this section to any one corporation and its subsidiary or affiliated organizations exceed at any one time 10 per cent of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

Mr. STEAGALL. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 7, line 19, insert: "*And provided further*, That out of the capital stock of the corporation there shall be allocated the sum of $50,000,000, which sum, or so much thereof as may be necessary, shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States who, because of the failures of banking institutions and conditions resulting from crop failures or the general depression, are unable to obtain credit for crop-production purposes for the year 1932. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine."

Mr. LUCE. M. Chairman, I make a point of order against the amendment. I make the point of order that the amendment is not germane to the bill. Gentlemen who were not present earlier in the morning may not be informed that this point of order was made first against the location of the amendment, it having been offered as an amendment to section 2; and secondly, in that it was not germane to the whole bill. The Chair ruled only on the first suggestion, to the effect that the amendment was not pertinent to the second section of the bill. Now, I am asking the Chair to pass upon the second part of my point of order, that the amendment is not germane to the bill.

I rely largely upon the first 18 lines of the section, which govern the purposes of the act, and the instrumentalities by which those purposes may be accomplished, chiefly in the matter of the instrumentalities, which by reading in line 18 you may observe, Mr. Chairman, are confined to financial institutions, the determining phraseology in question being "other bona fide financial institution." The word "other," to my mind, clearly restricts the previous specifications to bona fide financial institutions, or defines them as such, and does not carry the instrumentalities of the bill beyond bona fide financial institutions. Such being the definite purpose and scope of the bill, I submit it is not germane to introduce another purpose, another instrumentality, inconsistent with the purpose and instrumentalities set forth in section 5.

Mr. STEAGALL. Mr. Chairman, I submitted my views with respect to the point of order in connection with the amendment that was offered earlier in the day. It does seem to me to be germane to the section and to the general purposes of this bill.

Mr. JONES. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. JONES. I desire to suggest in that connection that this section provides loans to more than one different institution, including several institutions, including both corporations and partnerships. If there were just one named, it might not be in order to name another, but there are several named, including corporations and including partnerships.

It names a number of agricultural associations and then says, in addition, "and any agricultural or farmers' association incorporated under the laws of any State, or other bona fide financial institution in the United States." That

will include partnerships as well as corporations. It seems to me this would be simply adding another and would be in order.

Mr. STEAGALL. It seemed to me from the beginning that it is in order, because it is an allocation of the funds to be placed in a certain way to further the purpose of the legislation as declared in the title and in the language of the bill.

The CHAIRMAN (Mr. WARREN). We have now come to the part of the bill, section 5, which defines the duties of the corporation. Questions of germaneness to this section will naturally be presented at this time and later. On account of his great interest and desire to see enacted legislation of the tenor of the proposed amendment, the Chair has approached the subject of its germaneness with great and sympathetic interest.

In the interpretation of the rule of germaneness the following tests have been laid down at various times by presiding officers of the Committee of the Whole House:

First. That one individual proposition may not be amended by another individual proposition, even though the two may belong to the same class; thus, it has been held that a bill for the relief of dependents in the Regular Army may not be amended by extending the benefits of the act to the dependents in the National Guard; or a bill for the relief of women and children in Germany, an amendment extending similar relief to women and children in Porto Rico, and so forth.

Second. A specific subject may not be amended by a general provision even when of the same class; thus, a bill relating to a class of naval vessels may not be amended by a provision relating to all naval vessels; or a bill prohibiting speculation in cotton may not be amended by prohibiting speculation in wheat and corn, and so forth.

Third. A general subject may be amended by specific propositions of the same class; thus, a bill providing a number of restrictions on expenditures, an amendment adding another restriction was held to be in order; and a bill providing for the construction of buildings in two cities an amendment providing for similar buildings in several other cities was held to be germane, and so forth.

Fourth. Two subjects are not necessarily germane because related; thus, to a bill providing for the increase of food supply by educational and demonstrational methods an amendment effecting such increase through the sale of nitrate of soda was held not germane; and to a bill providing that the proceeds from the sale of battleships be used for the construction of a new battleship an amendment authorizing such proceeds for the construction of a road was held to be not germane.

In determining whether an amendment be germane to a pending bill it has been decided that the presiding officer may look to the fundamental purposes of the amendment to ascertain whether it is germane to the fundamental purposes of the bill. It has also been decided that the germaneness of an amendment may be judged from its text rather than from its purpose.

When a point of order is made that a proposition is not germane, the Chair should determine whether the amendment could have properly been anticipated by the committee having jurisdiction over the pending bill. If he concludes that such committee could have anticipated such an amendment, then the Chair should determine whether the amendment is offered to a bill containing one individual proposition.

If the pending bill deals with a specific subject matter, then it may not be amended by a general proposition, even when of the same class. Where the pending bill and an amendment proposed to it are on subjects closely related, then the Chair must look to the fundamental purposes of the bill and amendment, paying close attention to the form in which the amendment is proposed.

Now, the whole purpose of this bill, and more particularly the purpose in section 5, is to create a corporation to lend aid to financial institutions. That is the entire fundamental purpose of it. It seems to the Chair that the fundamental purpose of the amendment as presented by the committee is to aid specified individuals, thereby adding an additional class to this section.

The Chair thinks that the amendment is not germane, and therefore sustains the point of order.

Mr. PRALL. Mr. Chairman, I have an amendment, which I send to the desk.

The CHAIRMAN. The gentleman from New York [Mr. PRALL] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. PRALL: Page 7, line 9, after the word "secure," insert the following:

"Within the foregoing limitations of this section the corporation may also make loans to a municipality to aid in temporary financing when in the opinion of the board of directors of the corporation such municipality is unable to obtain funds upon reasonable terms through banking channels or from the general public, and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith."

Mr. LUCE. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. STEAGALL. Mr. Chairman, I will ask the gentleman to reserve his point of order.

Mr. LAGUARDIA. We will have debate on it, then, I will say. If the gentleman is going to reserve his point of order and is going to make a speech about municipalities, I want to say something about the municipality of the city of New York.

The CHAIRMAN. Does the gentleman from Massachusetts reserve his point of order?

Mr. LUCE. As much as I would enjoy doing it for the benefit of the gentleman from New York [Mr. PRALL], I would thereby invite my other friend from New York [Mr. LAGUARDIA] to add one more thrust at the bill, so I must decline.

The CHAIRMAN. The gentleman from Massachusetts insists upon his point of order. Does the gentleman from New York desire to be heard on the point of order?

Mr. SABATH. Mr. Chairman, what is the point of order?

The CHAIRMAN. That it is not germane.

Mr. PRALL. Mr. Chairman, I believe it is germane. The bill is designed to help in this depression, and I can not see why a municipality is any different from a bank, a railroad, or any other corporation. A municipality which may be curtailed in its public improvements and its public works, I believe, has the right under this bill to ask for help from the Government or from this corporation, just as much as a bank or a railroad company.

Mr. LUCE. Mr. Chairman, in view of the ruling which the Chair has just made, it is apparent that the issue on this point of order comes upon the definition of the phrase "financial institution." Much could be said in the discussion of that matter and there would be strong temptation to irrelevance. In order to avoid that I will confine myself wholly to the aspect of the case presented by the financial transactions of a municipal corporation. They are in no way akin, in my judgment, to those of the institutions specified in the section and referred to by the words "other bona fide financial institution." A city does not borrow and lend in the manner of a bank. It does not issue bonds and securities for the purpose of raising money to lend. If time permitted, it might be interesting to go back into the history of the word "finance," to its early days, but, of course, that would now be out of place. I may simply submit, sir, that history would show the word has not been customarily used to describe the operations of municipal corporations.

Mr. SIROVICH. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. SIROVICH. They considered this subject germane in the Senate and allowed it to be debated.

Mr. LUCE. Mr. Chairman, one is not allowed to comment upon the processes in another branch, but at least we may be permitted to call attention to the fact that this is the only branch of the Government which pays some regard to parliamentary law. [Laughter and applause.]

Mr. BLACK. Mr. Chairman, this legislation is emergency legislation, and anything at all germane to the general proposition of the depression that might be helped by the extension of credit is practically germane to this bill. There are two ways of looking at this germaneness rule. There is one in the highly technical way that some Members of the House are accustomed to look at the germaneness rule. The other is the substantial and practical way.

What does this bill do? This bill provides the extension of credit to financial institutions, the banks, and other institutions of that sort. These banks, in turn, will lend money to the public, to citizens, to public bodies, and to private corporations for the purpose of tiding them over during the depression. Now, the money which comes from this reconstruction corporation does not rest forever in the banks. It goes out to the public; it goes out to save the public, and it goes out to help them in their credit dilemma.

The second consideration which we must give to this bill is the safety of the United States in advancing this money. In order to protect the United States we provide that these financial institutions shall deposit collateral security as a basis for the extension of credit by the Government. Now, among the other securities that may be advanced are bonds of municipalities—securities which have their only background in the assets of municipalities.

If this bill passes, the idea of the gentleman from New York and the authorities of the city of New York concerning credit will be carried out by going to the banks and borrowing money, not money of the banks but money of the United States provided by this bill, money of the taxpayers provided by this bill, money of the taxpayers of every city provided by this bill, with an additional interest or discount charge made by these private institutions.

So I submit that the gentleman from New York in offering his amendment has offered a direct way, a short cut, for the carrying out of the general provisions of this emergency legislation. It certainly is germane. To my mind, there is no question about the substantial germaneness of this amendment as offered by the gentleman from New York [Mr. PRALL].

Mr. SABATH. Mr. Chairman, of course we have other municipalities that may not be in the same position as the great city of New York. [Laughter.]

Mr. Chairman, the bill provides that the corporation is authorized and empowered to make loans upon such terms and conditions not inconsistent with the act, as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, intermediate credit bank, agricultural credit corporation, and so on.

I insist that Congress has the power and it is germane to extend the power of this corporation so as to enable it to make loans, in addition to banks, railways, building and loan associations, and so forth, to municipalities also.

Before the Chair rules on the point, I hope the Chair will give the amendment the serious consideration that its importance demands and deserves. I maintain that it is germane and that we only extend to the corporation additional power to make loans in addition to those that we directly designate.

Mr. BOYLAN. Mr. Chairman, I believe the amendment is germane, and right here I would like to say that I trust the gentleman from New York who spoke about insolvency did not intend to direct his innuendo at his native city.

Mr. LaGUARDIA. No.

Mr. BOYLAN. I say any corporation that has a budget of approximately $500,000,000 a year is a financial institution, and if we read the language at the beginning of section 5, we find these words:

> To aid in financing agriculture, commerce, and industry.

What is the purpose, principally, for which the municipalities want to get these loans? It is in order to facilitate the financing of industry, to provide work and employment for heads of families who are out of work and who have wives and children to support.

Are we going to stand in the cold light of reason and say it is not germane, because you are going to provide the wherewith to put food in mouths of women and children? Are you going to say that that is not germane? Gentlemen, this question strikes at the very foundation stones of this Republic, because we do not want to stand here and act as Nero did and fiddle while Rome is burning. We do not want to have the populace of this Nation at the very doors of the Capitol asking for bread; and, gentlemen, if you do not want to finance the industries of the municipalities so that they will be the direct means of furnishing this sustenance, what can you do that will relieve the great wave of depression that has almost overcome us?

Again, in this bill you provide credit for railroads. Are railroads financial institutions any more than a corporate municipality? If you can provide under the provisions of this bill help and credit to railroads, you can also provide help and credit to the municipalities of this Nation.

The President has told us, "We do not want any dole"—oh, that baneful word "dole"—"we want the communities of this country to take care of their own."

The proud and imperial city of New York asks no dole, asks no appropriation from the Federal Government. It simply asks that credit be given it in order that it may not be throttled by the international bankers, if you will; that the rate of interest on short-term loans may not be raised from one and a fraction per cent to 5 and to 6 per cent.

We may never have to use the benefits of this amendment if incorporated in the bill. The financial organizations knowing it is there will hesitate before they attempt to throttle the municipalities of this country. I do not speak alone for our great city of New York, the most hospitable and generous city in the world, but I speak for every municipality throughout the confines of these United States. [Applause.]

Mr. CONNERY. Mr. Chairman, it seems to me that under the previous ruling of the Chair, in which the Chair says that a specific amendment, not general, would be germane under the general intent and language of the bill, that this amendment is germane.

In this section 5 we have livestock credit corporations and any agricultural or farmers' association incorporated under the law of any State, and in the title of the bill we have as its purpose financing agriculture, commerce, and industry. It seems to me that if a livestock credit corporation can be considered a financial corporation, a municipality can be considered in some degree a financial corporation. The municipal corporation issues bonds but does not receive deposits, and the livestock credit corporation does not receive deposits but does loan money, so if one is a financial institution, the other should be, and the amendment of the gentleman from New York being specific, I think it is germane.

The CHAIRMAN. The Chair is ready to rule. Following the decision recently made by the Chair, the Chair does not see how a municipality can be in any way considered a financial institution. The Chair, therefore, sustains the point of order.

Mr. STEAGALL. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

> Page 7, line 17, after the word "the" and before the word "corporation," insert the words "Reconstruction Finance," and change the "c" in "corporation" to a capital letter.

Mr. STEAGALL. Mr. Chairman, this paragraph is intended to limit loans made by the corporation to 10 per cent of the capital stock plus 10 per cent of the aggregate of the obligations it is authorized to incur.

In the first section of the bill provision is made that the Reconstruction Finance Corporation may be referred to in the bill as the "corporation" throughout the act. But in this particular instance in which the word is used, if you do not make it read "Reconstruction Finance Corporation," setting out the full technical designation, it would leave the paragraph uncertain as to whether the limitation applied to the 10 per cent of the capital stock plus the obligations incurred of the Reconstruction Finance Corporation or to the borrowing corporation. This amendment is merely to clear up the language.

Mr. LaGUARDIA. That confusion was apparent on the floor a little while ago.

Mr. STEAGALL. It was worked out carefully in the committee, and I am sure there can be no objection to the correction.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Alabama.

The amendment was agreed to.

Mr. VINSON of Georgia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Mr. VINSON of Georgia offers the following amendment on page 6, line 2:

"The corporation is hereby authorized and directed immediately upon its organization to allocate the sum of $45,000,000 to the intermediate credit banks, which are hereby directed and authorized to immediately transfer to the Secretary of Agriculture said sum or so much thereof as may be necessary which shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States who, because of the failures of banking institutions and conditions resulting from crop failures or the general depression, are unable to obtain credit for crop-production purposes for the year 1932. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine.

"(b) Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both."

Mr. LUCE. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. VINSON of Georgia. Mr. Chairman, I desire to be heard upon the point of order. I ask unanimous consent, Mr. Chairman, before I begin the discussion upon the point of order, that I have permission to revise my remarks relating to the point of order and also as to the general subject matter of the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON of Georgia. Mr. Chairman, I think every Member of the House thoroughly agrees that the Chair was absolutely correct in ruling that the amendment offered by the gentleman from Alabama was not germane. The Chair was correct, in my judgment, in sustaining the point of order to the amendment offered by the gentleman from New York. This bill provides a distinct group and names a group which is entitled to participate in this credit fund, and one of that group is the intermediate credit bank. I desire to call the attention of the gentleman from Massachusetts [Mr. LUCE] to the fact that the amendment proposes to loan money to the intermediate credit banks. Of course, it is clearly within the right of Congress to say where the money shall go, because in the text of the bill it is stated by name, "intermediate credit bank," as one of the beneficiaries of this legislation. Therefore Congress certainly has the right when it appropriates money to designate how the money shall be spent. This amendment provides that it shall be loaned or allocated to the intermediate credit bank, which must do a certain thing with $45,000,000. I think, Mr. Chairman, it is germane, and it is clearly within the rulings that the Chair has just announced, because it is not a new class; it is a class fixed by bill; the intermediate credit bank gets $45,000,000 allocated to it, and then Congress steps in and says, "Having allocated $45,000,000 to the intermediate credit bank, you must do certain things with that money." Of course, Congress has the right in this bill to say, "We will loan money to the bank." For what purpose? It could enumerate the purpose for which that money is loaned to the bank, and I am here by this amendment merely seeking to classify how this $45,000,000 shall be loaned by the intermediate bank.

Mr. GOLDER. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. GOLDER. Will the gentleman from Georgia distinguish his amendment from the amendment offered by the gentleman from Texas, which has been adopted?

Mr. VINSON of Georgia. Why, certainly. The gentleman's amendment was general. This amendment is specific. This is directing that a certain thing be done with the additional $45,000,000. Now, there is $500,000,000 provided for in this bill. Certain institutions get this money. It is clearly within the right of Congress to say, "We will allocate to these different institutions so much for each one of them." That is all this amendment seeks to do.

Mr. GOLDER. I understood the gentleman from Texas intended to set aside $50,000,000 to the same institution?

Mr. VINSON of Georgia. Not as I understand it. I understand the gentleman's amendment was for the intermediate credit bank and for the livestock corporation and for some other purposes, and it is entirely discretionary with them what they may do with that $50,000,000. I say it is mandatory by my amendment that $45,000,000 of this sum that is now being allocated must be used for this particular purpose. If the Chair holds this amendment is not in order, then I propose to offer an amendment to allocate to the intermediate credit bank $45,000,000, and the intermediate credit bank do the same thing that the Secretary of Agriculture is authorized to do under this amendment.

Mr. JONES. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. JONES. I am in sympathy with the proposal of the gentleman if he can hold it in order. I had a similar provision in my amendment, and, if it is not put in at this time, I hope it can be worked out in conference.

Mr. VINSON of Georgia. There can be no doubt that Congress has the right when it makes an appropriation to say how the money shall be spent. It is an inherent right of the Government to say how the money shall be distributed. I am merely allocating this money and following it up with the direction that it shall go in a certain direction.

Mr. FULMER. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. FULMER. The bill states that this money shall not be used by any institution having any interest in foreign bonds. That would be in line with the gentleman's argument.

Mr. VINSON of Georgia. Yes.

Mr. BURTNESS. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. BURTNESS. Of course, I only heard the amendment as it was read. But, as I understood it, it is really similar in its purpose to the so-called seed and feed loan bills that have been enacted heretofore, and if enacted would do away with the necessity of such legislation coming from the Committee on Agriculture. Is that correct?

Mr. VINSON of Georgia. Yes. Now, the Chair correctly ruled that this money could not be loaned to the Secretary of Agriculture, because that is a new class, and the Chair ruled it must be confined to the group in the bill, and this credit bank is a group in the bill. It is to loan money to this bank, which in turn is required to allocate this money to the Secretary of Agriculture with certain directions.

Mr. JONES. The purpose of that is for a seed and feed loan?

Mr. VINSON of Georgia. Yes, sir.

Mr. Chairman, there is no provision in this Reconstruction Finance Corporation program taking care of the class of people to whom this amendment applies. It is identically the same amendment that was unanimously adopted in the Senate which was proposed by the distinguished Senator from South Carolina [Mr. SMITH].

It provides a fund for the relief of farmers, and is in accordance with principles heretofore established by Congress. The principle upon which this bill is drafted is to extend credit, through this organization, to various institutions who have the collateral to put up. This amendment takes care of that large body of our citizenship who have not the col-

lateral except their growing crops. As I stated at the very outset, this proposed amendment is based upon similar acts of Congress.

In 1929, on account of hurricanes in certain sections of the country, we appropriated $6,000,000 to make loans to farmers to buy seed, feed, and fertilizer. Again, in 1930, a similar law was enacted on account of the great drought that afflicted the country, and Congress appropriated to make direct loans in the drought-stricken area $40,000,000.

The records bear me out when I say that a large number of the loans have been repaid, and repaid with interest. The vast majority of the farmers of the country can not get any benefit from this bill as it now stands, for they have not the collateral.

If they go to the credit corporations they must put up collateral. All the collateral that they have to offer is their seasonal crop. In a great many communities in the South there are no banking institutions to extend credit to the farmer, and unless this amendment is adopted thousands of farmers will be unable to engage in their vocation this year and will merely add to the number of unemployed.

What this amendment seeks to do is merely to provide relief, as we did last year and the year before. Eextend this relief so they can carry on their farming operations, and they will do like they have in the past and 95 per cent of the loans will be paid back.

Now, the machinery is all set up by the Agricultural Department for handling loans of this kind. It is set up all over the country. This amendment should be agreed to and the money made available to the farmers immediately so they will be in position to carry on their business this year and not be forced to abandon the farms and join the great army of unemployed.

There can be no improvement of industry in this country unless the farmers are helped. For two years we have made direct loans to the farmers, and it is just as important to do so during this period of the greatest depression of the country as it was last year and the year before.

There is no difference in putting the Government into the business of loaning direct to the farmers than loaning direct to the insurance companies, to banking institutions, and to railroads and all the rest of them are provided for in this bill.

I will not take further time to discuss this measure, for every Member of the House knows the great benefit that the adoption of it will mean to thousands upon thousands of farmers who are unable to obtain credit to carry on their business.

There is now $45,000,000 in the hands of the Department of Agriculture returned to that department last year and the year before from the drought and storm stricken regions.

With the unprecedented collapse of all credit, the conditions in these regions have been greatly accentuated this year.

This amendment simply gives aid to the farmers who can not take advantage of the credit corporation, the livestock corporation, or similar institutions, in that they have no collateral except in the form of a mortgage on the crops they make during the present year.

Mr. LUCE. Mr. Chairman, this amendment presents more difficulty than the others, but I am nevertheless of the belief that it is out of order. On the face it discloses the purpose to accomplish indirectly what already has been ruled can not be accomplished directly.

If that be possible every proposition that has been ruled upon or which may hereafter be ruled upon in this regard can be immediately met by a change in phraseology which shall pass the money through an intermediate organization.

The Chair, in his most excellent statement on the subject of germaneness, called attention to the fact that the purposes of the bill are to be borne in mind. Now, surely there can not be found within the four corners of this bill anywhere the purpose that a governmental agency shall directly loan money to individuals. The purpose of this bill is to aid financial institutions that need help, and if purposes are to control, surely and attempt to escape by a technical subterfuge is not consistent with the principles of parliamentary law.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. VINSON of Georgia. Section 5, in the very beginning, seeks to aid in financing agriculture. That is the very purpose of the whole legislation.

Mr. LUCE. But the methods, Mr. Chairman, of the aid are set forth in the following sentences.

Mr. VINSON of Georgia. The gentleman will admit, will he not, that it would be germane to loan this money to these intermediate credit banks? He will admit that?

Mr. LUCE. That is already in the bill.

Mr. VINSON of Georgia. Then they would have the right, under the direction of Congress, to distribute it as Congress sees fit. Would not that be correct?

Mr. LUCE. They would.

Mr. VINSON of Georgia. Then I will have an amendment to cover that.

Mr. LUCE. But there is no expressed purpose of that sort upon which the gentleman can hang his argument. If anywhere in the bill there were directions as to how the money should be lent or how it should be spent, then the gentleman would have a much stronger case, but this proposal is only to finance certain bona fide financial institutions.

Mr. VINSON of Georgia. Does not the gentleman from Massachusetts recognize the fact that in all legislation Congress has the right, as a limitation, to direct how the money shall be spent? A limitation on how the expenditure of the money can be made is always in order.

Mr. LUCE. That is true on appropriation bills.

Mr. VINSON of Georgia. It is true in all legislation.

Mr. LUCE. I doubt the gentleman's accuracy in that particular. However, I leave it to the Chair.

The CHAIRMAN (Mr. WARREN). The Chair has given considerable study and investigation to the amendment proposed by the gentleman from Georgia, realizing that there was at least some slight difference between that and the one recently proposed by the committee. The Chair is of the opinion, however, that under the former ruling of the Chair the amendment is not germane, and therefore sustains the point of order.

Mr. BANKHEAD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Page 6, line 2, after the word "same," insert a colon and add the following:

"*Provided*, That of the amounts herein authorized to be appropriated not less than the sum of $150,000,000, or so much thereof as may be necessary, shall be used by the board in making loans as herein provided to banks that are closed, insolvent, or in process of liquidation."

Mr. BANKHEAD. Mr. Chairman, I desire to have the attention of the committee for just a moment in order that I may explain my justification for proposing this amendment. In the wisdom of the committee in the presentation of this bill it was determined that this corporation, among the other recognized financial institutions that might receive the assistance of the fund here set up, could recognize closed banks or banks that are in the process of liquidation. This may not be a matter of importance to the members of the committee, but I want an opportunity to explain my reasons for offering this amendment. I want to say it is not offered in any spirit of antagonism, of course, to the purposes of the Banking and Currency Committee, for whom I have the profoundest respect.

In the wisdom of that committee it has become apparent that they think this corporation should have the right to expend a part of these funds in the way of loans to closed banks or banks that are in the process of liquidation. In my opinion I do not believe there is any activity in which they could engage that would really distribute the benefits of this fund more equitably over this country—because I think there is no section of the United States at the present

time which has not a very large number of failed banks or those that are in process of liquidation—than to aid closed banks or banks that are in the process of liquidation. The funds tied up in those failed banks, gentlemen, represent the earnings of the average man in America, the laboring man and the man of small business means.

I know from my own personal experience in my own home town and my own district that the locking up of these funds, which really belong to the depositors while the banks are in the process of liquidation, is doing more to retard the actual recovery of confidence in this country than any other condition that exists.

In this bill you provide a fund of $2,000,000,000 and give this board authority to lend any part of the fund it sees fit to these closed or liquidating banks. My amendment proposes that out of that fund of $2,000,000,000, which is tremendous in its volume, one-fourteenth of it by direction of Congress—not in the discretion of that board, because we have had pointed out some fear upon the part of many Members that in the exercise of the discretion vested in it it will only favor the larger institutions of the country, the railroads and the great banking institutions—this amendment would be the expression of Congress—not a suggestion but a mandate from the Congress of the United States that of this tremendous sum at their disposal they shall take $150,000,000 for the purpose of undertaking to help the depositors in these closed and liquidating banks. Now, another thing which I think important to call to the attention of the committee is that there is already pending before the Committee on Banking and Currency—and I would like to have the attention of my Democratic associates on that committee in this connection—another administration bill, introduced by the distinguished gentleman from Maine [Mr. BEEDY], which authorizes this same sort of credit to be extended to another corporation for the purpose of lending, in the ultimate, $600,000,000 more to these closed and liquidating banks, and if I am in error about that, of course, the gentleman from Maine will correct me.

Here they are proposing to bring in not only a bill carrying, as this one does, $2,000,000,000, but they are proposing to follow this up immediately, if I understand the administration program, with a bill authorizing $600,000,000 more for the very purpose covered by this amendment.

Gentlemen, let me say this to you in all candor. I think it is entitled to your consideration. The President of the United States is constantly admonishing the Congress to be economical in our appropriations. Recently he gave out a public message saying we could not balance the Budget by squandering our funds, and yet, gentlemen, it seems to me the administration is going absolutely wild in its recommendations of additional burdens being placed upon the credit of the Treasury of the United States. [Applause.] The Democratic Party, through its policy committee, is undertaking to carry out a program of balancing our National Budget as a matter of common sense and in order to sustain the integrity of our Federal obligations and in order to meet the requirements of business enterprise in this country. And, by the way, the Ways and Means Committee to-day is going on with its deliberations, undertaking to work out an equitable bill to balance the Budget and meet the deficit in the Treasury, and yet your administration is sending up to Congress as a part of its official program not only this bill carrying $2,000,000,000 but also a bill carrying $600,000,000 is to be brought in here by the gentleman from Maine, and another bill is to be brought in by the distinguished Republican leader in the Senate, Mr. WATSON—I have a copy of that bill—setting up another corporation, with large capitalization to be subscribed by the Treasury of the United States, as a home building and loan association of some sort. Is there to be no end to this addition to the national debt?

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CONNERY. Will the gentleman yield for a brief question?

Mr. BANKHEAD. For a brief question; yes.

Mr. CONNERY. I was out of the Chamber for a minute and did not hear the gentleman's amendment read——

Mr. BANKHEAD. I propose to direct this corporation to allocate and set aside $150,000,000 of this fund for the purpose of aiding closed and liquidating banks in this country.

Mr. CONNERY. I am in favor of the gentleman's amendment.

Mr. BANKHEAD. In order that the depositor may receive some immediate and some assured relief.

Gentlemen, this is not, as I say, a measure that it seems to me would embarrass the committee that has brought in the bill. I recognize this bill as an administration measure. It has been brought in here through the instrumentality of a Democratic committee who have improved, in my opinion, the original suggestions contained in the Strong bill; but in its last analysis it is one of the major recommendations of the Republican President. I am going to vote for it, waiving our fears of its maladministration, of its unjust and its inequitable administration with the earnest hope that it will bring the relief that its sponsors claim for it. I fear, in view of the public psychology of this country, in view of the apparent timidity of capital in this country, in view of the fact that everybody is filled with fear and apprehension and solicitude as to the integrity of our financial structure, that dire results might follow the defeat of the bill.

Now, then, why can you not take this $150,000,000 out of this fund? My friend from Maine is going to come in here in a few days, if he can get a report out of his committee, and ask you to allocate an additional amount for the purpose of lending money to these people. The bill carries authority to help the depositors of these broken and insolvent banks. God knows if there is any class of people in this country to-day who are looking to the Congress of the United States, it is the men and women, small business men and laborers, who have seen the earnings of their lifetime go down in these insolvent banks. I hope, gentlemen, that in the judgment of this committee you will authorize this corporation to take about one-fourteenth of this fund and apply it to the specific relief of the class of people who are to-day needing so direly this relief in order to save them from destitution, poverty, and the poorhouse.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Maryland.

Mr. LINTHICUM. Where does the gentleman propose to get all this money that is being appropriated?

Mr. BANKHEAD. Oh, ask Mr. Mellon; ask Mr. Mills. I do not know, I may say to the gentleman from Maryland [Mr. LINTHICUM]. I want to express the apprehension here, inasmuch as the gentleman has asked the question, I do not know where the Treasury is going to absorb by sale in this country under present conditions $2,000,000,000 of its obligations and more to follow. I greatly fear the Secretary of the Treasury may have to peddle its securities, as it were, because of the fact that many sound business men in this country appreciate the fact that Government securities have about reached the point of saturation. I believe they will be sold; but that does not affect, gentlemen, the purposes of the amendment which I have offered. [Applause.]

Mr. STEVENSON. Mr. Chairman, I appreciate the situation that the gentleman from Alabama has so eloquently depicted. We have all appreciated it. The members of the Banking and Currency Committee of the Democratic persuasion have, against many of their time-honored beliefs and principles, endeavored to give relief to all the people we can under the bill in the way it proposes. It is not from dereliction, not from forgetfulness of the misery that all the people of the whole country are suffering under. The condition in which we find ourselves is not from the fault of the people themselves, but the fault of many things, many interests that have not pursued sound business methods.

I want to call attention to the fact that we have provided for this. We provide for agricultural farmers' associations incorporated under the laws of any State or other bona fide

financial institutions in the United States, including loans secured by the assets of any bank that is closed, insolvent, or in the process of liquidation, to aid in the reorganization or liquidation of such banks, upon the application of the receiver or liquidating agent of such bank, and any receiver of such bank is authorized to contract for such loans and to pledge any assets of the bank for securing the same.

That is as far as we could go, and it is as far, in our judgment, as we ought to go. The gentleman from Alabama comes up here and rather lectures the members of the Banking and Currency Committee because, forsooth, the gentleman claims the amount is not there that we should give to the business.

Mr. BANKHEAD. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. BANKHEAD. Surely the gentleman must have misinterpreted what I said. In no way did I reflect on the committee, on its judgment, intelligence, or character or capacity. I said that the committee had brought in an excellent bill. I in no way reflected upon the committee.

Mr. STEVENSON. I will accept the gentleman's statement and withdraw my charge. Nevertheless, the very offering of the amendment by the gentleman from Alabama would import to the House and the country that the committee had been forgetful of the people and the conditions under which they are laboring.

Now, the gentleman from Alabama says we ought to go on and say how much shall be allocated. Gentlemen, I am as hard hit, and my people are as hard hit, by the failure of banks as the gentleman's people are. They are under the same crushing weight of depression that is all over this country. But when you come to legislate you have to legislate for all the people, in all the interests. If you followed up the gentleman's amendment logically you would have to say how much should be allocated to the railroads and how much should be allocated to every other interest here, and you would tie the hands of the commission to such an extent that it would be in leading strings, and the result would be that the measure would be of no avail.

[Here the gavel fell.]

Mr. STEVENSON. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STEVENSON. Now, what is the power conferred here? That they can loan the assets to any bank that is near insolvency and in the process of liquidation.

The gentleman from Alabama proposes to take $150,000,000 of this money, which is a large percentage of the amount the bill provides, for the purpose of liquidating and paying off obligations of the banks that have already failed. Now, gentlemen, while there are Macedonian cries all over the country, the cry to which we should first help are those who are on the brink and who can be saved by proper action.

The disaster is over. But here we are endeavoring not only to help salvage them, but we are committing to this board the right and power to salvage them, but we are not going to turn our back upon those who are still going, upon whose solvency depends the prosperity and well-being of the people in the communities where they are. Our first duty is to save those who are drowning and then take out the corpses and bury them where they have already drowned and gone. I take it that the House will recognize that truth, that it is the men who are in dire distress and who need help at once that we must take care of first, and the people who are already dead can and will be properly exhumed and their effects properly distributed. I am in favor of spending as much money as we possibly can in releasing deposits in banks that have failed and putting that money into circulation and giving it to the people who have their money in it at the first possible moment, but I do not want this bill rendered a joke by having it said that we have set up a department store of finance; that we have set off in one division $150,000,000 for one and in another division $50,000,000 for another, and all that kind of thing, and before we get through some of the particular people we are desiring to save, some of the people who are reaching their helpless hands and crying for relief, and can be saved if we act promptly, will be left with nothing upon which to go. [Applause.]

Mr. CONNERY. Mr. Chairman, I rise in favor of the amendment offered by the gentleman from Alabama. It is getting late and I have no desire to take the time of the House, but it seems to me that while there are provisions in this bill permitting the corporation to assist those banks which are insolvent and which have closed, still from our previous experience with many of these bills and the corporations we have set up we do not always get the exact results which we desire, and if we put in $150,000,000 and make the provision mandatory, then we are sure that they are going to take care of these closed banks and get them out of their trouble. I am sure by this means we will take care of thousands of people in the United States who, as the gentleman from Alabama says, have their lifelong savings invested in these banks and who now stand to lose them.

My colleague from South Carolina [Mr. STEVENSON] said we should look to those who are in most dire distress first. I agree with him, and I believe that these people are the very ones who are in the most dire distress in this country to-day. People who put their savings into these banks will positively lose them unless we take care of them.

In Boston one bank closed, and seven branch banks of that Boston bank closed as a result of that one bank closing. They were solvent, but they did not have the ready cash, just the same as 44 banks in the State of South Carolina which are in the same condition. If we put in this provision for $150,000,000, those 44 banks will be taken care of, those banks in Massachusetts and similar banks throughout the entire country will be taken care of, the depositors will get their money, and those who are in dire distress in the country will be taken care of.

Mr. STEVENSON. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. STEVENSON. This provision was put in at the request of those banks. The very first request to me to put this provision in was from the people who are reorganizing that very bank, and it was for their purpose. We give them exactly what they ask for.

Mr. CONNERY. I know the gentleman intends to help those banks in South Carolina, and every other bank which has become insolvent. The only difference between the gentleman and myself is the manner in which it is to be done. The gentleman believes that by permitting the corporation to do it that it will be done, but from previous experience with some of these governmental departments, I believe in making it mandatory upon them to do it. [Applause.]

The CHAIRMAN. The question is on adoption of the amendment offered by the gentleman from Alabama [Mr. BANKHEAD].

Mr. CANFIELD. Mr. Chairman, may we have the amendment again reported?

The amendment offered by the gentleman from Alabama [Mr. BANKHEAD] was again reported by the Clerk.

The question was taken; and on a division (demanded by Mr. BANKHEAD) there were—ayes 90, noes 112.

So the amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer an amendment, which I send to the desk.

The CHAIRMAN. The gentleman from Georgia [Mr. LANKFORD] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LANKFORD of Georgia: After section 5, page 7, line 19, insert the following:

"SEC. 6. In furtherance of the purposes of this act—to stop the foreclosure of loans on farm lands, return to original owners farm lands already taken over under foreclosure proceedings, and reclaim farm lands generally—it is provided that the corporation be, and it is hereby, authorized to (a) purchase past-due interest coupons or notes from any financial institution mentioned herein holding same against farm lands; (b) either purchase outright or insure the payment of any and all such interest coupons or notes

as shall become due on or before November 1, 1933; and (c) enter into such negotiations, perfect such transactions, and make such expenditures as may be necessary to reclaim and return to original owners any and all farm lands now held, owned, or possessed by any financial institution mentioned herein as the result of a foreclosure proceeding, suit at law or equity, or exercise of a power of attorney wherever the original owners of such farm lands, taken over during the years 1929, 1930, and 1931, wish to repossess or recapture same and such arrangements can be reasonably perfected.

"SEC. 7. In all cases where farm lands are recaptured, repossessed, or resold to original owners, the terms and rate of interest must be as lenient and reasonable, or more so, than the original foreclosed loan, and the corporation shall pay or purchase all interest coupons or notes due or to become due on or before November 1, 1933, by such repurchase as the result of the new transaction.

"SEC. 8. All money expended under this section shall be evidenced by a series of notes of equal amount falling due each year for 10 years, beginning November 1, 1934, drawing interest from date at 4 per cent, signed or executed by the original borrower, his heirs, executor, administrator, or assigns, and constitute or be secured by a lien second only to the balance or amount due on the original loan.

"SEC. 9. In connection with the transaction herein provided for, arrangement shall be made for the preservation of the security, the payment of taxes and any payment or curtailment the borrower may be able to make before November 1, 1934, whether of money advanced hereunder or in anticipation of interest or installments to become due after November 1, 1933.

"SEC. 10. The corporation shall make such payment of taxes now due or to become due and take such transfer of tax liens as may be necessary to carry into effect the purposes of this act, and shall extend the same privileges of payment as to money expended for this purpose as is herein provided for money spent in connection with interest.

"SEC. 11. No money shall be expended under this act for the purchase of any interest coupon or note or for the repurchase of any land or in any way whatsoever where taking into consideration the prevailing market prices of farm land at the time of such loan transaction, the original loan connected therewith, when negotiated, was not amply secured."

During the reading of the amendment the following occurred:

Mr. STAFFORD. Mr. Chairman, I think the reading of the amendment has proceeded far enough to show that it is out of order. It is not germane.

Mr. LANKFORD of Georgia. Mr. Chairman, I ask that the entire amendment be read.

The CHAIRMAN. The Clerk will finish the reading of the amendment. It is a series of provisions offered as one amendment.

The Clerk concluded the reading of the amendment.

Mr. STAFFORD. Mr. Chairman, I make the point of order the amendment is not germane, and, further, that the time for its presentation has not been reached, because there are a number of perfecting amendments yet to be offered.

The CHAIRMAN. Does the gentleman from Georgia desire to be heard on the point of order?

Mr. LANKFORD of Georgia. Mr. Chairman, I wish to be heard on the point of order as to its germaneness. If it is not in order until the section is perfected, that can be taken care of by offering the amendment later.

With reference to its germaneness, Mr. Chairman, I respectfully contend that this only authorizes the furnishing of funds to the financial institutions mentioned in the bill. There is no provision in this amendment for the purchasing of any paper, bond, or security, or other evidence of indebtedness, from any person other than the financial institutions mentioned in the specific bill.

Generally, Mr. Chairman, the amendment provides that this corporation shall purchase from the financial institutions mentioned in the bill the past-due interest coupons that are held against the farmers of the country, and also provides that this corporation shall purchase interest coupons that may fall due against farmers during the next two years.

It provides also that in the case of foreclosure by a financial institution this corporation which we are attempting to set up may purchase those farms which have been taken over by foreclosure.

Mr. KNUTSON. Will the gentleman yield?

Mr. LANKFORD of Georgia. No; not until I have finished this statement.

But in all instances the money does not go to the farmer. It matters not whether the purchase is a past-due interest coupon or note or an interest coupon or note to come due in the future or is a purchase of the land where loan foreclosure has taken place, in every instance, the money must be paid to a financial institution mentioned in this bill. In other words, if the loan is made by an individual, the corporation would not be required to purchase the past-due interest coupon on that kind of loan.

I am frank to say when I first drew the amendment I worded it so as to take care of and to stop the orgy of loan foreclosures that are taking place not only by financial institutions but by individuals and corporations and partnerships, but I amended my amendment, or at least I changed it with a pencil——

Mr. BEEDY. Mr. Chairman, I am loath to interrupt the gentleman; but it is so late that even those interested in amendments are foregoing the right to take their five minutes, and I make the point of order the gentleman is not addressing himself to the point of order.

The CHAIRMAN. The gentleman will confine himself to the point of order.

Mr. LANKFORD of Georgia. Mr. Chairman, I was addressing myself directly to the point of order, because I was endeavoring to show that my proposed amendment is in accordance with the rulings made by the Chair this afternoon, and because I changed the amendment so as to comply with such ruling.

In other words, this amendment, briefly stated, only authorizes the purchase of past-due interest coupons on farm loans and they must be purchased from institutions named in the bill, and it only authorizes the purchase of coupons which may come due in the future. Not a penny of this money will go to the individual directly. It is true that when you buy the paper which is due on the farmer's land, then that money indirectly may help the farmer. This is true of all these other papers which may be purchased. If you buy paper of some individual, when that individual is unable to pay it, and the corporation should hold that paper for a little while, it will help that individual; but, at last, the amendment only authorizes the purchase of this paper from institutions named in the bill and only specifies the method and the manner in which this may be done. I believe the amendment is germane and that the point of order should not be sustained.

The CHAIRMAN (Mr. WARREN). The Chair is ready to rule. The gentleman from Georgia [Mr. LANKFORD] offers a series of six sections as an amendment. The Chair is of the opinion that the first section of the amendment is not germane and therefore the remainder of the sections fall. The point of order is sustained.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this section be now closed.

Mr. VINSON of Georgia, Mr. KELLER, and Mr. PRALL objected.

Mr. STEAGALL. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7360), to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to—

Mr. SWICK, for two days, on account of important official business.

Mr. MONTAGUE, for an indefinite period, on account of the illness of his brother.

EXTENSION OF REMARKS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members have five legislative days following conclu-

sion of the consideration of this bill in which to extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

REQUEST FOR PRINTING A PUBLIC DOCUMENT

Mr. ALMON. Mr. Speaker, I ask unanimous consent to have printed as a public document an article entitled "An Economic Survey of the Philippines," by Prof. H. G. Grant, lecturer, Alabama Polytechnic Institute.

Mr. STAFFORD. Mr. Speaker, I think that is a very questionable practice.

The SPEAKER. The Chair is under the impression that this is a matter which must be taken up with the Joint Committee on Printing.

Mr. ALMON. Mr. Speaker, I withdraw my request.

SENATE BILLS REFERRED

A bill and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2684. An act for the relief of F. P. Case; to the Committee on Military Affairs.

S. Con. Res. 4. Concurrent resolution to provide for the printing of 5,000 copies of the hearings on "Agricultural Conference and Farm Board Inquiry"; to the Committee on Printing.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 17 minutes p. m.) the House adjourned until to-morrow, Friday, January 15, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Friday, January 15, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON LABOR

(10.30 a. m.)

Prevailing rate of wages.

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

Construction bill (Vinson bill).

JUDICIARY COMMITTEE

(10 a. m.)

Hearing relative to impeachment of Andrew W. Mellon, Secretary of the Treasury, United States of America (H. Res. 92).

WAYS AND MEANS COMMITTEE

(10 a. m. and 2 p. m.)

Income tax rates.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LEAVITT: Committee on Indian Affairs. H. R. 7011. A bill to repeal the act of Congress approved May 31, 1924 (43 Stat. L. 247), entitled "An act to authorize the setting aside of certain tribal land within the Quinaielt Indian Reservation in Washington, for lighthouse purposes"; without amendment (Rept. No. 51). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on Indian Affairs. H. R. 7223. A bill to authorize the sale of parts of a cemetery reserve made for the Kiowa, Comanche, and Apache Indians in Oklahoma; without amendment (Rept. No. 52). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 4696. A bill granting the consent of Congress to the State of Montana or any political subdivisions or public agencies thereof, or any of them, to construct, maintain, and operate a free highway bridge across the Missouri River southerly from the Fort Belknap Indian Reservation at or near the point known and designated as the Power-site Crossing, in the State of Montana; with amendment (Rept. No. 55). Referred to House Calendar.

Mr. BURTNESS: Committee on Interstate and Foreign Commerce. H. R. 5064. A bill authorizing Vernon W. O'Connor, of St. Paul, Minn., his successors and assigns, to construct, maintain, and operate a bridge across the Rainy River at or near Baudette, Minn.; with amendment (Rept. No. 56). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 5066. A bill to extend the time for constructing a bridge across the Choctawhatchee River, east of Freeport, in Walton County, Fla.; with amendment (Rept. No. 57). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 5131. A bill to extend the time for completing the construction of a bridge across the Mississippi River near and above the city of New Orleans, La.; with amendment (Rept. No. 58). Referred to the House Calendar.

Mr. GILLEN: Committee on Interstate and Foreign Commerce. H. R. 5471. A bill authorizing Sullivan County, Ind., to construct, maintain, and operate a public toll bridge across the Wabash River at a point in said county to a point opposite on the Illinois shore; with amendment (Rept. No. 59). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 5478. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Baton Rouge, La.; with amendment (Rept. No. 60). Referred to the House Calendar.

Mr. BURTNESS: Committee on Interstate and Foreign Commerce. H. R. 5626. A bill authorizing the States of Minnesota and North Dakota, the county of Polk, Minn., the county of Grand Forks, N. Dak., or any one or more of them, to construct, maintain, and operate a free highway bridge across the Red River of the North at or near Bygland, Minn.; without amendment (Rept. No. 61). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 5865. A bill declaring the Mud River in the State of Kentucky a nonnavigable stream; without amendment (Rept. No. 62). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 5878. A bill granting the consent of Congress to the Louisiana Highway Commission and the Missouri Pacific Railroad Co. and the Louisiana & Arkansas Railway Co. to construct, maintain, and operate a combination highway and railroad bridge across the Mississippi River at or near Baton Rouge, La.; with amendment (Rept. No. 63). Referred to the House Calendar.

Mr. MAPES: Committee on Interstate and Foreign Commerce. H. R. 6451. A bill granting the consent of Congress to the State of Michigan and Berrien County, or either of them, to construct, maintain, and operate a bridge across the St. Joseph River; with amendment (Rept. No. 64). Referred to the House Calendar.

Mr. WYANT: Committee on Interstate and Foreign Commerce. H. R. 7225. A bill granting the consent of Congress to the Board of County Commissioners of Allegheny County, Pa., to construct, maintain, and operate a free highway bridge across the Monongahela River between the city of Pittsburgh and the borough of Homestead, Pa.; without amendment (Rept. No. 65). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PARSONS: Committee on the Territories. H. R. 3527. A bill for the relief of Berta C. Hughes; without amend-

ment (Rept. No. 53). Referred to the Committee of the Whole House.

Mr. DE PRIEST. Committee on Indian Affairs. H. R. 6840. A bill for the relief of Harvey K. Meyer, and for other purposes; without amendment (Rept. No. 54). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H. R. 2767) to authorize Lieut. Col. David Riesman, Medical Reserve Corps, to accept from the Italian Government the Order of Knighthood of the Crown of Italy, and the same was referred to the Committee on Foreign Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER: A bill (H. R. 7712) to amend "An act for the retirement of employees in the classified civil service, and for other purposes" approved May 22, 1920; to the Committee on the Civil Service.

By Mr. GOLDSBOROUGH: A bill (H. R. 7713) to provide for a progressive reduction of tariff duties, and for other purposes; to the Committee on Ways and Means.

By Mr. DICKSTEIN: A bill (H. R. 7714) to exempt from the quota fathers and mothers over 60 years of age of United States citizens; to the Committee on Immigration and Naturalization.

By Mr. SWICK: A bill (H. R. 7715) to expedite the consideration and award of decorations by the War and Navy Departments for services in the Army, Navy, and Marine Corps during the World War; to the Committee on Military Affairs.

By Mr. DAVIS: A bill (H. R. 7716) to amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mrs. OWEN: A bill (H. R. 7717) to amend section 3 of the rivers and harbors act, approved June 13, 1902, as amended and supplemented; to the Committee on Rivers and Harbors.

By Mr. LEHLBACH: A bill (H. R. 7718) to amend an act entitled "An act to amend the act entitled 'An act for the retirement of employees in the classified civil service, and for other purposes,' approved May 22, 1920, and acts in amendment thereof," approved July 3, 1926, and May 29, 1930; to the Committee on the Civil Service.

By Mr. McSWAIN: A bill (H. R. 7719) to provide for the establishment of a branch home of the National Home for Disabled Volunteer Soldiers in the State of South Carolina; to the Committee on Military Affairs.

By Mr. SANDERS of New York: A bill (H. R. 7720) to fix more equitably the responsibility of postmasters; to the Committee on the Post Office and Post Roads.

By Mr. JAMES: A bill (H. R. 7721) to create the reserve division of the War Department, and for other purposes; to the Committee on Military Affairs.

Also, a bill (H. R. 7722) to provide for maintaining the Corps of Cadets at the United States Military Academy at its authorized strength, and for other purposes; to the Committee on Military Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 7723) to authorize the erection of a 194-bed addition to the United States Veterans' Administration hospital at Huntington, W. Va.; to the Committee on World War Veterans' Legislation.

By Mr. CAMPBELL of Iowa: A bill (H. R. 7724) to authorize the erection of a 300-bed addition to the United States Veterans' Administration hospital at Knoxville, Iowa; to the Committee on World War Veterans' Legislation.

By Mr. DELANEY: A bill (H. R. 7725) to amend the act of March 4, 1911 (ch. 239, 36 Stat. L. 1267), as amended; to the Committee on Naval Affairs.

By Mr. PATMAN: A bill (H. R. 7726) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. LINTHICUM: A bill (H. R. 7727) authorizing appropriation for payment of claims of certain foreign governments and their nationals; to the Committee on Foreign Affairs.

By Mr. SWING: A bill (H. R. 7728) to confer jurisdiction upon the Court of Claims of the United States to hear, adjudicate, and render judgment upon the claims against the United States of any person or persons, corporation or corporations for damage to and the cost of restoration of any real estate in the State of California owned by any such persons or corporations which was used and occupied by the United States for an Army cantonment or other military purposes; to the Committee on War Claims.

By Mr. MARTIN of Oregon: A bill (H. R. 7729) to extend the boundaries of the Fremont National Forest; to the Committee on the Public Lands.

By Mr. LARSEN: A bill (H. R. 7730) to provide payment to railway postal clerks and acting or substitute railway postal clerks assigned to duty in railway post-office cars for excessive lay-over time at outward terminals; to the Committee on the Post Office and Post Roads.

By Mr. DAVIS: A bill (H. R. 7731) to authorize and direct the Administrator of Veterans' Affairs to give effect to judicial findings of permanent and total disability; to the Committee on World War Veterans' Legislation.

By Mr. DAVIS: Resolution (H. Res. 106) to provide for the printing of certain historical statements concerning the Battle of Stones River, in the State of Tennessee; to the Committee on Printing.

By Mr. GIBSON: Joint resolution (H. J. Res. 206) providing for an investigation of the government of the Territory of Hawaii, and for other purposes; to the Committee on Rules.

By Mr. McLEOD: Joint resolution (H. J. Res. 207) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDRESEN: A bill (H. R. 7732) for the relief of the heirs of John Booren, deceased; to the Committee on Claims.

By Mr. BLOOM: A bill (H. R. 7733) for the relief of John Fleckstein; to the Committee on Claims.

Also, a bill (H. R. 7734) for the relief of Annie Moran; to the Committee on Claims.

By Mr. BUCKBEE: A bill (H. R. 7735) granting a pension to Ida C. McDonald; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 7736) granting an increase of pension to Maggie A. Daringer; to the Committee on Invalid Pensions.

By Mr. CLAGUE: A bill (H. R. 7737) granting a pension to Jane Kiel; to the Committee on Invalid Pensions.

By Mr. COCHRAN of Missouri: A bill (H. R. 7738) granting a pension to Alexander Kalish; to the Committee on Pensions.

Also, a bill (H. R. 7739) for the relief of John B. Robbins; to the Committee on Military Affairs.

Also, a bill (H. R. 7740) for the relief of William H. Padgett; to the Committee on Military Affairs.

By Mr. CRAIL: A bill (H. R. 7741) for the relief of Ernest G. Clark; to the Committee on Military Affairs.

Also, a bill (H. R. 7742) granting a pension to Jess Seymoure Hendrix; to the Committee on Pensions.

By Mr. DRANE: A bill (H. R. 7743) for the relief of Edwin F. Reid; to the Committee on Military Affairs.

By Mr. EVANS of Montana: A bill (H. R. 7744) for the relief of the Holy Family Hospital, St. Ignatius, Mont.; to the Committee on Claims.

By Mr. FIESINGER: A bill (H. R. 7745) for the relief of Henry E. Kerschner; to the Committee on Military Affairs.

By Mr. FREEMAN: A bill (H. R. 7746) for the relief of Anthony F. Wondrasek; to the Committee on Military Affairs.

Also, a bill (H. R. 7747) for the relief of Percy H. Loomis; to the Committee on Military Affairs.

Also, a bill (H. R. 7748) for the relief of Henry Twogood; to the Committee on Military Affairs.

Also, a bill (H. R. 7749) granting an increase of pension to Mary E. Cahoone; to the Committee on Invalid Pensions.

By Mr. FRENCH: A bill (H. R. 7750) for the relief of the estate of Lafayette Keene (Wade Keene, executor); to the Committee on Claims.

By Mr. FITZPATRICK: A bill (H. R. 7751) to authorize the Secretary of War to transfer and convey to the city of New York all right and title now vested in the United States to land and buildings thereon known as Fort Schuyler, N. Y.; to the Committee on Military Affairs.

By Mr. HAINES: A bill (H. R. 7752) to incorporate the Supreme Tabernacle, Illustrious Order Knights of the Cross; to the Committee on the District of Columbia.

By Mr. HAUGEN: A bill (H. R. 7753) granting an increase of pension to Lizzie L. Hauchett; to the Committee on Invalid Pensions.

By Mr. HOGG of West Virginia: A bill (H. R. 7754) granting a pension to Hannah Boyer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7755) granting a pension to Mary A. Ruble; to the Committee on Invalid Pensions.

By Mr. HOLLISTER: A bill (H. R. 7756) for the relief of William H. Hoblitzell; to the Committee on Military Affairs.

By Mr. JOHNSON of Missouri: A bill (H. R. 7757) for the relief of Mary B. Hines; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 7758) authorizing appointment of William J. Schaal, jr., as a captain, Field Artillery, United States Army; to the Committee on Military Affairs.

By Mr. KLEBERG: A bill (H. R. 7759) granting an increase of pension to Blewett M. Goode; to the Committee on Pensions.

Also, a bill (H. R. 7760) for the relief of H. B. Berry; to the Committee on Military Affairs.

Also, a bill (H. R. 7761) for the relief of M. J. Lobert; to the Committee on Claims.

By Mr. KOPP: A bill (H. R. 7762) granting a pension to Mary C. Sherer; to the Committee on Pensions.

By Mr. LANKFORD of Virginia: A bill (H. R. 7763) to reimburse M. A. Watts for damages by reason of loss of oyster rights in Little Bay, Va., due to the taking of the same by the United States for the purpose of operating thereon a naval air training station; to the Committee on Claims.

By Mr. McKEOWN: A bill (H. R. 7764) for the relief of Rosa Spybuck Perry; to the Committee on Claims.

By Mr. NELSON of Maine: A bill (H. R. 7765) granting an increase of pension to Elizabeth O'Keefe; to the Committee on Invalid Pensions.

By Mr. POLK: A bill (H. R. 7766) granting an increase of pension to Emma S. Richards; to the Committee on Invalid Pensions.

By Mr. RAGON: A bill (H. R. 7767) for the relief of Emma Fein; to the Committee on Claims.

By Mr. RAINEY: A bill (H. R. 7768) granting a pension to Lily V. Durham; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7769) granting a pension to Cora Herrington; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7770) granting an increase of pension to Gus Cook; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7771) granting an increase of pension to Celia Piper; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 7772) granting an increase of pension to Mary E. Asbury; to the Committee on Invalid Pensions.

By Mr. ROBINSON: A bill (H. R. 7773) granting a pension to Sophia Baumgartner; to the Committee on Invalid Pensions.

By Mr. RUTHERFORD: A bill (H. R. 7774) for the relief of Clifford Tidwell; to the Committee on Military Affairs.

By Mr. SHOTT: A bill (H. R. 7775) granting a pension to Thomas Gentry; to the Committee of Pensions.

By Mr. SMITH of West Virginia: A bill (H. R. 7776) for the relief of Samuel K. Yarnell, alias Edward Morton; to the Committee on Naval Affairs.

By Mr. SUMMERS of Washington: A bill (H. R. 7777) for the relief of Ora Melvin Hartsough; to the Committee on Claims.

By Mr. SWING: A bill (H. R. 7778) granting a pension to Jerry M. Humphrey; to the Committee on Pensions.

Also, a bill (H. R. 7779) granting an increase of pension to William Earle; to the Committee on Pensions.

Also, a bill (H. R. 7780) to confer jurisdiction upon the Court of Claims of the United States, to hear, adjudicate, and render judgment upon the claim of Mack Copper Co., against the United States for damage to and cost of restoration of certain real property owned by Mack Copper Co. which was used and occupied by the United States for an Army cantonment or other military purposes; to the Committee on War Claims.

By Mr. SCHAFER: A bill (H. R. 7781) for the relief of George C. Widlon; to the Committee on Claims.

Also, a bill (H. R. 7782) granting an increase of pension to Ann Bennett; to the Committee on Invalid Pensions.

By Mr. WELSH of Pennsylvania: A bill (H. R. 7783) granting a pension to William Hutchings; to the Committee on Pensions.

By Mr. WEST: A bill (H. R. 7784) granting a pension to Angus G. Irvine; to the Committee on Invalid Pensions.

By Mr. WHITE: A bill (H. R. 7785) for the relief of William Irvine Blain; to the Committee on Military Affairs.

By Mr. WARREN: Resolution (H. Res. 107) for the relief of Jane Wilson; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

398. By Mr. BOHN: Petition of members of Otsego County Pomona Grange, Gaylord, Mich., expressing disapproval of and submission to the States for repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

399. Also, petition of members of Congregational Church, Gaylord, Mich., expressing their disapproval of any repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

400. Also, petition of members of Methodist Episcopal Church of Gaylord, Mich., expressing their disapproval of any repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

401. Also, petition of members of Gaylord Study Club, Gaylord, Mich., expressing their disapproval of any repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

402. Also, petition of members of First Baptist Church of Gaylord, Mich., expressing their disapproval of any repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

403. By Mr. BRUNNER: Petition of the Central Trades and Labor Council of Greater New York, appealing to the United States Congress for repeal of the Volstead Act; to the Committee on the Judiciary.

404. By Mr. CANFIELD: Petition of Lee S. Jarrett and 45 other citizens of Milan, Ind., expressing a desire that the American delegates to the disarmament conference at Geneva, Switzerland, not only support but lead out in a thoroughgoing program of disarmament; to the Committee on Foreign Affairs.

405. Also, petition of Rev. Ollie Stith and 16 other citizens of Milan, Ind., expressing a desire that the American delegates to the disarmament conference at Geneva, Switzerland, not only support but lead out in a thoroughgoing program of disarmament; to the Committee on Foreign Affairs.

406. By Mr. CULLEN: Petition of the Central Trades and Labor Council of Greater New York and vicinity, indorsing the action of labor's committee in pressing for a vote on modification of the Volstead law in this session of Congress to permit the manufacture and sale of a mild beverage, nonintoxicating in fact, containing 2.75 per cent alcohol by weight; to the Committee on the Judiciary.

407. By Mr. FITZPATRICK: Petition of the Federation of Labor of Westchester County and the Westchester County Building Trades Council, opposing all legislation providing for a reduction in the salaries of Federal employess; to the Committee on Expenditures in the Executive Departments.

408. By Mr. GARBER: Petition of citizens of the eighth Oklahoma district, protesting against the 10 per cent tax on theater admissions; to the Committee on Ways and Means.

409. By Mr. GOLDSBOROUGH: Petition of Woman's Christian Temperance Union of Salisbury, Md., supporting the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

410. By Mr. McKEOWN: Petition of Dr. C. A. Wolfinger, University Station, Enid, Okla., and other citizens of that city, in support of House Joint Resolutions 82, 83, and 258; to the Committee on the Judiciary.

411. By Mr. PERSON: Petition of 54 citizens of Detroit, Mich., favoring the enactment of legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

412. By Mr. RUDD: Petition of Chicago Workers Committee on Unemployment, Chicago, Ill., for an increase in money supply sufficient to restore in the United States the average wholesale commodity price level of the year 1926; to the Committee on Ways and Means.

413. By Mr. THURSTON: Petition signed by 30 citizens of Shannon City, Iowa, urging the Members of Congress from Iowa to strenuously oppose an excise tax on automobiles and accessories, or a tax on motor fuels; to the Committee on Ways and Means.

414. By Mr. WATSON: Petition of Makefield Woman's Christian Temperance Union of Dolington, Pa., urging maintenance of the prohibition law and its enforcement, and against its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

415. By Mr. KURTZ: Petition from members of the D. B. Douthett woman's Bible class of the First United Presbyterian Church of Wilkinsburg, Pa., opposing the resubmission of or referendum on the eighteenth amendment, or any change whatsoever in the prohibition law; to the Committee on the Judiciary.

416. Also, petition of men's Bible class, Homewood United Presbyterian Church, Homewood, Pa., opposing resubmission of temperance question; to the Committee on the Judiciary.

417. Also, petition of Woman's Christian Temperance Union of Swissvale, Pa., opposing resubmission of temperance question; to the Committee on the Judiciary.

418. Also, petition of Mary Turner Bible class of First United Presbyterian Church of Wilkinsburg, Pa., opposing resubmission of temperance question; to the Committee on the Judiciary.

419. Also, petition of Blair County branch, Woman's International League for Peace and Freedom, Altoona, Pa., petitioning Congress to forbid the shipment of arms to the warring nations and to announce that loans to other nations are against public policy, and petitioning the President of the United States to publish the communications with China and Japan concerning the Manchurian situation; to the Committee on the Judiciary.

420. Also, petition of Woman's Christian Temperance Union, Washington County, Pa., opposing the reporting out of a bill for the resubmission of the temperance question; to the Committee on the Judiciary.

421. Also, petition of Woman's Missionary Society of the First United Presbyterian Church, Wilkinsburg, Pa., opposing the resubmission of the temperance question; to the Committee on the Judiciary.

422. Also, petition of members of East End Woman's Christian Temperance Union, Pittsburgh, Pa., opposing resubmission of temperance question; to the Committee on the Judiciary.

423. By Mr. CROWTHER: Petition of residents of Schenectady, N. Y., for congressional support of the eighteenth amendment; to the Committee on the Judiciary.

SENATE

FRIDAY, JANUARY 15, 1932

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Lord of all being, who holdest all things in the hollow of Thine hand, whose majesty and glory transcend all human thought, we yield Thee hearty thanks for the knowledge that Thou art ever our refuge, and that underneath are the everlasting arms of Thy divine care. Make us strong in that faith which alone can set us free to do our work unhampered by disheveling anxiety, enabling us to bear disappointment with noble ease, preserving us from despondency arising from defects that cling from weaknesses that recur.

Vouchsafe to the sons of daughters of this Nation a new and clearer vision of responsibility in the face of disillusionment, that we may be ever mindful of our duty to our country by showing forth in word and deed our loyalty and devotion to the sacred principles of government. Bless the President of these United States and all others in authority, that they may have a right judgment in all things, courage born of righteousness, in the face of every hindrance, and, above all, a calm unfaltering trust in Thee, without whose guidance the machinations of men and nations are brought to nought. We ask in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Thursday, January 7, 1932, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Schall
Austin	Davis	Kendrick	Sheppard
Bailey	Dickinson	Keyes	Smith
Barkley	Dill	King	Smoot
Bingham	Fess	La Follette	Steiwer
Black	Fletcher	Logan	Swanson
Blaine	Frazier	McGill	Thomas, Idaho
Borah	George	McKellar	Thomas, Okla.
Bratton	Goldsborough	McNary	Townsend
Brookhart	Gore	Metcalf	Trammell
Bulkley	Hale	Morrison	Tydings
Bulow	Harris	Moses	Vandenberg
Byrnes	Harrison	Neely	Wagner
Capper	Hastings	Norbeck	Walcott
Caraway	Hatfield	Norris	Walsh, Mass.
Carey	Hawes	Nye	Walsh, Mont.
Connally	Hayden	Oddie	Waterman
Coolidge	Hebert	Patterson	Watson
Copeland	Howell	Pittman	Wheeler
Costigan	Hull	Reed	White
Couzens	Jones	Robinson, Ind.	

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is necessarily detained from the Senate on official business. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

NASHVILLE (TENN.) PRESIDENTS' PLAZA COMMISSION

The VICE PRESIDENT. The Chair appoints the Senator from Tennessee [Mr. HULL] as a member, on the part

of the Senate, of the Nashville (Tenn.) Presidents' Plaza Commission, established by section 2 of an act approved December 12, 1928, to fill the vacancy created by the expiration of the term of Hon. William E. Brock, former Senator from Tennessee.

CHAIN STORE LEADERS AND LOSS LEADERS (S. DOC. NO. 51)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting in further response to Senate Resolution 224, Seventieth Congress, a report of the commission entitled "Chain Store Leaders and Loss Leaders," which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

CONSTRUCTION PROJECTS UNDER EXECUTIVE DEPARTMENTS

The VICE PRESIDENT laid before the Senate letters from the Secretary of the Treasury and the Secretary of Commerce, respectively, stating that the information requested by Senate Resolution 128 (agreed to January 7, 1932), with reference to construction projects which might profitably be entered into within the next six years, had been furnished by them to the Federal Employment Stabilization Board for transmission to the Senate, which were ordered to lie on the table.

GRAIN USED IN THE MANUFACTURE OF LIQUORS (S. DOC. NO. 50)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, reporting in response to Senate Resolution 124 (agreed to on the 4th instant) concerning the number of bushels of grain used in the manufacture of malt and spirituous liquors in the United States during the years 1909 to 1917, inclusive, which was referred to the Committee on the Judiciary and ordered to be printed.

USELESS PAPERS IN THE WAR DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting, pursuant to law, a report of papers and documents on the files of the War Department which are not needed or useful in the transaction of current business of the department and have no permanent value or historical interest, and asking for action looking toward their disposition, which, with the accompanying report, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. REED and Mr. FLETCHER members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Banking and Currency:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to enact the farmers farm relief act

Whereas American agriculture has been all but destroyed through the period of price fixing and deflation; and

Whereas thousands of farmers have lost their farms during the past 10 years and thousands more are at this time being ousted from their farms through the process of mortgage foreclosures: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the members of the Legislature of the State of Wisconsin hereby respectfully memorialize the Congress of the United States to speedily enact into law the bill known as the farmers farm relief act, which provides for the establishment of an efficient credit system whereby the unjust and unequal burdens placed upon agriculture during the period of price fixing and deflation may be lightened, and for the liquidation and refinancing of agricultural indebtedness at a reduced rate of interest through the Federal farm-loan system, the Federal reserve banking system, and the postal savings depository system, and creating a board of agriculture to supervise the same. Be it further

Resolved, That properly attested copies of this resolution be transmitted upon adoption to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolutions of the Legislature of the State of Wisconsin, which were referred to the Committee on Finance:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to place an excise tax on American investments abroad and to make United States bonds taxable in lieu of imposing a sales tax

Whereas the large deficit renders necessary the imposition of new or increased taxes in large amounts to balance the Federal budget; and

Whereas the sales tax on automobiles, radios, bank checks, notes, theater tickets, and numerous other commodities and transactions is a burdensome and inequitable tax which will create hardship upon many individuals who are at or near the subsistence level and will retard recovery from depression; and

Whereas the very large amounts of American capital invested abroad represent a source of taxpaying ability that is untouched and which should be made to bear its fair share of the cost of maintaining the American Government, under whose laws this wealth was acquired and by whose protection it is now secured; and

Whereas the practice pursued by the National Government of issuing tax-exempt bonds creates another privileged class of wealthy citizens who through this device escape their fair share of the costs of the American Government, for which special privilege there is no need or justification: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin respectfully memorializes the Congress of the United States, in lieu of sales taxes, to impose an excise tax of not less than 3 per cent on American capital invested abroad, and also to provide that hereafter no United States bonds shall be issued which are tax exempt; be it further

Resolved, That a properly attested copy of this resolution be transmitted to each House of the Congress of the United States and to each Wisconsin Member thereof.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

STATE OF WISCONSIN.

Joint resolution memorializing Congress for the immediate payment in cash of the World War adjusted compensation certificates

Whereas this Nation owes a debt of gratitude it can never repay to the nearly 5,000,000 men and women who served the United States in the Army and Navy and as nurses in the World War; and

Whereas Congress in acknowledgment of the claim to consideration of these ex-service men passed the World War adjusted compensation act, under which certificates payable in 1947 were issued to all World War veterans as a partial adjustment for their loss of earnings while in the service of the United States; and

Whereas such adjusted compensation has often been referred to as a bonus when in fact it is a debt; and

Whereas many of these ex-service men are now out of work and their families in great need; and

Whereas there is a universal demand for such payment as shown by the millions of signatures to petitions now on file with Congress; and

Whereas the immediate payment in cash of the World War adjusted compensation certificates, which would give an average of $700 to each veteran, would not only relieve the distress of these men who so unselfishly served this country but would have a most beneficial effect upon general industrial conditions: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to promptly pass one of the bills which have been introduced in both Houses of Congress for the immediate payment in cash of the World War adjusted compensation certificate; be it further

Resolved, That properly attested copies of this resolution be transmitted to both Houses of Congress of the United States, to each Wisconsin Member thereof, and to the Secretary of the Treasury, Andrew W. Mellon.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate a telegram from M. Kashian, of Corning, N. Y., relative to foreign debts, which was referred to the Committee on Finance.



He also laid before the Senate a resolution adopted by the New York State Bankers Association, New York City, favoring a reduction in Government expenditures, which was referred to the Committee on Appropriations.

He also laid before the Senate the petition of Charles Forney, of Norfolk, Va., praying that certain witnesses appearing before the Committee on Finance in the hearings held on the sales of foreign securities and giving allegedly false testimony be cited for prosecution, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Victory Post, No. 4, the American Legion, of Washington, D. C., praying for the suspension of Territorial laws of Hawaii and the transfer of the trial of certain American citizens now in the Territory to the Federal district courts of the United States, which was referred to the Committee on the Judiciary.

Mr. CAPPER presented petitions of sundry citizens of Fall River and Severy, in the State of Kansas, praying for the maintenance of the national prohibition law and its enforcement, which were referred to the Committee on the Judiciary.

THE PROHIBITION QUESTION

Mr. KENDRICK. Mr. President, I have on my desk a petition asking Congress to repeal the eighteenth amendment and to substitute therefor a plan of Federal regulation of the liquor traffic. The petition is signed by 4,854 citizens of my State, and an examination of the names of the signers reflects the fact that many of them are among the most prominent people in Wyoming. Hundreds of them are my personal acquaintances, and it is my privilege to claim many of them as my personal friends. I have every reason to believe that many of the signers are total abstainers and do not use intoxicating liquor in any form. In presenting this petition to Congress they are undoubtedly prompted by the highest motives of citizenship and are actuated only by a desire to substitute Federal control and orderly distribution of liquor for the present lack of control and lawless distribution, and thus actually promote the cause of temperance.

I ask that the letter transmitting the petition be read by the clerk and that the letter and petition with its numerous signers be referred to the Committee on the Judiciary, which, as I understand, is now beginning hearings or is preparing to hold hearings on this important question.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

SHERIDAN, WYO., *January 8, 1932.*

Hon. JOHN B. KENDRICK,
Senate Office Building, Washington, D. C.

DEAR SENATOR KENDRICK: We are sending you to-day under separate cover list of signers to a petition, directed to you, Senator CAREY, and Mr. CARTER, urging action in Congress to repeal the eighteenth amendment and to substitute for prohibition a Federal plan of regulation of liquor traffic to the end that we may hope for a greater degree of temperance than we now have or can hope to have under present arrangements, and also with the hope that we may be able to get all the affairs of government into the hands of our elected officials and remove the bootlegger menace which is attaining greater proportions every day.

There are, I believe, 3,553 signers from Sheridan and adjacent territory, and 1,306 from Sweetwater County. We understand that Casper and Cheyenne have sent, or will send, signature lists from those two communities. I think that perhaps a few signers from Casper and Cheyenne may have sent their petitions in to us here and may be included in our list.

So many signatures obtained through response to publication of the petition in the papers indicates to us a very strong sentiment here for repeal and substitution of a plan of regulation.

With warm personal regard and all good wishes, I am,

Sincerely yours,

JOHN G. HUTTON,
Secretary-Treasurer Sheridan Press (Inc.)

The VICE PRESIDENT. The letter and petition will be referred to the Committee on the Judiciary.

THE EIGHTEENTH AMENDMENT AND THE PROHIBITION LAW

Mr. GORE presented a letter in the nature of a memorial from the Federation Woman's Christian Temperance Union, of Oklahoma City, Okla., which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

FEDERATION WOMAN'S CHRISTIAN TEMPERANCE UNION,
Oklahoma City, Okla., January 8, 1932.

Senator T. P. GORE,
Senate Chamber, Washington, D. C.

DEAR SENATOR GORE: At a meeting of the city federation of the Woman's Christian Temperance Union on Thursday, representing 1,000 members, it was voted unanimously to write our Senators and Representative in Washington, asking them to vote "no" on all bills for resubmission of the eighteenth amendment, or any other bill of the opponents of prohibition that would weaken it, and will you kindly make this a part of the printed record.

Thanking you cordially, I am,

ALICE M. DAVID, *President.*
IDA B. FLEENOR, *Secretary.*

SUPPLIES FOR RELIEF OF DESTITUTE

Mr. THOMAS of Oklahoma. Mr. President, I have a matter in the nature of an emergency petition. I ask unanimous consent to use a few moments to explain it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Oklahoma is recognized.

Mr. THOMAS of Oklahoma. Mr. President, an effort is being made to take care of our citizens who are in distress. In Oklahoma City the municipal government, in connection with several welfare organizations and the regular relief organizations, have found that some 350 families are in destitute circumstances. These families have no place to live. Some are living in improvised tents and some in shacks made of sheet iron, boards, and boxes. These organizations first rented a tract of a hundred acres of ground adjacent to the city, proposing to put that tract under the jurisdiction of the city in order to afford police protection and also to provide for sanitation, water, and light service. A few days ago the representatives of the combined movement sent a telegram to the Secretary of War asking for certain equipment. I ask unanimous consent to have a copy of such telegram read.

The VICE PRESIDENT. Without objection, the Secretary will read.

The Chief Clerk read as follows:

JANUARY 9, 1932.

Hon. PATRICK J. HURLEY,
The Secretary of War, Washington, D. C.:

Oklahoma City faced with serious problem housing dependent families. Have leased 100 acres and establishing temporary camp in which hope to house approximately 350 families now living in every type of shack, all undesirable and unsatisfactory because of insanitary health conditions.

Camp to be under the jurisdiction of the city government. Local community-fund authorities and unemployment-relief committee have taken the matter up with Governor Murray and General Barrett, who indorsed plan and have asked War Department, through Colonel Haskell, to supply the following equipment:

Four hundred pyramidal tents, 1,000 regulation Army cots, 1,000 regulation Army blankets, 2 regulation Army field kitchens, 6 regulation Army field ranges, 6 regulation "G–I" cans, 400 Sibley tent stoves and necessary pipes, 1 regulation delouser.

Colonel Haskell advises regulations make it impossible to issue Army blankets and cots. Absolutely imperative that we have entire equipment. We would need equipment for approximately five months. Also imperative we receive this equipment either from Fort Sam Houston or Fort Sill not later than this week. Your assistance and influence in making possible to issue this Federal equipment to this city will be greatly appreciated. Please advise by wire.

CARL C. MCGEE,
Editor Oklahoma News.

Mr. THOMAS of Oklahoma. Mr. President, in reply to that petition the Secretary of War sent a telegram, which I ask unanimous consent to have read.

The VICE PRESIDENT. Without objection, the Secretary will read.

The Chief Clerk read as follows:

JANUARY 12, 1932.

CARL C. MCGEE,
Editor Oklahoma News, Oklahoma City:

Reference your telegram January 9, requesting various articles of Army equipment for alleviating housing and unemployment problems of city. War Department has instructed all corps area commanders to cooperate with local authorities in extending relief to fullest extent along following lines:

Loaning of cots and blankets when available to charitable organizations upon request of governor of any State. Sale of salvaged clothing when available at nominal prices to charitable organizations, as well as sale of certain surplus clothing at fixed

reduced prices. Speeding up of construction and maintenance work whenever possible within limits of appropriations made by Congress.

Department's program is necessarily limited to that outlined above in absence of congressional authorization.

Regretted that all items desired by you can not be supplied. Stocks of such equipment have been greatly depleted during past few years account of relief work connected with floods and droughts.

PATRICK J. HURLEY,
Secretary of War.

Mr. THOMAS of Oklahoma. Mr. President, the Secretary of War, representing the Government, is doing all possible to help out in situations like this, but he advises that certain legal objections exist to the granting of the request. He can loan blankets and cots, but as to certain other equipment the law provides an inhibition. I have another telegram from the representative of the combined welfare organizations in Oklahoma City, which I will ask to place in the RECORD. This message requests the enactment of legislation authorizing the Secretary of War to do the things against which there is now an inhibition. I ask that this telegram be made a part of the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered. The telegram referred to is as follows:

OKLAHOMA CITY, OKLA., *January 14, 1932.*

Senator ELMER THOMAS,
Senate Building.

The governor has requisitioned 400 pyramidal tents complete for emergency use among the destitute of Oklahoma City. The Federal law forbids compliance by the Secretary of War. We need a resolution by Congress to get these tents at once. The small towns of the State have done little to help their destitute. They have been encouraged to move in on us. They are largely citizens of Oklahoma and all citizens of the United States. We are moving heaven and earth to meet our situation, and ask only this help. These people are living under most insanitary conditions, threatening the city with epidemic. We have ground laid out and arrangements for water and sanitation. These people are practically without shelter and crowded until moral conditions are bad. National Guard needs its tents in Oklahoma. Unless prompt action by Congress we will have intense suffering if not serious epidemic. We appeal to you to try to get unanimous and instant consent from Congress.

CARL C. MAGEE.

Mr. THOMAS of Oklahoma. In response to this petition I introduce a joint resolution and ask that same be read. I should like to have the attention of the chairman of the Committee on Military Affairs and likewise the members of that committee.

The VICE PRESIDENT. Without objection, the Secretary will read.

The joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens was read the first time by its title and the second time at length, as follows:

Resolved, etc., That upon the request from any governor or acting governor of any State, Territory, or possession of the United States for equipment, goods, and supplies, the Secretary of War is hereby authorized to make available to any such governor or acting governor such equipment, goods, and supplies for the use and benefit of any such State, Territory, or possession in connection with relief work for citizens in distress. *Provided*, That the Secretary of War shall make and promulgate rules and regulations for carrying into effect the provisions of this resolution.

Mr. REED. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. I suppose the joint resolution will be referred to the Committee on Military Affairs; and if it shall be, I want to assure the Senator that the committee will give it prompt attention.

Mr. THOMAS of Oklahoma. Just one further word, Mr. President. The joint resolution is not intended to aid Oklahoma City alone. The resolution is general in its terms, and under it action may be taken in response to a request coming from any governor or any acting governor of any State or Territory in American possession. I am glad to have the assurance that the joint resolution will have early consideration, and I will appreciate the attention of the chairman of the committee and the committee to it.

The VICE PRESIDENT. The joint resolution will be referred to the Committee on Military Affairs.

PROPOSED INVESTIGATION OF NEW YORK STOCK EXCHANGE

Mr. FLETCHER. Mr. President, I have a communication in the nature of a petition from the Manhattan Board of Commerce (Inc.), of New York, which I ask to have printed in the RECORD and referred to the Committee on Banking and Currency.

There being no objection, the petition, in the form of a communication, was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

NEW YORK, *January 12, 1932.*

MY DEAR SENATOR FLETCHER: We respectfully urge that you give serious consideration to the impending investigation of the New York Stock Exchange and other stock exchanges and better-business bureaus.

These so-called better-business bureaus throughout the country are secret and are practically subsidiary corporations of the stock exchange. They pretend to be nonprofit, welfare, or civic organizations, but they are secretly used by the stock exchange as a medium through which to reach the Department of Justice, the Federal Trade Commission, and the Post Office Department. They should be exposed and their hook-up with the stock exchange made public.

If the New York Stock Exchange is a useful and well-intentioned organization, such as it represents itself to be, an investigation by you should be welcomed by them and can do them no harm.

But, on the other hand, if they are running a wide-open gambling house, and if their activities have disturbed and demoralized the entire financial and industrial structure of our country, causing thousands of bank failures and driving 7,000,000 people out of employment, your investigation of them will prove to be of great public service and will aid in a great measure in relieving the present depression and eliminating any cause for a future financial crisis.

Everybody in the country seems to be dazed by the manipulations of the stock exchange, and our citizens will be grateful if you will bring about an investigation so that everyone may be enlightened as to just what the stock exchange is actually doing openly and secretly.

May we hear from you at an early date?

Yours very truly,

MANHATTAN BOARD OF COMMERCE,
I. CHARLES SCHWALB, *General Counsel.*

ENLARGEMENT OF POST-OFFICE BUILDING AT HUDSON, N. Y.

Mr. WAGNER. I ask to have printed in the RECORD and appropriately referred a petition from the Board of Supervisors of Columbia County, N. Y., favoring an immediate appropriation for enlarging the post-office building at Hudson, N. Y.

There being no objection, the petition in the form of a resolution was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

BOARD OF SUPERVISORS,
Columbia County, N. Y.

At an annual session of the board of supervisors of the county of Columbia, held at their rooms in the city of Hudson on the 15th day of December, 1931.

Present: Burke Diefendorf, chairman; Emory C. Van Loan, clerk; and a quorum.

On motion of Mr. Wheeler, fifth ward, the following resolution was adopted, 21 supervisors voting in favor of such resolution and no supervisors voting against the same, 2 absent:

"Whereas the Federal Government having made provisions for a large amount of money to be expended on Government building projects to aid the unemployed throughout the country; and

"Whereas provision has been made for an appropriation of $70,000 by the Congress of the United States at Washington, D. C., for the purpose of enlarging the post office at Hudson, N. Y.; and

"Whereas there is considerable unemployment in the city of Hudson at this time: Therefore be it

"*Resolved*, That the actual appropriation be made by Congress as soon as possible in order to alleviate the suffering from unemployment; that the Columbia County Board of Supervisors in annual session recommend this appropriation and that the clerk of the board send a certified copy of this resolution to Congressman HARCOURT J. PRATT, Senator ROYAL S. COPELAND, and Senator ROBERT F. WAGNER."

STATE OF NEW YORK,
County of Columbia, ss:

I, Emory C. Van Loan, clerk of the board of supervisors of the county of Columbia, do hereby certify that I have compared the foregoing copy of resolution with the original and original minutes thereof, now remaining on file of record in my office, and that the same is a true and correct transcript therefrom and of the whole of such original.

In testimony whereof I have hereunto set my hand and affixed the seal of said board of supervisors this 16th day of December, 1931.

[SEAL.] E. C. VAN LOAN, *Clerk.*

CERTAIN WAR DEPARTMENT APPROPRIATIONS

Mr. WAGNER. I also present a petition in the form of resolutions from the Onondaga Chapter, Reserve Officers' Association of the United States, recommending the making of certain War Department appropriations, which I ask may be printed in the RECORD and referred to the Committee on Appropriations.

There being no objection, the petition in the form of resolutions was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

RESERVE OFFICERS' ASSOCIATION OF THE UNITED STATES,
DEPARTMENT OF NEW YORK,
Syracuse, N. Y., January 7, 1932.

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR: The Onondaga Chapter of the Reserve Officers' Association, representing 300 reserve officers in this congressional district, have passed the following resolutions and directed that they be forwarded to you for your consideration and we trust vigorous support:

"*Resolved*, That our representatives in Congress be urged and requested to support the amounts recommended by the War Department in the Budget, as follows:

"Organized Reserves, $6,354,348 (decrease of $183,437).

"Reserve Officers' Training Corps, $4,068,384 (increase of $109,484).

"Citizens' military training camp, $2,603,624 (decrease of $175,505).

"National Guard, $31,263,565 (decrease of $1,645,577).

"National Board for the Promotion of Rifle Practice, $739,150 (increase of $6,380).

"*Resolved*, That our representatives in Congress be asked to personally contact all members of the following committees in Congress:

"Senate: Military Affairs Committee, Appropriations Committee.

"House of Representatives: Military Affairs Committee, Subcommittee Army Appropriations, deficiency bills committee, and tell the members of these committees that they intend to and will support the amounts presented in the Budget.

"*Resolved*, That our representatives in Congress also be requested to support appropriations sufficient for field training and armory drill pay for the National Guard.

"*Resolved*, That our representatives in Congress be requested to support the deficiency bill for the Air Reserve and also the reserve division bill when introduced.

"*Resolved*, That our representatives in Congress be requested to vigorously support all recommendations for appropriations for the Regular Army."

Very truly yours,

H. D. DYKE,
Lieutenant Colonel, Infantry Reserve,
President Onondaga Chapter.

CURTAILMENT OF GOVERNMENT EXPENDITURES

Mr. COPELAND presented a letter from the executive manager of the New York State Bankers Association, together with a resolution adopted at the fourth annual midwinter meeting of the association, held in New York City, which, with the accompanying resolution, was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

NEW YORK STATE BANKERS ASSOCIATION,
New York City, January 13, 1932.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

SIR: I am requested to send you the inclosed copy of a resolution passed at the fourth annual midwinter meeting of this association held in New York City on January 8, 1932.

Respectfully yours,

W. GORDON BROWN,
Executive Manager.

NEW YORK STATE BANKERS ASSOCIATION,
New York City, January 13, 1932.

To the PRESIDENT OF THE INSTITUTION ADDRESSED.

DEAR SIR: The following resolution was passed at the fourth annual midwinter meeting of the association held in New York on January 8, 1932:

"*Resolved*, That the New York State Bankers Association strongly indorse the memorial of the American Bankers Association calling upon Congress to bring about a drastic curtailment of governmental expenditures in every possible way to the end that public confidence in the high credit of government may remain unimpaired. We invite the attention of Congress to the fact that since the Government now asks the public to return to the tax rates of 1924 it is only fair to urge that the Government should make such reduction in expenditures as would create a corresponding relation of expense to income and thus bring about a balanced Budget."

While we realize that there are certain fixed charges upon the Government which can not be reduced, there is a vast field of expenditure which has been increasing year after year over which Congress and the administration have control and should now materially reduce.

We further call upon those who control the legislative and administrative branches of New York State, its counties and municipalities to halt the mounting cost of government to the end that the people may be relieved from excessive taxation and the feeling of uncertainty resulting from unbalanced budgets may be removed.

Yours faithfully,

W. GORDON BROWN,
Executive Manager.

USE OF THE HIGHWAYS BY HEAVY TRUCKS AND BUSSES

Mr. COPELAND presented a communication from the Arcadia Produce Co. (Inc.), of Newark, N. Y., embodying a resolution adopted by the National Onion Association at its recent meeting held in Toledo, Ohio, which was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

NEWARK, N. Y., *January 11, 1932.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

DEAR SIR: The National Onion Association at their meeting held at Toledo, Ohio, on January 2 passed the following resolution in regard to providing some way of taxing trucks and busses that are filling up our highways at the present time:

"*Resolved*, That the constantly increasing use of our highways by heavy trucks and busses is a nuisance and menace to public safety; that the practically free use of our highways by these trucks and busses is unjust to the taxpayers and unfair competition for the railroads; that, in our opinion, the only way to stabilize railroad securities is to charge truck owners such rates for the use of highways that long hauls by trucks and busses will be unprofitable."

They have requested each member of the association to write their State and Federal legislative representatives, asking them to do all in their power to work out some legislation at the earliest possible moment to remedy this situation.

We feel that this condition is unjust to the taxpayer and unfair competition for the railroads, and we think there should be some remedy provided.

Yours very truly,

ARCADIA PRODUCE CO. (INC.),
By JOHN N. CHAMBERLIN.

PROPOSED MODIFICATION OF THE VOLSTEAD ACT

Mr. COPELAND presented a letter from the secretary of the Central Trades and Labor Council of Greater New York and Vicinity, transmitting resolutions adopted by that organization, which, with the accompanying resolutions, was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

NEW YORK CITY, *January 12, 1932.*

Hon. ROYAL S. COPELAND,
United States Senator, Washington, D. C.

MY DEAR SENATOR: I have been directed by the Central Trades and Labor Council of Greater New York and Vicinity, representing approximately 700,000 organized workers affiliated with the American Federation of Labor, to forward you a copy of the inclosed resolution relative to the modification of the Volstead Act in this session of Congress, which was unanimously adopted by our regular meeting held January 7, 1932. Thanking you for your favorable support on this important question, I am,

Very truly yours,

JAMES C. QUINN, *Secretary.*

Whereas the enactment of the eighteenth amendment and the Volstead law have failed to meet the approval of the people of our country, efforts to enforce them at vast public expense having utterly failed to obtain and secure for them respect and obedience by the citizens of our country; and

Whereas the hypocrisy of the whole prohibition question is best illustrated by the action of the Federal Government itself when it loaned $20,000,000, through the Federal Farm Board, to the Fruit Industries (Ltd.), a private corporation marketing the juice of wine grapes with the guarantee that within 60 days this juice will have developed an alcoholic content of at least 15 per cent; and

Whereas the Federal Government has not only given its tacit consent to the manufacturing of wine of a strong alcoholic content through a private corporation known as Fruit Industries (Ltd.) but has extended the use of hard liquors, under a ruling of the Attorney General issued March 31, 1931, permitting in addition to regular physicians, dentists, veterinarians, optometrists, osteopaths, chiropractors, chiropodists, spinologists to prescribe whisky; and

Whereas the Federal Government has failed to heed the popular demand of the people of the United States for a mild beverage of wholesome beer of low alcoholic content; and

Whereas labor's national committee for modification of the Volstead Act was organized for the purpose of waging an aggressive campaign for modification of the Volstead law in the Seventy-second Congress to permit the manufacture and sale of 2.75 beer in conformity with previous declarations of the conventions of the American Federation of Labor: Therefore be it

Resolved, That the Central Trades and Labor Council of Greater New York and Vicinity indorse the action of labor's committee in

pressing for a vote on modification of the Volstead law in this session of Congress to permit the manufacture and sale of a mild beverage, nonintoxicating in fact, containing 2.75 per cent alcohol by weight; be it further

Resolved, That copies of this resolution be forwarded to each Congressman from Greater New York and both Senators from the State of New York, with the urgent request that they support Senate bill No. 2415 and House Resolution No. 5597 in preference to all other proposals to modify or amend the existing prohibition laws in this session of Congress; be it further

Resolved, That copies of this resolution be forwarded to each affiliated organization and to United States Senator BULKLEY, of Ohio, and Congressman BECK, of Pennsylvania, who proposed labor's modification bill in each branch of Congress.

FIRST DEFICIENCY APPROPRIATIONS

Mr. JONES. Mr. President, while I secured unanimous consent day before yesterday that the rule might be considered as complied with by filing the report on the urgent deficiency bill yesterday, the clerk thinks it well, in order to keep the record straight, that the report be filed in open session.

So, from the Committee on Appropriations, I report back favorably with amendments the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes, and I submit a report (No. 88) thereon.

REPORTS OF COMMITTEES

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 1951) for the relief of Howard P. Cornick, reported adversely thereon.

He also, from the same committee, to which was referred the bill (S. 2378) to regulate the conduct and administration of military arsenals, air corps depots, and other War Department activities and property, and for other purposes, reported it with amendments and submitted a report (No. 90) thereon.

He also, from the same committee, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

S. 1694. An act to authorize the Secretary of War to exchange obsolete, surplus, deteriorated, or unserviceable supplies or equipment for new supplies or equipment of the same general character (Rept. No. 91); and

S. J. Res. 48. Joint resolution to authorize the acceptance on behalf of the United States of the bequest of the late William F. Edgar, of Los Angeles County, State of California, for the benefit of the museum and library connected with the office of the Surgeon General of the United States Army (Rept. No. 92).

Mr. McNARY, from the Committee on Commerce, to which was referred the bill (S. 713) authorizing a survey of Coquille River, Oreg., reported it with amendments and submitted a report (No. 94) thereon.

He also (for Mr. JOHNSON), from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 355. An act providing for the participation of the United States in a Century of Progress (the Chicago world's fair centennial celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes (Rept. No. 93);

S. 719. An act authorizing a survey of Columbia River from Tongue Point to the sea (Rept. No. 95);

S. 721. An act authorizing a preliminary examination and survey of Alsea Bay, in the State of Oregon (Rept. No. 96);

S. 726. An act granting the consent of Congress to the Sunset Investment Co. to construct, maintain, and operate a dam to retain tidal waters in Inner Depoe Bay, Lincoln County, Oreg. (Rept. No. 97);

S. 727. An act granting the consent of Congress to the State of Oregon and the Haynes Slough drainage district to construct, maintain, and operate a dam and dike to prevent the flow of tidal waters into Haynes Slough, Coos Bay, Coos County, Oreg. (Rept. No. 98);

S. 728. An act granting the consent of Congress to the State of Oregon and the Beaver Slough drainage district to construct, maintain, and operate a dam and dike to prevent the flow of tidal waters into Beaver Slough, Coquille River, Coos County, Oreg. (Rept. No. 99);

S. 729. An act granting the consent of Congress to the State of Oregon and the Larson Slough drainage district to construct, maintain, and operate a dam and dike to prevent the flow of tidal waters into Larson Slough, Coos Bay, Coos County, Oreg. (Rept. No. 100); and

S. 730. An act to provide for preliminary examination and survey to be made of the Willamette River and its tributaries, Oreg., with a view to providing a navigable channel from Eugene to Springfield (Rept. No. 101).

Mr. McNARY (for Mr. JOHNSON) also, from the Committee on Commerce, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 723. An act authorizing a preliminary examination and survey of the Yamhill River, Oreg. (Rept. No. 102); and

S. 2278. An act authorizing the Secretary of War to reduce the penalty of the bond of the Brazos River and Harbor Navigation District, of Brazoria County, Tex., furnished as surety for its doing certain work on the improvement of Freeport Harbor, Tex. (Rept. No. 103).

Mr. MOSES, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 88) to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof, reported it without amendment and submitted a report (No. 105) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. BORAH, from the Committee on Foreign Relations, reported favorably Executive AA, Seventieth Congress, second session, a general treaty of inter-American arbitration, signed at Washington, January 5, 1929, with reservations, which was placed on the Executive Calendar.

Mr. METCALF, from the Committee on Education and Labor, reported favorably the nomination of Claude M. Henry, of South Dakota, to be a member of the Federal Board for Vocational Education for a term of three years from July 17, 1931, to which office he was appointed during the last recess of the Senate (reappointment), which was placed on the Executive Calendar.

Mr. REED, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. Thomas Stevens Hammond, Illinois National Guard, to be brigadier general, reserve, from January 8, 1932, and also the nominations of sundry officers in the Regular Army, which were placed on the Executive Calendar.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry post-office nominations, which were placed on the Executive Calendar.

INVESTIGATION OF AGRICULTURAL CREDIT SITUATION

Mr. TOWNSEND. From the Committee to Audit and Control the Contingent Expenses of the Senate I report various resolutions and ask unanimous consent for their present consideration.

The VICE PRESIDENT. The Secretary will state the first resolution reported by the Senator from Delaware.

The Chief Clerk read the resolution (S. Res. 38) submitted by Mr. CAREY on December 9, 1931, as follows:

Resolved, That the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, is hereby authorized and directed to make a general study and investigation of the agricultural-credit situation and of the Federal instrumentalities which are concerned with supervising and making loans and advances to farmers for agricultural purposes, and to submit a report thereon to the Senate as soon as practicable, together with its recommendations for remedial legislation.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Seventy-second Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony, and make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents

per hundred words. The expenses of the committee, which shall not exceed $15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. COUZENS. Mr. President, reserving the right to object, I should like to ask the amount proposed to be appropriated for the purpose.

The VICE PRESIDENT. The Chair understands that the recommendation of the Committee to Audit and Control the Contingent Expenses of the Senate is that the resolution be referred to the Committee on Banking and Currency.

Mr. TOWNSEND. That is correct.

The VICE PRESIDENT. Without objection, the resolution will be referred to the Committee on Banking and Currency.

INVESTIGATION OF CONDITIONS IN HONOLULU

The Chief Clerk read the resolution (S. Res. 137) submitted by Mr. McKELLAR on the 13th instant, as follows:

Whereas recently the New York Times and the New York Herald Tribune, two of the most reputable newspapers in the United States, printed stories of a condition of lawlessness in Hawaii, and especially in Honolulu, that is shocking to a degree; and

Whereas Rear Admiral Yates Stirling, commanding the naval base at Pearl Harbor, has made a report published in these papers condemning officials intrusted with the enforcement of laws in Honolulu and Hawaii; and

Whereas it is apparent from said report that many revolting crimes have recently been committed in Honolulu and no real efforts have been made by the authorities to punish such crimes; and

Whereas it has been deemed necessary by the Navy Department to issue orders that American sailors and marines and American naval officers are prohibited from disembarking at Honolulu, which is American territory, because of the lawlessness and criminality rampant in said city: Now, therefore, be it

Resolved, That a select committee of three Senators be appointed by the Vice President, who shall make a thorough investigation of conditions in the said city of Honolulu and the Territory of Hawaii, and report its findings to the Senate at the earliest possible moment, particularly with reference to the following:

(1) The character and efficiency of all executive officials, from the governor on down;

(2) The recent acts of crime committed in said city and in said Territory and the attitude of the executive officials of the law in reference to said crimes; and

(3) The attitude of the people of Hawaii toward the Navy and its personnel.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings; to sit and act at such times and places; to employ such experts and clerical, stenographic, and other assistants as may be deemed necessary; to require, by subpœna or otherwise, the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; and to make such expenditures as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $2,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman. The said committee shall have power to designate not exceeding two of its number to go to Honolulu for the purpose of making a first-hand investigation of the facts, if same is deemed necessary.

The VICE PRESIDENT. The resolution is reported with the recommendation that it be referred to the Committee on Territories and Insular Affairs.

Mr. McKELLAR. Mr. President, I hope this resolution will not be referred. There is something quite remarkable about the resolution.

I offered the resolution first to have this matter investigated by a select committee appointed by the Vice President. I am quite confident that the Vice President would have appointed a good committee. I stated to the Committee to Audit and Control the Contingent Expenses of the Senate that under no circumstances could I serve on the committee. I am not seeking service on the committee, and I want to let the Senate know it. Not only am I not seeking service on the committee but I can not serve on the committee because of other duties. There are, however, a number of excellent Senators who are perfectly willing to serve on that committee.

At that time, however, the chairman of the committee, the Senator from Connecticut [Mr. BINGHAM], came to me and said that the investigation ought to be made by the Committee on Territories and Insular Affairs. I felt inclined to agree with him. I had heard—I want to be perfectly frank about it—that that committee did not desire to make the investigation. I so stated to the Senator from Connecticut, and he said that that was not correct, that the committee would be glad to do it. Therefore I changed the resolution at the suggestion of the Senator from Connecticut, the chairman of the Committee on Territories and Insular Affairs, and rewrote it; and it was directed that that committee should make the investigation of conditions out there. Later on I found that there were objections even to that committee making an examination, so I reintroduced the original resolution, and both of them went before the committee.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. BINGHAM. May I say to the Senator that in accordance with my original statement I have called the committee together for to-morrow morning to have a hearing to determine whether a Senate investigation is necessary, and have invited to appear before the committee Admiral Pratt, the Secretary of the Navy, the Secretary of War, the Attorney General, the Hawaiian Delegate, and one or two other citizens in town who are familiar with the situation, and that the hearing by the committee will begin to-morrow morning at half past 10.

Mr. McKELLAR. What is the Senator's objection to having the Senate refer the resolution to his committee to have it carry on the investigation?

Mr. BORAH. Mr. President, I am opposed to an investigation of this matter. I want to be heard as to whether or not any investigation at all shall be made.

The people in Hawaii have a very serious situation on their hands. I am not in favor of placing them on trial before the Senate of the United States before they have an opportunity to demonstrate whether or not they can execute their laws.

I do not desire to discuss the matter at this time, but before the investigation is had I want to be heard.

The VICE PRESIDENT. The Chair may state that if there is objection to the resolution being considered, it would have to go to the calendar, and could not come up until to-morrow or until the next meeting of the Senate.

Mr. McKELLAR. Has any Senator objected?

The VICE PRESIDENT. The Chair understood that the Senator from Idaho wanted to be heard to oppose the resolution.

Mr. BORAH. I have no objection to disposing of it, but I do not want to have it disposed of at a time when we are under the 5-minute rule.

Mr. McKELLAR. As I understand, we are not under the 5-minute rule now.

Mr. BORAH. I ask the Senator to let it go over for another day.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I am glad to yield.

Mr. NORRIS. It seems to me the request is that the resolution go to a committee. There could not be any objection to that from either side.

Mr. BORAH. No; the request was not that it go to a committee.

Mr. McKELLAR. I do not understand the report. If this resolution is passed, and the Committee on Territories and Insular Affairs is directed to make the investigation, that is all I ask. I have nothing else in view.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes; I yield.

Mr. FESS. The Senate, including the Senator from Tennessee, know that we have been trying to inaugurate the policy here that when a resolution comes to the Committee to Audit and Control the Contingent Expenses of the Senate which carries with it a matter that might be of tremendous importance, and ought to be reported on by a standing com-

mittee, we ask to have it go to the standing committee first; and then, if the standing committee recommends that there be an investigation, it comes to our committee, and we vote the money.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COUZENS. Is not the question before the Senate as to whether or not we shall give unanimous consent for the present consideration of the resolution? As I understood the Senator from Delaware, his request was for unanimous consent to consider it.

The VICE PRESIDENT. The Senator from Delaware asked unanimous consent for the immediate consideration of the various resolutions he reported, and the recommendation in this case is to refer the matter to the committee.

Mr. COUZENS. I object to the consideration of the resolution at this time.

The VICE PRESIDENT. The resolution will be placed on the calendar.

Mr. McKELLAR. If it goes to the calendar, that is all right. We shall bring it up to-morrow.

Mr. FESS. Mr. President——

Mr. McKELLAR. I now yield to the Senator from Ohio.

Mr. FESS. I should like to finish the statement.

Mr. McKELLAR. I shall be glad to yield, because I want to make a reply to it.

Mr. FESS. I desire to finish the statement I started to make.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Ohio will proceed.

Mr. FESS. This matter came up before our committee, and it was stated that the Department of Justice was already inaugurating an investigation. We had no control over that; but the committee felt that the proper course would be to ask that this resolution be referred to the Committee on Territories and Insular Affairs for them to determine whether there should be an investigation. In case they report that there should be, we shall have no further objection.

Mr. McKELLAR. I will ask the Senator, judging from his experience as a legislator in this body, whether that was not a very deft and delightful way of putting the resolution to death?

Mr. FESS. No. We did the same thing with the resolution of the Senator from Wyoming [Mr. CAREY]. We referred it to the Banking and Currency Committee for action.

Mr. McKELLAR. No; the committee did a different thing with the resolution of the Senator from Wyoming. In that report the committee asked that the Banking and Currency Committee report back to the Senate.

Mr. FESS. Oh, no! It was referred to the committee for consideration whether or not they should report it back.

Mr. McKELLAR. Do I understand that exactly the same report was made by this committee?

Mr. FESS. Precisely.

Mr. McKELLAR. Is it expected that exactly the same course shall be taken with regard to the two matters?

Mr. FESS. Exactly.

Mr. McKELLAR. That the resolution is to be voted on and reported back to the Senate?

Mr. FESS. The Committee on Banking and Currency is to consider whether this investigation should be conducted. If so, then it comes to us.

Mr. McKELLAR. And the same thing in reference to this committee?

Mr. FESS. Precisely.

Mr. McKELLAR. It is to report back to the Senate?

Mr. FESS. Precisely.

Mr. BINGHAM. Mr. President——

Mr. LA FOLLETTE. I ask for the regular order.

The VICE PRESIDENT. The regular order is the presentation of reports of committees. There is pending before the Senate a report from the Senator from Delaware [Mr. TOWNSEND], and unanimous consent is asked for its present consideration.

Mr. BINGHAM. Mr. President, I desire to call attention, in connection with the resolution of the Senator from Tennessee [Mr. McKELLAR], to the following communication from the Attorney General of the United States:

DEPARTMENT OF JUSTICE,
January 14, 1932.

The honorable the SECRETARY OF THE INTERIOR,
Washington, D. C.

MY DEAR MR. SECRETARY: Assistant Attorney General Richardson has been designated to proceed at once to the Hawaiian Islands to make the inquiry requested by Senate Resolution 134. By way of suggestion, I have made a general outline of subjects for investigation. Copy is transmitted herewith. As the Territorial legislature is about to be convened and some of the matters mentioned in this outline may be considered by the legislature, I suggest you transmit a copy of this document to Governor Judd, so that he and the legislature may know what this department is directing its attention to, with the possibility that some progress may be made in the consideration of these matters before Mr. Richardson reaches Honolulu.

If you have any suggestions as to further subjects of inquiry, I shall be glad to have them.

With personal regards, very truly yours,

WILLIAM D. MITCHELL,
Attorney General.

JANUARY 14, 1932.

Hon. SETH W. RICHARDSON,
Assistant Attorney General,
Department of Justice, Washington, D. C.

MY DEAR MR. RICHARDSON: I am obliged to ask you to proceed at once to Honolulu to examine into the conditions affecting law enforcement in the Hawaiian Islands. Your attention is called to Senate Resolution 134, requesting me to report to the Senate upon the administration and enforcement of criminal laws in the Territory of Hawaii by the police authorities, the prosecuting officers, and the courts of the Territory, and to suggest any changes in the organic law desirable in the interest of prompt and efficient administration of justice in the Territory. Because of the conflicting statements about conditions there, it is necessary that representatives of this department ascertain the facts by inquiry on the ground.

A preliminary review of the organization of the machinery of justice in the Hawaiian Islands has been made. In order to assist you, here is an outline of the subjects of inquiry:

1. Courts: The principal courts for the enforcement of criminal law in the islands are the United States district court and the circuit courts. The United States court has jurisdiction only of violations of acts of Congress. The circuit courts have jurisdiction of the enforcement of Territorial criminal laws as well as of some Federal statutes. The judges of both the district court of the United States and the circuit courts of the Territory are appointed by the President with the advice and consent of the Senate.

Appeals from the Territorial circuit courts go to the Territorial supreme court, and appeals from the United States district court go to the United States Circuit Court of Appeals for the Ninth Circuit. Cases in the United States district court are conducted by a United States attorney appointed by the President. Criminal cases in the circuit courts in Honolulu are conducted by the city and county prosecutor who is an elective officer. The city and county of Honolulu appear to be coterminous.

Cases of the type which have recently attracted public attention are not within the jurisdiction of the United States district court nor of the United States attorney. They are triable in Territorial courts and the prosecutions are conducted by the city and county prosecutor.

I suggest you inquire into the operations of the office of the city and county prosecutor to ascertain whether it is efficient, and whether any change in the method of selection of the local prosecutor, such as an appointment by the governor of the Territory, would tend to make the work of that office more effective.

2. Police: In the island of Oahu, on which Honolulu is situated, the principal agents for the detection of crime are the police. The head of the police force is a sheriff, elected by the people. There seems to be some sort of civil-service system applicable to the police force. The organization and efficiency of the police force should be examined, and consideration should be given to whether the discipline and efficiency of the police are open to improvement and, if so, whether that could be accomplished by legislation for appointment of a chief of police by the governor, and to change the system respecting the appointment and removal of officers. A bill for reorganization of the police force appears to have been introduced in the last session of the Territorial legislature but was not passed.

3. Jury system: The provisions of the Constitution of the United States relating to trials of criminal offenses by jury appear to be applicable to the Hawaiian Islands. The organic act, under which the Territory is organized, provides:

"All juries shall be constituted without reference to the race or place of nativity of the jurors; but no person who is not a male citizen of the United States and 21 years of age and who can not understandingly speak, read, and write the English language, shall be a qualified juror or grand juror in the Territory of Hawaii. No person shall be convicted in any criminal case

except by unanimous verdict of the jury. No plaintiff or defendant in any suit or proceeding in a court of the Territory of Hawaii shall be entitled to a trial by a jury impaneled exclusively from persons of any race."

The Territorial laws enacted by the Territorial legislature also provide that a juror must possess the qualifications for registration as a voter, be a resident of the circuit from which selected, of ordinary intelligence, and must not have been convicted of any felony or misdemeanor involving moral turpitude.

I suggest you inquire into the methods of making up the lists of eligible persons for jury service so as to determine whether jurors of the best type available are obtained. The Territorial laws provide a jury commission for each circuit, composed of the circuit judge and two citizens, members of opposite political parties, who annually make up lists of qualified persons for jury service. It should be ascertained whether this system works satisfactorily and whether any improvements may be brought about by legislation or judicial action.

4. Parole board: The Territorial law provides for granting of paroles upon the recommendation of the Board of Prison Inspectors. The parole system having a bearing on the problem of law enforcement, the operations of the existing system should be considered to determine whether it proceeds on principles followed by up-to-date penal systems, and if not, whether any legislation is desirable on that subject.

5. Weight of evidence required in certain criminal cases: The Territorial laws now provide that no person shall be convicted of the crime of rape on uncorroborated evidence of the prosecutrix. I can understand the reason for requiring corroboration as to the fact that force was used, but where that fact is properly established it is not so clear to me that corroboration of the testimony of the prosecutrix should be required as to the identity of the offender.

A memorandum reviewing the statutes of the States of the Union on this subject is being prepared and will be furnished you.

6. Operation of the Federal courts in narcotic drugs and prohibition matters: While offenses of the kind which have recently attracted attention are not within the jurisdiction of the United States court and are not dealt with by the United States attorney or officials of this department, it would be well to consider how efficiently violations of Federal statutes are prosecuted within the district, as this has a bearing on the general crime situation.

The bureau of the Treasury having charge of investigation of offenses against Federal laws relating to narcotics has a force of men in Honolulu. The Prohibition Unit of this department has a force at that place. I am informed that the local police also have authority to detect and arrest offenders under these laws; that the prosecution of prohibition cases may be conducted in either the United States court or the circuit courts of the Territory; and that the practice varies in the different districts in the islands.

The foregoing suggestions do not mean that any conclusion has been reached here as to whether any of the agencies referred to are deficient or as to the extent to which they may require reorganization. These are matters for you to inquire into. While many of the problems mentioned are local in their nature, it must be remembered that there are important naval and military establishments on the Hawaiian Islands, and for that reason it is of especial importance that law and order should be efficiently maintained.

This outline does not limit your inquiry. You are free to go into any phase of the matter that you deem advisable. My impression is that under the organic act under which the Territory is organized, the Territorial legislature has ample authority to enact any legislation that may appear to be desirable for the improvement of enforcement of criminal justice. A special session of that legislature is about to be convened.

I am transmitting a copy of this letter to the Secretary of the Interior for transmission to the governor of the Territory, so that the Territorial legislature may consider the subjects here mentioned. It is desirable, if any legislation is required and it is within the powers of the Territorial legislature, that it be dealt with by that body. The important thing for you is to get at the real facts, which I have no doubt you will do with your accustomed vigor.

You might also consider whether it is desirable that the powers of the governor of the Territory be enlarged by Congress. Under existing law his power to deal with the agencies for enforcement of criminal laws is quite limited.

Mr. J. Edgar Hoover, Director of the Bureau of Investigation, has arranged to place at your disposal a sufficient force of his men, headed by one of his agents in charge.

Very truly yours,

WILLIAM D. MITCHELL,
Attorney General.

HEARINGS BEFORE THE COMMITTEE ON PATENTS

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably, without amendment, Senate Resolution 130, submitted by Mr. HEBERT on the 8th instant, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Patents, or any subcommittee thereof, be, and hereby is, authorized, during the Seventy-second Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE POST OFFICES AND POST ROADS COMMITTEE

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably without amendment Senate Resolution 135, submitted by Mr. ODDIE on the 12th instant, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, is hereby authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS, ETC.

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably with an amendment Senate Resolution 48, submitted by Mr. MCKELLAR on December 9, 1931.

The amendment was, on page 3, line 4, to strike out "$25,000" and insert "$1,500," so as to make the resolution read:

Whereas charges have been openly made in the Senate of improper sea mail contracts in Senate Document 210, Seventy-first Congress, entitled "The Truth About the Postal Contracts"; and

Whereas a reply has been made by the Shipping Board and still further charges have been made and published in the RECORD; and

Whereas charges have also been made in reference to postal air mail contracts; and

Whereas the use of mail tubes, especially from airports, has been a matter of consideration by the Senate; and

Whereas by action of the Postmaster General the Interstate Commerce Commission has before it a proposal to increase by $7,000,000 the parcel-post rates; and

Whereas under the post-office building program few buildings in the smaller towns are being erected: Now, therefore, be it

Resolved, That the Committee on Post Offices and Post Roads, or any duly elected subcommittee thereof elected by the full committee, is hereby authorized to investigate during the present session of Congress or any recess thereof, to hold hearings at such times and places as such committee may deem proper and investigate fully the questions:

1. Of all air mail contracts.
2. Of all ocean mail contracts.
3. Of the use of mail tubes in cities, including the transmission of mail from airports to post offices.
4. Of the necessity or expediency of increasing rates on parcel post or other kind of mail matter.
5. Also the question of erecting buildings in small towns.

And the said committee will report its findings to the present session of Congress. For the purpose of this resolution the committee, or any duly elected subcommittee thereof elected as aforesaid, is authorized to hold hearings, to sit and act at such times and places, to employ such experts and clerical, stenographic, and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services in reporting such hearings shall not exceed 25 cents per hundred words. The expenses of the committee, which shall not exceed $1,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. TOWNSEND. I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection?

Mr. JONES. What committee does the resolution come from?

The VICE PRESIDENT. The Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. JONES. Has it been considered by the Post Office Committee?

Mr. McKELLAR. It has. The Post Office Committee reported out a resolution of that kind last year, and this morning I understand the same action was taken in reference to it by the Post Office Committee.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

The Senate, by unanimous consent, proceeded to consider the resolution.

The amendment was agreed to.

The resolution, as amended, was agreed to.

ADDITIONAL CLERK TO BANKING AND CURRENCY COMMITTEE

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably, with amendments, Senate Resolution 107, submitted by Mr. NORBECK on December 18, 1931.

The amendments were, in line 2, after the word "employ," to strike out "Gibbs W. Sherrill as," and in line 4, after the word "Congress," to strike out "he," so as to make the resolution read:

Resolved, That the Committee on Banking and Currency is hereby authorized to employ an additional assistant clerk during the first session of the Seventy-second Congress, to be paid at the rate of $1,800 per annum, out of the contingent fund of the Senate.

Mr. TOWNSEND. I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. Mr. President, reserving the right to object, I ask what amount is provided for this purpose?

The VICE PRESIDENT. One thousand eight hundred dollars per annum.

Mr. JONES. Mr. President, I desire to ask if this is to be a regular clerkship, or merely for the session? Is it a regular, permanent clerkship?

The VICE PRESIDENT. The language is, "during the first session of the Seventy-second Congress."

Mr. KING. Is it clear that it is not an annual appropriation?

The VICE PRESIDENT. The clerk will read the resolution as proposed to be amended.

The Chief Clerk read the resolution as proposed to be amended.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The amendment was agreed to.

The resolution, as amended, was agreed to.

SPECIAL ASSISTANT CLERK. COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably, with an amendment, Senate Resolution 136, submitted by Mr. BINGHAM on the 12th instant.

The amendment was, on page 1, line 4, to strike out "$2,220" and insert "$1,800," so as to make the resolution read:

Resolved, That the Committee on Territories and Insular Affairs is hereby authorized to employ a special assistant clerk during the Seventy-second Congress, to be paid at the rate of $1,800 per annum out of the contingent fund of the Senate.

Mr. TOWNSEND. I ask unanimous consent for the present consideration of the resolution.

Mr. KING. Mr. President, in view of what appears to me to be rather limited work of the committee at this session—the Philippine Islands probably is the only subject that will engage its attention—I inquire of the chairman of the committee whether there is any necessity for this additional clerk.

Mr. BINGHAM. Mr. President, as I told the committee yesterday, the committee has only the four clerks that every Senator has, whether he is a committee chairman or not. The work of the committee recently has become so heavy that the clerks have been obliged to work at night as well as in the day; and in fairness to them it seemed to me that during the present session of Congress, in view of all the matters that are now before us and are coming up, an extra clerk should be provided to handle the extra work placed upon the committee.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. JONES. Mr. President, I desire to ask the Senator if it would not do to have this authority limited to the session, at any rate. Of course, the Senator knows the work of his committee, and what increased work has been brought on; but is not that work likely to be finished by the end of the session, so that this clerk would not be needed all the year through?

Mr. BINGHAM. Mr. President, the former chairman of the Appropriations Committee, the late Senator Warren, went over this matter with me two or three years ago, and agreed with me that the committee needed another clerk, and agreed that the item should be put into the bill in connection with the reorganization of the Senate. However, it was not done. The Senator will remember that at the time that bill was passed it was rushed through in the last few hours of the session, and I did not like to press the matter at that time. It is a matter of the greatest necessity. The Banking and Currency Committee has just had an additional clerk granted; the Committee on the Library has recently had an additional clerk granted; and the work of this committee has become so heavy that I hope the Senator will not object.

Mr. JONES. The Banking and Currency Committee was only granted an additional clerk, my recollection is, for the session.

Mr. KING. That is all.

Mr. JONES. Just for the session. It is not a permanent clerkship. This proposal changes the recommendation of the joint committee of the two Houses. We have been trying to prevent, and so far have been preventing, any change in the recommendation of the joint committee. If we now open it up and make a change we are going to have a lot of requests for changes, and we shall really have no basis on which to refuse them.

Mr. BINGHAM. Very well, Mr. President, I will accept the amendment to make it for the session.

Mr. JONES. I think that would be better.

Mr. NORRIS. Mr. President, it seems to me there ought to be a showing for the necessity of this extra clerk. Can the Senator from Connecticut tell us how many bills the Committee on Territories and Insular Affairs reported out in the last Congress, for instance?

Mr. BINGHAM. No, Mr. President. As I recollect, however, the committee were exceedingly busy holding hearings, and their correspondence from the Territories and insular possessions is unusually heavy. The people of the Philippine Islands number 17,000,000, and there is very heavy correspondence from the Philippines. There is a very considerable correspondence from Porto Rico, with its million and a half of people. They have no representative at this end of the Capitol at all, and it is their custom to write to the chairman of this committee on all sorts of matters, including requests for public documents and other things that normally go to a Senator from the people of his State.

Mr. NORRIS. There may be something in that. If the correspondence coming from the possessions of the United States is of such magnitude that the chairman of the committee is not able to answer it, I would not have any objection to supplying him with another clerk. The Committee on Territories, so far as I know, has never done any great amount of work. It will be remembered that when the tariff bill was under consideration, we were having quite a contest about whether we should have a tariff on sugar, I think it was, and there was a proposition before the Senate to have an amendment offered to the tariff bill to give the Philippines their independence. We had a definite agreement made on the floor of the Senate that before the session was over a bill pending in the Committee on Territories looking to that end would be reported one way or the other. I do not think it was even reported.

Mr. BINGHAM. Mr. President, the Senator is most unfair. Extended hearings were held, and the bill was reported. The delay was first caused at the request of the Filipinos themselves; but the bill was reported.

Mr. NORRIS. Very well; it was not reported until a time when we were not able to take it up in the Senate, and it never was taken up in the Senate. At least there is one report the committee has made.

All these other committees report dozens and dozens of bills; they have hearings; they are divided up into subcommittees, with four or five hearings going on at the same time at the beginning of a session, with correspondence coming from all over the United States, including the Philippine Islands.

As far as I am concerned, if the work of the Committee on Territories is such that its present force can not do the work, I am willing that they should be given all the force necessary to do their work. Already what we have done has been cited as a precedent. I do not blame the Senator for citing it. We established the precedent just a few minutes ago, granting an additional clerk for the Committee on Banking and Currency. That is a pretty busy committee right now. They have had four or five bills on the floor of the Senate at this session. We have disposed of most of them, and probably beginning two weeks from now they will not have anything to do to amount to anything for the balance of the session. But they have an extra clerk. That is cited as a precedent now why we should give an extra clerk to the Committee on Territories.

I do not know where this is to end. It will extend to all the committees, possibly. At the beginning of a session of Congress, as a rule, a big rush comes, when many, many bills are introduced and when hearings are held. When they are out of the way most of the committees do not have much to do. The Committee on Banking and Currency usually has important legislation before it, but not very much of it. When they had the Federal reserve legislation before them they were occupied with that during an entire session of Congress, and the committee was very hard worked; but since that, until this session, they have not had very much to do. I do not think they have had as much work to do as quite a number of the other committees of the Senate.

I think this resolution ought to be referred to the Committee on Rules. It is hardly fair, when a committee asks for an additional clerk, to refer the request to the committee making the plea. I wonder whether the Senator from Connecticut would object to having the resolution referred to the Committee on Rules for their consideration, and if it is shown before that committee that this extra help is needed, and they report to that effect, as far as I am concerned, I will have nothing further to say about it.

Mr. BINGHAM. Mr. President, it is a very curious precedent the Senator is attempting to establish. At this session of Congress at least three or four committees have secured favorable action of the Senate for one additional clerk. The chairman of the Committee on Territories did appear before the Committee to Audit and Control the Contingent Expenses of the Senate and answered all their questions, all the members of the committee being present.

Of course, I have no serious objection to the matter being referred to the Committee on Rules, but the case has already been made before the Committee to Audit and Control the Contingent Expenses of the Senate. The Senator from Nebraska did not offer the slightest objection to any of the applications made relating to three other committees.

Mr. NORRIS. I heard of only one other. I confess I think I ought to have made inquiry as to that. I have heard a good many other Senators say they ought to have made inquiry, and I think that is true.

We are now in the midst of a great program of economy, led by the greatest engineer in history, to economize everywhere, and I believe it is a good doctrine. We ought to commence at home.

I may be entirely wrong, but in my judgment the Committee on Territories has less work to do than almost any other standing committee of the Senate. As I have said, I may be wrong about that. I form my judgment to a large extent on the bills which come in from different committees, and in a general way bills of importance are pending from the various committees where hearings have been held. If I am wrong about that, if this committee is overburdened with work and is doing more work than any other committee, I shall not have any objection to giving them an additional clerk, two more, a half a dozen more if necessary to do the work. They ought to have all the clerical assistance necessary. But this is a poor time to start one committee after another asking for more clerical help, until, when we get through, instead of economizing, we will have become the most extravagant of all the governmental bodies in providing for our own work.

Mr. NEELY. Mr. President, does the Senator know how many bills or resolutions were reported from the Committee on Territories during the last session of Congress?

Mr. NORRIS. I asked the chairman of the committee, but he did not know; at least, he did not tell us.

Mr. NEELY. Does the Senator know whether anything was ever reported by the committee?

Mr. NORRIS. Yes; one measure was reported, which the chairman has mentioned.

The VICE PRESIDENT. Is there objection to the consideration of the resolution?

Mr. NORRIS. I object, unless the Senator will agree to let it go to the Committee on Rules or to some other committee.

Mr. BINGHAM. I stated that I would not object.

Mr. NORRIS. Then let it go to the Committee on Rules.

The VICE PRESIDENT. Without objection, the resolution will be referred to the Committee on Rules.

INDIAN LANDS IN OKLAHOMA

Mr. THOMAS of Oklahoma. Now, Mr. President, I report favorably from the Committee on Indian Affairs Senate bill 2407, to authorize the sale of parts of a cemetery reserve made for the Kiowa, Comanche, and Apache Indians in Oklahoma, with an amendment, and submit a report thereon (No. 89).

The VICE PRESIDENT. Is there objection to the consideration of the bill? The Chair hears none, and the amendment will be reported.

The amendment was, on page 1, line 8, before the word "County," to strike out the word "Wichita" and to insert in lieu thereof the word "Caddo," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to cause to be issued a patent in fee for not to exceed 2½ acres of land lying in the northwest corner of the south half of southwest quarter of section 23, township 5 north, range 12 west, Indian meridian, in Caddo County, Okla., said area being within the tract set apart and reserved as a tribal burial ground for the Kiowa, Comanche, and Apache Indians, but long used with their knowledge and assent as a burial place for white residents of the vicinity: *Provided*, That no patent shall issue until a cemetery association has been legally organized to hold title and until payment for the area involved has been made to the superintendent of the reservation in an amount not less than the appraised value of the land.

SEC. 2. The Secretary of the Interior is further authorized, in his discretion, to offer for sale on competitive bids, at not less than their appraised value, and to convey to the purchasers such other parts of the said 80 acres heretofore set apart and known as the Cache Creek Indian Cemetery as may be found not longer needed for Indian burial or administrative purposes, with the understanding that the net proceeds received from such sale or sales and from the cultivation or leasing of any part prior to sale shall be set apart and constitute a fund for the beautifying, improvement, and management of the portion retained as a tribal cemetery.

SEC. 3. It is further provided that each of the three tribes interested may select one of its full-blood members, the three to function as trustees and custodians of the tribal cemetery, signing leases and otherwise assisting in the management of the property, subject to advice and approval of the superintendent.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES:

A bill (S. 2982) for the relief of J. G. Seupelt; to the Committee on Indian Affairs.

A bill (S. 2983) for the relief of homesteaders on the Diminished Colville Indian Reservation, Washington; to the Committee on Public Lands and Surveys.

By Mr. BINGHAM:

A bill (S. 2984) for the relief of John Joseph Shay; to the Committee on Naval Affairs.

A bill (S. 2985) granting the consent of Congress to the Connecticut River State Bridge Commission, a statutory commission of the State of Connecticut created and existing under the provisions of special Act No. 496 of the General Assembly of the State of Connecticut, 1931 session, to construct, maintain, and operate a bridge across the Connecticut River; to the Committee on Commerce.

By Mr. WHEELER:

A bill (S. 2986) to supplement the act entitled "An act for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington," approved March 13, 1924 (43 Stat. 21); and

A bill (S. 2987) providing for the construction and equipment of a hospital upon the Blackfeet Indian Reservation, in the State of Montana; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 2988) granting an increase of pension to Celia J. McKinley (with accompanying papers); and

A bill (S. 2989) granting increase of pensions under the general law to soldiers and sailors of the Regular Army and Navy, and their dependents, for disability incurred in service in line of duty; to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 2990) for the relief of C. O. Meyer; and

A bill (S. 2991) for the relief of B. J. Sample; to the Committee on Post Offices and Post Roads.

A bill (S. 2992) to redistrict South Carolina and to divide said districts into divisions; and to amend paragraph 4n, section 1, Judicial Code (U. S. C., title 28, Supp. III, 1929), and section 105, Judicial Code (U. S. C., title 28, par. 186, 1925), as amended, and section 105, Judicial Code, as amended (U. S. C., title 28, par. 186a, Supp. III, 1929), and for other purposes; to the Committee on the Judiciary.

By Mr. STEIWER:

A bill (S. 2993) for the relief of Walter Malone; to the Committee on Military Affairs.

A bill (S. 2994) granting a pension to J. B. Stanfield (with accompanying papers);

A bill (S. 2995) granting a pension to Susan F. Cates (with accompanying papers);

A bill (S. 2996) granting an increase of pension to James Harvey Fisher (with accompanying papers);

A bill (S. 2997) granting a pension to Eli Sims (with accompanying papers);

A bill (S. 2998) granting a pension to Arminta Sullivan (with accompanying papers);

A bill (S. 2999) granting a pension to Newell A. Wiley (with accompanying papers);

A bill (S. 3000) granting a pension to Sue I. Alexander (with accompanying papers);

A bill (S. 3001) granting a pension to I. W. Bloom (with accompanying papers); and

A bill (S. 3002) granting a pension to Mary Nightingale; to the Committee on Pensions.

A bill (S. 3003) to authorize the addition of certain lands to the Fremont National Forest; to the Committee on Public Lands and Surveys.

By Mr. BAILEY:

A bill (S. 3004) for the relief of Rufus J. Davis; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3005) for the relief of John Joseph Ames; to the Committee on Claims.

A bill (S. 3006) for the relief of Charles Wellesley Berrington;

A bill (S. 3007) for the relief of Burton Bowen; and

A bill (S. 3008) granting an honorable discharge to Timothy J. Long; to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 3009) to extend the boundaries of the Fremont National Forest; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Oklahoma:

A bill (S. 3010) to authorize the Secretary of the Interior to make loans from the tribal trust fund of the Kiowa, Comanche, and Apache Tribes to members of such tribes; to the Committee on Indian Affairs.

By Mr. GEORGE:

A bill (S. 3011) to authorize the Attorney General to permit prisoners to attend the funeral of a deceased and bedside of a dying relative, and for other purposes; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 3012) for the relief of Morris J. Lang; to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 3013) granting an increase of pension to Lou Sutton; to the Committee on Pensions.

A bill (S. 3014) to provide for the commemoration of the landing of Ponce de Leon in the State of Florida; to the Committee on Military Affairs.

By Mr. CONNALLY:

A bill (S. 3015) granting a pension to L. Avant;

A bill (S. 3016) granting a pension to William S. Wall;

A bill (S. 3017) granting increase of pension to members of Troop G, First Regiment Texas Volunteer Cavalry (commonly known as Montell Guards);

A bill (S. 3018) granting an increase of pension to Sidney J. Baylor;

A bill (S. 3019) granting an increase of pension to George W. Baylor;

A bill (S. 3020) granting an increase of pension to Wyatt E. Heard;

A bill (S. 3021) granting an increase of pension to James Whitecotton; and

A bill (S. 3022) granting an increase of pension to Henry W. Baylor; to the Committee on Pensions.

A bill (S. 3023) authorizing the Secretary of War to convey to the city of Eagle Pass, Tex., certain land in Maverick County, Tex., comprising the abandoned military reservation of Camp Eagle Pass; and

A bill (S. 3024) for the relief of Llewellyn B. Griffith; to the Committee on Military Affairs.

A bill (S. 3025) for the relief of the First State Bank & Trust Co., of Mission, Tex.; to the Committee on Claims.

By Mr. BORAH:

A bill (S. 3026) authorizing the General Accounting Office to make certain credits in the accounts of Horace Lee Washington and Arthur B. Cooke, United States Consular Service; to the Committee on Foreign Relations.

A bill (S. 3027) for the relief of James J. Jordan (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 3028) to add certain lands to the Boise National Forest, Idaho; to the Committee on Public Lands and Surveys.

By Mr. SHEPPARD:

A bill (S. 3029) making available unexpended balance of appropriation for General and Special Claims Commissions, United States and Mexico; to the Committee on Foreign Relations.

By Mr. DILL:

A bill (S. 3030) for the relief of Amos T. Selby, deceased; to the Committee on Military Affairs.

A bill (S. 3031) for the relief of Molly Stark Williams; and

A bill (S. 3032) for the relief of the Spokane & Eastern Trust Co., of Spokane, Wash.; to the Committee on Claims.

A bill (S. 3033) granting a pension to Allan F. Bartz;

A bill (S. 3034) granting a pension to Oliver L. Wolford;

A bill (S. 3035) granting a pension to Rose Burkett;

A bill (S. 3036) granting a pension to Alta A. W. Cartledge (with accompanying papers); and

A bill (S. 3037) to protect labor in its old age; to the Committee on Pensions.

By Mr. SCHALL:

A bill (S. 3038) to create a bureau of welfare of the blind in the Department of Labor, to provide for the issuing of licenses to blind persons to operate stands in Federal buildings, and for other purposes; to the Committee on Education and Labor.

A bill (S. 3039) to amend the air commerce act of 1926, so as to provide further encouragement for civilian flying; to the Committee on Commerce.

By Mr. BRATTON:

A bill (S. 3040) granting an increase of pension to Rebecca B. Tooley; to the Committee on Pensions.

By Mr. METCALF:

A bill (S. 3041) granting a pension to Viola May Snow (with accompanying papers); to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 3042) granting an increase of pension to Bart H. Hickman; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 3043) granting an increase of pension to Mildred L. Wright (with accompanying papers); to the Committee on Pensions.

By Mr. DAVIS:

A bill (S. 3044) granting a pension to J. P. Wilkes; to the Committee on Pensions.

By Mr. COSTIGAN and Mr. LA FOLLETTE:

A bill (S. 3045) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes; to the Committee on Manufactures.

By Mr. DILL:

A bill (S. 3046) to amend the radio act of 1927, as amended; to the Committee on Interstate Commerce.

By Mr. HATFIELD:

A bill (S. 3047) authorizing the Federal Radio Commission to assign to labor a cleared broadcasting channel; to the Committee on Interstate Commerce.

By Mr. ODDIE:

A bill (S. 3048) for the relief of Sergt. William S. Risley, Corpl. James R. Allen, and Pvts. William H. Edwards, Lorenzo Edmunds, Ole Michelsen, Andrew J. Burke, Frederick N. Sorenson, Walter A. Fullerton, Harry Pierce, Hughy Wright, James H. Jensen, Ren Bryson, and John J. Kelly, who served in Company B, First Battalion Nevada Volunteer Infantry, war with Spain; to the Committee on Military Affairs.

By Mr. McKELLAR:

A joint resolution (S. J. Res. 81) providing for an investigation of the government of the Territory of Hawaii, and for other purposes; to the Committee on Territories and Insular Affairs.

FEDERAL HOME LOAN BANKS—AMENDMENT

Mr. TRAMMELL submitted an amendment intended to be proposed by him to the bill (S. 2959) to create Federal home loan banks, to provide for the supervision thereof, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

CHANGES OF REFERENCE

On motion of Mr. HASTINGS, the Committee on Banking and Currency was discharged from the further consideration of the bill (S. 2199) exempting building and loan associations from being adjudged bankrupts, and it was referred to the Committee on the Judiciary.

On motion of Mr. REED, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 2943) granting honorable discharges to men who served honorably during the period of actual hostilities in the World War and later deserted the service, and it was referred to the Committee on Naval Affairs.

ALABAMA CONTESTED ELECTION—EXPENSES

Mr. HASTINGS submitted the following resolution (S. Res. 139), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate $5,000 in addition to the amount heretofore authorized for such purpose.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 4) to provide for the printing of 5,000 copies of the hearings on agricultural conference and Farm Board inquiry.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore subsequently laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

LABOR CONDITIONS AT HOOVER DAM

Mr. ASHURST. Mr. President, I rise to secure a change of reference of a certain resolution, and I ask the attention of the senior Senator from Ohio [Mr. FESS].

I have been converted to the idea of the Senator from Ohio [Mr. FESS], and I believe he is correct in that a resolution calling for an investigation should in the first instance go to the committee which apparently would have jurisdiction of the subject matter. I wish to act upon the conversion, so I ask that my resolution, Senate Resolution 22, which proposes an investigation of labor conditions at the Hoover Dam, be withdrawn from the Committee to Audit and Control the Contingent Expenses of the Senate and sent instead to the Committee on Irrigation and Reclamation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and that order will be made.

PROPOSED DECREASES IN APPROPRIATIONS

Mr. HARRISON. Mr. President, I ask unanimous consent that I may call up Senate Resolution 120 for the consideration of the Senate.

I do not want to delay the regular order, but it seems that reports are being made and requests for unanimous consent granted for the consideration of various matters, and I am anxious to get action by the Senate on this resolution before we take up the appropriation bill.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, may I ask the Senator from Mississippi whether that is a resolution which has been on the desk for some time?

Mr. HARRISON. Yes; it was offered two days before we adjourned for the Christmas holidays.

Mr. McNARY. I think that is a matter of very great importance, and should not be taken up for consideration until we finish the routine morning business.

Mr. HARRISON. I will wait. I just want to have it considered before the appropriation bill is considered.

INVESTMENTS ABROAD BY MANUFACTURING INTERESTS

Mr. WALSH of Montana. Mr. President, I introduce the resolution, which I send to the desk, and ask that it be read.

The VICE PRESIDENT. Let the resolution be reported for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 138), as follows:

Resolved, That the Secretary of Commerce be, and he hereby is, requested to transmit to the Senate a list of individuals, firms, and corporations engaged in manufacturing or other form of production in continental United States that have established plants or engaged in production in any foreign country having investments therein of more than $50,000, and in that connection to advise the Senate:

(a) Of the foreign city and country in which such individual firms or corporations are respectively so engaged.

(b) Of the character of the product or material issuing from each of such plants or establishments.

(c) Of the approximate amount of the investment in such enterprises, respectively.

(d) Of the number of employees engaged in each of such plants and establishments.

(e) Of the date when they were established or the work in which they are engaged was initiated, and if any additions to their operations have since taken place, the date thereof.

Mr. WALSH of Montana. Mr. President, I ask unanimous consent for the immediate consideration of the resolution.

Mr. WALSH of Massachusetts. Mr. President, I assume the resolution is a follow up to the report made by the Department of Commerce as to the general extent of investments abroad by manufacturing interests of the United States?

Mr. WALSH of Montana. It is; and asking for further details of information.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

THE SILVER PROBLEM—ADDRESS BY ARTHUR G. PRICHARD

Mr. WHEELER. Mr. President, I ask unanimous consent to haye printed in the RECORD a speech delivered before the Conference of Western Governors, held in Portland, Oreg., in October, 1931, and delivered in part before the meeting of the western division of the United States Chamber of Commerce at Spokane, on December 5, 1931, by Arthur G. Prichard, chairman of the foreign trade and international relations committee of the Tacoma Chamber of Commerce; vice president of the Fidelity Trust Co., Tacoma, Wash.; director of the Pacific Foreign Trade Council; member of the advisory committee on silver, International Chamber of Commerce. In addition to printing the address by Mr. Prichard in the RECORD, I also ask that there may be printed in the RECORD a letter addressed by Mr. Prichard to me under date of January 8. I should like to say that it pertains to the question of silver, and particularly to a bill which I have recently introduced.

There being no objection, the letter and address were ordered printed in the RECORD, as follows:

TACOMA, WASH., *January 8, 1932.*

Hon. BURTON K. WHEELER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I notice with a great deal of interest your introduction of a bill for the remonetization of silver. The Pacific coast has been very much interested in this question, and do not hesitate to state emphatically that it is one of the principal factors in the present depression, and until silver is restored we can see no possible chance of a revival of our foreign trade. It affects the lumber interests and the farmers most vitally as well as it affects the manufacturer and industrialist, even though they have not found it out yet.

I am taking the liberty of inclosing a copy of an address I made before the conference of western governors, in Portland, and also before the western divisional meeting of the United States Chamber of Commerce, in Spokane.

Assuring you that the entire Pacific coast chambers of commerce are back of any movement to restore silver and have urgently appealed to our delegation in Washington to speed immediate action, I am,

Respectfully yours,

A. G. PRICHARD.

ADDRESS ON THE SILVER PROBLEM DELIVERED BEFORE THE CONFERENCE OF WESTERN GOVERNORS, HELD IN PORTLAND, OREG., IN OCTOBER, 1931, AND DELIVERED IN PART BEFORE THE MEETING OF THE WESTERN DIVISION OF THE UNITED STATES CHAMBER OF COMMERCE IN SPOKANE, DECEMBER 5, 1931, BY ARTHUR G. PRICHARD

As a preface to my address, let me emphasize the fact that the discussion for restoring silver and stabilizing its value is not a revival of Bryanism, but is a demand for the international recognition of silver, and a desire to revive world trade by giving to over half the people of the world a fixed value to what is to them their evidence of wealth, a value that they have been robbed of through legislation; and also to save the gold standard, for only by restoring silver into the monetary systems of the world can the gold standard be maintained.

It is needless for me to mention that we are in the midst of one of the worst and far-reaching depressions that the world has ever experienced; a depression that is international or world-wide in extent. That neither the United States nor any one or two nations can return to prosperity alone is recognized by the best informed. The world as a whole must be revived, for with the present-day rapid means of transportation and communication the world as a whole is a unit. The motto used during the Civil War in this country, "United we stand, divided we fall," applies with equal force to-day. The world is now divided.

While many causes can be assigned as reasons for the present depression, I do not hesitate to emphasize that one of the main factors that continues this depression is the low price of silver.

The world is divided in its conception of basic money. There is in the world to-day approximately $10,000,000,000 of monetary gold, of which the United States holds about 50 per cent and France about 30 per cent, a total of 80 per cent, yet with only about one-twelfth the population of the world. On the other hand, over half the people of the world—yes; now nearly three-fifths—use silver as their conception of wealth and possess about 80 per cent of the monetary silver. This division of opinion divides the world and makes for the paralyzing of world trade.

Let us remember that the human mind has always based its conception of basic wealth or value on both gold and silver ever since the dawn of civilization, and it will always be so. Over half of the people of the world have always pinned their faith in and have used silver. Now, with silver at or near its lowest value in the history of the world, what has happened? Over half the world finds its savings and its wealth shattered. And why? Because of legislative action by the leading nations of the world.

Let us review what this means. I have just said that the United States and France, with about one-twelfth of the world's population, now possess, about 80 per cent of the world's gold, and a few other nations have the remaining 20 per cent, or we can safely estimate that two-fifths of the world's population have the gold and three-fifths have the silver. The two-fifths, or we will call them the "gold countries," are to some extent like the United States, the people of which are accustomed to using currency, accepting and exchanging the same, knowing that their Government has in its possession either gold or silver, or both, to back or redeem its currency obligation. But the vast majority of the three-fifths, or the "silver nations," have in their individual possession the actual silver, either in the form of silver bullion, American dollars, Chinese taels, Indian rupees, or, as in India, in the form of bracelets, rings, necklaces, and other trinkets worn by their women, so that when silver is legislated to the lowest price in history it has wrecked the wealth of over half the world. This in turn has caused a disastrous falling off of world trade.

In October, last, I had the honor of being chairman of the day at a meeting of the Pacific Foreign Trade Council when the silver problem was discussed and was privileged to introduce United States Senator KEY PITTMAN, of Nevada, who had just returned from a three months' visit to China, having been sent there by the United States Senate to investigate the silver situation. In discussing this question with him, the Senator told me that the price of silver did not worry the masses of the Chinese to any extent, for the wage earner was getting his pay in silver and was able to buy his amusement and living necessities the same as ever, unless he wanted something that came from the United States or other gold countries, when he finds that it takes four and one-half of his silver dollars to buy what one of his dollars would have bought a few years ago. What happens? He doesn't buy; he gets along without it. Who is suffering? I say, most emphatically, the United States, also England, France, and Germany. We are losing the opportunity to dispose of our surplus products. This is why our lumber industry is suffering, why our farmer has to leave his wheat in the warehouse or sell at a price less than the cost to produce, why our fish industry and our fruit industry suffer, and our great manufacturing and industrial concerns have to curtail output, and why men by the tens of thousands are thrown out of employment. All because the silver countries find that it takes four and one-half dollars to buy what one dollar bought for centuries before! This is forcing the silver countries to become self-contained or to confine their foreign trade to other silver nations.

We have been accustomed in the United States to have raw territory or frontiers to populate and develop, but now we have nearly brought our entire country into a highly developed state, and with our machine age and mass production it behooves us to assist in raising the living standard of other undeveloped countries to teach them to want even as luxuries many modern contrivances that are looked upon by us as necessities. To do this we must put them in a position to buy with their money.

We have no overproduction in this country except as to our own ability to consume. We should assist the silver countries to a higher standard of living, thereby creating new outlets for our manufactured and other products, which in turn would require us to buy more raw materials from them.

Some writers contend that the low price of silver does not apply in the foregoing case, as the silver countries would not pay in silver but in goods. Such a statement is nothing more than willfully misguiding, for while they may pay in goods it must be remembered that they sell in terms of silver and buy from us in terms of gold. What has been said of trade with China applies with equal effect to Mexico, India, and South America.

From the dawn of civilization until 1816 gold and silver operated harmoniously as a basis of value; but when powerful international banking interests foresaw that by creating a condition that would make for a fixed value for gold and a fluctuating value for silver, a condition could be developed whereby millions could be made by fluctuations in silver values, and when in 1872 England and Germany, with 90 per cent of the world's gold in their possession, demonetized silver, a condition began which has benefited the international bankers to the detriment of world trade.

We know that for over 2,000 years the Roman Empire maintained a fixed ratio between gold and silver of 12 to 1. After the fall of that great power, a varying ratio of around 15 or 16 to 1 was

maintained, but since 1873 silver has gradually decreased in price until to-day it is on a basis of about 70 to 1.

Opponents of silver contend that to restore silver to the monetary systems of the world would cause an overproduction of the white metal. Such a statement is misleading and false. There has never been an overproduction; in fact, the ratio of production of both gold and silver has averaged close to the old Roman ratio of twelve times as much silver as gold. In fact, accurate statistics show that since the discovery of America, 439 years ago, the production ratio has averaged only 14 to 1, and in the last 15 years only about ten times as much silver has been produced as gold. It would almost seem as though God, having hidden these two metals in the bowels of the earth, has allowed and guided man to find them in a ratio of quantity that should be a guide to relative value one to the other.

There is to-day a total of approximately $10,000,000,000 of monetary gold in the world, not enough to monetize the currencies of all the nations of the world, and 11,000,000,000 ounces silver. But a few years ago this silver was worth $14,000,000,000 and the gold $10,000,000,000, a total of $24,000,000,000. To-day this same silver is worth $3,000,000,000 and the gold $10,000,000,000, a total of $13,000,000,000; or, in other words, the world has lost a value of $11,000,000,000 in the value of its monetary worth through legislative action of a few major countries of the world. Couple this with the fact that the debts of the world, national and individual, have increased fourfold or more, and with an ever-increasing volume of business up until a few months ago evidences the danger the world faces to-day with this lessened monetary basic value. This foretells the danger to the gold standard. In order to maintain the gold standard silver must come to the rescue and relieve the strain now put upon gold. Silver must be restored to its rightful place and the two metals used in unison one with the other.

At the meeting of the International Chamber of Commerce, held in Washington in May last, which I attended as a delegate, I was privileged to sit at a round-table discussion of the silver question. All the leading nations of the world were in attendance. I was surprised to have France present a stronger resolution to restore silver than the resolution passed and presented by the United States Chamber of Commerce. Equally emphatic resolutions were presented by Japan, China, and India. This proved to my mind that the business interests of these countries sensed the need of restoring silver in order to restore prosperity, but that the political interests were the objectors.

A graph recently published by an authoritative source shows that commodity prices rise and fall with the price of silver, the latter always in the lead. In other words, if silver goes up commodities go up in price, and if silver goes down so do commodities.

"Silver has always acted like a lever to raise or lower commodity prices, and its recent sudden short rise acted temporarily like a great electric current throughout the world—reviving trade, giving employment and bringing relief and renewed courage to millions of harassed and struggling people in all countries.

"A determined attempt by several nations to actually bring about the proposed silver conference might very likely be followed by much increased industrial activity.

"It was an important Chinese financial authority who said only last winter that the Chinese could not understand why the American Farm Board should go to the expense of buying wheat if they wished to raise the price of wheat when if they had used one-tenth of the money to buy silver they would have raised the wheat prices higher.

"The dynamic rise in silver due to a period of several weeks of buying in relatively small quantities, and accompanied by rising commodities, seems to have demonstrated this view of the Chinese as to the leverage power of silver. And why should it not exercise such a power when over 80 per cent of the use of silver is monetary and it is the principal yardstick of value by over half the population of the earth?"

I recently had a talk with a prominent Mexican, telling him that I was interested in learning the results as to conditions in Mexico since his country went on the silver standard and abandoned gold. He said, "Why, Mr. Prichard, Mexico is in better shape than she has been for 20 years, our unemployment is lessening and the people are busier and happier." "How does this affect the trade with the United States?" I asked. He said, "I regret to say that we find we can not buy from the United States; it takes too much of our money to do so. Why, just before leaving Mexico City the first sewing machine made outside the United States was imported into Mexico." "Where did it come from," I inquired. "From Germany," he said, and added, "We expect to get our electrical goods from there also and shoes from Czechoslovakia," and so on.

How long are we to idly sit by holding our big bag of gold and let the trade of the silver countries that we have so long enjoyed slip through our fingers? Is it not time that the business interests of this country realize that we are the real sufferers from the low price of silver? If the industrialist wishes to keep his factory busy, if the farmer wishes to sell all his crop and at a profit, and if labor wishes employment and to keep from starving, it is necessary for them to take heed and demand that something be speedily done to bring back the buying power of the silver nations and their one thousand million people.

A concrete example of the effect of silver prices on us was told me during a recent trip to one of the north Pacific seaport cities on Grays Harbor, where I made an address before their chamber of commerce. It will be remembered that in March last silver rose 5 cents an ounce in one week, then fell back in price as much the week following. At the conclusion of my address, the gentleman who had introduced me, said, "I should like to add one thing to what Mr. Prichard has said. We well remember that rise in silver during that week in March, for the lumber mills on Grays Harbor received orders for three full cargoes of lumber, but since the drop in silver we have not had an order from there for a stick of lumber." What more conclusive argument is needed?

I have been requested to express my views on a recent report made by three economists appointed by the International Chamber of Commerce to report on the silver problem. I find a very decided objection existing by many leaders in business to their report, and I take the same viewpoint, that the report was biased in favor of the international bankers and it was unsound in principle and practice. The international bankers have for years made their millions in commissions in the fluctuations of oriental and other exchanges, as well as in financing foreign loans in this country. What the world needs is stabilized money throughout the world. The economists on the committee were, apparently, representing the interests of the international bankers as well as the political interests of England and France. Business England and business France wish silver restored. The report recommends among other things that American silver producers and refiners enter into a sales agreement with India to restrict production. The feeling toward this is that it is unsound and impracticable and uneconomic, as well as some of the other parts of the report, as there never has been an overproduction of silver. I feel confident that the chamber directors will never approve the report.

In closing let me say that this desire to restore silver is not just an effort on the part of the mining producers to increase the price of their product, much as they may need it, but they know the uses for which their products are needed and perhaps are better equipped to know the economic need for their metals. This is not just a problem of the Western States—it affects every State in the Union—yes, directly or indirectly, every man, woman, and child in the United States.

Personally, I am not a mining man, but living in one of the principal seaport cities on the Pacific coast, I have had the opportunity of intimate knowledge of how the low price of silver has affected our foreign trade, for my home city is one of several on the Pacific coast that is a gateway to every silver-using nation in the world.

I unhesitatingly say that the unemployment problem can be more quickly solved, the wheels of industry quickened, and peace and prosperity returned to mankind by restoring to the world the monetary use of silver, and I believe that the United States should take the lead in demanding that leading nations of the world should agree on this vital economic problem.

FIREARMS CONTROL—ADDRESS BY SENATOR CAPPER

Mr. JONES. Mr. President, on January 8, 1932, the Senator from Kansas [Mr. CAPPER], as a member of the advisory council of the National Anti-Weapon Association, delivered an address over the Columbia Broadcasting System on the subject of the control and regulation of the sale of firearms. I ask that his address may be printed in the RECORD.

There being no objection, the address was ordered printed in the RECORD, as follows:

My friends of the radio audience: I am speaking to you to-day through the courtesy of the National Anti-Weapon Association, regarding the bill I am sponsoring for the regulation of the sale of firearms.

I do not think we can build a Utopia through the mere enactment of regulatory laws, but where the laws fail to protect the people, they certainly should be repaired.

Since the World War this country has been passing through an unpleasant phase of its existence, which can be traced back to the war itself. I am referring to the general moral let-down, which was characterized by a growing spirit of lawlessness in our cities. Soon after the war America learned all about gangs and racketeers.

Some of America learned about them through unwelcome contact. Most of America learned through the newspapers, the magazines, the motion pictures, and the stage. It is unfortunate that some misguided persons saw fit to glorify the gangster in the eyes of the young and those easily misled.

With such influences at work, it is not surprising that the country was subjected to a plague of boy and girl bandits, soon to be followed by a ghastly succession of shootings and murders in which children and young people were the principal participants.

To sober minds, it became evident that the laws of this country—that is, the laws of the States in general—made it too easy to get a gun. Firearms dealers were passing weapons and cartridges over the counter to persons who could not be trusted with any deadly weapon. There was practically no regulation of sales. Generally, there was a law against carrying concealed weapons. But the presence of such a weapon is usually not discovered until some kind of crime has been committed.

Now, in Congress I am not only senior Senator from Kansas. I am also the chairman of the Senate Committee on the District of Columbia. I noticed that the laws of the District of Columbia were particularly weak in regard to the control of the sale of firearms.

My judgment was confirmed by police officials and by many members of the general public. So for some years past I have been trying to get enacted a law that would effectively put an end to the present unrestricted sale of guns in the District of Columbia. It is not an easy task to cover this problem by legislation, but I have just introduced a bill which I think will furnish an adequate basis for firearms regulation.

This bill is modeled upon the uniform firearms act drafted by the Commissioners on Uniform State Laws. This act is intended to be a model for the States, and I hope that the legislatures of the various States will give it some study.

The bill is not as strong as some folks would like to see it. On the other hand, some people may think it is too drastic. Personally I feel it is a reasonable and fair measure, which will work no undue inconvenience to the public.

If this bill becomes a law, and I hope it does, it will no longer be possible for anyone to drop into a firearms store, select a gun, and get possession of it in a single brief transaction. Instead of this a purchaser applies to the dealer to buy a gun and gets it not sooner than 48 hours after the date of application.

I think the wisdom of this provision is clear. The police statistics of Washington show that a great many shootings are based on hasty and wrongful impulse. A man with a mortal grievance against another, under existing law, can run into a gun store, get his weapon, and go about his deadly business before he has time to reflect upon the folly of his conduct. Such impulses in persons of uncertain moral fiber are inclined to get rather weak and wobbly after 48 hours of this cooling-off process.

This waiting period between application and purchase of a revolver also gives the authorities time to check up on the name and address furnished the dealer by the purchaser. If the applicant is faking the information, that is soon known. If he is a minor, a criminal, a drug addict, an habitual drunkard, or otherwise incompetent, that information is soon furnished the dealer with instructions to turn down the applicant.

I do not think that any peaceful citizen, wishing to buy a gun for lawful purposes, would object to being asked to wait two days or to answer a few questions before completing the purchase. Good citizens are seldom in a frantic hurry to get their hands on a gun.

The bill also carries heavy penalties for any violations of its provisions and imposes additional penalties for committing any crime of violence while armed.

That is what the bill proposes to do. Let us find out now whether such a law is really necessary.

In the first place, there is abundant evidence that most crimes of violence committed in the District of Columbia and throughout the country are accomplished by the use of revolvers. The revolver in itself is not a bad thing. It has many lawful uses, but it belongs only in the hands of persons capable of taking care of it properly and using it with caution.

Obviously, the danger to society does not lie in the weapon itself, but in the finger that pulls the trigger. Behind that trigger finger may be a brain unbalanced by drink or drugs, a brain that does not recognize the instinct of moral restraint, or an immature, childish brain.

It is our responsibility to see that firearms are delivered safely only into the hands of persons qualified to use them for protection—not for slaughter. Clearly we have been remiss in throwing legal safeguards about the traffic in revolvers.

Not only in the District of Columbia, but throughout the Nation, there has been of late a horrifying wave of shootings by mere children. Youngsters have been killed by their playmates. Two children were recently sentenced to life imprisonment for murder. And all over the land little boys and girls are playing with toy guns, if they can not get the real article, and are being applauded as "cute" for commanding their playmates or their elders to "stick 'em up." I do not think this is "cute." I think it is the real American tragedy.

If these little ones are encouraged in the belief that they are being very clever by playing with imitation guns, don't you think they would be very proud, indeed, later on, to get their hands on a real, workable, shiny revolver?

Are we going to make it easy for them to get guns? Or are we going to do our utmost to insure that firearms shall be sold only to people who regard a revolver in a more serious way and with a better appreciation of its potential danger?

During the past year I have had some very interesting correspondence on the subject of firearms regulation. Among the distinguished men with whom I had the pleasure of corresponding on this matter is Judge Harry O. Chamberlin, of Indianapolis.

Judge Chamberlin very kindly sent me a copy of an address delivered by him before the Indianapolis Bar Association on the Revolver and its Relation to Crime. In this speech Judge Chamberlin quotes from letters received by him from the wardens of several penitentiaries concerning revolvers. Let me give you an idea of how the heads of these penitentiaries feel on the subject of loose regulation of firearms. I quote:

"The warden of the Pennsylvania Western State Penitentiary says, among other things: 'The highwayman would never try a stick-up without a revolver. In 1,916 cases under examination, the inmates being examined admit the presence of a gun. * * * There is no question in my mind that the ability to secure a gun in the United States is very largely responsible for crimes of violence.'

"The superintendent of the Pennsylvania Industrial Penitentiary, says: 'I do feel you are undoubtedly right in assuming that a lot of criminals with a yellow streak a yard wide down their backs become very brave characters when they have a gun to supply the natural courage in which they are lacking.'

"The agent and warden of Auburn Prison in New York says: 'There is no doubt that the ease with which the criminal can purchase firearms is an important factor in the crime wave that is sweeping the country.'

"The agent and warden of Sing Sing Prison, says, in part: 'To my mind it is almost axiomatic that if we could have some effective legislation through the Federal Government, which would control the supply, distribution, and sales of such weapons, the more serious crimes of violence, particularly robberies, would be reduced to an almost negligible proportion.'"

That is the testimony of men who certainly should be intimately acquainted with the criminal element in this country. It is only a very small part of the statements quoted by Judge Chamberlin, but the rest is along the same general lines.

And now let us take up some of the objections that I have heard on this bill. A great many of these objections can be dismissed with a word, because they were based on the mistaken assumption that the bill would legislate firearms out of existence, so that the good citizen could not get one, but the criminal could. Another objection is that the procedure for getting a gun, as outlined in the bill, is surrounded by too much red tape. I do not think the authors of these objections have seen some of the firearm control bills I have seen, which provided that all persons buying pistols would be finger-printed or that a permit would be required simply to own a revolver.

Red tape? I hate red tape. I think we have too much of it in business and government. But I object to classifying as "red tape" any procedure that is necessary to accomplish a good end. Sometimes a process must be a little slow, a little deliberate, to give time for thought and for investigation.

I scarcely think that any good citizen would feel as though he were being persecuted or subjected to inconvenience simply because we want to keep guns out of the hands of those unfit to own them. This so-called "red tape" protects the selfsame citizen who might conceivably grumble at the delay in buying his revolver.

Still other people think we are trying to enact a Baumes law or a Sullivan law in the District of Columbia. They point out, to bolster their opinions, that these laws have broken down. I do not think that anyone studying this bill and the laws referred to will find any substantial similarity. Some laws against guns have fallen down because they were too drastic. A really drastic law would possibly fail of its purpose in the District of Columbia. The existing law is so mild as to be innocuous and ineffectual.

Let me read what has been written by Mr. Charles V. Imlay, a member of the commissioners on uniform State laws and a member of the committee that drafted the uniform firearms act.

"It is the belief of the committee," says Mr. Imlay, "that the proposed uniform act embodies sound forms of regulations which have stood the test of experience in this country, and that it embodies such new ideas as have been presented from time to time, including those advanced by Commissioner McLaughlin, the national crime commission, and other organizations working along this line. Thus, at the same time that it preserves the traditional methods of firearms regulation, it takes advantage of enlightened experience of recent years.

"It comes as near, in the opinion of the committee, as it is possible to come in meeting the two divergent views of a too drastic regulation on the one hand, and a too liberal lack of regulation on the other."

I think it should be plain, from what Mr. Imlay says, that a great deal of good legal thought went into the formulation of the firearms act. As he says, it stands midway between the drastic and the lukewarm systems of regulations, each of which has been proven inefficient in actual operation.

Nevertheless, this bill will probably suffer the fate of earlier firearms legislation if the public is not aroused to the pressing necessity for legislation of this kind. I do not say that my firearms bill is perfect but I think it is the best that has come to my hand. If it is enacted, I hope the States will pass similar laws.

If the people of the United States want to tolerate the gangster and the gunman, well and good. There is no use getting interested in this problem if you refuse to recognize the menace at your very doors. But I believe that America wants to get rid of gunmen, of these shameful juvenile murders, and this reckless gun play. I would certainly like to know how you feel about this, and whether you will support this firearms bill. I thank you.

GOVERNMENTAL EXPENDITURES—EDITORIAL FROM LONGVIEW (WASH.) DAILY NEWS

Mr. JONES. Mr. President, I have here an editorial from the Longview Daily News, of the State of Washington, explaining the situation confronting Congress and the people with reference to appropriations for the Government and taking a very clear, unbiased, and, in my judgment, a very common-sense view of the situation. I ask unanimous consent that the editorial may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WE SEE FOR OURSELVES

The common outdoor and indoor sport these days is to malign the Government, condemning it for interfering with business, too

much bureaucracy, and general wastefulness. On numerous tongues is the statement that "1 out of every 10" is on the Government pay roll. Few of us stop to analyze these statements, particularly the last one; but we feel that we have a grudge and we are going to give vent to it.

Hard times, of course, are at the bottom of all the complaints, and it is an indictment of our intelligence that it requires such an urge to get us thinking. When times were prosperous, we paid our taxes with the usual complaining which has always, since history was first recorded, accompanied such a transaction and gave no further thought to it. But now we are wondering where all the money is going, yet are demanding more of the Government in new construction, more services, and in the same breath demanding a reduction in government costs.

It is the old story of whose ox is gored. Do any of us in this section write our Representative urging him not to ask for additional appropriations for this or that which directly affects us? Hardly. Rather, we are demanding more money for Army posts, naval bases, channel improvement, roads, and what have you. Are any of us commending the President in his efforts to consolidate Government activities to eliminate duplications and provide more economical and efficient administration? Are we suggesting to our Congressman that this Army post is obsolete and should be abandoned or that new Government project or new piece of road is not actually necessary at this time? We haven't heard any such murmurs, rather the contrary. And the strange thing is that it is questionable if any action for consolidation as suggested by the President will be taken. Why? Because politics will interfere. Someone's ox will be gored.

Dr. Julius Klein, Assistant Secretary of Commerce, in a recent statement, took up the cudgel and gave an array of facts which it would be well for all of us to study and know. He asks for more consideration before bursting out into complaints. He cites specific instances where his department has been publicly criticized when it was only rendering a service which had been actually called for by the institution criticizing.

Quoting from David Lawrence, editor of the United States Daily, of Washington, D. C., Doctor Klein gives the fundamental background of government costs as follows:

"To-day we are spending in the Federal Budget approximately $4,000,000,000 a year. Seventy per cent of that sum, namely, $2,800,000,000, represents the annual cost to us of past wars and the annual cost of preparing for the 'next war.' It includes payments on interest and principal of Liberty bonds sold to the American people; it includes payments to World War veterans for bonus and payments for disabled and sick veterans; it includes money for pensions—all of this for war. Now, what is the remaining 30 per cent spent for? Much of it goes for public roads and public buildings to give work to unemployed; much of it goes to enforce laws that dishonest and criminally minded people violate; much of it goes to administer the collection of taxes that people do not let their Government have if they can avoid it; and much of it goes virtually for subsidies to American business and industry as well as the American farmers. Very little of it goes for actual administration. So even if you could cut out all the funds spent for the so-called bureaucrats and administrative services, you would hardly make a dent in the Federal tax burden."

From Walter Lippmann he recites, "The cost of running the executive, legislative, and judicial branches of the Government is one-tenth of the total expenditures." That is an essential fact to bear in mind when you hear diatribes about "the billions wasted by bureaucracy." It is such facts that all of us should weigh.

Doctor Klein proceeds to inquire if we would be willing to eliminate or reduce a number of existing Government services, citing the Lighthouse Service, Steamboat Inspection, the Patent Office, the Bureau of the Census, the administration of our pure food laws, and so on. Would we?

He points out that because of conditions the requests for Government service are vastly on the increase. Ten years ago the Bureau of Foreign and Domestic Commerce had a few hundred inquiries per day. To-day there are considerably more than 13,000 each business day. Who is making these inquiries? Business men. They are beginning to find out that valuable information is available and are even cooperating with the Government in sharing the expense of certain investigators. As a matter of fact, the Government insists on such cooperation. Are our lumbermen averse to Government assistance at this time? Do shipping men want the Government to drop mail subsidies any more than the operation of air mail routes?

What we need is sane thinking. We need to realize that it is our actions in the past—particularly in the matter of wars—that have made our governmental costs what they are to-day. It is up to us to dig into the facts, ignore political angles, and realize for ourselves what the facts are. More often it is not the Government administration or its employees who are at fault.

ECONOMISTS' PLAN FOR ACCELERATING PUBLIC WORKS

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have printed in the RECORD a report signed by 31 economists, entitled "Economists' Plan for Accelerating Public Works in 1932."

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

ECONOMISTS' PLAN FOR ACCELERATING PUBLIC WORKS IN 1932

Following is a report of 31 qualified scientific economists, members of the faculties of the principal universities in the United States, on a program for relieving unemployment and business depression in 1932 by means of a $5,000,000,000 Federal bond issue for emergency public works.

The memorandum was prepared after a conference in New York City of leading specialists on public works.

The conference was called together by Merryle Stanley Rukeyser, who is a financial columnist for Universal Service and editorial writer for the Hearst newspapers. In transmitting the economists' report to Mr. Hearst, at whose request the study was made, Mr. Rukeyser wrote:

Mr. WILLIAM RANDOLPH HEARST,
c/o Los Angeles Examiner, Los Angeles, Calif.

DEAR MR. HEARST: I take pleasure in transmitting to you herewith a memorandum signed by a group of qualified scientific economists on the acceleration of public works in 1932 to alleviate the business depression. This report is the result of a conference of specialists which I called at your request. The inclosed statement by disinterested economists, as you will observe, strongly supports the policy which you formulated in a nation-wide radio hook-up on June 2, and which the Hearst newspapers have subsequently consistently advocated editorially.

I know it is your desire to make the fruits of this practical economic scholarship available to the responsible officers of the Federal Government. Accordingly, we are sending printed copies of the statement to the President and to Members of Congress.

This report, it seems to me, carries a step forward the contribution which economists can make toward solving our problems. Heretofore the economists have merely advocated the broad principle of accelerating public works in time of depression while retarding them in periods of trade boom. In the accompanying statement the economists specifically apply their remedy to the existing economic situation.

With best wishes,
Sincerely yours,

M. S. RUKEYSER.

THE REPORT

For over a decade economists have been advocating the construction of public works in periods of depression in order to relieve unemployment and restore purchasing power. Despite a popular belief to the contrary, the total annual expenditure on public works in this country has not been greatly increased during the depression. Although the Federal outlay has grown, State and local expenditures showed only slight increase in 1930 and have actually decreased in 1931. As a result the total expended on public works showed only a small gain in 1930 and was actually less in 1931 than in 1929.

So, despite all that has been said concerning the construction of public works, the fact remains that no significant increase in total expenditures for public works has yet been made.

The immediate adoption of a large-scale program of public and possibly semipublic construction is now an urgently pressing need. We raised billions of dollars in loans to finance the Great War. The total American outlay at the time was, according to a recent study by Prof. J. M. Clark, over $35,000,000,000. An emergency of magnitude comparable to that of a war is now upon us, and to meet it we need to raise billions of dollars for the purpose not of manufacturing munitions or sending soldiers to Europe, but of constructing roads, bridges, reclamation and flood-control projects, reforestation and elimination of grade crossings, and public buildings. With courageous leadership and the patriotic spirit aroused by a national emergency, the achievement of such a program is possible of accomplishment.

Though even a very ambitious program of public works probably could not relieve all current unemployment, yet directly and indirectly vast numbers of those now idle could be put to work if we are willing to recognize the national emergency and to erect necessary public works.

The direct advantages to be gained need little emphasis. The human benefits in terms of supplying adequate food and clothing, of providing medical attention, and even of keeping families together, are apparent. But no less important is the preservation of the self-respect of the working man himself. Certainly it is urgent to save him from the inroads upon his efficiency and general morale which are the almost inevitable results of prolonged unemployment.

A second direct benefit to be derived from employing men on public works is that labor power, otherwise irretrievably lost, may under such a scheme be saved to society. Those who emphasize the inefficiency which often accompanies the execution of public works commonly ignore the tremendous social waste which results from supporting literally millions of men in enforced idleness.

And it must not be overlooked that in addition to the men directly employed on public-work projects many more would benefit indirectly. Thus, according to the United States Bureau of Public Roads, merely in the field of manufacturing and transportation of road materials two workmen are given employment for every one actually engaged in road building.

A courageous program of public works, dramatically introduced and effectively carried through, may mean much more than immediate unemployment relief and the avoidance of great social waste from idleness. Such a program may well inject into our depressed economy the vitality necessary to start us on the road to a real economic recovery.

The recession of 1914 was brought to a speedy termination by extraordinary war-time activities. And that of 1921 was ended in no small part through the great pressure of private construction to meet accumulated needs. It is indicated that a great public

building campaign undertaken at the present time would give the fillip to business necessary to start us safely on the road to a definite revival. Such expenditure would be especially effective, inasmuch as the construction industry is one of the most depressed at the present time, most recent statistics indicating that the value of all construction contracts in 1931 was less than 50 per cent of the 1928 peak.

After a speculative orgy such as we experienced in the closing stages of the last boom a certain amount of liquidation became necessary and in fact desirable. But with two years of deflation now behind us, we should be ready, given the proper stimulus, to substitute for further drastic liquidation a gradual but controlled credit expansion. The belief that a great public-works program will provide this stimulus to business finds extraordinary justification, therefore, under the existing circumstances.

In order to be effective, however, a public-works program must be sufficiently large. For this reason we propose that in addition to the sums normally appropriated the Federal Government raise by means of a bond issue about $5,000,000,000, the proceeds of this loan to be allocated during the next 18 months to public works as rapidly as is consistent with reasonably efficient management. Inasmuch as these United States Government bonds could be used as the basis for advance to member banks from the Federal reserve banks, they could easily be absorbed with the aid of our credit system.

Once resolved upon such a program there should be no great difficulty in utilizing the proceeds of such a loan in much-needed projects. To attain this end the purchasing power should be made available not only to the Federal Government but also through Federal grants in aid and loans to States and municipalities.

Many projects are susceptible of immediate development. The programs of many State highway commissions, for example, are now in a position to be pushed forward at once, were Federal help forthcoming. As a people, we can raise capital most cheaply through the Federal Government, whose credit is of the highest. Plans for other public works in which some delay is necessary could be rapidly pushed to the construction stage if under the stress of the emergency we were willing to cut red tape and expedite matters at every possible point. Time is the very essence of the situation.

Even though some waste be incurred through haste, it is most unlikely that the loss could even approximate that which must inevitably result from continued unemployment and industrial stagnation.

The spending of from four to six billion dollars on public works within the next year and a half appears entirely feasible. In a recent survey, a construction engineer of wide experience in public works during the war found that an emergency public and semipublic works program entailing an expenditure of $5,400,000,000 during the year 1932 was entirely practicable. Prof. Leo Wolman, of Columbia University, who conducted research on the planning and control of public works for the committee on recent economic changes of the President's Conference on Unemployment, advocated last April the prompt expenditure of several billion dollars on public works. In asking for this expenditure he noted the obstacle of administrative difficulties, but declared, "It is unthinkable that after the lapse of a year and a half the essential elements of a huge program of public construction can not be found in Washington."

Only those who are directly connected with the various Federal, State, and municipal departments concerned are in a position to say exactly how much can be spent to advantage within their jurisdiction. Nevertheless, realization of the vast possibilities for public and semipublic work expenditure may be indicated to outsiders by merely listing some of the most important possibilities. The construction engineer referred to above has proposed the following emergency public and semipublic work program for 1932:

Federal:		
Roads	$250,000,000	
Forest roads and trails	50,000,000	
Bridges	50,000,000	
Reclamation work	50,000,000	
River and harbors	250,000,000	
Flood control	150,000,000	
Water and sewers	15,000,000	
Ship construction	85,000,000	
Airships and aircraft	50,000,000	
Buildings	350,000,000	
Grade-crossing elimination	100,000,000	
		$1,400,000,000
State, county, and municipal:		
Streets, roads, and pavements	800,000,000	
Bridges	400,000,000	
Water and sewers	700,000,000	
Landing fields, parks, playgrounds	600,000,000	
Buildings	1,000,000,000	
Grade-crossing elimination	500,000,000	
		4,000,000,000
Total		5,400,000,000

The foregoing statement lists a number of projects for which estimates have been attempted. Obviously, wide fields of possible expenditures have not been included. Some realization of the possibilities of an extensive public-work program may be afforded by the following more complete, though by no means exhaustive, list of suggestions. Although some of the projects listed could be gotten under way but slowly, others are now ready for execution as soon as funds are available.

POSSIBLE PROJECTS FOR A PUBLIC-WORK PROGRAM

1. Highways:
   a. Repair and clean up, plant trees, general improvement of roadsides.
   b. Construction of new through routes and widening of old ones.
   c. Build roads to local markets.
   d. Construct overpasses at important highway junctures.
   e. Build by-pass roads around cities.
   f. Construct sidewalks along highways where foot traffic is common.
2. Construct Federal buildings for Postal, Health Service, and other departments.
3. Push the geological survey to more rapid completion.
4. Additional Federal subsidies to research projects.
5. Airport construction.
6. Further development of Public Health Service.
7. Bridge construction and repair.
8. Execute flood-control projects.
9. Improve schools and hospitals for the Indians.
10. Rivers and harbors development.
11. Reclamation projects and drainage of swamps and mosquito-breeding marshes.
12. Repair lighthouses and construct buildings for the Coast Guard.
13. Improve and extend the national park system.
14. Reforestation and construction of fire breaks, fire towers, roads, and ditches.
15. Removal of slums and promotion of housing developments through tax exemption and other governmental aid.
16. Build schools, hospitals, libraries, etc.
17. Carry through city and regional plans, many of which are now ready for rapid execution, involving street paving and widening, improving of water systems, construction of plants for sewage disposal, making parks and playgrounds, etc.

The impossibility of drawing up any hard and fast procedure in advance is obvious. Adjustments would have to be made from time to time, but a huge public-work program is believed to be entirely within the range of possible achievement. Of course, should conditions improve the public-works program would be tapered off and Government expenditures rapidly curtailed.

We are now going through the third winter of depression. This is the time to take those measures calculated to save us from a fourth and even a fifth winter of unemployment.

Thomas N. Carver, Harvard University; Paul H. Douglas, University of Chicago; W. N. Loucks, University of Pennsylvania; James C. Bonbright, Columbia University; Paul F. Brissenden, Columbia University; R. M. MacIver, Columbia University; Merryle Stanley Rukeyser, Columbia University; Willard L. Thorp, Amherst College; George R. Taylor, Amherst College; Phillips Bradley, Amherst College; William T. Foster, director, Pollak Foundation; Arthur Evans Wood, University of Michigan; Frank H. Streightoff, Indiana University; Thomas S. Luck, Indiana University; N. J. Ware, Wesleyan University; C. O. Fisher, Wesleyan University; John Ise, University of Kansas; Seba Eldridge, University of Kansas; Arthur Gayer, Barnard College; Gordon B. Hancock, Virginia Union University; H. H. McCarty, University of Iowa; Le Roy E Bowman, The National Community Center Association; Edwin A. Elliott, Texas Christian University; David D. Vaughan, Boston University; Everett W. Goodhue, Dartmouth College; Edward Berman, University of Illinois; C. W. Doten, Massachusetts Institute of Technology; Truman C. Bigham, University of Florida; Walter J. Matherly, University of Florida; John E. Brindley, Iowa State College of Agriculture and Mechanic Arts; and Jacob E. Le Rossignol, University of Nebraska.

ANNIVERSARY OF EIGHTEENTH AMENDMENT

Mr. SHEPPARD. Mr. President, I desire to give notice that on to-morrow or on Monday, if there shall be no session to-morrow, I shall address the Senate, as is my custom at this time each year, on the anniversary of adoption of the eighteenth amendment.

PROPOSED DECREASE IN APPROPRIATIONS

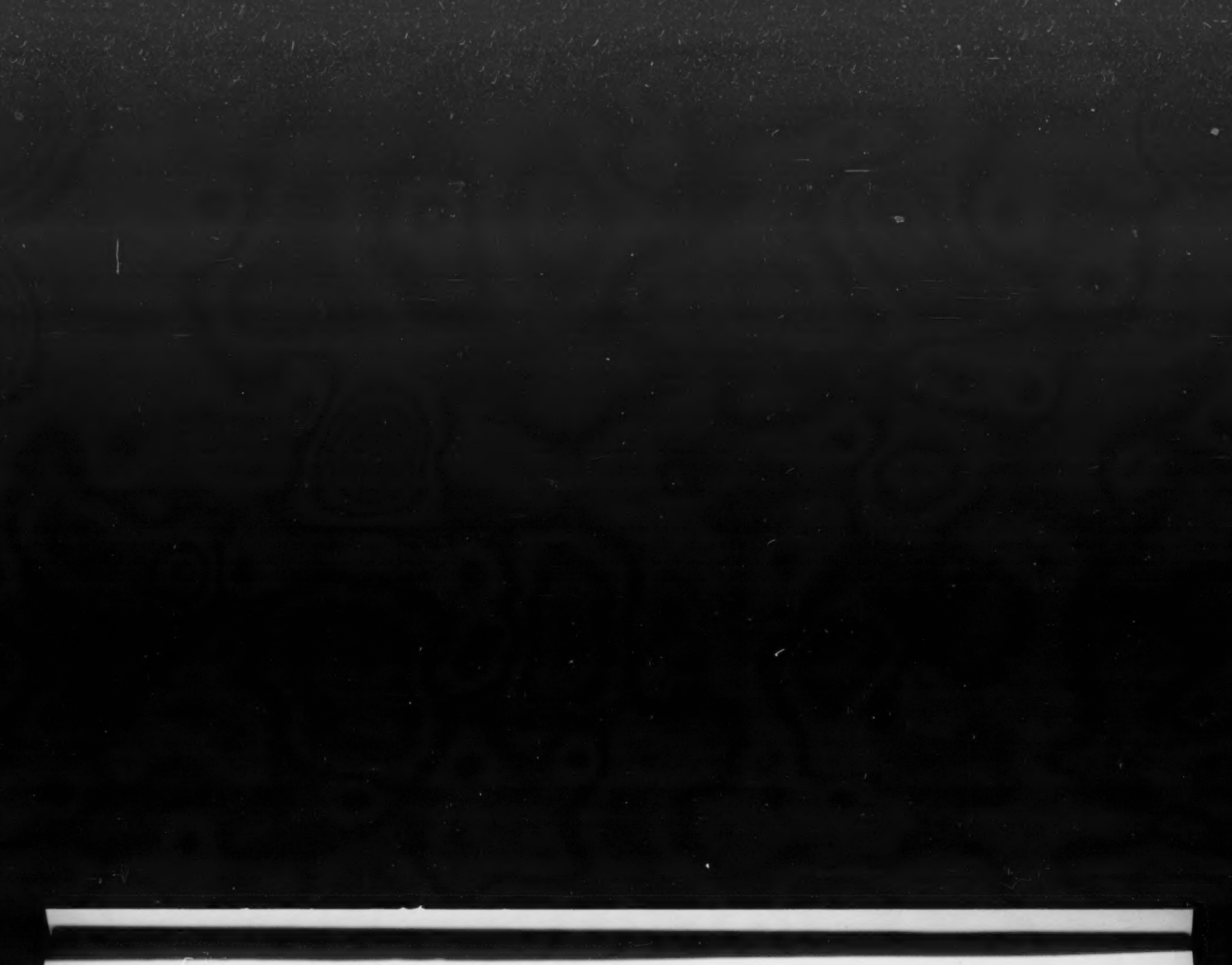
The VICE PRESIDENT. Morning business is closed.

Mr. JONES. Mr. President——

The VICE PRESIDENT. The Senator from Washington.

Mr. HARRISON. Mr. President, will the Senator from Washington permit the resolution (S. Res. 120), which I introduced more than three weeks ago, to come up and let us have consideration of it before we go to the consideration of the deficiency appropriation bill, which I understand the Senator is about to call up?

Mr. JONES. If it can be done without taking up much time, I shall not object.



Mr. HARRISON. May I say to the Senator that so far as I am concerned I do not desire to discuss it unless we get into some argument about it. I am willing to have a roll-call vote on the resolution without any discussion. It is merely calling for an expression of the sense of the Senate that the Committee on Appropriations cut the recommendations of the Budget at least $300,000,000. Senators know whether or not they want that done and how they will vote on the question.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Oregon?

Mr. JONES. I yield.

Mr. McNARY. I suggest to the Senator from Mississippi that if he insists on presenting the matter to the Senate now we should have a quorum call and the resolution should then be read for the information of the Senate.

Mr. HARRISON. Very well; I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Washington yield for that purpose?

Mr. JONES. Not for a moment or two. I want to say that it is the intention of the Appropriations Committee of the Senate to hold appropriations down just as rigidly as we feel we can hold them down without impairing the efficiency of the Government. I can not see how the Senate can say on a resolution of this kind, without any investigation or study, that we ought to cut the Budget recommendations $300,000,000. I hope we can cut them more than that amount, so far as that is concerned. However, there is nothing in the resolution which points out the items which the Senator from Mississippi may have in mind that he thinks we can reduce. The Senator probably is not prepared now to tell us what items should be cut out or what items should be reduced.

I will say frankly that I can not see what force the resolution would have if it should pass, because if the Appropriations Committee and the Senate are convinced that items are absolutely essential, of course, we shall make the appropriations even though they may reach a large sum. I would like to find that we are able to cut the Budget estimates $500,000,000. I would like to be able to cut them $1,000,000,000. If we possibly can do that I am willing to do it.

We shall probably get some idea as to the sentiment of the Senate on these matters in the consideration of the deficiency appropriation bill. There may be an item or two in that bill which would test the real economical sentiment of the Senate. As I said, I frankly feel, even if the Senate should adopt the resolution, that I can not see where it will have any particular effect. I feel that it is the sense of the Senate that we should cut our appropriations to the bone, to use a common expression, and that is the sentiment of the Appropriations Committee. We are going to try to do it. The main thing, in my judgment, will be for the Senate to stand by the Appropriations Committee in its cuts when they are brought to the floor of the Senate and presented.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Michigan?

Mr. JONES. Certainly.

Mr. COUZENS. May I ask the Senator from Washington if the Appropriations Committee, in the consideration of appropriation bills, has gone or is going into the details of the number of employees who are carried on the Government pay rolls and the real needs therefor in the various departments of the Government?

Mr. JONES. We have not gone into that phase of it, because the legislative appropriation bill carries those matters. The House Committee on Appropriations, of course, goes into all the various items of the bill, I will confess, more carefully than does the Senate Committee on Appropriations. They originate those bills. They have hearings upon each item in the bill. I think their hearings are very thorough and very careful. I feel that they are going to hold appropriations down, not only for general items of expenditure but for employees, just as low as they feel they possibly can without interfering with the efficiency of the Government service. I feel that the Senate Appropriations Committee wants to follow that idea.

In direct response to the question of the Senator from Michigan, I have this idea, I will say frankly, and I get it from going about the departments. I feel that we are going to be justified in the regular appropriation bills in making an arbitrary cut in the amount provided for salaries of clerks, and so on. I would feel like going into that now, except for the peculiar conditions which confront the country at this time. If we go to throwing out of employment clerks and employees of the Government, we will be adding to the unemployment situation. If conditions were normal I would say that we ought to make an arbitrary cut of that kind now. I think there are too many employees, I will say to the Senator frankly, but I do dislike to contemplate the idea of arbitrarily throwing Government employees out of employment under the conditions that confront the country at this time.

Mr. COUZENS. Is it not a fact that every large municipality is having to discharge thousands and thousands of workers and employees to live within their budgets?

Mr. JONES. I think that is probably true.

Mr. COUZENS. I do not enthuse over such a condition.

Mr. JONES. I do not either.

Mr. COUZENS. But as a matter of fact should not the Federal Government take the same cognizance of these matters that the State and other municipalities do?

Mr. JONES. Only if we feel that we ought to inaugurate a policy of that kind under present conditions; and yet, as I said, I would dislike to inaugurate such a policy now. I would be glad to inaugurate something of that kind during normal times. I believe we could make an arbitrary cut that would be fully justified under normal conditions and in normal times.

Mr. COUZENS. I want to say that so far as I am concerned, when the appropriation bills come to the Senate, I am going to ask those in charge of the bill for more definite information than is contained in the bills themselves. For example, I notice in the deficiency appropriation bill, which I presume will be called up very shortly, an appropriation providing for the Federal Trade Commission, as I recall it, $90,000 in a lump sum. I am going to ask, and so far as I can I am going to require, an itemized account of how that money is to be spent. I am not going to vote for a lump-sum appropriation when neither the members of the Committee on Appropriations nor other Members of the Senate know what it is all about.

Mr. JONES. I think we can explain that item, when we reach it, to the satisfaction of the Senator, although we may not be able to give the itemized information that he indicates now he desires.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. JONES. I yield.

Mr. McKELLAR. Not only the subcommittee but the full committee went into that item very carefully. The chairman of the committee will be able to explain it.

Mr. COUZENS. I am not trying to question the judgment or competency of the committee.

Mr. JONES. I think we can satisfy the Senator.

Mr. COUZENS. What I am trying to make clear is that under existing conditions I think it is the duty of the committee and of every member of the committee to be able to explain to the Senate what such items are for. It is not enough to have the committee satisfied. The whole Senate should be satisfied as to the need for these appropriations if we are going to pass the bill.

Mr. JONES. I want to ask the Senator whether or not he thinks our Appropriations Committee should go into the utmost detail in a study of every item that the House sends over here, in view of the fact that the House Committee on Appropriations has gone into the matter with very great

care? There may be some things, like some items in the deficiency appropriation bill, as to which our committee feels we should make the reductions or changes we have proposed, but I think it is practically impossible for the Committee on Appropriations of the Senate to take up ab initio every item in the bill.

Mr. COUZENS. The Senator has asked me a question. I do not ask the Appropriations Committee or its chairman to go into every item. All that I am asking the committee to do is to be able to tell us, when they come to the floor of the Senate with an appropriation bill, what is the purpose of the various items. If members of the Appropriations Committee, or the chairmen of the subcommittees who handle the appropriation bills, are familiar with them after studying the House hearings and feel that they are satisfied with reference to the purposes for which the appropriations are to be made, I shall be satisfied.

Mr. JONES. That is all right.

Mr. COUZENS. I am not willing to accept the mere statement that "the committee looked into it and is satisfied." That, in my judgment, is not an adequate answer to the Senate. So far as I am concerned, I am going to ask all kinds of questions about the items in the appropriation bills when they come before the Senate. The reason why I rose just now was to make that statement so the committee might anticipate such a situation.

Mr. JONES. I can not find any fault with the Senator's position.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES. I yield.

Mr. KING. I read for many years, to the injury of my eyes, most of the House hearings. I have found that most of the hearings before the Appropriations Committee in the House—and I do not want to criticize—as well as the hearings before the Appropriations Committee of the Senate, consist of statements by Federal employees who have, I will not say an ax to grind, but who are anxious to increase existing appropriations or at least to maintain existing appropriations. They come with their statements all cut and dried; they make the plea of an advocate; they are very earnest, very eloquent; and the importance of the appropriation, and, indeed, its imperiousness, seem to be beyond any question. As a rule, without being familiar with the situation, Senators and Representatives members of the appropriations committees ask but few questions; most of them do not reach the very heart of the thing; we accept their statements, and they get away with it. As a result, the appropriations have mounted higher and higher and higher.

Take the Department of Commerce. A few years ago five or six million dollars were appropriated for that department, but now the appropriation runs into the tens of millions. So the appropriations for the Indian Bureau and other bureaus mount higher and higher. Those favoring such appropriations can adduce arguments in support of them. We have got to cut those appropriations. When my friend from Washington says we must wait for normal times before we may cut, I desire to say to him that he knows that that can not be done. In normal times we will not do it, because the Treasury then will be substantially full and we will be getting large revenue from taxes. The time to cut in business is when one's business is falling or when his expenses are greater than his income; and the Federal Government must now cut expenses.

If I had my way with the resolution of the Senator from Mississippi, I would amend it and make the proposed cut $500,000,000. I think we have got to cut the expenses of the Government $500,000,000. We can take $250,000,000 from the Army and Navy; we can compel the War and Navy Departments to reduce the number of their civilian employees by 50 per cent; and so in many other departments of the Government there are many places where savings may be effected sufficient in the aggregate to reduce expenditures by five hundred or six hundred million dollars without destroying the efficiency of the Government service.

Mr. JONES. Mr. President, I shall be interested in seeing what the Senator from Utah may be able to accomplish in connection with the items in this bill respecting the Military Establishment. I shall be very much surprised, indeed, if the Senator shall be able to accomplish very much along the line of reductions in military and naval expenditures.

Mr. KING. We can at least make the effort.

Mr. JONES. Oh, yes; and effort has been made elsewhere to do something of that kind; but, Mr. President, I did not say, as indicated by the remarks of the Senator from Utah, that I did not think this was a time to make reductions in Government expenses. I think it is the time to make reductions in Government expenses generally; but what I did say was that I have my doubts about eliminating large numbers of employees and adding them to the unemployment situation that now confronts us.

Of course, as the Senator from Michigan [Mr. COUZENS] suggested, many of the municipalities throughout the country are doing that. I do not know the peculiar conditions existing in those various localities; but surely it is a heart-rending thing to deprive people of such employment as they now have, especially under the conditions that confront the country; and the question has occurred to me as to whether or not it would be a wise thing or a justifiable thing for us to make an arbitrary cut in the Government employees and add them to the present number of unemployed. There are two sides to the question, of course.

Mr. COUZENS. Mr. President, will the Senator from Washington yield to me?

Mr. JONES. I think the Senator from Mississippi first asked me to yield.

Mr. HARRISON. I yield to a question.

Mr. COUZENS. I want to say that I agree with the Senator from Washington [Mr. JONES] with respect to this resolution. I hope the Senator from Mississippi will not push it, because, if agreed to, it would do two things: It would fix an amount which no one can anticipate; in other words, I should like, if the resolution is to be considered, to have it amended to include a cut of $600,000,000. The resolution, if adopted, would mean nothing. I think if Senators themselves would take an interest in the appropriation bills, and in all of the items contained therein, we should not have to make a gesture or do any "shadow boxing" before the country as to what we are going to do. The real test is what we shall have done when the appropriations bills shall have been passed.

Mr. HARRISON. Now, Mr. President, I think I will take the floor for a little bit.

Mr. JONES. Mr. President——

Mr. McNARY. A parliamentary inquiry, Mr. President.

Mr. JONES. I have not yet given up the floor.

Mr. HARRISON. I have the floor, Mr. President, and I desire to say something.

Mr. JONES. I have the floor. The Chair recognized me.

The VICE PRESIDENT. Let the Chair make a statement. The Senator from Washington [Mr. JONES] had the floor and yielded to the Senator from Mississippi [Mr. HARRISON] for a question. The Senator from Oregon [Mr. McNARY] desired to call a quorum. The Chair asked the Senator from Washington if he would yield for that purpose, and the Senator from Washington replied, "Not at present." So really the Senator from Washington still has the floor.

Mr. JONES. I merely want to say a word.

Mr. HARRISON. Mr. President, will the Senator from Washington be as courteous to me as I was to him, and permit me to interpolate a remark for just a moment? I want to do it while the Senator from Michigan is still in the Chamber.

Mr. JONES. I will conclude in time to permit the Senator from Mississippi to address the Senator from Michigan before he goes out. I merely wish to say that I am really indifferent to the passage of this resolution. Our committee proposes to hold appropriations down just as low as we possibly can, and not only in the committee but before the Senate. If this resolution shall pass, we shall not limit ourselves to $300,000,000 if we can make a greater reduction than that. If we can not reduce appropriations to that

extent, we shall bring the matter to the Senate to be passed on. We think we can do it, but it will be up to the Senate to do the best it can. Now I yield the floor.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. The Chair recognizes the Senator from Mississippi.

Mr. HARRISON. Mr. President, I thought the Senator from Washington would be the last one on this floor to oppose the adoption of this particular resolution.

Mr. JONES. I am not opposing it at all.

Mr. HARRISON. The Senator says he is not opposing the passage of the resolution.

Mr. JONES. Not at all.

Mr. HARRISON. But he is like the fellow who goes out and hollers, "Mad dog! Mad dog!" when there is only a sane dog around, yet he permits and encourages people to kill the dog, even though he is innocent. The Senator talks against the resolution, whether he is against it or not; no one would interpret the remarks of the Senator from Washington as being favorable to it. I said I thought he would be for it because it casts no reflection upon him as chairman of the Appropriations Committee; it casts no reflection upon the membership of the Appropriations Committee. I know how difficult it is for the Appropriations Committee to come upon the floor of the Senate with their amendments, whether they are decreases or increases, and withstand the war that is fought against them at times. I am trying to sustain the Senator from Washington by securing the adoption of a resolution that will express the sense of the Senate that some real retrenchment is necessary in Government expenditures.

My good friend from Michigan [Mr. COUZENS] says it is "shadow boxing"; he says it is a mere "gesture." I say to him that it is not shadow boxing and it is not any gesture. So far as I am concerned, I am going to vote to try to retrench at this particular time. I have responsibilities here as well as have other Senators in the matter of the tax bill that is soon to come before us. The Senator from Michigan is a member of the Finance Committee, of which I happen to be a member, and it looks as if we have got to increase taxes pretty high if the Budget is to be balanced. I am for increasing them if it be necessary in order to balance the Budget. I realize, however, that every cent that we can cut from the Government expenditures at this time will help just that much in the consideration of the tax bill, and I say, in the utmost good faith, to my distinguished friend, that there is no hypocrisy in this resolution; there is no deception in it; there is no "shadow boxing" in it, and it is not a "gesture" for the country.

When the policy committee of the Democratic Party met at the beginning of this Congress, the first resolution it adopted was one declaring it to be the sense of the majority party in the House and of the Democrats in the Senate that governmental expenditures should be cut to the bone. We do not want to affect the efficiency of the Government, but we propose to retrench at this time. Now I yield to my friend from Michigan, if he wants to ask me a question.

Mr. COUZENS. I was going to ask the Senator if he would not specify in what departments the reductions should be made or in what manner the Appropriations Committee should proceed. That would help us, because we might add amendments to it.

Mr. HARRISON. The trouble in that connection is that the Senator from Washington and the Senator from Michigan the other day did not honor me with their presence when I spoke quite at length on what I would do, and expressed myself fully with reference to that matter.

Mr. COUZENS. I was present, I will say to the Senator.

Mr. HARRISON. If the Senator wants a rehash of what I then said, let me refer to some of the items right now.

Mr. COUZENS. Will the Senator yield to me before he begins?

Mr. HARRISON. I will yield to the Senator after I have stated some facts.

Mr. COUZENS. Will not the Senator yield to just a question?

Mr. HARRISON. I will yield presently.

Mr. President, in 1924—and it is proposed by the Treasury Department to go back to the tax law of 1924—there was a tax on automobiles, a tax on admissions, a tax on innumerable miscellaneous articles, a 40 per cent surtax on incomes, and a higher tax on corporations. So the department says we ought to go back to the tax revenue act of 1924 in order to raise $900,000,000 to take care of the deficit. Now, let us see about the expenditures of 1924.

If it is fair to go back to the higher taxes of 1924, to burden the people in imposing taxes upon them according to the rates of that year, why is it not fair, or, at least, why does it not point in that direction to go back to 1924 to see what the expenditures of the Government were at that time? That was just a few years ago; that is just a slight span. Now, let us for a moment scan some of the appropriations for 1924 and see how they have since increased.

Take the Department of Agriculture. For the office of the Secretary in 1924 the appropriation was $382,000. The estimate in this year's Budget, the total of which I am seeking to have reduced by $300,000,000, is $821,000 for the office of the Secretary. That represents an increase of practically 300 per cent.

Mr. COUZENS. Mr. President, will the Senator yield there?

Mr. HARRISON. Let me finish this statement, and then I will yield to the Senator.

Mr. COUZENS. I should like to take it up item by item.

Mr. HARRISON. For the Office of Information in the Department of Agriculture in 1924 the appropriation was $1,011,520, while the estimate for 1933 is $1,362,000, quite a large increase.

For the Market News Service in 1924 the appropriation was $401,000, but in the Budget for this year the appropriation called for is $1,406,000.

The appropriation for the Bureau of Plant Industry in 1924 was $2,426,000. Does the Senator know what is recommended for next year? The amount proposed by the Budget is $5,404,000. Since 1924 it has doubled, and all these appropriations come through the Committee on Appropriations.

Now let us take the Department of Commerce. In 1924, for the Bureau of Foreign and Domestic Commerce the appropriation was $1,900,000. The estimate for the ensuing fiscal year is $4,986,000.

For the Bureau of Lighthouses in 1924 the appropriation was $7,565,000. The estimate this year calls for $10,943,000.

Mr. President, the distinguished chairman of the Appropriations Committee utilized a considerable portion of my time a while ago and asked me certain questions as to how I would cut expenditures; but when I start to talk about the proposition and give some real facts upon which he could base action, he turns his back, engages in conversation, or walks out. It is useless for me to try to give any facts if the chairman of the Appropriations Committee, who seems opposed to expressing it as the sense of the Senate that we ought to retrench to the extent of $300,000,000 in the Budget proposals, will not listen to my remarks.

I will give some further illustrations for the edification of the chairman of the Appropriations Committee, because he asked me some questions a while ago. If there is any question as to my figures I will ask him to speak up.

For the Bureau of Fisheries in 1924 there were appropriated $1,100,000. The estimate for the ensuing fiscal year goes up to $1,337,000. Under the Department of Agriculture, for the support of Indian schools, there was in 1924 an appropriation of $4,300,000. In this year's estimate an appropriation is recommended of $10,649,000.

Mr. JONES. Mr. President, will the Senator permit me to interrupt him?

Mr. HARRISON. Yes.

Mr. JONES. I want to say to the Senator that I have looked over all those items.

Mr. HARRISON. Then they certainly ought to convince the Senator so that he would favor at least a cut of $300,000,000.

Mr. JONES. I told the Senator that I would be in favor of a cut of a billion dollars if we can possibly bring it about.

Mr. HARRISON. Yes; the Senator encourages me with his words and hits me in the jaw with his fist.

Mr. JONES. No; the Senator might get a little flatter if I did that. I want to say to the Senator that I am ready to vote for his resolution.

Mr. HARRISON. Then I will not say another word if we can get a vote on it right now.

Mr. JONES. I hope we can.

Mr. HARRISON. I have no interest in the world except that which every other Senator ought to have, and that is to have it expressed as the sense of the Senate that we should try to retrench at this time, when the whole country is on fire; that we should try to save something from the wreck; that we should not go wild with appropriations but should endeavor to check them in the interest of the taxpayers of the country.

Mr. JONES. I do not think there is a Senator here who would want unnecessary appropriations.

Mr. HARRISON. I ask for the yeas and nays on my resolution.

Mr. McNARY. Mr. President, I interrupted the Senator a few moments ago to express the belief that we should have a quorum call, so that others might consider the proposition.

I realize that the Senator's resolution is a harmless little device, and does not mean anything, supplementing his excellent speech made a few days ago.

Mr. HARRISON. That is one good thing the Senator got out of it. He heard part of a good speech.

Mr. McNARY. I heard a very good speech from the Democratic standpoint.

Mr. HARRISON. There is no politics in this, may I say to the distinguished assistant leader on the Republican side. We are trying to help you out of the hole; and, God knows, if we had not helped you out of the hole when you got us in it, you would be in the mire very deep now.

Mr. McNARY. I spoke to the chairman of the Appropriations Committee a few moments ago, and he seemed to express no objection to the resolution. As I repeat, it means nothing. It is not intended to mean anything. It will not operate in a fashion to accomplish anything; but if the Senator wants to go forward, I shall suggest the absence of a quorum, with the understanding that the resolution will be read after the quorum is announced.

Mr. HARRISON. Very well.

The PRESIDING OFFICER (Mr. BROOKHART in the chair). The clerk will call the roll.

Mr. HARRISON. May I ask the Senator whether he proposes to vote against the resolution?

Mr. McNARY. I probably shall on a roll call.

Mr. HARRISON. I am sorry.

The PRESIDING OFFICER. The resolution is not yet before the Senate. The Chair calls the attention of the Senator from Mississippi to that fact.

Mr. HARRISON. I asked unanimous consent a moment ago to place it before the Senate, and for its immediate consideration. I now renew that request.

The PRESIDING OFFICER. The Chair will present that request as soon as the roll is called.

Mr. JONES. Mr. President, I hope we will start on the roll call without a quorum call.

Mr. McNARY. No; I think we should have a quorum. The resolution should be read. Others might want to discuss it; and I insist on a roll call.

Mr. JONES. That is what I am afraid of.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Bratton	Connally	Dill
Austin	Brookhart	Coolidge	Fess
Bailey	Bulkley	Copeland	Fletcher
Barkley	Bulow	Costigan	Frazier
Bingham	Byrnes	Couzens	George
Black	Capper	Dale	Goldsborough
Blaine	Caraway	Davis	Gore
Borah	Carey	Dickinson	Hale
Harris	King	Oddie	Townsend
Harrison	La Follette	Patterson	Trammell
Hastings	Logan	Pittman	Tydings
Hatfield	McGill	Reed	Vandenberg
Hawes	McKellar	Robinson, Ind.	Wagner
Hayden	McNary	Schall	Walcott
Hebert	Metcalf	Sheppard	Walsh, Mass.
Howell	Morrison	Smith	Walsh, Mont.
Hull	Moses	Smoot	Waterman
Jones	Neely	Steiwer	Watson
Kean	Norbeck	Swanson	Wheeler
Kendrick	Norris	Thomas, Idaho	White
Keyes	Nye	Thomas, Okla.	

Mr. McNARY. The senior Senator from Minnesota [Mr. SHIPSTEAD] is detained at home on account of illness. I will permit that announcement to stand for the day.

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. HARRISON. Mr. President, I ask for a roll call on my resolution.

Mr. TRAMMELL. Mr. President, just a moment before the roll call is requested. I am going to vote for this resolution, but in doing so I do not wish to have any misapprehension exist as to my future attitude in dealing with individual and specific appropriations.

As an illustration, I do not propose to vote hereafter for the purpose of cutting off a part of this $300,000,000 from the appropriation for assistance in constructing Federal highways.

I do not contemplate voting in the future, on account of voting for this resolution, to reduce the activities in public-building construction throughout the country, because I think that is of material assistance in providing employment for the unemployed at this time; nor do I expect to vote to reduce the compensation of the low-salaried and medium-salaried employees of the Government in order to cut off some of this $300,000,000.

There are other activities which I do not contemplate trying to diminish.

I do not believe that in time of stress the Government, the very head of all of the business enterprises and institutions of our country, should become panicky, and go pell-mell slashing everything, and have the very detrimental psychological effect which it will have if the Government seems to lose its nerve under the conditions which exist at this time. That will be the result.

I do not believe in waste. I believe in economy and have never stood for extravagant expenditures or waste of public funds. We must be orderly, however, in the conduct of our business. If the Government says, "We can not do any more public building of any consequence; we can not make any more substantial increases in Federal aid for road construction, and we shall have to slow up our river and harbor enterprises," and takes that attitude, it can not do otherwise than have a very demoralizing effect upon the industrial and commercial conditions of the country and upon the morale of the American people.

I do not care to give any encouragement to any sentiments of that character. I shall vote for this resolution, but I shall select in the future the items from which I shall attempt to assist in cutting down the $300,000,000.

Mr. HARRISON. I ask for the yeas and nays on the resolution.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent for the immediate consideration of Senate Resolution 120, favoring a reduction by the Senate Committee on Appropriations of not less than $300,000,000 below the Budget estimates of appropriations for 1932. Is there objection? The Chair hears none.

The Senate proceeded to consider the resolution (S. Res. 120) submitted by Mr. HARRISON December 22, 1931, which was read, as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations of the Senate in reporting to the Senate upon the several appropriation bills for the fiscal year ending June 30, 1933, make such decreases in proposed appropriations as will bring the total amount reported to the Senate at least $300,000,000 below the total recommended in the Budget for such fiscal year.

Mr. NORRIS. Mr. President, I agree with practically everything the Senator from Florida [Mr. TRAMMELL] has

said, and because I do I am going to vote against this resolution. To my mind, it is impractical.

I think I shall be willing to go as far as the Senator from Mississippi [Mr. HARRISON] wants to go in practicing economy in the Government; but I do not believe that any good can be accomplished along that line by the passage of this resolution, and it may result in harm.

To say arbitrarily, in advance, that we are going to reduce the appropriations by $300,000,000 below the Budget recommendations is to arrive at a decision before we have heard the evidence. It is deciding the case before we have tried it.

I hope we can reduce the expenses more than $300,000,000; but to say now that we are going to do it, to my mind, is to decide what is unknown in the future.

Suppose the resolution were passed, as it probably will be: How much are we going to take out of this bill? How much are we going to take out of the next bill in order to reach the $300,000,000? We do not know now how many deficiency appropriation bills we are going to have. We know how many general appropriation bills we are going to have. Are we going to divide the amount arbitrarily among each one? Are we going to say that we will take $50,000,000 out of this one when, perhaps if we analyzed it carefully, we could take out $100,000,000, and that we will take out $50,000,000 from the next one, and $25,000,000 from the next one, without knowing just exactly what is going to be in those bills?

To my mind, it is an impossible thing; and I do not believe we can do anything practical if we follow out the instructions of this resolution. Its very presentation, and what may be said on it, may result in good, but I did not want to go on record as voting against this resolution, as it seems to me I shall have to do, and then have somebody say afterward that I was in favor of extravagance in the Government.

I am not sure what we shall have to do before we get through with this Congress in the way of raising revenue. I am not sure but that we shall have to issue bonds. I have not any doubt but that we shall have to issue some bonds to keep the Government going. That seems to be apparent now. We have provided now for the expenditure of many millions of dollars that our Government becomes obligated for that it was not obligated for at the convening of this Congress.

We have provided for a possible $2,000,000,000 to be given to the banks and the railroads. Maybe it will not take all of that. Maybe it will take more. I voted against that bill. I do not believe that under the conditions it was right to pass that kind of legislation. But a vast majority of the Senate thought it was.

We had a moratorium measure before us which kept out of the Treasury of the United States this year $250,000,000 which otherwise would have percolated into it. A large majority in this body thought that legislation was necessary. I did not think so. I voted against it. It seems to me it was a mistake.

It may be that the President will have some other plan coming by which he will save the situation through the appropriation of some money; instead of forgiving the debt, paying something to help Europe to feed their hungry, to give employment to their unemployed. If he does, and he couples with it the proposition that we are going clear down to destruction unless we immediately appropriate the money, he is going to get it through. He will scare us. He will scare all the business men, and he will say, "Give $200,000,000 to the unemployed over in Great Britain and it will immediately stimulate Great Britain to buy our goods; that is the way to get business."

What are those who would favor that kind of a proposition going to do when the President tells them to do it if they have voted to pass this resolution and have tied their hands so that they could not do it? What is going to happen? I am going to have my hands free, so that when the President gives us another command I can go with him if I want to.

Mr. President, it is a mistake to pass this resolution.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. KING. The Senator will remember that the Budget does not, unfortunately, contemplate many of these propositions which have come before us since we met, and many which may come before us before we adjourn, if we follow the statesmanship and the leadership of the President of the United States. So I think the resolution must be interpreted in the light of the Budget.

Mr. NORRIS. I interpret it that way.

Mr. KING. According to the resolution, we are to cut $300,000,000 at least below the Budget recommendations. The Budget recommendations did not have in contemplation this $2,000,000,000 plan to which the Senator has referred and to which he was opposed, and to which I was opposed. It did not contemplate the plan, which is now receiving consideration and may incubate within a few days, to place at the disposal of men who want to build homes two or three or four billion dollars. So that it seems to me that in interpreting the resolution offered by the distinguished Senator from Mississippi, we must consider it in the light of the Budget items and cut below those items. That would not restrict us from cutting below other propositions which may be suggested; several millions or hundreds of millions more.

Mr. NORRIS. Or going above them.

Mr. KING. My objection to the resolution offered by the Senator is that it does not go far enough. I think we ought to reduce the Budget items at least $500,000,000 and that we ought to set our faces resolutely against many of the recommendations made, and which doubtless will be made, by the President as well as by the executive departments, calling for hundreds of millions more.

If the Senator will pardon me, I am interested, as a member of the Finance Committee, in knowing where we are to get the money. I am interested in maintaining the credit of the country. I remember that some Government bonds are selling at 83 cents on the dollar. If we carry out the suggestions made by the leaders of the Republican Party—and I do not say this by way of partisanship, for they are perhaps joined in by many Democrats—there will be a deficit, not of two billions or two and a quarter billions, as we will have this year, but during the next fiscal year we will have a deficit of five or six billion dollars. Where are we going to get the money? I would rather cut the number of employees than to have our bonds go down and the credit of the country be impaired. So I shall vote for this resolution, only regretting that it does not call for a reduction of $500,000,000, and with the interpretation that it will not preclude me from favoring other cuts which may be submitted for our consideration.

Mr. NORRIS. Mr. President, I thank the Senator for his question. I will now proceed to answer it.

The Senator says we must consider this matter in the light of the Budget. That is true; it applies only to the Budget. I am afraid the Senator did not get what I believed to be the logic of my remarks when I was speaking of the moratorium and these other expenses which are not covered in the Budget.

Mr. President, $250,000,000 was involved in the moratorium. That is not in the Budget. But if we had that in the Treasury we could afford to cut the Budget so much more. So it does have a relation to the Budget.

It does not make any difference whether this money is taken out of Uncle Sam's coat pocket, which the Budget handles, or is taken out of his trousers' pocket, which the President handles; it comes out of Uncle Sam just the same. So, whether it is in the Budget or out of the Budget, it is Government funds on which we are acting, and if we can save something that is not in the Budget we can take so much more out of the Budget. It seems to me that is logical.

The Senator referred to the large appropriations to which I have been referring as having been made by Republicans. Bless your soul, look at the roll call on the $2,000,000,000 appropriation of money to come out of Uncle Sam's pockets. Look at the roll call and then charge it to the Republicans if you can or if you dare! There were only eight voting against it, and half of that eight were Republicans.

O Mr. President, if there is any consolation in opposing that kind of a proposition it can not come to the Democratic Party as much as to the Republican Party, because there is some reason why the engineer in the White House should whip those on this side into line. He has more or less control over them. But in some way he had a string on the Democrats also which was just as tight and fastened just as firmly. He got them just the same. And he did it on the moratorium by wire. He wired out and got the Democratic Party as well as the Republican Party, pledged them hand and foot, and delivered them over.

One could not tell when they were tied up in a bunch which were Republicans and which were Democrats. They all look just alike to Europe and they all look just alike to the international bankers.

Mr. President, I want to say just a word further about what I believe to be the impracticability of this resolution. The Senator from Utah says he wishes it called for reduction of $500,000,000. I would just as soon vote for it if it provided for a reduction of $500,000,000 as in its present form. But everybody knows—at least I think so, judging other people by my own limited knowledge—that we do not know what is going to be before us before this session of Congress shall end. We do not know whether we can cut it $300,000,000 or $500,000,000, and it seems to me it would be just as reasonable to pass a resolution now directing the Committee on Appropriations to cut all the Budget items 99 per cent. Everybody knows we could not do that and live. Everybody knows that the Government would go on the rocks, could not get along, if that were done. We would all like to do it if it were a practical proposition. We may have to do lots of things before we are through which we do not believe now we are going to do.

I have a lot of sympathy with the Senator from Florida when he says we may want to issue bonds to build highways, and I not only have sympathy with him but I agree with him. I would rather have the Government build highways and give men jobs than to take the same amount of money and give it as charity to people who are without jobs. Rather than give them a dole, I would give them jobs. It will not cost any more one way than the other, and in either case we may have to issue bonds to do it. Would we issue bonds before we saw our people starve? Of course, we would, even though the Government is going behind. Instead of feeding the hungry as a charitable proposition, would it not be better to do something which would provide jobs for those in need, who would rather have jobs than charity, and feed their families and clothe their children from their earnings? It will take money to do that. If money is given out in the way of charity, when we are through we have nothing to show for it except that we have done a noble work, probably, in feeding those who otherwise would have starved, in clothing those who would otherwise have been naked, and in warming those who would otherwise have frozen to death. But would it not be much better if, after spending the same amount of money, we had something of permanent value to show for the expenditure? That is the way I look at it.

We will undoubtedly have to feed millions of hungry people for some time to come. I would rather give those men who are in the soup line jobs and pay them and let them buy the food with the money and feed their families and themselves, and when we got through have something of permanent value to the people of the United States.

I would not confine the efforts of the Government to furnish employment necessarily to the construction of roads, if there is something else in the way of public improvements which could do as well. To my mind, provision for building roads is the greatest opportunity for the Government to furnish employment. I may be wrong. I am not saying this particularly because I want the Government to build roads. Under ordinary circumstances I would not think of having the Government issue a bond to build roads or highways. I would rather go without them. But if we have to issue bonds anyway, I want the Government to do something with the money which will not only result in the hungry being fed but will leave something of permanent value to the people. It might be some other kind of public work, and if anybody thinks of a better way to do it, I would not stand in the way.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SMITH. Not only would we have something in the way of a material benefit to show for the money, but we would have something to accomplish that is of greater value than that, the maintenance of the self-respect of those who were working.

Mr. NORRIS. Absolutely. I thank the Senator for his interruption. There are just millions of men without jobs to-day who almost starve before they will ask charity. The present condition is the most humiliating thing which ever confronted them. Yet they must be fed. They are without jobs through no fault of their own. Their wives and their children must be fed and clothed. After a man starts to accept charity, and gets it again and again and again, some of his self-respect will go, and some of these men, starting in as the highest type of citizens, if you feed them on charity long enough, will become tramps in the end.

Carrying out the idea suggested by the question, I want to say that one of the great things is to keep the manhood and the womanhood of America upon a high standard, by not compelling the men and women of our country to become subjects of charity for food and clothing.

Mr. WAGNER. Mr. President, in view of what the Senator from Nebraska [Mr. NORRIS] and the Senator from Florida [Mr. TRAMMELL] have just said, I would like to take some time of the Senate to address myself to a resolution introduced by me and pending before the Senate, because I think the discussion strictly pertinent at this time in the country's crisis, and especially because of the discussion which has to-day taken place here.

Mr. President, since the beginning of the session we have given practically exclusive consideration to the several emergency proposals submitted by the President. His recommendations were given prompt and expeditious attention by the committees. They have been accorded legislative right of way in both Houses of Congress. Both parties cooperated in this respect. No one can any longer suggest the charge that partisanship served to interfere with the prompt enactment of the President's remedies.

We are in the midst of an emergency in the business life of our Nation which is unprecedented in extent and unequaled in severity in the history of the United States. This, therefore, is peculiarly the time when we should recall to ourselves the never-changing principle that it is the Nation and not the party which has first call upon our service.

In conformity with that principle I have supported and shall continue to support every portion of the President's program which has for its object the release of some force in the direction of recovery and is reasonably calculated to accomplish that purpose.

If the President's program were adequate, I would stop at this point. I have studied his message with the hope that I would find it adequate in measure to fit the tremendous difficulties from which our people are suffering. After the most careful consideration I came reluctantly to the conclusion that the President's recommendations alone are insufficient to deal with the present emergency; that they do not bring into play all the forces for recovery which the Federal Government possesses; that they do not discharge the responsibility of the Federal Government to share in the relief of distress and privation; that they will not to any appreciable extent provide what I regard as the one all-important essential, namely, work for those who are forced to go idle.

In so far as emergency action is concerned, the President's program, as I read it in his message and in his public statement of December 11, consists of three steps: First, coordination of local relief activities by means of the Gifford

Commission; second, additional investment of Federal money in the land-bank system; and, third, the organization of the Reconstruction Finance Corporation.

In addition, he expresses the wish that the banking system be improved; that the eligibility of paper discountable at the Federal reserve banks be extended. Neither the President's message nor his public statement contains any concrete suggestion as to how these purposes are to be accomplished. I quote from the message: "I recommend the prompt improvement of the banking laws." He might with equal value have declared, "I recommend the return of prosperity." Unaccompanied by at least the substance of a proposal setting forth how the improvement is to be accomplished, these recommendations are as yet meaningless words.

The best that I see in the President's proposals is a very laudable effort to prevent a serious and irreparable break in our credit structure. The investment of Government money in the Reconstruction Finance Corporation and in the land banks will ease the banking situation and relieve the railroads of their financial embarrassment. It may well be that out of the confidence which these measures will stimulate will be born a revival of trade and industry. For these reasons I have supported the Reconstruction Finance Corporation bill and the land bank bill.

But in all earnestness, I inquire, is that enough? Will that promptly restore any substantial number of the unemployed to their jobs? Will that help carry the burden which the local communities are manfully but unsuccessfully attempting to carry? Where in the entire program of the administration can we find the assurance of help for the millions entirely without work, entirely without means, who are daily eating the bread of dismay and despair? For them alone, it seems, is intended the last point in the President's published statement, namely, "The maintenance of the American system of individual initiative."

We shall help the railroads; we shall help the financial institutions; and I agree that we should, but is there any reason why we should not likewise extend a helping hand to that forlorn American, in every village and every city of the United States, who has been without wages since 1929? Must he alone carry the cross of individual responsibility, when all he asks and all he prays for is an opportunity to work, to demonstrate his initiative and responsibility, and to add to the wealth of this Nation?

I recall that in his annual message of 1930 the President said:

> It is as yet too soon to constructively formulate * * * measures * * * to better organize mitigation of the effect of depression.

Now, a year later, he tells us that—

> The time is ripe for forward action to expedite our recovery.

What has happened between the message of 1930 and the message of 1931 to change the whole direction of the President's outlook? What has converted the "too soon" of 1930 into "ripeness of time" in 1931? Some of the changes that have occurred are set forth in the resolution which I submitted on December 14, 1931. Unemployment has increased; pay rolls have declined; production has fallen; the volume of car loadings has shrunken; foreign commerce has practically collapsed; construction has dropped; prices have fallen; bank suspensions, foreclosures, and bankruptcies have multiplied; and the demands upon charity have climbed to mountain-high levels. That is the history of the unfolding of the Hoover plan of 1930, in which he assured the country that recovery would be expedited by private cooperative action with but limited and restricted assistance from the Federal Government.

Since that is the fact, can we, with proper regard for our duties, continue to limit Federal activity to the mere unlimbering of credit and coordination of local relief?

The President apparently recognizes that more energetic acts are necessary than he was willing to countenance during the previous Congress. Now, he is willing to strengthen the credit facilities of the country with Federal aid. But that is not enough. I quote from a recent work by a banker, Mr. Paul M. Mazur:

> Experience has shown that cheap credit rates do not of themselves create in time of panic the needed stimulus and encouragement.

Something more substantial is necessary. But the only other remedy we find in the presidential message is the coordination of local-relief agencies; the only aid the worker can expect is the prospect of the sorry solace of charity.

I am not unmindful of the salutary function of individual human kindness and generosity in the imperfect world in which we live. I know quite well that from the dawn of history these qualities have healed the sick, covered the naked, aided the needy, and differentiated mankind from the beasts who inhabit the jungle. The spontaneous response of human sympathy is still the most glorious expression of the divine in the human soul. All that, however, is quite different from the ballyhoo which has been used by the Federal Government as an excuse for failing to do its full share in bearing the burdens of the national calamity. Private charity, of course, has a large place to fill in the present emergency. But private charity as a deliberate and exclusive policy of government—that is to me incomprehensible.

The President says that he is opposed to any direct or indirect Government dole. These are hollow words of opposition. He knows that 70 per cent of the relief administered is provided through Government taxation. Verbal resistance has not checked the coming of the dole and will not prevent its spread in the United States. There is only one effective way of preventing a dole in the present emergency and that is by providing work. And no organization is better equipped to do that than the Federal Government.

I would perhaps for a time close my eyes to the disastrous effect of the administration's relief policy upon character and citizenship if in fact I could find that local effort had succeeded in mitigating suffering, in preventing malnutrition and exposure. Even that minimum can not be accomplished. There can no longer be any doubt that the relief agencies, energetic as they are, can not perform the indispensable task.

Here is some of the evidence.

Before the committee on unemployment insurance Mr. Billikopf testified concerning Philadelphia as follows:

> Twenty-one dollars and eighty-two cents is, in the judgment of the relief organization, the irreducible minimum below which a family of five can not get along but the unemployment relief committee in Philadelphia—and I happen to be in the inner group of that committee—allowed this family only $5 for food a week. Not another cent * * * this due entirely to inadequacy of funds at our disposal. It does not require any imagination to see that there is a correlation between that type of allowance and mental breakdown and physical breakdown. There is a physical, a moral, and a spiritual deterioration.

Before a subcommittee of the Committee on Manufactures, Mr. Allen T. Burns, executive director of the Association of Community Chests and Councils, is reported to have testified on December 29 that the community chests will be unable to discharge their responsibility in the present emergency.

I dare say that the President and Mr. Gifford are the only two persons in responsible positions in the United States who believe, as Mr. Gifford reported, that "these organizations have most successfully carried the burden of the past winter." Another such success, Mr. President, and we shall first learn the depth to which misery can descend. Mr. President, when anyone tells us that these methods constitute the "true American fashion" he utters a slander against America. I do not believe that the bread line represents the spirit of American generosity. I am satisfied that the American people would gladly pay the cost of a program of activity which would permit those who are in difficulty to earn their living with pride in themselves and in their work. An extensive construction program inaugurated by the Federal Government would afford that opportunity.

I shall quote another passage from the President's message, and I shall quote it on this occasion because it con-

tains, in my judgment, a powerful argument in favor of the proposal for a Federal construction program. He says:

> We have enormous volumes of idle money in the banks and in hoarding. We do not require more money or working capital—we need to put what we have to work.

I agree with every word of that statement. And I can see no more direct and useful way to put that money to work than by putting men to work.

We are overbuilt in industrial plants; naturally we can not expect private industry to engage in extensive construction. Until employment and wages become more certain, we can not expect any large increase in private home building, no matter how attractive we may make the financial terms. The Federal Government alone is in an entirely different status. It needs new construction. It requires post offices in numerous places where it is now paying rent. We need flood-control works on the Mississippi and we needed them long ago. The Army requires housing and has required it for many years.

Unlike any private enterprise, the Federal Government is as certain as one can be certain of anything that it will require these works in the future; that the demand for its services will expand rather than diminish. In view of these circumstances, is it not sound business sense for the Federal Government to take advantage of the low price of building materials, of the abundance of the finest labor, to expand its construction activities to the utmost and thereby render a great public service at a time of national danger?

Were there in existence a private corporation situated like the Federal Government, is there anyone here who would not agree that it would be both the depth of folly and inhumanity if it would not pursue such a course? Why, then, should we not apply the same standard to the Federal Government, especially since the Federal Government has an affirmative responsibility to help carry the burden of the present depression?

A clearer picture of what a Federal construction program would accomplish can be obtained by examining the facts concerning general construction in this country during the past few years.

If we compare the first nine months of 1931 with the same period of 1928 we find that all construction, both public and private, has fallen off $2,500,000,000 or 48.8 per cent.

Even in the construction of public works and public utilities we find a substantial drop in 1931 in comparison with several previous years. The figures are as follows: From January to September, 1929, $1,039,043,000. From January to September, 1930, $1,383,300,000. From January to September, 1931, $982,700,000.

In other words, there is a decline in construction, not only in private enterprise but even in that area of public and quasi public building, which was stimulated and encouraged and was supposed to take up the slack in private effort. An expansion of Federal construction would fit into the general construction situation like a gentle rain on a sun-parched field.

I want to make especially clear that I do not advocate the expenditure of a 5-cent piece upon an unnecessary, uneconomic, or unsound project. The public-works program which I urge should consist entirely of projects heretofore and now authorized by Congress with the usual investigations and safeguards.

The Federal Government is at the present time engaged in somewhat expanded construction activities. According to a White House announcement released on September 6, 1931, these activities were expected, when fully under way, to provide employment directly and indirectly to 100,000 persons. If that expectation has materialized, it means that 100,000 families who would otherwise be adding their weight to the load of the relief are, instead, helping to carry the load. It means that the Federal Government is saving money in acquiring its property and constructing its buildings more cheaply than in 1929. It means that the valuable time of 100,000 persons is not going to waste, but is, instead, adding to the real wealth of the Nation. It means that the character and morale and standard of living of 100,000 families are being sustained. If the results of a modest program are so beneficial why should we limit its influence to but 1.4 per cent of the 7,000,000 or more who are unemployed? Why should we not extend the direct benefits to a million families and the indirect benefits to many more? Only then can the Federal Government be said to be doing a fair share of the great work which must be done. Until it has done so how can the Federal Government subscribe to the national slogan and say, "I, too, have shared"?

The proposal for an extensive Federal construction program is not novel, unknown, or unconsidered. Already the policy of which this proposal is an expression is part of our written law, placed therein by the overwhelming approval of Congress and the expressed commendation of the President.

The effect of an enlarged construction program would be electric. White-collar men and men in overalls, farmers and merchants, all would feel its beneficent influence. Only the naïve believe that its blessings would be spent upon bricklayers and masons alone. It would bring activity to architects and engineers; it would resume employment in steel, wood, brick, cement, and stone. The metal trades would be activated, the electrical trades would be stimulated, the furniture makers would be recalled to work, the circle of opportunity would widen indefinitely into every trade and calling. The butcher and baker would soon know that a million additional workers had pay envelopes in their pockets. The farmer, too, would be directly benefited. That is very graphically shown by a chart, now before me, published by the United States Department of Agriculture in August, 1931. It shows that from 1919 through 1930 there was a remarkably close correlation between the price of butter and the index of pay rolls. As the report states:

> The decline in consumer incomes reflected by the decline in pay roll, was largely responsible for the decline in butter prices of 1930.

And what of the moral effect upon the reemployed worker? What of the effect upon his citizenship when he realizes that his Government has come to his rescue in his day of difficulty? To summarize:

We need a building program to put a substantial portion of those out of work back into the ranks of wage earners. We need a building program to withdraw the greatest possible number out of the ranks of those who are receiving relief. We need a building program to prevent another large increment to the already large number whose pride has been broken by the need of appealing for aid.

Last January there were 6,050,000 persons in the United States ready, willing, and able to work, looking for jobs and unable to find them. That was the report of the Secretary of Commerce. During the year that number has grown, as is indicated by the reports of the Bureau of Labor Statistics. Now it probably exceeds a total of 7,000,000 workers. The American Federation of Labor estimates that wage earners alone have lost in the course of the year $11,000,000,000 of wages. That takes no account of the loss incurred by salaried workers. In the preamble to the resolution I submitted on December 14 I have set forth further evidence of this stark fact: We are not facing just an ordinary business recession but a hardening of every business artery, a paralysis of many business organs, a major stoppage of the life blood of business and industry. No remedy can be too drastic under these circumstances. The Gifford Commission, the Woods Commission, the Red Cross, the community chests, well meaning as they are, noble in motive as they are, are like bread-and-water pills in reference to the major malady from which industry suffers. A building program would lighten the load upon these relief agencies. It would provide an honorable opportunity for hundreds of thousands who now beg for relief or suffer in unmitigated misery.

I say to you with deep conviction that we can not afford to forego such a program. The benefits are so great, so certain, and so cheap that we are in duty bound to take advantage of the opportunity it offers.

There would be a valid objection to the public construction proposal if it were intended that the cost of the construction be paid out of current revenue or increased taxation. It would be incredibly difficult and exceedingly unwise to impose so large an addition upon an already heavy tax burden. And it is entirely unnecessary to do so. The construction program should be financed by a long-term bond issue.

I can think of at least five valid reasons why such a course is both prudent and proper:

First. The proposed public works are permanent improvements. Their economic life is beyond the limit of any long-term Federal obligation that would be issued to finance them. The borrowed money, in other words, will not be consumed in meeting current expenses of Government but in enlarging the permanent assets of the Nation. It is entirely just that future taxpayers should pay part of their cost.

Second. If we inaugurate a large public-construction program, we shall be building in 1932 what we should normally not undertake until a later date. Consequently this is not a case of burdening the future with the extravagance of the present but, on the contrary, a case of spreading the cost evenly over the present and future for the common benefit of all.

Third. A Federal construction bond issue would constitute a mild form of credit inflation, and that would be helpful.

Fourth. A Federal construction bond issue would call forth from hiding a goodly proportion of the hoarded money, and that would be helpful.

Fifth. Between 1920 and 1930 the United States collected in taxes $3,459,512,575.04 more than was necessary for the operation of the Government, including statutory retirement of the national debt. The deficit of the fiscal year 1931 has reduced that figure to $2,556,795,729.97. We used this surplus of taxes to pay the national debt more rapidly than the law required. We might have earmarked these surpluses as a reserve to be used for construction in just such an emergency as the present one. We can still, in effect, accomplish that purpose by enlarging the Federal debt to finance a program of construction.

If we had not made the overpayments into the sinking fund but had laid the money aside in a separate fund, would the credit of the country have been any weaker? I do not believe it, and I do not believe that anyone in the Treasury believes it. Then why should we suppose that the credit of the country would decline if we took part of that reserve and used it for the benefit of America? For my own part, the expectation that borrowing might be necessary in just such a period as this was the only reason why I supported the policy of collecting large surpluses from taxpayers during the days of prosperity.

Certain stock objections will without doubt be leveled against this proposed bond issue. I may, therefore, as well anticipate them now. Further borrowing, we shall be told, is unsafe and is injurious to American credit.

WHAT ARE THE FACTS?

In 1919 the public debt amounted to $25,482,034,419, in 1925 it was $20,516,272,174, by 1929 it had declined to $16,931,197,743, and in 1931 the total of the public debt was $16,801,485,143.

The 1931 total was lower than that of any year since 1919 except 1930. The same facts may be stated in a slightly different form. In 1919 the Federal Government owed $240.09 for each person residing in the United States. In 1931 the Federal Government owed only $135.41 for each person residing in the United States. The per capita debt in 1931 was lower than that of any year since 1919 except 1930.

What reason is there to believe that the Federal Government's credit was better in 1919, in 1920 or in any of the intervening years than it is to-day? Is it not true, as Mr. Hoover tells us, that the country is to-day richer in physical property, in newly discovered resources and in productive capacity than ever before? If confidence in the Federal Government was not destroyed with a national debt of $25,000,000,000, why should it be even adversely affected by a national debt smaller in volume by many billions of dollars?

In my judgment the one and only fact that has weakened confidence in the Federal Government was the apathetic helplessness of the administration in the face of the greatest economic upheaval of modern times. The prevailing feeling that the administration would just sit on the rocks and let the waves overwhelm it was sapping American confidence. Faith and confidence both will revive and flourish when America realizes that the Government will bestir itself, and will not let its mighty arm lie idle in this unprecedented emergency.

Were I to propose that the Government unreasonably add to its Budget of current running expenses, there would be ground for the fear that its credit would be injured. An unbalanced budget does not contribute to stability. Income and expense must be brought into line at the first practicable moment. Any other plan is improvident management; but when the Government borrows for permanent improvements, for the provision of employment, and the acceleration of recovery, that is not improvidence but the acme of prudence; that does not weaken credit—it builds it up.

Occasionally I hear the comment that a large construction bond issue could not be sold. That suggestion was in fact made in the report of one of the President's commissions. Is there any merit in that assertion? Again we must refer to the facts. During the year that we have just left behind us the Federal Government floated three bond issues having a total face value of $2,215,000,000. How difficult it was to sell these bonds can be inferred from the fact that subscriptions were received amounting to $9,369,000,000. The ratio of subscription to offering was more than four to one. Perhaps some will suspect that the Federal Government offered a very generous interest rate to attract so large a body of investors. The interest rates on these issues were as follows:

March 16, 1931, $594,000,000, at 3⅜ per cent.

June 15, 1931, $821,000,000, at 3½ per cent.

September 15, 1931, $800,000,000, at 3 per cent.

The last issue carried a rate of interest which, according to the Secretary of the Treasury, was the lowest rate borne by any bond offered for public subscription since the issue of Panama Canal bonds in 1911.

At the present time it is true these bonds are selling at a price below their face value. It is very undiscriminating, however, to deduce from that fact a loss of confidence in Federal credit. The 3 per cent bonds of 1951–1955 closed the week ending January 9, 1932, at 83.16. Even at that price it yields to the buyer only 4.10 per cent if held to maturity. Who would say that such a rate indicated a lack of confidence in the Federal Government?

Before me is a chart published by the New York Stock Exchange showing the average monthly prices of all listed bonds. On that chart one can see at a glance that in recent years the United States Government bonds have been continuously above par except for a very large portion of prosperous 1929 and during a very short time in 1931 when they fell slightly below their face value. If a slight drop in the price of Government securities denotes loss of confidence, then we should be obliged to assert that Federal credit was lower during most of prosperous 1929 than during depressed 1931. I know of no one who would seriously hold that position. In comparison, foreign government bonds have during the last quarter of 1931 dropped to the 60's; American private corporate bonds dropped to the 70's; only Federal bonds stayed close to the par line in spite of a much lower interest rate. That record discloses not lack of public confidence but unlimited faith in the credit of the Federal Government.

In his statement of January 4 the President cautioned Congress against unnecessary issues of Federal securities. No doubt he is right. Unnecessary borrowing means wasteful expenditure and depressed bond prices. Necessary borrowing, however, like that which is intended for the Reconstruction Finance Corporation or like that which I propose

for construction does not depress prices. To the contrary, it breeds confidence, stimulates business activity, and promotes recovery.

In the President's message we find the comment that Federal borrowing would "denude commerce of its resources." By that I presume he means credit resources. That assertion, I submit, can no more be applied to a construction bond issue than to the borrowing for the purposes of the Reconstruction Finance Corporation which the President himself recommends. The reasons are fairly plain.

The past year has witnessed a very violent contraction in the opportunities for private long-term investment. The figures published by the Federal Reserve Bulletin reveal the following:

Date	Stocks	Bonds	Total
1928	$2,900,000,000	$2,378,000,000	$5,278,000,000
1929	5,868,000,000	2,068,000,000	7,936,000,000
1930	1,503,000,000	2,980,000,000	4,483,000,000
1931 (12 months ending October, 1931)	337,000,000	1,396,000,000	1,733,000,000

These figures represent domestic corporate issues. Disregard if you will the year 1929; even if we compare 1931 with the more normal 1928, we perceive a decline of $3,545,000,000 in the amount of long-term obligations offered for sale to the public.

That fact is reminiscent of the words of the President's message:

> We have enormous volumes of idle money in the banks and in hoarding. We do not require more money or working capital—we need to put what we have to work.

Furthermore, Federal bonds are discountable at the Federal reserve banks. The banker who had purchased Federal construction bonds and desired to make his credit available to a private borrower, whether for short term or long term, would rediscount the bonds at the Federal reserve bank. He would then be in exactly the same position to serve his private customer as he was had he not invested in Federal bonds. That the Federal reserve system could, if necessary, absorb the entire issue which I propose, is elementary. We have not reached or even approached the credit limitations of the Federal reserve system.

These additional facts should be kept in mind. The Federal Government would not borrow the entire amount intended for construction purposes by a single sale of bonds. In all likelihood the money would be borrowed in smaller quantities as required by the progress of the work. Such money as the Federal Government borrowed would not be withdrawn from the banking system. It would promptly find its way back into industry, into trade, and into the pay envelopes of the people, carrying life and cheer and encouragement throughout its course.

Why is there no recommendation in the President's message in favor of this proposal? Is this omission consistent with his general position? Apparently it is right for the United States Treasury to borrow money for the railroads and the banks as it will do through the Reconstruction Finance Corporation. Apparently it is right for the United States Treasury to borrow money to carry into effect the foreign-debt postponement. Apparently it is right for the United States Treasury to borrow money for the uses of the land banks. I agree that these are right and I have supported the legislation which makes these loans possible. But if these are right, why then is it wrong for the United States Treasury to borrow money for its own construction purposes to put Americans to work? What virtues do these other loans possess which a public-construction loan lacks?

These other measures which I have mentioned for which we have borrowed and shall borrow money will, I hope, be of assistance in this emergency. The public-construction program we know with certainty will put men to work. In these other loans the United States Treasury may or may not get its money back; in public construction we know here and now that the United States will receive 100 cents in value for every dollar it spends. Through the Reconstruction Finance Corporation and the land banks we are pouring Government money into private business. It certainly ought to be equally right to put Government money into a Government enterprise.

When adverse circumstances compelled the railroad presidents to come to Washington we listened attentively to their story of depreciated roads and equipment, of inadequate revenue, of unregulated competition. We replied that we would lend them the aid of the Federal Government; that we would lend them money out of the United States Treasury; that we would increase their rates; that we would regulate competitive forms of transportation. We did not preach to them rugged individualism. We did not sanctimoniously roll out sentences rich with synonyms of self-reliance. We were not carried away with apprehension over what would happen to their independence if we extended to them a helping hand. We followed the same procedure in an effort to strengthen the banking situation. But when millions of Americans, footweary and heartsick, cry out in despair, "Give us work," we suddenly are overwhelmed with devotion for the preservation of self-reliance. We plug our ears to the cry of the multitude while the prophets burn incense upon the altar of rugged individualism and the fanatics would sacrifice the Nation to preserve its empty slogans.

Mr. President, Senate Resolution 72, which I have introduced, does not create any Federal bureau. It does not appropriate any money. It does not designate any specific projects for construction. It proceeds entirely in accordance with the letter of the law laid down by Congress in the Federal employment stabilization act which the President signed and lauded in February, 1931. That act declared that it is the policy of Congress to arrange the construction of public works, so far as practicable, in such manner as will assist in the stabilization of industry and employment through the proper timing of such construction.

That act created the Federal employment-stabilization board to carry that policy into effect. It set forth the basis upon which the Federal board should take action. Specifically it provided that the board shall take into consideration the volume, based upon value, of contracts awarded for construction work in the United States during any 3-month period in comparison with the corresponding 3-month period of three previous calendar years. It further provided that the board may take into consideration the index of employment prepared by the Department of Labor and any other information concerning employment which it may consider pertinent.

In the preamble to the resolution I have set forth the volume of contracts awarded for construction work in the United States. I have set forth the index of employment. I have set forth numerous other items, all of which compel the conclusion that this is the time for the Federal stabilization board to take action.

The resolution proposes the course of action prescribed in the act. That course is for the President to transmit to Congress supplemental estimates for emergency appropriations to be expended upon authorized construction.

In order to familiarize myself to some extent with the volume of authorized construction which may be brought within an expanded program to meet the emergency I have communicated with several of the governmental departments in charge of construction. The Quartermaster General advises me there are authorized projects in the Army's housing program which will cost $108,000, and in the Air Corps technical program, $883,000. The Superintendent of the United States Military Academy informs me that there is an authorized improvement scheduled for the Military Academy at West Point which will cost $2,920,000. The Chief of Engineers advises me that it will cost $431,000,000 to complete the authorized river and harbor projects and $216,000,000 for the authorized flood-control projects. From the Supervising Architect's office I learn that 682 separate undertakings specifically authorized by Congress are yet to be begun, and in some cases finished, which will have a total limit of cost—including what has already been spent—of $454,013,123.22. The authorized construction for the Bureau of Prisons will cost $4,100,000. The authorized construction

for the Veterans' Bureau will cost $15,877,000 to complete. For the Forest Service there are authorized projects which will cost $86,000,000. In the Bureau of Yards and Docks of the Navy Department there are authorized projects which will cost $17,000,000. There are large possibilities in road construction. These are only a few of the Government projects upon which an emergency works program may well be expended. It is by no means complete.

I have not the facilities at my disposal to say with precision how much authorized construction is immediately available and what additional authorizations can be given during the present session. In my judgment, it would be well if the Federal Government undertook to expand its construction activities by $2,000,000,000.

Mr. WALSH of Montana. Mr. President, may I inquire of the Senator, although he has not very definite information, about what amount has actually been authorized for construction which has not yet been entered upon?

Mr. WAGNER. It is well over a billion dollars. I have not been able to get all of the figures, because the bureaus which handle the different construction projects number over a hundred. I have figures now which bring the sum well over a billion dollars.

Mr. WALSH of Montana. Let me ask whether that condition is due to the fact that appropriations have not been made, or have the appropriations been made, and does the delay arise from other causes?

Mr. WAGNER. In some instances the appropriations have been made and there is delay from other causes.

Mr. WALSH of Montana. Can the Senator tell us what amount of money has actually been appropriated for work which has not yet been stated?

Mr. WAGNER. I might say to the Senator that I tried my utmost to get that information from the department, but for some reason or other they were not able to separate the sum which had actually been appropriated and expended for the public works and the sum for which an appropriation had been made and not yet expended.

Mr. WALSH of Montana. There is a very general belief that work has not been started, for some reason or other, upon a large number of projects for which appropriations have already been made.

Mr. WAGNER. The Senator is undoubtedly right about that; and for a reason which I can not give him, there has been a delay.

Mr. WALSH of Montana. Men could be put to work now under appropriations already made, amounting, perhaps, to a half billion dollars.

Mr. WAGNER. As a matter of fact, may I say to the Senator from Montana the director of the stabilization board has been in office for over six months now, and under the act there is a direction that he do advance planning on a public-construction program six years in advance. I am surprised that up to this time the supplemental estimates for the expanded program adopted because of our depressed condition have not yet been transmitted to Congress by the President, as it is his duty to do under the very act to which I have referred.

We shall, of course, hear the perennial advice of the timid: "It can not be done." I agree, Mr. President, that ordinary men with ordinary methods can not accomplish it. But we can not resort to ordinary methods because these are not ordinary times. The levees are down; the floods have broken loose; their destructive fury is tearing from their moorings the very foundations of our people. If we are not all to be engulfed we shall need to display extraordinary efforts and extraordinary courage as we have displayed them on more than one occasion in our history. We can do it again. We shall do it again.

Mr. President, the truth is frequently trite, but it demands to be reasserted nevertheless.

The functions of government have expanded to embrace many responsibilities heretofore regarded as lying within the sphere of private action. The motive power behind this expansion has been a real necessity arising out of a change in our manner of living. Governments must do more because necessarily the individual can do less.

Conceivably each of us might still carry his own lantern as he wanders through the streets at night. Each of us might still keep his own fire-fighting bucket; each haul his own water from the river to his apartment; each carry his own gun to protect him from the ill disposed. We might do so but we know that such methods would be entirely inadequate. We surrender these functions to the Government because individual effort and responsibility in these respects would prove inefficient and ineffective.

So under modern industrial conditions it is futile for the individual worker to rely solely on his own initiative and on his own effort. Can he alone set industry going again; can he alone solve the foreign-debt problem which is clogging our delicate credit machinery; can he alone bring about a resumption in building activity; can he alone lift the level of prices? He is not even free to forage in the forest as his prehistoric ancestor was at liberty to do before modern civilization and the industrial revolution conferred upon him both their blessings and their limitations.

Three long winters of desperation for millions of American workers; three gray winters of terrifying apprehension and stifling anxiety for more millions of Americans, but from the President we hear nothing but discouragement for those who would make the future a little more secure than the past. As soon as this storm blows over we shall resume our former methods. That is the substance of his faith.

Can there be any doubt that in these former methods—in the aimlessness of government, the planlessness of industry, the inequitable and uneconomic distribution of national income, far more than in South American revolutions, far more than in the foreign abandonment of the gold standard—shall we find the true causes of our present adversity? In England statesmen blame the war; in Germany they blame the treaty; in Europe generally they blame America, and in America Mr. Hoover has made it fashionable to locate abroad the source and origin of our woes.

> Our difficulties in the past year have plainly originated in large degree from these [foreign] sources.

That is his message of December, 1931. And last year he told us that—

> In the larger view the major forces of depression now lie outside the United States.

Everywhere we find the same tactics of human frailty. It nurses our conceit to find the fault in some external force beyond our control, anywhere except in our own ignorance, our own mismanagement, our own lack of vision, and in our own subordination of general welfare to political considerations.

To me it seems plain that a very abundant share of the mistakes which led to the present debacle was committed within the bounds of the United States; that it was a necessary and inevitable consequence of the so-called haphazard system and the planless planning which Mr. Hoover extolled last summer in Indianapolis; that in the future we must assume more and not less social responsibility for the economic activity of the country and the economic welfare of its citizens.

We may glorify the early virtues of self-help, but the truth remains unchanged that the "unknown worker" who has built American wealth from foundation to superstructure is alone helpless and insecure. Into the lives of millions of them has entered that most awful of scriptural maledictions, "Thy life shall hang in doubt before thee." Is it any wonder that he turns to his Government, to the composite, organized strength of his Nation for help and encouragement, so that once again he may earn his daily bread? Is there any reason in logic or humanity why that Government should not respond? After all it is his Government; he sustains it with the sweat of his brow; he defends it with his blood; for his welfare it was founded.

Mr. McKELLAR. Mr. President, will the Senator from New York yield?

Mr. WAGNER. I yield.

Mr. McKELLAR. Something was said just a few moments ago about emergency construction, and the Senator from Montana asked about how it had been carried out. The Senator from New York said he was unable to get the information.

Mr. WAGNER. Exactly.

Mr. McKELLAR. I can give information as to some of the work in Tennessee. Appropriations were made as emergency appropriations, some of them at the last session of Congress last winter, now more than a year ago, and they were made for emergency work.

Among the more important buildings to be erected, one was at Jackson, Tenn., to cost about $350,000; one was at Nashville, Tenn., to cost about a million and a half; one was at Chattanooga, Tenn., to cost about a million and a half; one was at Knoxville, Tenn., to cost about a million and a half dollars; and a marine hospital at Memphis, Tenn., to cost about $200,000. If that money had been spent in Tennessee last year, undoubtedly it would have done some good, but up to this date practically none of the money has been spent. The contracts have not even been let on those buildings, although it was supposed to be an emergency program; and although nearly 12 months have elapsed since we made the appropriations, the officials have not even gotten ready to let the contracts. To my mind a building program such as one authorized at the last session of Congress has really failed in its purpose because the executive officers who have charge of it have not undertaken the work. The work should have been completed by this time and could all have been completed if it had been actively entered upon; but, as as matter of fact, none of it has been entered upon yet, and we are making every effort now to see that it is.

Mr. President, for just a moment I desire to speak about the resolution now before the Senate.

I am in the heartiest sympathy with any possible undertaking which will reduce the expenditures of this Government. I think Senator HARRISON's resolution is a gesture in the right direction. I want to say in all seriousness that I am truly alarmed about the financial condition of our Government, and I want to give the figures which alarm me. I think they ought to alarm every Senator.

What is the financial condition of this Government? There is first a deficit of $2,000,000,000. We start out with that deficit. The President has recommended for the ensuing fiscal year appropriations of $4,600,000,000, and somewhere about that sum, however we may talk about it, will be appropriated.

In addition to that, we have authorized the formation of a reconstruction corporation which may commit the Government to the expenditure of $2,000,000,000 more. It is true that fifteen hundred million of that is to be gotten by the sale of bonds; but it has to be paid out of the Treasury eventually. Five hundred million of it is to be paid out of the Treasury now, out of a Treasury which has no money in it. Remember there is now a deficit of $2,000,000,000.

In addition to that, at this session we have already passed the farm loan bond bill, which will mean the expenditure of $125,000,000.

In addition to that there is a deficit resolution already passed by the Congress which provided $203,000,000.

In addition to that, we have before us, which will be passed this afternoon I presume, the first deficiency appropriation bill carrying $126,000,000.

In addition to that, we have the home-loan program of the President, which unquestionably will be reported out and passed by the Congress in a short time, providing $150,000,000 more.

In addition to that is an estimate, the amount of which no one knows exactly, to be paid to failed banks of the country. The Senator from Florida [Mr. FLETCHER], a member of the committee, says it is $2,000,000,000. If it is that much, then the entire sum to be appropriated out of the Treasury by bills which have already been passed and including those which have been recommended by the President amounts to the enormous sum of $11,204,000,000.

What have we with which to pay that? The highest estimate of Treasury receipts for this year is $3,500,000,000, leaving taxes as they are. Deducting that from the $11,204,000,000 we will have a deficit of $7,704,000,000, not counting the ordinary appropriations that are made in every Congress.

Mr. President, I present this in recapitulation:

Statement of our financial condition

Deficit	$2,000,000,000
General Budget recommendations	4,600,000,000
Reconstruction corporation	2,000,000,000
Farm-loan bonds	125,000,000
Deficit resolution already passed	203,000,000
First deficiency	126,000,000
Estimated, Home Building	150,000,000
Estimated by Senator Fletcher, failed banks	2,000,000,000
	11,204,000,000
Estimated income from taxes, 1932–33	3,500,000,000
Deficit	7,704,000,000

Remember, also, this is early in the session; we are now in the first 40 days of the Congress, and yet here are appropriations amounting to $11,204,000,000, with only $3,500,000,000 of taxes to be paid. How are we going to meet that situation? There are only two ways in which it can be done. It can be done by taxation. Everybody knows we are not going to tax the American people $7,704,000,000 this year. We can not do it. We have never raised anything like that much even during the war, when we had everybody going around aiding us to raise funds to carry on the war.

The only other way it can be done is by borrowing. When we remember that our 3 per cent bonds are down to 83 now, I do not know whether we are going to be able to borrow that much money.

My purpose in bringing the matter to the attention of the Senate at this time is to show the condition in which we are to-day. I do not believe we pay enough attention to it. We ought to be more careful. I am delighted that the Senator from Mississippi [Mr. HARRISON] has brought up the matter. I commend him warmly for his stand; but I want to say to him, and to all other Senators, that the Appropriations Committee is not the source that is primarily to blame. When the Senate and the House authorize these appropriations, then and there is where the trouble originates. How can any Senator complain of extravagant bills reported out by the Appropriations Committee when he has voted to authorize those very extravagant appropriations?

Senators, we are recklessly extravagant in making authorizations. Many of them ought not to be made. Think of the tremendous authorizations that have been made, such as $2,000,000,000 for the Reconstruction Finance Corporation, $125,000,000 for the farm bond loans, a deficit resolution of $203,000,000, the first deficiency appropriation bill, which ought to pass and which will be passed, $126,000,000. Then we have two more bills, one the home construction bill as it is called. Why, Mr. President, we have more homes in the country now than men are able to occupy and pay rent for or taxes on, and yet we are going to authorize more—and Senators will probably vote for it, though I do not know.

We ought to stop ill-considered authorizations. I am sorry that the resolution of the Senator from Mississippi does not include authorizations. We ought to quit authorizing appropriations of money if we do not want the Appropriations Committee to report out bills making the appropiations. The law requires the Appropriations Committee to make the appropriations after they have been authorized. An authorization is a direction to the committee. I think it is unfair and unjust to talk about extravagant appropriations coming from the Appropriations Committee when these exceedingly extravagant appropriations have already been authorized by the Senate. I want to protest with all the vigor of which I am capable against these astonishingly extravagant authorizations of expenditures of the people's money.

Think of it, Senators, $11,704,000,000 virtually already authorized for this year. Are you going to get angry with the Appropriations Committee when we carry out your directions? You authorized it, you voted for it, you voted

for these authorizations, so how can you criticize the Appropriations Committee of the Senate after you have told them to do it and given them your authorization to do it?

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. Certainly.

Mr. COUZENS. I understand the Senator himself has a number of bills asking for authorizations of some $500,000,000. Does the Senator want those passed by the Senate?

Mr. McKELLAR. Mr. President, I do not mean to say that the Senator is making a statement that is false, because the Senator has just repeated what he saw in the newspapers, but the statement published in the newspapers the other day about these bills introduced by me was wholly untrue and without foundation.

Mr. COUZENS. May I ask the Senator if he has a bill pending for an appropriation of $150,000,000 for the Nicaraguan Canal?

Mr. McKELLAR. Yes, I have; and I want to say that it provides for no such appropriation as that. The Nicaraguan Canal is a project which has been in the minds of statesmen for many years. I know we ought not to pass that bill this year. We ought not to have done it last year or the year before. That bill has been constantly before the Congress at my request and following my introduction of it, but has not been pressed by me because we have not had the money to spend for that purpose. However, though I have not been pressing it, I would rather vote to enable men to go to work to earn money on a great canal like the Nicaraguan Canal, giving them work down there, rather than giving them charity at home. But I do not think this is the time to press the bill, and I am not going to press it. I have not pressed it. When that statement was made, it was made knowing it was not true.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Florida?

Mr. McKELLAR. I will yield to the Senator in just a moment. Let me make another statement first.

Mr. TRAMMELL. I understand the Senator has a bill pending to appropriate $100,000,000 more for agriculture. Is that correct?

Mr. McKELLAR. No; that is not true.

Mr. TRAMMELL. I understand he has another bill appropriating $250,000,000 for the World War veterans. Is that correct?

Mr. McKELLAR. That is not true.

Mr. TRAMMELL. Then I have been misinformed.

Mr. McKELLAR. Yes; the Senator has been misinformed and the country has been misinformed. I do not always answer every statement that is made in the newspapers, but that statement in the paper was so exaggerated as to be untrue. I did not ask for an appropriation of $150,000,000 for the Nicaraguan Canal. It was $10,000,000, as I remember the amount. Including all of the bills that have been introduced, all told, they amounted to only about $58,000,000. For instance the Senator from Tennessee, at the request of an official of this Republican administration, introduced an agricultural bill, as I recall, providing for an appropriation of $10,000,000; and after it was introduced at the request of a member of the Republican administration, then the Senator from Tennessee was taken to task because he asked for an enormous appropriation and the figures about the appropriation were falsified.

Mr. TRAMMELL. I have a faint recollection, though I may be in error, that the Senator introduced a bill providing for a considerable increase in appropriations for Federal highway system aid. Did the Senator do that or not?

Mr. McKELLAR. No; I did not.

Mr. TRAMMELL. I thought the Senator proposed such an increase.

Mr. McKELLAR. No. I take pleasure in stating that I am one of the authors of a highway bill which was prepared some years ago. It was among the first work that I did in this body; and I am very proud of it. It is now the law. There has been a wonderful record made in connection with that work. It has been approved by both bodies of Congress, by the President time and again, and is being approved every year. I have no apologies to make for that road work.

Mr. TRAMMELL. I was not quite sure about it. I had only a faint recollection, but I see that I was in error. I was hopeful that the Senator would join with us in getting additional aid for the highways instead of opposing some efforts which are going to be made to secure such an increase.

Mr. McKELLAR. It would depend upon the increase. Senators, we are appropriating too much money. If we appropriate what has already been recommended by the Budget and what will be recommended, we will have virtually bankrupted our Treasury, and we ought to pause and consider carefully before we undertake to do such a thing as that.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Iowa?

Mr. McKELLAR. Certainly.

Mr. BROOKHART. I invite the Senator's attention to the fact that last year the States spent about $1,000,000,000 on highways and hard-surfaced roads. The Government started that increase by paying for such construction work on a 50-50 basis. Last year the Federal Government's appropriation was only $125,000,000, and they avoided their share in that work by going out into the States and organizing road-boosting associations, which agitated for gasoline taxes and county bonds and State bonds, but never once came here agitating for an increased Federal appropriation. The Federal Government is not doing its duty toward those roads. Every such road is a military road. Every such road is a post road. Every such road is an interstate road, all of which the Federal Government is under obligation to protect and promote. So instead of decreasing the appropriation for roads it ought to be increased by $400,000,000 at least.

Mr. McKELLAR. Has not the Senator heard of the celebrated conference that is going to take place in February by which we are going to abolish all war forever, so we will not need any military roads?

I want to say in all seriousness that I am for good roads whenever the Government has the money to build them. When we have the money to build roads, I do not know of a better use to which Federal money can be put. But when we are stared in the face by a prospective deficit of $7,204,000,000 in the Treasury, and when we see United States 3 per cent bonds down to 83, I think we ought to call a halt on some of these extravagant appropriations.

Mr. BROOKHART. Mr. President, will the Senator yield further?

Mr. McKELLAR. I yield.

Mr. BROOKHART. The Senator knows the bond market is a matter of stock manipulation. If the Government wanted to keep its bonds at par as it did during the war, it could do so.

Mr. McKELLAR. What is the matter with the Senator's administration that he does not keep them at par?

Mr. BROOKHART. Whose administration? [Laughter.]

Mr. McKELLAR. The Senator's administration. He helped elect the present administration. Why does he not make it do its duty to keep its bonds at par?

Mr. BROOKHART. I did not help elect it as much as the Senator did by getting a candidate and a platform that the people would not support.

Mr. McKELLAR. I remember that the Senator from Iowa went all over the country telling of the great good and benefits that would accrue to the American people if Herbert Hoover was elected. Does the Senator still think so, or was he mistaken at that time?

Mr. BROOKHART. I did not have as much success as was had in the Southern States, down in the Senator's own neighborhood, for instance.

Mr. McKELLAR. At any rate, the Senator was mistaken about him, was he not? The Senator will admit he was mistaken in furthering the election of Herbert Hoover?

Mr. BROOKHART. I can not tell what was on the other side.

Mr. McKELLAR. The Senator does not approve now of his action then, does he?

Mr. BROOKHART. I will admit we got the worst of it. [Laughter.]

Mr. McKELLAR. That is what I thought.

Mr. BROOKHART. Whether it would have been still worse if the Senator's candidate had won is another matter.

Mr. McKELLAR. I do not know about that. It would have been awful bad if that were true. [Laughter.]

Mr. President, in conclusion, let me say that these figures are truly astounding. It is the duty of Congress to call a halt on these extravagant appropriations. I am going to vote for the resolution of the Senator from Mississippi unless a better one is offered. I think it is a gesture, but will not hurt either one way or the other. It might be misconstrued if I voted against it, and I am not going to allow my action to be misconstrued; but I say that this resolution is not going to do any good. The only way we are going to cut down the appropriations is to cut them down in committee and on the floor of the Senate. I hope every Senator here will examine the figures I have heretofore given, will examine the condition of the Treasury, and will vote to cut down appropriations and authorizations for appropriations, because in authorizations the real trouble lies.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nevada?

Mr. McKELLAR. I yield.

Mr. PITTMAN. Mr. President, I agree with the Senator from Tennessee that the resolution of the Senator from Mississippi can not possibly accomplish any good.

Mr. McKELLAR. It might accomplish what Mr. Hoover calls "psychological good." I have never found very much good in that kind of psychology; at any rate, we have not seen any very beneficial results from it as yet, still that is what it might be called.

Mr. PITTMAN. On the other hand, it is not possible to cut down appropriations by a resolution.

Mr. McKELLAR. No, sir.

Mr. PITTMAN. In the first place, it will have to be done by committees; and in the second place, by amendments adopted on the floor on the various appropriation bills.

Mr. McKELLAR. Absolutely.

Mr. PITTMAN. But I feel as the Senator does. We have to vote for something that will accomplish no good or for something that on its face is apparently a step in the direction of economy. Therefore, when the Senator shall have concluded I am going to offer an amendment to the resolution.

Mr. McKELLAR. To show that my heart is in the proper place, I am going to yield the floor and let the Senator from Nevada offer his amendment.

Mr. DILL obtained the floor.

Mr. PITTMAN——

Mr. DILL. Mr. President, if the Senator from Nevada merely wishes to offer an amendment to the resolution of the Senator from Mississippi I yield to him for that purpose.

Mr. PITTMAN. I offer the amendment, which I send to the desk and ask that it may be read.

The VICE PRESIDENT. The amendment proposed by the Senator from Nevada will be read.

The CHIEF CLERK. It is proposed to strike out after the word "appropriations," in line 5, the words "as will bring the total amount reported to the Senate at least $300,000,000 below the total recommended in the Budget for such fiscal year," and to insert "as may be done consistent with the existing obligations of the Government, and without impairing the necessary power of the Government to perform its duty in meeting the present financial crisis."

Mr. McKELLAR. May I suggest to the Senator, if the Senator from Washington will permit me——

Mr. DILL. I yield.

Mr. McKELLAR. I think that would be just as meaningless a gesture as the other; but if I shall be compelled to vote on either one, I shall vote for it, I think, as a gesture.

Mr. PITTMAN. I should like to have the clerk read the resolution as it would stand should my amendment be agreed to.

The VICE PRESIDENT. The clerk will read as requested.

The Chief Clerk read as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations of the Senate, in reporting to the Senate upon the several appropriation bills for the fiscal year ending June 30, 1933, make such decreases in proposed appropriations as may be done consistent with the existing obligations of the Government, and without impairing the necessary power of the Government to perform its duty in meeting the present financial crisis.

Mr. HULL. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. DILL. I yield.

Mr. HULL. I ask permission to insert in the RECORD at this point a public statement with reference to this subject which was prepared by me last November.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

SOME PHASES OF A DEMOCRATIC FISCAL PROGRAM—STATEMENT OF CORDELL HULL

There is manifest necessity for basic reform of the spirit and policy of retrenchment, economy, and financing in our entire Government affairs. Peoples and governments—Federal, State, and local—are to-day groaning under colossal loads, of ever-increasing taxes, expenditures, and debt, approaching a critical and unbearable stage. The dominant fiscal leadership of the Nation since 1920, can not escape its measurable share of responsibility for these near catastrophic developments.

Taxes of these various governments and their subdivisions are overlapping, grossly inequitable, and excessive, with their unheard of increase from $7,500,000,000 to $9,790,000,000 from 1922 to 1929. Instead of visualizing and treating Federal, State, and local taxes as one common burden on the 123,000,000 American people and prescribing tax structures with such uniformity and coordination as would promote the maximum of equity for every class of taxpayers, measured by the doctrine of ability to pay, we see to-day a thoroughly confused, demoralized, and chaotic tax situation, with most systems distinguished by discrimination, excessive exemptions, exception, allowances, unscientific rates, double, triplicate and quadruple taxation, and narrow and lopsided methods, as the rule rather than the exception.

Our combined Federal, State, and local expenditures are running wild with a present peak of near $12,000,000,000, with budgetary policies often evaded, ignored, abused, or nonexistent, while a spirit of waste and extravagance reigns supreme. The great orgy of expenditures must be halted and restricted to necessary or productive purposes, while those of an actual emergency nature, such as unemployment and other exigencies, must receive every attention.

The Federal, State, and local indebtedness in 1929 has climbed to $30,000,000,000, which, with annual taxes, aggregate near 12 per cent of the actual wealth or capital of the Nation; while a vast portion of such indebtedness was incurred hastily, unwisely, and unsoundly, with no sinking-fund provision, and is subject to excessive interest and inadequate tax rates. The new Federal debt now being created to meet accruing Treasury deficits will, in the end, exceed $2,000,000,000, and this amount in the future will nullify and wipe out the combined amount of the four so-called tax reductions during the past 10 years and we shall have tax levies of $2,000,000,000 over again. Less than $1,000,000,000 of our public-debt reductions since 1920 come from tax receipts; the chief portion came from the proceeds of the Government assets of $6,379,000,000 on hand in August, 1919, when the debt was at its peak, and they are now virtually exhausted. This automatic manner in which debt reduction has thus far occurred has now ended, and skillful financing for the first time becomes necessary.

The culmination of careless and lax State and Federal financing during recent years is now further revealing its inevitable effects in the way of unbalanced budgets, actual default in the amount of over $700,000,000 by local governments, impaired credit of both Federal and State Governments, abuse, violation, and suspension, actual or in effect, of Federal and many State sinking funds; neglect to carry through refunding operations during periods of low-interest rates, or a disposition to permit bankers alone to fix such rates.

The truth is that the interest rate on our Federal bonds is almost a minor feature compared with their incalculable convenience and suitableness for liquid reserves of the great banking and business interests of the Nation. They are virtually equivalent to cash reserves bearing interest, and our whole debt structure should be handled in the light of this patent condition. With an unprecedented reservoir of idle credit since 1919, the average in-

terest rate of our Federal debt has only been reduced from 4.18 per cent to 3.81 per cent.

The Democrats in the Senate and House of Representatives should lead in a demand for a halting and reexamination and reform of the policies of taxation, expenditures, and debt throughout the country. They should, in this undertaking, earnestly invoke the cooperation of Democrats in charge of State, county, and municipal governments everywhere, in a nation-wide movement back to frugal government, under a rigid practice of the policy that "economy is better than taxation, and taxation is better than borrowing." Such vast and vital program would contemplate reform in the scale of public expenses—Federal, State, and municipal; such public economy, official retrenchments, and wise financing as would deal resolutely and adequately with the existing swollen and runaway taxation, expenditure, and debt situation. To this end, Democrats in charge of governments and their subdivisions everywhere should pledge themselves to a policy of steady economy in every possible way to reduce and curtail the expenses of government in cutting down excessive salaries, extravagant appropriations, in consolidating or abolishing bureaus and divisions, suspending until later appropriations not strictly necessary or productive or emergency, discontinuing useless establishments and offices not absolutely required by the public interests, to keep the Budget balanced and the credit of the Government maintained.

Enormous savings in less taxes, less waste, less expenditures, less debt, and the promotion of equitable tax burdens could and should be effected by the careful and systematic coordination of taxes, expenditures, and numerous other overlapping functions and activities of our Federal, State, and municipal governments, thereby avoiding immense duplicate expenditures and much burdensome double taxation, while modernized and uniform accounting methods would be installed in the Treasury and other fiscal offices of State, county, and municipal governments, with large resultant savings, and a considerable range of public buildings and other construction work could be standardized at an immense saving to the taxpayer. An outstanding accountant, tax expert, and civil engineer or city manager engaged by the Federal Government, with similar cooperation from the States, could thus offer a program that would save several billions of dollars within three to five years.

Sound fiscal policy and orderly business practice strongly demand the establishment of a permanent normal peace level of Treasury receipts and expenditures for all ordinary or recurring purposes. It is now 13 years after the war, and an equilibrium between the income and outgo of the Treasury, in competent hands, should be easily possible. To this end, there should be a separate classification and listing of all those expenditures well recognized and defined as ordinary expenditures which constitute most of the actual recurring expenses of the Government, and another segregation and classification of extraordinary expenditures, such as those in aid of productive undertakings and the millions of unemployed, the drought sufferers, emergency construction, and other temporary emergency requirements, in order that, in the first place, Congress and the general American public may at all times have an intelligent knowledge of the fiscal affairs of the Government; and, secondly, that Congress may develop a tax structure which during an average business year will yield an adequate amount of revenue to meet the ordinary expenditures of the Government, while at the same time making any special and temporary tax levies to defray all extraordinary expenses of such nature as to be borne by taxes rather than loans. Thus to clarify the revenue situation, by giving notice of which levies are to be permanent and which temporary, would avoid most of the usual tax controversy.

Such systems of accounting, whether or not kept as a regular part of the official system of the Treasury, would enable Congress to stabilize ordinary receipts and expenditures of the Government on a permanent peace basis that all could understand. The present system of Federal taxes was probably reduced in 1928, through erroneous judgment, below the level that would, with normal business conditions, meet the ordinary expenditures of the Government, and to remedy this deficiency moderate readjustments upward of present rates, especially on incomes, may be necessary, while still further increases, including surtaxes and one on gifts to supplement the temporary and special taxes designed to meet extraordinary expenditures that are productive, may be soundly met by loans.

The doctrine of ability to pay, measured by net income, should as nearly as possible be the touchstone of every plan, method, or system of taxation—Federal, State, and local. In a recent speech Secretary Mellon truly said, "We have at the present time an internal-revenue system of few and relatively light taxes." The country to-day faces an economic crisis virtually equal to that of war in its gravity and its call upon those able to make pecuniary contributions or sacrifices. Those able to pay taxes should cheerfully step forward and offer again to assume surtax increases up to a 40 per cent maximum, with a similar gift and estate tax that would make the latter effective, until the existing emergency is passed. Nineteen States now have some species of income taxation. The question as to just how high graduated taxes should be fixed in the permanent peace-time system would more properly come up for determination at the end of the present fiscal exigency.

The Federal and State income levies should be so coordinated as would provide a substantial tax by one or the other, beginning with a small exemption and extending by an equitable scale of graduation to the maximum surtax level desired. Democrats should undertake as rapidly as possible to reduce present ordinary expenditures of $3,440,000,000 for 1920 to a permanent level of from $2,750,000,000 to $3,000,000,000. There must at all hazards be a check on local debt and expenditures now hopelessly out of control.

The policy of steady payment of the public indebtedness inaugurated by the administration of Thomas Jefferson should be strictly pursued. The integrity of the sinking fund should be scrupulously maintained. In no conceivable circumstances can an administration in charge of the Federal Government justify chronic borrowing to pay current demands, or tolerate with complacency a gaping deficit until it grows first to $900,000,000 and then into a rate of over $2,000,000,000 per annum, while all sinking-fund policies are in effect suspended. A more tragic and complete breakdown of fiscal policy and management has never occurred here or anywhere in peace time.

Those in charge of the Federal Government during the World War were subjected to the supreme test of capacity to rule and to govern, and they proceeded to write the most brilliant chapter in the fiscal history of all time, while those intrusted with Government control and leadership to-day are helpless to cope with a fiscal emergency in time of profound peace.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. DILL. I yield.

Mr. McKELLAR. In reference to the questions asked by the Senator from Michigan [Mr. COUZENS] a few moments ago, I desire to put into the RECORD the bills referred to in the newspapers the other morning and the bills referred to in the question of the Senator from Michigan, so that the exact facts may be shown. When those facts shall have been shown it will be found, if I recall the figures—and I think I do—that instead of being $800,000,000 it was less than $60,000,000 that was sought to be appropriated all told.

I here give the number of the various bills and the amount of the authorization in each.

The VICE PRESIDENT. Without objection, the request of the Senator from Tennessee is granted.

The matter referred to is as follows:

Senate Joint Resolution 21	$2,500,000
S. 601	25,000,000
S. 602	80,000
S. 603	100,000
S. 604	125,000
S. 605	150,000
S. 606	125,000
S. 607	100,000
S. 589	
S. 644	10,000,000
S. 588	
S. 643	10,000,000
	58,180,000

Mr. McKELLAR. I now submit the bills themselves.

Senate Joint Resolution 21

Joint resolution authorizing an appropriation for establishing and erecting a memorial to the pioneers who crossed the Great Smoky Mountains in the early history of the country, building a memorial highway from the Great Smoky Mountains National Park to the city of Knoxville, Tenn., and for other purposes

Whereas during our Revolutionary War period pioneer settlers crossed for the first time the Great Smoky Mountains and made their homes in the valleys to the west of those mountains; and

Whereas among these settlers was John Sevier, born in Virginia, who during the Revolution gathered together Tennesseans, Virginians, and North Carolinians at a point on the Nolachucky River in what is now Carter County, Tenn., and just west of these mountains, and thereupon with his military followers marched eastward, crossed the mountains, and joined other colonial forces and fought and won the great Battle of Kings Mountain, the result of which battle virtually decided the destiny of the American Colonies in favor of the Colonies; and

Whereas the same John Sevier afterwards became Governor of the new State of Tennessee for six successive terms and has ever been regarded as one of its leading citizens; and

Whereas Andrew Jackson was born in the State of South Carolina and as a boy he also moved across these same mountains into Tennessee and afterwards became a justice of the Supreme Court of Tennessee, a Congressman, a Senator twice, and President of the United States twice, and who also conquered Florida and made it a part of the Union, and afterwards won the great victory over the British at New Orleans on January 8, 1815; and

Whereas Andrew Johnson was born in Raleigh, N. C., and moved across these same mountains into Tennessee, and afterwards became a member of the legislature, a Congressman, governor of the State twice, a Senator of the United States, Vice President, and President of the United States; and

Whereas James K. Polk was born near Charlotte, N. C., and he, too, in early childhood, crossed these very same mountains, settled

in Tennessee, and afterwards became a Member of Congress and President of the United States; and

Whereas the State of North Carolina and the State of Tennessee have recently transferred to the United States a very large body of land on either side of the boundary line between North Carolina and Tennessee, in the Great Smoky Mountains, for the purpose of creating a national park, partly in North Carolina and partly in Tennessee, and to be known as the Great Smoky Mountains Park; and

Whereas the United States Government by its public officials has accepted said land, and plans are being made to develop the same as a great national park; and

Whereas at present, this being a mountainous region, access by means of roads is not easy but difficult, and it is most desirous that when said park is completed highways be built therein and joined thereto: Now, therefore, be it

Resolved, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $2,500,000, or such part thereof as may be necessary, as a contribution on the part of the United States for the purpose of establishing and erecting a memorial to the pioneers who crossed these mountains in the early history of our country and established on the west side of these same mountains the great civilization that now exists, and likewise a memorial highway extending from the memorial entrance into said park to the city of Knoxville, in the State of Tennessee, which entrance highway will put said park in connection with many great national road systems leading into Knoxville: *Provided*, That the exact location of said memorial entrance and memorial highway shall be determined by the Director of the National Park Service of the United States and the commissioner of highways and public works of the State of Tennessee.

SEC. 2. There is hereby established a commission to be known as the Volunteer State Pioneer Memorial Commission (hereinafter referred to as the commission) and to be composed of eight commissioners, as follows: The Secretary of the Interior of the United States; two Senators to be appointed by the President of the Senate; two Members of the House of Representatives to be appointed by the Speaker of the House; the Governor of the State of Tennessee; the Director of the National Park Service of the United States; and the commissioner of highways and public works for the State of Tennessee.

The commissioners shall serve without compensation, but may select a chairman from among their number and also appoint a secretary at such salary as the commission may fix.

Said commission shall be charged with the duty of supervising the construction and appropriate marking of the said memorial and entrance way thereto.

SEC. 3. No part of the contribution on the part of the United States herein authorized shall be appropriated until there has been made available by the State of Tennessee and its political subdivisions an amount sufficient to pay one-half of the total cost of said memorial and approach thereto, and until the entire plan, including location, surveys, proposed markers, and monuments, has been approved by the commission.

S. 601

A bill authorizing the acquiring of sites and the erection of post-office buildings

Be it enacted, etc., That hereafter any incorporated town in the United States not now having a post-office building but having a post office the postal receipts of which amount to $8,000 or more yearly shall be eligible for a Federal post-office building.

SEC. 2. There is hereby authorized to be appropriated, out of any sums of money in the Treasury not otherwise appropriated, the sum of $25,000,000 to be used by the Secretary of the Treasury in acquiring post-office sites in cities and towns not now having post-office buildings, the said sites to be selected, after an examination has been made by a duly authorized inspector of the Post Office Department, by a committee composed of the Fourth Assistant Postmaster General, an Assistant Secretary of the Treasury, and by the Architect of the Treasury; and the said committee is directed to acquire said sites as speedily as possible, and giving no preference to any State. The power of eminent domain is hereby specifically conferred upon said committee where any site can not be obtained at a reasonable price.

SEC. 3. There is hereby authorized to be appropriated, out of any sums of money in the Treasury not otherwise appropriated, the sum of $125,000,000 to be expended under a 5-year program in erecting buildings on sites acquired under section 2 hereof, such buildings to be erected without preference to any State by the Treasury Department as now provided by law, such building program to begin in the fiscal year 1932.

S. 602

A bill for the purchase of a post-office site and the erection thereon of a suitable public building at Dickson, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to purchase a site, or acquire it by condemnation or otherwise, in the town of Dickson, in the State of Tennessee, and cause to be erected thereon a suitable public building for the use and accommodation of a post office and other Government offices, the cost of said site and building not to exceed $80,000.

S. 603

A bill for the purchase of a post-office site and the erection thereon of a suitable public building at Manchester, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to purchase a site, or acquire it by condemnation or otherwise, in the town of Manchester, in the State of Tennessee, and cause to be erected thereon a suitable public building for the use and accommodation of a post office and other Government offices, the cost of said site and building not to exceed $100,000.

S. 604

A bill to provide for the acquisition of a site and the erection thereon of a public building at Ripley, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and and he is hereby, authorized and directed to acquire, by purchase, condemnation, or otherwise, a site and to contract for the erection and completion thereon of a suitable building, including fireproof vaults, heating and ventilating apparatus, and approaches, complete, for the use and accommodation of the United States post office in Ripley, Tenn., at a cost, including site, not to exceed the sum of $125,000.

S. 605

A bill to provide for the acquisition of a site and the erection thereon of a public building at Trenton, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and and he is hereby, authorized and directed to acquire, by purchase, condemnation, or otherwise, a site and to contract for the erection and completion thereon of a suitable building, including fireproof vaults, heating and ventilating apparatus, and approaches, complete, for the use and accommodation of the United States post office in Trenton, Tenn., at a cost, including site, not to exceed the sum of $150,000.

S. 606

A bill to provide for the acquisition of a site and the erection thereon of a public building at Milan, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and and he is hereby, authorized and directed to acquire, by purchase, condemnation, or otherwise, a site and to contract for the erection and completion thereon of a suitable building, including fireproof vaults, heating and ventilating apparatus, and approaches, complete, for the use and accommodation of the United States post office in Milan, Tenn., at a cost, including site, not to exceed the sum of $125,000.

S. 607

A bill for the purchase of a post-office site and the erection thereon of a suitable public building at Brownsville, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to purchase a site, or acquire it by condemnation or otherwise, in the town of Brownsville, in the State of Tennessee, and cause to be erected thereon a suitable public building for the use and accommodation of a post office and other Government offices, the cost of said site and building not to exceed $100,000.

S. 589

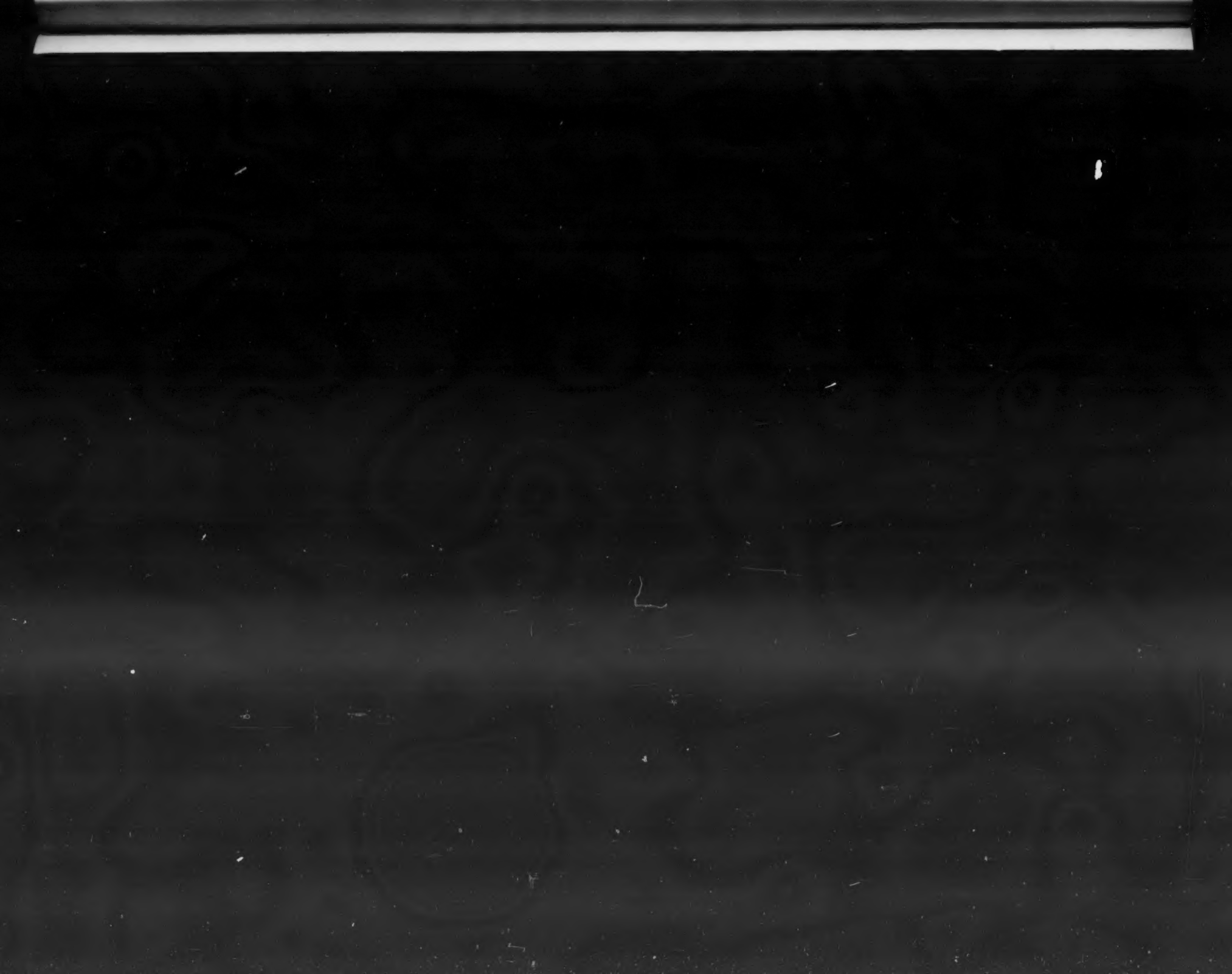
A bill providing insurance relief for certain World War soldiers

Be it enacted, etc., That where any World War soldier may be shown to have been suffering with, or to have died with, prior to January 1, 1925, active tuberculosis, paralysis agitans, spinal meningitis, epilepsy, dementia præcox, or neuropsychiatric disease, it shall be conclusively presumed that he acquired said disease in service between April 6, 1917, and July 2, 1921, and while his war-risk insurance was in force, and said diseases, or any one of them, shall be conclusively presumed to be a total permanent disability for the purpose of maturing said insurance; and this act shall be retroactive and shall take effect as of the date the said soldier was discharged from the said service.

S. 644

A bill authorizing negotiations and providing for the construction, maintenance, and operation of an interoceanic canal over Nicaraguan territory, and for other purposes

Be it enacted, etc., That the Government of Nicaragua having by treaty with the Government of the United States signed at Washington on August 5, 1914, and duly ratified as required by the laws of both of said Governments and proclaimed June 24, 1916, granted in perpetuity to the Government of the United States, forever free from taxation or other public charge, the exclusive proprietary rights necessary and convenient for the construction, operation, and maintenance of an interoceanic canal, by way of the San Juan River and the great Lake of Nicaragua or by way of any route over Nicaraguan territory, the details of the terms upon which such canal shall be constructed, operated, and maintained to be agreed to by the two Governments whenever the Government of the United States shall notify the Government of



Nicaragua of its desire or intention to construct such canal, the President of the United States is hereby authorized, empowered, and directed to notify the Government of Nicaragua of its desire and intention to construct such canal and to agree upon the details of the terms under which such canal shall be constructed, operated, and maintained.

SEC. 2. The Senate of the United States having, in its ratification of the treaty with Nicaragua, as aforesaid, inserted the words: "It is declared by the Senate that in advising and consenting to the ratification of the said convention as amended such advice and consent are given with the understanding, to be expressed as a part of the instrument of ratification, that nothing in said convention is intended to affect any existing right of any of the said named states," namely, Costa Rica, Salvador, and Honduras, the President is authorized and directed to enter into negotiations with said states and determine whether they, or any of them, have any interest in said proposed canal.

SEC. 3. That the President shall direct the Nicaraguan Canal Commission, hereinafter authorized, to cause to be excavated, constructed, completed, and perpetually maintained a ship canal connecting the Caribbean Sea with the Pacific Ocean by what is commonly known as the Nicaraguan route, from a point on the shore of the Caribbean Sea near Greytown, by way of Lake Nicaragua, to a point near Brito on the Pacific Ocean. Said canal shall be of sufficient capacity to accommodate vessels of the greatest tonnage and draft now in use and such as may be reasonably anticipated, and shall be supplied with all necessary locks and other appliances to meet the necessities of vessels passing through the same from ocean to ocean; and he shall also construct such safe and commodious harbors at the termini of said canal as shall be necessary for the safe and convenient use thereof, and shall make such provisions for defense as may be necessary for the safety and protection of said harbors and canal; and such sum or sums of money as may be agreed upon by such treaty as compensation to be paid to Nicaragua and Costa Rica for the concessions and rights hereunder provided to be acquired by the United States are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be paid on warrant or warrants drawn by the President.

SEC. 4. That as soon as the details of the terms upon which said Nicaraguan Canal shall be constructed, operated, and maintained are agreed upon by said Governments and as soon as the surveys heretofore ordered by a joint resolution of the Congress shall have been completed and a report thereof made to the Congress the President is authorized to proceed with the building of said canal.

In the excavation and construction of said canal the San Juan River and Lake Nicaragua, or such parts of each as may be made available, shall be used.

SEC. 5. That the sum of $10,000,000 is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, toward the project herein contemplated.

SEC. 6. That in any agreement heretofore made or hereinafter made with the Republics of Nicaragua or Costa Rica the President is hereby authorized to guarantee to said Republic or Republics the use of said canal and harbors, upon such terms as may be agreed upon, for all vessels owned by said Republic or Republics or by citizens thereof, such agreement, however, to be confirmed by the Senate as in ordinary cases.

SEC. 7. That to enable the President to carry out the provisions of this act there is hereby created the Nicaraguan Canal Commission, the same to be composed of five members, who shall be nominated and appointed by the President, by and with the advice and consent of the Senate, and who shall serve until the completion of said canal unless sooner removed by the President, and one of whom shall be named as the chairman of said commission. At least three of them shall be persons learned and skilled in the science of engineering, and at least one of them shall be an officer of the United States Army, and at least one of them shall be an officer of the United States Navy, the said officer being either on the active or the retired list of the Army or Navy. Said commissioners shall each receive as compensation $12,000 per year: *Provided*, That in the case of Army and Navy officers said compensations shall be in lieu of their pay as officers. In addition to the members of said Nicaraguan Canal Commission the President is hereby authorized to employ in said service any of the engineers in civil life, at his discretion, and any other persons necessary for the proper and expeditious prosecution of said work. The compensation of all such engineers and other persons employed under this act shall be fixed by the commission, subject to the approval of the President. Said commission shall in all matters be subject to the direction and control of the President, and shall make to the President annually and at such periods as may be required by order of the President full and complete reports of all their acts and doings and of all moneys received and expended in the construction of said work and in the performance of their duties in connection therewith, which said reports shall be by the President transmitted to the Congress. The said commission shall give such information as may at any time be required by act of Congress or by order of either House of Congress. The President shall cause to be provided and assigned for the use of the commission such offices as may with the suitable equipment of the same be necessary and proper, in his discretion, for the proper discharge of the duties thereof.

SEC. 8. That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time, as the proceeds may be required to defray expenditures authorized by this act (such proceeds when received to be used only for the purpose of meeting such expenditures), the sum of $200,000,000, or so much thereof as may be necessary, and to prepare and issue therefor coupon or registered bonds of the United States in such form as he may prescribe and in denominations of $20 or some multiple of that sum, redeemable in gold coin at the pleasure of the United States after 10 years from the date of their issue, and payable 30 years from such date, and bearing interest payable quarterly in gold coin at the rate of 3 per cent per annum; and the bonds herein authorized shall be exempt from all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority: *Provided*, That said bonds may be disposed of by the Secretary of the Treasury at not less than par, under such regulations as he may prescribe, giving to all citizens of the United States an equal opportunity to subscribe therefor, but no commission shall be allowed or paid thereon; and a sum not exceeding one-tenth of 1 per cent of the amount of the bonds herein authorized is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expense of preparing, advertising, and issuing the same.

S. 588

A bill to amend the World War veterans' act, 1924

Be it enacted, etc., That section 200 of the World War veterans' act, 1924, be amended as follows:

"SEC. 200. For death or disability resulting from personal injury suffered or disease contracted in the military or naval service on or after April 6, 1917, and before July 2, 1921, or for an aggravation or recurrence of a disability existing prior to examination, acceptance, and enrollment for service, when such aggravation was suffered or contracted in, or such recurrence was caused by, the military or naval service on or after April 6, 1917, and before July 2, 1921, by any commissioned officer or enlisted man, or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female), when employed in the active service under the War Department or Navy Department, the United States shall pay to such commissioned officer or enlisted man, member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female), or women citizens of the United States who were taken from the United States by the United States Government and who served in base hospitals overseas, or, in the discretion of the director, separately to his or her dependents, compensation as hereinafter provided; but no compensation shall be paid if the injury, disease, aggravation, or recurrence has been caused by his own willful misconduct: *Provided*, That no person suffering from paralysis, paresis, or blindness shall be denied compensation by reason of willful misconduct, nor shall any person who is helpless or bedridden as a result of any disability be denied compensation by reason of willful misconduct. That for the purposes of this act, every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department who was discharged or who resigned prior to July 2, 1921, and every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department on or before November 11, 1918, who, on or after July 2, 1921, is discharged or resigns, shall be conclusively held and taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, disorders, or infirmities made of record in any manner by proper authorities of the United States at the time of, or prior to, inception of active service, to the extent to which any such defect, disorder, or infirmity was so made of record: *Provided*, That an ex-service man who is shown to have, or, if deceased, to have had, prior to January 1, 1930, neuropsychiatric disease and spinal meningitis, an active tuberculosis disease, paralysis agitans, encephalitis lethargica, a chronic constitutional disease or analogous disease, particularly, all diseases enumerated on page 75 of the schedule of disability rating of the United States Veterans' Bureau, 1925, or amœbic dysentery developing a 10 per cent degree of disability or more in accordance with the provisions of subdivision (4) of section 202 of this act, shall be presumed to have acquired his disability in such service between April 6, 1917, and July 2, 1921, or to have suffered an aggravation of a preexisting neuropsychiatric disease and spinal meningitis, tuberculosis, paralysis agitans, encephalitis lethargica, a chronic constitutional disease or analogous disease, particularly, all diseases enumerated on page 75 of the schedule of disability ratings of the United States Veterans' Bureau, 1925, or amœbic dysentery in such service between said dates, and said presumption shall be conclusive in cases of active tuberculosis disease and spinal meningitis, but in all other cases said presumption shall be rebuttable by clear and convincing evidence; but nothing in this proviso shall be construed to prevent a claimant from receiving the benefits of compensation and medical care and treatment for a disability due to these diseases of more than 10 per cent degree (in accordance with the provisions of subdivision (4) of sec. 202 of this act) on or subsequent to January 1, 1930, if the facts in the case substantiate his claim."

SEC. 2. Sections 206 and 209 of the World War veterans' act, 1924, as amended, are hereby repealed.

SEC. 3. These amendments shall take effect and be in force from and after the date of their enactment.

S. 643

A bill to authorize the creation of organized rural communities, to demonstrate methods of reclamation and benefits of planned rural development

Be it enacted, etc., That the Secretary of the Interior, hereinafter styled the Secretary, is authorized to create in each of the States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia one organized rural community in order to demonstrate the methods of reclamation and benefits of planned rural development.

SEC. 2. That the Secretary, acting through the Bureau of Reclamation, is authorized to acquire through donation, purchase, or by eminent domain an area of swamp, cut-over, neglected, abandoned, or poorly farmed land in each of the above-mentioned States, sufficient to create therefrom at least 200 farms and farm workers' allotments, each of such area as the Secretary may find necessary, and to provide for the reclamation, development, and settlement of such lands in accordance with the provisions of this act: *Provided*, That the purchase price of the land shall not exceed an amount arrived at by a board of 3 independent appraisers composed of 1 appointed by the Secretary, 1 appointed by the Federal Farm Loan Board, and 1 appointed by the head of the college of agriculture in the State within which the land is located.

SEC. 3. The Secretary, through plans provided by the Bureau of Reclamation, shall carry out all reclamation, development, and settlement work necessary for profitable cultivation of such farms and farm workers' allotments, and shall subdivide the lands, and shall cause said farms and farm workers' allotments to be offered for sale, and sold to actual settlers and cultivators under regulations approved by him regarding qualifications of settlers and repayment terms and conditions for the purchase of said farms and farm workers' allotments: *Provided*, That the term for repayment of the purchase price shall not exceed 40 years from the date of sale with interest at the rate of 4 per cent per annum payable annually or semiannually.

SEC. 4. Farms and farm workers' allotments shall be sold at an aggregate price sufficient to repay the cost of surveys, reclamation, development, and administration and service charges with a sum equal to 10 per cent of all of such cost added to provide for unforeseen contingencies. The Secretary is authorized to impose and collect such additional incidental charges as may be required.

SEC. 5. The Secretary is authorized in his discretion to advance for permanent improvements not exceeding the sum of $3,000 on account of any one farm allotment and not exceeding the sum of $1,000 on account of any one farm worker's allotment. No such advances shall exceed 60 per cent of the value of permanent improvements in connection with which made, nor until the purchaser shall have provided the remaining 40 per cent in cash or shall have theretofore provided its equivalent in value in improvements made at his sole cost. Advances for permanent improvements shall be repaid in 56 semiannual installments, each of which shall amount to 3 per cent of the sum advanced; of each such installment 2 per cent shall apply as interest and 1 per cent as principal. The Secretary shall provide such supervision by the Bureau of Reclamation as in his opinion may be necessary to insure the use of all advances for the purpose for which the same are made. Each purchaser shall, if required, insure and keep insured against fire all buildings on his farm or farm worker's allotment, the policies therefor to be made in favor of the Secretary, or such other official as he may prescribe. The Bureau of Reclamation by regulation or otherwise shall provide that the purchaser shall live on and cultivate the land in a manner to be approved by the head of that bureau, and shall keep in good order and repair all buildings, fences, and other permanent improvements situated on the farm or farm worker's allotment, reasonable wear and tear and damage by fire excepted.

SEC. 6. In case of failure on the part of the purchaser to comply with any of the terms of his contract, or any regulation promulgated by the Secretary under this act, the Secretary shall have the right, at his discretion, to cancel said contract, and thereupon shall be released from all obligation in law or in equity to convey the property, and the purchaser shall forfeit all rights thereto, and all payments theretofore made shall be deemed to be rental paid for occupancy. The Secretary shall thereupon be entitled to the possession of said property. The failure of the Secretary to exercise any option to cancel contract for default shall not be deemed a waiver of the right to exercise the option to cancel said contract for any default thereafter on the purchaser's part. No forfeiture so occasioned by default on the part of the purchaser shall be deemed in any way or to any extent to impair any lien or security on improvements or other property which may be obtained as provided in this act.

SEC. 7. All amounts collected with respect to repayment contracts for purchase of farms or farm workers' allotments, and all amounts collected from repayment for collection of advances shall be returned to the United States Treasury as a credit to the funds provided for carrying out this act.

SEC. 8. For the purpose of giving effect to this act there is authorized to be appropriated the sum of $10,000,000 from any funds in the Treasury not otherwise appropriated: *Provided*, That not to exceed $2,000,000 of such sum shall be expended in any of the States herein mentioned.

SEC. 9. That the Secretary is authorized to perform any and all acts and to make all needful rules and regulations for effectuating the purposes of this act.

Mr. McKELLAR. Mr. President, these bills have been introduced by me before at previous sessions of the Congress. They would authorize no such appropriations as have been suggested. All told they do not amount to $60,000,000. In these times of stress and depression there are a number of these bills which should not be pressed. In good times every one of them might well be passed; but I shall be frank with the Senate. Some of these bills ought not to be passed with this deficit on our hands. The Great Smoky Mountain Park bill is a very proper bill and ought to be passed at the proper time, but it might well not be passed with such an enormous deficit as now confronts our Treasury.

The bill S. 601 is an effort to build post-office buildings in the smaller towns. This ought to be done; but not in view of this awful deficit. As soon as the Government is able it will save large sums whenever these small buildings are erected. They are more important than the large buildings now being erected in some of the large cities, where good buildings are being torn down just to put up better ones.

Senate bills Nos. 602 to 607, inclusive, are for specific buildings in my State which ought to have been built long ago. They should be built this year. All put together they amount to about $630,000. They ought to be built, but I doubt if a Republican administration will do it this year.

Bills 588 and 589 do not authorize appropriations. The bills should be passed. I have no apology to make for them or any other of these bills. The Nicaragua bill I have already discussed. The measure is a proper measure. It will have to be passed eventually, but I shall not press it during this bankrupt condition of our Treasury. The Senate bill, No. 643, is a bill recommended by Doctor Mead, of the Interior Department. I introduced it by request. It is a good bill and ought to be passed; but I would not press it during this awful depression.

So, Mr. President, you can see how hard up the administration's defenders are in making an attack on me for introducing bills asking for large appropriations. They are very modest and will compare most favorably with bills of other Senators.

CLEARED RADIO CHANNELS

Mr. DILL. Mr. President, I have waited during the afternoon in the hope that the pending business might be disposed of, but it is very evident that if I want to discuss the subject I have in mind I must do so now or I may not be able to discuss it at all.

Earlier in the day I introduced a bill proposing to amend the radio law by providing that there shall be no cleared channel in radio for more than 2,300 miles. I ask unanimous consent that the bill introduced by me may be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the second paragraph of section 9 of the radio act of 1927, as amended by the act of March 28, 1928, is hereby further amended by adding at the end of said paragraph the following: "*Provided further*, That no frequency used for broadcasting shall be reserved for the use of one station for a distance of more than 2,300 miles, airline, if any person, firm, or corporation, capable of rendering radio service in the public interest, make application to operate broadcasting apparatus on any frequency so reserved, at a point beyond the distance of 2,300 miles, airline, from the station or stations already licensed and operating on said frequency, and all applications and licenses considered and granted under this provision shall not be counted as a part of the quota of the zone in which said additional stations are located."

Mr. DILL. Mr. President, my purpose in introducing the bill is to stop the waste of radio facilities as happens now on account of the action of the Radio Commission in refusing to allow a channel used by a radio station on one coast to be used by a radio station on the other coast. Some years ago the Court of Appeals of the District said that it was a waste of facilities and not in the public interest to prohibit a station at Schenectady, WGY, from operating on the same wave length as a station, KGO, in San Francisco, Calif.; and it based its decision upon that part of the wording of the radio law which directs that radio facilities shall

be allocated in the public interest. The Radio Commission has never disturbed that ruling of the court but it has insisted in all the cases that have come up since that time that there shall be no simultaneous operation of radio stations on the two coasts on so-called closed channels. The result is that there are a considerable number of radio wave lengths on the Pacific coast which are never used by any stations that are of any service to the people west of the Mississippi River, and a considerable number on the Atlantic coast which are of no service to people east of the Mississippi River. I have offered this proposed amendment to the radio law for the purpose of putting an end to that policy, because no radio engineer's theories should be allowed to stand in the way of people having radio service on the two coasts of this country.

I have made a further provision in the amendment that any new stations which may be established as a result of this provision will not be counted in the quota of that zone, the reason being that people who live along the coast on either side of the country have no radio service from stations on the ocean side, and therefore it is only proper they should have a larger number of radio stations than the interior sections. I do not care to enlarge upon this particular phase of the subject along the line I have just discussed at this time.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Iowa?

Mr. DILL. I yield.

Mr. BROOKHART. Do I understand that by the Senator's amendment a cleared channel might be established on the Pacific coast that would extend inland only half the distance of 2,300 miles?

Mr. DILL. No. If a station were established on the Pacific coast beyond the mountain range on a cleared channel no other station could use that channel unless it was east of the Allegheny Mountains. That is the way the provision as to 2,300 miles operates.

Mr. BROOKHART. Then, if they are on the eastern coast——

Mr. DILL. No other station could be established on that wave length unless it was west of the coast ranges, either the Cascade or the Sierra Nevada Range; that would be the effect of the amendment. At the present time the commission will not allow them at all.

But another reason why this amendment is appropriate to be discussed is the condition that has developed on this continent as the result of stations being built in Mexico and Cuba. I secured from the engineer of the Radio Commission a list of the radio stations in Mexico and in Cuba, and I find a rather amazing situation. There are 37 stations in Mexico which use 23 wave lengths and 55 stations in Cuba using 34 wave lengths. Only recently a man whose use of broadcasting facilities in this country—I refer to Doctor Brinkley, of Kansas—was found so objectionable to the Radio Commission that he was put off the air, crossed the line into Mexico. There he secured a permit from the Mexican Government, and built a station with 75,000 watts of power, and he operates on 735 meters with his 75,000 watts of power. This is more power than is allowed to any radio station in the United States. As a result, broadcasting from stations on 730 meters or 740 meters is interfered with by this station across the Mexican line. WSB at Atlanta and WGN at Chicago find that they can not be heard at any considerable distance beyond the immediate localities where they are located without interference with the station in Mexico. If a radio set is tuned strong enough to bring in either one of these stations it brings in the cross talk from the station in Mexico, and one can tune these stations out and still hear the station in Mexico because it has a higher power.

This condition has been brought to a head by the building of this station along the Mexican border. The objectionable feature of it has been in existence for the past two years or more. Our State Department has been asked repeatedly to take steps to secure treaties, particularly with Mexico, on this matter. We have what is called a gentlemen's agreement with Canada. That gentlemen's agreement is good just as long as the particular gentlemen who made it want to keep it.

I do not mean that the gentlemen who made it will not continue to keep it, but I do mean there might be a change of government and there is no binding agreement between the two governments that the gentlemen's agreement will be observed. A gentlemen's agreement is not the proper method by which to protect the rights of radio stations in either country.

As a result of the State Department's failure to do anything in arranging so that stations in Mexico will not interfere with American stations and American stations will not interfere with stations in Mexico we are confronted with this condition to-day. Some 40 channels have been set aside in the United States and only one radio station in this country is allowed to operate on a channel after sunset. The theory is that by that method that station may be heard all over the country without interference. Yet we find that approximately 14 or 15 of these wave lengths have stations on them in Mexico.

The publication here in Washington known as the National Broadcast Reporter has summed it up in its issue of January 9 rather clearly:

> On the frequency of WEAF, New York, 600 kilocycles, there is a station at Habana, Cuba, with 1,400 watts. The air-line distance between New York and Habana is less than 1,200 miles.

So, instead of having a cleared channel for WEAF, what we have is a regional channel, and, as a result, WEAF is interfered with by a station at a distance of 1,200 miles. The owners of WEAF go to advertisers and sell them time at a high rate on the theory that the advertisers are buying a program that will be heard all over the United States because it is on a cleared channel when in fact there is no cleared channel at all.

A station can be interfered with by another station on the same wave length in Cuba just as easily as though it were down in Atlanta or Chicago or somewhere else in this country.

WOR, a station in Newark, is on a 710-kilocycle wave length, and Mexico City has a station on 711 kilocycles—which is almost identically the same—with a thousand watts. The air-line distance between WOR and the Mexican city station is less than 1,900 miles. That is the distance allowed for regional stations, so-called, in this country. So again an advertiser who buys time at a high rate, thinking his program will be heard at a great distance, finds that there is a station within 1,900 miles throwing out its signals and interfering, although in practice the service area is not greatly affected at that distance.

This is not a new condition; it has been in existence for some time. My complaint is that the State Department sits idle and does nothing. The State Department should have asked for a conference with Mexico and Canada and Cuba many months ago for the purpose of negotiating a treaty dividing up the use of the wave lengths for broadcasting on the North American Continent. In Europe they found that to be necessary. They called the Prague conference. Each nation of Europe was represented at that conference. They have a binding convention, and I will say for them that, so far as I can learn, each nation has kept its agreement, and they do not have the interfence in the use of wave lengths on the part of any station.

If it be argued that Mexico would ask for more stations than we might want to have, my answer is that she is taking stations she would not take under ordinary arrangements, for the reason that American capital is going into Mexico and building stations south of the line and operating them without any control from this Government simply because they can not get on the air in this country. Unless this is stopped by a treaty, large American investments there will cause Mexico to insist on far more than her share of these wave lengths, because she will be bound to protect the investments in radio stations made by citizens of the

United States. Yet these stations will be for the purpose of serving the United States and not Mexico.

I am told that there is another practice growing up down on the Mexican border. It is reported that men will provide money, or arrange for money, and make other preparations to start a station south of the Mexican line on a certain wave length. It is a kind of "racket." Then they go to the owners of a big station on that wave length in this country, and they say, "Now, we are going to build a station in Mexico. How much will you give us to keep off?" Having the other station at their mercy, either that station must pay the sum demanded or they will go ahead and build their station south of the Mexican line and practically destroy the effectiveness of the American station. The Mexican Government say we do not respect their use of wave lengths and why should they respect ours?

That is the natural result of the policy of our State Department. I am not criticizing Mexico so much as I am complaining that the State Department delays and does nothing that will bring effective protection to American investors in radio stations. Even if they made a gentleman's agreement with Mexico, they could not enforce it, and they could not expect it to be observed as a treaty convention ought to be observed.

Mr. President, I am not going to take more time now on this subject, but the view to which I wanted to give expression is that if we are going to continue to allow Mexican and Cuban stations to go on these wave lengths on cleared channels, the only thing to do is for the commission to treat them as regional channels and give other sections of the country that need radio stations in this country the opportunity to establish them on those channels. Otherwise we should go into a conference with the Cuban Government and the Mexican Government and the Canadian Government and have a treaty agreement as to the use of wave lengths on the North American Continent for broadcasting purposes.

Mr. President, in connection with my remarks, I should like to have printed in the RECORD a statement from the National Broadcast Reporter of January 9, 1932, with relation to interference to American broadcasters from stations in Mexico and Cuba.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the National Broadcast Reporter, January 9, 1932]

INTERFERENCE TO AMERICAN BROADCASTING FROM STATIONS IN MEXICO AND CUBA INCREASES

American broadcasters are suffering more interference than ever before from stations in Mexico and Cuba.

A new list of Mexican and Cuban stations, just received by the Department of Commerce, indicates very clearly the interference that is existing at present.

On the frequency of WEAF, New York, 660 kilocycles, there is a station at Habana with 1,400 watts. The air-line distance between New York and Habana is less than 1,200 miles.

On 711 kilocycles, or 1 kilocycle from WOR, Newark, on 710 kilocycles, is a station at Mexico City with 1,000 watts. The air-line distance between Mexico City and Newark is less than 1,900 miles.

On the frequency of WJR, Detroit, 750 kilocycles, there is a station at Juarez of 5,000 watts. The air-line distance between Juarez and Detroit is less than 1,500 miles.

On 735 kilocycles, in between WSB, Atlanta, and WGN, Chicago, is a 75,000-watt station at Villa Acuna. Reports indicate that both the Atlanta and Chicago stations are suffering severe interference from the Villa Acuna station. This is despite the fact that XER, although rated at 75,000 watts, is only putting out about 35,000 watts.

On 818 kilocycles, only 2 kilocycles from WHAS, Louisville, is a station of 1,000 watts at Mexico City. The air-line distance between Mexico City and Louisville is less than 1,500 miles.

On 1,132 kilocycles is a 5,000-watt station at Monterey, which is causing considerable interference to a number of American stations on adjoining channels.

Even worse than the interference now being experienced are the reports reaching Washington of new stations in Mexico.

According to reliable information from Mexico City, plans are being made for the immediate construction of at least 10 new stations of 500 watts. It is said that before next winter there will be at least 50 new high-power stations along the American-Mexican border.

There exists no agreement between the United States and Mexico on division of broadcasting channels between the two countries. The United States has a "gentlemen's agreement" with Canada, under which Canada uses six channels exclusively and shares a number of others with this country.

It is understood (and there is no real foundation for the statement) that the American State Department is attempting to negotiate a division of channels with Mexico. In its usual secretive way the State Department refuses to discuss the matter. It was with reluctance that the treaty division of the State Department admitted that there is a country called Mexico, and that it was understood that there were broadcasting stations within its borders.

Under the international agreement of 1927 the entire radio spectrum was divided among various classes of services. The band between 550 and 1,500 kilocycles was assigned to broadcasting.

A proposal was made at the 1927 conference to divide the various channels among nations. The proposal was not adopted. A new international conference will be held this year to consider revisions of the 1927 agreement.

Whether or not the conference will undertake to divide channels among countries remains to be seen. The best official information that can be obtained at this time indicates that division of channels between countries may not be undertaken. It is known that such a step would be vigorously opposed by many of the leading participants in the conference.

It leaves the United States with the alternative of reaching an agreement with Mexico or lumping the interference to broadcasting.

There is no official statement as to the number of channels demanded by Mexico. Some reports indicate that Mexico desires at least one-third of the channels.

If the two countries fail to reach an agreement, a committee on arbitration could be selected, which would have the power to make a division between the two countries.

Meantime Canada is seeking to get more channels, and some concessions may be necessary to that country.

Broadcasting stations of Cuba and Mexico with power of 500 watts or more and capable of interfering with American stations

Frequency	Call	Location	Power
Kilocycles:			*Watts*
588	CMW	Habana	1,400
660	CMDC	Mariano	500
771	XEN	Mexico City	1,000
730	CMK	Habana	3,140
735	XER	Villa Acuna	75,000
750	XEQ	Juarez	5,000
818	XFI	Mexico City	1,000
840	CMC	Habana	500
890	CMX	do	500
910	XEW	Mexico City	5,000
940	XEO	do	5,000
1,030	XEB	do	1,000
1,132	XEH	Monterrey	5,000

Radio stations in Mexico

Frequency	Station	Location	Power
Kilocycles:			*Watts*
500-600	XFD	Mexico City	50
598	XEZ	do	500
630	XET	Monterrey	500
638	XFG	Mexico City	2,000
680	XETF	Vera Cruz	500
711	XEN	Mexico City	1,000
730	XEM	Tampico	500
735	XER	Villa Acuna	75,000
805	XFC	Aguascalientes	350
818	XFI	Mexico City	1,000
860	XFX	do	500
890	XES	Tampico	500
910	XEW	Mexico City	5,000
915	XFF	Chihuahua	250
940	XEO	Mexico City	5,000
977	XED	Reynosa	10,000
1,000	XEE	Linares	10
1,000	XEL	Saltillo	10
1,000	XEC	Toluco	50
1,000	XEU	Vera Cruz	100
1,000	XEI	Morelia	100
1,000	XEV	Puebla	100
1,000	XEF	Oaxaca	100
1,000	XEH	Monterrey	100
1,000	XEY	Merida	100
1,000	XEA	Guadalajara	100
1,000	XEJ	Ciudad Juarez	100
1,000	XEK	Mexico City	100
1,000	XEFE	Nuevo Laredo	1,000
1,000	XEB	Mexico City	1,000
1,000	XEQ	Ciudad Juarez	1,000
1,140	XETA	Mexico City	500
1,210	XEX	do	500
1,250	XEFA	do	250
1,300	XETY	do	2,000
1,500	XEP	Nuevo Laredo	200
		Matamoros	
	XFA	Mexico City	50

Compiled as of Jan. 1, 1932.

Radio stations in Cuba

Frequency	Station	Location	Power
Kilocycles:			Watts
588	CMW	Havana	1,400
645	CMHJ	Cienfuegos	40
660	CMCO	Marianao	225
730	CMK	Havana	3,150
780	CMGH	Matanzas	60
790	CMBS	Havana	150
791	CMHC	Tuinucu	500
834	CMGA	Colon	100
840	CMC	Havana	500
856	CMJE	Camaguey	20
800	CMCF	Havana	250
890	CMX	Havana	500
965	CMBC	Havana	150
965	CMBD	Havana	150
977	CMGF	Matanzas	50
1,010	CMBW	Marianao	150
1,010	CMBZ	Havana	150
1,034	CMKC	Santiago de Cuba	150
1,070	CMBG	Havana	130
1,070	CMBT	Havana	150
1,070	CMCB	Havana	150
1,110	CMKD	Santiago de Cuba	20
1,110	CMHI	Santa Clara	15
1,140	CMGD	Matanzas	5
1,150	CMQ	Havana	250
1,150	CMCQ	Havana	600
1,154	CMHA	Cienfuegos	200
1,176	CMKG	Santiago de Cuba	30
1,185	CMGB	Matanzas	7.5
1,200	CMKB	Santiago de Cuba	15
1,225	CMCD	Havana	15
1,225	CMCN	Marianao	250
1,249	CMAB	Pinar del Rio	20
1,249	CMKE	Santiago de Cuba	250
1,276	CMJB	Ciego de Avila	20
1,285	CMCH	Havana	15
1,285	CMCR	Havana	20
1,285	CMCW	Havana	150
1,321	CMJC	Camaguey	15
1,327	CMKH	Santiago de Cuba	250
1,345	CMCY	Havana	15
1,345	CMCG	Guanabacoa	30
1,345	CMCU	Havana	50
1,345	CMBA	Havana	50
1,363	CMKF	Holguin	30
1,375	CMAC	Pinar del Rio	30
1,375	CMGE	Cardenas	30
1,405	CMBN	Havana	30
1,405	CMBI	Havana	30
1,405	CMBY	Havana	100
1,450	CMKA	Santiago de Cuba	20
1,500	CMBL	Havana	15
1,500	CMCM	Marianao	15
1,500	CMBQ	Marianao	50
1,225	CMCA	Havana	150
1,500	CMBR	Arriyo Apolo	15

SHENANDOAH NATIONAL PARK

Mr. NYE. Mr. President, from the Committee on Public Lands and Surveys, I report back favorably without amendment the bill (S. 1089) to establish a minimum area for a Shenandoah national park, for administration, protection, and general development by the National Park Service, and for other purposes, and I submit a report (No. 104) thereon.

Mr. SWANSON. Mr. President, this is the bill known as the Shenandoah Park bill. Three years ago a bill passed the Congress accepting from the State of Virginia a gift of 327,000 acres of land for a park, not to cost the Government anything. There has been some difficulty in getting the 327,000 acres. The bill is in the nature of a provision to reduce the minimum to 160,000 acres. It does not increase the maximum at all. The Legislature of Virginia is in session, and we are anxious to have this bill passed as early as possible, so the legislature will know what to do. I ask unanimous consent for the immediate consideration of the bill.

Mr. JONES. Mr. President, as I understand it, under the bill the area of the park may be decreased to 160,000 acres?

Mr. SWANSON. Yes.

Mr. JONES. I would have no objection if the Senator would reduce it to 50,000 or 75,000 acres.

Mr. WATSON. Mr. President, does the Senator say it will not cost the Federal Government anything?

Mr. SWANSON. Except to keep it up.

Mr. WATSON. We ought to favor anything in the world that will not cost the Federal Government anything.

Mr. JONES. But it will cost the Government the expense of maintaining it. I would like to see the area cut down.

Mr. SWANSON. I ask unanimous consent for the immediate consideration of the bill.

Mr. WALSH of Montana. Mr. President, in view of what has been said I think a word ought to be said in this connection. The park has already been authorized. The Government takes possession of it when the State of Virginia acquires the title to the land within the park and transfers it to the Government of the United States.

It was provided in the original bill that there should be acquired land not less in extent than a certain acreage. It is now agreed that it need not acquire so large a tract, but only 160,000 acres; and when 160,000 acres are acquired and turned over to the Government, the Government takes control of it instead of the larger area originally contemplated. So that it simply reduces the acreage upon the acquisition of which the Government takes control of the park.

Mr. JONES. Mr. President, may I interrupt the Senator?

Mr. WALSH of Montana. Yes.

Mr. JONES. Whatever they acquire is to be contiguous land or land in a compact body?

Mr. WALSH of Montana. Yes; within the bounds already defined by the preceding act creating the park and upon the conditions I have indicated.

Mr. JONES. Will that permit a park of 160,000 acres, with lands in private ownership scattered here, there, and yonder through it? The original area, I understand, was something over 300,000 acres. Now, if 160,000 acres are to be scattered around through that 300,000 acres, I think it would be a mistake.

Mr. WALSH of Montana. There is no provision for the acquisition of all the land.

Mr. JONES. Yes; but should not whatever is acquired be in a compact body?

Mr. WALSH of Montana. I should think so.

Mr. JONES. Does the bill so require?

Mr. SWANSON. Will the Senator from Washington repeat his question?

Mr. JONES. Does the bill require that land actually acquired and donated to the Government shall be in a compact body?

Mr. SWANSON. Yes; it will be in a compact body. The park is 8 miles broad and about 200 miles long, and it affords the most beautiful scenery in the United States. It is all in a compact body. The bill provides that it shall be so.

Mr. JONES. As I understand, this bill allows a park of 160,000 acres; but can that acreage be scattered here and there within the 300,000 acres or must it be in a compact body?

Mr. SWANSON. It must be in a compact body. The object of this bill is to reduce the size of the park from 327,000 acres to 160,000 acres. The Interior Department has recommended the measure.

Mr. JONES. I ask the Senator this plain question, and he can answer it plainly, I know: Will whatever land that is acquired and donated to the National Government be in a compact body.

Mr. SWANSON. This bill applies to a park that has heretofore been established under a law which provided that it should be in a compact body.

Mr. JONES. Yes; but the original park was much larger. There might be 160,000 acres scattered here and there through the 320,000 acres and that would not leave it in a compact body.

Mr. SWANSON. There is no such condition as that. The Secretary of the Interior has written a letter recommending the bill showing that the land is in a compact body.

Mr. JONES. That is all I ask. If whatever land shall be acquired is to be in a compact body, that is all right.

Mr. McNARY. Mr. President, I shall have to object to the immediate consideration of the bill. A number of Senators have left with the understanding that there was to be no action on bills on the calendar. To-morrow or Monday we will probably have bills on the calendar considered, and in the meantime ample time will be given to study the bill and consider this proposed legislation. Therefore I object.

The VICE PRESIDENT. Objection is made.

PROPOSED DECREASE IN APPROPRIATIONS

The Senate resumed the consideration of the resolution (S. Res. 120) favoring a reduction by the Senate Committee on Appropriations of not less than $300,000,000 below the Budget estimates of appropriations for 1932.

Mr. KING. Mr. President, I can not support the amendment offered by the Senator from Nevada [Mr. PITTMAN]. It would, if adopted, destroy the resolution offered by the Senator from Mississippi [Mr. HARRISON]. If the resolution offered by my friend from Nevada should be adopted I would feel constrained to vote against the entire resolution. In my opinion, the Senator from Nevada has misconceived the meaning of the resolution under consideration. The resolution deals only with the Budget submitted by the President of the United States and seeks to reduce the appropriations recommended by the President in his Budget by at least $300,000,000. The resolution declares that it is the sense of the Senate that the Committee on Appropriations, in reporting to the Senate upon the several appropriation bills for the next fiscal year, shall make decreases in the proposed appropriations as will bring the total amount reported to the Senate at least $300,000,000 below the aggregate recommended by the President for the fiscal year ending June 30, 1933.

It is obvious that the resolution deals only with the Budget and the items and provisions therein found. Of course, by implication, it is a challenge to the Senate to appropriate in the aggregate at least $300,000,000 less than recommended by the President.

I think that it will be conceded by all, after an examination of the Budget and the appropriations heretofore made by Congress, that the appropriations for the items and matters covered by the Budget might be cut at least $300,000,000 without jeopardizing the security of our country or interfering with the legitimate and proper activities of the Federal Government, if economies are applied.

The amendment offered by the Senator from Nevada states substantially that if decreases are made they shall be consistent with the existing obligations of the Government and shall not impair the necessary power of the Government to perform its duty in meeting the present financial crisis.

I repeat, Mr. President, that this language destroys the resolution and is equivalent to giving to the Appropriations Committee full authority to recommend such appropriations as they may see fit, provided, in their opinion, they are consistent with any obligations of the Government and do not impair the power of the Government to do whatever it deems necessary to meet what is denominated the financial crisis. Manifestly this limitation upon the resolution abrogates the limitation in the resolution and imposes no restrictions whatever upon the Appropriations Committee to limit or restrict appropriations in any sum or amount whatever.

Mr. President, I inquire whether any Senator contends that a reduction of $300,000,000 in the appropriation recommended by the President will prevent the Government from meeting all obligations which it should assume or weaken the power of the Government to discharge whatever duty legitimately rests upon it by reason of any cause whatever. I concede that demands will be made during this session of Congress for appropriations greatly in excess of the Budget recommendations, and it is possible that there may arise new matters not falling within the Budget which might justify appropriations outside of the Budget categories. But, I repeat, when I say that the resolution before us deals with the matters specified in the Budget report, and it declares that with respect to those items and matters, there shall be a reduction of at least $300,000,000 below the limit fixed by the President.

In my opinion the President's recommendations are excessive. They do not indicate economy but call for appropriations largely in excess of the needs of the Government, particularly when Congress is confronted with an unbalanced Budget and deficits of gigantic proportions. My criticism of the resolution offered by my friend from Mississippi is that it does not demand a reduction of at least $500,000,000 in the appropriations called for in the Budget. An examination of appropriation bills during the past few years will, it seems to me, furnish convincing evidence that the Federal Government has not only been uneconomical but has been prodigal in its expenditures. It has assumed responsibilities in contravention of a proper interpretation of the Constitution and engaged in activities not within its jurisdiction. Congress has increased the personnel of the Federal Government far beyond reasonable limits and has multiplied Federal agencies far beyond constitutional authority.

Since the war the expenses of the Federal Government have increased by leaps and bounds, and the larger the appropriations the greater the demands for still larger contributions from the Federal Treasury. The eyes of the people are ever drawn from their domestic and State affairs to the Federal Government, which is expected to fill the purses of individuals and the treasuries of States and municipalities and supply credit for the industries and corporations of the country. The spirit of self-reliance is being destroyed; the people are being encouraged to rely upon the National Government to supply employment and capital and to meet the needs of individuals, communities, and States.

It is unfortunate when the people lose confidence in themselves and in their capacity to govern themselves and to meet the responsibilities resting upon them as citizens of sovereign States. It should be apparent to all that there are limits to the power of governments. Even despotisms have financial limitations. The Treasury has become empty in democracies as well as in tyrannies. Individuals may destroy their credit by unwise expenditures and may end in courts of bankruptcy. Many nations in the world to-day are faced with bankruptcy; they are unable to meet bonds and outstanding obligations. Many countries are abandoning the gold standard and are defaulting in their interest charges and are unable to meet their expenses. Even in our own country we read of municipalities being unable to meet their pay rolls, and the press reports that in a number of States schools are to be closed before the end of the school year because of inadequate funds. For years many cities, counties, and States have been borrowing to meet their budgets. It is an unwise policy and the Federal Government should not follow it, but should resolutely meet the situation and adopt a plan that will, at the earliest possible moment, result in a balanced national Budget.

For the last fiscal year there was a deficit of over $900,000,000. Examination of the appropriations for that fiscal year, as well as for a number of preceding years, will furnish convincing proof that the Federal Government was engaged in an orgy of extravagance and waste. Hundreds of millions of dollars were appropriated that brought no adequate return. Bureaus and agencies were created that were wholly unnecessary and thousands of employees were added to the Federal pay roll, when a wise and economic administration would have denied such a course.

As Senators know, the deficit for the fiscal year ending June 30, 1932, will be in excess of two and one quarter billion dollars. There is now a deficiency bill before us, and we will be called upon to meet other deficiencies for this fiscal year, and it is certain that the revenues for the next fiscal year will be inadequate to meet the expenses of the Government for such year. As stated, it will require more than $2,000,000,000 to meet the deficit for the fiscal year ending June 30, 1932, and unless the taxes are materially increased the deficits for the next fiscal year will reach a higher level.

Preparations are being made for the sale of Government bonds in order that the credit of the Government may not be impaired. As I have stated, the deficit for the last fiscal year was met by the sale of bonds, and the Government will be required to market more than $2,000,000,000 of bonds to meet the 1932 deficit. This means that tax-exempt securities will be issued by the Government, and $3,000,000,000 or more, which ought to be employed in industrial development, in new construction and business enterprises, to give employment to the people, will be locked up in tax-exempt securities. With the certainty that for the fiscal year ending June 30, 1933, there will be an enormous deficit, it is

apparent that additional revenues must be raised and additional Government bonds issued. The taxes for the fiscal year 1933 will fall far short of the needs of the Government; if they shall be increased $1,000,000,000 there will still be a deficit, in my opinion, of two or three billions of dollars. The Federal Government has now outstanding approximately $18,000,000,000 of tax-exempt securities, and within a few months the total indebtedness will exceed $20,000,000,000. But in addition to this stupendous sum there are tax-exempt securities aggregating approximately $18,000,000,000 which have been issued by the States and their political subdivisions. There will soon be outstanding bonds, tax exempt, amounting to $40,000,000,000. This stupendous sum represents, at the present value of property, perhaps one-seventh of the entire value of all the property of the United States.

Economically and politically it is most unwise, if not dangerous, to have such a large part of the capital and property of the Nation tied up in tax-exempt securities. Such a situation discourages private enterprise, prevents the development of new industries, and is an obstacle to a revival of business. I appeal to Senators to support policies that will bring about a balanced Budget. Our Government can not afford to pursue a course that makes further bond issues inevitable. I have had occasion heretofore to comment upon the fact that we have been critical of other governments when they failed to balance their budgets. We have not hesitated to point with considerable pride to our Nation's success in keeping our Federal expenditures within our revenues. However, we have been compelled to confess that for a number of years last past some of our cities, and as I recall, a number of States, have failed to maintain balanced budgets and have resorted to bond issues.

We might take counsel from the example of Great Britain, who, notwithstanding the heavy burdens resting upon her, and her enormous war debt of approximately $36,000,000,000, has resolutely set herself to the stupendous task of realizing a balanced budget. The taxes imposed upon the people of Great Britain are very much greater than those imposed in any other country, and yet they have courage that must command admiration everywhere. The Government and the people are determined to keep their governmental expenditures within the limits of their revenues. To accomplish this appropriations are cut to the bone, unheard of economies are practiced, and every possible course adopted that will accomplish the desired result. I regret that we are not willing to follow the courageous example of Great Britain.

We hear much talk about reducing expenditures, the unwisdom of bond issues, and the importance of economy in governmental affairs, and yet go on recklessly appropriating money, providing for bond issues, and adopting plans and programs that will involve the Government in still greater expenditures. When it is suggested that the Government's expenses shall be diminished, that bureaus shall be abolished, that the number of employees shall be reduced, there are powerful forces arrayed in opposition and a thousand protests and reasons urged against the adoption of such plans. It is said that at this particular time the number of Federal employees should be increased, that the Government should create new organizations and furnish employment to the people, and that it should engage in enterprises, whether of a public or private character, that would put money into circulation and furnish jobs for the people. It is not suggested how the money is to be raised to meet these increased expenditures. It is assumed that the Government has an inexhaustible fund from which it may draw to meet every contingency and every demand. There are many who fail to appreciate the fact that Government credit can only be maintained by the adoption of sound fiscal policies; that if its expenditures are met by borrowings, ultimately its credit will be impaired. There are numerous examples to-day of the impaired credit of governments. The bonds of some foreign countries have fallen to very low levels, and the credit of governments has been so strained by unwise expenditures and prodigal borrowings that their very foundations have become insecure. In some instances they have been driven to the issue of fiat money in unlimited quantities, and, as Senators know, this course will be followed by a train of evils the consequences of which it is not difficult to forecast.

The taxes, both direct and indirect—imposed upon the American people—have become so great as to be almost unbearable. The delinquent taxpayers throughout the United States are numbered by millions; homes are being sold for taxes, and farmers are unable to meet the heavy tax obligations resting upon them. The burdens of taxation resting upon business have been so heavy that there are thousands of instances where individuals who have struggled in vain have given up in despair. And yet the demands are being made for larger appropriations, additional Federal and State instrumentalities; and additional offices are filled by an increased number of officeholders. Demands are being made that the Federal Government support all kinds of business and put stilts under banks and industry of all kinds in every part of the United States.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. McKELLAR. Instead of authorizing all these foolish nostrums in order to get prosperity next week—a prosperity, by the way, which never comes—does not the Senator think we ought to follow the splendid financial example of Great Britain and cut down our appropriations on the one side, increase our taxes on the other, as an honest government ought to, and balance the Budget, so that our Government may remain on the same splendid plane that it has always occupied financially heretofore?

Mr. KING. The Senator has announced a business axiom which we should all accept. The example of Great Britain, as I have indicated, is one which all should commend. And yet I feel constrained to say that it will not be followed by Congress or by many of the States and municipalities of our country. There will be many bond flotations during this year, and I have no doubt that the Government of the United States will put upon the market Government bonds the face value of which will be between three and five billions of dollars. And this notwithstanding this Congress will add to the burden of taxation in order to obtain $1,000,000,000 to meet the appropriations that will follow.

Mr. President, I mentioned the obligations of the Federal Government and the States and their political subdivisions. We must not forget that there is further indebtedness which bears heavily upon the people. I stated a few days ago that the real-estate mortgages in the United States totaled approximately $40,000,000,000. A large part of the farms of the United States are mortgaged, and many are being sold under the hammer because of the inability of the owners to meet their taxes or mortgage indebtedness. The corporations of the United States owe at least $55,000,000,000, and there are other obligations, so that the aggregate indebtedness of the States and their political subdivisions and the people amounts to at least $2,000,000,000. Upon the greater part of this stupendous sum there are heavy interest charges which must be met and which, of course, are blocks in the pathway of business revival and a return of prosperity.

Senators, in my opinion, should look with favor upon any proposition that demands economy—a reduction in expenditures and drastic cuts in appropriation bills.

As I have indicated, the budget of the President is entirely too liberal. It calls for several hundred million dollars in excess of what I regard as adequate in the light of present conditions. There should be a reduction of at least $200,000,000 in the budget demands for the Army and the Navy. The Agricultural Department and the Department of Commerce have been and are grossly extravagant. They should be cut millions of dollars. I pause to remark that we have legislated to prevent an expansion of our foreign trade, indeed to cut off our foreign trade. We are spending millions of dollars through the Department of Commerce, theoretically, to increase our foreign trade. We have peripatetic officials spending large sums in their foreign travels, but, as stated, we erect tariff walls, the effect of which is to limit our imports and, of course, our exports.

Our policy provokes foreign resentments and retaliatory measures, and yet we naively declare that we expect to expand our foreign trade.

I have before me the expenditures of the Department of Commerce during the past 10 or 15 years. They show a remarkably progressive increase, wholly unjust in my opinion. The same can be said of the Department of Agriculture, the Department of the Interior, as well as other branches and agencies of the Government. We are paying nearly as much for the compensation of Federal employees as was required to meet the entire expenses of the Government in 1916. We have built up a most powerful bureaucracy to be found in any government, and the expenses of the Federal employees cost very much more than the entire expenditures of most of the governments of the world.

If time permitted, I should like to take up the various appropriations made during the past 20 years to show the enormous and unwarranted increases found in every branch of the Federal Government. Senators recall that a few months ago when the Budget Bureau was at work, there were constant emanations from the executive departments that great economies were being worked out by the Budget Bureau. I recall that it was announced with a great blare of trumpets that the President had succeeded in developing a program that would reduce the expenses of the Department of the Interior $17,000,000 in two years. I have before me the appropriations made for the Interior Department for many years. The appropriations during the past few years, particularly, have been, in my opinion, without justification. They should be reduced materially, and I hope the Appropriations Committee of the House, as well as the Appropriations Committee of the Senate, will make important cuts in the amounts carried for this department. While the Budget Bureau was at work there was also a vast amount of publicity as to the success of the President in reducing the expenses of the Navy Department. Senators will recall the statements in the metropolitan papers that the President had pared the naval budget $71,000,000 below the expenses for the present fiscal year. The fact is that the officials of the department asked for a large increase over the appropriations for the present fiscal year. And I might say in passing that the officials in all departments for many years have asked for much larger appropriations than Congress has been willing to make. It is conceded that officials make demands which they know will not be granted. So, as I understand, the officials of the Navy Department asked for $71,000,000 more than the appropriations for the present fiscal year. After this great deluge of publicity we learn that the President's budget carries only between fourteen and seventeen million dollars less than the appropriation for this fiscal year, instead of seventy-one millions less, as was advertised.

Mr. President, I am opposed to the resolution offered by the Senator from Nevada and shall support the resolution offered by the Senator from Mississippi, although, as stated, I regret that he did not demand a reduction of $500,000,000 instead of only $300,000,000.

Mr. PITTMAN. Mr. President, I do not intend to enter into any argument with regard to economy. I think everyone in this body is seeking economy and a reduction of taxation. I do not think, however, that the method adopted by the Senator from Mississippi is practical, or is the proper procedure in Congress.

There are committees in Congress whose duty it is to determine the very question which the Senator from Mississippi is trying to have the Senate determine arbitrarily before the committees have acted. I have absolute confidence in the ability, the experience, and the knowledge of the committee of the House which first takes up the question of appropriations. I have absolute confidence in their intention to cut appropriations to the bone. I have the same confidence in the Committee on Appropriations of the Senate. If the Senator is correct in his contention that we can cut the appropriations $300,000,000, those committees will find that to be a fact and so report. If it is not a fact, then we would be put in an absurd position if we should in advance declare that we were going to cut the appropriations $300,000,000 and the committees should report that they could not be cut $300,000,000.

I have voted for all of the bills recently passed of an emergency nature, appropriating large sums of money, because I felt that it was the duty of the Government to assist in meeting this financial crisis. If further appropriations are necessary on behalf of our Government or further acts are necessary in order to meet this crisis, I will vote for the necessary legislation, as I think a majority of this body will do. It is not a question of economy; it is a question of meeting the crisis.

Since this matter has been brought up, I have offered a substitute for the resolution of the Senator from Mississippi, which declares that it is the sentiment of the Senate that these appropriations should be reduced so far as may be done consistent with the existing obligations of our Government, because we do not intend to repudiate the existing obligations of the Government, and also we do not intend to impair the power of our Government to perform its duty in meeting the present crisis.

Mr. McKELLAR. Mr. President——

Mr. PITTMAN. Just a moment. I will say to the Senator from Tennessee that the duty of the Government is determined by Congress, and when Congress determines that a certain thing is the duty of the Federal Government, then I am not going to take away from it the power to carry out that duty. That is all there is to my proposition.

Mr. McKELLAR. Mr. President, will the Senator yield now?

Mr. PITTMAN. I yield.

Mr. McKELLAR. When the Congress passes a bill authorizing an appropriation of $500,000,000, does the Senator think it is the duty of the Appropriations Committee of the Senate to cut down that authorization? The Senator talks about the Committee on Appropriations cutting down appropriations, and I want to know whether he thinks that after Congress has acted and passed a bill directing that an appropriation be made, the Appropriations Committee of either the House or the Senate has any right to cut down the appropriation or disregard the appropriation.

Mr. PITTMAN. I do not.

Mr. McKELLAR. The trouble, then, is in the authorization?

Mr. PITTMAN. Exactly. I say that the Congress having taken the responsibility of authorizing, it is the duty of the committees, of course, not to impair the power of the Government to meet its existing obligations which we have forced on it.

It is totally impossible for me to tell how much the committee can cut down. I hope they will cut down a lot, more than $300,000,000; but nobody knows except the committee how much they can cut down.

Mr. WALSH of Montana. Mr. President, as has been said by a number of Senators, everybody is most desirous at this juncture of cutting appropriations to the very bone, but it seems to me that a resolution of this character could have no possible effect. It would be entirely meaningless.

The appropriation bills come before us. We do not consider one general appropriation bill dealing with all the activities of the Government. We have half a dozen or more general appropriation bills, and then there are special appropriation bills and deficiency appropriation bills aggregating, I suppose, a dozen or more, on which we are obliged to act.

One bill, for instance, is the Army appropriation bill. When that is under consideration we may leave the appropriation just exactly what is reported, and somebody may insist that the cut shall come somewhere else. Another bill will come before the Senate, and it will be contended that the cut must come somewhere else. Where are the committees to make the cuts or where is the Congress to make the cuts?

It seems to me that any resolution of this character passed by the Senate ought to point out the particular recommendation of the Budget which ought to be scaled down. I can

not see any purpose in a general declaration that we ought to cut down $300,000,000, and I wonder why $300,000,000 was selected, any more than $500,000,000 or $600,000,000.

The other day we passed a bill, as indicated, authorizing an appropriation of $500,000,000 for the Reconstruction Finance Corporation. Is this resolution to be regarded as an admonition to the Appropriations Committee not to appropriate the $500,000,000, or any considerable portion of it, or to scale that down? That authorization is no more sacred than other authorizations made by the Congress. Where shall the cut take place?

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. WALSH of Montana. I yield.

Mr. STEIWER. I am much interested in the Senator's question as to why the reduction is proposed in the resolution on the basis of $300,000,000, rather than $500,000,000.

In connection with that, I want to point out to those who have not reflected upon the subject that the first deficiency bill, about to come before the Senate, makes a reduction, in its present form, of approximately 10 per cent against the Budget estimates for this particular bill, the figures being, I think, that the Budget estimated $139,000,000, and that in round figures the bill before us carries $125,000,000 or $126,000,000.

The total Budget estimate of appropriations to be made by this Congress is in excess of $4,000,000,000, I believe $4,200,000,000.

Mr. McKELLAR. It is $4,602,000,000.

Mr. STEIWER. I was not sure of the figure. If the committees of Congress proceed in the future in the consideration of the vast appropriation bills as they have up to this time, the reduction will amount to between four and five hundred million dollars on the basis of a 10 per cent reduction, and if the present situation is any guide to the future, the figure in the resolution of the Senator from Mississippi is wholly inadequate. I think, therefore, that the question asked by the Senator from Montana is a very kindly one, and that we should not limit ourselves to a figure of $300,000,000. It ought to be a much greater sum if we are going to deal in figures at all.

I personally approve the suggestion of the Senator from Nevada, which does not attempt or presume to deal with figures, and which, therefore, does not invite the committees of Congress to become excessive and extravagant in their expenditures.

Mr. WALSH of Montana. I thank the Senator. I was about to advert to the bill which is awaiting action by the Senate, and which it is expected will be passed this afternoon. It makes an appropriation of $126,294,119.21. May I have the attention of the Senator from Mississippi for a moment?

Mr. HARRISON. I am listening to the Senator.

Mr. WALSH of Montana. What particular provision of this bill does the Senator think ought to be scaled down?

Mr. HARRISON. Just as soon as the Senator shall finish I am going into quite a discussion of the matter and answer his question, as well as the question of the Senator from Oregon. I am unfortunate in that the Senator from Montana was not in the Chamber when I tried to explain in detail some of the things which prompted me in drawing this resolution, but I will present the facts again.

Mr. WALSH of Montana. I submit that the way for us to proceed, when an appropriation bill comes before us, is to exercise every possible care to see that the appropriations are not any larger than the necessities absolutely require. So I shall await with considerable interest any discussion in which the Senator may indulge with respect to the appropriation bill about to come before the Senate.

Mr. HARRISON. Mr. President, I am delighted to know that I am to have at least one interested listener to what I may say.

I had not expected to say anything else about this matter, because it is so simple and so plain. I find myself in a very embarrassing position, because my service in the Senate has been so short that I dislike to go against the judgment of my friend the Senator from Montana [Mr. WALSH] or that of my friend the Senator from Nevada [Mr. PITTMAN]. But we differ about this matter. I differ from the Senator from Oregon [Mr. STEIWER] also.

I may be all wrong, but I am of the opinion that the American people are interested in economy. I may be all wrong in thinking that they do not approve of wild and reckless spending by the Federal Government in these times of depression. If I have correctly interpreted the editorials in the press of the country which I have read lately, if I have correctly interpreted the letters I have received from all over the country, everyone is interested in trying to curtail Government expenditures.

We have heard from political champions in season and out of season. I have said, others have said, all of us have said that we want to cut down Government expenditures and reduce taxation. We all make such promises to the people. When we express ourselves in such very fine phrases—and so much more beautiful language than I could employ—as are embodied in the amendment of the Senator from Nevada, it means so much and holds out such a wonderful hope to the people of the country who believe we are spending a little too much money, who want us to cut down a little bit the expenditures of the Government in the hope that we might be able to forego a further increase in taxes. I wonder how many of them would understand exactly the difference in the two proposals if they were to read them? Let us not fool ourselves. We can not fool anybody else.

The resolution that I have offered states that it is the sense of the Senate that the expenditures should be cut by the Senate Appropriations Committee $300,000,000 below those recommended by the Budget. That is understandable—$300,000,000. But the Senator from Nevada says, "Instead of saying $300,000,000, let us cut that out." I knew that those who would oppose the resolution would resort to one or the other of two means of killing it. Of course there would be faint praise about cutting down expenditures. There would be mouth expression as to our desire to cut down Government expenditures. But it is necessary to meet the situation either by voting against the resolution in its original form or by striking out all mention of the $300,000,000 and merely saying, "We want to decrease Government expenditures to the lowest possible point without affecting the efficiency of the Government."

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. HARRISON. I am going to get to the Senator in just a moment, but meanwhile I will yield.

Mr. STEIWER. I was wondering if the Senator would not increase his proposed decrease from $300,000,000 to $400,000,000.

Mr. HARRISON. Would the Senator vote for it if I made it $400,000,000?

Mr. STEIWER. I can assure the Senator that the committee in all likelihood will decrease proposed expenditures by $400,000,000 under the Budget estimates.

Mr. HARRISON. I understand the basis for the Senator's reasoning, as interpreted by the Senator from Tennessee [Mr. McKELLAR]. Since correcting the Senator's statement that the Budget estimate is $4,000,000,000 the Senator from Oregon figures that 10 per cent of that amount would be $400,000,000. That is the way he arrives at his figure.

I know that we can not cut down the interest requirements upon our national debt, which are $800,000,000 a year. I know the Senate is not going to cut down the requirements of the sinking fund, which amount to nearly $500,000,000 a year. I know the Senate is not going to cut down the amount authorized by law to take care of the soldiers' adjusted compensation. When we add up all those items we will have about $1,500,000,000 left on which we might make a reduction. That is why I say I do not think it possible to make a reduction of $400,000,000. I think we can make a reduction of $300,000,000. The chairman of the Appropriations Committee [Mr. JONES], the Senator from Montana [Mr. WALSH], the Senator from Nevada [Mr. PITTMAN], and the Senator from Oregon [Mr. STEIWER] say that we must

all work for a reduction, but that the time to do it is when the appropriation bills are before the Senate; that then we can do it.

The object of the resolution may seem to be foolish; it may seem to be merely a gesture; but it is not the first time in the history of the Senate that we have expressed our sense about such things. There was a resolution adopted by the Senate not very long ago, offered by the Senator from Connecticut [Mr. BINGHAM], expressing the sense of the Senate that $9,000,000 should be appropriated for the District of Columbia. We have time after time expressed the sense of the Senate on matters of that kind.

I am trying to help the Committee on Appropriations. I am not trying to embarrass my friend from Georgia [Mr. HARRIS] and my friend from Washington [Mr. JONES], who are prominent members of the committee. I know the hard times they have in the Committee on Appropriations. Bills come over here from the House, and Senators, including myself, have gone before the committee and have made raids on the Treasury, pleading with the Appropriations Committee to accept our arguments and to increase appropriations.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Iowa?

Mr. HARRISON. I yield.

Mr. BROOKHART. I believe the Senator voted for the $500,000,000 authorized to be appropriated in the Reconstruction Finance Corporation bill. Is that included in his resolution in any way?

Mr. HARRISON. If the Senator would read the Budget, as unfortunately he seems not to have done, he would know that is not in the Budget.

Mr. BROOKHART. Does the resolution propose to cut $800,000,000 below the Budget estimate or only $300,000,000?

Mr. HARRISON. The resolution proposes to reduce it by $300,000,000 below the recommendations of the Budget, as the Senator would know if he had read the resolution.

Mr. BROOKHART. And then we will increase it $500,000,000 in other appropriations?

Mr. HARRISON. I do not understand the purport of the Senator's remark.

Mr. BROOKHART. The Senator understands that the amount of the appropriations is increased by the $500,000,000 which we have authorized to be appropriated for the Reconstruction Finance Corporation. The total sum of his recommendation will not be a decrease in the appropriations after all, but we will have them increased $200,000,000 over the Budget estimate.

Mr. HARRISON. The Senator ought to know that what I am driving at is to reduce by $300,000,000 the recommendations of the Budget on some items which I am going to restate.

Mr. BROOKHART. We have appropriated $125,000,000 for farm land banks, and that is over and above the Budget estimate, is it not?

Mr. HARRISON. That is not included in the recommendations of the Budget. That is the same as the Reconstruction Finance Corporation legislation.

Mr. BROOKHART. The Federal Government used to pay 50-50 on highway construction, but last year $1,000,000,000 was spent on hard roads and the Federal Government contributed only $125,000,000. I maintain it ought to pay half of that entire amount, which would increase the Budget estimate about $400,000,000. What does the Senator say about that?

Mr. HARRISON. I have always voted for the good roads bills. I believe in liberal appropriations for road building. The people in the Senator's State of Iowa and the people in my State of Mississippi are more interested in saving some taxes right now than they are in unreasonable expenditures of money, whether on public roads or what not.

Mr. BROOKHART. Mr. President, will the Senator yield further?

Mr. HARRISON. Not now. I know the Senator is not going to say what I am going to say.

I feel it very strongly, even though I would rather vote for appropriations for public-road construction than any other public works, the construction of public buildings in some instances, the construction of the Department of Commerce Building here, and the beautifying of the parks in the city of Washington and in other parts of the country.

I appreciate the value of good roads construction just now, because one of the highway commissioners of my State told me recently that they have saved between 20 and 25 per cent in the purchase of road materials now compared to what they paid last year for material for public-road construction. I believe that $100,000,000 to-day will go as far as $125,000,000 did two or three years ago when materials were higher and when labor prices were higher. I would be perfectly willing, where we have been appropriating $125,000,000 annually for public-road construction, to cut it to $100,000,000 now, knowing that we would get just as much public-road construction as we did in the past for $125,000,000.

I do not ask anybody to agree with me upon that. I do not care whether anyone agrees with me in the presentation of the resolution. Senators may vote it down if they want to do so. If they do not want to express the sense of the Senate in favor of a $300,000,000 reduction at this time in public expenditures, leaving it to the Senate Appropriations Committee to allocate where this should be done—and they ought to know better than the Senate as a body—then well and good. I am going to vote my conscientious convictions. I am championing the resolution because I believe in it. I believe when the American people realize that we are going to balance the Budget and that we are really going to cut to the bone some of these extravagant expenditures it will have a tendency to restore confidence and hasten economic normalcy in the country.

If Senators differ with me, well and good. If Senators believe that it is sufficient to merely make a statement that we are going to cut expenditures without affecting the obligations of the Government—and everybody concedes that they must be met—without affecting the power of the Government to deal with the present crisis, then, well and good; that is all right. But I say when that is done it will be holding out a poor word of encouragement to the American people to-day who are looking for some little ray of hope, some evidence of the dawn of a revival of confidence in the country. That ray of hope will never be seen if the Senate withholds its approval of a program for the reduction of expenditures and merely says, "Oh, no; we are not willing to say by resolution that we are going to reduce our expenditures $300,000,000, because we do not know just where it may be done."

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I yield.

Mr. McKELLAR. I think the Senator has done a most excellent service to the country in bringing up this matter. Whatever the real meaning of the resolution may be, I think the discussion has shown that it is the duty of this body and of the body at the other end of the Capitol to cut down appropriations. The Senator from Mississippi deserves great credit for bringing the matter to the attention of the Congress.

I want to invite his attention to just what has been done. In addition to the $4,600,000,000 that has already been recommended by the Budget we have another appropriation bill of $203,000,000 and still another one which we are going to pass very promptly, I hope, of $126,000,000. In addition to that, whenever any item is presented like the $500,000,000 that has been authorized for the Reconstruction Finance Corporation, there comes a Budget estimate for it and the President recommends it. I am just wondering whether all of these are included in the Senator's resolution?

Mr. HARRISON. Absolutely not.

Mr. President, the Senator from Montana suggested to me that if the resolution carried with it a suggestion where to

cut, there would probably be more force to it. I do not know whether the Senator from Montana was here a moment ago when I cited some figures comparing the expenditures for certain departments in 1924, just a few years ago, with the expenditures estimated by the Budget for the ensuing fiscal year. The Secretary of the Treasury asks us now to return to the tax bill which was enacted in 1924 and use that as a basis for increasing taxes upon the people; and it is not unreasonable when we contemplate doing that that we should find out what the expenditures of the Government were at that particular time.

I cited at that time, may I say to the Senator from Montana, the fact that for the office of the Secretary of Agriculture alone there was expended in 1924 $382,520, while the estimate for that same office this year is $821,547.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. WALSH of Montana. I hope the Senator from Mississippi does not understand that I take the position that a cut should not be made?

Mr. HARRISON. I do not so understand at all. I am merely trying to answer the Senator.

Mr. WALSH of Montana. I realize the force of the figures the Senator is now calling to our attention, namely, that our appropriations for a number of the departments have almost doubled in the last five years, apparently unjustifiably.

Mr. HARRISON. Some of them have even quadrupled.

Mr. WALSH of Montana. And there ought to be retrenchment, but again there arises the question as to where retrenchment should begin.

Mr. HARRISON. Mr. President, I have the very highest respect for the distinguished Senator from Georgia [Mr. HARRIS], who is the ranking Democratic member of the Appropriations Committee, as well as for the Senator from Washington [Mr. JONES], who is chairman of that committee, and for the other distinguished Senators who are members of the Appropriations Committee. They have studied these questions; they have been studying them, bringing witnesses, the heads of the departments, to the committee room and asking them questions. They are in a better position than is the Senate itself to know where to cut, and I am merely trying to point out to them that I have not the slightest doubt when the heads of departments come before the Appropriations Committee, and the chairman of the committee says, "We are going to cut your appropriation 10 per cent, and inasmuch as we are going to do that, where would you apply the ax, where, with the least danger of loss of efficiency in your department, could you apply it," the committee can have their judgment about it; but let us send out a word of warning that we are going to cut the appropriations.

Now, let me go down the line.

Take the Department of Commerce, for instance. In 1924, for the Bureau of Foreign and Domestic Commerce, there was appropriated $1,900,000. The Budget estimate for the next year is $4,986,531, or three times as much.

For the Bureau of Lighthouses the appropriation in 1924 was $7,565,000; under the estimate for the next fiscal year $10,943,858 is proposed. That increase has taken place in six years.

For the support of Indian schools under the Department of the Interior the appropriation in 1924 was $4,300,000, while the estimate next year calls for an appropriation of $10,649,400. That is a tremendous increase in six years. I know those items can be cut, you know they can be cut, Mr. President, and we all know they ought to be cut in the interest of the taxpayers of this country and in order to balance our Budget.

Under the Department of Justice in 1924 for the item of salaries, fees, and expenses of marshals alone the appropriation was $2,300,000, while the estimate for next year is $4,430,000.

For salaries and expenses of attorneys in the Department of Justice in 1924 there was appropriated $2,440,000. The estimate for this year is $3,813,000.

For the salaries and expenses of clerks in the Department of Justice in 1924—just six years ago—the appropriation was $1,450,000, while the Budget estimate for the next fiscal year is $2,217,000.

For the Bureau of Immigration, in the Department of Labor, six years ago the appropriation was $3,002,775. What is the amount called for by the Budget this year? The amount is $10,707,030, or more than three times as much.

For the Employment Service in 1924 the appropriation was $220,000. The estimate for next year is $820,000. There may be some justification for that, of course.

Under the Navy Department there is an interesting item for yards and docks. I see my friend from Maine [Mr. HALE] here. Senators ask where can we cut? Shall it be said that we, the representatives of the people, do not know where to cut in order to save $300,000,000 at this particular time? For yards and docks in 1924 there was appropriated $5,075,000. What is the estimate for the fiscal year 1933? It is $12,860,000. Yet some would vote for an amendment that would extract the teeth from the resolution, and, although they see such items as that, they are afraid to say to the Appropriations Committee that it must cut the Budget by $300,000,000.

For engineering, under the Navy Department, in 1924 the appropriation was $11,190,000, while the estimate of the Budget Bureau for 1933 is $18,373,000.

Mr. HALE. Mr. President, is the Senator taking for his latter figures those of last year's bill?

Mr. HARRISON. No; I am taking the figures of the Bureau of the Budget. I am showing these great increases; and yet we hear it said, "We do not know where to cut." The trouble is that some do not want to cut. The departments do not want to cut. They come here and they get in a mad race in order to build up particular bureaus, and even when they are consolidated nothing is saved, because an effort is made to keep on the roll every employee who was there before the consolidation.

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I yield.

Mr. BROOKHART. Will not the Senator have an opportunity to do the cutting as each of the appropriation bills comes here, and can we not cut them more than $300,000,000?

Mr. HARRISON. If we can, we should do so, and we can do it if we will get behind and stand behind the Appropriations Committee.

Mr. BROOKHART. Then what is the use of adopting a general resolution that is nothing but a gesture and can not accomplish anything?

Mr. HARRISON. Then the Senator can vote against it.

Mr. BROOKHART. I am going to vote against it.

Mr. HARRISON. The Senator will vote against it, and yet I have noticed that in Iowa people in mass meetings are calling upon the counties to cut down some of their expenditures and calling on them for tax reductions.

Mr. BROOKHART. Would it reduce any county expenditures in Iowa if we were to cut $300,000,000 off Federal appropriations?

Mr. HARRISON. No; but it will give a little word of encouragement to State officials and county officials and city officials.

Mr. BROOKHART. I have suggested to the people of Iowa that they should come down here and demand an increase of the Federal road appropriations up to five or six hundred million dollars, and that if the Government should pay its half that would reduce their taxes out in Iowa. We put $33,000,000 into roads and got $3,000,000 of it from the Federal Government.

Mr. HARRISON. The Senator has roads on his mind. I say to him it is all right if he can go back to his people and tell them, "I did not think it was wise for the Senate to express its sense that appropriations should be cut down $300,000,000; it was not my business; it was not the business of the Senate; so I just voted against the resolution. I did not believe it would mean any encouragement to you to hold down Government appropriations. I did not think

it would hold out any real hope to the people of the country who are now very much distressed." If that is the Senator's position, of course, I have no quarrel with him.

Mr. HARRIS. Mr. President——

Mr. HARRISON. I yield to the Senator from Georgia.

Mr. HARRIS. In regard to the States and counties, the Federal Government has already set a good example. The State, county, and municipal governments have increased taxes imposed by them during the past few years 300 per cent more than the Federal Government has.

Mr. HARRISON. That does not justify the enormous expenditures the Federal Government has made and the tremendous increases in its appropriations. Of course there are cities——

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I hope the Senator will give me an opportunity to say a word further. If he will allow me to do so, I will get through much quicker. I know that counties have increased their expenditures too much, and the cities have done likewise. Last fall, I am glad to say, in my own State there was not a single county out of the 80 which, through its board of supervisors, did not cut expenses for this year anywhere from five thousand to three hundred thousand dollars. They are doing it all over the country; the people are aroused about it; and yet some Senators stand here and say, "Oh, no, we should not adopt a resolution as the one now pending; it does not suit me"; and they will vote for an amendment that I know will take the teeth out of the resolution.

Mr. BROOKHART. I want to call the Senator's attention to the fact that in Iowa there is hardly anybody paying income tax to the Federal Government, and that has been true since 1920. In the whole United States there are only two and a half million people who pay any income tax to the Federal Government; and they are the big profiteers off Mississippi and Iowa and the entire country. They are the ones that ought to pay taxes; and Iowa and Mississippi will be able to reduce their taxes if we increase the Federal road appropriations. I am in sympathy with reducing the Army and Navy expenditures. I think they are unreasonable.

Mr. HARRISON. But the Senator is not in sympathy with the resolution I have offered.

Mr. BROOKHART. I am not in sympathy with such a general resolution.

Mr. HARRISON. Of course not.

Mr. BROOKHART. It does not mean anything.

Mr. HARRISON. No; it does not mean anything—not a thing.

I will tell him about the people in Iowa. The Senator says they pay no income tax. Some of them do, I presume.

Mr. BROOKHART. A few.

Mr. HARRISON. Iowa has a wonderful people and Iowa is a great State, but I will say to the Senator that if we could cut Federal appropriations $300,000,000 it would save us from imposing $300,000,000 of Federal taxes when we bring in the revenue bill, and it might save Congress from putting a tax on automobiles, a tax on admissions, and many other miscellaneous, nuisance, and mean taxes.

Mr. BROOKHART. But the Senator just recommended reducing the road appropriation by $25,000,000, and that would increase Iowa's road tax by over a million dollars.

Mr. HARRISON. The Senator from Mississippi did not recommend anything of the kind, but the Senator from Mississippi was courageous enough to say that three years ago it would take $125,000,000 to build roads that now can be built for $100,000,000, and that he was willing to save the taxpayers of this country that $25,000,000.

Mr. BROOKHART. I know something about that. I had something to do with the investigation of the Cement Trust by the Federal Trade Commission. They have told me that the price of cement has been reduced some $200,000,000 in the whole United States. I am glad to make that report to the Senator on that proposition.

Mr. HARRISON. The Senator and I labored pretty hard to keep this tax from being put on cement. I congratulate the Senator for his efforts in that matter.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. HARRISON. Yes; I yield to the Senator.

Mr. BLAINE. I am entirely in sympathy with the Senator's desire to cut out all unnecessary appropriations; but, as I understand the situation, the Senator is quoting estimates made by the Bureau of the Budget.

Mr. HARRISON. No; I am now comparing the appropriations for 1924, just a little while ago, with the estimates here, which show that this year's estimates are anywhere from two to four times as large as the appropriations of eight years ago.

Mr. BLAINE. The estimates proposed by the Bureau of the Budget?

Mr. HARRISON. By the Bureau of the Budget.

Mr. BLAINE. And those estimates were transmitted to the Congress by the President?

Mr. HARRISON. Yes, sir.

Mr. BLAINE. And those estimates were made by an executive budget organization?

Mr. HARRISON. Yes.

Mr. BLAINE. That is, the responsibility for those estimates arises with the executive department, as I understand the theory of budget making?

Mr. HARRISON. Yes.

Mr. BLAINE. Does the Senator know—I am quite sure he knows—that as a matter of fact when the Bureau of the Budget makes up those estimates, I assume in a large number of cases those estimates are made upon the word of the department which wants to enlarge its activities or appropriations?

Mr. HARRISON. I have not the slightest doubt about that. In fact, the estimates are made on their recommendations.

Mr. BLAINE. May I call the Senator's attention to one specific case, involving twenty or twenty-five million dollars, before we get through with it?

Take the Chicago post office, for instance: The Post Office Department—or, of course, the Treasury Department, technically, with the urge of the Post Office Department—went to the Bureau of the Budget in the morning, sometime about 10 o'clock, one day and presented estimates, insisting that the Bureau of the Budget prepare its letter to the President by noon; and that letter was in fact prepared and the recommendations made by the Bureau of the Budget, without any other information than that presented to it by the department, in the course of a couple of hours; and that one item alone eventually involved an expenditure of over $25,000,000.

Mr. HARRISON. Yes, sir. I am not surprised.

Going farther, Mr. President, when Senators ask me, "Where can you cut?" let me say that in 1924 the total salaries and expenses of the Post Office Department were $3,148,000 plus. The estimates here are $4,417,000.

The compensation of clerks and employees at first and second class post offices in 1924 was $117,000,000 plus. This estimate is for $183,000,000 plus; and yet Senators ask us, "Where can we cut?"

The Rural Delivery Service cost us, in 1924, $86,000,000 plus. The estimate for it here is $106,000,000.

For the city delivery carriers in 1924 the appropriation was $81,000,000, but in this estimate it is $128,000,000.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. HARRISON. Yes.

Mr. WATSON. Of course, in general terms, the Senator is advocating something that the great body of the American people unquestionably believe in.

Mr. HARRISON. I was not advocating anything then except the passage of my resolution. I was giving to the Senate a comparison of the expenditures of eight years ago with the estimates of the Government now.

Mr. WATSON. I was wondering why the Senator is comparing the estimates now with the expenses in 1924.

Mr. HARRISON. I will say to the Senator that I took that year for the reason that the Treasury Department has gone back to the year 1924 to ask us to impose additional taxes upon the people.

Mr. WATSON. Of course in that respect the comparison is all right; but since 1924 we in Congress here—the Senator and I; both of us have been here all the time—have added bureaus and commissions and all that sort of thing by our votes. We have added to this expense. We have appropriated all of this money.

Mr. HARRISON. I am not complaining of the Congress. I said I was a part of it. I voted for the appropriations, too.

Mr. WATSON. That is right. We are a part of it.

Mr. HARRISON. But I was saying to the Senate, if the Senator will permit me, that now we are in a terrible collapse.

Mr. WATSON. That is quite true.

Mr. HARRISON. We are groping in the dark. There is despair in the country. There are heavy hearts among our people. Why not at this time, if we can, cut down some of these expenditures, or forego some of these activities that cost the American people so much money? I think the Senator is with me in that idea.

Mr. WATSON. Absolutely, so far as the idea is concerned; but this is the way it strikes me, I will say to the Senator: It is a good deal like a man saying, "I want to remodel my house." "How are you going to do it?" "I am going to cut off 10 feet. It does not make a bit of difference whether it goes through a window, or a door, or a bedroom, or the dining room, or how; I am just going to cut off 10 feet."

The Senator says we should reduce our expenditures $300,000,000? Where? Where?

Mr. HARRISON. Of course, my argument is futile, when I show here that department after department has increased its expenditures from double to quadruple within eight years, if the Senator does not think there is any room for decrease there.

Mr. WATSON. That is quite true; but the Senator is comparing 1924 with the present time. In some of these places the Senator might strike out the whole $300,000,000 as between 1924 and now.

Mr. HARRISON. I am leaving that to the good judgment and the fine training of the men who are on the Appropriations Committee.

Mr. WATSON. Is the Senator willing to allocate or distribute the $300,000,000 reduction over the different departments?

Mr. HARRISON. I am leaving that entirely to the Appropriations Committee.

Mr. WATSON. Then, as between 1924 and now, what is the difference in the total appropriations? Let me ask my friend that question.

Mr. HARRISON. I think I have it right here.

Mr. WATSON. How much difference was there between the Budget estimates now and in 1924?

Mr. HARRISON. The difference is $365,000,000, according to my recollection.

Mr. WATSON. Does the Senator mean that there is only $365,000,000 difference between our total appropriations in 1924 and the current Budget estimates?

Mr. HARRISON. That is for the Government expenditures. That is not for the interest on loans, the appropriations for veterans, and all that.

Mr. WATSON. Then the Senator wants to cut off practically all the increases we have made between 1924 and now in the Budget estimates?

Mr. HARRISON. Yes. I wish we could, and I hope we can.

Mr. HALE and Mr. BLAINE addressed the Chair.

Mr. HARRISON. I have almost finished these figures. Does the Senator from Maine want to ask me a question?

Mr. HALE. Yes; Mr. President, I desire to ask the Senator one question.

A few minutes ago the Senator referred to the expenditures of certain bureaus of the Navy.

Mr. HARRISON. Yes.

Mr. HALE. I should like to know where the Senator gets his figures.

Mr. HARRISON. The figures that I have for the Bureau of Yards and Docks in the Navy Department for 1924 are $5,075,000.

Mr. HALE. I will say that so far as the Bureau of Yards and Docks is concerned, until last year very little construction has gone on in that department for a period of 10 years. Last year we authorized some emergency construction to take care of the labor situation. A lot of that construction was started last year and it is now being carried on, and that accounts largely for the increase over eight years ago.

In the other bureau——

Mr. HARRISON. The Senator did not wait until I told him the figure was $5,000,000 at that time, and in this Budget it is $12,860,000.

Mr. HALE. Yes; that is quite right.

In regard to the Bureau of Engineering, I find on looking up the figures in the appropriation bill for the fiscal year 1925, which was enacted in the year 1924, eight years ago, that the appropriation in that year was $17,550,000.

Mr. HARRISON. What was it for the previous fiscal year, 1924?

Mr. HALE. It was $14,440,000, which was much below the average yearly figure. These figures include a transfer of more than $3,000,000 from the naval supply account, which would account for the discrepancy.

Mr. HARRISON. These figures are quite authentic, may I say to the Senator.

Mr. HALE. But they do not indicate the actual expenditures. I have the laws before me.

Mr. HARRISON. I think if the Senator will look over the figures he will find out I am correct. If there is any mistake in them, however, I shall be glad to correct it.

Mr. HALE. I can assure the Senator that some of the figures he has quoted give a wrong impression as to the annual expenditures.

Mr. HARRISON. I do not want to misquote the figures. I am just trying to give the figures to the Senate for what they are worth. The Senate need not pay the slightest attention to what I am saying if they do not want to pass the resolution. If they do not want to take into account the fact that these various departments of the Government have enormously increased their expenditures within a few years, well and good. That is all right. I suppose it is because of these increases; and the Senator from Maine is not different from others. He is opposed to this resolution; he is going to vote against it because, in all probability, he does not believe that even the estimate of the Budget for the Navy appropriations is enough. I imagine he would really like to increase the appropriations for the Navy. One of that bent of mind ought to vote against this resolution. I do not expect to get any sympathy for it from the Senator from Maine.

May I ask the Senator whether he is satisfied with the Budget estimate for the Navy appropriations?

Mr. HALE. Mr. President, due to the fact that we have not the authorization for a building program for the Navy there is practically nothing in the Budget for any new construction for the coming year. No navy can run along in that way. In a very few years it would go out of existence. I certainly do not want to see that condition prevail.

Mr. HARRISON. So the Senator does not think the Budget has really recommended enough for the Navy?

Mr. HALE. Why, certainly not, so far as new construction is concerned, because it has recommended practically nothing.

Mr. HARRISON. Consequently, I do not expect any sympathy from the Senator for my resolution.

Mr. HALE. And even the Senator, with his views about peace and how to get it, can not stand for that.

Mr. HARRISON. I have no fault to find with the Senator. I know his feeling about it; and I hope he will not split with the administration on the question of the Navy recommendations.

Now, let us take the State Department. You would not think the State Department had increased its appropriations much since 1924. We had many complicated diplomatic matters then, and yet the appropriation for the State Department at that time was $4,000,000 plus. Now it is $6,811,000.

Take the Treasury Department, the expense of collecting the customs revenues: In 1924, it will be said, we had large imports. We were doing a large exporting and importing business in 1924. It took a lot of employees; it took a lot of work; and yet the expenditures for that work in 1924 were $11,000,000 plus. Carried in the estimates for the coming year is an item for $23,000,000 for that purpose.

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I yield to the Senator.

Mr. BROOKHART. Has the Senator a statement of the refunds, and the expense that is necessary to pay them?

Mr. HARRISON. No; but it is quite large.

Mr. BROOKHART. They have had a pretty big expense, as the Senator knows, for getting out all those refunds.

Mr. HARRISON. The operation and maintenance of public buildings in 1924 cost us $9,000,000 plus. The estimate here for that item is $16,797,000.

Take the War Department. In 1924 the pay of officers on the retired list was $7,000,000. The estimate here is $9,447,000

The pay of retired enlisted men in 1924 was $7,000,000 plus. Here it is $12,252,000.

In 1924 the appropriation for barracks and quarters was $3,116,000. The estimate here is for $14,736,000; and yet Senators ask, "Where would you cut?"

In 1924 the appropriation for maintenance and improvement of existing river and harbor works was $27,000,000. It is estimated here at $60,000,000. There is no Senator here who is more interested in river and harbor legislation than I am, and yet I am willing for some cut to be made, even though it would seriously affect my own town.

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I yield to the Senator.

Mr. BROOKHART. Upon that proposition——

Mr. HARRISON. Is the Senator trying to embarrass me or is he really trying to help me out? I like so well to talk to the Senator and smile at him; it is all right either way; but I am just wondering whether the Senator is trying to help me or trying to hurt me.

Mr. BROOKHART. I am just trying to set the Senator right.

Mr. HARRISON. All right. What is the Senator trying to set me right about?

Mr. BROOKHART. This river and harbor business.

Mr. HARRISON. I did not say much about it.

Mr. BROOKHART. I find that we spent $252,000,000 on rivers and harbors including the lower and upper Mississippi and Ohio, while the Missouri in 1923 needed $90,000,000 to complete it and had nothing completed.

Mr. HARRISON. The item I was talking about was improvement of rivers and harbors.

Mr. BROOKHART. It was a waste of money that we held the appropriations down. They ought to have been increased, and that ought to have been completed.

Mr. HARRISON. Yes.

Mr. BROOKHART. At the present time only the Ohio project is completed. It would be absolutely a money saving to appropriate enough money to proceed with the greatest possible speed to complete all those projects and get some use of them. At present there is no adequate return on them at all.

Mr. HARRISON. Mr. President, let us see about the number of employees in some of the departments. One Senator has expressed himself to the effect that he is not in favor of cutting any salaries, but that he is in favor of putting out some of the useless employees.

Let us take a bird's-eye view of the situation. The number of civil-service employees in 1913 amounted to 420,000; in 1916 to 438,000; in 1921 to 597,000; in 1926 to 560,000; in 1931 to 616,000.

That is the way they have increased, and that vast army of employees calls for large expenditures. That is the way the bureaus go out, with their various limbs, growing all the time.

Mr. WATSON. Mr. President, I know there has been a great increase, but I am wondering whether or not the Senator refers to new employees.

Mr. HARRISON. These are figures as to employees in the civil service.

Mr. WATSON. New employees, or a great many covered under the civil service who theretofore had not been in the civil service?

Mr. HARRISON. These figures refer to the classified service all the way back. Of course, that does not take into consideration the enormous numbers who are given employment through the expenditures we are making to carry on public construction work.

Let us take the Department of Commerce. In the Department of Commerce in 1913 the employees amounted to 8,000 plus, in 1922 to 11,000 plus, in 1931 to 23,000 plus. That has grown.

I will not go through the list. That is all I want to say about the departments.

Let us take the White House—and I do not want to reflect upon the President. I am just showing how we have increased the expenditures for the White House. I will not go back to Mr. Wilson's time, because some one would say that I was trying to throw out a crumb of politics. I want to keep this on a different basis, because there is no politics in it. When Mr. Harding was President, in 1922, $206,000 were appropriated. In 1923 the appropriation amounted to $349,000; in 1924, under Mr. Coolidge, to $450,000; in 1925, under Mr. Coolidge, to $411,000; in 1926, under Mr. Coolidge, to $483,000; in 1932, under Mr. Hoover, to $532,000.

We have just naturally been increasing the appropriations for these bureaus and departments. We have been increasing expenditures all the time, and I submit, may I say to the Senator from Washington, that at this particular time, when there is a deficit of $903,000,000, when we are faced with one for this year of over $2,000,000,000, and it is said that in 1933 there will be a deficit of $1,700,000,000, is it not wise for us, if we can, to forego some of the expenditures which we might save, that at least we might give encouragement and hope to the American people?

Mr. JONES. Mr. President, will the Senator yield to me?

Mr. HARRISON. Certainly.

Mr. JONES. The Senator has seemed to be talking to me a good deal of the time; yet I promised him quite a time ago that I was ready to vote for his resolution.

Mr. HARRISON. I know the Senator did.

Mr. JONES. I am surprised that the Senator has seemed to be talking to me all through his remarks.

Mr. HARRISON. Yet, when the Senator was talking, when he was tapping me lightly on one side and on the other side with his fist, I did not know whether he was with me or against me. I am trying to help the Senator out. I am trying to help create a sentiment toward retrenchment, so that when the Senator comes in with appropriation bills cutting down the appropriations which may come over from the House, the Senate will agree with him. I know the Senator is absolutely in accord with what I am trying to do.

Mr. JONES. Mr. President, I have a bill in my charge which I am very anxious to have taken up, which really does just what the Senator from Mississippi is urging.

Mr. HARRISON. I expect to show, when the Senator gets his bill up, that the committee has recommended an appropriation in the deficiency bill of $100,000 for the flying corps which was not even recommended. The committee went pretty far in that. There must have been some kind of influence which waved its wand over them to make them recommend that appropriation. If that course is pursued, we are not going to cut down expenditures.

Mr. JONES. There was not a sufficient number of votes in the committee to cut that item out, and I will be interested in seeing what the Senate does in reference to that particular item.

Mr. HARRISON. I am going to vote to keep down increases.

Mr. JONES. I hope the Senator will give us a chance to get the bill up now.

Mr. HARRISON. If the Senate wants to vote——

Mr. JONES. I think we are ready to vote.

Mr. HARRISON. The issue is here. If Senators want to pull the teeth out of the resolution, let them vote for the amendment and kill it that way. I will be satisfied; but I hope the Senate will vote down the amendment and pass the resolution.

Mr. HARRIS. Mr. President, I desire to state that in the 13 years I have been a member of the Committee on Appropriations of the Senate I have never known the members of that committee so determined to keep appropriations to the very lowest possible amount as they are at this time. There is not a single exception; every member on the committee has expressed the same view.

I intend to vote for the substitute offered by the Senator from Nevada [Mr. PITTMAN], because it means as much or more than the resolution of Senator HARRISON, which specifies the amount. If I had my way, I would like to reduce the expenditures $500,000,000, or more, if possible; but I know the members of the Committee on Appropriations will do their duty. We shall reduce everything to the limit just like we have done in the one we are bringing before the Senate to-day which reduces the figures submitted by the Budget more than 10 per cent. If this is done in all appropriation bills, as I believe it will be, it will reduce the amount over $500,000,000. The Senate will approve most of the cuts made by the committee, I feel sure. Anyway, the Senate can vote down the recommendations of the committee if it wishes to, and I know all Senators are impressed with the necessity to reduce all expenses.

Mr. HARRISON. Mr. President, the Senator does not think I have reflected upon the members of the committee in offering this resolution, does he?

Mr. HARRIS. I do not think there is any necessity for the Senate directing the Committee on Appropriations to reduce any specific amount, when the Committee on Appropriations is already doing everything within its power to accomplish that purpose. The deficiency bill the chairman of the Appropriations Committee reported to the Senate to-day will convince anyone that the committee is reducing appropriations to the limit.

Mr. HARRISON. Then why is it necessary for the Senate to express its sense in the form of the substitute offered by the Senator from Nevada? Why should they say anything? If the Senator feels that what I am offering is a reflection, why should he not feel an equal reflection over what the Senator from Nevada is trying to do?

Mr. HARRIS. The Senator from Georgia has no objection to the Senator from Mississippi trying to accomplish anything he desires. I am glad to see the Senator from Mississippi trying to help the Committee on Appropriations.

Mr. HARRISON. That is exactly what I am trying to do.

Mr. HARRIS. If the Senate shall agree to the substitute of the Senator from Nevada, I believe it will mean just as much or more than the resolution. As I said, I would like to make it $500,000,000, and I would vote for the resolution if it carried that figure. If the substitute is voted down and the Senator will make his resolution even as much as $500,000,000, I would just as soon vote for that amount as for $300,000,000. It would mean just as much. Of course, if a large sum is appropriated to help the unemployed by building roads, and so forth, it will be impossible to reduce appropriations as much as we would like.

I ask that there be printed at this point in the RECORD a statement I made regarding appropriations on March 4, 1931, which shows that a year ago I urged a reduction in all expenses of the Government and conditions now prove my statement was timely.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

The huge and unheard-of expenditures and commitments by the last Congress were greater than ever made by our own or any other country on earth in peace times. These obligations must be met and with cold cash. Our opportunities for meeting this huge obligation are nothing like as good as in previous years. We are face to face with the question of how we can reduce our national expenditures so as to keep step with diminishing receipts. Unless we do it, it will prevent any tax reduction during the next few years and in all probability will leave us with a deficit and an issue of bonds or an increase in bonds or an increase in taxes.

Does anyone question that such extravagant appropriations cause high tax burdens and business depression? Bond issues are unpopular. I warn all that appropriations will have to be reduced. It is our duty to protect the interest of the taxpayers. Extravagance and waste will have to be eliminated. To accomplish this is an extremely difficult task, which will command the very best efforts of all concerned. It is easy to increase appropriations but extremely difficult to reduce them.

The large increase in expenditures of the State, county, and city governments is no excuse for extravagance of the Federal Government but is all the more reason why Congress should do everything possible to prevent waste as an example to them.

The PRESIDENT pro tempore. The question is on agreeing to the amendment, in the nature of a substitute, proposed by the Senator from Nevada [Mr. PITTMAN] to the resolution offered by the Senator from Mississippi [Mr. HARRISON].

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Pittman
Austin	Dale	Jones	Reed
Bailey	Davis	Kendrick	Robinson, Ind.
Barkley	Dickinson	Keyes	Schall
Bingham	Dill	King	Sheppard
Black	Fess	La Follette	Smith
Blaine	Fletcher	Logan	Steiwer
Borah	Frazier	McGill	Thomas, Idaho
Brookhart	George	McKellar	Trammell
Bulkley	Goldsborough	McNary	Vandenberg
Bulow	Hale	Metcalf	Walcott
Byrnes	Harris	Moses	Walsh, Mass.
Capper	Harrison	Norbeck	Walsh, Mont.
Connally	Hastings	Norris	Watson
Coolidge	Hatfield	Nye	Wheeler
Copeland	Hebert	Oddie	White

The PRESIDENT pro tempore. Sixty-four Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment proposed by the Senator from Nevada.

Mr. PITTMAN. Let the amendment be stated.

The PRESIDENT pro tempore. The amendment will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Nevada proposes to amend Senate Resolution 120, offered by the Senator from Mississippi [Mr. HARRISON], by striking out the words "as will bring the total reported to the Senate at least $300,000,000 below the total recommended in the Budget for such fiscal year," and to insert the following words: "as may be done consistent with the existing obligations of the Government and without impairing the necessary power of the Government to perform its duty in meeting the present financial crisis," so as to make the resolution read:

Resolved, That it is the sense of the Senate that the Committee on Appropriations of the Senate, in reporting to the Senate upon the several appropriation bills for the fiscal year ending June 30, 1933, make such decreases in proposed appropriations as may be done consistent with the existing obligations of the Government, and without impairing the necessary power of the Government to perform its duty in meeting the present financial crisis.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). I have a pair to-day with the junior Senator from New Jersey [Mr. BARBOUR]. Understanding that he would vote as I shall vote, I am at liberty to vote. I vote "yea."

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent. I have promised to take care of him with a pair to-day. I therefore withhold my vote. If I were at liberty to vote, I would vote "nay."

Mr. McKELLAR (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND], but I understand that if present he would vote as I intend to vote. I therefore vote. I vote "yea."

The PRESIDENT pro tempore (when Mr. MOSES's name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. I therefore withhold my vote. If at liberty to vote, I would vote "yea."

Mr. REED (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I do not know how he would vote, and I can not obtain a transfer of my pair. Therefore I must withhold my vote. If permitted to vote, I would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. METCALF (after having voted in the affirmative). Has the senior Senator from Maryland [Mr. TYDINGS] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. METCALF. As I have a general pair with that Senator and do not know how he would vote, I withdraw my vote.

Mr. HATFIELD. Has the senior Senator from North Carolina [Mr. MORRISON] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote.

Mr. REED. I find that I am able to transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the senior Senator from California [Mr. JOHNSON], which I do, and vote "yea."

Mr. KING (after having voted in the negative). I have a pair with the senior Senator from Minnesota [Mr. SHIPSTEAD]. I transfer that pair to the junior Senator from Oklahoma [Mr. GORE] and vote "nay."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. McNARY. I desire to announce that the senior Senator from Minnesota [Mr. SHIPSTEAD] is necessarily absent on account of illness.

The PRESIDENT pro tempore (Mr. MOSES). Discovering that I can transfer my pair with the senior Senator from Louisiana [Mr. BROUSSARD] to the junior Senator from California [Mr. SHORTRIDGE], I make that transfer and vote "yea."

Mr. HASTINGS. I find that I can transfer my pair with the junior Senator from Alabama [Mr. BANKHEAD] to my colleague the junior Senator from Delaware [Mr. TOWNSEND], which I do, and vote "yea."

Mr. BARKLEY. I have a general pair with the senior Senator from Colorado [Mr. WATERMAN]. Not knowing how he would vote, I transfer that pair to the junior Senator from Arizona [Mr. HAYDEN] and vote "yea."

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CARY], but on this question, as he would vote as I would, I am at liberty to vote. I vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. KEAN] with the Senator from West Virginia [Mr. NEELY];

The senior Senator from Illinois [Mr. GLENN] with the junior Senator from Illinois [Mr. LEWIS];

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

Mr. McNARY. I desire to announce the necessary absence of the senior Senator from Utah [Mr. SMOOT] on official business.

Mr. SHEPPARD. I desire to announce that the following-named Senators are detained on official business: The Senator from New Mexico [Mr. BRATTON], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Oklahoma [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. MORRISON], the Senator from Maryland [Mr. TYDINGS], the Senator from Virginia [Mr. GLASS], and the Senator from Missouri [Mr. HAWES].

The result was announced—yeas 50, nays 9, as follows:

YEAS—50

Ashurst	Dale	Keyes	Sheppard
Austin	Davis	La Follette	Smith
Barkley	Dickinson	McGill	Steiwer
Black	Dill	McKellar	Thomas, Idaho
Blaine	Fess	McNary	Trammell
Brookhart	Fletcher	Moses	Vandenberg
Bulkley	Frazier	Norbeck	Walcott
Bulow	Goldsborough	Norris	Walsh, Mont.
Byrnes	Hale	Nye	Watson
Capper	Harris	Oddie	Wheeler
Coolidge	Hastings	Pittman	White
Copeland	Hebert	Reed	
Couzens	Kendrick	Schall	

NAYS—9

Bailey	George	Hull	Logan
Borah	Harrison	King	Walsh, Mass.
Connally			

NOT VOTING—36

Bankhead	Glass	Kean	Shortridge
Barbour	Glenn	Lewis	Smoot
Bingham	Gore	Metcalf	Stephens
Bratton	Hatfield	Morrison	Swanson
Broussard	Hawes	Neely	Thomas, Okla.
Caraway	Hayden	Patterson	Townsend
Carey	Howell	Robinson, Ark.	Tydings
Costigan	Johnson	Robinson, Ind.	Wagner
Cutting	Jones	Shipstead	Waterman

So Mr. PITTMAN's amendment to the resolution was agreed to.

The PRESIDENT pro tempore. The question now is upon agreeing to the resolution as amended.

The resolution as amended was agreed to.

OUR VANISHING ECONOMIC FREEDOM—ARTICLES BY MERLE THORPE

Mr. BINGHAM. Mr. President, some days ago the Senator from Mississippi [Mr. HARRISON] made a very interesting speech in connection with governmental economy, and, in connection with that speech, I should like to have unanimous consent to print in the RECORD three articles by Merle Thorpe which substantiate much the Senator from Mississippi said, and develop a very interesting theme in connection with the necessity for further governmental economy.

There being no objection, the articles were ordered printed in the RECORD, as follows:

[Printed in the Saturday Evening Post]

(Part I)

OUR VANISHING ECONOMIC FREEDOM—GOVERNMENT INFLATED

By Merle Thorpe

Business, the aggregate of activities having to do with earning a living, is becoming uncomfortably aware that in the United States, broad as the country is, elbowroom is perceptibly shrinking. Individual enterprise is finding it more difficult to move without jostling the taxgatherer, the commissioner, supervisor, inspector, examiner, and other public agents, tripping over rules and regulations of bureaucratic origin and becoming entangled in the meshes of official red tape. Much of the domain originally allotted to it, the "opportunity" of which the first Americans made much as a national heritage, has been preempted for another enterprise—government.

From the modest beginning of the colonial New England town meeting has grown a gigantic administrative mechanism for the conduct of public affairs as cumbrous as it is colossal. It is built on a gangling framework of 1,900,000 laws now on the statute books. More than 250,000 taxing units collect and spend the funds which are the lifeblood of its existence.

For the "services" it renders—not to say thrusts upon—the people, Government is spending in excess of $14,000,000,000 a year—one-fifth of the national income. Thirty years ago the proportion was one-tenth. It has recruited an army variously estimated at between 3,000,000 and 5,000,000 employees and retainers, who, in turn, at four to the family, represent from 12,000,000 to 20,000,000 dependent upon the pay roll of Government. In one State one person in ten derives a livelihood from it, and one inquiring





statistician has calculated that at the present rate of its growth half the population of the United States will be enlisted in the ranks of Government by 1963. The prospect is not so remote that it may be taken lightly.

A former Cabinet member not long since said, half seriously: "I am raising my boy to be a Government employee. Not a clerk—that would limit his future. I want him to choose the work he does best. Should he show an aptitude for pedagogy or printing, operating barge lines or making bindery glue, running hotels or hospitals, farming, manufacturing, or plumbing—in short, for any field of human endeavor—he will find the Government engaged in this work.

"For instance, should he go into the Post Office Department, he will not be limited to sorting and delivering mail. He may learn the express business, the insurance business, the savings-bank business; or he may learn to make locks or maps.

"Should he choose the Navy, he need not wear a uniform and study navigation. The Navy has 48,000 civilian employees, working in many fields, from clothing manufacture to broadcasting.

"Should he choose journalism, he will find that nearly every department and bureau has its publicity division operating along the same lines as the commercial news services. The total output of these bureaus sometimes reaches 300,000 words a day."

Private enterprise—business—taking advantage of the opportunity America offered, has within a century and a half built up the greatest economic commonwealth the world has ever seen. But public enterprise—the larger rôle in which Government now appears—has outrun this development. Upon the broad base of unnumbered township, village, town, and district units it has reared the sprawling structure of more than 3,000 county governments. Surmounting this are the 48 State governments, many of them bulbous with protruding boards and commissions exercising legislative as well as administrative functions, the whole edifice capped by the Federal Government, with more departments, bureaus, and commissions.

Many of these are undoubtedly necessary. All of them were probably conceived as forwarding, in one way or another, public interest, although it must be admitted that many were created in response to the demands of small but persistent minorities to benefit only a segment of the public. It may also be conceded that the level of honesty of the army of officials and employees who administer them is as high as that of the people as a whole.

Over the quality of government there is continuous dispute. Over the quantity, with which I am here dealing, there is room for little difference of opinion.

So rapidly is it growing, so stupendous has become the burden it lays upon productive enterprise, so widely has it extended its ramifications into every field of activity, that it has paved the way for the imminent approach of the question whether private enterprise is to survive or give ground entirely to the flowing tide of public administration. The rising governmental deficits, insolvent municipalities, and growing number of tax delinquents might augur that the need of making a decision is nearer at hand than we suspect.

BIGGER AND BETTER BUREAUS

The life chart of government shows none of the alternating dips and crests that mark the advance of private trade and industry. Business pays the price of overexpansion in stagnation and depression. Agriculture is enfiladed by the raking fire of glutted markets. Labor too often walks the streets in search of employment. In every field of private endeavor retribution in the form of deflation follows on the heels of inflation, and toil and sweat and privation supply the chastening influence to overcome the effects of misguided overzealousness.

But government seldom retraces its steps. As a rule its cure for inflation is more inflation. The failure of a bureau or commission to accomplish its purpose is too often met by the creation of a new and larger bureau or commission. Administrative units are added, but rarely is one taken away. Not only has public enterprise more than kept step with private enterprise when it has marched to new conquests; it has never slackened its pace when the general advance has been halted.

The result is confusion piled on confusion. In the State of Michigan, which presents in miniature a picture of the greatness to which government has grown, there are 6,878 school districts with 27,512 directing officers; 1,260 townships, with 15,228 officers; 83 counties, with 1,163 officers. Besides, there are an impressive number of village and city governments, also with their officers. In 1930 there was one government officer for every 18 votes cast for governor.

THE GROWTH OF OFFICIALDOM

In the entire State of Illinois there were 12,000 school districts, 1,486 road districts, 1,327 townships—a total of more than 16,000 governments of all kinds.

The census of 1930 enumerates 3,073 counties in the United States, a substantial increase in the past quarter century. The population of these ranges from 195 in one Texas county to more than a million in each of the four units which make up the city of Greater New York. Some are so sparsely settled that there are not enough residents to fill the offices of a typical county government. On the basis of the average number of officers required to man each of the 67 county governments of Pennsylvania, approximately 70,000 officials—not including office help and assistants—would be needed for the counties of the United States. If there are added to this number the officers of the 16,598 governments of incorporated places, townships, and other subdivisions, the total will convey a nebulous but impressive idea of the extent to which government has thrived.

In the more populous urban sections conditions have been no less favorable for governmental growth. Cook County, outside the city of Chicago, which occupies a large part of it, has 415 separate taxing, bonding, and spending agencies.

The result of this multiplication of units is drawn by Arthur J. Lacey, of the property owners' division of the National Association of Real Estate Boards. Speaking before the Chamber of Commerce of the United States, he said:

"In Michigan we have 9 contiguous counties, with 47,031 population and $31,585,890 assessed valuation, which maintain 9 county governments, 9 sets of county officials, 9 county courts, 9 probate courts, 9 courthouses, 9 jails, 9 boards of supervisors of from 6 to 20 members each, 93 township governments with 93 sets of township officers, 14 village and city governments with 14 sets of village and city officers—a total of 470 units of government administering public affairs and spending public money. This means one separate and distinct governmental unit, having power to levy taxes, borrow money, and issue bonds for each 20 voters and each $71,710 valuation. Superimposed upon these are the State and Federal governments with numerous functionaries."

This disturbing picture of the junglelike growth of government is all the more startling when viewed against the background of modern time-saving improvements and the development of administrative efficiency they have made possible.

The railroad, the motor car, and the telephone have brought about an enormous shrinkage in time and distance and lengthened accordingly the arm of administration. The small community is no longer circumscribed by the limitations of time and travel. Distant neighbors have been brought next door. Political boundaries, like the old city limits which for all practical purposes have been obliterated by bulging metropolitan areas, serve only the purpose of marking the jurisdictional domains of the numerous government units that reign over them.

TOWN FUNCTIONS OBSOLETE

In the field of private enterprise these changes have paved the way for merger and consolidation, the increase of efficiency, and the reduction of administrative overhead. The present Pennsylvania Railroad has been built out of more than 600 small transportation companies, and further consolidation is in prospect; but in the States through which it passes government clings to the political pattern of the stagecoach days.

The State tax committee of Tennessee said, in a report made in 1930: "Our county system was borrowed almost wholly from colonial North Carolina, and while the parent State has been able to change its constitution in accordance with the needs of modern times our structural government remains virtually static. It is 'jerrybuilt.' Instead of being a government it is a dozen governments, loosely held together with statutory ties. Its fundamental weakness is the outworn justice-of-the-peace system. Instead of being a simple, workable business organization, the county is a faltering makeshift, an archaic vehicle by which to transmit services to the people."

County limits in North Carolina are said to have been drawn to the "muleback" scale, and in many sections of the country government is still in the muleback stage. Population might have shifted from country to city. Villages caught in the backwash of economic development might have become the habitat of ghostly traditions rather than flesh and blood, but the courthouses and jails stand as dismal reminders that government comes in with the flood but never goes out.

The New York State tax commission makes the practical suggestion that one way by which the State can help the harassed farmer is to overhaul the mechanism of government by abolishing towns and school districts in many of which the population has been thinned to the point at which the burden of taxation has become excessive.

"There was undoubtedly a time," it says, "when towns served a useful purpose, but it is the opinion of most authorities that this purpose no longer exists. The fact of the matter is that in many cases, if not in all cases, the town is too small a unit to carry on efficiently the work of modern government. The same is true to a great extent of the counties. Many of these are too small for efficient administration of the activities assigned to them."

WET-PAINT SENTRIES

To the report is appended a list of 237 "decadent and declining towns" and 11 counties. Here, as elsewhere, government, like the Sphinx, serenely contemplates the passage of years, but does not yield to the changes they bring. It displays the same tenacious longevity as the sentry post which happened to attract the attention of a British statesman. Observing that a soldier was always stationed on a certain stair landing at No. 10 Downing Street, he stopped one day to ask what his duties were. The sentry did not know, but investigation disclosed that, 40 years before, the wife of a visiting dignitary had brushed against some wet paint on the stairway and the sentry was posted to prevent a recurrence of the disaster.

It is characteristic of government that jobs survive long after the need for which they have been created has passed. The Capitol of the United States still has its clock winder, the Senate has its official snuffboxes, and the Supreme Court still maintains its stock of quill pens. The hand of time may rest heavily upon private enterprise and the decay of obsolescence may undermine it.

In government alone is venerability the first argument for perpetuation.

In Massachusetts county government administers to the needs of an average population of more than 300,000. In North Carolina it presides over only 31,000. There are not a few counties in the United States whose entire populations could be accommodated in one of their little red schoolhouses. Yet the merging of governmental units in the interest of efficiency as well as economy and the reduction of the army of the public officers and their retinues of deputies, clerks, and stenographers seems to be as unattainable an end as the consolidation of overlapping bureaus and offices of the Federal Government, which has been the elusive dream of President Hoover and several of his predecessors.

There are limits, perhaps, to the numerical growth of governmental units, for jurisdictions can not be subdivided and superimposed one upon another indefinitely. But experience has proved that this is no bar to the enlargement of government. It can expand as well as multiply, and of the two methods of growth the former carries the more ominous threat to private enterprise.

Government, as a matter of fact, does not appear in the sober dress in which it was clothed by the constitutional fathers. It has stepped out, arrayed in as many colors as Joseph's coat, and it is doubtful whether in many of its activities it would be recognized at all by those who sponsored it. What is government, anyway? The original purposes of government have been defined as keeping order, protecting persons and property from violence and robbery, regulating the holding and transmission of property, determining contract rights and preserving the state from external dangers. But since that definition was written, much water has gone under the bridge. Government has ceased to concern itself merely with governing, as the word implies—seeing to it that private enterprise was protected against danger and malice, and its freedom to work out its own destiny preserved.

Especially in the municipal, state and Federal field it has donned the garments of public enterprise. It plays the rôles of banker, manufacturer, lumberman, farmer, merchant. It operates power plants, railroads, canals, and barge lines. It buys and sells commodities in the open market. It teaches the housewife how to preserve vegetables, make children's clothes, and hang curtains. It counsels the old and teaches the young. From infancy to age its citizens move within the shadow of its paternal solicitude.

THE ARMY OF GOVERNMENT EMPLOYEES

Its original functions have increased even more rapidly than its units have multiplied. The city of Detroit offers a typical example. In 1824 the municipal government exercised only 12 functions. In the next half century these had almost trebled, but in the second half century the number was multiplied six times, reaching a total of 204. In the Federal field the expansion has been quite as rapid. In 1800 one branch of the Federal Government, out of which the present departments have grown, had on the pay roll fewer than 125 officials and clerks. The population of the country has grown twenty-five times. The number of employees in the Government departments in Washington has grown twenty-five times, two hundred and fifty times, two thousand five hundred times—four thousand five hundred times. They now boast more than 600,000 employees. Nor has the tide yet turned. Eight thousand employees have been added to Government pay rolls in Washington alone during the past year. As this is written preparations are under way for the annual National Convention of Federal Employees, with a membership of 60,000, upon the program of which are listed such subjects as salary increases, with a minimum compensation of $1,500; optional retirement after 30 years' service, with pension; stated promotion intervals.

The significance of this meeting is apparent when it is noted that the official publication of the Federal employees states, among other of the federation's "achievements," the following: 5 and 10 per cent salary bonuses; employees' compensation act amended to include occupational diseases as well as accident, and larger allowances; the passage of the Welch Salary Increase Act of May 28, 1929; passage of the Brookhart Salary Increase Act; securing of Saturday half holiday for all service throughout the year; defeat of Wood amendment, which would have prevented all pay increases of any kind during the fiscal year 1932.

A measure not only of the magnitude of government but also of the common faith—or delusion—in its efficacy in setting the world aright is the number of laws. As I have stated there are now nearly 2,000,000 on the statute books. In the year 1930, 90,000 bills were introduced in State legislatures and 22,000 in the Federal Congress. The Sixty-fifth Congress enacted 508 laws and resolutions; the Seventy-first Congress passed 1,524. Some of these carry with them the repeal of laws previously enacted, but, for the most part, obsolete laws are never repealed. They are forgotten. In most cases when experience has shown that a law should never have been passed or that the reason for passing it no longer exists, it is allowed to languish in the dust heap of statutes, whence it is dragged forth but rarely by adroit attorneys to confront us as dismal evidence of our lack of legislative foresight. A law may become obsolete, but its administrative personnel, like Tennyson's brook, runs on for ever. Thirty standing committees of the Senate have to do with the enactment of new laws, but there is none charged with the responsibility of recommending the repeal of the old which time has proved useless or unenforceable. The House of Representatives has a Committee on Revision of the Laws, but its Sisyphean labors are generally overlooked.

A striking commentary on the American attitude toward government is the traditional standard by which statesmanship is measured. There are many public servants whose claims to distinction and grateful remembrance are based on the laws they have sponsored. Legislators point proudly to the bills they have introduced which have run the congressional gantlet and been duly inscribed on the statute books. The fathering of an important measure which leaves its imprint on the manner of national existence has been put forward repeatedly as a valid claim to the support and the votes of the living and the esteem of an appreciative posterity. We speak of the Volstead Act, the Smoot-Hawley tariff law, the Lodge resolution. Rarely, if ever, has a statesman laid claim to public favor on the ground of sponsoring the repeal of a law. The nearest approach to it is the legislator who earns the title of "Watchdog of the Treasury" and is held in about as much affection as watchdogs usually are.

THE WORK OF THE INTERSTATE COMMERCE COMMISSION

The volume of legislation, stupendous as it has been, is not great enough to meet the blind, unthinking demands for more government. As the Chief Justice of the United States has pointed out, legislative bodies have fallen into the practice of delegating not only administrative but legislative functions to boards, commissions, and departments. These make and issue their own rules and regulations, which are, in effect, more laws.

Fifty-six pages of the Congressional Directory are required to list the executive officers of the Federal departments, bureaus, and commissions which have been set up to administer Federal laws, not to mention the rules and regulations of their own making. Of the many regulatory lean-tos that have been added to the main structure of government, the Interstate Commerce Commission is the oldest. In the words of one of the commissioners, "In theory it is an arm of Congress, appointed to carry out in detail the general policies laid down in the acts which it administers. Congress jealously insists upon the independence of the commission from Executive interference."

From a lowly beginning this one commission has grown until it employed 1,994 persons in 1929. "The principal office," as Commissioner Clyde B. Aitchison explained, "fills an 11-story building with a large part of an adjacent building, both rented, and one of the temporary frame structures remaining from war days. In addition, offices are maintained for portions of the field force in a number of cities."

Its bureaus now number 13. It decided in a single year 20,553 separate matters, its opinions aggregating 11,729 pages, equivalent to 15½ volumes of standard size. The record of its hearings in that same year equaled in number the 33,000,000 words contained in the Encyclopedia Britannica. Besides adjusting rates, it regulates safety devices and hours of service, and determines the compensation paid for transporting the mails. It fixes the boundaries of standard-time zones. It lays down the rules for railroad bookkeeping. It inspects locomotives, supervises car service, and conducts investigations to determine who shall be given the medals of honor which the President bestows upon persons who have shown extreme daring in saving or attempting to save the lives of others in railroad wrecks or disasters.

MERELY MUSTARD SEED

In one of its many investigations, undertaken at the direction of Congress—railroad valuation, which, according to its sponsor, the late Senator La Follette, was to have cost $5,000,000—it had expended up to four years ago $60,000,000 of Government money. But while the cost to the Government was $146 per mile of railroad so appraised, the cost to the railroads was $461 per mile, more than three times as much. On this basis the job has cost well over $200,000,000—and it is not yet finished.

The magnitude of this kind of secondary Government is not reflected alone in public pay rolls. The Interstate Commerce Commission employs 2,000 persons. The practitioners registered at the commission in 1930 numbered 4,351. These are paid by the railroads and the public. It may be assumed that many of the dollars expended by Government can be more than matched by dollars paid by the public as the price of conforming to the regulations which it has permitted to be imposed upon itself.

Experience has amply proved that the enactment of a law is a beginning and not an end. Legislation is only the mustard seed from which grow the towering branches of administration. The farther Government wanders from its original domain, the ranker becomes the growth. There are those who insist that government should merely set the seal of public approval upon custom. The more government attempts to bend custom to its will and hedge it about with restrictions, the more colossal becomes the task of administration.

Nearly every bureau has had its beginning in the idea that only authority is necessary to enable it to work the wonders its sponsors had in mind. On January 20, 1902, Senator Nelson, in charge of the bill to create a Department of Commerce and Labor, said "Counting what I have estimated would be necessary in the first instance for the Department of Commerce as an additional force of 30 members, it would make the total operating force of this new department 1,047." Representative Mann, speaking in the House of Representatives on the same bill, said: "While in the end it will undoubtedly entail some additional expense to the country, it will in some of its particulars restrict the present expenditures." On December 31, 1930, the number of civil-service employees alone in the two departments which have since taken the place of the Department of Commerce and Labor was 10,192

in the District of Columbia, and 29,074 both within and without the District.

In the first 39 years of its existence the Department of Agriculture, first of the great Government service institutions, accumulated only 3,388 employees. Within the next decade, up to 1911, the number increased to 12,704. In 1921 it was 18,748, and on June 30, 1931, 28,163. Its 19 bureaus deal with weather; animal, dairy, and plant industries; chemistry, entomology, biology. It has to do not only with the growing of farm products but the transportation, the marketing, and the use of them in the home. In addition, banks have been established for the farmer and, finally, the Federal Farm Board was created. The efficacy of this elaborate system of Government aid may be judged in the light of its accomplishment.

The net gain in the number of executive civil-service employees alone in the past 14 years was 170,858, and the total number in 1930 was 608,915—an army almost three times as large as the combined military branches of the Government. Much has been made of military and naval disarmament, but civil armament continues to mount without protestation.

ASK UNCLE SAM; HE KNOWS

Year by year the burden imposed upon private enterprise to sustain the expansion of Government has grown heavier. At the same time, Government in the rôle of public enterprise has as steadily encroached upon its domain of activity, narrowing the field of opportunity which produces the revenue upon which Government feeds. Economic freedom is whittled away and circumscribed not only by laws but by bureaucratic rules and regulations.

Government has extended its area of supervision and regulation until the fine old pioneer spirit, which expressed itself in the Declaration of Independence and accepted immeasurable hardship as the price of freedom to hew its own way, has been submerged in restrictions and prohibitions and smothered with paternalistic governmental solicitude.

The banker who has grown up with his community is put under the tutelage of the Government agent who passes upon the credit standing of his neighbors. The railroad president must obtain governmental sanction to place a curtain in a locomotive cab or hang a light on the end of a caboose. By oral and ocular advice the farmer is told what crops to raise, how to raise them, and how, with the helping hand of Government, to market them. The Federal Government in Washington will tell you how to build a henhouse and how to train grocery clerks, how to hang curtains in the home, how to pack a schoolboy's lunch, how to predict the price of hogs by logarithms, how to prescribe castor oil for the baby.

From regulation it has reached out to "servicing," deluging the country with more than 70,000,000 copies of pamphlets a year, many of them containing self-helps which recall Macaulay's outburst: "Nothing is so galling to a people, not broken in from birth, as a paternal or, in other words, a meddlesome government—a government which tells them what to read and say and eat and drink and wear."

The "regular stock" of the Superintendent of Documents of the Government Printing Office contains approximately 74,000 different titles of publications.

THE ULTIMATE TAXPAYER

Finally, looking for more worlds to conquer, government has invaded the field of operation. It is building dams and power plants, constructing cities, manufacturing an endless variety of commodities.

The effects of expanding governmental enterprise are written in mounting taxes, the expense and delay caused by numerous rules, regulations, inspections, and examinations, and the hesitancy in the face of the disturbing threat of Government operation and competition. In 1913, when the country's total income was $34,000,000,000, approximately one-eleventh of it was expended for government. Fifteen years later, when the national income had risen to $81,000,000,000, the Nation was spending more than $12,500,000,000, upward of one-seventh. In this decade and a half, as the industrial conference board points out, governmental expenditures increased more than twice as fast as national income. For the last fiscal year the cost of government reached $14,500,000,000—more than one-sixth of the national income.

Putting it another way, the bill paid by the average citizen for government services rendered in 1890 was $13.56. By 1928 it had jumped to $105.20. This is the per capita charge. It is paid in hard cash over the counters of the 250,000 tax-collecting agencies through which government exacts its toll of passing industry, agriculture, and labor. This is a fact not generally appreciated, and is the cause of most of our troubles. Even though the individual does not go to the tax collector's counter, he it is who pays. The ultimate consumer is most always the ultimate taxpayer. Taxes are in the rent of his home, in the bread he eats, in the gasoline that keeps his car going, in the radio that entertains him in the evening, in his electric-light bill.

In the Federal field ordinary expenditures for government for the year ending June 30, 1930, were $3,994,000,000. Expenditures for the fiscal year 1931 were $4,220,000,000, an increase over the preceding year of approximately $226,000,000. Appropriations already authorized for the current year exceed $5,000,000,000.

The forty-eight State governments, according to the Bureau of the Census, expended for government in 1929 $2,061,016,833. In 1917 they spent $517,503,220; in 1928, $1,889,172,537. In 14 years expenditures for State government have quadrupled.

In the same year 250 governments of cities of more than 30,000 population expended $3,435,289,927. The per capita cost of 146 city governments has stepped up from $16.41 in 1903 to $24.58 in 1917, $54.43 in 1928, and $55.84 in 1929. How much was spent by the smaller cities, towns, villages, districts, counties, and townships is not recorded, but the aggregate can also be measured in billions.

It is not to be wondered at that every possible source of revenue has been tapped to yield the money needed for the government cash drawer. More than 200 different kinds of taxation have been devised—some direct, some indirect; some painless and others exceedingly painful. The poorest of the poor pay in the clothes they wear and the food they eat. In Idaho the utilities pay more than 50 per cent of all the taxes collected by the State. In Montana the power and light companies turn over to the tax gatherer the equivalent of all the money they receive from householders for electric-light current.

The Interstate Commerce Commission is authority for the statement that if the taxes of all railroads in the United States were reduced from their average of $1,591 per mile to the average Canadian base of $267 per mile, they could have handled free all grain, flour, mail, and livestock, and have left $403,000,000 more revenue than they actually received during the period from 1923 to 1927. So long as the expenditures of government continue to mount tax adjustment will continue to be a matter of shifting the burden, not of lightening it.

THE LIMIT HAS BEEN REACHED

Ominous signs that a day of reckoning is near at hand are not lacking. President Hoover and his advisers are confronted with a formidable deficit occasioned by Federal expenditures. The State governments fell short by $1,689,825 of paying their way. The 250 larger cities taken together spent approximately $1,000,000 a day more than they received in 1929.

In increasing quantity lands which private enterprise has wrested from the wilderness are reverting to the public domain. Fields and home sites are giving way to the advance of the governmental jungle. In Michigan, which again offers a typical example, taxes were delinquent in 1928 on 9,113,883 acres of land and 973,109 building lots. A city of more than 100,000 in Massachusetts has been literally taken over by the State legislature, which has appointed a receivership committee to extricate it from the toils of bankruptcy. A Southern city has been compelled to borrow $52,000 from its merchants to pay its current bills.

Government, whether good or bad, seems to have reached the limit of the resources upon which it can draw to maintain itself. It can go no further without dispossessing private enterprise from the domain of opportunity allotted to it. Either State enterprise must give ground or private enterprise must succumb. The parting of the ways seems to have been reached.

(Part II)

OUR VANISHING ECONOMIC FREEDOM—PATERNALISM AT HIGH TIDE

By Merle Thorpe

Nowadays, it would seem, a nation's greatness is measured not by its legions but by its governmental literature.

In the annual report of the Government Printer appears this paragraph: "The tremendous growth in the work of the Government Printing Office during the 10 years 1921–1930 is shown by the increase of 39 per cent in the computed value of its products, which totaled $117,256,250.97 for the 10 years 1921–1930, as compared with $84,262,580.79 for the 10 years 1911–1920."

Here is an impressive record of growth. The increase of business in a single decade was $33,000,000. In a single year, 1930, this great establishment turned out 3,903,932,177 copies of all kinds of printed matter—an increase of 500,000,000 copies over 1929. The number includes 106,000,000 copies of books and pamphlets, exclusive of the CONGRESSIONAL RECORD.

The single item "authors' alterations made on printed proofs" touched $215,607. (Incidentally, this is just $136 less than the total amount received from the sale of all documents to the public.) The printing of one annual report—that of the Chief of Engineers of the War Department—cost $29,754.47.

But the cost in taxes is not the important item. Behind these formidable counting-room figures lies the real significance of the matter, a cause of anxiety for the future of American institutions. The Printing Office is the Government's shop window in which are displayed the results of the multifarious and multitudinous activities of departments, bureaus, divisions, commissions, boards and offices. The fat volumes of the CONGRESSIONAL RECORD monumentalize the herculean labors of the Federal Legislature in its struggles to get the will of the people on the statute books. The equally fat volumes of hearings and exhibits attest the industry of committees, commissions, and other investigating bodies. Behind the 106,117,177 copies of books and pamphlets is a busy army of public workers, making surveys, issuing questionnaires, compiling statistics, gathering and exploiting information, and conducting research—all for the benefit of the people.

Take the word of the Superintendent of Documents for it: "The United States Government is the greatest of all publishers. It employs thousands of scientists who are engaged the year round making investigations in all branches of agriculture and household economy, in geology, in mining, in electricity, in chemistry, in astronomy, in engineering, in aviation, in preventive medicine, in forestry, in irrigation, in shipping and railroad problems, in trade and manufactures. * * * The results of all these activities of

the most comprehensive and effective organization ever known are constantly reduced to print and poured out in an incessant flood from the Government Printing Office at Washington, the largest printing plant in the world."

In this colossal documentary mass is recorded the onward march of government and its conquests of new domains, conquests no less real and probably more significant than those of Cæsar's legions—in brief, the rise of American paternalism. The army of civil employees needed to maintain this vast enterprise numbered at the beginning of this year 595,456, which, with their dependents, equals the population of Boston, Kansas City, and Los Angeles. The cost to the people, paid in taxes directly and indirectly, but which they ultimately must pay, is a heavy item in the $5,000,000,000 Federal Budget, but it is probably the least important item on the red-ink side of the national ledger. The heaviest debits to be entered against the public will eventually be the stifling of individual initiative, the substitution of government for private responsibility, and the gradual narrowing of the area left to private enterprise. And the Federal Government is but one of the galaxy of governments. In State and local governments we have built up more than 250,000 tax-gathering and tax-spending units of government in all.

GOVERNMENT ENTERS THE KITCHEN

We have departed and are moving with increasing speed from the original purposes of government. Those who set up our governmental machinery designed it to keep order, to protect persons and property from violence and robbery, to regulate the holding and transmission of property, to determine contract rights, and to preserve the state from external danger. To that simple edifice we have added a thousand ungainly lean-tos.

It is to these excrescences that the thoughtful are turning their attention. The new functions that are added yearly give cause for concern, particularly the functions which duplicate those already being performed by individuals or communities. There is no criticism of pure research by the Federal Government which does not duplicate that of States or educational or private institutions, or which would not discourage such institutions from taking it up; but those who see a menace in the growth of bureaucracy feel that the application of such research, except in the field of national defense, should be left to private resourcefulness. The indictment is not against government and its proper functions. Nor is it directed against the personnel in the Federal service, which, laboring under necessary red tape, is carrying out the mandates of Congress. The charge is against the vociferous and militant minorities who foist their prescriptions upon the whole citizenry. Often they are well-meaning; too often they are illogical and impractical. They proceed upon the theory that the people ought to desire to have their potential needs supplied and their unwise conduct regulated. The easiest way is by government.

Paternalism is not new. Webster defines it as "the principles or practice of a government that undertakes to supply needs or regulate conduct of the governed in matters affecting them as individuals as well as in their relations to the state and to each other, on the assumption that it can best determine and secure their highest welfare." It is characteristic of absolute monarchies and dictatorships alike. In theory, the idea that the Government should supply the needs or regulate the conduct of the individual, except in his relation to the state or other individuals, is alien to democracy, but it can be identified by the desk and swivel chair no less than by the scepter and the mailed fist.

"To supply the needs and to regulate the conduct of the individual" our great Federal Government at Washington has let no stage of the life cycle escape its paternal eyes, as the superintendent of its documents has shown. We are told what to eat, what to wear, how to judge, build, and furnish our houses, even how to sleep. Aunty Sam designs trousers for 2-year-olds, with suggestions on how to use the buttons; provides housewives with the formula $N \times 0.6745$ to determine the protein content of yams, and studies on the ground the Essentials of a Well-planned Kitchen. We are informed, as a result of governmental research, that "curtains not only keep out the light but insure privacy." The Government thoughtfully informs us where bed sheets wear out first. It teaches us how to forecast the price of hogs by logarithms. To find the price of hogs next November, say, we take the regression equation as given on page 34 of the bulletin as follows:

(1) $\text{Log } x^{11} = -0.09443 \log x^1 + 0.15883 \log x^3 - 0.21986 \log x^6 - 0.23675 \log x^4 - 0.07250 \log x^5 + 2.23777 \log x^6 + 0.04759 \log x^7 + 0.22659 \log x^8 - 0.03036 x^9 + 1.63099 \log x^{10} - K$.

The Federal Government prepares treatises on such subjects as brushing the teeth, polishing the shoes, and changing the bed sheets; on pine-needle basketry and how to prepare caviar for the table. It instructs us on the "elimination and toxicity of caffein in nephrectomized rabbits" and the operation of the lowly fly trap. The Department of Commerce is authority for the fact that "a folding chaise longue is the last word in relaxation"; the Department of Labor that "the abdomen is the belly"; and the Department of Agriculture that "a cow is a bovine animal."

THE 1931 "COMPLEAT ANGLER"

The farmer is told how to farm; the merchant is told how to manage a grocery store; the exporter is told how to pack goods for shipment overseas. Even in our lighter moments we are not neglected. Ample material is available for the study of birds and beasts and fishes—the mating habits of bullfrogs, the idiosyncrasies of oysters and "dragon flies and damsel flies in relation to pond-fish culture." And the angler is told how to preserve his catch.

Of course, there are ponderous scientific studies, if one prefers them. But this need not dismay the seeker after truth, for there are numberless bulletins of the words-of-one-syllable type which suggest the Rollo Books of Victorian childhood, and radio broadcasts, it is announced, are to be made in the form of Æsop's fables.

Nothing has been overlooked in this vast program to supply the needs and regulate the conduct of the citizen. Forty-five lists, some of few, some of 50 or more pages, tabulate the imposing array of publications. There is a list of handy books, containing such titles as The Care of Your Baby, and The Horse Book, which has long been a popular publication—with Members of Congress who were up for reelection.

There is a list of publications of interest to suburbanites and home builders, containing Ensembles for Sunny Days, Home Carpentry, Convenient Kitchens, and Aunt Sammy's Radio Recipes; also a list of studies on birds and wild animals which begins with alligators and logically enough ends with woodchucks. Another—American history and biography—includes such publications as the Reports of the Daughters of the American Revolution and Boyhood Days of J. Thomas Heflin, United States Senator, Alabama (in his own words).

How has this all come about? The successive steps in the advance of supplying the needs and regulating the conduct of the individual can be traced in the governmental documentary record itself.

First comes legislation. There is its beginning, represented by tons of oratorical literature. Then it moves on to administration. The zeal of those against higher taxation, who at the same time lend their names to petitions for more governmental functions, is pitifully amusing. We forget that a law carries with it administration, and administration means more persons on the tax pay roll. Administration is the expanding Federal mechanism by which the innumerable laws of our own making are enforced.

The next step is regulation—the supervision of private activities by subordinate Government agencies which soon come to exercise legislative functions.

The Lord Chief Justice of England, in his book the New Despotism, points out that most laws are now passed by bureaus, and many of them without court review. Legislative functions open the way to investigation, which has produced volume upon volume of encyclopedic reports by boards, committees, and commissions. When legislation and regulation fail to bring about the millennium, the next step is education—telling the citizens how to live, what to eat and wear, how to breed lilies, make cat traps, and rear goldfish.

The final step is operation, and it is a logical step. If legislation fails, and regulation and education do not achieve the purpose of the all-embracing state, all that is left to government is to do what the private citizen has not done to its satisfaction. Upon this last phase government has already embarked. It builds power plants, does a banking business, manufactures a variety of industrial products, operates railroads and barge lines, and buys and sells goods in the open market.

KEEPING THE PRINTERS BUSY

To consider these steps in detail: It would not be illogical to assume that lawmaking would show a lower rate of increase than population, as a law applies with the same effect to 1,000,000 people as to 120,000,000. The Constitution, the base of all laws, can hardly be said to have become obsolete. Yet lawmaking is one industry that has shown no effects of depression.

The final session of the Seventy-first Congress saw 11,078 bills and resolutions introduced. The cost of printing 8,859,918 copies of these, with proposed amendments—1,688,901 more than in the preceding year—was $451,334. To put this gigantic legislative grist through the mill required 43,599 pages of hearings. The debate aggregated 13,366 pages—12 volumes of the CONGRESSIONAL RECORD. The total circulation of this one of the sixty-odd periodicals issued by the Government was 30,000. The paid public subscriptions totaled 529.

It is not necessary to thumb the more than 50,000 pages of hearings and debate to arrive at the inevitable conclusion that lawmaking has long since ceased to concern itself with the limitations imposed by its sober and conservative forbears. It has stepped out with all the daring and assurance of flaming youth. It does not wait upon the sober and mature judgment of the people before plunging into new paths. Paternalism belies the theory that government is of the people, by the people, and for the people. It rests upon the assumption, which practice disavows, that government is superior to the people, that "it can best determine and secure their highest welfare."

BUREAUCRACY RUNS RAMPANT

By widening the area of its supervisions—oftentimes at the insistent demands of small but voluble groups—government had added to the complexities of lawmaking. But lawmaking is only the beginning. As legislation has reached out for new worlds to conquer, it has become necessary to multiply and enlarge the administrative outposts and garrisons to hold the gains it has made.

Legislation begets administration, and to carry into effect the numerous statutes which Congress enacts, a huge, rambling, executive branch has been created.

When Washington was made the seat of government there were four executive departments. There are now 10, with agitation for 2 more. They maintain a civil army of 540,344 employees. By the appended boards and commissions independent of them, 50,000 more are employed. This civil army is more than twice as large

as the combined Military and Naval Establishments and represents an increase over pre-war proportions of 150,000 employees.

The huge establishment possesses none of the characteristics of the military institutions except size. It was not built, nor has it been altered according to plan. It has grown piecemeal as each succeeding Congress has deposited another crust of legislation upon the accumulation of statutes. The Federal Code of Laws of "general and permanent character," which the Government Printing Office will supply, up to 1926, filled 2,453 pages, and the supplement bringing it up to date will probably make it 3,000. The biennial index and digest of State laws now runs into more than 1,000 pages.

The portentous statutory heap grows. The new is added to the old. Functions are grafted upon functions. To the departments have been added more departments. To the divisions, offices, and bureaus have been added more divisions, offices, and bureaus, and to the whole has been appended a lengthening chain of boards and commissions.

This gigantic, creaking, administrative machine lumbers on to the despair of the Chief Executive and the citizens whose actions are guided or regulated by it. Jurisdictional boundaries suggest a crazy quilt. Bureaus overlap bureaus. Many Government agencies collect statistics and gather information in the same general fields. A withering fire of questionnaires is poured out of Washington to all corners of the country. The questionnaire of the Federal Trade Commission to the utilities weighed as much as Webster's Dictionary, while its one on chain stores had not only heft but passed all understanding of 500,000 retailers.

An exporter confronted with a shipping problem might find the solution in 1 or all of 15 bureaus scattered over 9 departments. There are 14 bureaus in 3 departments dealing with one or another phase of education. Six bureaus in four departments deal with health. The physical well-being of the child is the concern of the Bureau of Public Health, the Children's Bureau, Bureau of Home Economics, and the Office of Education.

Several Presidents have set their hands to the task of bringing some order out of this chaos, and have failed. Paternalism gives advice; it does not take it.

Private enterprise changes, adapts, overhauls, but the first thought of bureaucratic government is to dig in. The suggestion of abolishing unnecessary bureaus or consolidating them brings all the influence which the bureaucratic army can exert—which is not inconsiderable and is constantly growing stronger—to bear on Congress. If one cherishes the illusion that sometime, some way, a curtailing or even a suspending of bureaucratic activities may take place, that illusion will quickly be dispelled by a casual glance through the 500-page report of a committee hearing on the subject of reorganization. He may recognize his name among those enlisted in support of a certain activity the "crippling of which would cause untold harm."

It was before this congressional committee that President Hoover, then Secretary of Commerce, said that the beneficial results of the budgetary system in producing economies "have now almost spent themselves unless there can be such a reorganization of Government administrative structure as makes it possible to secure better appropriation policies to eliminate the overlaps and unnecessary division of functions." Yet both Congress and the President have been unable to dislodge the bureaus.

In the field of regulation paternalism scored its greatest advance. It was not enough to pass general laws and set up departments to administer them and punish those who violated them. Voluminous as statutory enactments were, they were not broad enough to cover all the activities which Government has assumed. The job was too complex for Congress. It could make the law, but it turned over to subordinate agencies the task of defining and interpreting it. It was simple enough, for example, to say that railroad rates should be reasonable. It was not so simple to say when, where, and how rates were reasonable.

COMMISSIONS AND MORE COMMISSIONS

This task was turned over to the Interstate Commerce Commission, the parent of all the administrative commissions. It now has over 2,000 employees, and has paved the way for a growing progeny of commissions, many of them showing the same aptitude for expansion.

The supervision of banking was assigned to the Comptroller of the Currency in the Treasury Department. The Department of Agriculture was placed in charge of meat packing, warehousing, grain standards, containers, food and drug adulterations. Trade and industry went to the Department of Commerce and the Federal Trade Commission, utilities to the Power Commission. The day of bureaucracy, the strong right arm of paternalism, had dawned. By a coincidence, a short time after the Lord Chief Justice of England had described it as a menace, our own Chief Justice Hughes said:

"In the days of less complicated conditions, it was the accepted view that legislatures were equal to their task of lawmaking, and that in their occasional sessions they could provide all the rules that were necessary. But despite the inordinate multiplication of laws, which has been especially characteristic of recent times, the legislatures have not been able to keep pace with social demands, and they have adopted the practice, after the formulation of some very general standards, of turning over the business of regulation to a great variety of administrative agencies. The making of regulations is, of course, essentially legislative in character, for they set forth what the citizen may and may not do. We are thus confronted with the distinctive development of our era, that the activities of the people are largely controlled by Government bureaus in State and Nation."

The Chief Justice spoke these words before the first annual meeting of an association which claims 4,351 members. It is the Association of Practitioners before the Interstate Commerce Commission!

$20,000,000 WORTH OF STATISTICS

Regulation naturally opened the door to supervision, inspection, and investigation. It was not enough for government to enact a law to be obeyed and to set up a bureau or commission to define how it was to be obeyed. It was necessary to maintain surveillance over the citizen to see that he kept on obeying it, to inspect the results of his attempts to obey it, and to make inquiries to determine whether more laws or regulations might not be necessary to achieve the purpose of the original law.

To pass upon the reasonableness of a railroad rate it was necessary to know approximately what the railroad was worth, whether it was spending money extravagantly and operating efficiently, and whether necessary safety precautions were taken. In addition to the general law the president of a railway, intrusted with its management, found himself hedged about with a body of special transportation law. The "Interstate Commerce Act, annotated, in five volumes, 4,462 pages," is for sale by the Superintendent of Documents. When it comes to the payment of taxes he can consult the Internal Revenue Laws in Force April 1, 1927, 1,630 pages, and the yearly volume of decisions, ranging from 19 to 1,376 pages each. State laws and decisions are something else again.

The new Federal Power Commission concerns itself with the "location, design, construction, maintenance and operation of power projects on navigable streams." But its first ruling in the New River case extended it authority to streams running into navigable streams.

Investigation offers the most fertile field for paternalism. It paves the way for more legislation and regulation, new conquests in the domain of government. The Bureau of Efficiency reports that during the year ending October 31, 1930, reports were submitted to the Bureau of the Budget "relative to 76 new investigations proposed to be undertaken by various branches of the Government service."

A single investigation, conducted by the Interstate Commerce Commission—of grain and grain products—has reached the following proportions:

Pages of record	55,000
Pages of exhibits	2,106
Weeks of hearings	46
Pages of briefs	12,000
Pages of oral argument	2,412
Pages of exceptions	1,500
Pages of rebuttal memoranda	376

The commission observes: "Final report is now in course of preparation."

More recently the Federal Trade Commission sent to the Senate its "interim report of progress on the investigation of power and gas utilities." It includes the testimony taken ("pp. 15,436 to 15,731, inclusive"), together with exhibits introduced ("Nos. 4906 to 4940"), some of which are bulky documents. The resolution calling for the investigation was approved February 15, 1928. By June, 1931, three years later, more than 15,000 pages of testimony had been taken and nearly 5,000 exhibits had been accumulated—and the end is not yet in sight. How much the Government has paid for these impressive records is not disclosed. Neither is there any estimate of the expense the making of them has saddled upon the industries concerned. But it is certain that the public pays for both, in taxes and in the charges for its railroad fare and electric power.

Government investigation is not an intermittent search for specific facts. It has become a continuous process. To a paternalistic government, which can not know too much about the habits and activities of its citizens, statistics are the breath of life. Approximately $20,000,000 is spent annually to gather them. Fifty-two Government agencies are feverishly sending out schedules and questionnaires and compiling the information so obtained.

Most of us are under the impression that the census is taken every 10 years. There are the quinquennial, biennial, annual, semiannual, quarterly, monthly, and semimonthly censuses. Of the last three the Director of the Census says in his annual report: "The list of these inquiries, whose results are published in 69 series of reports, is too long to justify presentation here." Possibly in no other field is there so much wasteful duplication. Three governmental agencies count the milch cows of Vermont. Needless to say, the figures do not tally. Voluminous statistical records are kept of cotton from the time the seed is planted up to the time the finished textile is made into clothing. Wool is followed from the sheep's back to the shipping department of the factory.

PRESCRIBING BOOKKEEPING PRACTICE

The cost to the public of answering the numerous questionnaires is not one of the items appearing in the Government balance sheet, but it is a substantial overhead charge and appears in the cost of things. Many bureaus not only demand information but specify how accounts are to be kept. The Interstate Commerce Commission prescribes the bookkeeping rules for the railroads. The Treasury supervises the accounting of banks. The Department of Agriculture frames accounting systems for creameries, cotton gins, and grain elevators.

Comes now the fourth stage. With the accumulation of information, there is the urge to do something with it. The great presses of the Government Printing Office are unlimbered and

there pours forth a deluge of miscellany, the mailing of which contributes in an appreciable degree to the annual deficit of the Post Office Department.

The last three of the executive departments to be established—Agriculture, Commerce, and Labor—are virtually service departments engaged in collecting, collating, and distributing information. On June 30, 1930, Agriculture employed 25,736 persons, Commerce 26,955, and Labor 4,940 persons, a total of 57,631 employees on the pay roll. The Bureau of Home Economics in the Department of Agriculture began in 1923 with an appropriation of $71,060. Its budget has grown to $247,380. Its career is typical of all bureaus. Once rooted, they spread their branches to bring more and more of the needs and conduct of the public within their benign shade. Some of them have outdone the Bureau of Home Economics—which is no better nor worse than the others—beginning with the assurance that it would need no further sustenance from the public purse, that only the authority of Congress was needed to enable it to carry on its great and good work. But always and in due time comes demand for increased appropriations.

BIGGER AND BETTER BUREAUS

Those in charge of Federal bureaus are Americans—good Americans. Like most good Americans, they have the laudable desire to see whatever activity they are engaged in become bigger and better Growth here, as elsewhere, is thought to be the evidence of success. Again, there is a natural rivalry between bureaus. Each one soon comes to believe that its work is indispensable to the general welfare, which in itself is a fine tribute to the character of our public servants.

They defend the wide scope of activities described here and their proposals for enlargements and new duties on the ground that it is a "helpful bureaucracy," that it is "in response to public demand"; and assert that any criticism is inspired "by politics, to hamper the administration."

But is it "in response to public demand"? Despite the advertising of its literature over the radio, by direct mail, by placards in post offices, by generous newspaper notices, the public's interest, as reflected in its requests for "helps" with the 2, 3, or 5 cents inclosed, has not been very keen. While Congress, the 10 executive departments, 32 boards and commissions which used the service, and other governmental agencies paid—at public expense—$14,096,520 last year for pamphlets and bulletins, the public bought $215,743 worth of them, a sum a little more than three times the amount the Government received from the sale of documents as waste paper.

The Public Printer points with obvious pride to the "growing popularity" of the more than 4,000 bulletins, leaflets, and circulars on farming, as indicated by the increase of 3,796,624 copies for the year. But he adds that more than 15,000,000 copies were distributed "largely by Members of Congress." Free literature, it seems, has taken the place of free seeds.

The test is not whether the public wants it done, but whether it ought to want it done. While Members of Congress were distributing 15,000,000 copies of Farmers' Bulletins, the farmers themselves were buying 286,000,000 copies of 20 farm periodicals.

This raises two questions: Has the elaborate machinery built up for the dissemination of this kind of information—scores of farm journals, hundreds of daily newspapers carrying pages of household hints and helps, trade papers for every industry, kindergartens, schools and universities, medical journals, and the medical profession itself—all broken down?

Furthermore, the formidable expansion of these services is not a question of whether they are good but whether the public can afford them, and whether left to its own devices, it would not see to it that they were provided with much greater efficiency and much less cost.

Bureaucracy does not regulate its activities in accordance with public demand. It is not, like private enterprise, subject to the corrective economic law which makes the continued existence of any concern dependent upon the continued willingness of the people to pay for the goods it produces or the services it renders That is why government stumbles when it wanders from its proper province. It might properly count the number of grocers; it should not attempt to train grocery clerks. It should maintain quarantine against yellow fever; it should not attempt to prescribe the baby's diet.

That honest criticism of Government activities is inspired by politics is a statement unworthy of bureau heads who are expected to carry on their work without thought of the party in power. Paternalism has flourished under Democrat and Republican alike. It should not be motivated by desire for political power. It really tries to be of help. But in many cases it reminds one of the old fable wherein the elephant felt so sorry for the setting hen that it volunteered to relieve her of her task for an afternoon. The disastrous result was due to misguided zeal. And the donkey has had just as many misadventures as the elephant in the field of paternalism.

PAYING THE PRICE OF PATERNALISM

Finally, it is claimed that ours is a "helpful bureaucracy." I put the question to one who has long been a thoughtful observer of our national life. "Yes," he said, "if we are ready to admit that it is a help to a 21-year-old to be fed by hand and led around by his mother's apron strings." What he meant was that it was a "helpful bureaucracy" if we are ready to give up that reliance upon the individual which has made this country what it is and substitute for it Government nurses, preceptors, and mentors "to supply the needs and regulate the conduct" of the individual "on the assumption that government can best determine and secure his highest welfare."

It may be—as Il Duce would have it—that the citizen should be trained for the glory and well-being of the state, but there is a price the citizen must pay. Paternalism exacts compensation for its growing services. There is the direct cost in taxes which have well-nigh reached the breaking point; there is the indirect cost in money brought about by compliance with a flood of rules and regulations; there is a greater cost to the coming generation in the limiting of the area left to private enterprise. But the greatest cost is the loss of the individual's economic freedom, for with it will go his political freedom. But this will furnish material for a succeeding article.

(Part III)

OUR VANISHING ECONOMIC FREEDOM—"AND WITH IT WILL GO OUR POLITICAL FREEDOM"

By Merle Thorpe

No business man has the freedom of action which he had 10 years ago, much less 20 years ago. No matter who he is—manufacturer, distributor, merchandiser, transportation man, banker, insurance man, or oil, coal, or timber producer or farmer—he is falling progressively under the shadow of political administration—Government.

We are, as a nation, striking out on a new road. It may or may not lead, as Representatitive BECK says, to Moscow. We may or may not, as a people, realize the extent of the changes which are taking place and which are impending in our political and economic structure. But this much is certain: Such changes mark a radical departure from the course we have followed for 150 years, and which has brought the United States to its present position as the greatest of economic commonwealths.

It is the fashion to-day to state sententiously that "business is responsible for our present woes"; that "business leadership is lacking"; that "the capitalistic system is on trial." Politicians exclaim on the front pages that unless "business does something," Congress will do this and that for—and to—business.

But politics, during the past decade, has entered into and to a large extent has taken control of our national economics. It entered the commodity markets of the world. Political leaders in Great Britain said, in effect: "We have practically all the rubber. The world needs rubber. Let's legislate a price of a dollar a pound on it, and things will be soft for all of us in Great Britain." Economic law smiled behind her hand and set her inscrutable forces to work. She recovered rubber that had previously gone on the ash heap. She planted new areas to rubber. She invented substitutes. She built up a ground swell of universal resentment in rubber's greatest market, the United States, which carried Firestone to Liberia, Ford to South America, and Edison to work in his laboratories in Florida. The United States Government took note and called on its citizens to curtail as far as possible the use and purchase of rubber. Politics in the economic field brought its own tragedy before the law could be repealed.

There is the long, sad story of Brazil's political efforts to affect coffee marketing and prices. But in those periods in which there was apparent success economic law was quietly and relentlessly at work, until there culminated the debacle when Brazil found herself holding in her warehouses a supply sufficient to meet the world's need for two years. Brazil's defense of coffee act contributed not a little to the general collapse of commodity prices and the resultant distress to all people the world over.

Japan established an Imperial Silk Co. to buy surplus stocks of raw silks. Government encouragement and even financial backing were unable to stop the destructive influences set in motion. Consider the history of nitrate and the efforts of the Chilean Government, with a supposed monopoly, to circumvent economic law. Consider also Italy and the case of sulphur; Japan and the story of camphor; the futile attempts of government to influence the economic current of sugar, of potash, of quinine, of Spanish mercury, of Mexican sisal, and of agricultural products in our own country.

Politics thus left its legitimate field to carry on in the economic field. In doing so it neglected problems crying out for solution in its proper province—disarmament; prohibition enforcement; protection of life and property in a period when crime was rampant; consolidation of more than 250,000 tax-gathering and tax-spending units; reorganization of the myriad duplications in Government work; fiscal stability of cities, counties, and States—and so on.

If our industrial system be on trial to-day, after its record of 150 years, politics, in interfering with the normal processes of barter and trade, must share the responsibility. The economic freedom of the individual has been curtailed; in the place of a normal interchange of goods and services there have been set up artificial barriers and restraints, resulting from overregulation, oversupervision, overservicing, and downright competition.

Nor have the activities of politics been limited to basic commodities. George Washington, in a formal address to Congress, characterized manufacturing by the Government as "inexpedient." He suggested that some might be necessary to "the furnishing and equipping of the public force in time of war," but he added: "If adopted, the plan ought to exclude all those branches which are already, or likely soon to be, established in this country, in order that there may be no danger of interference with pursuits of individual industry."

UNCLE-SAM-OF-ALL-TRADES

How has this admonition been observed in these latter days? Homer L. Ferguson, president of the Newport News Shipbuilding & Dry Dock Co., recently said:

"In 1930 a list was prepared of eighty-odd undertakings in which the Federal Government at that time was competing with private industry, which, of course, must furnish, through taxes, part of the money to make this competition possible. This does not mean that the Government competes in the open market in all cases by selling its products, although it does compete even to that extent in many instances. But at least in all cases it competes to the extent that by manufacturing materials and commodities itself the market for those commodities and materials is lessened by just that much.

"Enumerating some of these eighty-odd cases: Production and sale of agricultural products; manufacture of aircraft, anchors, awnings, auto-license tags, brooms and brushes, cables, clothing, cordage, gunpowder and components, hammocks, ice, maps and charts, marine engines, medical and hospital supplies, paint, saddles and harness, sails, ships, shoes, textiles. Most of the foregoing are for governmental consumption or use, but the Government also sells, in direct competition with other manufacturers, card indices, ship chandlery, electric energy, envelopes and mailing wrappers, printing, furs, gasoline, milk, oils, photostats; and it engages in baking, banking, bookbinding and pamphlet binding, cattle raising, coal production, contracting, dairy farming, dredging, operation of employment bureaus, engraving, operation of hotels, the insurance business, operation of laundries, metal casting, municipal engineering, printing, transportation by rail and water, warehousing and numerous other activities."

When Washington made his suggestion, the Federal Government had only a fledgling industry upon which it could rely to supply it with much-needed military equipment. But in 1930 it had at its command the most highly developed industrial mechanism the world had ever known. Besides it was entering into competition with privately managed industries in the production of a variety of commodities which had nothing whatever to do with national defense and almost as little with public policy.

A more recent survey discloses that the aforementioned list of Government activities in the business field is sadly incomplete. To it must be added 180 other forms of Government competition. The effects of such competition are difficult to measure. Directly, they are probably small. But the menace is not in the degree of its competition and the amount of business it has actually absorbed, but in the quality of that competition and the threat it carries.

When the Federal Farm Board bought wheat and cotton, it was not the purchases it made but the fact that it was purchasing that cast a cloud over the market. The buoyancy its buying created for the moment was more than offset by the withdrawal of private purchasing. Even though the authority conferred upon the board by Congress to set up equipment to process agricultural products may never be invoked, yet it is a stop signal to the business man who contemplates building a flour mill. The possibility that Government might take up the manufacture of fertilizer at Muscle Shoals is a warning to private manufacturers to proceed with caution, for politics in business is an unknown and unknowable quantity. However high-minded its administration, the conviction prevails—and with reason—that it responds not to the sweep of economic winds but to the fitful gusts of political expediency.

When government is once launched upon the high seas of industrial enterprise, it is all but impossible to recall it. It usually starts with the innocent motive of blazing the way for private enterprise and promises to withdraw when it has laid the trail; but when that time comes it is always found loath to let loose, or it has found that private enterprise has betaken itself to other fields of endeavor, over which the shadow of government, however benign its purposes, does not fall. The monopolistic character of government in a business undertaking can not be disguised with the thin veneer of "experiment." For when monopoly enters the door, competition flies out of the window.

A BIG BUSINESS MAN OF PANAMA

In government the rule is that one thing follows another. The Federal Farm Board ventured into the wheat and cotton market; unexpectedly, however, because Secretary Hyde said, on April 30, 1930, "We never expected to control prices. We do propose to try to influence production." But it did attempt to control prices by buying wheat and cotton, and by buying wheat and cotton it was led into coffee, and, having the coffee, it became involved with American shipping lines in our trade with Argentina and with our flour customers in northern Brazil. When the board sold wheat to Germany on long-term credits, a thousand European purchasers of wheat hesitated, waiting for their governments to get some United States wheat by the same generous arrangement.

When the Federal Government dug the Panama Canal, it probably did not foresee that this would lead to the operation of a railroad and a variety of commercial and industrial enterprises. The governor reported for the year 1930 that the output of the various manufacturing plants was valued at $2,318,000. A Government bakery produced more than 5,000,000 loaves of bread. A coffee-roasting plant turned out 306,000 pounds of coffee, corn meal, peanuts, and almonds. An ice-cream and milk-bottling plant produced, among other things, 39,809 gallons of ice cream and 16,975 Eskimo pies. The sausage and pickling department and the laundry did a flourishing business, and the abattoir turned out 4,165,000 pounds of dressed beef. By-products, consisting of hides, horns, tankage, and so on, the governor observes, were shipped to the United States, where another department of the Federal Government is endeavoring to aid the stock raisers. Two hotels, "essential adjuncts to the canal in affording suitable accommodations to persons having business to transact with the canal, foreign visitors, tourists, visiting Government officials and others," were not entirely successful. One lost $6,698 for the year, but the other lost $37,000, due "primarily to a decline in the tourist business."

BRAKES ON RAILROAD PROGRESS

The Federal Government started out to build a dam at Boulder Canyon for producing power. It ended by undertaking to build and maintain a model town. In catechetical form, suggestive of the Russian primer, the Department of the Interior gives us this information:

Q. Who owns the lands in the town site?—A. The Government owns the land, which is vacant public land and under first form of withdrawal.

Q. How can one obtain a town lot for business purposes?—A. A plan under consideration is to lease the land on 20-year leases, Government to retain ownership and supervisory control. Continuation of leases will be contingent upon the good behavior of the tenant. A model town is the objective.

Note that the Federal Government is to pass upon the "good behavior of its tenants," thus setting a bureaucratic standard of personal decorum.

Q. What will be the population?—A. From 3,000 to 4,000 during the construction period, according to present estimates.

Q. Will this town be permanent?—A. It will, no doubt, be permanent because the 730-foot dam and the 115-mile lake will be a great attraction for tourists.

Politics, through the Government as competitor, destroys the economic freedom of the individual. But this is not all. The same omniscience which Congress obviously attributes to political administration as a reason for launching upon so many business enterprises might also be taken as a reason for commissioning it to supervise and regulate private business activities on an expanding scale. One of the first experiments in this direction was with the railroads. By a series of laws, railroad management was circumscribed by a wall of prohibitions. It could not fix the price of the only thing the railroads have to sell—transportation. It could not issue stock or bonds without the approval of the Interstate Commerce Commission. Safety appliances were fixed by law and specified by the commission. Hours of service of employees were fixed by Federal law. New lines could not be built or old lines extended or abandoned without Government approval. Other railroads could not be acquired without authorization by the commission. The Government may require railroads to add to their equipment or extend their lines. The railroads may not determine the rate of wages to be paid their employees. Their value is fixed by the Interstate Commerce Commission. They must keep their accounts in the manner prescribed by the commission. They can not keep all their profits if in any year they exceed 6 per cent. They are not, as is stated over and over again, guaranteed any income whatsoever. They are allowed to earn so much—which is quite a different thing.

A great railroad president, now dead, once said to me that 90 per cent of the management of his railroad rested in a Government bureau. "And," he added significantly, "it is a peculiar kind of management. It has the power, but does not share the responsibility." Another railway executive expressed the same thought in a different way: "We now have in effect Government ownership of the railroads, but upon one side of the ledger only."

Still another railroad manager, whose name can not be given for reasons which will be discussed later, said: "The burden of taxation laid upon the railroads—$1,200,000 daily—is heavy. Yet it, perhaps, is not so great a drain as the time and energy taken up in preparing reports and maintaining a necessary contact with the Government."

While the Government, through the Interstate Commerce Commission, is managing in large measure the privately owned railroads of the country, it is operating, through the War Department and the Department of the Interior, transportation enterprises of its own. The Alaska Railroad, a Government concern, operates steamboats and hotels. It might be surmised that in this far-away territory competition with private enterprise is nonexistent, but the general manager, reporting a deficit of $1,231,998 for the fiscal year 1930, says, among other things: "Every endeavor will be made to secure contracts from other governmental bureaus operating in Alaska * * * also fish canneries, for delivery of Alaska-produced coal." The Government, in other words, is out to get a larger share of the Alaskan coal business in competition with private distributors.

WHEN GOVERNMENT BIDS FOR BUSINESS

In competition for business, practices are often resorted to by Government which, if carried on by private enterprise, would be condemned as unfair by the Federal Trade Commission. Business solicitors for Government enterprises have been known to use the argument that "if you give us your business, it will reduce our deficits and thus decrease your taxes." Patronage of one Government concern sometimes assures the customer of a more than friendly interest on the part of another. In a certain city where there are both public and private lighting plants, if you are build-

ing a house, a contract for municipal light will assure prompt inspection and approval of your plumbing and wiring.

The Warrior River Division of the Inland Waterways Corporation, another Government concern, which started out to pave the way for private initiative, admits a deficit for the six years, 1924–1929, of $1,490,207. If allowance were made for interest on investment and taxes, which no private enterprise can overlook, the loss for the six years would have been $2,533,000. In this case, Government not only fixes the rates of the railroads but, in competition with them, is operating a barge line at public expense—an expense which is shared by the railroads themselves through increased taxation.

Even so commendable a thing as research does not stop at the laboratory. If it evolves a new commodity or process, bringing the public attention to it naturally follows, and Government finds itself playing the rôle of promoter. The National Committee on Wood Utilization, for example, under the frank of the Department of Commerce sends out this announcement:

Furniture: Its Selection and Uses is a new Government booklet which should help you to solve your home-furnishing problems. It is crammed full of interesting facts about styles, design, and construction, and shows you how to get the best values for your money, as well as how to make your home attractive. It's beautifully illustrated."

The question might be raised as to the propriety of distributing promotional material of this kind through the mail without cost. The question might also be raised by the manufacturers of steel and metal furniture, who might, with reason, demand that government render them a similar service. But the most important question is whether it is the proper function of government to promote the sale of any kind of furniture at all.

HORSE-AND-BUGGY METHODS

The Department of Agriculture announces a method of producing milk from soybeans—"as good a baby food as cow's milk, and cheaper"—and the dairy industry protests that it is not the business of Government to develop imitations of dairy products. The National Editorial Association comes to its support and denounces at the same time the envelope-printing business of the Post Office Department.

As I have said, appraisal of the result of these attempts of the Federal Government to perform the functions of business, either by regulation or operation of economic enterprise, is almost impossible. The records of profit and loss are in most cases submerged in general deficits or charitably obliterated by lump appropriations from the Treasury. But, in larger perspective, an intelligent appraisal of all Government undertakings in the business field does not provide a very strong brief for further encroachment in that direction.

The Post Office Department, which enjoys all the prerogatives of monopoly, which has taken on additional business activities in the form of express service, savings banks, and so on, faces a deficit approaching $100,000,000. It is lavish in its free services through the franking privilege, which permits Government bureaus, in competition with private business, to send out their promotion matter unadorned with the well-known green and red stamps. In a motorized era, its rural-delivery system is still patterned after the horse-and-buggy and mud-road age. Experts have estimated that by contract this same rural-delivery service could be maintained at a saving of $50,000,000 a year.

The post office boasts of a "business administration," but when legitimate increases in salaries are necessary in three or four localities, politics insists that such increases be made to cover the entire United States. Wages were raised in communities where the post-office wage scale was already higher than the local standard for similar work, and where there were applicants standing in line for coveted post-office jobs.

As with the Federal Government, so with the States and municipalities. The dismal ending of North Dakota's wholesale venture into business did not stay the tide. In 1928, 13.7 per cent of all the bonded indebtedness of States and 25 per cent of the bonded indebtedness of cities of more than 30,000 population had been incurred for public utilities. More than 100 State insurance funds, some of them monopolistic, are in existence. Municipal power plants are again on the increase. The groaning burden of taxation is the penalty, with billions in tax sales, municipal bonds facing default, and hesitation of individual endeavor in every line of business.

Nor are the ventures of the States and cities crowned with any greater degree of success. Some experiences are fairly typical. One State went into the banking business by establishing a department of rural credit. Trouble soon followed, and a joint legislative committee appointed to investigate its operations, among other things, reported:

"This inexperienced organization was imposed upon by public officials and politicians; political pressure was used; even the governor, in addition to taking a hand in the selection of inefficient employees, insisted on the board making loans which proved to be unfortunate. Many unsafe loans were made. In some instances the first installment was never paid. Dummies were used to obtain the State's money without any intention of ever repaying it. * * * By July, 1925, 7,316 loans for nearly $40,000,000 had been made. Of this 1,813, amounting to more than $11,000,000, have been foreclosed. The first two years virtually wrecked the bureau."

Another State maintains a monopolistic State workmen's compensation fund. After operating under the law for two years, coal-mine disasters produced a deficit of more than $300,000. The rates were raised and the fund was started off again. In 1925 an independent actuary was called in to make an audit. His report disclosed a deficit of nearly $4,000,000, according to actuarial standards. But a legislative committee, rejecting the actuary's report, made a survey of its own and found a surplus of $150,000. In 1928 a new compensation commissioner virtually admitted, by "loadings" on current and future premiums, that a deficit existed.

WHEN POLITICS COLORS THE VIEW

It should be fairly obvious that government, when it steps into the countingroom, does not change its habits. In spite of the business disguise it sometimes assumes—the corporation, the board of directors, stockholders, and what not—it remains government and is essentially political, not economic. Neither is it merely substituting collectivistic for individualistic enterprise. Industry is already collectivistic. A corporation which is owned by thousands of stockholders and employs thousands of workers can scarcely be called individualistic. Only by a severe stretch of the term can it even be called private, as many court decisions attaching to it public interest disclose.

Government, as a matter of fact, does not go into business at all; it takes the place of business. It moves in an atmosphere of deliberation and red tape, while business cuts corners. Its bookkeeping is as inscrutable as a Mayan calendar stone. At the close of each session of Congress the appropriation balances can be interpreted as "a record of incompetency and extravagance" or as "a record of thrift and wisdom in public management," depending entirely upon the political angle from which it is viewed. Cost accounting does not keep company with politics. Politics professes to look askance upon profits, but shuts its eyes with the same disdain upon losses. The banker does not stand at its elbow. The taxgatherer does not harass it. The investor does not clamor for dividends on his savings. Through economic pitfalls it marches sedately with its gaze on the far-off horizon—the political horizon.

THE BENEFIT OF RED TAPE

We rail at red tape. But red tape is a necessary and commendable part of the mechanism set up 150 years ago by a group of men in Philadelphia. They set out to do one thing—to protect the political liberty of the individual. Checks and balances were wisely provided to prevent rapid decisions in such matters. Quick action in this field spells revolution. They made it impossible for any one man or group of men to have the authority or power to make changes overnight. Any business man knows that to be successful, there is one thing he must have—the power to make rapid decisions. He must be able to alter quickly his selling plans, his production schedule, his financing. Herbert Hoover once said, "The Government lacks rapidity of decision." Which is proper. It should not be allowed to cut corners. There should be wide debate, household discussion. Delay is an asset in political matters. But this same delay, occasioned when Government attempts a business task, is red tape. Figuratively speaking, when the Government wishes to hire a new office boy, it must take a referendum of 120,000,000 people.

Recently I tried an experiment. It was an interesting one, so I will pass it on. Whenever I heard a criticism of red tape in State or Federal Government, I analyzed it, and in every case found that it was because we had asked the Government to do something it was not designed to do.

Politics is not wholly to blame. The blame rests with you and me, common citizens of the United States of America. We join every movement that comes along to put the Government, or State, or city into more business undertakings, provided they do not directly affect our own business. We are indifferent and apathetic to increase operation, or regulation, or servicing. As a result, we have seen in this generation the bureaucratic impact on all forms of American business—on banking, on every kind of transportation from rails and ships and waterways to roads and the air; on radio, power, and light; on every form of merchandising, from the investigation of chain stores to laws affecting price maintenance and branded goods; on manufacturing and insurance; on foreign trade; on raw materials such as oil and coal, and reclaimed lands and reforestation and agriculture.

Business itself is not blameless. It has been too ready to accept a dole from the Government. Industry responds enthusiastically to an invitation of a bureau to have the bureau make a survey of its operations, with suggestions as to how it could make more money, because the expense comes out of the deep wallet of Uncle Sam. Industry asks for Federal boards to help it restrict its production, supervise its prices, and thus make more profits for its members. Business, when it is articulate, justifies its actions on two grounds: First, that the Government is doing it for other industries; and second, that restrictions now laid down make it necessary for new legislation and new bureaus to overcome the evils of previous laws.

Recently I saw two letters in one week from a business association in the Middle West—one urging support for a Government barge line and the other urging opposition to the Government's participation in the grain business. Thus, time and again, business sells its birthright for a mess of Federal pottage. When competition becomes intense then business runs to the Government. An Omaha shoe dealer suggests a law to relieve him and his fellows of the rigors of competition. He suggests a Government bureau to regulate the number of styles of shoes which the manufacturer should put out each quarterly season.

But competition is essential to growth. Competition begets change, and together they plan new things to supplant old things, to dominate new markets, and to wrest patronage from old-time customers and customs. Together they see to it that a commercial house of a century's standing may be destroyed with bewildering suddenness. But by the same token they make an infant enterprise become overnight a national institution. Change and competition provide opportunities, and opportunity was the greatest heritage of the present generation. Undertakings by the Government—State, municipal, or Federal—lack originality, lack individuality, lack inspiration. They must be static; they solidify things as they are. They make it impossible to bring about the change through inventions and resourcefulness and daring which has made our American life what it is.

MAIL ANSWERED WITHIN A YEAR

A member of the President's Cabinet once told me that the first thing he found on his desk when he came to Washington was a request from a South Dakota farmer, asking for permission to take some abandoned ties from a forest reserve, saying the ties were a fire hazard and that he needed them to burn in his stove.

"That letter," the official said, "had gone through 52 hands."

"Surely," I exclaimed, "not 52, literally. You are using hyperbole."

"No," he insisted, "through 52 hands."

"And what did you do?" I asked.

"I wrote him," he replied, "that I might be court-martialed for this, but if the ties were abandoned, were a fire hazard, and he needed them for fuel, to go take them and say nothing about it to any one."

"Fine," I replied. "Then he kept warm that winter."

"No," corrected the Secretary, "it was not that winter; it was the next winter."

A high official of the Reclamation Service was once asked why the service had not been more successful. "I'll tell you a story," he answered. "The Government had $50,000 worth of equipment piled up under tarpaulin on one of its projects, waiting for the trucks to distribute it. A spark from a cook stove set it on fire. The cook—the only man on the job at the time—worked manfully to put out the fire. It was getting away from him, so he appealed to some Mexican laborers who were waiting to apply for jobs. They hesitated until he offered them a dollar apiece. Then they took buckets, brought water from a little stream and put out the fire. The cook paid the men, took their receipts and affidavits, and sent them on to Washington. In due time—that is, in about six months—the cook received word from Washington that his claim for $18 could not be allowed 'because,' the advices ran, 'according to Regulation 3208 you should have advertised for bids.'"

THE GREATEST LOSS OF ALL

Before one enters judgment against this procedure he should consider whether he is willing to allow anyone to be invested with the authority to permit an individual to appropriate Government property to his use or to permit a cook in a far-off lumber camp to spend taxpayers' money in hiring help without due authorization. And the red tape so inflexible in political matters must be made just as inflexible when Government essays the rôle of business.

Money waste in Government operation of business is important, but we are rich and we can stand the money waste. The loss of economic independence of the individual is a greater tax upon the Nation's progress. The limiting of the area left to private enterprise will justly bring an indictment from the coming generation against us for squandering their heritage. But the greatest loss of all is the loss of political freedom. For, as a former President of the United States said, "When the economic freedom of the individual goes there will go with it his political freedom."

For this is the most dangerous aspect of the change which is taking place in our political and economic structure—the fear it inspires is seldom voluble. Those who are first to feel the circle of political restriction tightening about them—business executives, railway presidents, bankers, power producers; those who are in a position to see most clearly what is going on—are reluctant to protest. They explain this reluctance by the fact that their motives will be misunderstood, that the interests they have been appointed to guard, of wage earners as well as stockholders, will suffer.

A railroad president was asked if he would write a simple article explaining just what consolidation would mean to the shipper. He replied, "I can't do that. No matter how careful I might be to keep out all controversial matters, something I might say would irritate a member of the Interstate Commerce Commission."

A ship operator who had lately acquired one of the ships run by the Government was asked how many men he used in operating the ship. He gave the number. He was then asked, "How many did you find on the ship when you took it from the Government?"

"Oh, there were twice as many," he replied.

"How does your provisioning cost per man compare with the cost to the Government?" he was asked.

"About half as much," he replied.

And so on and so on. But when he was asked for permission to use the figures in a newspaper article, to show the difference between governmental costs and private operation costs, he begged that they be used under no circumstances.

Bankers will tell of the growing presumption of Government representatives and of the varying interpretations of regulations; the growing attitude of allowing Washington to pass upon the paper of local customers, regardless of that greatest of all credit assets, character, which the banker knows more about than any regulation can cover. Instances might be multiplied, running into every line of business activity.

The ramifications of government to-day are so extensive that they afford greater and greater possibilities of retaliation. As a result, the public is not getting the sound counsel and advice in governmental affairs from business leaders that it is entitled to. The loss of economic freedom carries the penalty of loss of political freedom.

THE PRIMROSE PATH OF PATERNALISM

The burden laid upon productive enterprise by Government—nearly $15,000,000,000—is already colossal. Indications that it is too heavy to be borne are already appearing in deficits, defaulting municipalities, and lengthening lists of tax delinquents. These warnings not only seem to go unheeded but are advanced as a reason for launching government upon more uncharted seas of experiment. Having advanced far into the economic domain, it is now proposed that it enter the social field. For the old American ideal that it is the duty of citizens to maintain the state, the advocates of this new philosophy would substitute the formula: It is the duty of the state to maintain its citizens.

There the United States now stands—at the parting of the ways. It has already strayed from its old course. It is giving more and more attention to the clothing, feeding, and sheltering of the people.

Government bureaus prescribe diets, design clothing, give helpful hints to the citizen, and regulate his conduct from the day he is born to the day he is laid in the ground. It is assuming the rôles of doctor and nurse to such an extent that it is arousing the alarm of the 96,000 doctors who make up the American Medical Association.

To the original job of governing, democracy in America has saddled the state with the job of supervising, regulating, servicing, and, finally, operating industries.

Is Government to go forward or retrace its steps? It has wandered far from the principles expounded by Thomas Jefferson, fighting exponent of democracy, who thought that it should confine itself "to managing our dealings with foreign nations, a comparatively small task which could be performed by a few public servants." It should no longer, he said, "waste the labors of the people under the pretense of taking care of them."

But the records of its failures is obviously not a persuasive argument for turning back on the road that it has taken.

Thoughtful business men are puzzled over the inconsistency of Senators and Representatives who are leading the fight to urge government forward, to put it into business. They propose more Federal boards and commissions, while in the same breath they denounce present boards and commissions of their own making.

In the midst of their arraignment they stop to urge more boards, to fix the prices of wheat and hogs, to sell power and light, to carry on in hazardous fields fraught with the thousandfold possibility of graft and favoritism.

If bureaucracy with only regulatory power is untrustworthy, what will they say later of bureaucracy with executive powers?

Interest in the decision that will be made is not confined to the United States. Sir Ernest J. P. Benn, Bt., English industrialist and statesman, after reviewing England's dismal experience in this direction, makes this observation: "All this postwar madness is now passing; the process is slow, but * * * the end is in sight. That end will be accelerated and the world will be infinitely better if the United States is able to keep its head. America can stand out in this epoch of world distress as the guardian, on behalf of humanity, of economic sanity, and practical common sense."

DESTROYING INITIATIVE IN GERMANY

The beginning of the road which governmental enterprise takes is invariably bathed in the sunshine of promise. It is toward the end that the shadows gather. Efficient Germany provides an example. Hjalmar Schacht, former president of the German Reichsbank, says:

"Thirty per cent of the entire industrial population of Germany are to-day government officials in one form or another or work in enterprises upon which the national, state, or local government exercises a decisive influence. Thirty per cent of the industrial population of Germany are therefore immediately dependent upon public and political corporations. For industry this means that the inspiring struggle to obtain the maximum product and the maximum economic success gives way to the ruinous thought of crawling into public charity. * * *

"The number of business men who work at their own risk and of workers who seek work on their own responsibility is steadily declining. Men whose entire effort was once devoted to taking care of themselves are made into mere political officials; men who were once dependent upon the product of their own activity become people for whom those who still accept economic risks must help to provide; men who hoped to rise and make themselves count as a result of distinguished achievement become indifferent mechanical workers who insist upon their politically guaranteed rights."

THE TRUE ENDS OF GOVERNMENT

Fortunately, the United States has not gone so far on the road to paternalism that it can not retrace its steps. There are those who profess to believe that government should be a great social-service agency; that government should arrange for employment for us; that, without individual effort, government should enable us to enjoy the rest of our lives in a well-ordered, properly organ-

ized, scientifically planned state; that individual effort is no longer to receive individual reward; that we can lift ourselves by our own boot straps; that simply because something should be done, the Government should do it; that economic laws are not discovered but are made by legislative fiat; that we have been on the wrong course these hundred and fifty years, because national progress comes from the top down, and not from the bottom up.

"Our rulers will best promote the improvement of the Nation by strictly confining themselves to their own legitimate duties, by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment, by maintaining peace, by defending property, and by observing strict economy in every department of the State. Let the Government do this—the people will assuredly do the rest."

This was written by Macaulay just 100 years ago, and it might have been written to-day with equal force.

THE SILVER QUESTION

Mr. PITTMAN. Mr. President, I ask unanimous consent to print in the RECORD a letter which I have written to Frank M. Smith analyzing the bills which have now been introduced in Congress relative to the restoration of the purchasing power of silver and its exchange value. I do that for the purpose of answering numerous criticisms.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

UNITED STATES SENATE,
Washington, January 15, 1932.

MR. FRANK M. SMITH,
Spokane, Wash.

MY DEAR MR. SMITH: I am in receipt of your letter in which you say:

"It is a pity that the silver men in the West can not get behind some logical program and work for it as a unit. With the multitude of bills and plans now before Congress, I am afraid we will not get anywhere.

"While I fully appreciate that you are very busy with your many duties in the Senate, I wish very much that you would take a little time and write me your views of the whole situation."

The United States Senate in February, 1931, unanimously adopted my resolution requesting the President to call or obtain an intergovernmental conference, or conferences, for the purpose of obtaining agreements to abandon or suspend the policy and practice of governments in debasing and melting up silver coins or permitting the sale of bullion derived from such sources, and for the further purpose of agreeing upon the uses and status of silver as money.

This resolution has been indorsed by legislative action of 11 western States, and the calling of such conference has been approved by the Pacific Foreign Trade Council, the International Chamber of Commerce, the Pan American Conference, the American Federation of Labor, the American Chamber of Commerce of China, and numerous civic and semicivic bodies.

During this session of Congress several bills and resolutions have been introduced, the chief of which are:

The Smoot bill (S. 1560), which provides:

"That at the request of any foreign government the Secretary of the Treasury is authorized and directed to accept, in payment of the whole or any part of the indebtedness now or hereafter owing to the Government of the United States by such foreign government, silver at the average market price in the United States for the second calendar month preceding date of payment."

The Dill bill (S. 1637), which provides:

(a) For an international monetary conference.

(b) That the representatives of the United States Government shall consist of three Government officials to be appointed by the President of the United States, three United States Senators to be appointed by the Vice President, and three Members of the House of Representatives to be appointed by the Speaker.

(c) It provides that the governments owing debts to the United States and such other governments as the President may invite shall be members of the monetary conference. The conference is to consider the monetary and economic conditions and currency needs of the nations represented at the conference and is also to formulate proposals providing for the establishment of silver as a basis of currency and world exchange between said nations and report said proposals back to the President and the Congress of the United States. When the proposals have been ratified by the governments represented, the President is authorized to modify the debt-funding agreements of the nations which ratify such proposals and which owe debts to the Government of the United States, by providing that the annual payments under said debt agreements may be made in silver instead of gold, so long as the debtor nation retains silver as a basis of money and world exchange.

The Wheeler bill (S. 2487) provides for the free and unlimited coinage of silver at the ratio of 16 to 1.

The Borah bill (S. 2630), which was introduced by request and is not yet sponsored by Senator BORAH, provides for the deposit of silver with the Treasury and the issue of "an equal number of 'ounce' silver Treasury notes provided for in this act." The Secretary of the Treasury is directed to have minted "ounce" coins sufficient to meet the public demand, the balance of the silver to be held in bullion form against the "ounce" silver Treasury notes issued in payment for such silver.

It further provides, "That both the 'ounce' silver coins and the 'ounce' silver Treasury notes provided for in this act shall pass current as lawful money of the United States but at the market value of the silver in the coins and the silver represented by the 'ounce' silver Treasury notes, to be determined from month to month by Treasury bulletins to be issued by the Secretary of the Treasury."

The Treasury is authorized monthly to fix the value of such "ounce" coins and "ounce" Treasury notes.

Such "ounce" silver coins and "ounce" silver Treasury notes may be made legal tender by special contract.

The "ounce" silver Treasury notes are redeemable in "1 ounce of standard silver, either coined as herein provided for or in bullion, at the option of the person surrendering such 'ounce' silver Treasury note."

It is further provided that the "ounce" silver coins and the "ounce" silver Treasury notes "shall be eligible as legal reserves in any bank or other financial institution, from month to month, based upon the market value of the silver in said coins or represented by said certificates, as promulgated from month to month by the Secretary of the Treasury."

Then there is a provision with regard to taxing the profits made on such silver "ounce" transactions.

Then it is further provided "that the Secretary of State is hereby directed to advise all foreign governments, states, municipalities, and districts whose bonds are held by citizens or residents of the United States, and now in default or suspension, either as to the interest or principal, of the contents of this act, and to cordially invite such debtors to make use of the ounce currency herein provided for in tendering to creditors in the United States such payments or service as they may be able to make pending resumption of full service or payments."

Congressman EVANS of Montana has introduced a bill (H. R. 6712) providing for the free coinage of silver at a ratio of 16 to 1.

Congressman MCKEOWN sets out in the whereas clause of his resolution, H. J. Res. 199, United States Statutes, title 31, section 311, which is as follows:

"Policy of United States as to bimetallism: It is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals and the equal power of every dollar at all times in the markets and the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States in the markets and in the payment of debts."

He then followed with the following resolution:

"*Resolved, etc.*, That the President of the United States be, and he is hereby, respectfully requested to call a conference or conferences of the governments of the world for the purpose of securing intergovernmental agreements to suspend the policy and practice of governments melting up or debasing silver coins and sales by governments of silver, and to agree as to the uses and status of silver as money, and to insure the maintenance of the parity in value of both gold and silver and the equal power to every dollar at all times in the markets and in the payment of debts, and to secure the establishment of a safe system of bimetallism at a ratio which shall insure permanence of relative value between gold and silver: Be it further

"*Resolved*, That the United States be represented at such conference or conferences by commissioners as provided in section 312, title 31, of the Code of Laws of the United States, and that the sum of $100,000, or so much thereof as may be necessary, is authorized to be appropriated for the expense of such conference."

Congressman SOMERS of New York has introduced House Resolution 72, which provides as follows:

"*Resolved*, That the Committee on Coinage, Weights, and Measures is authorized and directed, as a whole or by subcommittee, to investigate the cause and effect of the present depressed value of silver, the monetary policies of the United States and foreign countries and their relation to the value of silver, methods of stabilizing the value of silver, and the advisability of an international conference to consider methods by which by international cooperation the value of silver can be stabilized. Such committee shall report its findings to the House together with such recommendations for legislation as it deems advisable."

The objections that may be urged against the Smoot bill are as follows:

(a) It changes the debt settlement agreements.

(b) There is no limit to the amount of silver that might be delivered to the United States, and therefore it is possible, although not probable, that an enormous quantity of silver might be deposited in the Treasury of the United States.

(c) There is no provision in the bill for the use of such silver as a monetary reserve or in our currency system. There is no provision against the resale of this silver by the United States Government at any time, in any quantities, at any price. Without such restriction and without provisions for the use of such silver as reserves, or in our currency system, the bear effect on the silver market would be the same as the bear effect on the silver market by reason of the policy and practice of the British Government of India in selling and threatening to sell enormous quantities of

silver derived from the melting up of the silver rupee coins of India.

(d) The bill is opposed by the financial advisors of the administration, and for that reason, and the reasons before named, would have little, if any, chance of enactment.

(e) It offers an excuse to refrain from supporting the request for an international conference as provided in the Senate resolution.

The Dill bill is not so objectionable as the Smoot bill, as it does provide for an international conference. It has aroused opposition for the following reasons:

(a) It attempts to control the constitutional authority of the Executive relative to the appointment of officers and representatives of the United States Government.

(b) The President would undoubtedly veto a bill containing such provisions.

(c) It provides for a change in the manner and method of the settlement of foreign debts due the United States Government. This would not be so objectionable, however, to many Senators and Congressmen as the provision in the Smoot bill, because the settlement in silver is only to take place after the stabilization of silver and its adoption as a basis of money and world exchange. Personally I see no objection to such provision of the bill, but the bill, in my opinion, is impossible of enactment by reason of the first objection herein cited.

(d) The bill attempts to direct the action of the proposed conference. Every act proposed or suggested in either the Smoot bill or the Dill bill could be accomplished through the conference requested in the Senate resolution.

The Wheeler and Evans bills providing for the free coinage of silver at 16 to 1 are at this time impracticable, and have not, in my opinion, the slightest chance of enactment at this session of Congress. Nearly half of the monetary gold of the world is in the banks of the United States, which, of course, would be used as an argument against the free coinage of silver. It may be advisable to supplement our currency system with further issues of silver coins or silver currency, and support to this end may be obtained. The very popularity of a free coinage of silver bill in certain sections of the United States detracts from the support of more practicable and conservative efforts looking to the restoration of the exchange value and purchasing power of silver money.

The Borah bill presents a very unique plan for an increase in our circulating medium and the greater utilization of silver in our currency system. To this extent it is not in conflict with the purpose of the resolution adopted by the Senate looking to an international conference for the restoration of the exchange value and purchasing power of silver money throughout the world. It is subject to the criticism, however, that it looks to a change in the manner and method of the settlement of foreign debts due us.

The McKeown resolution stands on a sound foundation. It recites the fact that a law is already on our statute books providing for an international bimetallic conference. It calls upon the President to obtain an international conference for the same purposes as set out in the Senate resolution; but, at the same time, more definitely defines the purpose of such conference as the stabilization of the exchange value of the moneys of the world. This resolution suggests bimetallism. The Senate resolution leaves open to the conference the question as to how silver money shall be treated so as to bring about reasonable exchange between silver moneys and gold moneys. The people of the United States are more interested in restoring the purchasing power and exchange value of the money of their foreign customers than they are of the money of our own country.

Our exports are suffering chiefly from the high standard of value that we place on our gold standard money and the low value, by relation to exchange for our money, of the silver money of other countries. I assert that it is impossible to raise and restore the exchange value of silver money with gold money until the unnatural dumping from India, derived from the melting up of enormous quantities of silver coins, is stopped. This can only be stopped through the agreement of governments.

It is not necessary that the British Government or the Government of India be a party to such agreement if the United States, Canada, Mexico, South America, Central America, China, Japan, Australia, and New Zealand alone agree not to debase or melt up silver coins, and that no silver shall be imported into any of such countries from any country not a party to the agreement. Then India will be forced to abandon her destructive policy, because there will be nowhere for her to sell her silver.

The United States to-day is suffering more than any country in the world by reason of the low exchange value of the money of other countries by comparison with our gold-standard money. We are rapidly reaching the point where we will be isolated from world trade unless we depreciate the value of our money, as Great Britain has done, or unless through international agreement we restore the exchange value and purchasing power of silver money.

Had the President acted in February, 1931, when the Senate resolution was passed, it is possible that Great Britain could have remained on the gold standard, as well as the other countries that have followed Great Britain off the gold standard.

There seems to be no legitimate excuse for the President longer delaying in this vital matter, and it is to be hoped that there may be a more active insistence upon the President's making such call on the part of those who realize how vital it is.

Very sincerely yours,

KEY PITTMAN.

COMPENSATION OF EX-SERVICE MEN

Mr. ASHURST. Mr. President, I ask leave to print in the RECORD some correspondence between myself and Gen. Frank T. Hines, Administrator of the Veterans' Bureau, relative to the number of ex-service men receiving statutory awards for arrested tuberculosis and the cost thereof to date.

The PRESIDENT pro tempore. Without objection it is so ordered.

The correspondence is as follows:

OCTOBER 19, 1931.

Gen. FRANK T. HINES,
Veterans' Administrator.

DEAR GENERAL HINES: When H. R. 12175 was pending in the Senate of the Sixty-ninth Congress, I offered the following amendment, which amendment was adopted by the Senate and which became a part of Public, No. 448, and for the lack of a better description has come to be known as the Ashurst amendment, to wit:

"That any ex-service person shown to have had a tuberculosis disease of a compensable degree, who, in the judgment of the director, has reached a condition of complete arrest of his disease, shall receive compensation of not less than $50 per month: *Provided, however*, That nothing in this provision shall deny a beneficiary the right to receive a temporary total rating for six months after discharge from a one year's period of hospitalization: *Provided further*, That no payments under this provision shall be retroactive and the payments hereunder shall commence from the date of the passage of this act or the date the disease reaches a condition of arrest, whichever be the later date."

Will you please inform me as to the number of ex-service men now receiving compensation under the provisions of my amendment, and also please further advise me as to the gross sum of money (compensation) which to date has been paid to ex-service men under and by virtue of this Ashurst amendment?

Sincerely yours,

HENRY F. ASHURST,
United States Senator from Arizona.

VETERANS' ADMINISTRATION,
Washington, October 30, 1931.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.

MY DEAR SENATOR ASHURST: This will acknowledge receipt of your letter of October 19, 1931, requesting information as to the number of ex-service men receiving statutory awards for arrested tuberculosis and the cost of this amendment to date.

On September 30, 1931, statutory $50 awards for arrested tuberculosis were being paid to 43,024 veterans, and the cost to date of this amendment is approximately $87,056,000 over and above the compensation which would have been paid under the rates in effect prior to this amendment.

Very truly yours,

FRANK T. HINES, *Administrator.*

ROAD CONSTRUCTION ON INDIAN RESERVATIONS

Mr. ASHURST. Mr. President, I ask leave to print in the RECORD some correspondence between the Commissioner of Indian Affairs and myself respecting road construction on Indian reservations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The correspondence is as follows:

DECEMBER 14, 1931.

Hon. CHARLES J. RHOADS,
Commissioner of Indian Affairs.

DEAR MR. COMMISSIONER: During the Seventieth Congress I secured the enactment of the following law:

"[PUBLIC—NO. 526—70TH CONGRESS]

"(S. 1145, by Mr. ASHURST)

"An act to authorize an appropriation for roads on Indian reservations

"*Be it enacted, etc.*, That appropriations are hereby authorized, out of any money in the Treasury not otherwise appropriated, for material, equipment, supervision, and engineering, and the employment of Indian labor in the survey, improvement, construction, and maintenance of Indian reservation roads not eligible to Government aid under the Federal highway act and for which no other appropriation is available, under such rules and regulations as may be prescribed by the Secretary of the Interior.

"Approved, May 26, 1928."

Will you please supply me with the information as to the allocation of the sums of money expended, available, or proposed to be expended on the various Indian reservations for road purposes under the provisions of this act?

Respectfully yours,

HENRY F. ASHURST,
United States Senator from Arizona.

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, December 30, 1931.

Hon. HENRY F. ASHURST,
United States Senate.

MY DEAR SENATOR: In accordance with your request of December 14, there is being sent you herewith information as to the allocation of the appropriations made for the fiscal years 1930, 1931, and 1932 covering the construction, maintenance, and repair of roads on Indian reservations not eligible to Government aid under the Federal highway act and for which no specific appropriation is available.

Sincerely yours,

C. J. RHOADS, *Commissioner.*

Roads, Indian reservations, 1929–30

Blackfeet	$4,000.00
Carson	1,142.64
Cherokee	1,999.62
Cheyenne and Arapaho	978.14
Cheyenne River	2,928.41
Chilocco	990.95
Choctaw-Chickasaw Hospital	875.75
Colorado River	4,822.52
Colville	4,998.78
Consolidated Ute	1,000.00
Crow	3,983.19
Crow Creek	2,999.49
Eastern Navajo	2,994.23
Flathead	4,000.00
Fort Belknap	4,000.00
Fort Berthold	2,000.00
Fort Bidwell	1,996.78
Fort Hall	4,729.55
Fort Yuma	1,999.91
Haskell	1,325.43
Havasupai	2,000.00
Hoopa Valley	498.49
Hopi	5,008.00
Jicarilla	7,700.73
Leupp	8,000.00
Mescalero	4,286.17
Mission	910.00
Neah Bay	6,920.23
Northern Navajo	5,000.00
Northern Pueblos	4,110.64
Paiute	1,907.03
Phoenix	2,286.02
Pima	5,000.00
Pine Ridge	3,996.50
Rocky Boy's	3,509.00
Rosebud	3,968.03
Sells	5,000.00
Shoshone	4,857.27
Southern Navajo	10,952.48
Southern Pueblos	4,992.65
Standing Rock	3,949.61
Taholah	342.50
Tongue River	6,498.70
Tulalip	4,988.93
Turtle Mountain	53,333.76
Uintah and Ouray	3,485.33
Walker River	1,963.19
Warm Springs	5,000.00
Western Navajo	6,783.67
Western Shoshone	2,500.00
Winnebago	2,500.00
Yakima	5,000.00
Yankton	2,000.00
Zuñi	6,921.00
Total	249,926.34

Appropriation title: Roads, Indian reservations

Appropriation, 1932	$500,000
Estimate, 1933	400,000
Decrease	100,000

We offer the following justification:

This appropriation is to cover the construction, repair, and maintenance of roads on Indian reservations not eligible to Government aid under the Federal highway act, and is authorized by the act of May 26, 1928 (45 Stat. 750). The first appropriation of $250,000 was included in the 1930 act.

It serves the twofold purpose of improving roads on various reservations and of contributing materially to the incomes of a large number of Indians through furnishing labor. This source of income has been of particular benefit last year and during the present year, as Indians on many reservations are in destitute circumstances due to the general business depression, which has materially reduced the opportunity for employment, and the market value of farm crops and livestock produced by them. On some reservations the drought and grasshopper infestation have reduced, and, in some instances, practically destroyed farm crops and range forage produced on Indian lands.

On a number of reservations road programs have been formulated covering the most essential major projects. Among the more important projects being constructed during the current year are those at the following jurisdictions:

Hopi, Polacca, Oraibi, and Keams Canyon Bridges, and some road improvements between Keams Canyon and Oraibi	$10,000
Pima, necessary roads needed in connection with the subjugation project	5,000
San Carlos, road on reservation leading to the Warm Springs country	25,000
Mission, special road work on five reservations	10,000
Consolidated Ute, special projects, mostly in La Plata country	25,000
Blackfeet, special projects, road to Hays and Heart Butte countries, representing first half of a 2-year program	35,000
Flathead, completion of road from Dixon to agency	5,000
Fort Belknap, first half of 2-year program on road from agency to Hays	20,000
Rocky Boy, first half of 2-year program on road from Box Elder to Havre	20,000
Walker River, completion of road across reservation	8,000
Zuni, completion of "Park to Park" highway within the Zuni Reservation	7,500
Klamath, construction of road from Braymill to Sprague River in cooperation with county officials who agreed to maintain the road in the future	35,000
Neah Bay, completion of Makah Road to connect with Port Angeles Road	12,000
Taholah, repair and for relocation of portion of road on Quinaielt Reservation	6,000
Jicarilla, road across reservation	14,000
Mescalero, improvement of road to Whitetail district and others	9,000
Warm Springs, general construction and maintenance of work on main road across reservation	9,000
Fort Apache, general improvement work on main roads to Indian settlements, including Cibique Road	15,000

In addition to the above, sums ranging from $1,000 to $10,000 have been allotted to a number of other agencies for general repair and maintenance of existing roads, bridges, and culverts.

Major road projects for 1933 will include the completion of the 2-year programs now under way and such additional projects of major importance as may be brought to our attention during the remainder of this year or during 1933.

The following statement shows the allocation of the regular road appropriations for 1931 and 1932, a tentative set-up of the amount requested for 1933, and allotments from the $100,000 appropriation contained in the first deficiency act, fiscal year 1931, under the heading of emergency construction:

Emergency construction, first deficiency act, 1931

	1931	Emergency construction, 1931	1932	1933
Arizona:				
Havasupai	$2,000		$1,500	$1,000
Hopi	27,500	$4,000	10,000	2,000
Leupp	3,530	4,000	19,500	7,000
Pima			10,000	7,000
Southern Navajo	25,000	6,000	10,000	4,000
Sells	1,000	2,000	4,000	40,000
Western Navajo	3,000	4,000	6,000	6,000
Colorado River	1,000	5,000	5,000	6,000
Kayenta	1,500			1,000
Phoenix	1,500	2,500	1,000	2,000
Theodore Roosevelt	1,500	1,500		
San Carlos	4,000	5,000	25,000	25,000
Truxton Canyon			2,500	2,500
Fort Apache			20,000	9,000
California:				
Fort Yuma			2,000	2,000
Mission	1,000		10,000	7,500
Hoopa Valley	1,000		8,500	6,000
Sacramento	500		3,000	3,000
Colorado: Consolidated Ute	5,000		25,000	9,000
Idaho:				
Coeur d'Alene	1,000		2,500	1,500
Fort Lapwai				1,000
Fort Hall	1,000		5,000	4,000
Iowa: Sac and Fox	1,000	1,000	1,000	1,000
Minnesota:				
Consolidated Chippewa	400	1,000	3,615	2,500
Red Lake			3,000	
Montana:				
Blackfeet	2,000		35,000	30,000
Crow			4,000	4,000
Flathead		5,000	5,000	5,000
Fort Belknap	3,000	4,000	20,000	20,000
Fort Peck	2,500		10,000	7,000
Rocky Boy	3,300	2,000	20,000	20,000
Tongue River	6,000	2,000	10,000	7,500
Nebraska: Winnebago		3,000	4,000	3,000
Nevada:				
Walker River	12,500	3,000	9,000	3,000
Western Shoshone	2,300		5,000	4,000
Pyramid Lake	1,000	2,000		1,000
Carson			1,000	
New Mexico:				
Eastern Navajo	1,500	3,000	5,000	6,000
Jicarilla	3,000		14,000	5,000
Mescalero	3,000	3,000	9,000	6,000

Emergency construction, first deficiency act, 1931—Continued

	1931	Emergency construction, 1931	1932	1933
New Mexico—Continued.				
Northern Navajo	$3,000		$4,000	$6,000
Santa Fe (Northern Pueblos)	3,000		2,000	2,000
Southern Pueblos	3,000		2,000	2,500
Zuni	7,500		7,500	2,000
North Carolina: Cherokee	1,000		2,000	1,500
North Dakota:				
Fort Totten	1,000	$2,000	3,000	5,000
Fort Berthold	3,000		2,000	3,000
Standing Rock	5,000	4,000	10,000	8,500
Turtle Mountain	46,450	3,000	9,000	7,000
Oklahoma:				
Pawnee		2,000	2,000	1,000
Shawnee	1,000			
Cheyenne and Arapaho		4,000		
Oregon:				
Warm Springs	4,000		9,000	6,500
Klamath			25,000	3,000
Umatilla				1,000
South Dakota:				
Cheyenne River	4,000	4,000	10,000	9,000
Crow Creek	2,000		4,500	4,000
Pine Ridge	5,000	3,000	10,000	10,000
Rosebud	2,000	2,000	6,000	7,000
Yankton	3,500	5,000	5,000	5,500
Sisseton			2,000	3,000
Utah:				
Uintah and Ouray			4,000	3,500
Paiute	500	1,000	1,500	2,000
Washington:				
Colville	4,000		5,000	6,000
Neah Bay	10,000		12,000	3,000
Taholah			7,450	3,000
Tulalip	14,000		3,000	2,500
Yakima			3,000	2,500
Wisconsin:				
Lac du Flambeau		2,000	4,000	2,800
Hayward		3,000	3,000	2,000
Tomah			3,000	
Wyoming: Shoshone	2,000	2,000	3,000	7,000
Reserve				10,000
Supervision	3,000		4,000	4,000
Undistributed balance			2,935	19,000
Total	250,000	100,000	500,000	400,000

As stated before, the only labor utilized on road work is Indian labor, there being no authority for the expenditure of any of the appropriation for other personal services, except engineering and supervision. We have secured a high degree of cooperation with a number of States and counties not only in the joint construction of roads across Indian reservations but also in arrangements for maintenance of such roads after completion.

DEFICIENCY APPROPRIATIONS

Mr. JONES. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 10 minutes p. m.) took a recess until to-morrow, Saturday, January 16, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 15, 1932

SURVEYOR OF CUSTOMS

Frederick A. Hobbs, of Alfred, Me., to be surveyor of customs in customs collection district No. 1, with headquarters at Portland, Me., in place of Frank B. W. Welch, deceased.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, Ordnance Department Reserve

Brig. Gen. John Hodgen Rice, Ordnance Department Reserve, from February 4, 1932.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 15, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We turn to Thee with our grateful hearts, Blessed Lord. We thank Thee for the sense of loving God, and that we are Thy children forever more. Grant that these loving thoughts may soften our wills, chasten our selfishness, shame our pride, and strengthen us in the bonds of unity and concord. We would ask Thee for understanding hearts and for applying dispositions; let Thy wisdom and our need join in one plea. Spread among us that large-mindedness which shall unite us with growing force to Thee and to our fellow men. While we seek to build up and make strong the outward human life do Thou make us strong in the realms of the soul—in charity, fortitude, and outlook. Through Christ our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

RELIEF OF FARMERS BY LOANS TO IRRIGATION, ETC.

Mr. BARBOUR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement by Walter D. Wagner, secretary of the Irrigation District Association of California, before the Committee on Irrigation and Reclamation of the House.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BARBOUR. Mr. Speaker, one of the most important pieces of legislation now pending before the Congress is H. R. 4650, a bill to provide for the relief of farmers by the making of loans to irrigation, drainage, levee, and similar districts for the purpose of redeeming the bonded or other lawful indebtedness of such districts incurred for the payment of works of irrigation or reclamation, such loans to be amortized over a period not exceeding 40 years and to bear interest at the rate of 3 per cent per annum.

The enactment of this legislation will afford real relief to the farmers whose lands lie within these districts and who are finding the payment of these debts and the high rates of interest which they bear an almost impossible burden.

The merits of this proposed legislation have been ably and clearly set forth in a statement before the Committee on Irrigation and Reclamation of the House of Representatives by Mr. Walter D. Wagner, secretary of the Irrigation Districts Association of California, and also secretary of a committee appointed at the western regional meeting of the American Farm Bureau Federation, representing 11 Western States, which I am pleased to submit as follows:

My name is W. D. Wagner, of California, and I am here as secretary of a committee appointed at the western regional meeting of the American Farm Bureau Federation. The regional meeting comprised the 11 Western States and at those meetings held in Reno, Nev., Salt Lake City, Utah, and San Francisco, Calif., resolutions indorsing this or some similar bill were unanimously adopted.

I am also the executive vice president of the Irrigation Districts Association of California, which association is composed of the 87 irrigation districts in California, the only individual members being the State's attorney general, the State superintendent of banks, and the State engineer.

The districts have an area of 3,548,832 acres. They vary in acreage from 325 in the smallest to 606,000 in the largest.

Of these districts, 21 were forced into default last year on account of the farmer being unable to meet the burden of his taxes.

We must understand that the individual mortgagor can waive or extend the payment on his mortgage, but under our law taxes must be paid or the owner loses his land and is forced off.

I may say that this or a similar bill has been indorsed by the State chamber of commerce, the State legislature, farm bureaus, and many other public bodies of California and many other States.

I would like at this time to correct, if possible, a false impression that I find some of our eastern friends seem to have in regard to reclamation projects which have been supported by the Federal Government. They confuse these with our irrigation districts. Some of our friends seem to believe that all irrigation districts of the Western States are Federal projects. They are no more Fed-

eral projects than are all drainage or levee districts, which are not at all. As a matter of fact, the Federal reclamation projects are those built by the Federal Government for the benefit of Federal public lands and paid for from money received from the public lands.

As to overproduction of farm products, at the present time only 1 per cent of the farm products of the United States are produced in those projects, and 90 per cent of those are consumed locally. The reclamation projects themselves furnish markets for a large amount of manufactured goods, manufactured mostly in the Eastern States.

On the other hand, an irrigation district, such as is mentioned in this bill, is a political subdivision or State agency, whichever you desire to call it, the same as a drainage or levee district. It is organized by vote of the people within the district. It has its own officers; it levies its own taxes and assessments. It provides irrigation where necessary, levees where necessary, and drainage where necessary.

The position of irrigation districts is very clearly set forth in the printed testimony of Mr. Mason, of California, at the hearing on Senate bill 4123 before this committee on December 11 and 12, 1930, except that since that time their condition has grown very much worse, for, as stated before, 21 of our 87 districts were forced into default last year on account of the farmer being unable to meet the burden of his taxes. Also we might refer to the splendid report of Mr. Smith which accompanied Senate bill 4123.

What has been said about levee and drainage districts applies equally and exactly to irrigation districts. Their condition is the same. In fact there is no difference except in the name. Levees are to keep the water off the land, drainage is to take the water off the land, and irrigation to put the water on the land, all for the one purpose of making the land more productive. An irrigation district, however, under our law, can and does all three; it builds levees, drainage and irrigation works, but all its bonds for all these purposes are called irrigation-district bonds. Even what was said about corporation farming in the drainage districts applies to our irrigation districts. One large corporation has foreclosed mortgages and taken over, I will not say definitely how many, but approximately, 200 farms, and are now more intensively cultivating them.

The corporation would not extend the time or loan the former owner the additional funds needed to make the necessary improvements, but is itself buying additional tractors, making the necessary improvements, and cultivating the land more intensively, so that instead of these lands going out of production they are made to produce more, thus adding to the already overproduction, to the detriment of all others. But that, gentlemen, to my mind is not the worst feature of it. These 200 farms each contained a house which was the home of an independent family; the children attending school. To-day those houses are being turned into bunk houses, containing nothing but a lot of hired men.

I do not wish to paint a too-pessimistic picture. I am by nature an optimist, but a man, knowing conditions, must be an extreme optimist indeed to paint anything but a pessimistic picture of the plight of the farmer in these districts. The small farmer will pay his taxes to save his home before anything else. During the past several years he has used up whatever surplus he may have had. Likewise, he has used up whatever credit he may have had. The banks will no longer loan him money to pay taxes or for any other purpose.

This is pretty well illustrated by a rather amusing incident which actually happened last year in one of our districts. A dairyman ran out of feed for his cows. He had no money or credit. The bank had a chattel mortgage on the cows. The dairyman went to the banker and explained his condition, and asked an additional loan of $200 to buy feed. The banker refused, saying he had already loaned more than the cows were then worth, which was probably true. The banker remained firm. Finally the dairyman asked the banker if he knew how to milk cows, and the banker said he did. "Well," said the dairyman, "you come out to-night and milk your cows, for they are yours right now; I am through." And, gentlemen, that is the general condition. They are borrowed right up to the hilt.

I said that the individual mortgagor could extend the payment of his mortgage and that the farmer would pay his taxes, if possible, before anything else. These bonds were issued under certain taxing laws and our Supreme Court has held that neither State nor country taxes take precedent over irrigation-district taxes, and our Attorney General has ruled that an irrigation-district tax deed actually wipes out all prior State, county, or other delinquent taxes, as well as mortgages, trust deeds, or any other lien. The United States Supreme Court has upheld the power of an irrigation district to levy and collect assessments. I make this statement to assure you that any loan made under the provisions of this bill will be amply protected.

I read a statement by a Senator from one of our Eastern States that this bill was primarily for the benefit of the banks and bondholders. This is not correct. It is primarily for the benefit of the farmer. Of course, anything that will help the farmer will indirectly help his creditor, whoever it may be. But who are the bondholders? Some people think these bonds are all held by banks, insurance companies, and wealthy people, but such is not the case. We have had occasion to compile a list of bondholders of several districts. Of one district with $693,000 of bonds outstanding, only $25,000 were held by banks, and none by insurance companies. Of another district only 4 per cent were held by banks, and these were mostly small country banks. You would be surprised to know how many holdings of $500 to $1,000 there are. Nearly all are held by individuals, many by widows who purchased them from banks or bond houses as an investment of their meager funds. Many of them in Eastern States. No, the banks and bond houses have already made their profit out of them.

You may ask, as I have asked myself, Will the operation of this bill save the farmer? I believe it will. This bond-and-interest tax is like the proverbial straw that broke the camel's back, and this bill will remove that straw and allow the farmer to safely carry his burden.

I think it is needless for me to call your attention to the fact that farming is the basic industry of this as well as any other country, and that prosperity can not remain with us unless the cultivation of the soil can be made to pay. In the Western States farming can not be made to pay without irrigation, the same as it can not be made to pay in some other States without drainage or levees.

The creation of an irrigation district and the bringing of the lands under cultivation creates not only additional taxable value to the farm lands but also to the local town values, regional city land values, and railroad and power franchises as well. A recent study of the various values created by an irrigation district indicates that the increase in the farm land values, which must bear the entire cost of the development, amounts to only one-fifth of the total values created, yet in no case have the regional interests or the railroads or power companies or other utilities paid anything towards these costs although they have received an increment in value far greater than the farmer.

In order to determine the benefits resulting from irrigation development, it is necessary to follow the various ramifications of activities resulting from such development. To illustrate, consider a district including 100,000 acres of land, yielding produce for which the ultimate consumer pays $11,000,000 or $110 per acre annually. According to a recently completed analysis of the consumer's dollar for such a project, 48 per cent, or $5,060,000, goes to the farmer; approximately 9.1 per cent, or $1,001,600, goes to the local manufacturers; and 44.9 per cent, or $4,939,000, goes to transportation and merchandising interests and to outside manufacturers.

The farmer's income of $5,060,000 is distributed to various items of expense, including equipment, supplies, interest, taxes, water costs, power, and personal items. Twenty-five per cent, or $1,265,000, is retained by local town interests; 46 per cent, or $2,327,600, goes to manufacturers, wholesalers, and others in regional centers; and the balance of $1,467,400 goes to outside manufacturers.

In this cycle of activity each interest makes a profit, beginning with the farm and going on through the local, regional, and distant centers. Each business uses land, and the rental capitalized represents, in general, the increase in land values resulting from the activities created by the primary production on the farm. In the case of railroads and power companies there is also an increase in franchise value.

According to the analysis, the total values equal $217 per acre irrigated. Forty dollars goes to the farmer for increased land value and $177 goes to other interests in local and regional centers for increased land and utility-franchise values.

The establishment of new projects at present would be unwise, for it would lead to greater demoralization of agriculture, with no compensating benefits, and this bill does not provide for any new projects, nor for the enlargement of any of the existing ones.

The conservation of existing development presents a special problem which deserves most serious consideration. The maintenance of the buying power of existing and established interests is vitally necessary. The reduction or, in some cases, the total elimination of the farmer's buying power through foreclosure by either mortgage or bondholders or tax liens starts a vicious circle of loss which extends to every walk of life. When the farmer's buying power is curtailed, the influence has a wide ramification, reaching local business interests, regional wholesalers, manufacturers, railroads, and power interests. There is no greater problem facing the Nation than this problem of maintaining the welfare of existing agricultural interests as a part of a national program looking toward the development of general buying power; and the general buying power of the farmer is now about nil.

To give you a picture of what the farmer is up against, the following figures are given me as from a report of the Bureau of Agricultural Economics of the United States Department of Agriculture. The figures show that of the price received last year as compared with that of 1920, taking $1 as the basis received in 1920, the farmer received for grains but 21½ cents; for fruits and vegetables, 33 cents; for meat animals of all kinds, 42 cents; for dairy products but 46 cents; poultry and eggs but 42 cents; and for cotton but 19 cents. The figures also show that the average price received by the farmer to-day is but 72 per cent of the 1914 prices, while at the same time the farmer pays for the commodities he purchases 127 per cent of the 1914 prices and pays for farm wages 123 per cent of the 1914 wages and pays, or attempts to pay, for his taxes 265 per cent of his 1914 taxes.

Many of these districts were organized during the World War and in response to the call of the Federal Government to raise more food. At that time the price of agricultural products was high and so likewise was the cost of construction. Bonds bearing high rates of interest were issued and maturities fixed at early dates. The improvements made by these districts are not only for the present but are permanent in nature and for the benefit of generations to come. They are indeed in the nature of public

improvements and are actually for the benefit of all the people of the United States.

The condition creates a burden which the farmer is unable to bear. Had the high prices of agricultural products continued, perhaps the farmer could pay, but under the conditions now existing unless such relief is afforded as is proposed in this bill thousands of farmers will lose everything and be forced to migrate to the cities, swelling the number of the unemployed.

This bill represents real farm relief. It is no bonus, no subsidy, no dole. The farmer is given a chance to work out his own destiny on his own land and by his own investment. The help that he receives is the lightening of the unbearable tax burden by low-interest money and furnished at no expense to the Government or to the people of the United States.

CALL OF THE HOUSE

Mr. SNELL. Mr. Speaker, we have some very important matters coming before the House to-day, and I think a quorum should be present. I therefore make the point that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

The motion was agreed to; accordingly the doors were closed, the Sergeant at Arms directed to notify absent Members, the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 10]

Bloom	Fishburne	Lea	Pratt, Harcourt J.
Boehne	Freeman	Lewis	Quin
Buckbee	Gasque	McDuffie	Schafer
Cochran, Pa.	Granata	McLeod	Schuetz
Collins	Hadley	McReynolds	Somers, N. Y.
Crowther	Harlan	Maloney	Swick
Davis	Hull, Morton D.	Martin, Oreg.	Swing
De Priest	Hull, William E.	Montague	Taylor, Tenn.
Dieterich	Jacobsen	Montet	Thomason
Disney	James	Murphy	Vestal
Douglas, Ariz.	Johnson, S. Dak.	Norton, N. J.	Weeks
Drewry	Johnson, Tex.	Overton	Welch, Calif.
Eaton, Colo.	Kendall	Peavey	Wolcott
Estep	Lamneck	Pettengill	Wood, Ind.

The SPEAKER. Three hundred and seventy-six Members have answered to their names. A quorum is present.

Mr. STEVENSON. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. STEVENSON. Mr. Speaker, I present a privileged resolution from the Committee on Printing.

The Clerk read as follows:

House Resolution 105

Resolved, That the prayers offered by the Rev. James Shera Montgomery, Chaplain of the House of Representatives, at the opening of the daily sessions of the House during the Seventieth and Seventy-first Congresses be printed as a House document.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, what is the purpose of this?

Mr. STEVENSON. I do not ask unanimous consent, Mr. Speaker; I move the adoption of the resolution. This is for the publication of the prayers of the Chaplain during the Seventieth and Seventy-first Congresses, for the use of the Members of the House.

Mr. MICHENER. How are they to be distributed?

Mr. STEVENSON. Through the document room, and those who want them can get them.

Mr. MICHENER. And the first man there can get them all. Does not the gentleman think that they should be distributed through the folding room?

Mr. STEVENSON. The custom has been to distribute them through the document room, but if gentlemen want them distributed through the folding room I will ask to amend the resolution by adding "to be distributed through the folding room of the House."

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

At the end of line 5, after the word "document," insert "to be distributed through the folding room of the House."

The SPEAKER. Is there objection to the consideration of the resolution?

There was no objection.

The amendment was agreed to.

The resolution as amended was agreed to.

Mr. STEVENSON. Mr. Speaker, I present another resolution and ask for its immediate consideration.

The Clerk read as follows:

Senate Concurrent Resolution 4

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the printing act approved March 1, 1907, the Committee on Agriculture and Forestry of the Senate be, and is hereby, empowered to have printed 5,000 additional copies of the hearings held before the committee during the current session on agricultural conference and Farm Board inquiry.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

EXTENSION OF REMARKS

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a letter written by Joseph P. Tumulty, late secretary to President Wilson, to the editor of the New York Evening Post, which will appear in that publication to-day.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. UNDERHILL. I object.

RECONSTRUCTION FINANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask recognition for five minutes to make a statement.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Chairman, there have been several inquiries from Members who are interested in the committee amendment offered yesterday which provided for the allocation of $50,000,000 out of the funds of the Reconstruction Finance Corporation to be used for loans to farmers for crop production.

This amendment, as will be remembered, went out on a point of order, having been offered first as an amendment to section 2 and later as an amendment to section 5 of the bill. I want to say to the Members who have made inquiry of the chairman of the committee, as well as those who have not but who are interested in this amendment, that the amendment was offered by the Committee on Banking and Currency after full consideration in the committee, called together by the chairman for that purpose. The House will have opportunity, under the parliamentary status of the legislation, to express itself on this particular provision. If the bill is passed, as it is conceded it will be, it will go to the Senate and then to conference. The House will have a chance to instruct its conferees. It will have a right to a separate vote on the amendment. It will have an opportunity to vote down the conference report if it does not conform to the wishes of the majority of the House. But I will say further in that connection that I know there is no reason why the House should doubt that the conferees will, in conference, do as the Members who will constitute that conference committee did in the House on yesterday, that is, adhere to the same views and purposes that actuated the Committee on Banking and Currency in preparing the amendment.

Mr. JONES. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. JONES. Then I take it if the House should express itself as favorable to a similar provision which is now in the Senate bill, the conferees would not be disposed to go contrary to the wishes of the House, in view of the gentleman's statement?

Mr. STEAGALL. I think the gentleman is certainly justified in assuming that the conferees on the part of the House would carry out the wishes of the House as far as it is in their power to do so, and that conclusion is fortified by the fact that the Committee on Banking and Currency, among whose membership will be found the conferees on the part of the House, has already brought in a report favoring this particular amendment.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the gentleman may have two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. VINSON of Georgia. I would like to ascertain from the gentleman from Alabama if his committee has any objection to perfecting this bill, dealing with the subject matter about which the gentleman has been addressing the committee, provided it can be done so within the rules?

Mr. STEAGALL. I hardly see how the gentleman finds occasion to make that inquiry in face of the fact that the committee on yesterday offered that particular amendment as a committee amendment and it was ruled out on a point of order. That was all the committee could do then or now.

Mr. VINSON of Georgia. But the gentleman from Alabama now by innuendo is suggesting to the committee that by instructions to the conferees they will do this. I say to the gentleman from Alabama I think that this provision can be taken care of within the rules of the House. Why should not this bill be perfected as we proceed along with it?

Mr. STEAGALL. Of course, the gentleman has no right to assume that the chairman of the committee would not gladly approve the incorporation of that legislation in this bill at any time as was undertaken on yesterday by the committee at the instance of the chairman, who offered it twice.

Mr. BLANTON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLANTON. The parliamentary situation is that the Senate has this identical amendment on its bill. We find all members of the gentleman's committee in favor of the amendment as well as, I imagine, two-thirds of the House. A point of order keeps it from going in now. But the gentleman knows that in conference the Senate will insist on this very amendment, and the gentleman is going to be the leading conferee; so that there will be no trouble about that.

Mr. VINSON of Georgia. Will the gentleman yield further?

Mr. STEAGALL. I yield.

Mr. VINSON of Georgia. This House has no assurance of what another body will do. We have the situation in our hands now, and if the gentleman from Alabama will permit us to return to section 2 an amendment can be offered that is germane to take care of the situation.

Mr. STEAGALL. The Chairman of the Committee of the Whole House, and not the chairman of the Committee on Banking and Currency, alone has that power.

Mr. MAPES. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Alabama [Mr. STEAGALL] has expired.

Mr. MAPES. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended two minutes for the purpose of asking him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan [Mr. MAPES]?

There was no objection.

Mr. MAPES. If the gentleman will yield?

Mr. STEAGALL. I yield.

Mr. MAPES. Some of us on this side do not understand how the gentleman expects to get this expression of the will of the House, to which the gentleman refers, and to get this legislation into the bill so that it goes to conference. As I understand it, the committee amendment was offered yesterday and ruled out of order, and we proceeded to other business. Just how does the gentleman expect to get the amendment before the House so as to get an expression as to the will of the House on it?

Mr. STEAGALL. Probably the gentleman did not hear the first statement I made.

Mr. MAPES. I was listening as attentively as I could.

Mr. STEAGALL. I will say to the gentleman that the provision is now in the Senate bill, and the Senate, of course, will send that to conference, and the only way it can go out is by action of the conferees on the part of the House in opposing it, or upon a vote of the House instructing the conferees.

Mr. MAPES. Just one further question, so that we may all know what to anticipate. It is not the gentleman's intention, then, to reoffer that amendment during the consideration of this bill now before the committee?

Mr. STEAGALL. The chairman of the committee submitted that amendment twice on yesterday, and it was ruled out of order both times. It is a very close question. I am not attempting to say that the judgment of the Chairman of the committee was not correct. I thought the amendment was in order. The Chair ruled otherwise. I respectfully bow to his ruling.

Mr. MAPES. I understand that, but will the gentleman answer my question directly? Does he intend to reintroduce the amendment during the consideration of the House bill?

Mr. STEAGALL. It had not been the purpose of the chairman to do that, and I know of no reason now why that should be done.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. VINSON of Georgia. If the gentleman from Alabama desires to endeavor to bring this question within the ruling of the Chair, I suggest to him to ask unanimous consent to return to section 2 and offer this amendment, which I am satisfied the Chair will hold in order. It will not take any time of the committee. The Secretary of Agriculture is not involved in it, and no one is involved in it except the intermediate-credit banks. Therefore, I suggest that the gentleman allow the House to have an opportunity to go on record on this question.

Mr. STEAGALL. I will say to the gentleman that I have not read his amendment; I do not know its purpose, and I am not authorized to offer it by the committee. If it is the same amendment offered by me on yesterday, I do not care to offer it again.

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LUCE. Mr. Chairman, I have asked for this time in order that I might corroborate and supplement what the chairman of the committee has said about the parliamentary situation. There is apprehension, I understand, on the part of some Members that they may not have an opportunity further to consider a particular proposition. Sir, better parliamentarians than myself have become confused in the matter of conference committees, and it is to be expected that newer Members will find themselves somewhat at sea. If, then, I may explain, and hoping that I state the matter accurately, I would say that in the first place, when the question of appointing conferees arises, it is possible for a Member to move to instruct the conferees in this particular matter. That procedure has not been approved by the other branch but it has sometimes been used here. If the matter should go to the conferees without instructions, then there is supposed to be procedure which I do not understand to be quite as the chairman of the committee has conceived. My understanding is that conferees are expected to present to the conference the view contained in the final action of the House and to maintain it as stoutly and as long as they prudently can.





For instance, I may recall that at the close of the last session of Congress this came up in connection with a bill relating to veterans. In the conference House conferees who did not agree with the position taken by the House, nevertheless felt it their duty to stand for the view of the House as long as it could be wisely maintained, and then at the end, concession being necessary to secure action, a majority of the House conferees accepted the view of the Senate.

But whatever the procedure in the conference committee itself the conferees must report to each branch. In this instance the report will be made first to the House, which will give an opportunity for gentlemen to move to disagree with the conference report, in case they desire to reach a vote upon this particular proposal. So the customary processes give ample opportunity for further consideration of this proposal in the ordinary way.

It is apprehended that gentlemen, anxious to anticipate the orderly process of affairs, may nevertheless feel they ought to overrule the Chairman some time this afternoon in the matter of his views as to the admissibility of some particular amendment. I very much hope that the majority of the House will not consent to violate thus the integrity of parliamentary law. That law is the protection of the minority, no matter what party governs. In this instance there is no partisanship involved, but there will be a minority and a majority, and the purpose of parliamentary law is to protect the rights of the minority. This great fabric, built up through scores of years of thought by the wisest of our predecessors, has put this system at the command of every Member to protect his rights; and if in this instance it should be violated by refusing to sustain the Chair, where he is clearly in the right, for the sake of any temporary purpose, it exposes all subsequent Congresses to the dangers that may come from breaking down the protection of all of us. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

Mr. FULLER. Mr. Chairman, I object.

Mr. CRISP. Mr. Chairman, I ask unanimous consent to address the House for five minutes on the parliamentary situation before the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CRISP. Mr. Chairman, I am very much in favor of the so-called Smith amendment. I am also convinced that under the rules of the House it was not germane and not in order as an amendment to the House bill under consideration, and I think the Chairman ruled correctly. I agree with the gentleman from Massachusetts that it is of the highest importance that the rules of the House be enforced as written.

Now, there is a way, if a majority of the House desires an amendment considered that is not in order under the rules. The Rules Committee can bring in a special order making that amendment in order.

Now, gentlemen, I repeat: I am very much in favor of the Smith amendment, and I am frank to say that was the main reason why I threw out the suggestion that if the House considered the Senate bill, striking out all after the enacting clause and substituting the provisions of the House bill, that beyond peradventure of doubt when the bill went to conference the conferees would have the Smith amendment before them, and the House conferees could agree to it. If they did not voluntarily, the House could compel them to do so by instructing them.

I am going to give you, as I see it, both sides of the picture. If you pass the House bill and it goes to the Senate, it is de novo with the Senate, whether the Senate will adopt as an amendment the bill as reported or adopt some other substitute.

I concede that in all reason you can expect the Senate to adopt as a substitute the bill they passed, and if they do, when it comes back here and we agree to a conference, the Smith amendment will be in conference before the conferees. If the House bill comes back with the Senate bill attached as an amendment, if the House disagrees to the Senate amendment and asks for a conference or agrees to a conference, right then and there, immediately before the conferees are appointed, it is in order to offer a motion in the House to instruct the House conferees to agree to that provision of the Senate bill known as the Smith amendment.

Therefore, the only possibility of the House not being given an opportunity to voice its will as to instructions on that amendment is for the Senate not to include that in the amendment they propose to the House bill.

Mr. VINSON of Georgia. Let me ask my colleague from Georgia a question. If the House, having jurisdiction of the bill now, can make the so-called Smith amendment germane, is it not the proper thing for the House to do so now without going through all this red tape of parliamentary procedure which the gentleman has so ably discussed?

Mr. CRISP. Of course, it is practical; but I will say to my colleague that while I am 100 per cent in favor of that amendment, yet the Smith amendment makes a direct appropriation out of the Treasury of the United States of $50,000,000 to be handled through the Secretary of Agriculture in loans to farmers. In my judgment that has no germaneness or relation whatever to this bill. It was adopted by the Senate as a rider to that bill, with no parliamentary relation to it.

Mr. SABATH. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. SABATH. The gentleman from Georgia states that there is only one way to make this in order, namely, by securing a special rule; is it not a fact that if the amendment is so just and equitable and a majority desires that it should be enacted there is another way, namely, by appealing from the ruling of the Chair?

Mr. CRISP. I will say to my friend that the House can do anything by brute force, if I may use that phrase——

Mr. SABATH. Or by majority.

Mr. CRISP. A majority can work its will; but I for one—and I have always maintained this attitude, whether in the majority or minority—will never vote to overrule a presiding officer in one of his rulings when I believe he has ruled right, according to the rules of the House. [Applause.]

The CHAIRMAN. Section 5 of the bill is open to further amendment.

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent to return to section 2 for the purpose of offering an amendment.

Mr. LUCE. Mr. Chairman, with the greatest reluctance, I have to object.

Mr. VINSON of Georgia. Mr. Chairman, I offer an amendment at line 2, page 6 of the bill.

The CHAIRMAN. The gentleman from Georgia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: Page 6, line 2, after the word "same," insert:

"(a) The corporation is hereby authorized and directed immediately upon its organization to allocate the sum of $45,000,000 to the intermediate credit banks for the purpose of making loans or advances to farmers in the several States of the United States, who because of the failures of banking institutions and conditions resulting from crop failures or the general depression, are unable to obtain credit for crop-production purposes for the year 1932. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the intermediate-credit banks shall prescribe. A first lien on all crops growing or to be planted and grown shall, in the discretion of the intermediate credit banks, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the intermediate-credit banks may designate, and in such amounts as such agencies, with the approval of the intermediate- credit banks, may determine.

"(b) Any person who shall knowingly make any materially false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this

section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both."

Mr. LUCE. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The Chair thinks that the language of the amendment as now proposed by the gentleman from Georgia might possibly be germane to section 2. Under no circumstances does the Chair think it is germane to section 5 and, therefore, sustains the point of order.

Mr. VINSON of Georgia. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair has already ruled on the point of order.

Mr. RUTHERFORD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. RUTHERFORD: Page 7, at the end of section 5, line 19, insert:

"SEC. 5 (a). The corporation is hereby authorized and directed to lend the sum of $50,000,000, or so much thereof as may be necessary, to the Secretary of Agriculture, to be expended by the Secretary of Agriculture for the purpose of making loans or advances during the year 1932 to farmers in the several States of the United States, who, because of failures of banking institutions and conditions resulting from the general depression, are unable to obtain credit for crop-production purposes. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine.

"SEC. 5 (b). Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both."

Mr. LUCE. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The gentleman from Massachusetts makes the point of order that the amendment is not germane. The Chair thinks that it is not germane and sustains the point of order.

Mr. LAGUARDIA. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 16, strike out the figures "10" and insert in lieu thereof the figure "5."

Mr. LAGUARDIA. Mr. Chairman, this provision was clarified yesterday by the gentleman from Alabama. The intent is clear that under the authority of this provision the corporation is authorized to loan to any single borrower the sum of $200,000,000. The economic distress throughout the country being so widespread, it seems to me that a limit of $200,000,000 is too large to spread the benefits of this bill. My amendment would limit the amount authorized to be loaned to any one borrower to the amount of $100,000,000.

Surely that is no small sum to be loaned by this credit corporation to one borrower.

Permit me to point out the possibility of five large borrowers coming in, and each borrowing to the full extent of $200,000,000; it is not unlikely at all that the big borrowers will have the first preference. In fact, this high limit was suggested by having in mind certain corporations that will immediately apply for loans up to the very limit.

In a matter of that kind the judgment and discretion of the members will govern, and it seems to me that the risk assumed by the corporation in handling the public funds will be far less if the benefits were distributed through a wider group, and the benefits of the loan will be greater than if we permitted a loan of $200,000,000 to one single borrower.

Mr. SABATH. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SABATH. I am in sympathy with the gentleman's amendment. Does he not think that we should eliminate lines 17, 18, and 19, and permit also the loan of the amount of the capital stock and outstanding bonds to the extent of a billion and a half?

Mr. LAGUARDIA. That would limit each loan to $50,000,000. I agree that would be sufficient. But I am ready, in order to have some reasonable limitation, to include the bonds.

Mr. SABATH. I think we should limit that on the loan against the bond issue of the capital stock authorized to be outstanding.

Mr. LAGUARDIA. That is a yardstick or gage. Under the provisions of the bill 10 per cent of the capitalization and outstanding bonds is the limit, but I say, gentlemen, the House ought to know what it is doing. The bill authorizes a loan of $200,000,000 to a single borrower; but if the gentlemen will vote for my amendment, it will limit the amount to $100,000,000. A generous bounty indeed to men who have brought their companies to ruin and lost their stockholders' investments.

I submit, gentlemen, that unless we put some restriction here, I do not believe there is a Member of the House who could not think of five distinct entities who are now in the market for these loans, who would take up $1,000,000,000 immediately; and if three of those five loans should go bad, the loss would be enormous, and the benefit and purpose of the bill would be entirely nullified. This is a reconstruction measure. The purpose of that is to extend benefits widespread throughout the country. I submit, gentlemen, that when you give a leeway or margin of a hundred million dollars to one borrower, it can not be criticized as seekink to destroy the benefits of the bill. Unless there is this limit, the entire capital will soon be dissipated—the Government left holding securities of little value, and the economic crisis relieved very little, if at all.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from New York.

The CHAIRMAN. The gentleman from Georgia [Mr. LANKFORD] offers an amendment to the amendment, which the Clerk will report.

The Clerk read as follows:

Mr. LANKFORD of Georgia moves to amend the amendment of Mr. LAGUARDIA by striking out "5 per cent" and inserting in lieu thereof "one-tenth of 1 per cent."

Mr. LANKFORD of Georgia. Mr. Chairman, I am very much in favor of the LaGuardia amendment; but, to my mind, we should go still further and not authorize the loaning of 5 per cent of this money to any one organization, but should only authorize the loaning of one-tenth of 1 per cent, or even less, to any one organization. The original bill would authorize the loaning of $50,000,000 of the original stock and would authorize the loaning of $200,000,000 out of the original stock and bonds that might be issued under the act in connection with the original stock. If the amendment which I have offered to the LaGuardia amendment is adopted there could be loaned $500,000 to one concern out of the original stock and $2,000,000 could be loaned to one organization out of the stock and the bonds that could be issued in connection therewith. Even my amendment makes the amount too large. I wish we had enough help to make it much smaller.

Mr. LAGUARDIA. I reduce it to $100,000,000.

Mr. LANKFORD of Georgia. And I reduce it to $2,000,000 instead of $100,000,000. I feel that if this money is to be administered for the benefit of the Nation as a whole, that certainly no one concern should be permitted to secure loans of more than $2,000,000 from the Government Treasury. I sincerely hope that my amendment to the amendment offered by the gentleman from New York [Mr. LAGUARDIA] may be adopted, and that the LaGuardia amendment as amended will be approved by the House.

Mr. Chairman, the gentleman from New York [Mr. LAGUARDIA] and I are both seeking to remedy the same dangerous provision in this bill. Personally, I feet that the amount to be loaned to any one concern should be reduced even further than would be the case under the original amendment or my amendment thereto.

It has been urged here that this corporation will take care of the people of the whole Nation and all the people in every calling of life. The great danger in the bill, as I see it, is that it provides for taking money out of the Treasury which was placed in there by all the people—the poorest of the poor and the rich as well—and turning it over to this powerful corporation, with unlimited power and almost unlimited financial means, to be loaned to whom, when, and where this corporation may determine.

The provisions of the bill are entirely too indefinite, and yet there are some things that are known beyond the peradventure of a doubt. One is that this $2,000,000,000 which is to be put up is the money of the whole people, for it was raised by taxation, or rather is to be raised by future taxation, and will be in the United States Treasury and will be drawn from the Treasury. Another thing that is fully known is that this money will never again get back into the ownership of the whole people, but will get into the possession of those that are already immensely rich. In other words, this provision of this bill is augmenting and making much more dangerous the real trouble of this Nation to-day.

Our people are being driven to desperation and ruin because there is not sufficient money in circulation and in the pockets of the average citizen. This bill proposes to cure this awful situation by forcing the people of the Nation, even those who are losing their homes by foreclosure and those who are walking the streets without jobs begging for bread, to raise an enormous fund to be loaned to the big rich in sums of $200,000,000 each.

Let us use our lead pencils a little and figure out just what this means. This bill proposes to turn over all this tremendous power and enormous amount of money to men worth their millions who believe that only they and a few others like them who have stolen enough of the peoples' money by unfair legislation or otherwise to be in the millionaire class are the only select few hundred people of the Nation who have sense enough to manage financial affairs, and this bill provides that these men of fabulous wealth are to loan this money out in sums of $200,000,000 to each organization under just such rules and regulations as this board may approve for the perpetration of the outrage.

Does anyone with one eye and half sense expect this powerful corporation to loan any of this money to the average citizen and that this bill, if enacted, will in any way benefit the farmer, the laboring man, or the average taxpayer. I certainly do not.

This bill provides for taking out of the peoples' Treasury nearly $14 for every man, woman, and child living in the United States and making loans to separate concerns in sums that are the equivalent of nearly $1.40 for every man, woman, and child in the entire country.

An awful cry is made against using tax money to buy a bowl of soup for the starving men, women, and children of the country, and yet these same financial pirates of the big banking world advocate, and, it seems, will be able to secure, the passage of a bill bleeding the starving, freezing, dying victims of this awful depression of still another $1.40 each.

This bill with this provision in it can only mean more centralization of wealth, more centralization of power, more hoarding of money by the immensely rich, more unloading on the public of all kind of worthless stocks and bonds, and, worst of all, more and still more bleeding and destruction of the common people. It can only mean, to my mind, a tremendous further strangle hold on the throats of the American people by this awful, hideous, murderous financial monster that is wrecking our homes, destroying our people, and working the eventual destruction of our Nation.

My amendment should be adopted, and then the amendment as amended should become part of this bill. I would be very glad to see this amount which is to be loaned to one organization reduced much further than is provided by my amendment, but it would be absolutely impossible to secure this kind of amendment; and yet if this amendment loses out, I shall later to-day offer another amendment to this same section in which I shall attempt to reduce the amount authorized to be loaned to one concern to $50,000, and also throw some of the same restrictions around this proposed organization that were in the War Finance Corporation act which has been mentioned several times in this debate. The War Finance Corporation act was good legislation, and its real virtues lay in the limitations of the amounts that could be loaned to one bank or financial concern.

Those of us here who look at this bill from the standpoint of the common people are most anxious to have this bill improved, and are doing all we can to secure some really worth-while amendments. I regret very much that there seems to be such stubborn determination on the part of the sponsors of this bill to defeat all amendments that may at all improve the measure. I sincerely hope that we may yet greatly improve the bill by amendment. It certainly needs amending as much as any bill I ever saw.

I want this bill, if it is enacted into law, to be not a bankers' bill but a bill for the benefit of the whole Nation. [Applause.]

Mr. BEEDY. I rise in opposition to the amendment.

We gave this proposal a great deal of consideration in the committee, and, as far as I am concerned, I am just as anxious to see a general distribution of these loans as any man on the floor of this House, but I am also anxious to be perfectly sure that, as far as I have any influence, it shall be cast in the direction of making this law, if it is to become a law, most effective.

To be perfectly frank about it, my thought is this: This was a limitation written in here by the committee on Banking and Currency. Personally, I do not favor any limitation. The bill as introduced contained none. The express limitation is a proposal that a loan to the full amount of the limitation should be made in individual cases. But, be that as it may, I feel that if we can not trust the proper officials to administer the business of this proposed corporation in accordance with the terms of this bill, we might as well stop right here and go no further with the consideration of this proposed legislation.

Now, what has been our experience with the War Finance Corporation act? I do not have a copy of that act before me just now, but my recollection is that the extent of loans authorized by that act was $2,000,000,000. If I am incorrect some Member will correct me.

Mr. LANKFORD of Georgia. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. LANKFORD of Georgia. The War Finance Corporation act is very specific as to the kind of loans that shall be made. In all instances the War Finance Corporation act provides that only such an amount shall be loaned as represents the balance due on obligations made by loaning money to the farmers of the country or for other specific beneficial purposes, such as winning the war, and so forth.

Mr. BEEDY. I am not talking about that. I think there was no such limitation in that act as 10 per cent.

Mr. LANKFORD of Georgia. It was not necessary, but——

Mr. BEEDY. Absolutely not. Now, I do not yield to the gentleman from Georgia to make a speech.

I have the definite information now. It was capitalized for $500,000,000, with authority to loan up to three times its capitalization, or $2,000,000,000, precisely as is provided here, and 10 per cent was the limitation in that bill.

What do we find? We find that more than $172,000,000 were loaned to more than 4,000 small banks for agricultural purposes. In other words, we trusted the men who had that corporation in charge to do what their judgment prompted was right by all interests, and I think that our trust reposed at that time was shown to have been justified.

The report of the corporation finally showed that they paid back not only the $500,000,000 but $65,000,000 in addition, and if the last report of that corporation is considered, it will be found there are over $300,000 of perfectly good assets yet to be turned into the Treasury when the final liquidation of that corporation is had.

Now, this is important. Under the terms of the War Finance Corporation act there never was outstanding a total of loans exceeding $600,000,000, and, as far as I know, there never was a complaint that any one borrower received partial consideration.

Mr. LaGUARDIA. Then why object to my amendment, under the gentleman's own argument?

Mr. BEEDY. Why the proposal at all? Our thought was that the less we propose provisions aimed to interfere with the administration of the business of the corporation the better we shall serve the public interest. That has been the thought of our committee in considering proposed amendments to the Federal reserve act also.

The CHAIRMAN. The time of the gentleman has expired.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes, in order that I may yield to the gentleman from Texas.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. RAYBURN. I just have this suggestion to make to the members of the committee, if I may take about half a minute of the gentleman's time: A great many of us on both sides of this House, and probably constituting a majority on both sides, have some preconceived political convictions about the duties and functions of government. I was here during the war. Nearly every day I buried some of those convictions in the interest of the public good. Now, the people who are interested and who appear to know more about our present situation than anybody else say there is a great cloud hanging over us; that destruction may come unless something along the line of this bill is done. I, for one, am going to yield to that and support this bill, but I do believe that it would look better, and I would certainly feel better, if this limitation were put upon the bill. If no further limitation is put upon the bill than that one borrower can borrow as much as $100,000,000, it does seem to me that that is a reasonable request to make of the committee that has this bill in charge, and I do hope that the members of the committee will in their wisdom find it possible to at least agree to this limitation.

Mr. BEEDY. I have great respect for the judgment of the gentleman from Texas. He is a useful Member of this House. When he states that he believes this limitation ought to be written into the bill, I know the gentleman feels there is real ground for his statement. I entertained similar feelings to those entertained by the gentleman when this proposal was first put up to me. I not only considered it in committee, but I slept on it more than one night. After conferring with members of the committee who had more experience than I had—all of us anxious to see no one section of the country and no one interest benefited more than another by this bill—and after conferring with others who had devised it, I decided the only thing to do was to leave the administration of the affairs of the Reconstruction Corporation to the directors.

[Here the gavel fell.]

Mr. HANCOCK of North Carolina. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Georgia and also the amendment offered by the gentleman from New York. I had not planned to discuss the importance of this legislation any more. At this time, however, and because of the unmistakable determination of some of my good friends here to unintentionally, I am sure, destroy, by restrictions upon its administration, its fundamental purpose, I must submit a few additional observations. I am, of course, in sympathy with the sincerity of the motives of those whose views do not coincide with my own.

I heartily concur in the statement just made by my friend from Maine [Mr. BEEDY], and he has expressed very clearly my thoughts at this stage of our consideration. I honestly believe that further tactics and efforts of the kind we are now witnessing in this House not only unjustifiably retard the progress of its consideration and enactment but are calculated to have a most harmful psychological effect upon the country in its present hour of economic travail. I furthermore think that we are undertaking, with these many amendments, to administer this bill before it is actually passed. I am sure that from the able rulings of the gentleman from North Carolina, our Chairman, many of us should be satisfied that the majority of the amendments can not be germane to the bill. We all remember that when the President sent this bill to the House with a special message urging its speedy enactment, he stated that the bill had been carefully prepared in collaboration with some of the greatest and most astute business minds in this country. He also made it crystally clear that it was nonpartisan in character, and we have been assured that he will preserve and insure its nonpartisanship by the selection of a nonpartisan directorate composed of men of the highest integrity and of demonstrated business genius, to administer its affairs in a fair and able way, so as to insure, if possible, the execution of its true purpose in this greatest of all emergencies.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. LaGUARDIA. Why were not the services of these men of great genius invoked before the country got into the terrible mess it is in now? [Applause.]

Mr. HANCOCK of North Carolina. I am sorry that I can not answer that question. If I could answer it, I do not think it pertinent to the issue before us. To use a trite expression, and I certainly dislike to employ it, and I mean no reflection on anyone in doing so, I do not hesitate to say that, in my judgment, we can not afford to fiddle while Rome is burning, regardless of who struck the match and started the conflagration. Time is the essence of this legislation. Several of those who have been working on this program of economic relief stated to the members of our committee that a large part of the value of this measure would rest in the mere enactment of the bill, for the reason that it would act as an insurance to the country and thereby stop this national hysteria, which must be halted before any plans can be worked out of a permanent nature. I am therefore constrained to observe that a continuation of this procedure and attacks of this kind on this legislation and indirectly on those who may be selected to carry out its purposes is calculated to destroy its efficacy and effectiveness. It is therefore my earnest hope that we may proceed without further undue delay to get together at this hour and make this bill a law, so that the country may at least enjoy a brief if not permanent breathing spell against the turmoil, excitement, and cruel destruction of values and wreckage of homes, with its devastating effect upon the farmer, laboring man, banker, and holder of securities.

All of us know that the President is supposed to be the best-advised man in this country. If he is not, it is his own fault. In this hour even those who do not agree with him in matters of policy or administration must, I think, accept his statement that this bill will restore confidence to the people. As I stated the other day, the main purpose of the bill is to carry relief where relief can be carried most effectively and with greater benefit to the Nation's credit structure. It appears to me to be almost presumptuous that any of us should undertake to prejudge what amount of its total resources will be needed for any particular beneficiary. In my judgment, this is mere guesswork.

Ladies and gentlemen of the House, stop and think for a minute what we are doing at this time. Our efforts not only presuppose that we know more about the situation than those who have given it months of study, but are indirectly—and, I am sure, unintentionally—assuming that the directors to be named by the President will use this corporation for improper and unfair purposes. This, upon reflection, would seem to be unusually presumptuous and grossly unfair, for at this time no one knows who will constitute its seven directors. We do know that a part of them will belong to each one of the major parties. It is not only presumptuous and unjustified but without consistency.

May I urge you to hold a conference with yourselves and visualize the wreckage that is going on back home perhaps at this moment? While we are talking here, whole communities are being crushed by the grim reaper of destruction; it may be the closing of a bank; it may be the bankruptcy of a merchant; it may be the foreclosure of a farm; and it may be starvation or the poorhouse for some of this Nation's finest citizens. As I stated the other day, this bill

provides a gigantic movable pool of public credit to be used to stop any gap anywhere. Its specific beneficiaries include those institutions that hold the keys to the situation. The situation as it presents itself to me is almost comparable to that which would exist in the event that an entire block of buildings was being swept by a fire. Is it possible that anyone should think that the heroic efforts of the firemen should be spread out in a way to distribute an equal amount of water throughout the block, or would it not be the wise, sane, and common-sense thing for the firemen to direct the hose and apply the chemicals where the fire was hottest and where its further fury would be calculated to spread across the street and perhaps destroy the entire business part of the city? This may be a crude way of illustrating my thought, but I think it does it. I therefore appeal to this House to desist from further tactics of the kind which have been going on here since yesterday afternoon and let us pass this bill and send it to conference and then proceed as hastily as possible with the consideration of other measures proposed in the President's program for economic relief. [Applause.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment do now close.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on the pending amendment do now close. Is there objection?

Mr. SABATH. Mr. Chairman, reserving the right to object, I would like to have three minutes.

Mr. STEAGALL. Mr. Chairman, I will make it after three minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama, as amended?

There was no objection.

Mr. SABATH. Mr. Chairman, due to the unrestrained and unrestricted frenzied financing on the part of our international bankers; due to the greed of big business and investment bankers who are responsible for overcapitalization, overextension, and overproduction; due to the criminal stock inflation and manipulation, this greatest and richest of countries, possessing more gold, wheat, and foodstuffs than it knows what to do with, is now enduring the hardest times in its history.

The Republican Party not only permitted, but sanctioned, approved, and even aided in this debauchery, in this orgy of high financing and manipulation. It aided in draining the legitimate business; yes, 95 per cent of the population of its available cash. And when in 1929 I appealed to the President and you Republicans to stop the destruction, the President and you were deaf to my appeals and warnings. I was told that I must not interfere with business. And big business was not interfered with.

Yes; the efficient big-business propaganda worked overtime serving notice on Congress not to interfere. Big business had its full sway, and what are the results? Two thousand three hundred bank failures in the United States in the year of 1931 alone—this notwithstanding that not a single bank closed in Canada—and those banks still open in great distress; railroads, insurance companies, States, and municipalities unable to meet their pay rolls and obligations; plants, factories, shops, and merchandise establishments closed; one-half of the apartment buildings, homes, and farms in the hands of bond committees and receivers and being sold for taxes; 8,000,000 people unemployed and pleading for work; over 20,000,000 people obliged to live and actually existing on charity. These are the accomplishments of Hoover's administration, and these are the achievements of our great financiers and industrial leaders, who for years resented congressional interference. But now, when these great pillars of society realize that they themselves are in danger of being engulfed in the catastrophe which they brought about, they turn in desperation to the Congress which they despised. Their predominant thought is "To hell with the suffering masses; save us first, and do it quickly." That is the reason for this haste.

Mr. Chairman, ladies, and gentlemen, for over two years, I and untold thousands of thinking men of this Nation, scenting the fast-approaching crisis, appealed to President Hoover and the Republicans in control of Congress for some relief legislation, but we were ignored. Therefore, I am disgusted listening now to some of you and to your President for speedy action on this bill, when you and the very greedy interests that you represent insisted last session that Congress adjourn so as not to interfere with the round-the-corner approaching prosperity.

Gentlemen, do you not know that the same interests that have brought about and are responsible for the existing conditions have cunningly and cleverly endeavored to place the blame upon Congress for their misdeeds, and that they now clamor for haste so that Congress may swallow this big banker and railroad reconstruction bill? I designated my bill the national relief finance corporation and drafted it to comply with the title. However, the title you gave it, reconstruction, is proper, and is a candid admission that you have destroyed and at this late date are using us to rebuild what you have wrecked.

Mr. Chairman, in the hope of reestablishing confidence, saving the banks from closing their doors, and preventing the pauperizing of millions of depositors and widespread unemployment, I have for over a year advocated and demanded the restriction of short selling, particularly that called "bear raiding." I have advocated with all the force that I possess the establishment of a $5,000,000,000 national relief finance corporation, which would aid not only banks, industries, and municipalities, but also the farmers and the wage earners of this Nation. And ever since December, 1930, I have argued with, implored, yes, pleaded with, the President and the governor of the Federal Reserve Board to accept for rediscount finance corporation securities and to sanction legislation to make possible the rediscounting of municipal short-term securities, as well as to make loans or to purchase for investment purposes mortgages on homes; but the President and the Federal Reserve Board have ignored my recommendations, advice, and pleas, and have refused to take notice of the distressing conditions and the appeals of small banks and bank depositors and the petitions of millions who demand work rather than charity or dole.

In the last session of Congress, Mr. Chairman, ladies and gentlemen, I have made repeated efforts to secure such legislation, but, again, no consideration was given to my urgent appeals. Therefore, shortly after the adjournment of Congress last March, when bank failures, unemployment, and want and misery still continued to increase, I again addressed urgent appeals to the President, and was instrumental in causing thousands of business men to petition him to call a special session of Congress for the purpose of enacting legislation which I had recommended or any other legislation which would relieve the distressing conditions. Yet, Mr. Chairman, all that the President saw fit to do was to issue new assurances of the coming business revival, and notwithstanding that during the entire summer months the press and the business men of the Nation implored him for some action, he remained indifferent and devoted himself to international-banker and stock exchange-financier conferences.

In reply to my telegraphic request for the immediate extension of the power of the Federal Reserve Board to permit it to accept for rediscount, in addition to its already eligible paper, finance corporation securities and short-term municipal bonds and anticipating warrants, I received the following communication:

CHICAGO, ILL., *June 13, 1931.*

Hon. A. J. SABATH,
Chicago, Ill.

DEAR MR. SABATH: I understand that you have recently sent a wire to the President at Washington relative to the banking situation in Chicago, which has been referred to me through the Federal Reserve Board.

I should like very much to have an opportunity to discuss this matter with you, and wonder if you could find it convenient to come into my office the early part of the week. There are some things about this situation which we might be able to discuss to our mutual advantage.

Very truly yours,

EUGENE M. STEVENS,
Chairman Federal Reserve Bank of Chicago.

Mr. Chairman, I gladly accepted, though I must confess that when I accepted I did so with some misgivings, for I did not expect any favorable consideration, judging from the unfavorable attitude Mr. Eugene Meyer, Governor of the Federal Reserve Board, had taken in 1930. To my surprise, I was indeed pleased to find that Mr. Stevens recognized the urgent need of some of the legislation I was recommending. Shortly afterward I again sent a telegram to the President stating that the sentiment of the country demanded that he call a special session of Congress. The President, however, was too preoccupied with political conferences at his Rapidan retreat to pay any heed or attention to the urgent appeal of the American people.

And when I read that the President had at last called a White House conference, I hoped that some constructive program would be agreed upon. But my hope was short-lived, for on the following day I secured the names of the men with whom he had conferred and immediately concluded that no possible good could accrue to the Nation from that conference. The press reports disclosed the fact that the present Speaker of this House, Hon. JOHN N. GARNER, then the Democratic leader of the House, was leaving Texas by airplane to comply with the President's request for a conference, and though I have confidence in our Speaker, yet I felt it my duty to forewarn him, and I sent him the following telegram:

CHICAGO, ILL., *October 6, 1931.*

Hon. JOHN N. GARNER,
Washington, D. C.:

I read in to-day's papers that after a secret conference with the Wall Street bankers the President is calling a conference of some Democrats for the purpose of binding them to the Wall Street-formulated program. As you know, the Federal Reserve Board, under the domineering influence of Wall Street, has miserably failed and was in a great measure responsible for the complete demoralization of our industries and banking institutions. I therefore suggest that you do not bind the liberal and progressive Democrats to any Wall Street formulated program.

Demand that a special session of Congress be immediately called for the purpose of relieving conditions and to reestablish confidence. People have lost faith in President Hoover and his administration and are clamoring for action to save millions of people out of employment and out of food. Will demand the establishment of a $5,000,000,000 prosperity finance corporation to be managed by financiers uncontrolled by Wall Street destructive forces. Will also demand increase in large income and inheritance taxes and immediate liberalization of the Volstead Act.

ADOLPH J. SABATH.

And received the following answer:

WASHINGTON, D. C., *October 6, 1931.*

Hon. A. J. SABATH,
Chicago, Ill.:

Telegram received. Greatly appreciate your clear-cut analysis of situation. Have no intention of binding myself nor of attempting to bind Democratic Members of House. Concur fully in your view that situation justifies calling special session.

JNO. N. GARNER.

Mr. Chairman, on the succeeding day my conclusions were confirmed, for the press devoted much space to the plan evolved by these financiers.

As soon as the details of the conference were made known, the press seriously questioned the benefits that might be derived from this $500,000,000 private bankers' pool and charged that the international bankers consented to the formation of such a pool on the condition that President Hoover would agree to the European moratorium and, above all, charged that it was a plan to relieve the railroads and the financial institutions that owned a large amount of these securities. Mr. Chairman, being asked for my view of this Wall Street-White House plan, I issued the following statement:

The publicity given to the recent Hooverian proposal with regard to the creation of a private bankers' pool has tended to encircle the plan in the minds of the people with a halo it does not rightfully deserve. For the entire plan has been exposed by the press as a rather naive scheme to relieve the large holders of railroad securities.

I doubt very seriously whether this scheme—evolved by Wall Street financiers primarily for their benefit—will ever materialize. But whether it materializes or not, I will persist in my demands for the creation of a Federal agency to deal with the serious situation, practically and efficiently. I have often suggested that there be created a Federal Finance Corporation, capitalized for $1,000,000,000, with the power to issue bonds to the extent of five times its capital structure. Such an institution would not be difficult to create, if the oversubscription of the Federal bond issues be a criterion.

Unlike the Wall Street-Hooverian pool, my proposal would not strain to a greater extent the banks of the country, nor would it cost the Government anything; in fact, it would probably result in a profit. A Federal institution of this kind would bring liquid money into every business, emancipate banking from its troubles, and particularly bring aid to the small bank, where it is most needed. I am satisfied that this plan, coupled with a broader rediscount power on the part of the Federal Reserve Board, would relieve not only the banks and make for a clearer perspective but would be a positive blessing to all of the insurance companies and municipalities and to the business of the Nation in general.

It is because of these and other reasons that I have appealed to the President to call a special session of Congress. My appeals, however, go unheeded. What possible excuse can there be for the President's refusal to call a special session? Conditions require it. If it be politics, then something should be done so that political differences do not retard the Nation's attainment of happiness and prosperity. If it be collusion between the party in power and Wall Street—and it is more than idle rumor which states that the Hooverian pool is a reciprocation for the extension of the moratorium and the cancellation of the European war debts—then it is a candid admission by the administration that it is solely concerned with giving aid to foreign nations and is indifferent to the best interests and welfare of our country.

Therefore, instead of groping around like the administration and accomplishing nothing, the Nation's only salvation at this trying crisis is to call immediately a special session of Congress.

A. J. SABATH.

Four months have elapsed since the country was assured that this $500,000,000 private bankers' pool was pregnant with possibilities. Therefore, am I not justified in asking the President or you Republican prosperity makers what became of it and where it was lost? Did it die a prenatal death, or was it only Wall Street "hot-air" combustion, or, perchance, just plain Republican buncombe?

In view of all of these delays and empty promises, I can not help become suspicious of the suddenly acquired haste which the President now displays by his messages to Congress, and I can not help resent the attitude of his spokesmen on the floor of the House for criticizing our efforts to safeguard properly the provisions of this tremendously important bill.

The outcries from some of you Republicans for a vote will not fool anyone, for the simple reason that the people must, and do, realize that if we had a Roosevelt or a Wilson in the White House this or other relief legislation, properly safeguarded so that direct benefits would accrue to many instead of a few, would have been enacted long ago. Mr. Chairman, I will vote for the bill, but only because it is patterned after the bill I have advocated for two years, and though its provisions are not as liberal as those in mine, I hope it will in a measure relieve the existing conditions. However, I never dreamed that Republican ingenuity would be so great as to succeed in eliminating nearly every safeguard which my bill provided.

The bill that I introduced on the first day of this session provided for a capital of $1,000,000,000 and the power to issue bonds to the extent of five times the capital. This would have made it possible to utilize $5,000,000,000 for the purpose of relieving the distress current throughout the country, and not, as you maintain, for the purpose of reestablishing confidence. Confidence, I agree, is important, but even more important are those provisions which will make for confidence. If, as you say, the creation of a corporation with a capital of $500,000,000 and resources of $2,000,000,000 will result in confidence, therefore it is logical to believe that a corporation with a capital of $1,000,000,000 and resources of $5,000,000,000 will be bound to be doubly effective in creating confidence. But in the last analysis what is needed is the ready cash and the liberal credits; these will turn the tide.

But I fear that under this bill, which should be designated a big banker, railroad, and agriculture relief bill, the small banks, the small business men, and the small industries will secure only indirect benefits, if any, and the municipalities, which are in dire need the country over because of Republican misrule, are foreclosed from receiving any aid whatever. And this, to my way of thinking, is the most important omission and fault of the bill.

Mr. Chairman, the need to aid our municipalities is great, and relief given to them would have a more beneficial effect

than any loans made to New York banks or to their railroads. Several of our large cities are in danger unless immediate relief is given to them, for they find it impossible to borrow money to pay employees, including policemen, firemen, and teachers. I reiterate, the conditions in our municipalities are alarming. In the city of Chicago we find ourselves, due to Republican misrule, two years behind in collecting our taxes and unable to borrow funds to operate. What is true of Chicago is true also of most of the large municipalities—New York, Boston, Philadelphia, Cleveland, Detroit—but it is not necessary to go further. The municipalities constitute an important part in the functioning of this Nation, and it should be recognized that aid given to them will enable them to start needed but delayed improvements which can result in work for thousands of unemployed, thereby making it unnecessary for the unemployed to be objects of charity or to accept doles.

Mr. Chairman, ladies, and gentlemen, without trying in any way to mitigate the hard lot of the farmers, I want to say that this great economic upheaval has not been called an "industrial depression" for nothing. It is an "industrial depression," and being that, it has affected the cities particularly, because they are the seats of industry. The 8,000,000 or more unemployed people in the United States are the unemployed of industry, and, consequently, of the cities. I repeat, the lot of the farmer is distressing, but at least he has a roof over his head and enough to eat, and to that extent he is not in as serious a plight as the city dweller.

I appreciate the assurances which many of you have given me to vote for my amendment to secure relief for the municipalities; but, unfortunately, due to the ruling of the Chairman, this is impossible. Therefore, I will introduce a bill to that effect and will endeavor to secure favorable action from the committee, so that I can obtain a vote on it in the House; and if I succeed, I hope that you will demonstrate by your votes that you do believe in reciprocity and do recognize the fact that the unemployed people of the cities, unable to secure food, grow as hungry as those on farms. Remember, I ask for no appropriation, only a loan which will be repaid with interest within one year. That is all I ask for, gentlemen.

Mr. Chairman, ladies and gentlemen, before I conclude, permit me to make this observation and suggestion. Having lost confidence in our banking institutions, many people have withdrawn their savings, which is to be deplored, inasmuch as this retards the resumption of business and employment. But had the President acted in time, nationwide committees to unloosen hoarded money would have been unnecessary. Like Nero, who fiddled while Rome burned, the President "fiddled around" while this economic and social destruction was being wrought. I doubt whether there is $1,400,000,000 of hoarded money, unless it be in the coffers of the extremely rich, and he should realize that we can not unloosen it from them by an appeal or a law. But I will suggest what could and should be done without delay to put more money into circulation.

We have to-day in the Treasury over four and a half billion dollars' worth of gold; therefore instead of selling bonds and increasing taxes to obtain sufficient revenue to meet the deficit, why not issue the amount of currency against the gold reserve in the vaults of the Government that is permitted under the law? Is there anyone who will deny that the issuance and the putting into circulation of approximately $5,000,000,000 in currency would not relieve immediately the terrible conditions?

Oh, I realize that the propagandists of financiers, big business, and big hoarders of money will immediately create alarm by saying that this is inflation. But the Lord only knows that the deflation has gone far enough, and if ever there was a need for some inflation, this is the time.

Why should people be obliged to repay their obligations with a dollar that has two or three times its 1929 value? As I have stated several times, Mr. President, if you had acted on my recommendations two years ago, yes, even a year ago, there would have been no need for your extraordinary appeal to unloosen hoarded money, and if you will act on my suggestions in this respect, the country can be saved from complete ruin and demoralization. But I doubt that you will, and this notwithstanding that during your campaign and after your election you encouraged and urged the people to invest their savings in inflated stocks and bonds.

You sanctioned—yes, it is charged, aided in—the unloading on the small banks and people of over $8,000,000,000 worth of foreign bonds that are now worth less than 50 cents on the dollar. Against my protests, you have permitted the avaricious Wall Street racketeers, the "bears" and short sellers, to hammer down the prices of the securities which you advised the people to buy to a small fraction of their real value.

You have remained mute to all appeals and warnings. Your last play to unloosen hoarded money is another gesture; you know—and if you do not know, you should know—where the money of the country is; it is in the coffers of the international bankers and stock manipulators.

You have frequently assured the country that you are opposed to wage reductions, but your indifference, your refusal to call Congress to pass needed relief legislation, has brought about reductions in wages, salaries, and earnings of all bread-winners. Is it possible that your deliberate inaction was due to a plan, as it is often charged, to force wage reductions for those still employed?

Mr. Chairman, in view of all of this, I feel it would be particularly appropriate to conclude at this time by reading a short parody of a Biblical quotation that appeared in the Federation News on January 23, 1932:

Hoover is my shepherd. I am in want.
He maketh me to lie down on park benches;
He leadeth me beside the still factories;
He disturbeth my soul.
He leadeth me in the paths of destruction for his party's sake.
Yea, though I walk through the valley and shadow of depression,
I anticipate no recovery, for thou art with me.
They prepareth a reduction in my salary in the presence of mine enemies;
They anointeth my income with taxes.
My expense runneth over.
Surely unemployment and poverty will follow me all the days of your administration
And I will dwell in a mortgaged house forever.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Georgia [Mr. LANKFORD] to the amendment offered by the gentleman from New York [Mr. LAGUARDIA.]

The amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the adoption of the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. LAGUARDIA) there were—ayes 66, noes 98.

Mr. LAGUARDIA. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from New York demands tellers. All those in favor of taking this vote by tellers will rise and stand until counted. [After counting.] Eighteen Members have risen, not a sufficient number, and tellers are refused.

Mr. RAYBURN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RAYBURN: At the end of line 19, page 7, add the following:

"*Provided further*, That no fee or commission shall be paid by any applicant for a loan under the provisions hereof in connection with any such application or any loan made or to be made hereunder, and an agreement to pay or payment of any such fee or commission shall be unlawful."

Mr. LUCE. Mr. Chairman, I reserve a point of order on the amendment.

Mr. RAYBURN. Mr. Chairman, if a point of order is going to be made, I wish the gentleman would make it now. This is simply and solely a limitation upon the loan and a limitation just precedes this one.

Mr. LUCE. If the gentleman will yield, while he is explaining it, I would like to read the amendment again.

Mr. RAYBURN. I thought if the committee understood the amendment they would accept it.

Mr. Chairman and members of the committee, this amendment means simply this and nothing else, and I may say in the beginning that the amendment is indorsed by, and was suggested to me by members of the Interstate Commerce Commission. In a conversation with Mr. Eastman, who is the legislative representative of the commission, and with Commissioner Mahaffie, out of his experience as director of the bureau of finance in the Interstate Commerce Commission, they believe that this amendment is necessary.

Mr. LUCE. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. LUCE. After reading the amendment I withdraw the reservation of a point of order.

Mr. McCORMACK. If the gentleman will permit, does the gentleman's amendment provide a penalty?

Mr. RAYBURN. It does not.

Mr. McCORMACK. How will one be prosecuted who violates the provision of the amendment?

Mr. RAYBURN. I shall later offer a penalty provision if the amendment is adopted.

Mr. McCORMACK. I am in favor of the amendment, but I was wondering about that.

Mr. RAYBURN. Now, this is what happens: When any bureau or any board of this Government has money to distribute among corporations or individuals these corporations and individuals have their own executives and lawyers. They have their own organization that can file their claim with this department without any intermediary and get the money. What happens is this. We have a great many ex-Congressmen, a great many ex-Senators, a great many ex-members of boards and commissions who have opened up law offices in Washington. We have many ex-attorneys for these boards and these commissions with offices in Washington. What they do is to go out and, by a campaign, convince these people, who are going to get money from these departments, or these bureaus, or these commissions, that the only way they can get it is to pay them 10 per cent of the amount or more. A member of one of these commissions told me the other day that a claimant for $100,000 before that commission, who would only have had to file his claim in writing and it would have been reached in the usual routine and he would have gotten every dollar of his $100,000, was convinced by some of these hangers-on around town here that the only way he could get his money was to hire this lawyer and pay him a commission. Papers were filed, and the claimant got the $100,000, but attached to it was a contract for an enormous fee.

The Interstate Commerce Commission is called upon in this bill to recommend and approve an application by a railroad for a loan under its provisions. Before the Interstate Commerce Commission, which is supposed to know all about these matters and is supposed to go into them minutely, approves a loan of $1,000,000 or $2,000,000, or any amount, they want to believe that when they approve it and when the money is paid over, the railroad that is in such distress will get all of it and not that some attorney or some ex-commissioner, or some ex-attorney for a board, or someone like that, will get 10 per cent or 20 per cent of the original amount.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. They want to believe that if this corporation is in such dire distress that it comes to the Government under this bill for relief and the commission approves it, that the corporation will not get 90 per cent or 80 per cent or 50 per cent of the amount, but will get all of it, and that is all that this amendment means.

Mr. LAGUARDIA. The gentleman does not provide any penalty in his amendment.

Mr. RAYBURN. I provide no penalty, but I rather think that will be taken care of under the general law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. RAYBURN].

The question was taken, and the amendment was agreed to.

Mr. McFADDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: At the end of section 5, page 7, line 10, insert the following: "The corporation shall not make nor assist in the making of any merger of the business of individuals, firms, companies, or corporations, nor shall it loan or advance any funds authorized to be appropriated out of any money in the Treasury, as provided in this act, or belonging to the Reconstruction Finance Corporation, for such purpose."

Mr. LUCE. Mr. Chairman, I reserve a point of order on the amendment.

Mr. McFADDEN. Mr. Chairman, the purpose of the amendment is to protect the financial institutions, railroads, and business enterprises from being forced to consolidate their business with other business. I point to the fact that you are creating a $2,000,000,000 corporation with tremendous power. This corporation, if it carries out its purpose here, is going to deal with this class of institutions. It is going to have the power to lend credit and money to these institutions and compel them to consolidate, if they see fit to do so, regardless of whether the concerns want to consolidate or not.

I am fearful, in the operation of these institutions, that you are going to see further concentration of bank resources. I am fearful that you are going to establish further chain banks and branch banks. The men who will control this corporation are in favor of branch banks in the United States.

We all know that there are forces in favor of the consolidation of the railroads. There is in the atmosphere here around the Capital and New York City an activity which proposes to consolidate big business. I refer to the Swope plan to consolidate big business in this country. The operation of this corporation, as proposed in this legislation, can consolidate not only domestic but international business, which has been established by Americans, and big institutions have already established branches abroad. There is that possibility in this, and I am trying to guard against it and protect the individual initiative of these classes of independent American business built up by individuals who want to preserve their identity in this country.

Mr. LUCE. Mr. Chairman, I do not press the point of order. I withdraw that. But I would like to be heard in opposition to the amendment.

Without going into the merits of the proposal I would call the attention of the committee to the fact that this is only an additional attempt to hamper the board in the exercise of its best judgment as to what shall be done in this great emergency. These proposals are continually carrying away our attention from the prime purpose of this legislation. The prime purpose of this legislation is not individual recognition, the prime purpose is not to cure any evil practice, the prime purpose is to dispel fear, the prime purpose is to inspire the people of the United States with confidence that the Government of the United States will protect and help them in this period of universal distress.

Every attempt to befog the issue by proposing the accomplishment of a collateral purpose so much lessens the good that the bill can do. If we adopt this or any other restriction to gratify some individual conception of some wrong that ought not to be repeated, or some wrong against which we should guard, we so much lessen the value of the bill; so I beg the committee, not alone in regard to this proposal but in regard to other proposals that may be presented, to leave to the good judgment of this board the use of this money. If we can not trust a board of the sort here contemplated, what can we do? Shall we send this bill out with limitations intimating our own doubt as to the wisdom of the board, intimating to the country that we are afraid some men of low standards of honor will be appointed, inti-

mating that we do not believe they will be patriotic and honorable citizens?

So, sir, I trust the committee will reject this and all other amendments of detail that do not go to the essence in order that at the earliest possible moment we may reassure the people of the United States.

[Here the gavel fell.]

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. LOZIER) there were—ayes 42, noes 93.

So the amendment was rejected.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto be concluded in 30 minutes.

Mr. KVALE. Mr. Chairman, reserving the right to object, will the gentleman not amend his request so that upon each amendment that will be offered in good faith there may at least be an opportunity for the sponsor of that amendment to have a minimum of at least three minutes to explain the purpose of his amendment? I think that would satisfy a majority of the Members.

Mr. STEVENSON. Mr. Chairman, I do not know how many amendments will be offered, but inasmuch as there is considerable interest in further amending the bill following section 5 and we want to get through with the bill, I move that the debate on this section and all amendments thereto shall close in 45 minutes.

The question was taken; and on a division (demanded by Mr. LANKFORD of Georgia) there were—ayes 118, noes 29.

So the motion was agreed to.

The CHAIRMAN. The Chair will state that since this limitation has been placed on section 5, it is the purpose and desire of the Chair to recognize with impartiality on both sides of the House as many as he can. He does ask the indulgence of the members of the committee in rising to present amendments, as he wishes to assure them he will recognize as many as possible.

Mr. CONDON. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from Rhode Island [Mr. CONDON] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. CONDON: Page 5, line —, after the word "association," insert the words "credit union."

Mr. CONDON. Mr. Chairman, the amendment which I propose is entirely within the scope and purpose of the bill. I think that possibly the committee might not have had called to their attention when they were considering this bill the fact that there are credit unions in the country which are similar, in many ways, to building and loan associations. These credit unions have been popularly termed "the poor men's banks." They loan to small borrowers, to small wage earners, out of their own accumulated capital. If it were not for the fact that time is limited, I would like very much to call to the attention of the House the report on these credit unions by the United States Bureau of Labor Statistics as it appears in Bulletin No. 531, February, 1931. However, in view of the brevity of the time, I will read only a portion of the report.

CHAPTER IV.—CREDIT AND BANKING SOCIETIES

CREDIT UNIONS

For the average wage earner, with no banking connections and no security to offer, but urgently in need of money, the credit union appears to offer a very good solution of the credit problem. Such a person can rarely obtain help from the ordinary banking institutions. Of recent years a small and increasing number of banks have added "character loans" to their field, but these banks are as yet too few and scattered to form a considerable factor. Other credit organizations, which specialize in small loans, include the remedial loan societies, the Morris Plan banks, and the personal finance companies. All of these charge interest rates higher, and in some instances very much higher, than those charged by the credit unions. In times of financial stress many small borrowers know of only two avenues of relief—charity and the loan shark—and in some cases may be forced to resort to one or the other, for, as a recent study of consumers' credit points out, "in the small-loan field the demand for credit far outruns the present available supply."

The credit union, however, appears to be a very successful means of meeting this situation. It is primarily for that small borrower whose need is greatest. It not only offers a welcome avenue of credit but has an enviable record of promotion of thrift. Through the establishment of habits of regular saving—small though the savings may be—it turns thriftless, creditless, and moneyless persons into saving, stable members with good standing in the community.

Only members of the credit union are eligible to obtain loans from it, but once a member the applicant can obtain whatever sum he needs at a low rate of interest. As a borrower from the credit union he is neither an exploited victim nor an object of charity. The transaction is on a strictly business basis. All members are on the same level, with the same rights and powers, and receive the same treatment.

The cooperative credit society is thus absolutely democratic. It is filling a real need, through simple machinery, and is doing this at very little cost (expense of operation during 1929 averaged only 1.79 per cent of the total loans granted).

The bureau's study indicates that credit societies are generally successful and that losses from failure of borrowers to repay loans are extremely small.

The effectiveness of these societies as "poor men's banks" is indicated by the growth of the movement, shown by data collected as part of the bureau's general study of the cooperative movement. In 1925, when the bureau's previous study was made, there were only 204 societies of this type in existence; by the end of 1929 the number had risen to 974. During the same period the membership has increased from 107,779 to 264,908. Their resources have more than doubled—the paid-in share capital has grown from $10,706,099 to $24,065,407, and the reserves from $973,873 to $2,079,450; the savings deposited with these societies have increased from $4,700,768 to $9,017,786. During the year 1929 the loans granted by these societies to their members reached the sum of more than $54,000,000.

There was loaned in the State of Massachusetts alone in 1929 over $28,000,000 by these credit-union banks, and in the State of New York over $18,000,000.

It may be that some of the Members of the House may think that the language in the bill relating to "other bona fide financial institutions" may cover these banks, but I am informed that in another body they have stricken that provision from the bill, and there is a possibility that it may not be continued in this bill after it comes back from conference, so I have been advised by the men in my State who are interested in these banks that they would like to be assured that credit unions were in mind when this legislation was proposed in committee, and for that reason, and for that reason alone, I am asking the House to include after the words "building and loan association" "credit-union banks," so that there may be no question whatsoever in the mind of anyone.

Mr. CONNERY. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. CONNERY. If I understand the gentleman correctly, and from my knowledge of the matter in Massachusetts and other States where these credit unions are in operation, this is the best protection that a poor man has against the loan shark, is it not?

Mr. CONDON. Absolutely. This is the only place where a poor man can get a loan at a very low rate of interest.

Mr. STEVENSON. Will the gentleman yield for a question?

Mr. CONDON. I yield.

Mr. STEVENSON. Do I understand the gentleman to have doubt whether "other bona fide financial institutions" in the United States covers his corporations?

Mr. CONDON. No; I did not say that. I said there was some doubt as to whether that particular provision might be contained in the bill when it finally passed.

Mr. STEVENSON. As the bill now stands, it really does cover the gentleman's corporations?

Mr. CONDON. It does, but I believe that by including this amendment we make assurance doubly sure.

The CHAIRMAN. The time of the gentleman from Rhode Island has expired.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island [Mr. CONDON].

The question was taken; and on a division (demanded by Mr. CONDON) there were—ayes 39, noes 89.

So the amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 7, line 19, insert at the end of line 19 the following:

"*Provided*, That 20 per cent of the authorized capital stock of the Reconstruction Finance Corporation plus the aggregate amount of bonds of the Reconstruction Finance Corporation authorized to be outstanding when the capital stock is fully paid in shall be used exclusively or kept available for loans of $50,000 or less to institutions entitled to loans under this act, and whose total borrowings from the Finance Corporation do not exceed $50,000."

Mr. LUCE. Mr. Chairman, I reserve a point of order against the amendment.

Mr. McGUGIN. Mr. Chairman, this amendment follows almost verbatim the words of lines 15, 16, and 17, page 7. In lines 16 and 17 it is provided that the maximum amount of money which can be loaned to any one company shall be $200,000,000. This amendment provides that 20 per cent of the money which is obtained by this corporation from the sale of stock and bonds shall be used exclusively for the making of loans of $50,000 or less and to companies whose total borrowings do not exceed $50,000. My first amendment was 25 per cent, but I changed it to 20 per cent because $50,000,000 has been set aside for agriculture.

This amendment is not exclusively for agriculture. This amendment is for small business and banks which are going to want $50,000 or less, and it is offered merely for the purpose of making it certain that such institutions as need $50,000 or less will obtain a share of the benefits of this act.

Mind you, my friends, we are providing in this bill for $2,000,000,000 with which to try to stabilize the financial structure of this country. If the board which administers this bill, as fair as it may be, can go out with $2,000,000,000 and absorb the water which is in the stocks of this country and the bad paper in the larger banks of this country, it will have performed the greatest miracle that has been performed on earth since Christ fed the multitude with a few loaves of bread and a few fishes. I do not believe it can be done, and there is not going to be any money left for small business if we do not write into this bill that 20 per cent of this money is going to be used for the small business of the country which needs loans of $50,000 or less.

I will simply say in conclusion that if we can come here and write a bill that will give to one company a maximum of $200,000,000 and at the same time will not provide that 20 cents out of every dollar shall go to small business in the way of loans of $50,000 or less, then the time has come when ordinary business is left without a friend in the Congress of the United States. I only ask fairness. They say this board is going to take care of small business throughout the country. They say the board is going to do it. All right. If the board is going to do it there can be nothing wrong about writing it into the bill. Let me ask, When you go back to your people this fall and your small banks have not received consideration, will you tell them that all you asked on the floor of the Congress was, "will small business be cared for?" and you were advised by somebody that Eugene Meyer, or some one else, said all were going to be treated fairly, and you supposed your small banks would receive fair treatment?

I am now giving you an opportunity to make sure that loans of $50,000 or less will be provided for in the law. I do not see how any Member can oppose this amendment, whether he comes from a rural section or whether he represents Wall Street. If he represents Wall Street he certainly should not object to having 20 cents out of every dollar go to the rural sections of the country.

Mr. BLANTON. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. BLANTON. Does not the gentleman know that if you write this bill so that practically all of it can not be loaned to the railroads you are going to get it vetoed?

Mr. McGUGIN. I am assuming it would not be vetoed if small business only obtains 20 cents out of every dollar.

[Here the gavel fell.]

Mr. WITHROW. Mr. Chairman, I sincerely hope this amendment will be adopted. I am going to vote against the measure unless it is adopted, for I feel that at least 20 per cent of this amount should be set aside and be made available for those groups or individuals who are not going to borrow in excess of $50,000. As the measure stands, in my opinion, it is a raid upon the Treasury to the possible extent of almost $2,000,000,000. It is very apparent that there are two theories for rehabilitation held by the Members of this body. The one is to start at the top, as you have in this measure, with the railroads and the other institutions, by appropriating huge sums of money from the Treasury of the United States, said money to be raised by the taxpayers, in the hope that eventually some of it will sift through and indirectly aid agriculture and unemployment. The other theory is that we should start at the bottom, with agriculture, our basic industry, and work toward the top. Unfortunately, those of us who believe in the latter policy are very much in the minority.

A few weeks ago we passed a measure which was supposed to be in the interest of agriculture. That measure appropriated $100,000,000 from the Treasury of the United States to the Federal land banks. I voted for that measure, but as it passed I am very fearful that the farmers, those who actually have loans with the banks, will not derive any benefit from that appropriation. The gentleman from Oklahoma [Mr. McKEOWN] offered a motion to recommit that bill to the committee for the purpose of amendment, so that the money would be used as a direct aid to the farmers who actually borrowed money from those land banks. The majority of the Members present, although it was very evident that the farm Representatives wanted that bill recommitted, voted down that motion, which leads me to wonder if there is a real willingness on the part of the administration or on the part of the majority to really aid agriculture by means of legislation.

Gentlemen, I fear this: At the present time we are passing appropriations for huge sums of money, and I am fearful that later on, when we have measures before us for direct aid to agriculture, to unemployment, and to veterans, when Senator LA FOLLETTE's relief measure or Senator COSTIGAN's relief measure—if they are so fortunate as to pass the Senate—come over here the gentlemen who are so ardent in advocating the passage of this measure will at that time say, "We have gone as far as we possibly can on appropriations."

[Here the gavel fell.]

Mr. WITHROW. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. WITHROW. And they will oppose such measures on that ground.

I do not believe, gentlemen, there are 50 Congressmen in this body who are whole-heartedly in support of this measure. A vast majority have grave doubts as to the benefits that will accrue to our people by reason of its passage. Therefore I can not personally support the measure unless I am assured by an amendment or amendments that a large portion of this money will go to directly aid agriculture, the small industry, and the small bank who are at the present time in dire need. [Applause.]

The CHAIRMAN. The question is on the adoption of the amendment by the gentleman from Kansas [Mr. McGUGIN].

The question was taken; and on a division (demanded by Mr. RAYBURN) there were—ayes 68, noes 93.

Mr. CAMPBELL of Iowa. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Iowa demands tellers. As many as are in favor of taking this vote by tellers will rise and stand until counted. [After counting.] Sixteen Members have arisen, not a sufficient number, and tellers are refused.

So the amendment was rejected.

Mr. ROMJUE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ROMJUE: On page 7, line 2, after the word "to," strike out the word "or."

Mr. ROMJUE. Mr. Chairman and gentlemen of the committee, notwithstanding the great distress that exists throughout the country at the present time, we ought not to get into such haste that we may write a bill here and not know exactly what is in it. This bill provides, as we all understand, of course, for loans, and there are 9, or perhaps 10, separate institutions enumerated to receive such loans, and then there is an eleventh provision stating "other bona fide financial institutions." When you come to the railroads you put a reservation upon them requiring that they must get permission from the Interstate Commerce Commission before they can secure the loan. That is a limitation not required of other institutions. Now, I want to call the attention of the chairman of the Banking and Currency Committee to this matter. It undoubtedly must be a typographical error; I would regret to find it to be otherwise. Now, while the foregoing is true, on the other hand, in line 2 of page 7, you undoubtedly grant a greater privilege to the railroads of the country than you are granting to other financial institutions, so far as financial assistance under this bill is concerned, because you are limiting all loans as to other financial institutions strictly to loans and nothing more, but when you come to the railroads you say, "upon the recommendation and approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing," and so forth.

Mr. STEVENSON. Will the gentleman yield?

Mr. ROMJUE. Yes.

Mr. STEVENSON. The word "or" was to be stricken out by an amendment of the committee. I do not know whether the amendment has been offered or not, but the committee agreed to an amendment striking out the word "or."

Mr. ROMJUE. That is the amendment which I have offered.

Mr. STEVENSON. I have my bill here so marked. The amendment has not been actually offered, but I will say to the gentleman that that is an amendment that has been agreed to in committee.

Mr. STEAGALL. What does the gentleman's amendment provide?

Mr. ROMJUE. My amendment simply strikes out the word "or" in line 2.

Mr. STEAGALL. There is no objection to that.

Mr. STEVENSON. The Banking and Currency Committee has agreed to such an amendment.

Mr. ROMJUE. Unless this amendment is adopted the corporation provided for in this bill would not only have power to loan Government funds to the railroads, as is contemplated by the bill, but it would also be empowered and authorized to finance them other than by loans, and the only other way would or rather could only be by gift or purchase, and certainly Congress does not desire to empower this corporation to purchase out of the public funds any railroads, some of which may be in the hands of a receiver. I ask the adoption of the amendment.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Missouri [Mr. ROMJUE].

The amendment was agreed to.

Mr. CHAVEZ. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New Mexico offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CHAVEZ: On page 5, in line 13, after the comma following the word "determine," add the following: "To any reclamation, drainage, or irrigation district, association, or corporation organized under the laws of any State or the United States, or."

Mr. LUCE. Mr. Chairman, I raise the point of order the amendment is not germane.

Mr. STEAGALL. Mr. Chairman, may I ask the gentleman to reserve the point of order and let the gentleman be heard on the amendment?

Mr. LUCE. Mr. Chairman, there remains but 16 minutes of debate and many gentlemen desire to present amendments, and it does not seem to me we ought to consider a matter that is not germane to the exclusion of amendments that may be perfectly germane.

The CHAIRMAN. The Chair will hear the gentleman from New Mexico on the point of order.

Mr. CHAVEZ. Mr. Chairman, the authority in support of the germaneness of the amendment I have submitted rests upon the rule that "a general subject may be amended by specific propositions of the same class." This being the rule, and if I interpret it correctly, the general subject of discussion is the aid, or, as the bill itself provides, "to aid in financing agriculture," and so forth; then it proceeds to provide for making loans.

That is the general subject. The specific proposition of making it applicable to drainage, irrigation, and reclamation is certainly germane, proper, and relevant. There is plenty of authority under the rule to show that it is germane.

The CHAIRMAN. The Chair is unable to agree with the gentleman from New Mexico. The whole purpose of the bill, as heretofore stated, is for the benefit of financial institutions. The Chair does not think the amendment is in order, and therefore the Chair sustains the point of order.

Mr. HOGG of West Virginia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. HOGG of West Virginia: Strike out lines 21, 22, 23, and 24, on page 5, and lines 1 and 2, on page 6, and insert in lieu thereof the following: "savings bank, trust company, or building and loan association that is closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks, savings banks, trust companies, and building and loan associations, upon application of the receiver or liquidating agent of such bank, savings bank, trust company, or building and loan association, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same."

Mr. LUCE. Mr. Chairman, I reserve a point of order on the amendment.

Mr. HOGG of West Virginia. Mr. Chairman, the purpose of this amendment is to include insolvent building and loan associations, insolvent savings banks, and insolvent trust companies, and give them the same rights as those that are accorded to insolvent banks.

To be specific, section 5 deals with these units in two aspects. It proposes to aid the institution which is in a condition whereby its assets have become frozen, but is still in operation. In that class of institutions it is possible to advance loans to building and loan associations and to savings banks and trust companies, and to other institutions that are in an operating conditions.

Now, when the affairs of these concerns become so involved that they are insolvent or closed, there is only one class of institution that can be aided, and that is the bank.

The point I want to make is that it is just as vital, and more vital, that you should help the insolvent building and loan associations as it is that you should help the insolvent banks. Every building and loan association has frozen assets from the day it begins business. If you are going to help insolvent banks, why can not you also include the insolvent building and loan associations and the insolvent savings banks and insolvent trust companies?

If I am wrong in my interpretation of this section I will be glad to hear from any member of the committee. If my interpretation of section 5 of the bill is correct, there is no building and loan association in the United States that is classed as insolvent that can get any help from this Reconstruction Finance Corporation under the present provisions of the measure.

Mr. STEAGALL. Mr. Chairman, I will say to the gentleman from West Virginia that it was not the purpose of the committee to make available loans to insolvent building and loan associations. Building and loan associations are pro-

vided for under the general provisions of the bill, but not building and loan associations that are insolvent or in process of liquidation and closed.

They are not deposit institutions and do not come within the purpose sought to be attained by this provision of the bill.

What the committee tried to do was to make the funds of this corporation available to aid in relief of the distress that has come from the failure of deposit banks through frozen assets, the breaking down of business, and that loss of the credit facilities of a community. We put the language as broad as we could make it. I wrote the provision and I tried to make it comprehensive enough to meet the situation. It covers banks that are closed, banks that are insolvent, banks that are in process of liquidation. Then the bill provides that these loans may be extended upon application of the receiver or liquidating agent of such bank, and it authorizes a receiver for a national bank to contract for such loans, indicating clearly that it was not the purpose of the committee to limit the loans provided in the paragraph to national banks, or even to State banks. The broad language is "any bank that is closed, insolvent, or in process of liquidation." But it does not apply to building and loan associations, and it is not so intended.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Does the gentleman from Massachusetts still insist upon the point of order?

Mr. LUCE. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from West Virginia [Mr. HOGG].

The amendment was rejected.

Mr. SABATH. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from Illinois [Mr. SABATH] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SABATH: On page 6, line 2, after the word "same," insert "*Provided, however,* That no loans or advances shall be made by the corporation to any bank, savings bank, or trust company that makes loans to any broker for any short sale of any stock or bonds, or any pool, corporation, or association who do not own such stocks or securities at the time of sale."

Mr. BEEDY. Mr. Chairman, I make a point of order on the amendment.

The CHAIRMAN (Mr. WARREN). The Chair is of the opinion that the amendment is germane and therefore overrules the point of order.

Mr. SABATH. Mr. Chairman, there have been many reasons advanced and causes given for the depression and the panic that now exists in the Nation. I myself am satisfied, however, that the trouble is due largely to the manipulation and gambling on the stock exchange. In 1929, during the height of the inflation period, over $6,000,000,000 of the people's money was used for so-called "call loans." I realize that the amount has been reduced tremendously and that only $500,000,000 is outstanding to-day.

We are endeavoring as honestly and sincerely as we can to relieve the legitimate business of the Nation, and therefore we should preclude the utilization of this fund or any portion of it for gambling purposes. What I desire to accomplished by the amendment is to prevent the individuals who are generally known as "bears" or operators, and who are selling stocks and commodities which they do not own or possess solely to make a profit, when public confidence is shaken, at the expense of the small but honest investor, from using this money.

These manipulators have been responsible for the destruction of business in our country, and we should not aid them. We should not only prohibit the use of any part of the $2,000,000,000 for destructive gambling purposes but we should no longer tolerate that infamous practice. It should be stopped and eliminated. I hope that every Member who desires that this great corporation should aid the legitimate business of the Nation and the people of the country will not permit this money to be utilized by the unscrupulous speculators and gamblers for the purpose of destroying business and the value of commodities and stocks and of making impossible the return of confidence in the United States. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Illinois [Mr. SABATH].

The question was taken; and on a division (demanded by Mr. SABATH) there were—ayes 33, noes 89.

So the amendment offered by the gentleman from Illinois was rejected.

Mr. HORR. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from Washington [Mr. HORR] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HORR: Page 7, line 9, after the word "secured," add a period and insert "Further within the foregoing limitations of this section, the corporation may also, upon the recommendation and approval of the Shipping Board, make loans to or aid in the temporary financing of ships and shipping lines engaged in the coastwise or foreign trade, to ships and shipping lines in process of construction, and to receivers of ships and shipping lines, when in the opinion of the board of directors of the corporation such ships or shipping lines are unable to obtain funds upon reasonable terms through banking channels or from the general public and the corporation will be adequately secured."

Mr. BEEDY. Mr. Chairman, I make a point of order on the amendment that the Shipping Board is not a financial institution. The amendment is not germane.

The CHAIRMAN. The Chair will hear the gentleman from Washington solely on the point of order.

Mr. HORR. Mr. Chairman, if you will turn to the bill, you will find that in line 24, page 6, I have actually followed the exact language of the bill, substituting only for "interstate commerce" the words "the Shipping Board." Where the bill reads "railroads" I have substituted, in my amendment, the words "ships and shipping lines."

In other words, it is an exact copy of that part of the bill, placed in this amendment and offered here, following the paragraph in the bill containing the identical language with the exception of those two substitutions, namely, "Shipping Board" for "interstate commerce" and "ships and shipping lines" for "railways."

I take it that it is germane and a part of this bill because of the fact that if the bill in its scope can cover the industries here mentioned, it can also include and make part and parcel of this bill the paragraph which is merely a substitution of words rather than carrying with it any other than that which has been provided in this bill. It is a bill that without doubt carries with it merit as well as meeting the point of order by virtue of the fact that here is an opportunity to protect an infant industry and also provide for an industry that to-day is furnishing 50 per cent of the carriage of our Navy Department, particularly in view of the fact that the indications are that we will be called upon to curtail and cut our Navy. The latter, of course, I shall resist.

I am willing to submit it on that point.

But let us go more to the merit of my amendment. I have listened for weeks to pleas for the farmer, and I have voted for every relief measure presented. I am praying that some relief will come to them. Day after day I have heard about banks. Banks, bankers, and more banks—international, national, and local—have been the subject of many addresses from the floor of the House.

We have heard nothing but banks and bankers on this side of the House, on the other side of the House, in other legislative halls, especially the body on the other side of the Capitol, and even from the Executive Mansion at the other end of the Avenue—these all have echoed and reechoed the word "banks"!

I am well aware of the need of maintaining our banking institutions. We must recognize the significance of keeping these financial channels clear. I realize at this time that financial institutions need and must have aid. But I am

even more concerned about this: Will these banks in turn render aid to the small business man? Will they extend credit to individuals of known integrity? Will they extend time to home owners on mortgages due on their homes?

I am voting for this bill with that hope in mind. Personally I have grave fears this end will not be accomplished. I am yielding to the statesmanship of those in office. This bill has been reported out of committee favorably by the Democrats; it is an administrative measure indorsed by the Republican majority and the President, and the President's advisers have asked for its passage.

How much more cheerfully and conscientiously could I vote for some bill that would empower the corporation created by this bill to engage in development of our already-authorized public projects; to assist in the development of our arid lands and the creation of power units; for a bill to provide for new public buildings and highways; for a bill which would sponsor activity that would put men to work.

Such a bill, I am sure, will not be passed by this Congress. So I am voting for this bill as a last resort, in the hope that it may stimulate industry, that the best may happen and men will be put to work.

When we advocate large appropriations for the purpose of giving employment we are met with the question, "Where will we get the money?" Yet when big business and bankers ask for $2,000,000,000 no such question is raised. The question is not now asked from whence the money is to come to finance this corporation.

Wait until the soldiers ask for their due. Wait until we ask for money for the largest reclamation and power development ever undertaken. I refer to the Columbia Basin project. Wait until we ask for a large bond issue to further employment. Then there will be only one answer: "No money available!"

If I were of the opinion that the money appropriated by this bill was only for the relief of bankers, I would vote against it without hesitation. And I would oppose this bill with all my powers if I thought for an instant that it would give help to those international bankers who so heartlessly unloaded foreign bonds onto local banks, who, in turn, passed them off to trusting individuals.

In voting for this measure I am hoping almost against hope that it will give to the small business man and the individual citizen an opportunity to make a loan to tide over to more prosperous days.

My amendment would include shipping lines in the list of those who might receive benefits. If the railroads are to receive aid, why not the shipping lines? By what devious theory can transportation systems be treated differently? Is there any difference, may I ask? The shipping companies' bonds are deflated in value and they can not refinance because of the condition of the country.

The American merchant marine is a Federal industry. It is more than an individual undertaking, or an undertaking of importance to only few localities. It is truly a nation-wide undertaking and should receive aid in this bill. It may be argued that shipping lines are already subsidized through mail contracts. This is true in some cases, but in the majority of cases, such as the great block of shipping in the coastwise trade, there is no mail subsidy.

If all the shipping lines were subsidized, argument on that score would still not be sound. I again reiterate that I favor relief for them; but are not the railroads recipients of greater subsidies than were ever granted to the shipping industry? Recall the land grants of alternate sections of land having a width of 40 miles across the western half of the United States.

Besides, the shipping lines are an arm of the national defense. As was pointed out before, they constitute 50 per cent of the carrier capacity of the fleet. Many of them can be converted at once into destroyers. Such vessels as the *Mariposa*, the *Coolidge*, and others are a potential part of the Navy.

This amendment will permit the expansion of the American merchant marine. Many of the lines have good collateral, but their collateral, like that of the banks, is also frozen. No one desires to loan money these days, however good the collateral. Hence the need of aid from this bill.

May I ask of you, my colleagues, to grant this much-needed assistance? You have crippled her passenger-carrying service through sumptuary laws, foreign trade has fallen off, the difference in foreign exchange has played havoc because foreign bottoms can deal in depreciated currency and their collateral will not be taken for loans for expansion.

May I ask of you this act of justice—that you incorporate in this bill the amendment now being considered—truly an act of justice to an industry which is part of the lifeblood of the Nation?

To-day you voted against rendering assistance to municipalities. Again, gentlemen, I fear you were in error. Many of our cities and counties are bankrupt, or, if not actually bankrupt, their bonds are not salable; and if they are salable at all, these bonds are not commanding the price they should.

Do you not realize that if these municipalities could issue bonds that public work would be stimulated, which would go a long way to giving employment to the unemployed? The President asks the local communities to care for their people. How, may I ask, can this be done when the community has not the power of raising money for public enterprise? Again, gentlemen, I fear we are giving relief wholly to the higher-up and are forgetting the man who is out of work and hungry. Action such as we are taking will not do away with the breadline.

I was severely criticized by a newspaper in my home city, Seattle, whose editor was munificently provided for as far as earthly possessions are concerned by inheritance from a successful father, for calling attention to the breadline in my city of Seattle. Local pride in a city is commendable, but it does not furnish argument against a condition which is so apparent.

My colleague the distinguished Democratic Member from our State [Mr. HILL], sitting on the other side of the House, received a telegram from his home city of Spokane, which I now read as an expression from the county and city commissioners of Spokane, Wash.:

[Western Union telegram]

SPOKANE, WASH., *December 30, 1931.*

Hon. SAM B. HILL,
House of Representatives, Washington, D. C.:

The undersigned commissioners of the city and county of Spokane urge on Congress the immediate passage of legislation to aid the States, cities, and counties in taking care of their local unemployment problem. The local communities have now carried on the work for two years and have about exhausted their ability. The problem is national in its scope, and every agency of government from the town to the Federal authority at Washington should be exerted to alleviate the distress. Local governments in administering relief are dependent wholly on direct taxes on tangible property, and the burden can not be borne much longer. We believe provision should be made by the National Government for aiding local communities with funds to be supplied by increased taxes on large fortunes and by a bond issue to initiate and carry on great public works necessary to the full development of the country. We are in the midst of a supreme crisis upon the proper solution of which the future of our country depends. As during the Great War the manhood of our Nation was drawn upon unstintedly to meet the country's supreme need, so now wealth should be drafted to do its share in saving the Nation from further calamity.

LEONARD FUNK,
RALPH HENDRICKS,
LEROY LAMBERT,
A. J. FABIAN,
A. W. BURCH,
City Council of the City of Spokane, Wash.
ALVIN COLLIN,
JAS. B. FELTS,
SAMUEL W. WEBB,
Board of County Commissioners of Spokane County, Wash.

These and many other considerations lead me to wonder as to the efficiency of the bill under discussion. May I paraphrase the poet—I shot an arrow into the air; it fell to earth, I know not where!

The CHAIRMAN (Mr. WARREN). The gentleman from Washington offers an amendment by which he attempts to amend a general proposition. A point of order having been made, it is, therefore, sustained.

All debate has been concluded on this section and all amendments thereto.

Mr. KELLER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KELLER: On page 6, at the end of line 2, insert "*Provided however*, That none of the provisions or benefits accruing from this act shall apply to any bank or banking house which owns, operates, or controls, or which has any interest in any subsidiary or affiliate through interlocking directorates, stock ownership, or otherwise, or to any of the said subsidiaries or affiliates, unless and until all of said subsidiaries or affiliates shall have severed any and all connections with said banks and with one another, and shall have given proper assurances to the directors of the Reconstruction Finance Corporation that separateness shall be maintained."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. HOCH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HOCH: On page 7, in line 16, after the word "time," strike out the figures "10" and insert in lieu thereof the figure "6."

Mr. HOCH. Mr. Chairman, I ask unanimous consent to proceed for one minute.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to proceed for one minute. Is there objection?

Mr. STEVENSON. Mr. Chairman, there are a great many Members here who have not had time to speak, and I will have to object.

Mr. HOCH. I will say to the gentleman that I have not taken any time at all.

Mr. STEVENSON. And a great many other Members have not taken any time.

Mr. HOCH. A very inaccurate statement was made by members of the committee in connection with this matter.

The CHAIRMAN. Is there objection?

Mr. STEVENSON. Mr. Chairman, I object.

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken; and on a division (demanded by Mr. HOCH) there were—ayes 67, noes 109.

So the amendment was rejected.

Mr. PARSONS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PARSONS: Page 6, line 2, after the word "same," insert a colon and add the following:

"*Provided*, That of the amounts herein authorized to be appropriated, not less than the sum of $100,000,000, or so much thereof as may be necessary, shall be used by the board in making loans as herein provided to banks and financial institutions now operating for/and to banks and financial institutions that are closed, insolvent, or in process of liquidation, that may apply for loans of $100,000 or less."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. BLACK. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK: Page 7, line 19, after the word "in" insert:

"*Provided*, That no loan shall be made to any corporation against which there is pending a complaint in any department of the United States or before any Federal court for the violation of any statute of the United States dealing with unfair competition, restraint of trade, or legal or illegal combinations."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. BRUMM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BRUMM: Page 7, line 19, after the word "act," insert:

"There is hereby allocated out of the aforesaid $500,000,000 subscribed by the United States to the Finance Corporation the sum of $50,000,000, or so much thereof as may be necessary shall be expended by the Secretary of the Treasury for the purpose of making loans or advances to banks, trust companies, or other financial institutions located in the coal fields of the several States of the United States which, because of the failures of banking institutions and conditions resulting from loss of markets for coal and because of the general depression, are unable to grant credit for coal production purposes for the year 1932; such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of the Treasury shall prescribe."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. DIES. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DIES: On page 7, line 19, after the word "in," insert the following: "Not less than 5 per cent, or so much thereof as may be necessary, of the funds made available under this act shall be used in each of the Federal reserve districts in making loans to institutions in such respective districts."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: On page 7, line 9, after the word "secured," insert the following: "by first lien bonds or first mortgages on the property of said railroads or railways."

Mr. McGUGIN. A point of order, Mr. Chairman.

Mr. LAGUARDIA. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will inquire of the gentleman from Kansas what is his point of order.

Mr. McGUGIN. That it is not germane to the section.

Mr. LAGUARDIA. Mr. Chairman, the section of the bill provides that loans to railroad companies shall be adequately secured. This is rather indefinite, and my amendment——

The CHAIRMAN. In reply to the gentleman from New York the Chair will say that the Chair thinks the amendment is in order, and overrules the point of order.

Mr. LAGUARDIA. The Chair is too kind. [Laughter.]

The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. HARE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HARE: At the end of line 19, on page 7, add the following:

"*Provided, further*, That the corporation may also, upon the recommendation and approval of the Secretary of Agriculture, make loans to farmers for production and marketing purposes, upon terms and securities as may be approved by the Secretary of Agriculture, not inconsistent with Public Resolution No. 112, Seventy-first Congress, approved December 30, 1930."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from South Carolina.

The amendment was rejected.

Mr. PETTENGILL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PETTENGILL: At the end of section 5 add the following:

"In no case shall more than $500,000,000 be loaned to borrowers having their legal residence or principal place of business in any one Federal reserve district."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Indiana.

The amendment was rejected.

Mr. KVALE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Minnesota offers an amendment, which the Clerk will report.

Mr. KVALE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KVALE. When three amendments are necessary to a section in order to achieve a single purpose, may the three be read at one time and considered as having been reported in order that when the first one is adopted the other two shall follow?

The CHAIRMAN. That may be done by unanimous consent of the committee.

Mr. KVALE. I ask unanimous consent, Mr. Chairman, that the three amendments offered by myself may be read at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota that the three amendments may be read and acted upon at the same time?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. KVALE: On page 5, line 13, after the word "determine," insert a comma and add the following language: "to any State for use in operating a system of rural credits established and maintained by such State, or."

On page 6, in line 4, after the word "secured" strike out the period, insert a colon, and add the following: "*Provided*, That loans to a State may be made upon the bonds thereof pledging the credit of such State. For the purpose of consummating a loan to a State, the corporation may submit a bid for the purchase of the bonds of such State where the law thereof requires such bonds to be sold upon competitive bids."

On page 6, line 12, after the word "loan," insert a comma and add the following: "except a loan to a State."

The CHAIRMAN. The question is on the amendments offered by the gentleman from Minnesota.

The amendments were rejected.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: On page 5, in line 16, after the word "corporation," before the word "and," insert the following: "individual for the purpose of assisting in forming local agricultural corporations, livestock corporations, or like organizations, or for the purpose of increasing the capital stock of such corporations or organizations."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Mississippi.

The amendment was rejected.

Mr. ALLGOOD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. ALLGOOD: On page 6, in line 2, after the word "same," strike out the period, insert a colon, and add the following: "*And be it further provided*, That $100,000,000 of the capital stock shall be used for the reopening of banks that have been closed within the past 24 months: *And be it further provided*, That all loans shall be equally distributed to each and every closed bank in proportion to the capital stock of same."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken, and the amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 13, after the word "acceptances," strike out the period and insert the following: "*And provided further*, That no bond, corporate stock, or indebtedness evidenced by promissory notes or other obligations to pay shall be bought outright from any bank, savings bank, or trust company, and can only be used as collateral security for loans for one-half the then market value of such bonds, corporate stock, notes, or other obligation to pay when indorsed unconditionally by all the directors and other officials of said bank, savings bank, or trust company."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken, and the amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. LANKFORD of Georgia: Page 7, at end of and as a part of section 5, insert the following:

"The aggregate of advances made to any bank, savings bank, or trust company, under this act shall not exceed the amount remaining unpaid of the advances made by such financial institution; (a) for agricultural purposes, including the breeding, raising, fattening, and marketing of livestock, or may have discounted or rediscounted notes, drafts, bills of exchange, or other negotiable instruments issued for such purposes; (b) to any person, firm, corporation, or association conducting an established and going business in the United States whose operations shall be necessary or contributory to the employment of labor or the operation of either farming, fruit growing, dairying, mining, or other operations furnishing an opportunity for gainful employment to people within the United States; (c) to any person, firm, or corporation or association engaged in the business in the United States of exporting therefrom domestic products to foreign countries if such person, firm, corporation, or association is, in the opinion of the board of directors of the corporation, unable to obtain funds upon reasonable terms through banking channels; and (d) loans of $50,000 or less to individuals, firms, and corporations engaged in any legitimate business operating within the United States of America and when such loan is necessary for the successful operation of said business."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken, and the amendment was rejected.

Mr. BALDRIGE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 5, line 16, after the word "Corporation" insert the words "financial credit corporation."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken, and the amendment was rejected.

Mr. LaGUARDIA. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 17, after the word "Corporation" insert a period, and strike out the remainder of the section.

Mr. SABATH. Mr. Chairman, a parliamentary inquiry. Would it be proper that the provision sought to be stricken out, be read by the Clerk?

The CHAIRMAN. Without objection, the Clerk will read the provision sought to be stricken out.

The Clerk read as follows:

"plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 7, at the end of section 5, the following to be added to section 5; "*Provided*, That the finance corporation shall not loan any money to any corporation or institution which is engaged in the business of retailing merchandise, which corporation or institution operates stores in more than one State: *Provided further*, This provision shall not apply to farm or agriculture associations operating cooperative retail stores."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken, and the amendment was rejected.

Mr. CROWE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Indiana [Mr. CROWE] offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CROWE: Page 6, line 2, after the word "same," strike out period, insert comma, and add:

"Be it enacted that all banks, railroads, and all financial institutions within the scope of this bill, and who after enactment of this bill into law shall make application for loans from corporation, be grouped and total resources totaled and if applications are more than total money appropriated, that the money be allocated pro rata in accordance with assets of institutions, and no discriminations shall be made in case of smaller banking institutions of the United States."

The amendment was rejected.

The Clerk read as follows:

SEC. 6. Section 5202 of the Revised Statutes of the United States as amended is hereby amended by striking out the words "War Finance Corporation act" and inserting in lieu thereof the words "Reconstruction Finance Corporation act."

Mr. HOCH. Mr. Chairman, I move to strike out the last word. I rise simply for the purpose of correcting the RECORD.

While we were discussing the amendment offered by the gentleman from New York [Mr. LAGUARDIA] to reduce the limit upon loans to any one concern, from 10 per cent to 5 per cent, the statement was made upon the floor that a like provision was in the War Finance Corporation law. I have no doubt that that statement, which was made to help defeat the amendment offered by the gentleman from New York, was honestly made. But the fact is the statement was incorrect. The provision of the War Finance Corporation law, which I secured after that discussion, provides that the limit of loans to any individual or corporation shall be, not 10 per cent of the stock and bonds as was stated, but 10 per cent of the stock alone.

The gentleman will find it in section 11 of the War Finance Corporation act. In other words, under the War Finance Corporation act, instead of having a maximum limit of $200,000,000 to one concern, as was stated, it was limited to $50,000,000.

I am confident if the committee had had that fact before it at that time they would have adopted an amendment reducing the amount. In my view it is a mistake to provide or even to suggest that there might be a loan of $200,000,000 to any one concern. My only purpose in offering the amendment a few moments ago, which I did not have an opportunity to discuss because the time had expired, reducing the amount from 10 per cent to 6 per cent, was to bring up the same matter. I could not offer an amendment reducing it to 5 per cent, because that had already been offered. While it is perhaps water that has gone over the dam now, it might be well to return to this proposition that we may limit this in harmony, if you please, with the limitation which was placed on the War Finance Corporation act.

Mr. BURTNESS. Will the gentleman yield?

Mr. HOCH. I yield.

Mr. BURTNESS. In fact, if the committee had later adopted the amendment offered by the gentleman from New York [Mr. LAGUARDIA] to strike out the latter part of line 17 and lines 18 and 19, then the language would have been in accordance with the limitation in the War Finance act.

Mr. HOCH. Precisely so.

Mr. BURTNESS. Does the gentleman not think that one or the other should be done, even at this late date, either cut the limit to 5 per cent or else strike all the provisions with reference to a limitation, so that there will be no suggestion that loans amounting to 10 per cent should be made?

Mr. HOCH. Yes. In view of the plain misunderstanding—and I am sure that is what it was, Mr. Chairman—I ask unanimous consent to return to section 5 for the purpose of offering that amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

Mr. STEVENSON. Mr. Chairman, I object.

Mr. GRIFFIN. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from New York [Mr. GRIFFIN] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GRIFFIN: Page 7, lines 20 to 24, both inclusive, strike out the entire paragraph, section 6.

Mr. GRIFFIN. Mr. Chairman, last summer I spent 35 days in the Union of Soviet Socialist Republics. I came back more firmly convinced than ever that the old Jeffersonian doctrine that that government is best which governs least is the proper policy for the United States of America. [Applause.]

In Russia the Government is in every business. It owns the land; it owns the railroads; it owns every industry and controls every activity.

Mr. STEVENSON. Mr. Chairman, I make the point of order that the gentleman is not addressing himself to the amendment which he has proposed, and if we are ever to get through with this bill we should speak to the amendments proposed.

Mr. GRIFFIN. I hope that this will not be taken out of my time, Mr. Chairman.

The CHAIRMAN (Mr. BANKHEAD). The gentleman from South Carolina [Mr. STEVENSON] has a right to make a point of order. Under the rules of the House, when a point of order is made that the gentleman is not discussing the amendment, the gentleman must confine himself to discussing the amendment. The gentleman from New York will proceed in order.

Mr. GRIFFIN. That is all right, but I hope the gentleman from South Carolina will at least have the patience to hold himself until I finish with my exordium.

Mr. STEVENSON. The gentleman from South Carolina desires to complete this legislation some day, and if we are to debate generally when every Member moves to strike out the last word we will never get through.

Mr. GRIFFIN. I forgive the gentleman. I am in earnest about striking out this paragraph. I want to strike it out because I am against it. I am against the purposes of this bill. I say that with great reluctance, since the bill is supported on both sides of the aisle, but I have learned from my experience in this House that whenever legislation comes on the floor supported by both sides there is some mischief brewing. [Laughter.]

Whatever its ostensible purpose this bill will put the United States Government in the loan business. We had better candidly hang out on the Capitol the pawnbroker's sign of the "three balls" as a token of what the United States is going to do. Here we are with 7,000,000 men out of work, 20,000,000 people facing starvation, a deficit, according to the President's own statement, of $2,223,000,000, and what are we asked to do? What have we done in the past to relieve this situation? Loan! Loan!! Loan!!!

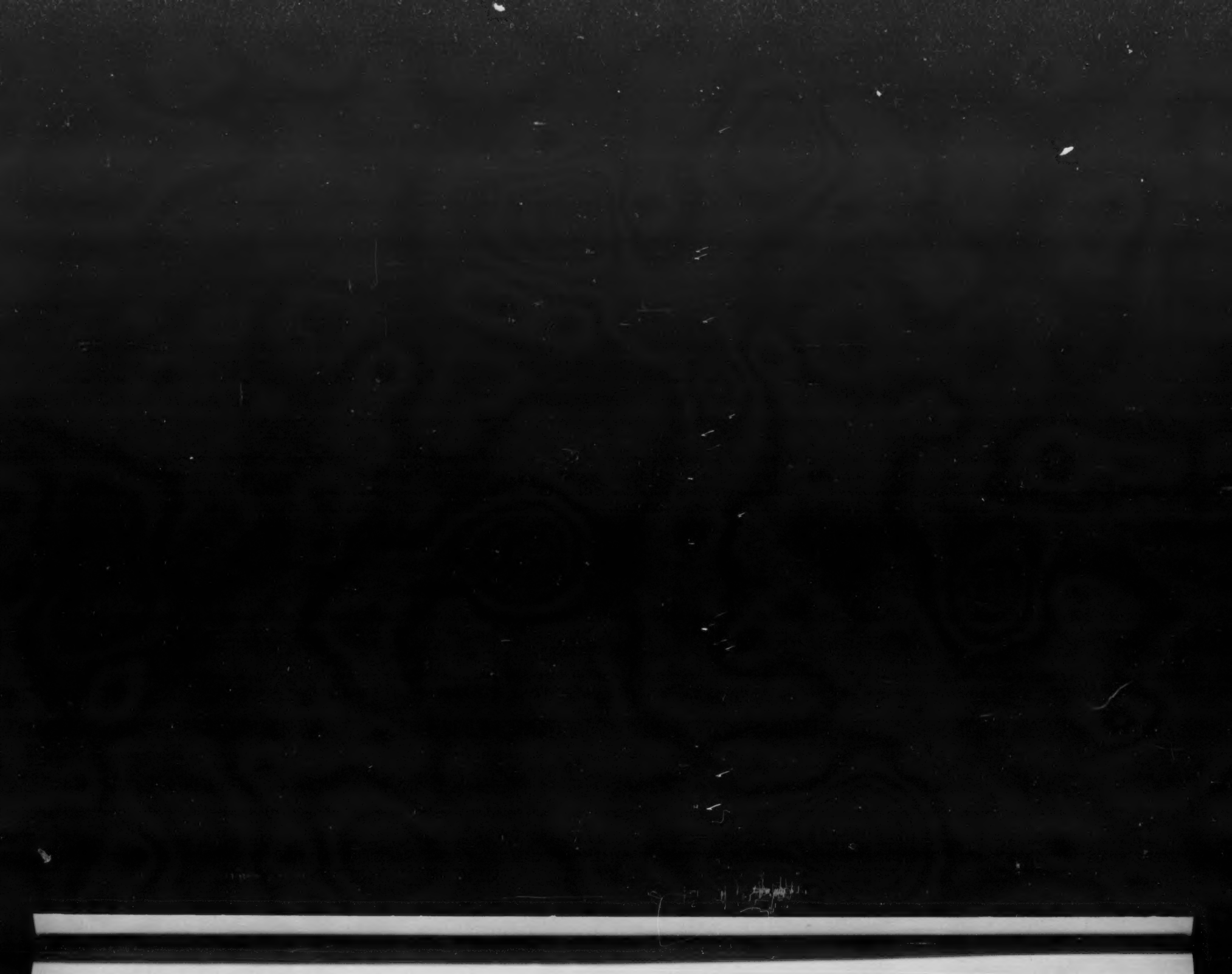
We have loaned money to the farm-loan banks to lend money to the farmers to produce more surpluses.

We have loaned money to the Farm Board to buy the surpluses produced by the farmers.

Now we are asked to appropriate money to a so-called Reconstruction Finance Corporation. Under the terms of this bill we are expected to loan money to defunct banks that robbed the farmers and the wage earners; to loan money to the banks that robbed unfortunate speculators who bought fraudulently inflated stocks—often recommended by those very banks; to loan money to greedy banks that robbed the gullible who bought foreign bonds and securities—also often recommended by those very banks which had diverted their capital to speculative purposes, while at the same time refusing to loan money to business men and home builders.

Considering the whole record and the transactions of these banks my reaction is that instead of loaning them money we ought to penalize them. Their frozen assets, so called, are tainted with fraud. Instead of helping them to get out of the hole in which they have been placed by their own avarice, we ought to send their officers and directors to jail. In Russia they would be stood up before a firing squad. That is one thing that may be said in favor of the Soviet Government. They have no patience with profiteers and cheats.

But here we seem to be more indulgent, judging from the context of this bill. Under Section V it proposes to aid not





only in financing agriculture, commerce, and industry, but to make loans "to any bank, savings bank, trust company, building-loan association, insurance company, intermediate credit bank, agricultural credit corporation, livestock corporation, and any agricultural or farmers' association incorporated under the laws of any State."

Then, as if those powers were not sufficiently broad, this octopus corporation, under Federal sanction, is authorized to loan money to any other "bona fide financial institution in the United States."

But even that broad omnibus clause is not sufficiently all-embracing. The corporation hereby created is empowered to make loans to "any bank that is closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks."

In short, a fair and reasonable construction of Section V can lead to no other conclusion than that it will open the doors and invite every tottering bank of the country to go into liquidation to get the benefit of this generous Federal aid. This is an iniquitous provision which can not be justified under any pretext whatsoever. It is a departure in Government administration that is bound to lead to utter demoralization of the finances of the Nation.

If its provisions stopped with the rendering of aid to the banks in liquidation, we might be able to foresee the end of the transaction, either for better or for worse. But the bill goes on to provide that this novel corporation "may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans." What does this mean? It means simply that the Government, in a few years, will have on its hands millions, perhaps billions, of dollars of real estate, bonds, debentures, notes, and securities of every kind. It does not require much imagination to anticipate the magnitude of such a bureau in personnel, in offices and suboffices throughout the country, to carry out such a stupendous program.

Some years ago it was the fashion, to quote the slogan: "Less government in business and more business in government." I would like to ask whether it is the conception of the advocates of this slogan, many of whom are advocating this bill, if they have changed heart and now think that the Government ought to go into business?

Not only may loans be made to those industries and businesses which I have enumerated, but under this vicious section 5, loans may also be made to railroads to aid in their temporary financing. Not only may the loans be made to the railroads in existence but "railroads and railways in process of construction." But, as if that were not bad enough, the section goes farther and permits loans to be made "to receivers of railroads and railways," in other words, to defunct railway corporations. Of course, this, under the context of the section, can only be done when "such railroads or railways are unable to obtain funds upon reasonable terms through banking channels or from the general public."

In other words, not only is the Government to be put into the railroad business but into the banking business as well. It is certainly timely and pertinent to ask of the framers of this bill if they think that it is proper to put the Government in competition with the banks of the country?

No measure that has come before this House in many years has smelt so odorously of financial bedevilment. When the banks were at the peak of their prosperity and accumulating billions of dollars in their coffers through foreign loans and Wall Street speculation, they tabooed the idea of Government meddling. Now, when they are in distress with their so-called "frozen assets"—the result of their own greed—they inconsistently appeal to Washington for Government help and a complete reversal of all of the maxims and traditions of democratic forms of government. In other words, they have become distinctly soviet in their philosophy.

This bill puts the cart before the horse. The President in his message transmitting the Budget indicates that with the diminished revenues and increased expenditures there will be a deficit of $2,223,000,000 in the present fiscal year ending July 1, 1932. In the ordinary course of sound business administration the first thought ought to be to raise the money to meet this tremendous shortage. Instead of that we have presented to us this infamous bill to extract from the Treasury an immediate appropriation of half a billion dollars, with the inevitable prospect of burdening the taxpayers of the Nation with obligations and responsibilities running up into billions.

You say it is all right to criticize, but "have you any plan?" Yes; I have a plan.

This is what we ought to do:

First. Provide legislation to help the little man who farms for a living instead of the big man who farms for surpluses and profits.

Second. Abolish the Farm Board and liquidate the Federal farm banks. In other words, give the bankers a chance to do a legitimate business instead of tempting them to go into speculative enterprises.

Third. Take steps to abate the process of industrialization—coordinate industry and plan production on the basis of the needs of the foreign and domestic markets.

Fourth. Encourage the unemployed to get back to the land—the source of all wealth.

Fifth. Speed up the building program and inaugurate great public works that will absorb the millions of unemployed.

Sixth. If necessary, issue Liberty-bond certificates, as we did during the war, in such sums as may be necessary and invite the cooperation and patriotic support of the depositors of the Nation, who have to-day, notwithstanding the depression, more money in the savings banks than ever before in our history.

[Here the gavel fell.]

Mr. GRIFFIN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed for five additional minutes. Is there objection?

Mr. BEEDY. Mr. Chairman, I shall have to object. If we are going to start in on this, we will have trouble.

The CHAIRMAN. Objection is heard. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. CLANCY. Mr. Chairman, I move to strike out the last two words. I wish to urge upon the committee the prompt passage of this bill. Of course, in Michigan we have had business difficulties and we are praying for speedy passage of this great relief measure.

I have received a telegram from some of the most influential men in the country, captains of industry hailing from Detroit, urging action now. Col. Fred M. Alger, president of the American Legion Corporation, former Secretary of the Navy Truman H. Newberry, Fred J. Fisher, a director of the General Motors Co. and president of the Fisher Body Co., and others of that caliber are among the signers. They say they have personally assisted many banks, but they need assistance and need the immediate passage of this bill. I was informed by a United States Senator the other day that the 44 banks in South Carolina would not have failed as they did recently if we had had this bill as a law at the time they were just about to crash. He got that directly from a close personal friend who was associated with those banks.

I now read the aforesaid telegram:

DETROIT, MICH., *January 11, 1932.*

Hon. ROBERT H. CLANCY,
United States Congressman First District Michigan,
House Office Building.

Appreciating fully the work you have already done in regard to the Reconstruction Finance Corporation, I have been asked by the following local gentlemen, members of the governing committee of this banking group, to express to you that because of their active contact with the banks of Michigan they realize fully the need for an immediate and favorable action. We have been of assistance already to many Michigan banks requiring help, but there is, of course, a limit to our ability. The gentlemen indicated above

are Messrs. Frederick M. Alger, William T. Barbour, Julian Bowen, Emory Clark, Fred J. Fisher, John B. Ford, Ralph Gilchrist, James Holden, James T. McMillan, Truman H. Newberry, Fred Robinson, Wesson Seyburn, Edward D. Stair, and Oscar Webber. May we look to you for all the support that you can give this measure?

JOHN BALLANTYNE,
Chairman Governing Committee,
First Wayne National Bank, Detroit.

The pro forma amendment was withdrawn.

Mr. LEAVITT. Mr. Chairman, I move to strike out the last three words. I do this, Mr. Chairman, for the purpose of addressing a question to the chairman of the committee. A day or two ago I received a telegram from the governor of one of the States in which he asked this question: "Could you urge Congress to include State interest-bearing warrants in the Reconstruction Finance Corporation bill?"

I fully understand that an amendment to that effect could have been declared out of order under the ruling made by the Chair and also that at the end of section 5 an amendment which had this in mind was rejected by the Committee of the Whole House. But this inquiry comes from the governor of a State, and I think it would only be fitting to have the chairman of the committee state what consideration was given to this in the committee and the reasons why it was rejected.

Mr. STEAGALL. I will say to the gentleman that his State is not the only one that is suffering in the connection to which he refers. It so happens that the State of Alabama has some problems along the same lines and several other States have difficulties of a similar character. To be perfectly frank with the gentleman, the entire matter was gone into by the Committee on Banking and Currency, and it was not thought by that committee that the legislation should undertake to afford the relief sought by all the States which have those difficulties.

Mr. LEAVITT. I thank the chairman.

The Clerk read as follows:

SEC. 7. All moneys of the corporation not otherwise employed may be deposited with the Treasurer of the United States, subject to check by authority of the corporation, or in any Federal reserve bank, or may, by authorization of the board of directors of the corporation, be used in the redemption and retirement of any notes, debentures, bonds, or other obligations issued by the corporation, and the corporation may reimburse such Federal reserve bank for their services in the manner as may be agreed upon. The Federal reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Reconstruction Finance Corporation in the general performance of its powers conferred by this act.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word. I have tendered this pro forma motion in order to state that it is my purpose to vote for this measure, not because it is a perfect or entirely satisfactory piece of legislation, but because I am convinced that it is the best bill that we can hope to get in the present distressing emergency. The economic conditions in the United States are drifting rapidly toward disaster. The present-day problems call for the exercise of very sober and deliberate judgment. We should not be influenced by political or partisan consideration, but our actions should be prompted by plain common sense and patriotic impulses.

No better, in fact, no other plan of relief has been presented. The Committee on Banking and Currency, a majority of whom are Democrats, have very carefully considered this bill and given it their indorsement. It is sponsored by the Democratic leadership in both the House and Senate, and I believe its enactment will meet with the approval of the rank and file of the Democratic Party throughout the Nation. Unless a wiser and better plan is proposed, I do not feel that I can consistently withhold my support of this bill. In supporting this measure I am not only acting in harmony with my Democratic leaders but I am responding to the appeal of the agricultural, industrial, commercial, transportation, financial, and labor groups, whose pathetic condition will be improved by this legislation.

I will not vote for a bill simply because the President may favor it, nor will I oppose a measure simply because it has the approval of the President and his administration. I try to consider every bill on its merits. There are numerous features in the pending measure which do not meet with my approval. It would suit me much better if Andrew Mellon and Arthur Hyde were not made members of the board of directors of the corporation created by this act, but I am hoping that the other five directors will take charge of the organization and prevent Mellon and Hyde from making a miserable mess of this emergency relief program, as they have undeniably maladministered other organizations placed in their charge.

Those who are disposed to vote against this bill should hesitate before doing so. There is no assurance that we will have an opportunity to vote on a better measure, or in fact on any other legislative formula for relief from present intolerable conditions. The American people are now suffering from the greatest economic debacle that has ever plagued a strong and mighty nation. The bill we are considering is the plan of the Democratic majority for alleviating existing nation-wide economic distress. This bill bears the stamp of approval of the Democratic membership of the Committee on Banking and Currency, and of the Democratic leadership of the House and Senate. Your vote against this bill will be in the face of the fact that there is not even a faint suggestion that you will have an opportunity to consider any other bill of a similar character. If a wiser and more workable plan were before the House, I would feel free to reject this measure, and vote for the other bill. But in the absence of another plan, I do not think that we can afford to defeat H. R. 7360, the pending bill.

I am not 100 per cent satisfied with this bill but it seems that it is the best and only measure that we are going to get. The American people, while not entirely satisfied with this measure, nevertheless favor its enactment, believing that its benefits will largely outweigh any ill effects that will flow from its enactment. I am not willing to use what little influence I have to defeat the only major legislative proposal so far presented for the reconstruction of our agricultural, industrial, commercial, and transportation activities. All these great vocational groups are about to be broken on the rock of insolvency; all need to be refinanced; all are facing disaster. This bill has the approval of the great leaders of practically every vocational group. It is the only comprehensive plan so far proposed to meet the emergency and to provide aid in financing agriculture, commerce, industry, transportation, banks, trust companies, land banks, loan companies, building and loan associations, insurance companies, intermediate-credit banks, agricultural-credit corporations, livestock-credit corporations, agricultural or farmers' associations, in fact practically every vocational group, every line of activity.

If this bill is sympathetically administered, I am convinced that it will materially aid in the rehabilitation of all great lines of industry. It is not a "cure-all." It will not entirely end the depression. In some respects, perhaps in many instances, its effects will be disappointing. But it will accomplish much toward restoring normal economic conditions.

Of course, the efficacy of any law is in the efficiency with which it is administered. In this great national emergency I believe that those charged with the administration of this act will administer it ably and efficiently, realizing that any other sort of administration would precipitate a condition of economic chaos. The situation is so acute and serious that the board of directors will not dare to maladminister this great financial corporation. Every act of the board will be scrutinized and carefully appraised by the American people. The board will not dare to abuse their great discretionary powers. They would know that an angry people would tear them to pieces if they maladministered this act or allowed favoritism to influence their management of this great agency created by the American people for the revitalization of our economic life.

Much of the opposition to this bill is based on the fact that the American people have but little confidence in the judgment and disinterested executive ability of Andrew Mellon and Arthur Hyde, who by the provisions of this bill

are made directors of this great corporation. In view of Mr. Mellon's subserviency to the money power, industrial lords, and special-privilege classes, no one expects him to be fair with the masses of the American people. Considering the unenviable record of Mr. Hyde as Secretary of Agriculture and the dismal failure of his "baby," the Farm Board, no one would expect him to display outstanding genius as one of the managers of a $2,000,000,000 corporation.

But it seems that we can not prevent these two undesirables from becoming members of the board of directors of this Reconstruction Finance Corporation, but I am going to vote for the bill in spite of this distressing fact, hoping that the great responsibilities imposed on them by this membership may temper and sober their activities, restrain their vagrant and partisan impulses, and inspire them with an Americanism and common sense that has not always characterized their official conduct.

May I say to my Democratic colleagues who are inclined to vote against this bill because it smacks too much of "Mellonism" and "Hyderophobia," that neither of these gentlemen will be in office after March 4, 1933. The one will not be Secretary of the Treasury and the other will not be Secretary of Agriculture. [Applause.]

The situation which now confronts the American people is so grave and menacing that I believe, for once in his administration, President Hoover will listen to wise counsel, eschew politics, and appoint men of unquestioned integrity and outstanding financial ability as members of the board of directors of the benevolent and colossal corporation created by this act.

The enactment of this bill is justified only on the ground that it is emergency legislation designed to remedy the gravest condition that has ever menaced our economic structure. It is a temporary measure which I hope we may soon dispense with. I am not willing to assume any part of the grave responsibility for the serious results that would inevitably flow from the failure of Congress to immediately pass this or some similar legislation. [Applause.]

Mr. HOWARD. Mr. Chairman, I move to strike out the last two words. I would strike out the whole thing if I had opportunity.

Mr. Chairman, I was grandly edified just now by the gentleman from Missouri, speaking for what he terms the majority. I do not know, in speaking of the majority, whether he refers to the gentleman from Massachusetts, the profound gentleman, Mr. LUCE, or the Democratic majority. He tells us boldly, speaking in the name of the majority, that we will have no opportunity during the present session to consider any other legislation for the alleviation of the present ills, because, inferentially, it has been the decree of the Democratic majority that there will be no other legislation.

Usually I follow the gentleman from Missouri very readily because, as a rule, he speaks the language of Missouri, rather than the language of Massachusetts, as on this occasion, but I am at loss to understand where he gets his authority to say to me or to anyone else that the majority in this House has decided that we shall have no right to consider any other legislation of this character during the session.

Now, Mr. Chairman, may I ask a very interesting question? So many men about the hotels and in the Capitol corridors have asked me, and I can not tell them, and I am pleading now for some gentleman who has the knowledge to tell me, who was the original author of this bill? Of course, I know that our splendid committee is the author of it as it now appears here, but may I ask who presented this bill to the committee?

The CHAIRMAN (Mr. BANKHEAD). Is that a parliamentary inquiry?

Mr. HOWARD. No; I am asking anybody, the Chairman not excepted. [Laughter.] Nobody seems to know. It came from no hand, it came from nowhere, and without a blessing.

Mr. FULBRIGHT. Mr. Chairman——

Mr. HOWARD. I recognize the gentleman from Missouri.

Mr. FULBRIGHT. I desire to ask the gentleman from Nebraska, in view of the fact that this bill authorizes the lending of the amount of $200,000,000 to one individual or corporation, whether or not he thinks that any relief whatever will ever reach beyond the Mississippi River.

Mr. HOWARD. I figure that the relief to my agricultural people under this Ogden Mills monstrosity will be the same measure of relief that a coyote would carry to a chicken. [Laughter and applause.]

Once again, Mr. Chairman, may I state my position ever so clearly? I want the love and affection of my fellows and, particularly, my Democratic fellows. I do not like to wander away from them now. It is not pleasant, it is not happy. I can not understand how any Democrat or Progressive Republican can come here, after having pleaded with the country in the 1930 election to repudiate Mellonism, and advocate a measure which all must know was conceived in the brilliant brain of Andrew Mellon's most brilliant lieutenant, Ogden Mills, and offer it to us as a Democratic or Progressive Republican measure. [Laughter and applause.]

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The pro forma amendments were withdrawn.

The Clerk read as follows:

SEC. 8. In order to enable the corporation to carry out the provisions of this act, the Treasury Department, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation in confidence such reports, records, or other information as they may have available relating to the condition of financial institutions and railroads or railways with respect to which the corporation has had or contemplates having transactions under this act, or relating to individuals, associations, partnerships, or corporations whose obligations are offered to or held by the corporation as security for loans to financial institutions or railroads or railways under this act, and to make, through their examiners or other employees for the confidential use of the corporation, examinations of such financial institutions or railroads and railways. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examinations as the corporation may require for the purposes of this act, and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.

Mr. GRIFFIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GRIFFIN: Page 8, strike out all of section 8.

Mr. GRIFFIN. Mr. Chairman, I share the sentiments of my colleague from Nebraska in having to oppose my Democratic colleagues on this bill.

It may be that the present President and the present Secretary of the Treasury may not be in office after March 4, 1933, but I do not propose to give them an alibi by voting for their proposal—for that is what it is, is it not?

We have 7,000,000 men out of work and we have a deficit of $2,200,000,000. Instead of bringing in a bill here to provide work, to carry on industry, promote construction of buildings and highways and other public undertakings, including levees on the Mississippi River, for instance—there is something that our friend from Nebraska may be interested in—instead of doing all this, we are presented with a bill to put Uncle Sam deeper and deeper in the mire of the loan business.

Mr. YON. If the gentleman will yield, does not the gentleman think this is putting the Government deeper and deeper into private business?

Mr. GRIFFIN. Absolutely. It is putting this Government in business. For instance, this section deals with the bonds and debentures of railroads, which in all probability we will be compelled to take. Having taken them, of course, we face the responsibility of disposing of them. Why, one section of the bill even provides that we may carry on the business after the mortgage is foreclosed.

I ask you, gentlemen of this House, on both sides of the aisle, to take thought a moment before voting for this bill. I did not want to talk on this bill. I have been busy in the Appropriations Committee, immersed in figures, trying to allot the moneys we have at our disposal to the various branches of government. I assumed that some foresight would be used to cover the deficit by raising the revenues before any plans would be suggested to increase the Nation's already stupendous burdens.

Mr. Chairman, I withdraw the amendment, which was a pro forma one.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk, proceeding with the reading of the bill, read as follows:

SEC. 9. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations; such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors: *Provided further*, That the aggregate of all obligations issued under this section shall not exceed three times the amount of the outstanding capital stock. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Federal reserve banks shall have the same powers (1) to discount notes, drafts, and bills of exchange secured by obligations issued by the corporation under this act, (2) to make advances to member banks on their notes secured by such obligations, (3) to use all paper so acquired, and (4) to purchase and sell such obligations, as they have with respect to bonds and notes of the United States: *Provided*, That the rate at which any such discount or advance shall be made by any Federal reserve bank shall be 1 per cent per annum above its discount rate on 90-day commercial paper then in effect.

Mr. KNUTSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. KNUTSON: Strike out all of section 9 and in lieu thereof insert the following:

"Upon the request of the board and for the purpose of obtaining the funds with which to carry out the purpose of this act, the Secretary of the Treasury shall issue the currency of the United States in such amounts and in such denominations as the said board shall request and demand, such currency to be based upon and secured by the securities of the said corporation."

Mr. STEVENSON. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. KNUTSON. Mr. Chairman, this amendment provides for another method of financing the operations of the corporation. Most assuredly that is germane. The committee has no copyright on the methods of financing the corporation. It proposes using a bond issue, and I propose using currency based on securities acquired by the corporation.

Mr. McFADDEN. What kind of currency?

Mr. KNUTSON. Legal tender; currency that would fulfill the same purpose as the currency we now have in circulation.

Mr. COLE of Iowa. Does the gentleman mean to go back to greenbacks?

Mr. KNUTSON. Mr. Chairman, may we have a decision on the point of order.

The CHAIRMAN (Mr. BANKHEAD). The Chair overrules the point of order.

Mr. KNUTSON. Mr. Chairman, we have now reached the crux in the whole matter. I am in sympathy with the object sought to be accomplished by this legislation but am very apprehensive that if we are to float a bond issue of two thousand million dollars at the present time to finance this plan, it will have a very depressing effect on the market price of bonds.

To sell at anywhere near par they will have to be made tax-exempt, and they probably will have to carry 5 per cent interest. What is that going to do to the deposits of savings and other banks of this country?

A big part of the deposits of our banks will be withdrawn and invested in 5 per cent tax-exempt Government bonds. Two thousand million dollars at 5 per cent interest is $100,000,000 in interest charges a year.

I am surprised that the committee did not give the greatest consideration to this angle. I understand it was broached to the Treasury Department officials, and they announced themselves against it. It is not enough to have the Treasury decide against it; it is not their responsibility; it is ours. We are the legislative branch of this Government, and we should have more evidence as to the inefficacy and undesirability of the plan proposed by my amendment than the mere say-so of the Treasury Department.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. HUDDLESTON. The gentleman has told us the effect of issuing two billions of Government bonds. Will the gentleman tell us the effect of issuing two billions in rag money? [Laughter.]

Mr. KNUTSON. Evidently the gentleman from Alabama did not hear the reading of my amendment. The amendment provides that this currency shall be secured by the securities which the various companies and corporations seek to relieve themselves of, and will supply the corporation with necessary security for the advances made.

If these securities are worth anything, then the currency issued under this amendment would be amply secured. If the securities are not worth anything, then, of course, this $2,000,000,000 would be given away as a gratuity.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. STEVENSON. Does not the gentleman know that when greenbacks, without gold reserve behind them, were legal tender in this country, they went down 50 per cent? In other words, it took $2 in greenbacks to buy $1. That had the pledge of the United States behind it but did not have a gold reserve behind it. Now the gentleman proposes to put up a reserve on such items as the corporation may take as security from many institutions of questionable solvency.

Mr. KNUTSON. What is gold? It is merely a medium of exchange and the yardstick by which we measure values. On June 30 last we held 42.7 per cent of the world's gold supply, amounting to $4,956,000,000. Mr. Speaker, even with that vast amount of gold held in the vaults of our country there is a dearth of currency which is seriously retarding our economic recovery. At the end of November, 1931, our circulation aggregated $5,446,142,677. Under my amendment this supply of currency might be increased by $2,000,000,000, which would give us a per capita circulation of $62, basing our population at 130,000,000. I ask, Would a per capita circulation of $62 constitute inflation? Have we not enough resources to guarantee that amount? Economists are quite generally in accord that there is at present a serious lack of currency in circulation and that it should be increased.

The greater the lack of money the greater its purchasing power. Manifestly there is not enough gold, so we must replenish the supply by other means. My amendment will provide the necessary increase. I feel that it will at the same time stabilize monetary values, and that is highly desirable when it is considered that the purchasing power of the dollar has increased from 68 cents in 1926 to $1.47 in 1931—a spread of 79 per cent. My amendment will free us from the stranglehold which gold now has on us by giving to those in debt an opportunity to repay in kind.

There is another angle to this very important question that should not be overlooked, and that is the present disparity between the value of the American dollar, the Canadian dollar, and the British pound sterling. The purchasing power of the Canadian dollar as compared to the American dollar has fallen off 25 per cent in recent months. The British pound sterling has suffered a similar shrinkage. This shrinkage in the monetary values of our customer nations will ultimately lose for us much of our foreign commerce unless an adjustment in monetary values is made in the near future. While the countries I have mentioned, as well as many other countries similarly situated, can sell to us with advantage to themselves, they can not buy from us. They must buy in countries whose currency has shown a similar shrinkage. So it would seem that we are being hit from both directions at the present time. Congress should lose no time in legislating to correct this intolerable situation, which is daily growing worse, and which, unless corrected, will ultimately result in the loss of our foreign commerce.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Minnesota [Mr. KNUTSON].

The amendment was rejected.

Mr. HUDDLESTON. Mr. Chairman, I move to strike out the last word. I do this for the purpose of asking a question of the chairman of the committee.

In lines 4, 5, 6, and 7 on page 6 I read the provision that—

the corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans.

That collateral will in all probability be composed in part of railroad stocks, for illustration. The corporation is authorized to take over and become the owner of those stocks. Is it expected that the corporation will continue to be the owner of those stocks and own the railroads? In short, as provided by this clause, are we putting the Government not only into the banking business but into the business of owning railroads and other industries?

Mr. STEAGALL. I think, with all deference to the gentleman's splendid ability as a lawyer, his construction is not justified by the language employed. The purpose as clearly indicated is to afford a method by which the corporation may liquidate collateral placed with it.

Mr. HUDDLESTON. What is the significance of the expression "administration"?

Mr. STEAGALL. I do not know that it is happy language, but the whole purpose is made clear, that what they are authorized to do is to take securities and collateral which fall into their hands, under such rules and provisions that they may prescribe, and proceed with the administration and liquidation of such collateral or security as have been taken for loans. To liquidate, of course, means——

Mr. HUDDLESTON. I know what "liquidate" means; what does "administration" mean?

Mr. STEAGALL. It means to settle or close out and get what can be realized out of such securities or collateral for the corporation.

Mr. HUDDLESTON. Since the gentleman has invoked my experience as a lawyer I am bound to say of what the gentleman has said, "It doth not follow." "Administration" means to own, to possess, to operate. Undoubtedly, as it seems to me that this corporation will have a right to hold these stocks until such time as it sees proper to dispose of them, and meanwhile to vote them as a stockholder. If they should constitute a majority of the stock of a railroad, the corporation would be authorized through that stock ownership to control and operate the railroad, pending liquidation, if that ever came.

Mr. STEAGALL. The language used is "administration and liquidation"; "to take over," for the purpose of "administration and liquidation," indicating clearly that both go together—the purpose being to enable the corporation to realize on its assets.

Mr. HUDDLESTON. The gentleman gives an interpretation to the entire phrase "administration and liquidation" the narrow significance that mere "liquidation" would have. If it means what the gentleman says, why use the word "administration"? Undoubtedly it means something in addition to liquidation. What does it mean if not to hold, vote, and own?

Mr. LOZIER. Will the gentleman yield?

Mr. HUDDLESTON. I yield.

Mr. LOZIER. The gentleman, of course, is familiar with the principle that until there is default in the obligation, the pledgee would have no control over the securities, with reference to voting them?

Mr. HUDDLESTON. I am quite unfamiliar with any such rule of law. To the contrary, I am advised that the pledgee of stock has a right to vote it unless the pledge is restricted in some way.

Mr. LOZIER. Unless there is default.

Mr. HUDDLESTON. Oh, no. Before default, the pledgee is the owner of stock against the world, except his debtor, and unless the contract of pledge expressly limits, the right of the pledgee, he has a right to vote that stock and to be recognized by the world as the owner.

Mr. LOZIER. On the contrary, he has not that right, unless it is specifically given by the pledgee?

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from New York [Mr. LAGUARDIA] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. LAGUARDIA: On page 10, line 9, after the word "Treasury," take out the period and insert a colon and the following:

"*Provided*, That when any interest-bearing notes, debentures, bonds, or other obligations of the said corporation are offered for sale, a substantial amount shall be offered in denominations of $50, $100, and $500, and that opportunity shall be afforded the public to purchase such securities direct from the corporation or its agencies."

Mr. LAGUARDIA. Mr. Chairman, it has been suggested that in all likelihood these bonds or obligations will bear 5 per cent interest. It is also provided here that they may be discounted. I submit, Mr. Chairman, that the public, the small investors, should have an opportunity to buy these bonds at $50, $100, or $500 denominations direct from the corporation.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STEVENSON. Does the gentleman mean to say that they could not issue any larger amounts than $500?

Mr. LAGUARDIA. No.

Mr. STEVENSON. The amendment, as I gathered from it, makes that the issue exclusively.

Mr. LAGUARDIA. No. Only a sufficient amount to supply the demand.

The other point is that we should provide so that the public could buy those securities direct from the agencies and not from a broker or bond house who has bought them at a discount rate.

Now, gentlemen, I submit that the multimillionaire is getting enough out of this bill, and that such a provision should be written into this bill as will enable the man with $50, $100, or $500 to invest in his Government's bonds or the bonds of this corporation which has the Government back of it. Such a man should be able to buy bonds direct.

Mr. STEVENSON. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. STEVENSON. The gentleman does not construe the bill as it now stands as preventing their doing that?

Mr. LAGUARDIA. No; not at all. But only yesterday I read from the report of the gentleman from Alabama [Mr. STEAGALL], who fought frantically a few Congresses ago to get that report into the CONGRESSIONAL RECORD, when we had Liberty bonds which the public had bought at par, and the War Finance Corporation, by simply giving notice to the member reserve banks, could have bought them in instead of through a private agency. I submit, knowing the prac-

tices of the Federal reserve bank, that what they will do is this: After they have issued the securities they will send them to their banks, and the public will have to go to the banks to get them and the banks and brokers will make a commission. That is all right in large amounts and, perhaps, is a good way of distribution, but the man out in your district, Mr. STEVENSON, and in the small towns ought to be able to subscribe to these bonds and buy them at the rate given to bankers.

Mr. STEVENSON. As the gentleman has invoked the question that arose in that investigation, I want to direct the gentleman's attention to the fact that the buying and selling through brokers, which was disapproved in that report, was done for the purpose of undertaking to stabilize the price of the bond. I do not think it was much of a process but think it was very poor business. However, that was the reason why it was done, and, therefore, they had a fellow on the stock market selling and buying, as the case might be, in order to stabilize the price.

Mr. LaGUARDIA. And in all frankness, all it did was to stabilize the profits of these brokers.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. STAFFORD. I would like to inquire whether the gentleman's amendment would interfere with the provision on page 9, lines 22 to 24, which grants to the corporation the right, with the approval of the Secretary of the Treasury, to sell short-term obligations on a discount basis.

Mr. LaGUARDIA. No; I do not touch short-term obligations. That is really a banking proposition.

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I move to strike out the lsat word. I do this for the purpose of saying that I had hoped to be able to vote for this measure. There are several reasons why I would like to support this measure at this time. It is part and parcel of the President's program for the relief of the country, and the measure has been brought in by a committee the majority of whom are Democrats. For these reasons I would like to vote for the measure if possible, but I can not, because, to my mind, this is dangerous legislation. It is dangerous legislation because we are placing in the hands of a few men too much power, both financial and political. Then, again, this is dangerous legislation because the bill does not specifically delegate certain well-fixed powers to this organization.

Attention has been called to the fact on several occasions that this has been patterned after the War Finance Corporation act. That is an erroneous idea. Anyone who will get the War Finance Corporation act and examine it will find by the provisions of that act that the duties of the corporation were definitely set forth. Specific instructions were given as to the amount of money that should be loaned to the banks of the country. It is specified in that act, for instance, that only so much should be loaned to a bank as the balance that might be due that bank on loans to the farmers for agricultural purposes. Again, it is specified that only so much money should be loaned by that corporation to a bank as the balance due that bank on moneys loaned by that bank for the purpose of helping to win the war. That bill was drawn by the very same committee which has reported this bill, but that bill is a precedent for entirely different legislation from the kind of legislation we are passing to-day.

I think one of the great dangers of our country to-day lies in the fact that a few men have too much political and financial power. I feel this measure is only in furtherance of that dangerous situation. I am bitterly opposed to this kind of legislation.

I do not believe this Congress ought to pass a bill providing for the creation of any corporation unless the Congress knows what the Congress wants that corporation to do; and when Congress does know what is expected of that corporation, to my mind, it is the duty of Congress to mention specifically and to state in detail in the bill what is expected. We enacted the same kind of legislation in the Farm Board act. We created a great board under that act, giving the board almost unlimited power and an almost unlimited amount of money and told the Farm Board to solve the farm problem, that Congress did not know how to do it.

To-day we are passing a bill giving almost unlimited power and unlimited money to a few men, and we are telling this organization that we want it to find and solve the problems which caused this depression; that we do not know how to do it. We say, "We are going to give you all this money and all of this power, and we expect you to solve the farm problem, the labor problem, and all other problems incident to or causing this depression."

We want the causes of the depression removed.

If Congress has any real ideas on the subject I feel they should be fully set forth, delegating to this corporation the power and authority in detail as well as the money necessary to bring about full relief.

It certainly seems to me that the entire membership of Congress should be able to agree upon and work out reasonable specifications as to by whom and how this enormous amount of money is to be spent. If the present Congress is not competent to do this, it seems to me we are not fully qualified for the duties upon which we have entered. Until the majority of this body know what that majority wants done with this enormous amount of money, I respectfully submit this Congress is not duly and truly prepared, worthy, and well qualified to pass any bill of this magnitude, and should not undertake any such task.

If Congress knows its own will and what it desires shall be done with this two thousand million dollars, then to fail to specify this congressional intent and will in this bill is little short of if not criminal.

Of course no one would expect a detailed statement of the exact amount that should be spent on each item. I feel that at least some reasonable limitation should be placed on the amount that may be loaned to each bank, trust company, or other organization, such as covered by the LaGuardia amendment or my amendment to the LaGuardia amendment or in the last amendment offered by me a few minutes ago.

I would have this bill be very specific as to the kind of loans that could be made, much along the plan followed in the War Finance Corporation act. The War Finance Corporation act was carefully worded so as to provide that loans could be made to banks only to amount of balance due on loans made to farmers for agricultural purposes or other equally meritorious purposes.

I drew myself and secured the adoption of an amendment to the War Finance Corporation act providing that the limitation preventing loans beyond the balance due because of loans made by the bank for agricultural purposes should be extended so as to include all notes or other negotiable instruments taken by any person, firm, or corporation for advances, either in cash or supplies to farmers for agricultural purposes, where these notes or other negotiable instruments were "discounted or rediscounted" by any such banking institutions. This amendment offered by me and adopted by the House became law, making available for loans untold millions of the farmers' paper held by country banks and kept thousands of them from closing their doors. I am confident we would not have seen the recent orgy of bank failures and awful loss of funds by depositors if this law had been kept in force and sufficient money been appropriated to keep it in full force and effect, as sought by many of us.

The present bill would go far toward relieving the financial depression if we would only gage it properly and by specific language make it the same legislative benefaction as the War Finance Corporation act.

Mr. Chairman, I am wondering what has come over the Congress. The same committee, with a slightly different personnel that reported and passed the War Finance Corporation act, is now sponsoring this bill.

My humble efforts in connection with that bill were rewarded with splendid results for the farmers and the small banks of the Nation. Now there is greater need for beneficent legislation for the farmers, the small banks, and the people, and not only myself but dozens of Members are offering amendments of great merit along the line of those written into the War Finance Corporation act, and yet we face an immovable stone wall of certain defeat.

My last amendment, offered just now, contained several splendid limitations, including the identical provision which was written by me into the War Finance Corporation act, and yet it was turned down this afternoon by those who are pushing this bill to final passage.

I can reach only one conclusion, and that is that this is a bill written by the big banks for the big bankers, whereas the War Finance Corporation act was written by the friends of the farmers and the common people for all the people of the whole Nation.

I very much fear this is so much of a bankers' bill that it will not even be of any real good to the railroads. I fear too much of this money will be used in buying or gambling in railroad stock rather than in paying salaries and making the railroads a solvent, profitable enterprise.

If I could have had my way about this bill, it would have loaned money—as much as needed—to the railroads and every other legitimate American business to be used in giving profitable employment to men and women in factory, shop, store, and on farm and on the railroad, where honest men and women can be employed in the mighty struggle to keep the spark of life aglow with proper and sufficient food, clothing, and shelter.

I would be sure no considerable amount was loaned to only one enterprise except where the money would be immediately paid into salaries or on other expenditures putting it at once into circulation. I urge it will be an outrage of the blackest, foulest type if this money, in million-dollar items, to say nothing of two-hundred-million-dollars items, is loaned to large organizations of any kind to be locked in vaults and taken out of circulation.

The very suggestion that no provision is made to take care of only the interest on farm loans and stop foreclosures, while provision is made to loan $200,000,000 of the people's money to the big rich, is so obnoxious and repulsive to my idea of a square deal in legislation that I shall not attempt to suit words to picture my outraged feelings. Just think how much good only a million dollars would do if used to pay past-due interest and extend loans or to repurchase, for original owners, lands taken over by foreclosure.

One million dollars, if used under the plan proposed by my amendment offered yesterday, would pay the interest on and save 16,666 homes against which there is a loan of $1,000 each; and $200,000,000, the amount which is authorized to be loaned to any one organization under the bill, would save two hundred times as many.

Think of it. This bill proposes to loan to one organization enough of the people's money to save from foreclosure 3,333,200 homes against which there are loans of $1,000 at 6 per cent, or, to use larger figures, this money would save 333,200 homes against which there are loans of $10,000 each at 6 per cent.

My mortification and disgust may be imagined when my amendment to save these homes was brushed aside and my amendments to prevent these enormous loans of my people's money was crushed by an avalanche of noes on the part of the sponsors of this bill.

The interest coupons or notes of the farmers are absolutely safe if prosperity is to ever come back. They are much safer than the bonds, stocks, and other paper that will be bought outright by this corporation.

God knows the farmers need this help a million times more than the big rich who will get it in $200,000,000 blocks. Then, again, as I stated yesterday, all this money paid on interest will go to insurance companies, long-term loan companies, and others holding loans against the lands of the farmer. None of it would go directly to the farmer, and yet it would enable him to save his home.

By helping save the farmer's home we save the farmer, and God knows our country needs the farmer if our Nation is to endure. By loaning $200,000,000 to each of any number of big banks or institutions, unless it is all put into circulation at once, we further increase and multiply the problems of the present depression, do not help the situation, but make a greater tyrant of the multimillionaire borrower and further strengthen the awful power of those whom this country does not need and who are working the undoing of the common people and our great Nation.

A casual reading of the amendments I offered yesterday and to-day will disclose the merits of each. It will be seen that each is in furtherance of the principles for which I have just been pleading. Possibly I should give further emphasis to the amendment which I offered this afternoon to prevent the outright purchase of certain stocks, bonds, and other securities.

Why should not the directors of the big banks and trust companies indorse any and all notes given for any of this money, and why should we not prevent their selling outright their stocks and bonds to this corporation? There is only one answer. These big bank officials know they intend to unload on the United States Government millions of dollars in face value of depreciated or worthless stocks and bonds in exchange for blocks of the people's money as large as $200,000,000 at a single transaction.

The thing that concerns me so much is that this gigantic steal is to be authorized by a solemn act of Congress. If outright stealing of more of the people's money than the combined loot of all the bank robberies of all time is not to be perpetrated under this bill, why was the parliamentary situation deliberately jockeyed so as to prevent full debate on this amendment and other equally meritorious amendments, and why were those seeking the passage of this bill lashed into a wild stampede so that these good amendments were voted down with a whoop without any considerable number of the Members realizing what they contain, and why did the sponsors of this bill fail to write into the bill some safety provision in this respect themselves or by helping get my amendment adopted when I offered it?

The question answers itself.

If these loans are to be amply secured, why not require the officials of these corporations to stand good for them; and if these directors and other officials are not willing to indorse these loans, why should we permit the people's money to be loaned on such financial trash?

I feel depressed beyond expression and so indignant until there is no way to express my resentment without making the air blue with language stronger than I am accustomed to using, when I realize just how liberal this bill is in dishing the people's money out to the big interests and just how difficult it is to get any bona fide help for the farmer under this bill or any other.

Think of it! Without any indorsement and any kind of collateral, $200,000,000 of the people's money may be loaned to any one of the gang that is destroying our people and wrecking our Nation.

Of course, some good men may get on the board, but it is safe to say every transaction will be dominated by men in control of an alleged ownership of millions of dollars, who put their desire and greed for gold ahead of the hunger of homeless, freezing men, women, and children. If we are to determine what will happen under this bill by what is authorized by the bill, it will be a case of heartless, soulless, conscienceless wealth taking over and appropriating to its own use and benefit $200,000,000 more of the people's money.

Instead of putting more money in circulation, this measure, I predict, will, to a large extent, take $200,000,000 out of circulation and away from the people and hoard it in vaults of steel.

This bill provides for enormous loans to big bankers without any personal liability on the part of the bankers.

With the possible exception of the foreign-debt moratorium-cancellation scheme, it is my candid judgment that

this is the greatest steal from the common people for the big bankers ever perpetrated by a legislative body.

I respectfully invite any fair-minded person to read this bill and then read the provisions of the Federal farm loan act, the intermediate credit bank act, the Federal Farm Board act and see the abysmal difference in so far as the farmer is concerned when compared with the big rich.

No indorsement or other personal liability is required of the big rich when the people's money is to be turned over to them, but if the farmer is to get even the semblance of help he must put up the best security on earth, must become personally responsible, must join an organization, must buy some stock in a corporation he does not want, and does not need, and must become responsible for the loans of all his neighbors and get them to become responsible for his own loan, and when the farmer and his fellows finally succeed in becoming the owner of the Federal land-bank system or other monopolistic corporation, contrary to all rules of justice and equity, the farmers find that others—not farmers but bureaucrats and bureaucratic appointees—are in charge of his organization and are drawing the salaries, doing all the riding, and running the machine to the destruction of the very farmers that own it.

Mr. Chairman, in conclusion, let me say I see absolutely nothing constructive in the three measures of the so-called Hoover relief program which we have passed so far. Congress is digging larger and more awful holes to fill smaller and less dangerous ones.

We are causing the poor to be taxed more to further enrich the mighty. We are plunging the common people further into debt to put more gold in the vaults of the profiteer.

Our Nation is sick unto death and is in a faint, poisoned by an overcentralization of political and financial power and the lack of a proper and equitable distribution of wealth and human rights. And Congress is seeking to cure the awful condition of our Nation by administering larger and unprecedented doses of the same poison of over-centralization of political and financial power.

Mr. Chairman, I am sorely disappointed over the bill the House will very probably pass this afternoon, but even at that it is my sincere hope that it may prove to be a better law and be administered better—yes, much better—than I anticipate.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do this for the purpose of addressing a question to the committee having the measure in charge. I have a telegram from one of the clearest-headed bankers in my district, who states:

> Flotation of large issues of Government bonds will affect savings deposits adversely. * * * Country deposit pressure will become greater. Could not bonds of finance corporation be exchanged for assets taken over and bonds made eligible as collateral at Federal reserve banks? This would avoid sale of large amounts in open market.

Was this suggestion considered by the committee?

Mr. STEAGALL. That is, substantially, what is done under the bill.

Mr. PETTENGILL. I wish the chairman would make that more clear. And I particularly wish the chairman would give us his views as to whether two billions of new tax-exempts will not cause large withdrawals of deposits and further strain on going banks. That is a point that troubles me very greatly.

I would also like his views as to the general public policy involved in putting still more of the wealth of the country into tax-exempt bonds, thus adding to the tax burden on tangible property.

Mr. LUCE. Mr. Chairman, on account of my great desire to expedite business so that we may conclude consideration of this bill to-night, I shall confine my comment on the amendment to one or two sentences. In my State a treasurer seeking to curry public favor proposed this over-the-counter scheme of selling bonds and it was a complete failure. The best course is to leave the method of selling the bonds to the board we trust to handle this system.

The pro forma amendments were withdrawn.

The Clerk read as follows:

> SEC. 10. Any and all notes, debentures, bonds, or other such obligations issued by the corporation shall be exempt, both as to principal and interest, from all taxation except surtaxes, estate, inheritance, and gift taxes now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word in order to ask a question of one of my colleagues on the committee. This section refers to the issuance of these bonds and securities, and I want to direct attention to section 2, line 6, where it refers to money:

> There is hereby authorized to be appropriated out of any money in the Treasury.

I want to ask some member of the committee who is in favor of this bill what kind of money this refers to.

Mr. STEAGALL. The bill states what it refers to—any money in the Treasury not otherwise appropriated. We do not distinguish between the various kinds of currency.

Mr. McFADDEN. Does this mean gold or Federal-reserve notes? Federal-reserve notes are promises to pay money.

Mr. STEAGALL. Any that they have.

Mr. GLOVER. Mr. Chairman, I move to strike out the last two words.

The last two words in this section are these, "is taxed." I want to talk to you a moment about the man that "is taxed."

According to reports given out by the press, we have had the Ways and Means Committee recently together and the question of taxation is to be presented to us in a few days and a measure is to be brought back to this House, not for the purpose of relieving those taxed but for the purpose of increasing taxation. The statement goes out that the plan that will be adopted is the act of 1924, which, as you know, was a war measure or proposition. We are not in war. We are told by those in authority that the taxation measure that is to follow this bill will reach 170,000 taxpayers that are not now taxed.

I want to say to you gentlemen that the high taxation that has been forced on the people——

Mr. LUCE. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. LUCE. The gentleman is not addressing himself to the subject before the committee.

Mr. GLOVER. The question before the House is to strike out "is taxed," and I am talking about that.

Mr. LUCE. I ask for a ruling upon the point of order.

The CHAIRMAN. The gentleman will proceed in order.

Mr. GLOVER. The gentleman certainly ought to have time once in a while when he is thinking about these corporations to think for a while about the fellow that is taxed [applause], and the fellow that is taxed until he can stand taxation no more.

Here you come in with this bill that is going to put the Treasury $2,000,000,000 farther in the hole, and you are to follow it up with taxation to fill the Treasury again with taxes taken from the people that are toiling now and can hardly exist.

Ah, gentlemen, the day is coming when you are going to reap what you are sowing. I want to say to you that this bill, in my opinion, will never relieve the general conditions in the country. Oh, you will have a little flurry in the bond market up here in New York for a little while. They are scrambling now, I imagine, to get some more of these bonds so that they can get their hands into the Treasury and get some of this $2,000,000,000 in money. Oh, they are busy,

they are watching you, and they will be wired as soon as this is passed, and they will get their hands on these bonds and then this money will go like water poured into a sink hole.

Mr. YON. Does the gentleman think this measure will cause cotton to go up 5 cents a pound?

Mr. GLOVER. This will not help agriculture, and every man knows it who knows anything. When we tried to get something along the line of helping agriculture you denied it. An amendment to help these banks that are in distress and that are trying to reorganize and stand on their feet, and you said, "No; we will not do it."

Oh, we would like to have you give some relief to them when you are trying to relieve the great railroads, and you know this is a railroad bill just as well as I do.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. GLOVER. Not now.

Every man knows very well that unless a limitation like the amendment proposed by the gentleman from New York [Mr. LAGUARDIA] that I called your attention to in a short speech yesterday, is put on this bill, which they have refused to do, that any corporation that has a corporate existence can take $200,000,000 of this fund provided for in this bill. Why, you have not got enough to go around to give the boys $200,000,000 apiece. Here is a bill not intended to reach around the United States, but it will be centered in the big banks of New York, and in a few of the larger places.

Let me tell you what you are doing—you are doing this for the smaller banks in my State, and every other State in the Union—you are going to put the little banks out of business. They can never get any of this help you are providing for the large banks, insurance companies, railroads, and building and loan associations. [Applause.]

[Here the gavel fell.]

Mr. BURTNESS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 11, line 5, section 10, strike out down to and including the period in line 11.

Mr. BURTNESS. Mr. Chairman, this is not intended as a pro forma amendment. I am rather serious about it. Some of you know that I have always believed in limiting as much as possible so-called tax-exempt securities.

In fact, on January 13 I introduced in the House a resolution, House Joint Resolution 205, proposing as an amendment to the Constitution the so-called Green amendment of a few years ago, which was approved by a majority of this House but not by a two-thirds vote.

In this particular case I think there are special reasons for not giving to the notes and debentures the same privilege as has been done, generally speaking, in bond issues by the United States. In any event, by striking out the tax-exempt features, I am consistent in my general viewpoint.

What is it that the Reconstruction Corporation gets this money for? It is so that it may be used in business. I think there ought to be no incentive in the bill that the funds now or about to be used in business shall be taken away for the use of this corporation or for any other purpose.

The funds you want to obtain by this act and thus get into active work are funds that have been hoarded in sugar bowls and mattresses and other places, but you do not want the funds taken out of the banks which are otherwise active. And so it seems to me it would be entirely logical—and surely so at a time when the Government is confronted with a deficit and needs all the funds it can obtain to keep the deficit down—not to provide an incentive to the owner of money now being used in industrial purposes to take it out and invest it in tax-exempt securities. For this reason my amendment should be approved.

Whether you agree with me in that respect or not, I want to call attention to the fact that the language of the bill, if you diagram the sentence as written, means something which I do not believe the committee intends should be there. As written, this sentence reads:

Any and all notes, debentures, bonds, or other obligations issued by the corporation, shall be exempt, both as to principal and interest, from all taxation, except surtaxes, estate, inheritance, and gift taxes, now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

Surely it is not the intention of the committee to make an exemption not only of the estate, inheritance, and surtaxes imposed by the United States, but also those taxes imposed by a Territory, a State, or a municipality of any State.

My amendment would strike out all the language quoted and put the income on bonds issued, as well as the bonds themselves, under the general laws pertaining to taxation. I hope you will do that, for I think that is sound.

In any event, if you refuse to follow that suggestion, I want to assure the committee that this language should be corrected if it is to remain in the bill. But why leave any incentive to put money into these bonds where it and the income therefrom will be largely exempt from taxation, when funds are commencing to be invested in private industry? Why give people who are ready to invest in the bonds of private industry a special incentive to put their money into these bonds solely because they will be exempt from taxation? Why not subject these bonds to the same competition that you do private bonds, issued by private corporations?

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. BURTNESS] has expired.

The question is on the amendment offered by the gentleman from North Dakota.

The amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I offer an amendment which I have sent to the Clerk's desk.

The CHAIRMAN. I call to the attention of the gentleman from Pennsylvania [Mr. McFADDEN] that the amendment proposed refers to a previous section, and it will be necessary to secure unanimous consent to return to that section.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent, then, to return to section 9 so that I may offer this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BACON. Mr. Chairman, I object.

Mr. BEEDY. Mr. Chairman, I offer a perfecting amendment to section 10, which I have sent to the Clerk's desk.

The CHAIRMAN. The gentleman from Maine [Mr. BEEDY] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BEEDY: On page 11, line 8, strike out the words "except surtaxes, estate, inheritance, and gift taxes" and insert in lieu thereof in parentheses "except estate, inheritance, and gift taxes."

Mr. BEEDY. Mr. Chairman, in order that the committee may understand the significance of that amendment the Senate bill reads precisely as our bill would read if my amendment were adopted. The substance of the amendment is that "surtaxes" is stricken entirely from this bill. If the word "surtaxes" remains in the bill, I call the attention of the members of the committee to the fact that a great advantage would be given to corporations in the purchase of these bonds, because corporations pay no surtaxes, whereas an individual who wished to buy them would be subject to the surtax.

The purpose of the amendment is to offer as broad a market for these bonds as possible. Let me illustrate the point by calling the attention of the members of the committee to the situation which faces us with respect to the first and fourth issues of Liberty bonds. The first issue was not subject to surtaxes. It could be issued by the Government at the highly advantageous rate of 3½ per cent interest. The fourth issue was subject to surtax and the Government was obliged to pay 4½ per cent interest on the bonds.

If this word "surtaxes" is stricken out and the bill is made to conform in this respect to the Senate bill, we will find a broader market for these bonds, put the prospective individual purchaser on a par with the corporations, and enable this Reconstruction Finance Corporation itself to secure a better price for its bonds, at a more advantageous rate of interest.

Mr. BURTNESS. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. BURTNESS. What does the gentleman have to say with reference to the incentive that will be created to buy these bonds, rather than bonds that are being issued and will be issued by private industries direct, if such a tremendous advantage is given to the bonds issued by this corporation? Does the gentleman not think that the time has come when investors ought to have a little more confidence in the business organizations of the country, and should be attracted to invest in bonds issued by them, rather than to be attracted by this molasses of tax exemption, and it is mighty sweet molasses in many cases?

Mr. BEEDY. Is that the end of the gentleman's question?

Mr. BURTNESS. Yes, sir.

Mr. BEEDY. I think when the business of the country has gotten itself in a position where it now finds itself, and is appealing to the Government to assist it, it ought to be willing for the Government to render assistance on a basis of economy to the Government itself. I am therefore in favor of any legislation that will enable this reconstruction corporation which we propose to set up, to go into the market with its bonds and sell them on the best and most economical basis possible.

Mr. BURTNESS. Does the gentleman mean regardless of how unfair that competition may be to private industry?

Mr. BEEDY. Surely the gentleman is not arguing that anything this corporation will do will compete with private industry. It can not operate unless we give it the power to market its bonds on a broad, attractive basis, not only to corporations who may be prospective purchasers, but to the individuals, irrespective of class or station.

Mr. BURTNESS. Of course, I refer to the corporations who may attempt to finance themselves by their own securities, rather than to seek relief through this governmental agency.

Mr. BEEDY. I can see no better way out, and if it were possible for the membership of the committee to see clearly the full significance of this proposal, I do not think there would be any hesitation in adopting it.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I ask unanimous consent to proceed for one additional minute, to answer a question.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. LUCE. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. LUCE. Is it not true that corporations have not been hoarding money, but that the hoarding has been done by individuals, and that one of the purposes of the amendment offered by the gentleman is to draw out hoarded money from the individuals?

Mr. BEEDY. My thought is, and I intended to incorporate it in some remarks later on, that I conceive that the purchase of these bonds will be largely from funds now hoarded by individuals.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, this matter was fully considered by the Committee on Banking and Currency, and the language of the bill was framed with care to meet the views of the committee. There is no reason why securities should be exempted from taxation, except to aid in their sale. It is desirable to have exemption to that end, but not beyond that end. It is useless to tax securities just to collect the taxes when the same result can be accomplished and the money saved to the Government without the unnecessary work of levying and collecting. But it is not desirable to exempt securities in the hands of the payers of surtaxes. Securities can be marketed easily without such an exemption. The argument that corporations have undue advantage is not sound. After all, the corporations involved are owned by individuals of large wealth.

I regret that a member of the committee should at this time and under these circumstances propose to undo the work of the committee in framing this section. There are plenty of tax-exempt securities abroad in the United States to-day without enlarging upon that condition, which many people look upon as a great evil in our economic system. Certainly there can be no good reason why we should except surtaxes from the exempt provisions of this bill, and I hope the committee will not change the language of this section.

Mr. LAGUARDIA. Mr. Chairman, if this committee is going to be consistent it should vote for the amendment offered by the gentleman from Maine. Just a few moments ago this committee voted down the proposition to provide direct sales of small denomination bonds and securities, bonds of $50, $100, and $500. This committee voted down a proposition to reduce the amount of $200,000,000 that can be loaned to a single individual borrower. This committee has voted down every amendment and there have been 50 or 60 offered. In my 14 years in the House I have never seen such a demonstration of protest as has been shown in the flood of amendments which have been offered to this bill.

Now the gentleman from Maine with tears in his eyes—and I am emotional, I am sympathetic, and I feel sorry for the people he is talking about—wants to cut out the surtaxes of the very people who are hoarding their money and who have not the courage to continue their business and who have been opposing every form of direct relief to the suffering people of this country and are now demanding direct relief to the tune of $2,000,000,000. [Applause.]

The gentleman from Maine who misquoted the law, and I will admit, for I know the gentleman, entirely unintentionally defeated the cutting down of the amount of $200,000,000, now wishes to cut out the provision which places these bonds on a surtax basis.

Ah, Mr. Chairman, the people of this country can not be fooled. They have been promised relief. Statements have gone out from the White House, from the departments, and from Congress that this is the great reconstruction plan. To do what? To reconstruct the depreciated securities of the very men who have ruined the business, industry, and finances of our country, and the gentleman from Maine now asks that we further give assistance to them so that the higher bracket tax payers may be relieved of paying a surtax on their incomes.

Mr. BEEDY. Will the gentleman in fairness yield to me?

Mr. LAGUARDIA. Yes.

Mr. BEEDY. The amendment is proposed so that we may not give an advantage to the great corporations of the Nation, and the gentleman does not do me justice when he attributes to me any improper motive. The gentleman will remember that when I referred to the War Finance Corporation act I said I was speaking from recollection; that I was not sure, and that if I was wrong I hoped somebody should correct me.

The gentleman from Massachusetts thereupon informed me there was a 10 per cent limitation. Having taken my seat, I secured a copy of the War Finance Corporation act and perceived that my reference to it was not accurate in all details. I thereupon told the gentleman from Kansas [Mr. HOCH] that I was in error about the limitation upon the loaning power of the War Finance Corporation, and that I proposed to take the floor and correct the error. However, the gentleman from Kansas, in offering his amendment, made the correction and it became unnecessary for me to do so. The gentleman from Kansas will bear witness to the facts as I state them.

Mr. LAGUARDIA. But the damage has been done. I will say to the gentleman from Maine that if he and I were in court and he had misquoted the law, even unintentionally, I could apply to the court for reconsideration.

Mr. BEEDY. So far as I am concerned, I am willing to have the matter reconsidered.

Mr. LAGUARDIA. But under the rules of the House, that can not be done. We have passed that section. We asked unanimous consent to go back for that very purpose, but that was denied.

Mr. BEEDY. I did not object, and I will not object.

Mr. LaGUARDIA. No; the gentleman did not object, but the damage has been done.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Maine.

The question was taken, and on a division (demanded by Mr. STAFFORD) there were—ayes 13, noes 130.

So the amendment was rejected.

Mr. PATTERSON. Mr. Chairman, I offer an amendment and desire to be heard on it.

Mr. STEVENSON. Mr. Chairman, I make the point of order that the motion was to close debate on this section and on the amendments. There will be another section read in a moment, and I direct the Chair's attention to the fact that debate on this section has been closed.

The CHAIRMAN. But that does not prevent the gentleman from Alabama from offering an amendment to this section and having it voted upon by the committee.

The gentleman from Alabama is recognized for the purpose of offering an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Patterson: On page 11, line 8, after the word "except," insert "income taxes."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Alabama.

The amendment was rejected.

The Clerk read as follows:

SEC. 11. In order that the corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the corporation, to be held in the Treasury subject to delivery upon order of the corporation. The engraved plates, dies, bed pieces, etc., executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other obligations.

Mr. BLANTON. Mr. Chairman, I offer an amendment. On page 11, in line 20, I move to strike out the words "in order that the corporation may be supplied."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 11, line 20, strike out the words "in order that the corporation may be supplied."

Mr. BLANTON. Mr. Chairman, the words which I have moved to strike out form the main purpose of this bill. It is "in order that the corporation may be supplied." Is there any Member on this floor who seriously doubts for one moment that when Mr. Ogden Mills, who puts in action the thoughts of the Treasury, instructed the Federal reserve how to draw this bill that he knew then and that he then had it understood where most of the $2,000,000,000 provided in this measure was to be supplied? Does anyone here doubt that? Does anyone here doubt seriously that when the President of the United States sent this bill to the gentleman from Kansas [Mr. STRONG] for introduction that the President knew what corporations were going to get the most of this money? Why, of course, he did. If he had not known it, he would not have sent the bill here; and we who have watched these things for some years know that practically all of this money is going to the railroads. Who doubts that?

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania always. I am not one of those who refuses to yield to the gentleman because he exercises his prerogative to speak his own judgment. He has the right to do it. I yield to the gentleman.

Mr. McFADDEN. With respect to the question of the supplying of money to this corporation, I want to call the gentleman's attention to the provision at the bottom of page 9, beginning in line 22—

Provided, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest.

These are the obligations which go into the open market.

Mr. BLANTON. Yes.

Mr. McFADDEN. These are the obligations upon which Federal reserve notes can be issued.

Mr. BLANTON. Yes; and we noticed yesterday that railroad stocks and bonds began to go upward. Of course, they take advantage of it going and coming. They started selling to-day to take their profit, and naturally stocks went down somewhat at first but will revive again toward the close. As Governor Hogg used to say, "They profit gwine and coming." When you pass this bill railroad stocks will rise immediately.

Mr. ERK. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. ERK. I would like to ask the gentleman a few questions. The gentleman states that most of this money will go to the railroads——

Mr. BLANTON. Does not the gentleman believe that?

Mr. ERK. Granting that——

Mr. BLANTON. Does not the gentleman know it?

Mr. ERK. Granting that, does the gentleman know that the railroads employ more than 2,000,000 people in the United States?

Mr. BLANTON. Yes.

Mr. ERK. Does the gentleman know——

Mr. BLANTON. I regret that I can not yield further. I know that there are 120,000,000 people in the United States and I am more exercised and concerned about passing a bill, not in order that "the railroad corporations may be supplied," but in order that "the people of the country may be supplied" with an opportunity to work. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for two minutes more. I have not used any time on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. FOSS. Mr. Chairman, I object.

Mr. BLANTON. Mr. Chairman, I withdraw the amendment, which was a pro forma amendment.

Mr. STEVENSON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 12. When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as depositary of public money and financial agent of the Government, as may be required of it.

Mr. STEAGALL. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 12, line 14, add: "Obligations of the corporation shall be lawful investments and may be accepted as security, for all fiduciary, trust, and public funds, investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof."

Mr. STEAGALL. Mr. Chairman, the committee has the impression that the Secretary of the Treasury had authority under existing law to designate securities that might be accepted as security for fiduciary and trust funds. But it turned out upon investigation that he has not such authority. So the committee accordingly agreed upon the amendment which I have just offered. That is the purpose of the amendment, and it is one to which I am sure there will not be any objection.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 13. Upon the expiration of the period of one year within which the corporation may make loans, or of any extension thereof by the President under the authority of this act, the board of directors of the corporation shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidation. Upon such deposit being made such amount of the capital stock of the corporation as may be specified by the corporation with the approval of the Secretary of the Treasury, but not exceeding in par value the amount so paid in, shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and provision being made for payment of all legal obligations of any kind and character shall be paid to the Treasurer of the United States as miscellaneous receipts. Thereupon the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

Mr. GREEN. Mr. Chairman, I move to strike out the last word. Mr. Chairman, we have had some revision of the rules. We have seen here to-day the need to further liberalize the rules. I believe that the Rules Committee did not go far enough. A majority of House Members present to-day favor amending the bill now before the House in many ways. But we see our amendments go out on points of order. We saw the same thing yesterday. I refer particularly to the Smith amendment, providing for absolute assurance that farmers shall have at least a small portion—2½ per cent—of the benefits of this bill.

We have seen that denied; one or two of the minority gentlemen rose and made points of order. I would like to see the rules of the House so amended that a majority of the committee, or a majority of the House, may have a chance to express their opinion at any time during the progress of legislation.

My friends, when I observed the large number of amendments offered, and the great dissatisfaction with which this bill is now meeting in this Chamber, and find that we now must vote on the whole bill, instead of having segregated the main items of interest to our people and the people of the country, it is apparent that our rules should be amended. We should have the privilege and right to vote on the various amendments offered, instead of having them eliminated on points of order. I was glad to vote a few days ago for liberalization of the rules, something previously denied us. I hope the majority party will go even further in liberalizing our House rules, to enable us to express our desires on all legislation.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 14. If at the expiration of the 10 years for which the corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

Mr. BLANTON. Mr. Chairman, on page 13, line 24, I move to strike out the following words:

shall be transferred to the Secretary of the Treasury, who for such purposes shall succeed to all the powers and duties.

The CHAIRMAN. The gentleman from Texas offers the amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Beginning on page 13, line 24, strike out the words "shall be transferred to the Secretary of the Treasury, who for such purposes shall succeed to all the powers and duties."

Mr. BLANTON. That was the subject I just wanted a minute more to discuss a moment ago, "to transfer all the powers to the Secretary of the Treasury." Those are the words I have sought to strike out. I am not in favor of transferring "all the powers" to the Secretary of the Treasury.

In my humble judgment, with the infinitesimal sum of money, comparatively, that we gave to the Secretary of Labor, Mr. Doak, and his able assistant, Mr. Alpine, the other day, more real good is going to be done the people of the country than they are going to get from this $2,000,000,000 bill. Mr. Secretary Doak and his able assistant, Mr. Alpine, have less than $100,000. Mr. Secretary Doak is doing something constructive and something worth while. He and Mr. Alpine are finding jobs for the jobless all over this country. They are finding means of giving a livelihood to heads of families for their wives and little children. That is something that is constructive. That is something that is going to be productive of good in this Nation. I commend them. I am backing them. I wish we might take at least $5,000,000 in this bill and give it to Secretary Doak and his able assistant, Mr. Alpine, and they would put men back to work by finding jobs for them, and then they will become productive, instead of being idle and walking the streets starving to death.

Of this $2,000,000,000 provided for in this bill, about 10 per cent is going to be wasted in extravagant overhead, and practically all of the balance is going to pay for losses railroads have sustained, and we will not be able to point to a single benefit that our constituents will receive. For this reason I can not vote for the bill.

I withdraw the pro forma amendment.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word.

I simply want to take a few minutes of the time of the House following the burst of oratory from our Democratic colleague from Florida [Mr. GREEN] in order to keep the record straight. In the gentleman's statement he criticized the Republicans for making points of order against certain amendments to the pending bill. I respectfully submit to the gentleman if he looks at the RECORD he will find just as many Democrats as Republicans making points of order against amendments which were not germane under the rules of the House. The gentleman from Florida [Mr. GREEN] again burst forth talking in favor of the liberalization of the House rules. Certainly the gentleman can not blame the minority, the Republican Party, because the rules of this Congress have not been liberalized. If the gentleman will look at the RECORD roll-call vote on the adoption of the rules by this Congress, he will find that nearly every Republican voted against the previous question on the motion to adopt the rules, and every Democrat, including the gentleman from Florida, who has now spoken about liberalization of the rules, voting for the previous question, which cut off debate, and which precluded the offering of any amendment to liberalize the rules. [Applause.]

Mr. Chairman, I withdraw the pro forma amendment.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 15. The corporation shall make and publish a report quarterly of its operations to the Congress stating the aggregate loans made to each of the classes of borrowers provided for and the number of borrowers by States in each class. The statement shall show the assets and liabilities of the corporation, and the first report shall be made on April 1, 1932, and quarterly thereafter.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment which I have sent to the desk.

The CHAIRMAN. The gentleman from New York offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: On page 14, in line 23, strike out the words "aggregate loans" and insert in lieu thereof "each loan"; and strike out the words "of the classes of" and strike out the word "borrowers" and insert in lieu thereof the word "borrower."

Mr. LAGUARDIA. Mr. Chairman, I want to call the attention of the committee to the provisions of this section. This section provides that the corporation shall make a quarterly report to Congress, but the report will be worthless, for the simple reason that all that is required here is to report the aggregate amounts and the classes of borrowers. In other words, it will be so many hundred million dollars to railroads, so many hundred million dollars to banks; and the information, for any useful purpose, will be absolutely worthless.

Now I submit we are at least entitled to know which loan, to whom made, and the amount.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STRONG of Kansas. Does the gentleman think it would be a good thing to name the banks of the country to whom money is loaned?

Mr. LAGUARDIA. I expected that from the gentleman. I expected some one would submit a question like that. Now let me say that on any financial statement the amount borrowed must be stated. I will say to the gentleman from Kansas that the bank itself must carry that statement if it has borrowed any money. That is fundamental. This corporation is a financial institution. Its reports and statements should be similar to a bank's quarterly report. Congress creates this corporation, and, therefore, Congress should have a real report and not a sham. Of course you will have to report the name of the bank, just as the bank itself will have to classify every amount it borrows among its liabilities. There is no question about that, gentlemen. Any borrower making a financial statement must state in that statement the amount of assets and the amount of liabilities.

Unless the purpose of this section as written is to evade giving Congress useful and intelligent information I can not understand why it should not be a real report showing the names of the borrowers and the amounts loaned. I would like to hear from the committee on that question.

Mr. STRONG of Kansas. Mr. Chairman, I rise in opposition to the amendment. I would like to say to my friend from New York when this section was up for discussion the question arose as to how far we could go in requesting reports from this corporation as to whom they loaned money. We did not think—and if the gentleman will pardon me, I think wisely—that we ought to require this corporation to report three times a year the banks to whom they had loaned money. It is very true that banks make reports twice a year, but they do not publish in their reports the places from which they have borrowed money but only that so much money has been borrowed. For a great corporation like this, trying to help financial institutions, to name the banks and the amount of money loaned them, might result in some danger to the institution they were trying to assist. So we went as far as we thought we could in setting up the amount of money that could be loaned to any one group, in order that the people might know what was being done with the money. But I still think, if my friend will permit me to venture a humble opinion, that we should not require this corporation to name the banks or the institutions to which it has loaned money with the amount loaned.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. LAGUARDIA. Does the gentleman contend that it is safe, sound, and conservative banking to conceal the fact that a bank has borrowed money?

Mr. STRONG of Kansas. I do not mean that exactly, but I do not think it will be very safe banking to publish to the world the amount of money the bank has borrowed.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. SHANNON) there were—ayes 46, noes 114.

So the amendment was rejected.

The Clerk read as follows:

SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, under this act, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation," or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $1,000, or imprisonment not exceeding one year, or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), in so far as applicable, are extended to apply to contracts or agreements with the corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts, extensions and renewals thereof, and acceptances, releases, and substitutions of security therefor.

Mr. RAYBURN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RAYBURN: On page 16, line 2, after the word "spurious," insert "or any person who willfully violates any other provision of this act."

Mr. RAYBURN. Mr. Chairman, I have consulted the chairman of the committee. I intended to offer this amendment at the end of the amendment which I offered a while ago, but the chairman of the committee thought it would be better to have it go in the general penalty clause, so I have offered it here.

Mr. STEAGALL. Mr. Chairman, I am in favor of the amendment of the gentleman.

The amendment was agreed to.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: On page 16, line 16, after the word "thereof" insert the following:

"Or (3) participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the corporation, or (4) gives any unauthorized information concerning any future action or plan of the corporation which might affect the value of securities or, having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the corporation."

Mr. LAGUARDIA. Mr. Chairman, this is the last amendment I shall offer in my earnest attempt to perfect this bill.

Gentlemen, it was pointed out only a few moments ago that large loans to any corporation having its securities listed on the stock exchanges will affect the value of such securities. Anyone having advance information can go out and speculate in these securities.

All that my amendment does is to prevent any employee or officer of this corporation from selling any such information or using such information to speculate himself.

The other provision, which is an amendment to the penalty section of the bill, simply provides that no member of the corporation, director or employee shall have any personal interest or receive any profit or gain through any action of the corporation. [Applause.]

You have voted everything else down, I submit this amendment to you, if you want it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LAGUARDIA].

The amendment was agreed to.

Mr. MAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kentucky offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MAY: On page 15, in line 8, after the word "or," strike out the words "for the purpose of influencing in any way the action of the corporation" and insert in lieu thereof "for the purpose of obtaining money, property, or anything of value."

Mr. MAY. Mr. Chairman, I have offered this amendment not for the purpose of merely getting an opportunity to address the committee, but, to my mind, after long years of practice of the criminal law, the major or beginning portion of this section is not sufficient to protect the Government or the corporation against those who would make misstatements as to the value of securities or any false representation by which they may secure credit or a loan.

It has been held universally by the courts that under statutes for obtaining property or money or anything of value by false pretenses the statute must be specific and certain.

The recital in this clause is "whoever shall make a false statement or representation to influence the corporation," and so forth. These are the words that I think ought to be replaced and the words of my amendment substituted therefor. They can not influence the corporation, but they possibly would influence the action of an officer or agent of the corporation and perhaps thereby secure an advantage, whereas with this amendment they could not secure anything of value by any representation without criminal liability therefor.

Mr. STEVENSON. Will the gentleman yield for a suggestion?

Mr. MAY. Yes.

Mr. STEVENSON. Does not the gentleman think it would be better to insert his language after the word "corporation," so as to leave it "for the purpose of influencing in any way the action of the corporation or of obtaining anything of value," and so forth?

Mr. MAY. Mr. Chairman, I accept the suggestion.

Mr. STEVENSON. I think that would improve the whole business.

Mr. MAY. Mr. Chairman, I accept the suggestion and ask unanimous consent to perfect the amendment to correspond with the suggestion of the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The amendment was agreed to.

The Clerk completed the reading of the bill.

Mr. STEAGALL. Mr. Chairman, I move that the committee do now rise and report the bill back to the House, with the recommendation that the amendments be agreed to, and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, had directed him to report the same back, with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Under the rule, the previous question is ordered. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question now is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McFADDEN. Mr. Speaker, I move to recommit the bill H. R. 7360 to the Committee on Banking and Currency, with instructions to report it back forthwith with the amendment which I send to the Clerk's desk, and on that motion I demand the previous question.

The SPEAKER. Is the gentleman from Pennsylvania opposed to the bill?

Mr. McFADDEN. I am.

The Clerk read as follows:

Amendment of Mr. McFADDEN to the bill H. R. 7360: Strike out all after the enacting clause and insert in lieu thereof the following:

"That the Secretary of the Treasury be, and hereby is, authorized immediately to purchase gold to the extent of $1,000,000,000 and silver to the extent of $200,000,000 and to issue gold and silver certificates in all denominations against the same, dollar for dollar against the gold, and dollar for dollar against the silver, and to give to such gold and silver certificates a distinguishing mark and color and a distinctive name. That the issue of Federal reserve notes against such gold and silver certificates be forbidden and that such gold and silver certificates shall be paid by the United States Government to the people on the Government pay rolls and for all public works as needed, and that such method of payment shall, so far as possible, take the place of payment by check and shall be a preferred method of payment. Such gold and silver certificates shall bear on the face thereof in print the notation that 'This note is legal tender at its face value for all debts public and private and for all other purposes.'"

Mr. STEAGALL. Mr. Speaker, I make the point of order that the proposed amendment is not germane to the bill.

The SPEAKER. The Chair sustains the point of order.

Mr. LAGUARDIA. Mr. Speaker, I move to recommit the bill.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that there can be but one motion to recommit.

The SPEAKER. The point of order having been sustained to the motion to recommit by the gentleman from Pennsylvania [Mr. McFADDEN], a motion to recommit by the gentleman from New York [Mr. LAGUARDIA] is in order. I will ask the gentleman from New York if he is apposed to the bill?

Mr. LAGUARDIA. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. LAGUARDIA moves to recommit the bill to the Committee on Banking and Currency with instructions to report the same back forthwith with the following amendment:

Page 7, line 16, strike out the figures "10" and insert in lieu thereof the figure "5."

The SPEAKER. The question is on the motion to recommit.

Mr. LaGUARDIA. Mr. Speaker, I demand the yeas and nays.

The question on demanding the yeas and nays was taken, and 52 Members rose.

The SPEAKER. Not a sufficient number, and the yeas and nays are refused.

So the motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. LUCE. And on that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 335, nays, 56, answered "present" 2, not voting 40, as follows:

[Roll No. 11]

YEAS—335

Abernethy	Corning	Hess	Nelson, Me.
Adkins	Cox	Hill, Ala.	Nolan
Aldrich	Coyle	Hill, Wash.	Norton, N. J.
Allen	Crail	Hoch	O'Connor
Allgood	Crisp	Hogg, Ind.	Oliver, Ala.
Almon	Crosser	Hogg, W. Va.	Oliver, N. Y.
Andresen	Crowe	Holaday	Owen
Andrew, Mass.	Crump	Hollister	Palmisano
Andrews, N. Y.	Culkin	Holmes	Parker, N. Y.
Arentz	Cullen	Hooper	Parks
Arnold	Curry	Hope	Parsons
Auf der Heide	Dallinger	Hopkins	Partridge
Bacharach	Darrow	Hornor	Perkins
Bachmann	Davenport	Horr	Person
Bacon	Davis	Houston, Del.	Pittenger
Baldrige	Delaney	Igoe	Prall
Bankhead	DeRouen	Jacobsen	Pratt, Harcourt J.
Barbour	Lickstein	James	Pratt, Ruth
Barton	Dominick	Jeffers	Purnell
Beam	Doughton	Jenkins	Ragon
Beck	Douglas, Ariz.	Johnson, Ill.	Rainey
Beedy	Douglass, Mass.	Johnson, S. Dak.	Ramseyer
Beers	Doutrich	Johnson, Wash.	Ramspeck
Black	Dowell	Kahn	Ransley
Bland	Drane	Karch	Rayburn
Bloom	Driver	Kelly, Ill.	Reed, N. Y.
Boehne	Dyer	Kelly, Pa.	Reid, Ill.
Bohn	Eaton, N. J.	Kemp	Reilly
Boileau	Englebright	Kennedy	Rich
Boland	Erk	Kerr	Robinson
Bolton	Evans, Calif.	Ketcham	Rogers
Bowman	Fiesinger	Kinzer	Rudd
Boylan	Finley	Kleberg	Rutherford
Brand, Ga.	Fish	Kniffin	Sabath
Brand, Ohio	Fishburne	Kopp	Sandlin
Briggs	Fitzpatrick	Kurtz	Schafer
Britten	Flannagan	Lambeth	Schuetz
Browning	Foss	Lamneck	Seger
Brumm	Frear	Lankford, Va.	Seiberling
Brunner	Free	Larsen	Selvig
Buchanan	French	Leavitt	Shott
Bulwinkle	Fuller	Leech	Simmons
Burch	Fulmer	Lehlbach	Sinclair
Burdick	Gambrill	Lewis	Sirovich
Burtness	Garber	Lichtenwalner	Smith, Idaho
Busby	Garrett	Lindsay	Smith, Va.
Butler	Gasque	Linthicum	Smith, W. Va.
Cable	Gavagan	Lonergan	Snell
Campbell, Iowa	Gibson	Loofbourow	Snow
Campbell, Pa.	Gifford	Lovette	Somers, N. Y.
Canfield	Gilbert	Lozier	Sparks
Cannon	Gilchrist	Luce	Spence
Carley	Gillen	Ludlow	Stafford
Carter, Calif.	Golder	McClintic, Okla.	Stalker
Carter, Wyo.	Goldsborough	McClintock, Ohio	Steagall
Cary	Goodwin	McCormack	Stevenson
Cavicchia	Goss	McKeown	Stewart
Chapman	Granfield	McLaughlin	Stokes
Chase	Green	McLeod	Strong, Kans.
Chindblom	Greenwood	McMillan	Strong, Pa.
Chiperfield	Gregory	McSwain	Sullivan, N. Y.
Christopherson	Guyer	Maas	Sullivan, Pa.
Clague	Hadley	Magrady	Summers, Wash.
Clancy	Haines	Major	Sutphin
Clark, N. C.	Hall, Ill.	Manlove	Swanson
Clarke, N. Y.	Hall, Miss.	Mansfield	Sweeney
Cole, Iowa	Hall, N. Dak.	Mapes	Taber
Cole, Md.	Hancock, N. Y.	Martin, Mass.	Tarver
Collier	Hancock, N. C.	May	Taylor, Colo.
Colton	Hardy	Mead	Taylor, Tenn.
Condon	Hare	Michener	Temple
Connery	Hart	Millard	Thatcher
Connolly	Hartley	Miller	Tierney
Cooke	Hastings	Moore, Ky.	Tilson
Cooper, Ohio	Haugen	Moore, Ohio	Timberlake
Cooper, Tenn.	Hawley	Mouser	Tinkham
Treadway	Warren	Whitley	Wolverton
Tucker	Wason	Whittington	Wood, Ind.
Turpin	Watson	Wigglesworth	Woodruff
Underhill	Weaver	Williams, Mo.	Woodrum
Underwood	Welch, Calif.	Williamson	Wright
Vestal	Welsh, Pa.	Wilson	Wyant
Vinson, Ga.	West	Wingo	Yon
Vinson, Ky.	White	Wolfenden	

NAYS—56

Amlie	Evans, Mont.	Lambertson	Peavey
Ayres	Fulbright	Lanham	Pettengill
Blanton	Glover	Lankford, Ga.	Polk
Carden	Griffin	Larrabee	Rankin
Cartwright	Griswold	McFadden	Romjue
Chavez	Howard	McGugin	Sanders, Tex.
Christgau	Huddleston	Milligan	Schneider
Collins	Johnson, Mo.	Morehead	Shallenberger
Cross	Johnson, Okla.	Nelson, Mo.	Shannon
Dickinson	Jones	Nelson, Wis.	Sumners, Tex.
Dies	Kading	Norton, Nebr.	Swank
Disney	Keller	Parker, Ga.	Williams, Tex.
Doxey	Knutson	Patman	Withrow
Eslick	LaGuardia	Patterson	Wood, Ga.

ANSWERED "PRESENT"—2

Cochran, Mo.	Kvale

NOT VOTING—40

Buckbee	Fernandez	McReynolds	Quin
Byrns	Freeman	Maloney	Sanders, N. Y.
Celler	Granata	Martin, Oreg.	Shreve
Cochran, Pa.	Harlan	Mitchell	Swick
Crowther	Hull, Morton D.	Montague	Swing
De Priest	Hull, William E.	Montet	Thomason
Dieterich	Johnson, Tex.	Murphy	Thurston
Drewry	Kendall	Niedringhaus	Weeks
Eaton, Colo.	Lea	Overton	Wolcott
Estep	McDuffie	Pou	Yates

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Niedringhaus (for) with Mr. Cochran of Missouri (against).
Mr. Pou (for) with Mr. Kvale (against).
Mr. Crowther (for) with Mr. McDuffie (against).

General pairs:

Mr. Byrns with Mr. Shreve.
Mr. Lea with Mr. Murphy.
Mr. Montague with Mr. Weeks.
Mr. Drewry with Mr. Estep.
Mr. Harlan with Mr. De Priest.
Mr. McReynolds with Mr. Morton D. Hull.
Mr. Martin of Oregon with Mr. Cochran of Pennsylvania.
Mr. Quin with Mr. Eaton of Colorado.
Mr. Mitchell with Mr. Kendall.
Mr. Thomason with Mr. Swick.
Mr. Celler with Mr. Yates.
Mr. Maloney with Mr. Freeman.
Mr. Overton with Mr. Swing.
Mr. Dietrich with Mr. Wolcott.
Mr. Fernandez with Mr. Sanders of New York.
Mr. Johnson of Texas with Mr. Buckbee.
Mr. Thurston with Mr. Granata.

Mr. KVALE. Mr. Speaker, is the gentleman from North Carolina, Mr. Pou, recorded as not voting?

The SPEAKER. He is.

Mr. KVALE. If the gentleman were present, he would vote "aye." I have a pair with the gentleman, and I therefore withdraw my vote "no" and vote "present."

Mr. COCHRAN of Missouri. Mr. Speaker, I have a general pair with my colleague, Mr. Niedringhaus, who is unavoidably absent. I therefore withdraw my vote "no" and answer "present." If my colleague were present, he would vote "aye."

Mr. MANSFIELD. Mr. Speaker, I have a general pair with the gentleman from Illinois, Mr. William E. Hull, who is unavoidably absent. On this bill, if present, he would vote "aye." I therefore vote "aye" on the bill.

Mr. DARROW. Mr. Speaker, my colleague, Doctor Swick, of Pennsylvania, is unavoidably absent on account of attending a funeral; if present he would vote "aye."

Mr. GOSS. Mr. Speaker, my colleague the gentleman from Connecticut, Mr. Freeman, is unavoidably absent. Were he present he would vote "aye."

Mr. MOORE of Ohio. Mr. Speaker, my colleague the gentleman from Ohio, Mr. Murphy, is unavoidably absent. If present, he would vote "aye."

Mr. CROSSER. Mr. Speaker, my colleague, Mr. Harlan, is unavoidably absent. If present, he would vote "aye."

Mr. WILLIAMS of Texas. Mr. Speaker, my colleague the gentleman from Texas, Mr. THOMASON, is unavoidably absent. If present, he would vote "aye."

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the bill was passed was laid on the table.

ADDRESS OF REPRESENTATIVE SEIBERLING

Mr. MOORE of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein an address delivered by my colleague the gentleman from Ohio, Mr. SEIBERLING, before the Kiwanis Club of Cambridge, Ohio.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MOORE of Ohio. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. FRANCIS SEIBERLING, delivered at a meeting of the Kiwanis Club, Cambridge, Ohio, October 27, 1931:

THE OBLIGATION OF A STATE TO OBEY THE FEDERAL CONSTITUTION

It is not my intention or purpose to discuss the merits of prohibition, but only to discuss from a purely constitutional standpoint the propriety of the methods which are being used to bring about a reconsideration of the question.

The question as to what the obligation of a State is to obey the Constitution of the United States aroused my interest because of the publication on May 11 of this year of a statement from Columbus, Ohio, a part of which reads as follows:

"All voters are preparing for a straight-out test of prohibition sentiment free of political and economic side issues. Columbus newspaper men are of the opinion that when the question is submitted, the Buckeye State will follow the example set last fall by citizens of Illinois, Rhode Island, and Massachusetts, who voted to repeal State prohibition. During the recent session of the legislature opposers of prohibition sought to repeal the Crabbe Act, which is the State prohibition enforcement code, as well as the Miller Act, which created the State department of prohibition, and they offered a resolution proposing repeal of the State prohibition amendment. Ohio appears to be undergoing a change of heart with reference to prohibition."

This statement and the fact that two other States have repealed their enforcement laws have led me to make some investigation as to the propriety of such action.

Recently there appeared in the papers a further statement that repeal of the Ohio prohibition amendment to the State constitution is to be sought from the voters at the May primaries. So that it would seem to me to be with great propriety that we should discuss the question of the obligation of a State to obey the Constitution, as well as the obligation of individuals to do likewise. May we, therefore, consider the fundamental principles upon which our national structure rests, which principles have been written into the basic law of the country.

Article 13 of the Articles of Confederation, adopted in 1777, provides:

"Every State shall abide by the determination of the United States Congress assembled, on all questions which by this confederation are submitted to them. And the articles of this confederation shall be inviolably observed by every State, and the Union shall be perpetual; nor shall any alteration at any time hereafter be made in any of them; unless such alteration be agreed to in a Congress of the United States, and be afterwards confirmed by the legislatures of every State."

Under the Articles of Confederation, as you will note, an amendment could be made only when confirmed by the legislature of every State. The States at this time were made up of the thirteen Colonies. It was found that, in view of the fact that some of the States of the Confederation were seaport States and others were not, advantage was taken of this situation, so that confirmation by every State of an amendment to the articles was considered unwise, and, therefore, this was changed when the Constitution of the United States was adopted.

As you will further notice, the Articles of Confederation also specifically provided "and the articles of this confederation shall be inviolably observed by every State."

We come now to the Constitution of the United States. A part of article 6 reads as follows:

"This Constitution and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the Constitution of laws of any State to the contrary notwithstanding.

"The Senators and Representatives before mentioned, and the members of the several State legislatures, and all executive and judicial officers, both of the United States and of the several States, shall be bound by oath or affirmation to support this Constitution."

Under this provision of the Constitution, it was a prerequisite to holding executive and judicial position in the United States to take an oath or affirmation to support the Constitution. This obligation on the part of the individual has been extended to all officials of the Government, to the Army and the Navy, all officials of State governments, all officials of municipal governments, attorneys upon being admitted to the bar, and to directors of banks. The taking of this oath is also a requisite to American citizenship on the part of a foreigner who seeks citizenship. There is no provision that a native-born American citizen who does not hold public office shall be required to take the oath to support the Constitution of the United States. It would seem to be a fair assumption that the founders of our country believed that persons born upon the soil of our great country, who from childhood enjoyed the benefits and protection of our free institutions and the liberty guaranteed under the Constitution, would be diligent to maintain, protect, and defend the Constitution which provides them with these liberties and privileges, without being bound by the oath. It thus becomes apparent that the oath to support, maintain, and defend the Constitution of the United States is the warp and woof of the fabric of our nationality, and that the integrity of citizenship as well as the integrity of the States makes adherence thereto a solemn and sacred obligation.

Time has not permitted me to examine the conditions upon which the various States, other than the thirteen original States, were admitted to the Union; but when the great State of Ohio was admitted in 1803 the following resolution was passed by the Senate and House of Representatives of the United States:

"Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, That all the laws of the United States, which are not locally inapplicable, shall have the same force and effect within the said State of Ohio as elsewhere within the United States."

It is reasonable to assume that similar resolutions were passed in the case of all the States admitted into the Union. Thus, it would seem that, in addition to the obligations which the Constitution itself imposes upon the several States, there is in the case of the admission of each State a special agreement that such State shall be bound by the provisions of the Constitution in like manner as the original thirteen States were bound; that is, that when an amendment to the Constitution had been properly and duly passed in accordance with the provisions of the Constitution, and the approval of the requisite number of States, it became a part of the Constitution of the United States and obligatory upon all individuals of the country, as well as upon all States of the Union.

Many questions have been raised in reference to the eighteenth amendment, and questions of personal liberty and States' rights were involved, but these questions, as well as others, have been settled twice by the Supreme Court of the United States, which, under the Constitution, is the court of last resort, whose decisions are binding upon all, both individuals and States; namely, that the eighteenth amendment is valid and in harmony with the Constitution and is a part thereof.

It is illuminating to ascertain what the great leaders of our country, for whom we have erected magnificent monuments, whose birthdays we celebrate, and whose lives we emulate, have thought and said about this most important question, and I take great pleasure in reading to you paragraphs of the Farewell Address of George Washington, the Father of our Country, made September 17, 1796, who sent an armed force to western Pennsylvania to quell what is known as "The whisky rebellion." These paragraphs read as follows:

"This Government, the offspring of our own choice, uninfluenced and unawed, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy, and containing within itself a provision for its own amendment, has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of true liberty. The basis of our political systems is the right of the people to make and to alter their constitutions of government. But the Constitution which at any time exists till changed by an explicit and authentic act of the whole people is sacredly obligatory upon all. The very idea of the power and the right of the people to establish government presupposes the duty of every individual to obey the established government.

"All obstructions to the execution of the laws, all combinations and associations, under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberation and action of the constituted authorities, are destructive of this fundamental principle and of fatal tendency. They serve to organize faction; to give it an artificial and extraordinary force; to put in the place of the delegated will of the nation the will of a party often a small but artful and enterprising minority of the community, and, according to the alternate triumphs of different parties, to make the public administration the mirror of the ill-concerted and incongruous projects of faction rather than the organ of consistent and wholesome plans, digested by common counsels and modified by mutual interests."

In order that what I say upon this subject shall not be construed as a partisan discussion, let me read what Andrew Jackson, one of the great heroes of Democracy, said in discussing the refusal of the State of South Carolina to collect revenue taxes:

"If the doctrine of a State veto upon the laws of the Union carries with it internal evidence of its impracticable absurdity, our constitutional history will also afford abundant proof that it would have been repudiated with indignation had it been proposed to form a feature in our Government.

"I consider, then, the power to annul a law of the United States assumed by one State incompatible with the existence of the Union, contradicted expressly by the letter of the Constitution,



unauthorized by its spirit, inconsistent with every principle on which it was founded, and destructive of the great object for which it was formed."

As we all know, the question of the obligation of a State to remain a part of the Union was the principal question involved in the Civil War.

It is interesting to note what Abraham Lincoln said upon this most important subject in his first inaugural address. His opinion and conclusions should have great weight with us, as well as with every citizen of the country, because his memory inspires universal and world-wide respect. He said:

"Descending from these general principles, we find the proposition that in legal contemplation the Union is perpetual confirmed by the history of the Union itself. The Union is much older than the Constitution. It was formed, in fact, by the Articles of Association in 1774. It was matured and continued by the Declaration of Independence in 1776. It was further matured, and the faith of all the then thirteen States expressly plighted and engaged that it should be perpetual, by the Articles of Confederation in 1778. And finally, in 1787, one of the declared objects for ordaining and establishing the Constitution was 'to form a more perfect Union.'

"But if destruction of the Union by one or by a part only of the States be lawfully possible, the Union is less perfect than before the Constitution, having lost the vital element of perpetuity.

"It follows from these views that no State upon its own mere motion can lawfully get out of the Union; that resolves and ordinances to that effect are legally void; and that acts of violence within any State or States against the authority of the United States are insurrectionary or revolutionary, according to circumstances.

"I therefore consider that in view of the Constitution and the laws the Union is unbroken, and to the extent of my ability I shall take care, as the Constitution itself expressly enjoins upon me, that the laws of the Union be faithfully executed in all the States. Doing this I deem to be only a simple duty on my part. * * * I trust this will not be regarded as a menace, but only as the declared purpose of the Union, that it will constitutionally defend and maintain itself."

No State in the Union has paid greater respect to its gallant soldiers than the State of Ohio, and it is interesting to note what our beloved President, General Garfield, said in his inaugural address after the Civil War upon this important question. I quote one paragraph:

"The supremacy of the Nation and its laws should be no longer a subject of debate. That discussion, which for half a century threatened the existence of the Union, was closed at last in the high court of war, by a decree from which there is no appeal—that the Constitution and the laws made in pursuance thereof, are and shall continue to be the supreme law of the land, binding alike upon the States and the people. This decree does not disturb the autonomy of the States, nor interfere with any of our necessary rights of local self-government, but it does force and establish the permanent supremacy of the Union."

No one has raised the question that the eighteenth amendment was not passed in entire conformity with the Constitution and laws of the United States providing for amendments. No one questions that it is a part of the Constitution, but we find ourselves in this situation: The amendment was ratified by 45 of the 48 States. Enforcement laws were passed by 47 of the 48 States. These might be scheduled as follows:

Maryland: Did not ratify and did not pass enforcement laws.

Rhode Island and Connecticut: Did not ratify, but passed enforcement laws.

New York, Wisconsin, Montana, and Nevada: Ratified but repealed enforcement act.

Minnesota and Illinois: Have voted on referendum, but have not repealed enforcement act.

The remainder of the States ratified the amendment and passed enforcement laws which are now in effect.

In the wave of enthusiasm which has been created by the wet press and by agitators, both men and women, apparently without consideration of the underlying covenant of the Union of States and American citizenship, the Legislature of the State of Illinois, pursuant to a referendum, repealed its enforcement laws, which repeal would have become effective if it had not been for their governor, Louis Lincoln Emmerson, whom I have never met, but who must be a man of sterling citizenship who appreciates the sacredness of his oath of office, and placed himself in the vanguard of the eminent citizens of our country who have battled both at home and abroad for the integrity of our Government. It is refreshing to read you a short quotation from his message vetoing the act of the legislature:

"I am not for nullification. Destructive principles which do not protect the lives and homes of all our citizens will not afford the solution of the liquor problem. I do not believe that such a serious step should be taken without the unequivocal and understanding approval of the voters of the State expressed after full consideration of all of the consequences. * * *

"In my opinion, a majority of the thinking people of this State are dissatisfied with the conditions in this country which have followed the eighteenth amendment and the enforcement acts under it. But I am equally satisfied that the American people do not want and will not attempt the correction of these evils by wiping out all regulatory liquor legislation. This is unthinkable, but it is the principle of this repeal bill. If the eighteenth amendment and its attendant legislation through ineffectiveness produced the bootleggers, the speak-easy, and the illicit still, surely these and other evils can not be destroyed by wiping out all State restraint. We can not cure individual disregard for law by State disregard for the Federal Constitution.

"No sincere advocate of this bill holds this opinion. It has only one purpose. That is to hinder and thwart and make impossible the efforts of the Federal Government to execute the eighteenth amendment and thereby compel the substitution for it of some other system. This is not the orderly and legal method for securing this change. It smacks more of lawlessness and rebellion. * * * Illinois must stand with the Federal Government and the supreme law of the land."

In contrast with the above veto of Governor Emmerson, I would quote from an article in a New York paper, sent out from Albany on March 19, in reference to the Feld-Post bill, which had passed the assembly, had been approved by the senate committee on finance, and was up for passage in the State senate. The article says:

"The Feld-Post bill is predicated on the contention that the eighteenth amendment applies only to individuals and corporations and not to sovereign States. It declares in the first section that the State of New York, not being prohibited by Article XVIII of the amendments to the Constitution of the United States, hereby asserts its right as a sovereign power to manufacture, sell, transport, and distribute alcoholic beverages within its borders, and declares the carrying out of such assertion to be the best policy for the promotion of temperance and sobriety among the people of the State."

There is no question but that opponents of prohibition have a perfect right, legally and morally, to advocate and work for the repeal of the eighteenth amendment, but to undertake to secure its repeal by having the individual States nullify the Constitution by repealing their enforcement laws, thus taking the props out from under the Federal Government and leaving it prostrate and unable to enforce effectively its Constitution, is a method which destroys the integrity of the Government and should be resisted by every red-blooded American citizen.

If one amendment of the Federal Constitution can be nullified and destroyed in this manner, then it follows that other amendments or the original provisions of the Constitution can be destroyed in like manner. Under such a procedure the States could proceed by individual action and destroy all the benefits, privileges, and guaranties of the Federal Constitution, and even the right of private property and personal liberty.

For example, the repeal of the enforcement laws of the State of New York has done more to deprive the people of the United States and the States who secured the ratification and enactment of the eighteenth amendment of their rights and to hinder the Federal Government in carrying out in good faith its obligation to the whole people than any other action taken in the effort to defeat the amendment. The reason for this is that conditions in New York City are continually referred to as exemplifying the failure of the Federal Government to enforce its laws and given as a reason for the repeal of the amendment. The fact that that State has repealed its enforcement laws and is not cooperating with the Federal Government to enforce the Federal law is not generally understood. This same principle applies to all of the other States that have repealed their enforcement laws, but because of their smaller population their action has not been so destructive of confidence in the Federal Government. Lack of confidence in the Federal Government because of the action of these States and because of the unsettled conditions of many foreign governments is one of the prime causes for the present unfavorable economic and financial condition of our country.

We fought and spent billions of dollars to make the world safe for democracy. Is it not time that we devote our attention to making democracy safe for the world? While we are giving so much time to securing the stability and integrity of foreign governments, shall we not give some time and serious thought to maintaining the integrity of our own Government?

HON. JOHN N. GARNER

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD to include a letter written to the editor of a New York paper by Hon. Joseph P. Tumulty, former secretary to Woodrow Wilson.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. CHAPMAN. Mr. Speaker, under unanimous consent to extend my remarks in the RECORD, I include in my extension a letter dated January 14, 1932, written to the editor of a New York paper by Hon. Joseph P. Tumulty, who for eight years was Secretary to President Woodrow Wilson.

The letter is as follows:

JANUARY 14, 1932.

MY DEAR MR. EDITOR: In no unnecessary way do I wish to intervene in a clash of controversy over the availability of leading Democrats under discussion for the exalted office of President, nor do I wish by the same token to express even a personal preference for one Democrat as against the other. However, this attitude of neu-

trality should not prevent a mere private in the ranks from paying sincere tribute to one who, through merit and achievement, is entitled to a more lovely portrait than that given him in a recent editorial in your valued paper. I refer to your characterization of JOHN GARNER as a "sloppy-minded southern Democrat." For nearly 20 years, 8 years of which were spent as Secretary to President Wilson, I have been privileged to come into frequent contact with JOHN GARNER, of Texas. Meeting him, observing him, knowing him, it is not difficult to understand why men are drawn to him—won to his side. He makes conquests over the hearts of men by the simple qualities of honor, decency, and fair dealing which make up the happy blend in his nature. There is only one open sesame to his affection and admiration—frankness, openness, and honest dealing. Deceit, double dealing, demagogy, and political four-flushing could not for a single moment find a resting place in the smallest nook or cranny of his soul. He is one man who, though having risen to the highest distinction, has grown, not swelled.

A sloppy-minded Congressman! No one rises to distinction in Congress over a slovenly, sloppy trail. This unusual man does not pose or posture, nor does he deal in those things out of which headlines are made, for there is something in his nature which makes him intolerant of everything that is small and intolerant. Nothing small or petty ever intrudes itself into his judgment. Indeed, the air of America has been cleared by the leadership of so sturdy a man. Like Cyrano, "He wears deeds for decorations."

JOHN GARNER a sloppy-minded southerner! One might as well characterise the altogether lovely Lincoln as sloppy minded. In my humble opinion JOHN GARNER is the most genuine personality that has come upon the stage of our national life in a generation. Your editorial seeks to set off and disparage JOHN GARNER by declaring that he is a product of the lazy South. And then comes in your editorial that invidious comparison of him with Woodrow Wilson, John Davis, Carter Glass, Colonel House, and David F. Houston and Joe Robinson, whom you say do not represent the lazy South but the new South. I have had the pleasure of knowing all of these men, some of them very intimately, for nearly a generation. Equally for the same period of time I have known JOHN GARNER. In point of industry, breadth of view, passionate and unselfish service to his country, I am frank to say he does not suffer by comparison with any of these men.

In an unusual way he possesses an uncanny knowledge of the deep humanities of politics. He has the equipment which is a necessary part of real greatness. He has the ability to reduce to realities the visions and dreams of statesmen. Knowing men, understanding them, admiring their strength, forgiving their weaknesses, he is able to draw them to him, to pull them together in forwarding a great program. Indeed, he is the one man in Washington whom I have known in my time who, to use Kipling's words, "can talk with crowds and keep your virtue, or walk with Kings—nor lose the common touch."

Patriot to the core, his chief passion is service to his country, to which in devotion and loyalty he has given the enthusiasm of his youth and now the ripe wisdom of maturity. I don't know how the pendulum will swing in 1932, nor does this letter indicate a choice on my part, but so far as the affairs of the Speakership are concerned, the whole of America may be assured that presiding over the destinies of the House of Representatives is a man who does not trim; a man who, when he speaks, speaks with a voice that means manhood, who does not calculate, who is not afraid to stand firm against the crowd. It is particularly fortunate that at this critical time there is at the helm the steadying hand and fine vision of this Cavalier of the new and old South—JOHN N. GARNER.

He is like the character discussed by Israel Zangwill in his book, The Mantle of Elijah, of whom Zangwill said: "His millennium was earthly, human; his philosophy sunny, untroubled by Dantesque depths or shadows; his campaign unmartial, constitutional. He did not play the game. Whig and Tory, yellow and blue, the immemorial shuffling of Cabinet cards, the tricks and honors—he seemed to live outside them all. Indeed, he stood for something outside himself, something large, turbulent, untried, unplumbed, unknown—the people."

These moving sentiments and characterizations might well have been written of my friend JOHN GARNER.

Sincerely yours,

JOSEPH P. TUMULTY.

To the EDITOR THE NEW YORK EVENING POST,
New York City.

ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked.

The SPEAKER. The gentleman from Alabama [Mr. STEAGALL] asks unanimous consent to take from the Speaker's table the bill H. R. 6172, which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object—and I shall not object—I want to ask the gentleman from Alabama, who will be a conferee, as to his attitude toward the additional $25,000,000 which the Senate has put on this bill to stop foreclosures against farms and to grant relief to farmers against whom foreclosure proceedings have been taken.

Mr. STEAGALL. I will say to the gentleman that he might interpret my position on the conference committee by the fact——

Mr. BLANTON. Inasmuch as the gentleman himself had a bill covering that very point in the last session of Congress and tried to get the committee to report it, I feel that we may depend upon him to support this Senate amendment.

Mr. STEAGALL. The bill we passed provided that $100,000,000 should be used in the manner set forth in the bill for that purpose.

Mr. BLANTON. But the House bill the gentleman passed did not carry this extra $25,000,000 and did not permit relief for farmers against whom foreclosure proceedings have already been taken. The Senate amendment grants $25,000,000 additional to take care of farmers against whom there have been foreclosure proceedings and provides a means of redemption for foreclosed farms. May we depend on that being left in the bill? I am heartily in favor of that.

Mr. STEAGALL. In view of my efforts for two years to secure this legislation, I think the gentleman should be willing to trust the conferees, so far as I am concerned, without a specific answer, and I am sure he will.

Mr. BLANTON. I confidently believe that we may depend upon the gentleman to see to it that the Senate amendment providing this additional $25,000,000 will be kept in the bill.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER appointed the following conferees: Messrs. STEAGALL, BRAND of Georgia, STEVENSON, MCFADDEN, and STRONG of Kansas.

PERSONAL EXPLANATION

Mr. BYRNS. Mr. Speaker, I desire to say that when the roll was called a few moments ago I was in the committee room busily engaged in hearings and did not hear the call. If I had been present, I would have voted "aye."

ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, I want to announce to the House that on Monday the first thing to be taken up will be the Linthicum resolution, and after that the agricultural appropriation bill.

RECONSTRUCTION FINANCE CORPORATION

Mr. BEAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein a telegram received from the city comptroller of the city of Chicago.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEAM. Mr. Speaker and Members of the House, not since the dark days of the war has such a feeling of hysteria and trepidation, of uncertainty and unrest, befallen the people of America as that which confronts us at the present time.

When we see the agricultural interests of the country in a state of despair and verging on bankruptcy; when we witness the great industrial centers of our land curtailed in their operations and running on practically one-half of their normal schedule; when we observe the great financial institutions of America in dire need of governmental assistance and support; and when we are face to face with the fact that 8,000,000 of American citizens are unable to find employment—such a problem the solution of which is the task confronting the Congress of the United States at the present moment.

If the adoption of the bill under discussion, H. R. 7360, can in some measure meet this emergency and relieve to some degree the tenseness of the situation now prevailing; if by its passage it will carry to the country a message of confidence and assurance to the citizens of our land that the Congress of the United States is making an honest and sincere effort to remedy the situation and re-

lieve the drastic condition which now overwhelms our citizens—surely its enactment into law will have a most compensating and helpful influence upon the people of America.

I was greatly impressed, Members of the House, to witness a week or so ago that stirring spectacle of many thousands of our citizens in battalion formation and under the direction of a clergyman assembling in front of the Capitol to present a petition for relief to the Congress of the United States.

Their sincerity of purpose as manifested by their bearing and decorum could not be questioned. Conspicuous among their rank were many dressed in the uniform of their country, worn honorably and with valor in the service of their country across the sea during the late war, and as they stood there bareheaded and at attention, while the strains of the Star-Spangled Banner broke forth upon the air, and a cluster of American flags massed in colorful formation and placed at the head of their ranks, no one could doubt or hesitate to believe that these men, typical of hundreds of thousands of American citizens, in destitution and in want and coming from afar to present a petition to the Congress of the United States, were not sincere in their desire and their hope to find relief for themselves and their families from the catastrophe with which they are confronted.

If by the enactment of this bill, Mr. Speaker, and by the stabilization of the banking system of our country the avenues of industry, of commerce, and agriculture will be opened, and if through their channels and operations a great number of our citizens return to lucrative employment and the dark clouds of disappointment and despair which now overwhelm our land, threatening the security of our institutions, will be dispelled and cast aside in the bright hope and expectancy of the future, surely the enactment of a most beneficial influence and inspiring effect upon the citizenship of our country.

But, Mr. Speaker and Members of the House, there is another phase of this question which I desire to call to your attention, and that is that this bill should be broadened in its scope and enlarged in its purposes to enable the various municipalities throughout our land that are temporarily distressed and financially embarrassed, to be permitted to participate in the benefits of this law.

And in this regard I respectfully direct the attention of the membership of the House to the proposed amendment, introduced by our distinguished colleague from New York, the honorable Mr. BOYLAN, which is as follows:

Amendment to section 5:

Within the foregoing limitations of this section, the corporation may also make loans to a municipality to aid in temporary financing when, in the opinion of the board of directors of the corporation, such municipality is unable to obtain funds upon reasonable terms through banking channels or from the general public, and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith.

I submit, Mr. Speaker, that the adoption of the above amendment enabling municipalities to receive some direct benefit from the enactment of this law would have a most favorable reaction throughout the length and breadth of our land.

Let me call to your attention the city of Chicago, with its population in excess of three and one-half millions of people. Chicago faces a grave financial situation at the present time, and we all know, as a matter of fact, that the condition existing in Chicago is prevalent in a great many cities throughout the country.

A recent decree by the county court of Cook County invalidated the 1928 and 1929 tax assessments, with the consequence that the banks refuse to purchase further tax-anticipation warrants and securities of the city of Chicago, with the inevitable result that the efficiency of the municipal service will be seriously impaired; and in respect to this situation I desire to call the attention of the Members of the House to the contents of a telegram I sent to the city comptroller of Chicago, which is follows:

JANUARY 11, 1932.

Hon. M. S. SZYMCZAK,
Comptroller, City Hall, Chicago, Ill.:

Reconstruction Finance Corporation legislation before House for consideration. Contemplating introduction of amendment to this measure, I would like to know just what amount banks charge the city of Chicago for purchasing bonds, tax warrants, etc., and what rate of interest it carries. Can you give me this information?

Congressman HARRY P. BEAM.

To which inquiry I received the following reply:

JANUARY 11, 1932.

Congressman HARRY P. BEAM,
House of Representatives, Washington, D. C.:

Banking syndicates when purchasing entire issue of city securities contemplate at least 1 per cent margin for resale. Some cases the actual profit has been as much as 5 per cent. Average rate of interest for par sale of city bonds under normal conditions is about 4½ per cent and on tax warrants about 4½ per cent. Present conditions will require at least 5 per cent for bonds at par sale and at least 6 per cent for tax warrants. Under present conditions of assessment machinery no market for city securities at any price.

M. S. SZYMCZAK, *Comptroller.*

From the above you will readily comprehend and understand the dilemma the city of Chicago is facing at the present time.

The department of police can not be curtailed at this time; the fire department of the city must not be impaired in its effectiveness; the department of health and public works, the great hospitals and charitable institutions of the city of Chicago and Cook County must be kept in operation at all events; the employees of the city of Chicago and Cook County must receive their salaries; the great public-school system of the city of Chicago must be kept functioning at all times—and I want to say parenthetically here and now, Members of the House, that no greater testimonial of loyalty and devotion to a cause was ever exemplified than that displayed by the public-school teachers of Chicago during this present emergency. Receiving practically no compensation for over seven months and at great personal sacrifice to themselves, animated only by a spirit of loyalty and devotion to their task, self-sacrificing in their endeavors, they have demonstrated by their act their fortitude and constancy in a trying time and have won for themselves the undying gratitude not only of the citizens of Chicago and the States of Illinois but of the entire Nation as well.

Mr. Speaker, the great municipalities of the Nation have always borne cheerfully and uncomplainingly their share of taxes for relief of the agricultural States of the Union. I appeal to the Representatives of these States now, in a sense of fairness and in a spirit of true reciprocity, to come to the aid and assistance of the great cities of the country at this crucial period of their existence.

I respectfully submit, Mr. Speaker and Members of the House, that if this amendment were adopted and municipalities enabled to come within the provisions of this act, whereby in times of necessity they be permitted to borrow direct from the Reconstruction Finance Corporation on security acceptable to such corporation, the result would be far-reaching in the beneficent effects the enactment of this law would have over the entire country.

I am going to vote for this bill because I believe that by stabilizing the financial institutions of the country we make secure the industrial, the commercial, and agricultural centers of our Nation, and by that security and stabilization of industry we will reduce in a large degree the number of unemployed men in our country to-day. It will be a forward step to bring back prosperity to our shores and will again restore to our citizens that spark of hope and confidence in the integrity of our American institutions and American ideals.

Mr. PRALL. Mr. Speaker, yesterday the Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, and known as the "Reconstruction Finance Corporation bill."

I offered the following amendment to the bill, which was ruled out on a point of order raised against it:

Amendment by Mr. PRALL: Page 7, line 9, after the word "secure," insert the following:

"Within the foregoing limitations of this section the corporation may also make loans to a municipality to aid in temporary financing when in the opinion of the board of directors of the corporation such municipality is unable to obtain funds upon reasonable terms through banking channels or from the general public, and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith."

The purpose of the amendment was primarily to assure municipalities of financial aid in the prosecution of programs for huge public improvements without interruption.

The urge of the President on every occasion has been that the localities themselves care for the distress caused by unemployment during the period of depression.

Funds raised by private contributions to this cause, however generously given, are limited, and American workingmen and women after all demand work, not charity.

New York has responded generously to the appeal of the President.

Private forces in an inconceivably short time raised a fund of $20,000,000 for the relief of the unemployed. The city itself matched this with another twenty million.

In addition to that the city further responded in 1931 with a budget for welfare activities of eighty-one millions making it possible to maintain for the year 15,000 widows, 60,000 orphans, and 20,000 aged men and women.

It included the expenditure of three and a quarter millions for needy veterans. It has paid for the direct employment by the city of 16,000 workers who would otherwise be tramping the streets and for the placement of 65,000 workers with private employers.

It has recently opened a home-relief bureau to thousands of destitute families at a further expense of five millions. It has also appropriated $15,000,000 for the purpose of supplying work to heads of families three days a week.

The city's plan for the ensuing year calls for a total expenditure for public work and relief of $346,000,000.

So much for New York's response to President Hoover.

I am not privileged nor am I qualified to speak for any city other than my own New York, but I am of the opinion that conditions in other cities are in keeping with those in New York.

In New York City there are to-day 800,000 idle persons pounding the sidewalks seeking jobs. There are 100,000 heads of families without work or income. It is of this great unorganized, helpless, and hungry army I am thinking.

The city of New York has under way many great public improvements, including the building of subways, bridges, tunnels, hospitals, schools, parks, and playgrounds employing an army of men.

If for any reason the city was unable to obtain funds from time to time through its regular banking channels to carry on these vast public works, it could, if this amendment were adopted, go to this Reconstruction Finance Corporation for funds in the anticipation of the collection of taxes, and carry out to its conclusion its public-improvement program without interruption.

Funds invested by municipalities in public works serve a double purpose. They provide employment for thousands of men at regular wages and at the same time add valuable permanent improvements to the holdings of the municipality.

As the present depression has progressed we have witnessed astounding and unbelievable shrinkages in the value of prime securities. Under the stress of present conditions it would not be surprising if a municipality finds it difficult or even impossible to obtain sufficient funds for the prosecution of its complete plan of public improvements.

Should this happen the collapse of its program is inevitable. In this event another great army of idle men will be added to the already alarming roster of the unemployed.

Mr. FREAR. Mr. Speaker, never in all my legislative experience have I noted so many contradictory attitudes on a measure before Congress as are here disclosed on the $500,000,000 emergency financing bill now under consideration.

The report from the Democratic committee chairman says the committee of 21 members on Banking and Currency having considered the same, report favorably thereon with recommendation that the bill do pass.

That report, with an extended explanation of the bill, is offered in support of its passage. No minority report appears, yet I listened to a long criticism of international bankers, with much of which I agree, from former chairman MCFADDEN of the committee. Two old-time Democrats, whose loyalty to Jeffersonian principles has never been in doubt, said, almost tearfully, they expected to vote for the bill because of the emergency.

I have read the hearings and criticisms in the House, which contain severe attacks on conditions that have made the bill necessary. Many of the criticisms are justified as to causes for the present business depression but not directly related to the bill.

Practically every speaker lays all our present financial ills primarily to the World War. We went the limit when once in the war. From thirty to fifty billion dollars are glibly reeled off now as our contribution toward making the world safe for democracy. Enormous war waste we now denounce, but if another war in Europe were threatened tomorrow, international bankers, commercial interests, and war jingoes would be trying to find on which side our influence and armed forces should be thrown. Every counterview would be declared unpatriotic by these pro-war people who oppose neutrality when their personal interests are involved.

It is a peculiar fact that we plunge into wars hastily and repent at leisure. The Spanish-American and World Wars were no exceptions to the practice. As one who appreciated the possibilities of the last war declaration, I am warning against the next, which may not be far distant.

All our ills—financial, international, commercial, and otherwise—are now ascribed to the last war, and the hysteria, financial and otherwise, that seized our people then will do so again. I am ready to mete out extreme punishment to every agency that profited by war and also to those that sold European and other worthless bonds to a confiding public. No one has any sympathy for these high-pressure financiers who robbed our people with fake securities, retaining liberal profits for themselves.

They will not be punished. They never are. Only the helpless, confiding people back home who were hurried into the last war and thereafter believed they could recoup some of their losses—they are the ones who always suffer. They bought the fake "securities" from the fakers and are the ones who always pay the penalty. Everybody knew in sane moments that the stock market, like war values in the past, had reached impossible proportions in 1929 before the drop came. At that time the profiteers, the barkers, and the money fakers condemned anyone who threw cold water on their stock-kiting practices. Everybody speculated. It was a horse race in which every horse bought by the public was sure to lose. And all lost. Who is to blame? Practically all in some degree whether suffering through investments in foreign or domestic securities, and all are being punished. That is the substance of many criticisms offered now.

The bill before us authorizes $2,000,000,000 credits. Will it be wisely expended? We hope so. Why are we asked to vote this enormous authority? Railroads that could not anticipate competition in passenger business from 25,000,000 motor cars and innumerable busses or are suffering from the expenditure of hundreds of millions of dollars by the Federal Government for highways to accommodate a fleet of a million or more competing trucks—these railroads are now in distress. Their bonds are down, and every holder—including insurance companies, banks, trustees, and others—is affected by these market conditions that rival frozen assets when held by banks.

Railroads are largely to blame for pyramiding their fictitious values, but the public, including Congress, permitted it for half a century, and millions of innocent parties are now dependent on the solvency of railways, of banks, insurance and other companies, that trusted market quotations when investing in these securities or in the railway employment they now have.

Suppose credit promised to be issued under this bill fails. During "the war to end wars" we lost over ten times the

amount carried in the bill, but we said we liked it and would go into another war to "protect our national honor" on the same provocation. Not all of us said that, but Congress did under the influence of war propaganda.

It will be a large loss if all this vast appropriation goes—as our war debts are likely to go—into the column of losses. Suppose, on the contrary, this credit will inspire confidence, not alone in railway securities but favorably affect the permanent employment of millions of men depending on these railways. Is it not worth the experiment?

Suppose other millions of people now having frozen deposits in 2,200 banks that closed last year can get a portion of their money out of these banks for needed uses, as proposed by this credit-aid structure. The alternative, if the bill fails, may be a like number of other closed banks, or possibly far more yet to close, with a greater depression than has yet been experienced.

Suppose great insurance companies that used only human judgment with railway securities and other investments should also become hard pressed. If they can not secure the cash wherewith to meet loan demands or final payments, they may be in the same boat with banks and other holders and investors of securities for the people's wealth.

Who suffers by these failures, the railway, insurance, or bank officials, or the trusting people who have their funds tied up in one or the other of these institutions, and what will be the effect on agriculture, equally interested, that depends for its prosperity on the prosperity of the public, if the depression is not relieved?

We have just passed a $125,000,000 farm loan bill. This bill is offered us as another part of the confidence in business program. I will vote for any bill needed to relieve the unfortunates that storm the Capitol Building with hunger demands. In like manner, I will support any program that means public works, permanent public construction, and jobs. It is better to do this than build big parity navies and other like extravagances for a sprinkling of admirals and ship-building companies. That is advocated by the jingo press that fiddles while Rome burns. Every day admirals tell the country we must start this great naval program immediately.

Our Government is able to meet its budget requirements, if not now, then as soon as normal and sane business methods return and the enormous military and naval bills now approaching a billion dollars annually are lessened in amount. Financially, the best government on earth is sound but its extravagances are proverbial. This bill may help it to its feet. Failure to pass some emergency aid may weaken confidence in a democracy that, we believe, is an answer to communism or autocratic dictatorship. That is the alternative presented by this bill, as I view it. The House Committee so advises in its report. It may be a false signal. Judged by past experience we have little confidence left in those who have been financial guides, but I am voting for it as for any possible port in a storm. It seems the safe course to take.

It has been stated by Treasury officials that, although this bill authorizes a total of $2,000,000,000 in assets wherewith to support with loans the distressed business interests of the country, like a huge pile of cash placed in a bank's window it is psychological and will inspire confidence. The Treasury official quoted says that not one-tenth of the total amount available will ever need be loaned under the bill; that its passage will establish confidence and bring out of hiding a billion dollars or more now held from circulation by frightened owners. I do not know, nor does anyone know, just what it will do; but if $200,000,000 estimated by the Treasury, or ten times that amount authorized by this bill, can stabilize business when loaned on what is described as gilt-edge security, it is insurance against widespread loss—a loss that would reach down and affect every consumer and producer in the land. I shall vote for the bill with the hope and belief it is an emergency proposal that will give added business confidence to the country.

Mr. GLOVER. Ladies and gentlemen of the House, we are now considering H. R. 7360, which is a bill to create a body corporate with the name Reconstruction Finance Corporation. The act provides that the corporation shall have capital stock of $500,000,000 subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors of the corporation. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated the sum of $500,000,000 for the purpose of making payments upon such subscription when called.

But, this bill does not stop there. It further provides in section 9 of the bill the following:

> The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations; such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors: *Provided further*, That the aggregate of all obligations issued under this section shall not exceed three times the amount of the outstanding capital stock. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Federal reserve banks shall have the same powers (1) to discount notes, drafts, and bills of exchange secured by obligations issued by the corporation under this act; (2) to make advances to member banks on their notes secured by such obligations; (3) to use all paper so acquired; and (4) to purchase and sell such obligations, as they have with respect to bonds and notes of the United States: *Provided*, That the rate at which any such discount or advance shall be made by the Federal reserve bank shall be 1 per cent per annum above its discount rate on 90-day commercial paper then in effect.

From this provision the capital stock is increased to $2,000,000,000, for which the United States is directly responsible. Not only is it liable for the $2,000,000,000, but it is further provided in section 9 of the bill for further inroads and raids on the Treasury. In this section 9 we have this language:

> In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated.

Who can ever tell what this provision might cost the taxpayers of the United States. Every dollar that goes into the Treasury must come from a tax levied on and collected from the people.

This money when paid into the Treasury should be used for the purpose for which it was collected, to maintain the Government. Is it right to take money thus collected and use it for financing corporations? I say that it is not right.

This is not a bill for the people but a bill to refinance corporations.

The power to tax is the power to destroy, and we should be careful lest we destroy by taxing the people to get money to use for such purposes.

Let us see who will get the benefit of this $2,000,000,000.

The answer is found in section 5 of the bill, which provides that it shall be used for making loans to banks, savings banks, trust companies, building and loan associations, insurance companies, and to railroads.

Where is there any authority in the Constitution authorizing the taking of public money of the people's from their Public Treasury and aiding and underwriting the business of all these corporations?

This is putting the Government in business but no business in government.

The insurance companies, the building and loan associations, and railroads would get the most of this sum. In section 5 of this bill we find the following:

Within the foregoing limitations of this section the corporation may also, upon the recommendation and approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing of railroads and railways engaged in interstate commerce, to railroads and railways in process of construction, and to receivers of railroads and railways, when, in the opinion of the board of directors of the corporation, such railroads or railways are unable to obtain funds upon reasonable terms through banking channels or from the general public, and the corporation will be adequately secured: *Provided*, That no loans or advances shall be made upon foreign securities and foreign acceptances or for the purpose of assisting in carrying or liquidating such foreign securities and foreign acceptances. In no case shall the aggregate amount of advances made under this section to any one corporation and its subsidiary or affiliated organizations exceed at any one time 10 per cent of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

They can loan to one corporation 10 per cent of the $2,000,000,000, which would be $200,000,000, but that is not all. The bill goes further and says:

In no case shall the aggregate amount of any advance made under this section to any one corporation or its subsidiary or affiliated organization exceed at any one time 10 per cent of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital is fully paid.

Five corporations borrowing $200,000,000 each as provided for in this bill would take up $1,000,000,000 of this total capital, and by the time the big insurance companies unloaded just a small percentage of their bonds on the Government it would all be taken up. Ten corporations under this bill could borrow every dollar of it.

The smaller banks and business would not be helped by it. This bill will make the rich richer and the poor poorer. In effect it says, "God bless the rich, so the poor can beg." It gives a helping hand to the rich but no bread for the poor.

If the President wants to restore confidence, why does he not propose a bank guarantee law by the Government, guaranteeing to every depositor when he puts his money in a national bank that he will not lose his money? If this was done, ten times the amount of capital involved in this bill would come out of its hiding place and get back into circulation. Much has been said in the press about the President's economy policy. Is this a fair sample of it?

This bill starts at the top to give relief when it should start at the bottom and go up. We have tried to amend it so that farmers could borrow from this fund, and you voted it down. We tried to amend it to take care of the irrigation and drainage districts, and you denied that. We tried to amend it so that the many banks that have failed on account of the present condition, many of which have good assets, could borrow, and you refused to do that. You refused to make it so that cities or States could borrow from the fund.

The man who works on the farm or in the railroad shops and every man who makes his living by the sweat of his brow will not be helped by this bill. The big banks in the large centers and the big interests will absorb it within six months, and the rich will be richer and the poor poorer.

The Secretary of the Treasury, Mr. Mellon, says we are facing a deficit of $2,000,000,000. This will make it two billion more. Both he and the President have favored this bill and then hollo economy.

The Secretary of the Treasury has been this week before the Ways and Means Committee, asking for an increase in taxes. They ask for the war rate of 1924 to be renewed to raise more revenue taxes. This measure will tax about 175,000 persons next year with a revenue tax that does not now pay any revenue tax at all.

It will tax the man who works from morning until night for corporations. It will tax the man in the railroad shops, the men running the trains, the employees working in the banks and in every other corporation where they are getting a reasonable salary. I think that this bill should have started at the bottom to help these men that labor and toil so that they could have some comforts in their homes, such as is being enjoyed by the heads of the great corporate wealth of the land.

The very persons who brought this depression on will reap the benefit of this $2,000,000,000 bill, but I say to you it shall not be done by my vote.

Mr. CARTWRIGHT. Mr. Speaker and Members of the House, I am opposed to appropriating so much money for so-called relief when it all goes to big interests. I think one of the great dangers of our country to-day lies in the fact that a few men have too much political and financial power. I feel this measure is only in furtherance of that dangerous situation. I am bitterly opposed to this kind of legislation.

SIMILAR TO FARM BOARD ACT

We enacted a similar kind of legislation in the Farm Board act. We created a great board under that act, giving the board almost unlimited power and an almost unlimited amount of money. Everybody knows the sad result. In my opinion this is another attempt to fool the farmers and finance the financiers.

WHY NOT PAY VETERANS?

We already have a $2,000,000,000 deficit. This measure proposes $2,000,000,000 more. If we are going to relieve, why not pay the other half of the veterans' adjusted-compensation certificates? That calls for about $2,000,000,000 and would go into every nook and corner of the country—yes; even to the forks of the creek. This measure merely puts more money into the hands of the few.

ANDREW MELLON MEASURE

I want to say further, that if there were no other reason why I could not support the so-called Finance Corporation bill except that one Andrew W. Mellon is the first man named to administer same, I could not conscientiously support the measure.

OPPOSED MORATORIUM

I am opposing this measure for the same reason that I opposed several other similar bills to add to the burdens of the tax-laden people. I opposed the moratorium on foreign war debts because I am firmly convinced that it means the opening wedge to the cancellation of $11,000,000,000 of war debts due this country from foreign governments, while hundreds of farmers and unemployed but honest and deserving people of my district are worthy of more consideration than they have received at the hands of this Congress and are in actual need of assistance.

OPPOSED TO "PEACE DELEGATION"

I am opposed to the bill proposing to appropriate $450,000 of the people's money to send a so-called peace delegation to Europe to spend the next eight months or year in wining and dining with foreign diplomats who are not our friends; and, judging the future by the past, they never will be our friends.

TIME TO CALL A HALT

I contend it is time to call a halt on all these lavish and useless appropriations in the interests of the international bankers and the favored few and turn our attention to the great common masses of whom Abraham Lincoln once said, "God must have loved the poor or He would not have made so many of them."

Mr. REILLY. Mr. Speaker, for the past five days this House has had under consideration the pending bill designed to aid industry.

There has been some discussion as to the parentage of this bill. There is no secrecy as to who is responsible for this bill. It is an administration measure constituting a part of President Hoover's reconstruction program. I understand that the bill was drafted by the Treasury Department under the direction of Mr. Eugene Meyer, head of the Federal Reserve Board.

This measure constitutes emergency legislation, the like of which has never been before Congress in the time of peace in the history of our country.

A huge sum of money, $2,000,000,000, is to be turned over by this bill to the directors who are to have control of this finance corporation. Great powers are given to these

directors, all for the purpose of rendering financial assistance and aid to the industries of our country. This is not a partisan measure. It has advocates and opponents on both sides of this House.

The bill provides for the creation of a corporation with a capital stock of $500,000,000, to be subscribed by the Treasury of the United States. The corporation is authorized to issue obligations in the form of bonds, notes, and other securities to the amount of three times the capital stock, for which obligations the Treasury of the United States is made directly responsible. Thus the bill provides in fact for a corporation with resources amounting to $2,000,000,000, said resources to be furnished by the Treasury of the United States directly or indirectly.

In the opinion of the authors and sponsors of this piece of legislation, it will never be necessary to use the full $2,000,000,000 provided by this bill.

There is a precedent for this legislation in the War Finance Corporation created during the World War and revived during the panic of 1920. The War Finance Corporation as revived in 1920 was designed to help the small banks, agriculture, railroads, and industry in general. It was also provided with large resources the same as is provided in this bill, yet it did not use at any time more than two hundred million.

The very fact of the organization of the War Finance Corporation, its possibility for service, had a tremendous effect upon industry, or, as has been stated, the psychology resulting from the creation of such a finance corporation did as much good as the money available for use.

The purpose of this legislation is to provide a corporation with such resources as will enable it to grant emergency relief to the railroads, to agriculture, the banks, insurance companies, and in fact all of the industries of the country that may be in a position to need emergency financial assistance.

I was pleased when the distinguished chairman of the Banking and Currency Committee of the House, Mr. STEAGALL, of Alabama, offered an amendment striking out the provision contained in this bill as reported to this House by the Banking and Currency Comm ttee providing for the appointment of 2 of the 4 members of the finance corporation by the Speaker of the House and 2 members by the President of the United States.

The bill as now amended provides for three ex officio members of the board of directors—the Secretary of the Treasury, the Secretary of Agriculture, and the chairman of the Federal Reserve Board—and four other members to be appointed by the President subject to confirmation by the Senate.

In my judgment, the President of the United States should be permitted to name all the appointive members of the board having control of the operation of this corporation, and in making his appointments he should not be made to recognize party lines or territorial distribution. The success of this legislation will depend in no small degree upon the ability of the men who will have in charge the control of the operations of this corporation.

In my judgment, it is not a good policy to divide the authority to name the board of directors having control of legislation, and in particular this kind of an emergency legislation.

This bill constitutes a part of President Hoover's reconstruction program, and he should be permitted, as he now will be permitted, to name the men, subject to the approval of the United States Senate, who will have charge of administering this emergency legislation.

This is no time for politics. It is time when the best talent and ability that can be commanded by the President of the United States should be put to work and given charge of the stupendous emergency program provided for in this bill.

We have had in this debate much criticism of this proposed legislation coming from Members on both sides of this Chamber. Dozens of amendments have been proposed to this bill, most of them designed to interfere with the judgment of the board of directors in carrying out the provisions of the bill.

One would almost imagine from listening to the debate of the last few days that the President of the United States intended to appoint a board of directors for this corporation lacking both the experience and ability to carry out wisely the provisions of this bill, and that this House should in the framing of the bill give full directions as to its execution, leaving nothing to the judgment of the board of directors to be appointed.

It is one thing to criticize but an entirely different proposition to propose constructive legislation. The opponents of this bill have offered nothing to take its place, although they agree that the country is in a very serious industrial situation and that something should be done through legislation to aid in bringing about a revival of industry.

I am confident that the President of the United States will appoint to the board of directors of this corporation the best men, from the standpoint of ability and experience, that can be obtained in the whole country; men who will patriotically strive to help not only the banks and the railroads but all of the industries of our country, big and little, that are in need of emergency financial assistance.

Mr. HALL of Mississippi. Mr. Speaker, ladies, and gentlemen, after thoroughly studying the various provisions of H. R. 7360, a bill for creating a Reconstruction Finance Corporation, I supported it in the belief that it would go a long way toward the effective rehabilitation of our financial structure.

Inasmuch as I represent an almost purely agricultural district, naturally my greatest concern is for the welfare of the farmers, not only in my own district but throughout the country. While this measure makes definite provision for agricultural credit facilities, I say frankly that it does not go as far as I would like. I am quite sure that agriculture, the basic industry of our country, is justly entitled to a greater share of the $2,000,000,000 of Federal credit which the law provides for.

While I am perfectly willing for banks and railroads and other big corporations to participate, and also hope that they will benefit thereby, I disagree wholly with the theory advanced by some of my colleagues that if the banks should be restored to a prosperous status there would consequently be more dollars in circulation and that some of them would eventually trickle into the farmers' pockets.

For some reason the farmers always seem to come out at the little end of the horn every time the Government tries to help them—for example, the $500,000,000 appropriated for administering the 1930 agricultural marketing act—but I sincerely hope they will derive some benefit from the credit about to be made available through the Reconstruction Finance Corporation.

I favored strongly both the Jones amendment to the House bill, which allocated $50,000,000 to be loaned farmers through the intermediate credit banks, agricultural credit corporations, livestock corporations, and farmers' associations, and the Smith amendment to the Senate bill for placing $50,000,000 at the disposal of the Secretary of Agriculture for direct loans to farmers.

Under the terms of the conference agreement the Secretary of Agriculture is authorized to loan $50,000,000 to farmers for financing this year's crop. This amount, plus the $25,000,000 authorized by another act for enabling the Federal land banks to grant extensions on delinquent farm-mortgage payments, will help out wonderfully in getting the farmers back on their feet.

However, I do not at all agree with Senator WALCOTT'S interpretation of this provision, namely, that $50,000,000 is the maximum amount available for agriculture. On the other hand, I do agree with Mr. STEAGALL in that the agricultural industry is entitled to 10 per cent of all the funds of the corporation, or $200,000,000. Federal land banks, joint-stock land banks, and intermediate credit banks are eligible to participate; hence it would be preposterous to

deny them their pro rata share of the credit because a special fund has been allocated for loans to distressed farmers. Besides, the Farm Loan Commissioner has been designated as an ex officio member of the board of directors of the corporation.

Surely agriculture should be placed on an equal footing with banks, railroads, and the other corporations included.

It seems to me that the outcome of the Reconstruction Finance Corporation hinges largely upon proper administration, and that big men will be required at the helm. I hope at least one of the administrators will be thoroughly conversant with agricultural financing and also sympathetic toward the present plight of the farmers. In effect, Uncle Sam is wagering $2,000,000,000 that the country will lift itself out of the quagmire of this economic depression by its own bootstraps, and the board of directors should be willing to take a reasonable chance on agriculture.

That much importance attaches to the psychological effect of the Reconstruction Finance Corporation in dissipating fear and restoring confidence has been emphasized by virtually everyone who has discussed the proposition; and it stands to reason that if adequate credit facilities would restore confidence in banking and transportation circles, it should also restore confidence among the farmers. Assurance that they would not lose their homes on account of overdue mortgage payments would be highly encouraging.

In considering one of the worst features of the depression—the multitude of bank failures—I am reminded of the darky who was waiting in line to withdraw his savings from the bank when the door closed in his face and greatly perturbed him.

"Don't let a little thing like that worry you; this is not the first bank ever to bust," chirped a bystander.

"Yes; I knows dat," moaned the darky, "but it's de first one dat ever busted right in mah face."

Scores in recent years have had banks "bust" right in their faces. More than 2,000 closed last year and consequently "froze" about $2,000,000,000 of assets. These closures must be halted immediately, for banks constitute the backbone of our financial system; and excessive failures tend to destroy confidence in the system. Hysterical depositors withdraw their savings and hide them in various and sundry places. It is estimated that more than $1,500,000,000 is now being hoarded, and that tends to unbalance our economic equilibrium.

Bank closures—upwards of 10,000—have been general in all parts of the country during the past decade, and the greater number have been small-town banks. And closing a small bank in a small town adversely affects the economic life of the community just as the failure of a big bank in a big city does. As a consequence I am very much interested in ways and means of effectually checking bank closures, and I am heartily in accord with the provision of the Reconstruction Finance Corporation, which allocates $200,000,000 for reorganizing closed banks and for making available to depositors at least a part of the money that is tied up in those institutions. That would materially benefit people in all sections of the country.

For more than a decade the farmers of my State, as well as those of the Nation, have been up against it. Primarily due to constantly declining prices of agricultural products, the farmers have been unable to make any money to speak of, and consequently they have had very little to spend; which means in the final analysis that the buying power of some 30,000,000 people is practically nil. In the meanwhile farm taxes have increased more than 200 per cent and besides farmers are paying off their mortgage indebtedness at the ratio of more than 2 to 1, based on current farm prices.

Prior to the advent of this deplorable panic, we were wont to compare prices and profits with those of pre-war years by way of illustrating the extent of our unprecedented prosperity. But show me a farmer to-day who would not regard himself as a virtual Crœsus if he could get pre-war prices for his products. During the 5-year period of 1910 to 1914 cotton brought 12 cents a pound, corn sold for 57 cents a bushel, and wheat was 87 cents a bushel—and so on down the line—or about 50 per cent higher than present market prices.

What is the trouble?

Two of the main causes are: Exorbitant tariff rates and the marked disparity between industrial earnings and farm earnings.

Either the farmers must be permitted to join the industrialists on the mountain top or the industrialists must join the farmers down in the valley.

In other words, industrial earnings must be placed on a parity with farm earnings, and at the same time big business must permit farmers and industrial workers to get their pro rata share of the national income if it is to prosper indefinitely.

Spokesmen for labor demand that high wages for industrial workers be maintained. In principle I agree with them. They also concede to the farmer the right to bring farm prices, relatively, up to industrial-wage levels, and in this I concur. Heretofore, however, when the farmers have endeavored to put that theory into practice spokesmen for labor have been the first to voice strenuous opposition, on the ground that it would too much increase the cost of living. So farm prices have been held down to a minimum, frequently below, and one of the results is that our economic structure has collapsed.

In my opinion, the most amazing feature of the present session is the great number of financial and industrial leaders that have come flocking to Washington to get their names in the pot; that is, to qualify for assistance from the Reconstruction Finance Corporation. These are the selfsame fellows who prophesied that business would immediately pick up on adjournment of the last session of Congress; who declared the country would be better off if Congress should take a 10-year vacation; who advised against calling a special session last summer for coping with the economic situation; and who always have raised cain when the Government tried to give the farmers a lift.

I supported the Reconstruction Finance Corporation in the hope that big business had learned its lesson and now realizes that it is imperative to maintain the buying power of farmers and industrial workers at a relatively high level. Really, I believe I have detected a change of heart in some of my colleagues who represent big business districts.

Mr. PEAVEY. Mr. Speaker, just a few weeks ago we relieved the countries of Europe by granting them a moratorium on their war debts. That was done at the suggestion of the President. Now we have before us a plan to relieve the bankers of the United States. It is another plan of the President's. This measure will pass and become the law of the land. So long as we are in the relieving business, the President should next present to us a plan for the relief of the millions of unemployed and hungry in this country. But I am very apprehensive of the President taking such a step.

The question before us, however, at the moment, is the creation of the $2,000,000,000 Reconstruction Finance Corporation. This corporation will have a capital stock of $500,000,000 to be subscribed by the Treasury of the United States. It will be managed by a board of seven directors, which will include the Secretaries of the Treasury and Agriculture, the Governor of the Federal Reserve Board, and four men to be appointed by the President.

Authority is given this corporation to sell $1,500,000,000 worth of bonds, the money realized therefrom to be used to rehabilitate banks of all kinds. These institutions in turn will pass the money on to industry, agriculture, and commerce, but more particularly to the railroads.

It is a plan of the President's, the primary purpose of which is to relieve the banks and provide loans for the railroads.

These banks need relief because of the activities of those who own and operate them. They are afraid to reap the whirlwind they have sown by stupid and reckless loans made for speculation. Their institutions are financial nightmares, haunting them constantly. So the President thinks they should be helped. The specter of hunger and cold hanging

over the millions of unemployed is as naught to the sufferings of these few financial leaders in the eyes of the President and his supporters.

The plan is predicated on the theory that the people should enrich the holders of stocks and bonds of the big banks and railroads of the country to save them from bankruptcy and obtain for them some degree of prosperity that they might out of the great generosity of their hearts pass down to the country banks and people generally some small measure of the benefits so received.

It is the old, old plea of the big business reactionists of the Nation. They say to Congress, through the terms of this bill, "You load our banquet table with riches and we will extend to the common people the privilege of picking up the crumbs."

Mr. Speaker, I am sure the people of my district will support me when I say we do not want big business rejuvenated at the expense of the Government of the United States, nor do we want relief in the form of crumbs from the rich man's table.

This bill gives an outright dole to the financial and political leaders who imposed upon the people the Esch-Cummins law, the Mellon tax bills to relieve the rich, and the Hawley-Smoot tariff bill that was going to show us the corner around which prosperity was hiding. We have yet to find that corner, although the Hawley-Smoot tariff bill has been in effect for almost two years.

These very leaders by their selfish schemes brought us into our present deplorable condition, and we are going to help them do the same thing over again upon the enactment of this bill.

Five hundred of these leaders, according to the last fiscal report of the Secretary of the Treasury, had an income larger than all the wheat and cotton farmers combined.

Mr. Speaker, I believe if the Government is to loan $2,000,000,000 of its credit in restoring an alleged prosperity to America, we should begin at the bottom. We should provide jobs for working men, we should extend the Federal farm loans, we should make agriculture self-sustaining, we should put a billion dollars or more in needed public buildings and a like sum into the construction of inland waterways and other internal improvements.

That is the way to create a real prosperity. Relieve all of the people, and business and commerce will be automatically rejuvenated. Begin at the base of our national life—the people.

To try at this time to "bootstrap" the bank and railroad stocks of the country back into public favor is to put the stamp of approval upon inflated stocks and bonds, which the stock brokers do not want and the sucker public will no longer buy. Uncle Sam is to be the goat.

Progressives will vote against this bill because it gives the Government no assurance of adequate security for the credit extended, although the Government promises to pay the principal and interest on the bonds which will be sold to the public; and because the only class of people who will benefit by the operation of the Reconstruction Finance Corporation are those financial leaders who have dragged the country into the muck and mire of present conditions.

I would like right here to call your attention to the legislation which was before us last year, in the form of a relief bill for the drought-stricken farmers of Arkansas. You will recall not one penny was loaned to the hungriest, neediest farmer, unless the Government was given security in the form of a first mortgage on his property. The Secretary of Agriculture handled the funds appropriated for the purpose of helping these stricken people, and you will all remember the pitiful stories coming from that section of the country of farmers driving miles to meet the Government officials to secure loans with which to buy seed, only to be turned away because they did not have security to give the Government.

For 10 years past reactionary business and political leaders in Wisconsin and the Nation have been accusing the Progressives of trying to put the Government into business, but Gov. Phil La Follette or Senator Bob or Senator Norris never proposed any plan that would put the Government into business to anything like the degree that this bill does.

The same men and newspapers supporting this $2,000,000,000 loan for the big banks and railroads are the ones who keep before us continually the idea that the present conditions are due to the World War, or that they are of divine origin; that it is like the eclipse of the sun, the floods, the wind, and the hail; the people must simply suffer in silence and endure it.

Never was a greater blasphemy heaped upon God Almighty than this. When one considers that this idea is being forced upon the American people by those who foisted upon Congress and the country the Esch-Cummins law, the Mellon tax bills, the Hawley-Smoot tariff bill, and many lesser pieces of legislation to exploit the common people, such propaganda is an insult to every thinking American man and woman.

To blame God for present conditions, the result of this 10-year program of industrial and financial exploitation and greed, is a sacrilege against the divine power that, since the days of the Galilean Prophet, has succored the poor and distressed.

Never has God been more generous to the people of America in climate, in crops, in every blessing in His power to bestow than during the past two years. We have produced so much that our grainaries, storehouses, and vaults are filled to overflowing. While for the first time in the history of our country we have millions starving or recipients of public charity.

No; God is not to blame. Only a religious and political charlatan believes that.

We are in our present state of distress and want because of the relentless acts of the political, industrial, and financial leaders in this country who have used their power and influence to enrich themselves, and I, for one, do not propose to help them get more.

I shall vote against the adoption of this bill.

Mr. CHAVEZ. Mr. Speaker, if it were not for the fact that legislation now under consideration is of vital importance to the country, I would not take the time of the committee with any remarks. However, I would be derelict in my duties and to the oath I took the opening day of the session if I did not make a few observations concerning my amendment.

This is presumed to be emergency legislation to take care of the depressing conditions of the country. The very title of the act—"Reconstruction Finance Corporation act"—speaks for itself; and either that title is a misnomer or the amendment I have presented is relevant and in order.

A corporation is being created; an amount of stock is being authorized; and section 5 specifies the purposes of the loans: "To aid in financing agriculture, commerce, and industries," etc., under terms and conditions as the corporation may determine.

If it is necessary, and I deem it so, to make loans to banks, building and loan associations, insurance companies, agricultural-credit corporations, livestock-credit corporations, and others, by what line of reasoning could it be said the agricultural activities mentioned in my amendment should not be considered. I submit that the amendment in this particular instance would help to accomplish and carry out the purposes of the bill.

The protection of agricultural projects in the West and drainage projects of the South is absolutely necessary. Those activities are the very life of those sections of the country wherein they exist. Irrigation projects mean as much to us of the West as do industries to the East. Projects of such a nature have developed communities which otherwise would not have existed. I venture to say that former citizens of every congressional district of the East have gone into the West, and in cooperation with citizens of those localities, with utmost care, enterprise, and energy, have made the West what it is to-day.

But we are faced with the same conditions that affect the rest of the country; notwithstanding that the bonds of irrigation and conservation districts are amply secured, it is

impossible to sell them, due to the present situation of the bond market. Hence the projects are hampered by want of funds with which to carry on. While the country was prosperous, they had no difficulty in negotiating for and securing ample means to proceed with the work. However, if they are to continue, immediate assistance is necessary. For what are they asking? All they request is that they be allowed to present their needs to the corporation; they will make a proper showing; they are not asking that one cent be allocated for this purpose; and it may not be necessary to go to the corporation. This very legislation may bring about that degree of confidence that we all talk about and hope for so that the projects can be financed without aid from the corporation.

The same necessity for help to the reclamation projects of the West exists in the drainage projects of the South. Do you fully appreciate and realize the tremendous task and energy involved in the reclaiming of their lands through drainage by the people of the Southern States, making possible thriving communities throughout the entire South? Very little help has been obtained, I am informed, in carrying out great private enterprises in the Southern States.

Home-owning citizens, both in the West and in the South, will be sold out unless immediate relief is brought about. I do not know of one single reason why my amendment should not be pertinent, and I ask you, in all sincerity, to help us out.

I thank you.

ORDER OF BUSINESS

The SPEAKER. The gentleman from Illinois announced that on Monday, if the House adjourns to-day to meet Monday, the first matter to be considered would be what is known as the Linthicum bill, authorizing the payment of expenses at the conference in Geneva.

The Chair thinks that statement should be modified to the extent of stating that the Consent Calendar will be called. It is a very short calendar, and after that suspension of the rules will be in order. Undoubtedly the Linthicum bill will be considered following that.

EXTENSION OF REMARKS—DEMOCRATIC TARIFF INCONSISTENCY—ANSWER TO REMARKS OF MY COLLEAGUE, MR. COCHRAN OF MISSOURI

Mr. HOPKINS. Mr. Speaker, in the House of Representatives, on January 9, I called attention to the fact that while my Democratic colleagues from Missouri had spent 18 months criticizing the rates in the present tariff bill, calling them "iniquitous," "exorbitant," "outrageously" high, yet not one of them had made any visible attempt to secure a reduction of these rates that they criticized. This in spite of the fact that the Democratic Party is now in control of this House.

I had expected some one of my colleagues to take the floor during the debate and answer my arguments. While this did not happen, I did find in the Appendix to the RECORD on January 13 an article written by my genial, able, and hard-working friend and colleague JOHN J. COCHRAN, of St. Louis, in reply to my speech. I feel sure that my friend must have written his article hurriedly and without due thought and research, for this article does not reflect his usual thoroughness and definiteness.

In substance, Mr. COCHRAN answered my statement and explained the failure of my Democratic colleagues to try to put into the law the changes they have recommended for the past year and a half by the following argument:

1. While a great majority of this House, including at least "200 Members now on the Democratic side," favor a general revision of the tariff downward, yet it was not practical for a Missouri Congressman to offer a bill because it would cost too much to print the bill.

(Mr. COCHRAN points out that it would cost about $1,000 to print a new tariff bill making changes in each of the 20,000 items in the bill.)

The gentleman from Missouri [Mr. COCHRAN] also states in his speech that the 1930 tariff act "has destroyed our foreign trade" and "is the outstanding cause" of the depression. As I stated in the beginning, I am sure Mr. COCHRAN wrote his answer hurriedly, for otherwise he would never have made such contradictory statements. If the present tariff bill, which is one of the lowest in the past 70 years in the history of this country, if this has caused the depression and destroyed our foreign trade as argued by my colleague—which I wholeheartedly refuse to admit—but if my colleague believes this to be the fact, then surely the fact that it would cost $1,000 to print a bill to restore our foreign trade and relieve the depression would not be a good reason for not offering such a bill.

I submit to the judgment of my colleagues if this tariff act is as bad as my Democratic colleagues say it is, then the cost of printing a bill, even though $2,000, is not a sound argument to be used against making such an attempt.

But my colleague, the gentleman from Missouri, overlooked that he or any other of my colleagues who are in favor of reducing the tariff rates could have prepared amendments to this bill and offered them on the floor of this House without 1 cent of cost to himself or this country. Amendments lowering any rate could have been offered here. Should these amendments have been declared not germane by the Democratic speaker or chairman, they could still have offered them in committee or have appeared before the Tariff Commission asking for these reductions. But my original statement still stands. Not one of my 11 Democratic colleagues attempted to use any of these four methods to reduce these rates that they criticize.

Mr. COCHRAN asks me why I did not offer such amendments. This answer is easy. I did not do this because I am in favor of giving protection to American labor and American agriculture against the importation of cheap and pauper-made foreign products. A principle that has protected this country during more than 60 years out of the last 70 years of our great growth is one that should not be discarded at this time.

So, with due respect to my good friend, Mr. COCHRAN of Missouri, my question to my Democratic colleagues, "Why rail against the tariff rates and then do nothing to correct them?" has not yet been answered, at least not by my colleagues from Missouri. In the absence of their statements, possibly they subscribe to the statement made by their leader in this House, Mr. RAINEY, who so often embarrasses his party by speaking out without first consulting the policy committee. On January 9, the gentleman from Illinois, Mr. RAINEY, stated:

Lower the tariff drastically? You [the Republicans] will not do it and we do not dare to do it * * *. We do not want this market flooded with the products of cheap labor in other countries.

Then I ask my colleagues, if you "dare not" reduce these rates, why do you berate the principle of protection and criticize the tariff so vociferously at election time and then do nothing when you control this House?

ADJOURNMENT OVER

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet Monday next.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. SWICK, for two days, on account of important official business.

Mr. THOMASON (at the request of Mr. WILLIAMS of Texas), indefinitely, on account of sickness.

Mr. MURPHY (at the request of Mr. MOORE, of Ohio), for to-day, on account of illness.

REPORTS FROM COMMITTEE ON CLAIMS

Mr. BLACK. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLACK. The Claims Committee, at its last meeting, authorized me to report bills reported in prior sessions by the Committee on Claims. Therefore I ask Members who

have such bills to get in touch with me and let me know whether they want them reported.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2379. An act permitting admission to bail in extradition proceedings; to the Committee on the Judiciary.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p. m.) the House adjourned until Monday, January 18, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Saturday, January 16, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m.)

Income-tax rates.

COMMITTEE ON RULES

(10 a. m.)

Changes in Private and Consent Calendar rules.

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Monday, January 18, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m.)

Income-tax rates.

COMMITTEE ON AGRICULTURE

(10 a. m.)

Commodity short selling.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

General inquiry into the American merchant marine, the United States Shipping Board, and Merchant Fleet Corporation affairs.

COMMITTEE ON ROADS

(10 a. m.)

National aid to roads of $125,000,000 per annum (bill H. R. 4716); also authorization for forest roads.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

377. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers of the Army, in which he recommends legislation for the relief of the heirs of Mr. Burton S. Adams, formerly a civilian employee of the War Department, who lost his life in the performance of his duty, the United States Employees' Compensation Commission having declined to allow a claim presented under the employees' compensation act in the case; to the Committee on Claims.

378. A letter from the Secretary of War, transmitting a draft of a bill to authorize naval and Marine Corps service of Army officers to be included in computing dates of retirement; to the Committee on Military Affairs.

379. A letter from the Secretary of the Treasury, transmitting a draft of legislation which provides that the Secretary of the Treasury be authorized to negotiate with the owners of the property south of and adjoining the Federal building sites at Plattsburg, N. Y.; to the Committee on Public Buildings and Grounds.

380. A letter from the Secretary of War, transmitting a report stating that in the War Department there is an accumulation of documents and files which are of no use in the current business and have no value or historical interest; to the Committee on Disposition of Useless Executive Papers.

381. A letter from the Secretary of War, transmitting the river and harbor act, approved July 3, 1930, authorizing and directing the Secretary of War to cause a preliminary examination and survey to be made of the Moussam River at Kennebunkport, Me. On investigation it is ascertained that Kennebunkport is located on the Kennebunk River and not on the Moussam River. A report on the improvement of the Kennebunk River at Kennebunkport has been submitted by the Chief of Engineers to the chairman of the Committee on Rivers and Harbors; to the Committee on Rivers and Harbors.

382. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on Kalamazoo River, Mich. (H. Doc. No. 224); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

383. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Bayou Petit Anse, Bayou Tigre, and Bayou Carlin, La. (H. Doc. No. 225); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

384. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on Beaver Bay River, Minn. (H. Doc. No. 226); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

385. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on Brule River, Wis. (H. Doc. No. 227); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

386. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on survey of Salmon River, Alaska (H. Doc. No. 228); to the Committee on Foreign Commerce and ordered to be printed, with illustration.

387. A letter from Loyd B. Wilson, president of the Chesapeake & Potomac Telephone Co., transmitting a report of the Chesapeake & Potomac Telephone Co., for the year 1931; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BUTLER: Committee on the Public Lands. H. R. 6657. A bill to authorize the purchase of an electric generating, transmission, and distribution system in the Mount Rainier National Park, and for other purposes; without amendment (Rept. No. 97). Referred to the Committee of the Whole House on the state of the Union.

Mr. MICHENER: Committee on the Judiciary. H. R. 374. A bill exempting building and loan associations from being adjudged involuntary bankrupts; with amendment (Rept. No. 98). Referred to the House Calendar.

Mr. KEMP: Committee on the Territories. H. R. 6487. A bill to authorize the incorporated town of Petersburg, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of improving and enlarging the capacity of the municipal light and power plant and the improvement of the water and sewer systems, and for the purpose of retiring or purchasing bonds heretofore issued by the town of Petersburg; without amendment (Rept. No. 99). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 799. A bill to extend the benefits of the employees' compensation act of September 7, 1916, to Willie Louise Johnson; without amendment (Rept. No. 66). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 808. A bill to extend the benefits of the employees' compensation act of September 7, 1916, to Howard Lewter; with amendment (Rept. No. 67). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1034. A bill for the relief of Morris Dietrich; without amendment (Rept. No. 68). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1130. A bill for the relief of estate of Katherine Heinrich (Charles Grieser and others, executors); without amendment (Rept. No. 69). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1202. A bill for the relief of Lehde & Schoenhut; without amendment (Rept. No. 70). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1231. A bill for the relief of Grina Bros.; without amendment (Rept. No. 71). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1350. A bill for the relief of A. L. Hedding; without amendment (Rept. No. 72). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1525. A bill for the relief of Bruce Bros. Grain Co.; without amendment (Rept. No. 73). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1554. A bill for the relief of G. Carroll Ross; without amendment (Rept. No. 74). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1928. A bill for the relief of Thomas H. Deal; without amendment (Rept. No. 75). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1962. A bill for the relief of Noble Jay Hall; without amendment (Rept. No. 76). Referred to the Committee on the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2086. A bill for the relief of Francis Engler; without amendment (Rept. No. 77). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2595. A bill for the relief of Frank W. Childress; without amendment (Rept. No. 78). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2606. A bill for the relief of Edward Christianson; without amendment (Rept. No. 79). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2704. A bill for the relief of Charles Lamkin; without amendment (Rept. No. 80). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2809. A bill for the relief of the Charles Le Roy estate; without amendment (Rept. No. 81). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3030. A bill for the relief of Elizabeth T. Cloud; with amendment (Rept. No. 82). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3536. A bill for the relief of Viola Wright; without amendment (Rept. No. 83). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3633. A bill for the relief of Ada T. Finley; without amendment (Rept. No. 84). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3953. A bill for the relief of the First State Bank & Trust Co., of Mission, Tex.; without amendment (Rept. No. 85). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3992. A bill for the relief of Anna A. Hall; without amendment (Rept. No. 86). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4056. A bill for the relief of Emma Shelly; with amendment (Rept. No. 87). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4270. A bill for the relief of Carroll K. Moran; without amendment (Rept. No. 88). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4329. A bill for the relief of Alton J. Platner; without amendment (Rept. No. 89). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4481. A bill for the relief of Catherine C. Schilling; without amendment (Rept. No. 90). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4488. A bill authorizing the Treasurer of the United States to pay Hattie McKelvey $1,786; without amendment (Rept. No. 91). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4826. A bill for the relief of Henry A. Richmond; without amendment (Rept. No. 92). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5007. A bill for the relief of Marie E. McGrath; without amendment (Rept. No. 93). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5057. A bill for the relief of Edward F. Gruver Co.; without amendment (Rept. No. 94). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5284. A bill for the relief of Capt. Guy L. Hartman; with amendment (Rept. No. 95). Referred to the Committee of the Whole House.

Mr. McSWAIN: Committee on Military Affairs. S. 2684. An act for the relief of F. P. Case; without amendment (Rept. No. 96). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 3237) granting a pension to Sarah Wilson; Commitee on Pensions discharged, and referred to the Committee on Invalid Pensions.

Joint resolution (H. J. Res. 202) granting permission to Richard E. Elvins, captain, Medical Corps, United States Army, to accept a decoration bestowed upon him by the Spanish Government; Committee on Military Affairs discharged, and referred to the Committee on Foreign Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARTON: A bill (H. R. 7786) to authorize an emergency appropriation for special study of and demonstration work in rural sanitation; to the Committee on Interstate and Foreign Commerce.

By Mr. HESS: A bill (H. R. 7787) authorizing the pay of warrant officers on the retired list for transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who served as commissioned or warrant officers during the World War; to the Committee on Naval Affairs.

By Mr. CRISP: A bill (H. R. 7788) authorizing the granting by the Secretary of War of a right of way to the Georgia Highway Department; to the Committee on Military Affairs.

By Mr. CABLE: A bill (H. R. 7789) to provide for deportation of aliens who shall enter into collusive marriage with a citizen of the United States for the purpose of gaining admission to the United States; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7790) to provide for the issuance of certificates of residence to aliens lawfully in the United States; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7791) to provide for a selective system of immigration; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7792) to provide punishment for unlawfully entering the United States; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7793) to secure the departure of certain aliens from the United States; to the Committee on Immigration and Naturalization.

By Mr. WHITLEY: A bill (H. R. 7794) to amend the act entitled "An act to amend the World War veterans' act, 1924, as amended," approved July 3, 1930; to the Committee on World War Veterans' Legislation.

By Mr. TAYLOR of Colorado: A bill (H. R. 7795) to establish a free guide service for the Capitol Building; to the Committee on Accounts.

Also, a bill (H. R. 7796) to repeal provisions of the stock raising homestead law, in so far as they relate to Colorado; to the Committee on the Public Lands.

By Mr. SWANK: A bill (H. R. 7797) to abolish the Federal Farm Board, to secure to the farmer a price for agricultural products at least equal to the cost of production thereof, and for other purposes; to the Committee on Agriculture.

By Mr. LEWIS: A bill (H. R. 7798) to authorize the Secretary of War to permit the withdrawal of water from the Government conduit between Great Falls, Md., and the District of Columbia for fire-fighting purposes; to the Committee on Military Affairs.

Also, a bill (H. R. 7799) to authorize the Chief of Engineers of the Army to enter into agreements with local governments adjacent to the District of Columbia for the use of water for purposes of fire fighting only; to the Committee on Military Affairs.

By Mr. GOLDSBOROUGH: A bill (H. R. 7800) to stabilize the purchasing power of money; to the Committee on Banking and Currency.

By Mr. DICKSTEIN (by request of State Department): A bill (H. R. 7801) to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens; to the Committee on Immigration and Naturalization.

Also (by request of State Department), a bill (H. R. 7802) to amend section 15 of the immigration act of 1924 so as to include within the provisions of this section those aliens enumerated in section 3 (1) of the immigration act of 1924; to the Committee on Immigration and Naturalization.

By Mr. WOODRUM: A bill (H. R. 7803) to confer jurisdiction upon the Court of Claims of the United States or the district courts of the United States to hear, adjudicate, and enter judgment on the claim of William W. McElrath against the United States for compensation for the use or manufacture of an invention of William W. McElrath covered by letters patent issued by the Patent Office of the United States, October 21, 1919, and the reissue thereof on the 19th day of February, 1924; and for his contribution to the art to which said invention and letters patent relate; to the Committee on War Claims.

By Mr. JENKINS: A bill (H. R. 7804) to amend section 24 of the immigration act of 1917; to the Committee on Immigration and Naturalization.

By Mr. POLK: A bill (H. R. 7805) to amend section 4 of the legislative, executive, and judicial appropriation act, passed and approved March 4, 1925, relating to the compensation of Members and Delegates to Congress; to the Committee on Appropriations.

By Mr. CABLE: A bill (H. R. 7806) to establish a Federal guaranty and insurance corporation to protect bank depositors; to the Committee on Banking and Currency.

By Mr. HORR: A bill (H. R. 7807) to authorize the Secretary of the Navy to proceed with the construction of a barracks and mess-hall building at the United States Navy Yard, Puget Sound, Wash.; to the Committee on Naval Affairs.

By Mr. CONNERY: A bill (H. R. 7808) to provide for the incorporation of credit unions within the District of Columbia; to the Committee on the District of Columbia.

By Mr. CHAPMAN: A bill (H. R. 7809) to equalize the disability allowances for World War veterans with the pensions for Spanish-American War veterans, and to provide allowances for widows and minor children of World War veterans with non-service-connected disabilities; to the Committee on World War Veterans' Legislation.

By Mr. SIROVICH: Resolution (H. Res. 109) to create a civil-service board of appeals; to the Committee on the Civil Service.

By Mr. LINTHICUM: Joint resolution (H. J. Res. 208) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. BECK: Joint resolution (H. J. Res. 209) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. SABATH: Joint resolution (H. J. Res. 210) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. CELLER: Joint resolution (H. J. Res. 211) for the removal of the causes of irritation and resentment on the part of the medical profession concerning the prescribing of medicinal liquors; to the Committee on the Judiciary.

By Mr. O'CONNOR: Joint resolution (H. J. Res. 212) proposing an amendment to the eighteenth amendment of the Constitution of the United States; to the Committee on the Judiciary.

By Mr. BRITTEN: Joint resolution (H. J. Res. 213) proposing an amendment to the eighteenth amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 7810) granting a pension to William B. Stine; to the Committee on Pensions.

By Mr. AYRES: A bill (H. R. 7811) granting an increase of pension to Maggie E. Offill; to the Committee on Invalid Pensions.

By Mr. BEERS: A bill (H. R. 7812) granting a pension to John Henry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7813) granting an increase of pension to Kate E. Walk; to the Committee on Invalid Pensions.

By Mr. BLACK: A bill (H. R. 7814) granting a pension to Hugh Brennan; to the Committee on Pensions.

Also, a bill (H. R. 7815) to reimburse Andrew H. Mills and William M. Mills, copartners carrying on business under the firm name and style of Mills Bros., owners of the steamship *Squantum*, for damage to said vessel; to the Committee on Claims.

Also, a bill (H. R. 7816) for the relief of George S. Van Schaick as superintendent of insurance of the State of New York and as liquidator of Equitable Casualty & Surety Co., in liquidation; to the Committee on Claims.

Also, a bill (H. R. 7817) for the relief of George S. Van Schaick as superintendent of insurance of the State of New York and as liquidator of Equitable Casualty & Surety Co., in liquidation; to the Committee on Claims.

Also, a bill (H. R. 7818) for the relief of George S. Van Schaick as superintendent of insurance of the State of New York and as liquidator of Equitable Casualty & Surety Co., in liquidation; to the Committee on Claims.

By Mr. BOEHNE: A bill (H. R. 7819) granting a pension to Josie Siessly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7820) granting a pension to Leroy Hollon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7821) granting an increase of pension to Eunice T. Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7822) granting a pension to George Ann Evans; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7823) granting an increase of pension to Eudora Kightly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7824) for the relief of Martin E. Crowe; to the Committee on Military Affairs.

Also, a bill (H. R. 7825) granting an increase of pension to Susan A. Rice; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7826) granting an increase of pension to Nancy A. Clark; to the Committee on Invalid Pensions.

By Mr. BURDICK: A bill (H. R. 7827) for the relief of James J. Scully; to the Committee on Military Affairs.

By Mr. CABLE: A bill (H. R. 7828) granting a pension to Susan Light; to the Committee on Invalid Pensions.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 7829) for the relief of John Grannis; to the Committee on Military Affairs.

By Mr. CHAPMAN: A bill (H. R. 7830) for the relief of Homer N. Horine; to the Committee on Military Affairs.

Also, a bill (H. R. 7831) for the relief of the legal representatives of James H. Holaday; to the Committee on War Claims.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 7832) granting an increase of pension to Sarah Platt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7833) granting an increase of pension to Nellie A. Pearce; to the Committee on Invalid Pensions.

By Mr. CROWE: A bill (H. R. 7834) granting a pension to Crawford Johnson; to the Committee on Pensions.

Also, a bill (H. R. 7835) granting an increase of pension to Nancy J. Littell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7836) granting an increase of pension to Rachel A. Coats; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7837) granting a pension to Clem A. Endris; to the Committee on Pensions.

By Mr. DAVENPORT: A bill (H. R. 7838) granting an increase of pension to Jennie Beaver; to the Committee on Invalid Pensions.

By Mr. EVANS of California: A bill (H. R. 7839) granting a pension to Eleanor A. Warren; to the Committee on Invalid Pensions.

By Mr. FINLEY: A bill (H. R. 7840) granting a pension to William F. Hall; to the Committee on Pensions.

By Mr. GOLDSBOROUGH: A bill (H. R. 7841) for the relief of George E. Titter; to the Committee on Claims.

Also, a bill (H. R. 7842) for the relief of Mallery Toy; to the Committee on Claims.

Also, a bill (H. R. 7843) for the relief of Cecil Lodge, No. 125, Ancient Free and Accepted Masons; to the Committee on Claims.

By Mr. GREENWOOD: A bill (H. R. 7844) granting a pension to Bluford E. Johnson; to the Committee on Pensions.

By Mr. HAINES: A bill (H. R. 7845), for the relief of Powell & Goldstein (Inc.); to the Committee on Claims.

By Mr. HARLAN: A bill (H. R. 7846) granting a pension to John B. Dean; to the Committee on Pensions.

Also, a bill (H. R. 7847) granting an increase of pension to Samuel L. Fiste; to the Committee on Pensions.

By Mr. HOGG of West Virginia: A bill (H. R. 7848) granting an increase of pension to Josie Zerkle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7849) granting an increase of pension to Catharine DeBussey; to the Committee on Invalid Pensions.

By Mr. HORNOR: A bill (H. R. 7850) granting an increase of pension to Salar L. Davis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7851) for the relief of Joseph M. Burr; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 7852) granting a pension to Minnie B. Leonard; to the Committee on Invalid Pensions.

By Mr. KNIFFIN: A bill (H. R. 7853) granting a pension to Clara A. Johnson; to the Committee on Invalid Pensions.

By Mr. LEA: A bill (H. R. 7854) granting an increase of pension to Mary A. Bayles; to the Committee on Invalid Pensions.

By Mr. LICHTENWALNER: A bill (H. R. 7855) granting a pension to Mary Hillegass; to the Committee on Invalid Pensions.

By Mr. LOZIER: A bill (H. R. 7856) granting a pension to Leah Kesterson; to the Committee on Invalid Pensions.

By Mr. LUCE: A bill (H. R. 7857) granting a pension to Mrs. Samuel H. Durgin; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 7858) to correct the military record of Walter L. Richardson; to the Committee on Military Affairs.

Also, a bill (H. R. 7859) to correct the military record of Rock White; to the Committee on Military Affairs.

By Mr. MURPHY: A bill (H. R. 7860) granting an increase of pension to Homer D. Truax; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7861) granting an increase of pension to Kate Potter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7862) granting an increase of pension to Samantha B. McConaughy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7863) granting a pension to Mary M. Callen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7864) granting a pension to Emma Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7865) granting a pension to Viannie M. Walters; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7866) for the relief of James Harriman; to the Committee on Claims.

Also, a bill (H. R. 7867) granting an increase of pension to Mary E. Barton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7868) granting an increase of pension to Mary J. Morrow; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7869) granting an increase of pension to Hattie A. Adams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7870) granting a pension to Bessie Humphrey; to the Committee on Pensions.

Also, a bill (H. R. 7871) granting an increase of pension to Mary E. Fish; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7872) granting an increase of pension to Ella J. Vermillion; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7873) granting an increase of pension to Mary J. Hewitt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7874) granting an increase of pension to Susannah Duvall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7875) granting an increase of pension to Rosanna Bell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7876) granting an increase of pension to Mary S. Fankhouser; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7877) granting a pension to Louisa Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7878) granting an increase of pension to Sadie Ward; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7879) granting an increase of pension to Malinda Gillaspie; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7880) granting an increase of pension to Callie A. Gibson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7881) to extend the benefits of the employees' compensation act of September 7, 1916, to Page B. Myler, a former rural carrier out of East Liverpool, Ohio; to the Committee on Claims.

Also, a bill (H. R. 7882) granting an increase of pension to Margaret Lloyd; to the Committee on Invalid Pensions.

By Mr. O'CONNOR: A bill (H. R. 7883) for the relief of John Z. Lowe, former collector of internal revenue for the second district of New York; to the Committee on Claims.

Also, a bill (H. R. 7884) for the relief of James G. Hardy & Co.; to the Committee on Claims.

By Mr. PARKER of Georgia: A bill (H. R. 7885) for the relief of John B. McLamb; to the Committee on World War Veterans' Legislation.

By Mr. RAGON: A bill (H. R. 7886) for the relief of Mabel Williams; to the Committee on Claims.

Also, a bill (H. R. 7887) for the relief of Henry Lee Billings; to the Committee on Claims.

By Mr. STALKER: A bill (H. R. 7888) for the relief of John McCann; to the Committee on Military Affairs.

By Mr. THATCHER: A bill (H. R. 7889) for the relief of William H. Castleman; to the Committee on Military Affairs.

By Mr. WELSH of Pennsylvania: A bill (H. R. 7890) for the relief of W. M. Hutchings; to the Committee on Military Affairs.

By Mr. WHITE: A bill (H. R. 7891) for the relief of Ben C. Osborn; to the Committee on Claims.

By Mr. WOLVERTON: A bill (H. R. 7892) for the relief of Robert L. Sheppy; to the Committee on Military Affairs.

Also, a bill (H. R. 7893) for the relief of John Norman Westcott; to the Committee on Naval Affairs.

By Mr. AUF DER HEIDE: A resolution (H. Res. 108) to pay Margaret Albrecht, mother of Lillian M. Albrecht, six months' compensation and an additional amount, not exceeding $250, to defray funeral expenses of the said Lillian M. Albrecht; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

424. By Mr. BACHMANN: Petition of Fairview Woman's Christian Temperance Union, Rev. Gordon Withers, Rev. J. A. Wright, Walter Lough, Worley Powell, Alfred Knosely, Gay Basnett, and Walter Toothman, urging maintenance and enforcement of the eighteenth amendment; to the Committee on the Judiciary.

425. By Mr. BACON: Petition of the Central Trades and Labor Council of Greater New York and Vicinity, urging the enactment of Senate bill 2415 and House bill 5597, sponsored by it, for the modification of the Volstead Act at this session of Congress; to the Committee on the Judiciary.

426. By Mr. BOHN: Petition of members of Elmer J. Perkins Post, No. 304, the American Legion, for a tariff on copper and all its by-products; to the Committee on Interstate and Foreign Commerce.

427. By Mr. BOYLAN: Petition signed by J. B. Dodson and 48 Government employees of Oswego, N. Y., protesting against the proposed bills to reduce the salaries of Government employees; to the Committee on the Civil Service.

428. Also, petition signed by John Lewis and other employees of the custodian service, Philadelphia, Pa., favoring the passage of House bill 4517 to reclassify salaries of employees in the custodian service of the Treasury and Post Office Departments of the United States; to the Committee on the Civil Service.

429. By Mr. CULLEN: Petition of the New York State Bankers Association, indorsing the memorial of the American Bankers Association calling upon Congress to bring about a curtailment of governmental expenditures in every possible way, to the end that public confidence in the high credit of Government may remain unimpaired; to the Committee on Appropriations.

430. By Mr. DRIVER: Petition of Dud Cason Post, No. 24, American Legion, Blytheville, Ark., asking for full payment of adjusted compensation plus interest; to the Committee on World War Veterans' Legislation.

431. By Mr. ENGLEBRIGHT: Petition of California Grape Control Board (Ltd.), San Francisco, Calif., favoring the continuation of the Federal Farm Board; to the Committee on Agriculture.

432. Also, petition of American Society of Civil Engineers, San Diego, Calif., section, praying for adequate appropriation in the Interior bill for mapping purposes; to the Committee on Appropriations.

433. Also, petition of California Oil & Gas Association, Los Angeles, Calif., asking for a tariff on the importation of foreign crude oil and refined products; to the Committee on Ways and Means.

434. Also, petition of board of directors, California State Chamber of Commerce, concerning the stabilization of silver; to the Committee on Banking and Currency.

435. Also, petition adopted by the California State Association of Journeymen Barbers, Santa Barbara, Calif., favoring action to create a temperance in the use of intoxicating liquors; to the Committee on the Judiciary.

436. By Mr. GARBER: Petition of the Legislature of the State of Wisconsin, requesting Congress to take proper steps to eliminate all abuses now existing in the Federal land-bank system and to extend to farmers sufficient time to meet their obligations; to the Committee on Banking and Currency.

437. Also, petition of the Illinois conference on unemployment, urging certain action by Congress to relieve the existing depression and unemployment; to the Committee on Ways and Means.

438. Also, petition of the Molasses Products Corporation, Albany, N. Y., and Moore & Munger, New York, urging support of House bill 28 to maintain year-round open navigation of the Hudson River, making the port of Albany accessible for trans-Atlantic and other vessels; to the Committee on Interstate and Foreign Commerce.

439. Also, petition of the Long Bell Lumber Sales Corporation, Kansas City, Mo., urging support of Senate bill 35 and House bill 5090; to the Committee on Banking and Currency.

440. Also, petition of the Long Bell Lumber Sales Corporation, Kansas City, Mo., urging support of House bill 6585 to give protection to lumber and other industries from competition of products of convict, forced, or indentured labor; to the Committee on Ways and Means.

441. By Mr. HOGG of West Virginia: Petition of the West Virginia department of the Reserve Officers Association, requesting appropriation of sufficient funds to maintain the Army and Navy at their adequate strength; to the Committee on Appropriations.

442. Also, petition of the West Virginia department of the Reserve Officers Association, requesting the passage of the new Army pay bill; to the Committee on Military Affairs.

443. By Mr. LONERGAN: Petition of the National Society of the Colonial Dames of America, by Mrs. Charles M. Andrews, president, Connecticut Society, asking adoption of Senate bill 570 and House bill 4509; to the Committee on the District of Columbia.

444. By Mr. MURPHY: Petition of George M. Pogue, president, general health district, St. Clairsville, Ohio, and four other members of the board, asking for the passage of Senator ROBINSON's bill, S. 1234; to the Committee on Agriculture.

445. By Mr. RICH: Petition of the Charles C. Young Manufacturing Co., of Jersey Shore, Pa., protesting against tax on motor cars and accessories; to the Committee on Ways and Means.

446. By Mr. ROMJUE: Resolution of Goad-Ballinger Post, No. 69, American Legion, Springfield, Mo., opposing any change in the present laws dealing with the hospitalization of veterans; to the Committee on World War Veterans' Legislation.

447. By Mr. RUDD: Petition of the People's National Bank, of Brooklyn, N. Y., opposing the passage of House bill 4524 increasing the individual deposit limit in the Postal Savings System from $2,500 to $5,000; to the Committee on Banking and Currency.

448. Also, petition of Brooklyn Motor Vehicle Dealers' Association, Brooklyn, N. Y., opposing the proposed excise tax on automobiles, trucks, tires, accessories, parts, and gasoline; to the Committee on Ways and Means.

449. Also, petition of the Central Union Label Council of Greater New York, favoring the pasage of Senate bill 2415 and House bill 5597 amending the Volsted Act; to the Committee on the Judiciary.

450. By Mr. SHOTT: Petition of the West Virginia Department of the Reserve Officers of the United States, in convention at Huntington, W. Va., October 17, 1931, to appropriate funds sufficient to maintain the Army and Navy at their adequate strength, and to keep abreast of other nations in the construction of a navy, and to train 26,000 reserve officers each year; to the Committee on Appropriations.

451. Also, petition of the West Virginia Department of Reserve Officers of the United States, in convention at Huntington, W. Va., October 17, 1931, to pass the new Army pay bill; to the Committee on Military Affairs.

452. By Mr. SMITH of West Virginia: Petition of J. J. Kennedy and 700 other citizens of the town of South Charleston, W. Va., protesting against the proposal to convert the naval ordnance plant of that town into buildings suitable for and to be used as a Federal prison, and urging the sale of said plant to private industry to be used as a manufacturing plant; to the Committee on Naval Affairs.

453. Also, resolution of the women's Bible class of the Kanawha Presbyterian Church, Charleston, W. Va., urging the enforcement of the national prohibition law and opposing any measure providing for its modification, resubmission, or repeal; to the Committee on the Judiciary.

454. By Mr. SNOW: Petition of H. H. MacIlroy and many other citizens of Bridgewater, Me., urging that action be taken by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

455. Also, petition of O. L. Stadig and many other citizens of St. Francis, Me., urging that some action be taken by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

456. By Mr. THOMASON: Resolution of Lone Star Wool-Mohair Cooperative Association, for encouragement of more complete organization of ranchmen into cooperative associations; to the Committee on Agriculture.

457. By the SPEAKER: Petition of John T. McGirl, notifying Congress of the allowance to the United States Government in the Southern Pacific case; to the Committee on the Judiciary.

458. Also, resolution by Victory Post, No. 4, American Legion, A. J. Kearney, adjutant, relative to deplorable situation in the city of Honolulu, Territory of Hawaii; to the Committee on the Judiciary.

SENATE

SATURDAY, JANUARY 16, 1932

(Legislative day of Friday, January 15, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Shortridge
Austin	Davis	Kean	Smith
Bailey	Dickinson	Kendrick	Smoot
Barkley	Dill	Keyes	Steiwer
Bingham	Fess	King	Swanson
Black	Fletcher	La Follette	Thomas, Idaho
Blaine	Frazier	Logan	Thomas, Okla.
Borah	George	McGill	Trammell
Bratton	Glass	McKellar	Tydings
Brookhart	Gore	McNary	Vandenberg
Bulkley	Hale	Metcalf	Wagner
Bulow	Harris	Morrison	Walcott
Byrnes	Harrison	Moses	Walsh, Mass.
Capper	Hastings	Norbeck	Walsh, Mont.
Caraway	Hatfield	Norris	Waterman
Carey	Hawes	Nye	Watson
Connally	Hayden	Oddie	Wheeler
Coolidge	Hebert	Pittman	White
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ind.	
Couzens	Johnson	Sheppard	

Mr. BLACK. I desire to announce the necessary absence on official business of my colleague the junior Senator from Alabama [Mr. BANKHEAD]. I ask that this announcement may stand for the day as to all quorum calls.

Mr. McNARY. I wish to announce the necessary absence of the senior Senator from Minnesota [Mr. SHIPSTEAD] on account of illness.

Mr. HASTINGS. I announce the necessary absence of my colleague the junior Senator from Delaware [Mr. TOWNSEND] and ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a memorial of sundry citizens of Golden in Jefferson County, Colo., remonstrating against the passage of legislation for the closing of barber shops on Sunday in the District of Columbia, or any other compulsory legislation relating to the observance of Sunday, which was referred to the Committee on the District of Columbia.

Mr. BLAINE presented resolutions adopted by the Wisconsin State Council of Carpenters, favoring the appointment of a joint committee of Congress to investigate the Federal Radio Commission's allocation of channels, wave lengths, and radio facilities, to inquire into the administration and interpretations of the radio laws of the United States by the Federal Radio Commission, and to recommend appropriate legislation whereby organized labor will receive its proper share of the radio channels, wave lengths, and facilities, which were referred to the Committee on Interstate Commerce.

Mr. CAPPER presented a petition of sundry citizens of Emporia, Kans., praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented the petition of the Woman's Christian Temperance Union of Palco, Kans., praying for the maintenance of the national prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

PROPOSED FEDERAL SALES TAX

Mr. COPELAND presented a memorial of sundry citizens and business firms of Norwich, N. Y., remonstrating against the imposition of a Federal sales tax, which was referred to the Committee on Finance and ordered to be printed in the RECORD without the signatures after the first, as follows:

We, the undersigned, after study and consideration of the recent development of State taxes, which development has been in tax upon sales of merchandise at retail, oppose such taxes as undesirable from the point of view of administration, as unfair in both their direct and indirect effects upon business enterprises, and as contrary to the interest of the public in sound principles of taxation. We are opposed to a Federal sales tax as also being unsound in principle.

BROWN & TUCKER,
Dealers in Pontiacs and G-M Trucks,
Norwich, N. Y.,
AND OTHERS.

REPORTS OF COMMITTEES

Mr. HARRIS. Mr. President, I report back favorably without amendment from the Committee on Immigration the bill (S. 268) to amend subdivision (c) of section 4 of the immigration act of 1924, as amended. A similar bill was passed by the Senate last year by a two-thirds vote.

The VICE PRESIDENT. The bill will be placed on the calendar.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 402) for the relief of Nelson King, reported it without amendment and submitted a report (No. 106) thereon.

Mr. HOWELL, from the Committee on Claims, to which was referred the bill (S. 1030) for the relief of John A. Pierce, reported it with amendments and submitted a report (No. 107) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 477. An act for the relief of Walter J. Bryson Paving Co. (Rept. No. 108); and

S. 1302. An act to carry into effect the findings of the Court of Claims in the case of William W. Danenhower (Rept. No. 109).

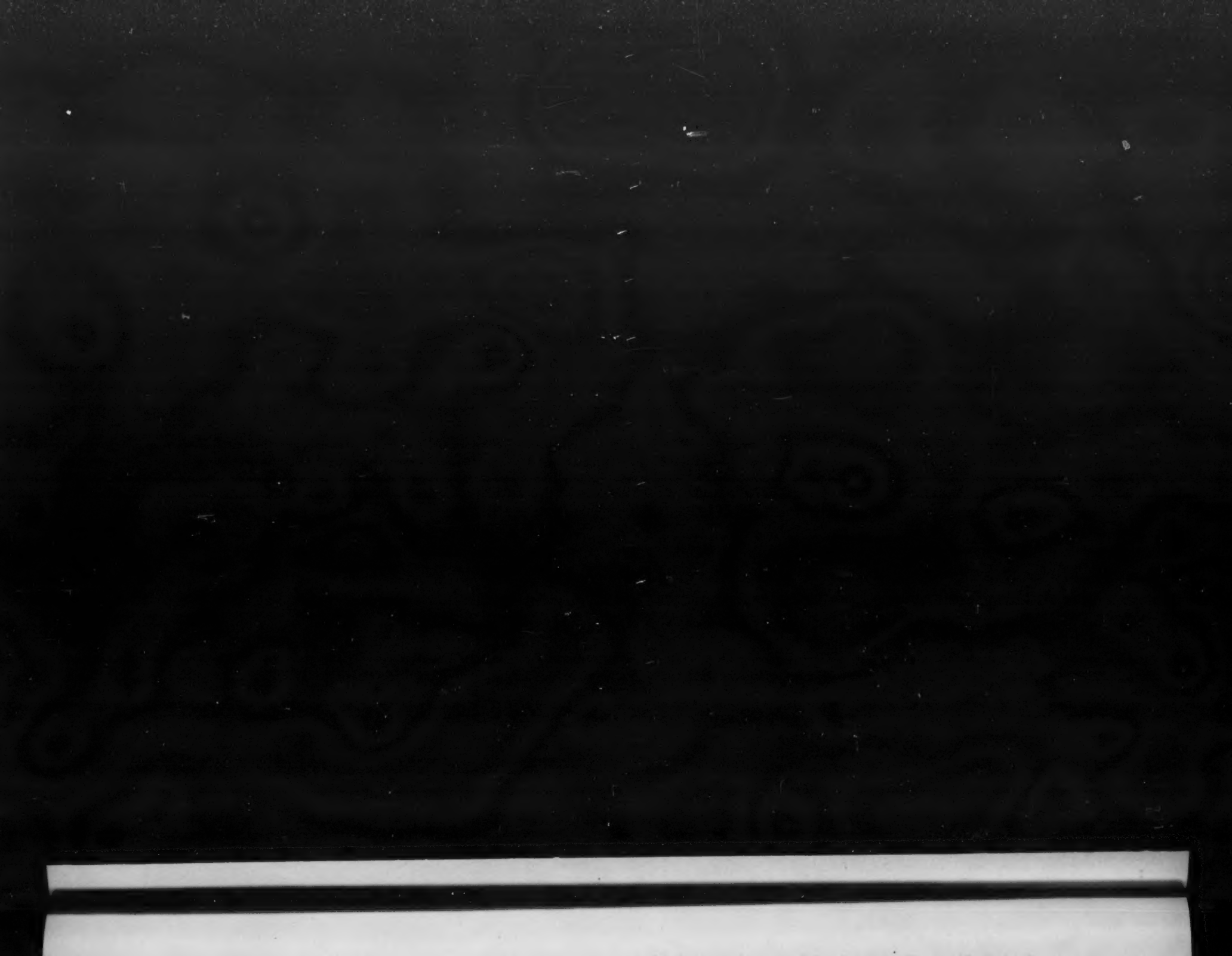
Mr. HOWELL also, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 259. An act authorizing adjustment of the claim of the Public Service Coordinated Transport of Newark, N. J. (Rept. No. 113);

S. 659. An act for the relief of William J. Ryan, chaplain, United States Army (Rept. No. 114);

S. 2531. An act for the relief of the Union Shipping & Trading Co. (Ltd.) (Rept. No. 110);

S. 2535. An act for the relief of Amos D. Carver, S. E. Turner, Clifford N. Carver, Scott Blanchard, P. B. Blanch-



ard, James B. Parse, A. N. Blanchard, and W. A. Blanchard (Rept. No. 111); and

S. 2822. An act for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased (Rept. No. 112).

Mr. HAYDEN, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 1663) to prohibit the sending of unsolicited merchandise through the mails, reported it without amendment and submitted a report (No. 115) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 621) to repeal section 7 of the postal act approved May 29, 1928, reported it without amendment and submitted a report (No. 116) thereon.

PROPOSED INVESTIGATION OF POSTAL CONDITIONS IN TENNESSEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the resolution (S. Res. 45) directing the Committee on Post Offices and Post Roads to investigate postal conditions in the State of Tennessee, reported it without amendment and moved that it be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which was agreed to.

BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

Mr. SMOOT. Mr. President, from the Committee on Finance, I report back favorably, without amendment, the joint resolution (S. J. Res. 37) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, and I ask for its present consideration.

There being no objection, the Senate proceeded to consider the joint resolution, which was read as follows:

Resolved, etc., That the vacancies in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, which now exist, be filled by the appointment of R. Walton Moore, of Virginia; William Cabell Bruce, of Maryland; and Charles G. Dawes, of Illinois.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. REED, from the Committee on Finance, reported favorably the following nominations, which were placed on the Executive Calendar:

J. Russell Leech, of Pennsylvania, to be a member of the Board of Tax Appeals for the unexpired term of eight years from June 2, 1926, vice Sumner L. Trussell; and

Thomas S. Stephenson, of Altoona, Pa., to be surveyor of customs in customs collection district No. 11, with headquarters at Philadelphia, Pa., in place of James E. Rininger, whose term expired on March 17, 1931.

Mr. SMOOT, from the Committee on Finance, reported favorably the nomination of Victor Q. Hambright, of Clover, S. C., to be collector of internal revenue for the district of South Carolina in place of John F. Jones, resigned, which was placed on the Executive Calendar.

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the nomination of Robert H. Talley, of Virginia, to be United States attorney, eastern district of Virginia, to succeed Paul W. Kear, resigned, which was placed on the Executive Calendar.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were placed on the Executive Calendar.

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Theodore Roosevelt, of New York, to be Governor General of the Philippine Islands, which was placed on the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 3049) to establish a woman's bureau in the Metropolitan police department of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. REED:

A bill (S. 3050) to authorize Naval and Marine Corps service of Army officers to be included in computing dates of retirement; to the Committee on Military Affairs.

By Mr. WALSH of Massachusetts:

A bill (S. 3051) to reinstate Lawrence L. Myatt and Miller S. Burgin as midshipmen in the United States Naval Academy; to the Committee on Naval Affairs.

By Mr. CAPPER:

A bill (S. 3052) for the relief of George A. Banta; to the Committee on Finance.

A bill (S. 3053) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes; to the Committee on the District of Columbia.

By Mr. WAGNER:

A bill (S. 3054) for the relief of George Beier; and

A bill (S. 3055) for the relief of Edward J. O'Neil; to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 3056) for the relief of Walter W. Newcomer; to the Committee on Military Affairs.

A bill (S. 3057) for the relief of Royal W. Robertson; to the Committee on Naval Affairs.

By Mr. HOWELL:

A bill (S. 3058) authorizing adjustment of the claim of the Rio Grande Southern Railroad Co. (with accompanying papers); to the Committee on Claims.

By Mr. JONES:

A bill (S. 3059) for the relief of Frank H. Wilson; to the Committee on Claims.

A bill (S. 3060) to amend section 5 of the Judicial Code (U. S. C., title 28, sec. 9); to the Committee on the Judiciary.

By Mr. WATSON:

A bill (S. 3061) extending jurisdiction to the United States Court of Claims in suits arising from the issuance of seamen's insurance by the Bureau of War Risk Insurance of the Treasury Department during the period between June, 1917, and June, 1920; to the Committee on Finance.

By Mr. GORE:

A bill (S. 3062) relating to actions against the United States on contracts of war-risk insurance; to the Committee on Finance.

By Mr. BARKLEY:

A bill (S. 3063) to extend the time for commencing and completing the construction of a bridge across the Ohio River at Mound City, Ill.; to the Committee on Commerce.

A bill (S. 3064) granting a pension to Nancy C. Buck;

A bill (S. 3065) granting a pension to Aleck Camlin;

A bill (S. 3066) granting an increase of pension to Eddie Grissom;

A bill (S. 3067) granting an increase of pension to Ellen Booker;

A bill (S. 3068) granting a pension to Minnie Harrison;

A bill (S. 3069) granting a pension to Sarah Jane Lewis Langdon;

A bill (S. 3070) granting an increase of pension to Samantha Meador; and

A bill (S. 3071) granting an increase of pension to Eliza A. Perdue; to the Committee on Pensions.

By Mr. ODDIE:

A bill (S. 3072) for the relief of Thurman A. Poe; to the Committee on Claims.

A bill (S. 3073) granting a pension to Daniel Nicholas Cuddy; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 3074) granting consent to the several States to tax property employed and business done in interstate commerce; to the Committee on Finance.

A bill (S. 3075) to authorize the appropriation for construction of permanent improvements at the Field Artillery School, Fort Sill, Okla.; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 3076) prohibiting the use of appropriations for remodeling and reconstructing the Department of State Building; to the Committee on Appropriations.

A bill (S. 3077) for the relief of John Carroll Doyle; to the Committee on Military Affairs.

By Mr. FLETCHER and Mr. TRAMMELL:

A bill (S. 3078) to authorize the Secretary of the Navy to proceed with the construction of certain public works; to the Committee on Naval Affairs.

By Mr. JOHNSON:

A joint resolution (S. J. Res. 82) authorizing an appropriation for the expenses of the Sixteenth Session of the International Geological Congress to be held in the United States in 1933; to the Committee on Foreign Relations.

By Mr. HARRIS:

A joint resolution (S. J. Res. 83) further restricting immigration into the United States; to the Committee on Immigration.

PUBLIC HIGHWAY CONSTRUCTION—AMENDMENTS

Mr. ODDIE and Mr. HAYDEN each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 36) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes, which were referred to the Committee on Post Offices and Post Roads and ordered to be printed.

CHANGE OF REFERENCE

On motion of Mr. REED, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 2809) to amend section 301 of the World War veterans' act, 1924, as amended by act approved June 2, 1926, and it was referred to the Committee on Finance.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting several nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) subsequently laid before the Senate several messages from the President of the United States submitting judicial nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

DEFICIENCY APPROPRIATIONS

Mr. JONES. I ask that the pending appropriation bill may be proceeded with.

The Senate resumed the consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

Mr. FESS obtained the floor.

Mr. JONES. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Washington?

Mr. FESS. I yield.

Mr. JONES. I understand the deficiency bill is now before the Senate?

The VICE PRESIDENT. It is the unfinished business now before the Senate.

Mr. JONES. I ask unanimous consent that the formal reading of the bill may be dispensed with and that the bill be read for amendment, the committee amendments to be disposed of first.

Mr. KING. Mr. President, many of us have not had an opportunity to read the bill. In the consideration of committee amendments, will the text of the bill be read, may I ask the Senator from Washington?

Mr. JONES. That is what is proposed to be done. The formal reading of the bill is to be dispensed with, and the text of the bill will be read for action on the committee amendments.

Mr. KING. Very well.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington? The Chair hears none, and it is so ordered. The Senator from Ohio will proceed.

THE WASHINGTON BICENTENNIAL CELEBRATION

Mr. FESS. Mr. President, I desire to make a report to the Senate of the progress of the Washington bicentennial celebration to be held this year, beginning February 22.

At noon on February 22 the official address, provided under the joint resolution creating the Bicentennial Commission, will be delivered by the President of the United States. That will be in the Hall of the House of Representatives and will be before what may be termed the official audience. It is planned that in every State in the Union there shall be at the same time a State celebration. Whatever may be their program prior to noon, at high noon they will tune in on the radio and listen to the official address delivered here by the President of the United States, so that it will mean that the President's voice will be heard at that hour throughout the United States and in foreign countries.

Immediately following the close of the President's address there will be a program carried out on the east front of the Capitol under the direction of the District commission. That program will consist of instrumental music, with a massed band composed of 500 pieces. Immediately following the band concert there will be a chorus under the direction of Walter Damrosch. That chorus will have in it the voices of 12,000 school children and 200 trained adult singers.

I assume that if the weather shall be favorable the largest audience that ever assembled east of the Capitol will be assembled on that occasion. The program that day will also consist of a visit to Mount Vernon. It is not necessary for me to detail that part of the program other than to state that a great parade will be started in Alexandria. That parade will last for some time; but it is not contemplated that the commission will take part in it officially.

This morning in the Cabinet room the commission had a 2-hour session and heard the reports of the various officers in charge of the several permanent memorials dedicated to Washington. One of those reports had to do with the Mount Vernon Boulevard and the Memorial Bridge. To-morrow the boulevard and the bridge will be opened to the public, but it will be closed after to-morrow for a period, except on Saturdays and Sundays, in order to permit the work of installing the lights and other work to be continued, so that the boulevard may be finally completed. However, so far as the concrete paving is concerned, that is all done, and at 3 o'clock this afternoon the President will inspect the bridge and the boulevard, and the commission will accompany him from the Lincoln Memorial at Washington to Mount Vernon.

The representative of the Secretary of the Interior reported the progress made on the restoration of Wakefield, which is the second memorial. The cost to the Government of the Wakefield restoration is $65,000; but the property, representing about 400 acres of ground, marking what might be called the original farm of the Washingtons, is to be turned over to the United States. A restoration has also been effected of the cemetery in which sleep the remains of 31 of the ancestors of George Washington, going back to his great-grandfather. The Wakefield memorial will be turned over to the Government sometime in February, and then, sometime in midsummer, it will be officially dedicated.

The third permanent memorial is represented by a compilation of the definitive writings of George Washington, including his general orders. There are over 5,000 pieces of

writing identified with Washington that have not as yet seen print. Those are to be printed in a set of volumes, 25 in number. They are to be sold at cost, so that there will be no expense to the Government in the publication of Washington's writings.

Those are the three permanent memorials in honor of Washington, and the boulevard and the Wakefield restoration will be dedicated this year.

In addition to that, the bridge, which is now completed, although some time must elapse before the approaches shall be finished, will also be dedicated some time this year, and also the Plaza, consisting of the grounds which are now being beautified between the Capitol and the Union Station. That improvement is scheduled to be completed the latter part of March, so that it will be ready when the thousands of people who are coming to Washington this year will arrive. One hundred and fifty-five different conventions are scheduled to meet in the city of Washington during 1932, and it is estimated that from six to eight million strangers will visit Washington during the year.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. FESS. I should like to conclude the statement, but if the Senator wishes to interrupt me at this point I will yield.

Mr. WALSH of Massachusetts. Will the Senator, during the course of his remarks, state how much money has already been expended by the commission, and how much more the commission desires to expend for the purpose of celebrating the Washington bicentennial?

Mr. FESS. Originally it was thought the celebration would not cost the Government more than $500,000. Those were the figures that were mentioned in connection with the celebration. The Mount Vernon Boulevard was not regarded as a part of the celebration; that is a permanent monument. The Mount Vernon Boulevard bill was put through at a limit of cost of $5,000,000, but it was found necessary to add to that sum, so that when the boulevard shall have been completed it will stand to cost something like $7,200,000. The Memorial Bridge proper will cost about $7,000,000, but the bridge and approaches together will cost something like $14,000,000. Neither the boulevard nor the bridge, however, may properly be considered as coming within the purview of the celebration.

The writings of Washington will not cost the Government anything if we are permitted to sell them; and I think when the bill relating to the writings is understood there will be no objection to its passage.

The restoration of Wakefield has cost the Government $65,000, but that was not connected with the celebration proper.

Now, to answer the Senator's question direct, we never intended to permit commercialism to enter the celebration. We have tried to avoid that, and thus far have done so. We wanted to make the country Washington-minded in 1932. The commission has been working for eight years in the effort to create a sympathetic sentiment toward Washington, but the directors in charge of the celebration have been at work for only a little over 18 months. They do not go back to eight years ago.

At the commission's headquarters something over 100 persons are employed, and the amount of work that is done there is simply stupendous. I have the figures here. On Saturday, January 9, there were 129,426 pieces of mail in reference to Washington sent out from the headquarters—nearly 130,000 pieces. On Monday, January 11, 60,897 pieces were sent out; on Tuesday, January 12, 35,308 pieces; and on Wednesday last, 88,192 pieces. That indicates the activity at the headquarters.

That is the feature, I presume, about which the Senator from Massachusetts is asking. We thought that class of work would cost probably $500,000. There were any number of persons who wanted concessions to help advertise the Washington bicentennial. The commission turned all of them down, and in some cases recourse had to be had to the Department of Justice in order to prevent their attempting to exploit the occasion.

The main cost arises from the publications prepared and issued by the commission. Here [indicating] is the Handbook of George Washington, called "The Appreciation Course for Teachers and Students." That is published by the commission and is put in the schools throughout the country. It has been prepared in consultation with the best educators in America and approved by them. It is designed to cause students in the schools to pursue reading courses in regard to the life of George Washington. That work has been going on for some time.

Then the American Library Association has cooperated with us in the effort to put a list of selected books on Washington in every library in the country so as to stimulate interest in reading of the life of Washington during the year.

In addition to that there have been movements such as that undertaken by a commission in Michigan, which issues a pamphlet like this [indicating] entitled "Bicentennial Notes on George Washington." That publication is sent out every month. It is encouraged by the commission, but it costs us nothing at all. We do not publish the notes; they are published by the commission in Michigan, with the assistance of the librarian of the library at Ann Arbor, Mich. It is a splendid piece of work.

Then, in addition to this character of work, we wanted to select the best portrait of Washington and put one in every school in the United States. So there was appointed a committee on portraits, composed of the best artists in America. They selected the Houdon picture as the one that they would recommend to be sent out; but the commission thought that the Houdon picture was not as well known as the Stuart picture. Finally it was decided that the Houdon picture should be sent to the libraries but that the picture to go to all the schools would be a copy of the original portrait by Stuart, which is accepted throughout the country as the best of the portraits of Washington. Millions of those have gone out. That is where the cost comes. Those pictures do not cost much a copy, but in bulk they do cost considerable. They are sent through the House and through the Senate.

We have received complaint after complaint that a sufficient number of copies are not available to supply the schools. I have stated that we can not listen to the request of any particular Senator or Representative as to how many should be allocated to each in order to supply the schools in the various districts and States. We can only print a certain number and allocate them, and limit it in that way; otherwise the task would be simply beyond us.

The same thing is true of the various pamphlets which are being prepared and issued by the commission.

I think the best thing the commission did was to authorize the printing of the Washington pamphlets under the guidance of Albert Bushnell Hart, formerly of Harvard. I have a few of those pamphlets before me, there being 16 of them. No. 1 is entitled "Frontier Background of Washington's Career," edited by Doctor Hart. No. 3 is entitled "Tributes to Washington"—a reprint of the utterances of the greatest men of Europe and America on Washington. It includes the statement by Mr. Gladstone, the one by Louis Kossuth, and by many other famous men not only in America but in Europe.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question right there?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from California?

Mr. FESS. I yield.

Mr. SHORTRIDGE. Is there incorporated in the document the immortal tribute to Washington by the great Irish writer Charles Phillips? If not, I hope it will be printed.

Mr. FESS. I am not sure, but I think it is.

Pamphlet No. 2 is entitled "Washington the Man of Mind." That is a fine appraisement of the intellectual influences of General Washington.

Then, there is another pamphlet entitled "Washington the Farmer," in which all that is said is identified with him as a planter.

Then there is another one entitled "Washington as a Colonial and National Statesman." There are 16 of them, covering every phase of General Washington's life and career.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. FESS. I yield.

Mr. WALSH of Massachusetts. How generally distributed are those pamphlets?

Mr. FESS. Distribution is a matter that burdens the commission. The demand for them is simply enormous, and they cost too much for general distribution.

Mr. WALSH of Massachusetts. I have examined a good many of them, and I find them very excellent documents. I hope they will be distributed generally.

Mr. FESS. I think that their publication is perhaps the best thing the commission has done. I have consulted with some members of the commission, including the Senator from Kansas [Mr. CAPPER], the Senator from Virginia [Mr. GLASS], and others, who think that this is the most abiding result that will come out of this effort.

Mr. WALSH of Massachusetts. How many have been published?

Mr. FESS. I could not give the figure, but an enormous number has been published already; nothing like the number that is demanded throughout the country, however.

I have mentioned just a few of these things. Then we put out what we call a Washington program that the schools could put on upon any particular occasion.

Fellow Senators, the point we have had in mind was to get everybody to thinking for a period on General Washington. That was the purpose, and if nothing more is accomplished than that it has been a huge success, as evidenced by the amount of mail. We have 990,000 requests that have come in from committees. There are 248,000 committees in the States that are now in contact with this commission here in Washington. As the Senator knows, the resolution provided that each State should appoint a commission, and if a city desired to do so it could have a city commission, and those commissions were to set up their plans and come in contact with us. New York, by the way, is doing the most stupendous work of any of the States. In addition to the publicity in the program, as the Senator knows, New York is building at Albany a sort of a hall of history dedicated to George Washington, and known as the George Washington Hall of History.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. FESS. Yes; I yield.

Mr. BORAH. I have been looking over this Handbook of the George Washington Appreciation Course. Where in this book does Washington's Farewell Address, with the comments on it, appear?

Mr. FESS. I do not know.

Mr. BORAH. I do not find the address here.

Mr. FESS. It must be there. Washington's Farewell Address, as of course the Senators knows, is in the writings of Washington that are being published.

Mr. BORAH. Yes; I know that.

Mr. FESS. I think it is mentioned there.

Mr. President, I do not want to delay the matter at all, but I do want to say this:

We wanted to avoid, as far as possible, anything of a commercial character; but Colonel Grant recommended in the early stages that we permit a special Washington stamp to be issued for this year. The issuance of that stamp was arranged so that there are 12 in a set, and the set of stamps sells for 57 cents. The cost of that set of stamps to the Government is 7 cents, so that there is a profit of 50 cents on each set of stamps.

I hope Senators will get this: When that stamp was put on sale on New Year's Day every stamp was canceled, so that it would not be used in the general current business. That is, the purchase of these stamps does not displace the purchasing of other stamps. The amount received during the 2-day sale on the first and second of the year was something like $1,500,000, with a profit of 50 cents on each set. That means a profit of $1,313,000 to the Government. That much more than pays every dollar of all the outlay in connection with the celebration that is to run here during this year. So if we take it on the basis of dollars and cents, although that was not considered as of any pertinency, the Government is making a quarter of a million dollars out of this venture.

Mr. President, I know how tardy the Government is about doing anything in the way of appreciation of a great character. The bill that we have before us contains 17 increases by the Senate. It contains three decreases. The total increase runs over a million dollars. The decrease that is in it is for the expenses of this celebration, cutting $50,000 off the amount appropriated by the House. The reason that was done is that the public has not been gripped by the idea that this matter is of any particular consequence. If it were some exhibition somewhere, if it were a question of voting money to put on a show, we would do it without any thought. We stood like adamant against anything of that sort in this celebration, however, and would not permit it; yet we can not sell the idea of a proper appraisement of Washington here to the degree that we can have the necessary funds to continue this work throughout the year. I am not making a criticism, but that is a statement of fact.

Mr. WALSH of Massachusetts. Mr. President, what has already been appropriated and expended?

Mr. FESS. Something approaching $800,000.

Mr. WALSH of Massachusetts. So that the $200,000 that is now recommended by the Appropriations Committee of the Senate will make a total sum over a million dollars?

Mr. FESS. No; no.

Mr. WALSH of Massachusetts. What will be the total sum?

Mr. FESS. I do not think the total sum will run much above $800,000.

Mr. WALSH of Massachusetts. I understood the Senator from Washington [Mr. JONES] to say that there had already been expended over $800,000.

Mr. JONES. It is all obligated except about $40,000.

Mr. FESS. We had a report from the disbursing officer this morning, in the meeting at which the President presided, in which he stated a figure of about $800,000, and that there was in the Treasury, unallotted, $136,000 yet to be expended.

Mr. WALSH of Massachusetts. Out of the $800,000 that is already appropriated?

Mr. FESS. I do not know whether that is the figure or not.

Mr. WALSH of Massachusetts. So that if the amount of $200,000 now recommended by the Appropriations Committee is used, that will make the total of expenditures about $1,000,000?

Mr. FESS. I am not ready to say that. I want to look up those figures.

The statement was made to the commission this morning that there would be a profit to the Government of something like a quarter of a million dollars when all the money authorized has been appropriated and used. I do not know whether it will reach that amount or not. I do not know whether this $200,000 is in addition to the $800,000 or not.

Mr. WALSH of Massachusetts. I did not intend my questions to be critical of the expenditure of money; but a good many questions have been asked, through correspondence and otherwise, about the amount of money this celebration is going to cost, and I thought the Senator ought to have it in the RECORD in connection with his explanation of what the committee has been doing and intends to do.

Mr. FESS. I will take the figures of the chairman of the Appropriations Committee, who states that that has been already expended.

Mr. BORAH. Mr. President, may I ask the Senator who prepared this Handbook of the George Washington Appreciation Course for Teachers and Students?

Mr. FESS. That handbook was prepared under the direction of Mrs. Sherman, who is a member of the commission, ex-president of the Federation of Women's Clubs, in consultation with educators throughout the country. Who they are I do not know.

Mr. BORAH. I will take more time to examine it.

Mr. FESS. Mr. President, not desiring to detain the Senate on a matter of this sort at this time, I simply want to add that I introduced the joint resolution creating this commission eight years ago. It was the result of the work of a group of public-spirited people who sat about a table and said, "As we approach 1932 we ought to be thinking of what would be a suitable celebration in honor of this great man, and to reappraise him 200 years after his birth." The upshot of that consultation was a joint resolution which I introduced at that time—I was then a Member of the Senate—carrying an annual authorization of $10,000. Not until two years ago did we ask for any appropriation looking to the celebration proper. Two years ago we began that work.

The reason why I was concerned about the matter—and I will not offend anybody when I say it—was that Washington has seemed to be in the class of what might be called the cavaliers of his day, regarded more as an English gentleman than an American, and not in touch with the common man; so I was fearful that we were losing the significance of the marvelous contribution of that man to democratic history and popular government in the world.

I have no fear that we will lose the appreciation, for example, of Lincoln. More books are being printed on Lincoln every day; that is, more this year than last year. The accumulation is something terrific. I have no fear of that; but, fellow Senators, I regard the contribution of General Washington, not as a soldier but as a statesman, as the president of the Constitutional Convention, as the greatest of any single statesman in the world. In that body he presided over two great schools, one of which came to be known later on as the Jeffersonian school and the other as the Hamiltonian school. Both are still active in our politics. Washington was broad enough to see the value of the Hamiltonian theory, while at the same time seeing how dangerous it would be if the Jeffersonian theory were not also inaugurated. He saw the value of the Jeffersonian theory, but also saw the need of the Hamiltonian theory. In other words, Washington once stated that liberty without regulated authority would be license, while authority without the exercise of liberty would be despotism.

We have a school of thought in American politics to-day that represents the Hamiltonian theory. We have a school of thought that represents the Jeffersonian theory. Washington, however, was the one figure that was big enough to see the value of both of them; and the first step in organizing the Government was to inject both of those theories into our Government. With Jefferson as Secretary of State and Hamilton as Secretary of the Treasury, sitting side by side, differing keenly, Washington held the balance between the two and worked out our system with the best qualities of each.

As I have said, I think the contribution to popular government made by Washington is the greatest of any single statesman in the world. For that reason I wanted a reappraisal of this man on the two hundredth anniversary of his birth, and that is the only explanation I have for the amount of expenditure we have asked.

Mr. BORAH. Mr. President, I want to ask the Senator from Ohio a question. What are the books which are to be circulated among the public aside from the handbook?

Mr. FESS. Does the Senator want a record of them?

Mr. BORAH. I should like to have a list of them.

Mr. FESS. I will see that the Senator has them before the day is closed.

Mr. BORAH. I thank the Senator. Now, one other question: The Senator spoke about an edition of Washington's works. In how many volumes is it to be published?

Mr. FESS. Twenty-five volumes.

Mr. BORAH. That is to be sold to the public at cost?

Mr. FESS. Yes.

Mr. BORAH. What will be the cost of those 25 volumes?

Mr. FESS. That is the problem. We originally authorized the publication of 5,000 sets. That was thought to be too many, and it was cut down to 3,000. We authorized the sale of the works to libraries at $50 a set. That was in the nature of a partial contribution to the libraries, because the sets will cost probably $125. But we are making a special offer to libraries of $50 a set. The balance of the sets are to be sold at the actual cost, deducting what we get out of the sales to libraries.

Suppose we have 3,000 sets. There are 25 volumes to a set, which would mean 75,000 volumes. Suppose they cost us $4 a volume. That would make $300,000 which it would cost the Government to print the works. We want to sell the sets to libraries at $50 a set. I do not know how many will be taken, and that is why I want to fix a date beyond which they can not subscribe.

Suppose we sell 1,000 sets to libraries at $50 a set. There are 9,000 libraries in the United States. I assume we will sell a thousand, but there are some who claim that we will sell every set we have at $50, because the libraries will take them all. I doubt that. I am putting the figure at 1,000. That would mean $50,000. Deducting $50,000 from the $300,000 would leave $250,000 as the net cost to the Government of publishing the works.

If my estimate of the demand by the libraries is correct, we would have 2,000 sets to be sold at $125 a set. I assume we will sell them at that price, but we can not tell until we know how many libraries will ask for them.

Mr. BORAH. It is evident that this work will not receive any general distribution among the people; it will be too expensive.

Mr. FESS. That is probably correct.

Mr. BORAH. Has the commission considered publishing a selected portion of Washington's more important works in an edition which the people generally could afford to purchase?

Mr. FESS. The commission has not considered that, but I think it is a very good suggestion.

Mr. BORAH. All of Washington's works in which the public would be interested could be put into one volume.

Mr. FESS. Yes; and that would be a splendid idea.

Mr. BORAH. It could be put in practically every home in the United States.

Mr. FESS. We could afford to distribute that gratis.

Mr. BORAH. When that is done, if you do it, do not overlook putting in the Farewell Address.

Mr. FESS. We would not overlook that.

Mr. FLETCHER. Three thousand sets will not begin to supply the demand. I think that would be a mere start.

Mr. FESS. It may be that the libraries will take all the sets we are authorized to print. Some say they will, but I doubt that very much. But whatever we do, we ought to provide that after a certain date the libraries can not get the work at $50 a set. If we do not, we will come to 1935 with all this extra interest in Washington gone, and we will have 75,000 volumes in the Printing Office which we can not dispose of; and we do not want that to happen.

May I state that when this matter came up I did not want the Government to handle it. I wanted to submit the proposition to publishing houses. The Doubleday people wanted it, Scribners wanted it, Macmillans wanted it, Houghton Mifflin wanted to bid on it. But there was a movement among the members of our Committee on Printing to have the Government do it. That committee was then presided over by the senior Senator from Connecticut [Mr. BINGHAM], and he felt the Government could handle it, and the Printing Committee wanted the Government to do it. The only difficulty about it was that we would have to distribute it instead of having the publishing houses distribute it. But we decided to undertake it.

I do not want the Government to be caught with 75,000 volumes on its hands and no chance to distribute them or sell them, because all the added interest in Washington will be gone by 1935.

Mr. BORAH. Mr. President, will the Senator take up with the commission the proposition I have suggested?

Mr. FESS. Will the Senator support me in getting an appropriation for it?

Mr. BORAH. Yes; I will.

Mr. FESS. I will do it.

TWELFTH ANNIVERSARY OF THE EIGHTEENTH AMENDMENT

Mr. SHEPPARD obtained the floor.

Mr. FLETCHER. Mr. President, I will ask the Senator to yield that I may suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Texas yield for that purpose?

Mr. SHEPPARD. I yield.

Mr. FLETCHER. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Jones	Shortridge
Austin	Davis	Kean	Smith
Bailey	Dickinson	Kendrick	Smoot
Barkley	Dill	Keyes	Steiwer
Bingham	Fess	King	Swanson
Black	Fletcher	La Follette	Thomas, Idaho
Blaine	Frazier	Logan	Thomas, Okla.
Borah	George	McGill	Trammell
Bratton	Glass	McKellar	Tydings
Brookhart	Gore	McNary	Vandenberg
Bulkley	Hale	Metcalf	Wagner
Bulow	Harris	Morrison	Walcott
Byrnes	Harrison	Moses	Walsh, Mass.
Capper	Hastings	Norbeck	Walsh, Mont.
Caraway	Hatfield	Norris	Waterman
Carey	Hawes	Nye	Watson
Connally	Hayden	Oddie	Wheeler
Coolidge	Hebert	Pittman	White
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ind.	
Couzens	Johnson	Sheppard	

The PRESIDING OFFICER (Mr. Fess in the chair). Eighty-one Senators having answered to their names, a quorum is present.

Mr. SHEPPARD. Mr. President, a national evil requires a national remedy. Beverage alcohol is a national evil. For these reasons the power of the Nation was enlisted against beverage alcohol through the adoption of the eighteenth amendment on the 16th of January, 1919. By its terms that amendment took effect a year after its adoption, January 16, 1920. To-day, January 16, 1932, it completes the twelfth year of its active operation.

Attention is here directed to the fact that while the eighteenth amendment set up national constitutional prohibition on January 16, 1920, national prohibition by a Federal war-time statute had been inaugurated on July 1, 1919, and merged into nation-wide prohibition by the Federal Constitution at the time the eighteenth amendment became effective.

The two years prior to the beginning of national prohibition, under the war-time law on July 1, 1919, had witnessed the operation of a number of national enactments restricting alcoholic liquor, such as the denial of sales to soldiers and of sales near military camps; the clause in the food control bill of August 10, 1917, forbidding the manufacture of distilled liquor for beverage purposes; large increases in Federal liquor taxes; all these measures together bringing about a tremendous decline in liquor consumption. The effectiveness in decreasing consumption of these examples of even partial national action helped immensely to hasten the acceptance of the eighteenth amendment, which was pending before the States throughout 1918. Added to this example was the spectacle of a national consumption of 2,000,000,000 gallons of alcoholic beverages in the fiscal year ending June 30, 1917, although 23 States had enacted state-wide prohibition and lesser areas in practically all the States had adopted local prohibition. It was clearly seen that State option and local option were failures; that as long as the liquor traffic was permitted to have a legal existence in any part of the Union it would spread out and nullify local and State prohibitory laws in the other parts, notwithstanding the existence of a Federal statute prohibiting the shipment of intoxicating liquors into prohibition States and Territories for use in any manner in violation of their laws.

It is now proposed to submit an amendment to the Federal Constitution reviving State option, providing that each State may say as to whether it shall be wet or dry. This proposal is a mere retracement of old and futile ground. Such is the aggressive and sinister nature of the liquor traffic that the State-option system would fail again, as it has already failed so signally in the past.

It is well to allude at this point to another significant condition. The amount of capital invested in the legalized liquor traffic when national restrictions appreciably set in was over nine hundred million dollars, nearly eight hundred millions being employed in making beer; less than one hundred millions in making distilled or hard liquors, such as whisky, brandy, rum, gin, and the like; about thirty-one millions in making wine. I mention these figures to show how fundamental was the relation of beer to the legalized liquor problem. It far outweighed hard liquor, not only in capital invested and in volume consumed but in corresponding disaster inflicted on humanity and in the corruption it spread through every form of government, from township and county to the Nation itself.

In a memorandum furnished by a United States district attorney to a Federal court at Pittsburgh in the case of the United States against the United States Brewers Association a few months before the eighteenth amendment came up for final action in the Senate, it was shown from a report of one of the association's own agents that for years the association had been fighting prohibition throughout the Nation in State and local compaigns; that in 1910, for instance, the association had participated in 27 State campaigns and had won substantial victories in all but one.

The report recited that the counsel of the association had guarded the brewing interest during the sessions of Congress with remarkable success; that during the preceding two sessions of Congress over 200 bills adverse to the interest of the brewers had been introduced, many of which had the backing of all the prohibition and temperance organizations in the country; that only one had passed, and that with the assent of this counsel for the breweries; that it could readily be imagined what this meant in winning and keeping friends in congressional districts; that it was literally true that Congress had been kept from doubling the tax on beer by the efforts of this brewery lobbyist. The memorandum indicated further that in 1913 the United States Brewers Association gave $330,138 and that the Wholesale Liquor Dealers Association gave $90,000 to a fund for use in influencing the election of governors, lieutenant governors, United States Senators, United States Representatives, and members of State legislatures; that the Government had a record of the collection of over $750,000 by the United States Brewers Association in 1913 and of nearly a million dollars in 1914 for campaign purposes. The cases in connection with which this memorandum was presented ended in the conviction of the brewer defendants of violation of the Federal corrupt practices act and in payment by defendants of tremendous fines.

In another case the same district attorney said in his brief that the Government had information to the effect that brewery corporations for many years past had been making illegal money contributions in connection with national elections and in order to cover up this criminal conduct had been deducting from their tax returns sums equivalent to the amounts thus illegally expended in elections, thereby adding crime to crime and cheating the Government out of a large amount of revenue. Clearly the brewers contributed the chief fighting force and the most formidable obstacle in the pathway of those who were endeavoring to establish prohibition in States and smaller divisions and finally in the Nation. Clearly beverage alcohol in the form of beer was the major element in the drink evil, by virtue of the larger volume of manufacture and consumption, and the effort to bring back

beer means an effort to bring back the drink evil in what was its most destructive form. The principal type of intoxicating liquor in existence when nation-wide prohibition gradually took form, culminating in the eighteenth amendment which forbade all intoxicating liquor, was beer. No Senator or Representative can vote to bring back by statute what has been and is generally regarded as beer without violating his oath to support the Constitution of the United States. Beer in the estimation of a thirsty minority means the legalized beer of pre-prohibition days. A bill has been introduced in Congress to legalize 4 per cent beer by statute. The beer in which nearly $900,000,000 were invested before national prohibition and which composed the form of beverage alcohol entering most largely into the drink problem had an alcoholic content averaging about 4 per cent by volume and a lesser percentage by weight. The only sincere, consistent, and legitimate method of endeavoring to bring back what the drinkers know and want as beer is to endeavor to repeal the eighteenth amendment. It would be a hopeless endeavor, to be sure, but nevertheless a consistent and legitimate one.

It need not be a matter of surprise that beverage alcohol in the guise of beer represented such volume of capital and consumption when we recall that in such guise it was the most alluring form of alcoholic liquor. Most people, especially young people, got their first taste of alcohol through beer and to a lesser extent through wine. Beer and wine formed the entrance to the inferno of drink. The repulsiveness of whisky and brandy and rum to the first drinker was overcome as the drug, little by little, through smaller amounts in beer and wine, obtained a firmer hold on its victims and clamored at last for greater quantities. There is no compromise and no basic difference between the various forms of beverage alcohol, whether whisky, brandy, rum, beer, wine, or other types. The victim demands the alcoholic drug in any garb, no matter what you call it, and with a craving that in most instances ultimately masters him.

It is said by some that there is increased drinking by young people under prohibition. In the days before national prohibition the beer halls and gardens were thronged with young men and women multitudes of whom began a downward course amid all the allurements and temptations of a traffic legalized by government and armed with unlimited capital. To say that more young people are drinking now with these public institutions out of existence or reduced to the smallest fraction of the former number and conducted in secretive violation of law is to state a self-evident absurdity.

It is true that social entertainers of the present day who serve liquor make their own residences places of temptation for many people, especially young people, but these entertainers comprise an infinitely small proportion of our population of 122,000,000, and necessarily they reach and contaminate a similarly small, comparative number.

I now bring forward another circumstance full of meaning. The eighteenth amendment destroyed property values connected with the manufacture and sale of intoxicating liquors to the extent of hundreds of millions of dollars, and yet no serious effort was made to secure remuneration. The owners of these values knew that they had been operating by tolerance and not as a matter of natural right. The Supreme Court of the United States had held as long ago as 1887 in the case of Mugler *v.* Kansas (123 U. S. 623) that intoxicating liquor was an article of such character that no property right, such as was protected by the American Constitution, existed in it; an article of such character that property used in its manufacture, although authorized by law, could be virtually destroyed or deprived of most of its value by another law without any compensation; an article of such character that the right to make it for sale or for one's own personal use, although permitted, or not forbidden, by law, could be taken away by another law without infringing the rights accorded in the case of ordinary commodities of human necessity and use; that it was within the knowledge of all that the public health, the public morals, and the public safety might be endangered by the general use of intoxicating drinks. In view of this holding by the Supreme Court of the United States, on what basis in justice, in reason, or in morals can it be contended that prohibition should be repealed and that the manufacture for sale or personal use of intoxicating liquor should be given a constitutional and legal status?

Do you say this course should be pursued because the liquor traffic will not obey the law and can not be made to obey it? To take such a position is to say that wrong is stronger than right, more powerful than government, that society is helpless to take the steps essential to its preservation and improvement. It is to say that because wrong defies government the government must surrender to wrong and put upon it the stamp of legality as an evidence of the helplessness of organized authority. No true American, wet or dry, will subscribe to such a doctrine.

What is to be gained by according the liquor traffic a legal status and thus adding to its power for evil? Every legal experiment with it has been made in various States, high license and low license, all the phases of local option, sale of beer while forbidding stronger beverages, sale of beer and wine while interdicting every other alcoholic drink, limitation of hours of sale, limitation of quantities in which liquor might be dispensed, limitation as to classes allowed to purchase, limitation as to places of consumption, different forms of government storage, control, and sale. All were flouted by that crowning embodiment of lawlessness—the liquor trade—and all failed. Give this lawbreaking traffic the recognition of law, and your troubles with it will be multiplied a thousandfold.

You say that prohibition has brought us the bootlegger and the "hippocketeer." We have had both as long as recorded time, and even longer—as long as it has been possible to make money by selling anything in defiance of law, as long as youth has been boastful and blind. It was to protect the licensed liquor dealer from the bootlegger and the moonshiner that the Government and the licensed liquor dealer agreed that liquor containing more than one-half of 1 per cent of alcohol should be deemed intoxicating for law-enforcement purposes long before the arrival of national prohibition. Is anything to be gained by adding to the bootleg and the hip pocket new reservoirs of intoxicants in the warehouses, breweries, and distilleries which would come with legalized liquor, by adding sunlight to moonlight as an environment for liquor making? You say that prohibition has brought us the speakeasy. Is it not something to make these clandestine liquor shops speak easy and low? Do you better the situation by permitting them to proclaim their presence through the amplifiers of the law? They would all become speakeasies again, as did the legalized saloons of old, the moment the hour for closing came or Sunday arrived or other days when sales were prohibited or when some child crept in at the back door. You say that prohibition has brought us blind pigs and tigers? Will it help things to give these animals eyes the better to strike at health and morals? You say that prohibition does not prohibit, and yet you will be forced to surround the liquor traffic with all sorts of prohibitions if you should succeed in overturning the present form of prohibition. You would prohibit anyone from dealing in liquor except Government, State or Nation, or you would prohibit it from being sold except on certain specifically detailed conditions. You say that you want to restore the revenue once obtained from liquor. This would involve some of the most drastic and complicated prohibitions, based on rigid and exclusive Federal supervision of manufacture and storage, State and local regulation of sale.

Let us proceed at this point to an examination of the nature of beverage alcohol. Alcohol, the basis of this beverage, is a poisonous, habit-forming drug. As has been well said by the New York City Board of Health, we have three great habit-forming curses—cocaine, morphine, and alcohol. Alcohol, in far less quantities than commonly supposed and in amounts far short of enough to produce visible drunkenness, permeates and poisons the tissues comprising every part of the human body. It is the effect of alcohol on the brain tissues that furnishes one of the principal sources of its dan-

ger to humanity and to civilization. Through the brain tissues it attacks and perverts the centers of moral and physical self-control.

The loss of that control marks the difference between sound judgment and its progressive abandonment, between normal conduct and every degree of abnormal behavior from the loose-tongued chatter of a cocktail group to murder, robbery, delirium, abuse of family, suicide, and rapine.

The loss of that control marks the difference between respect for moral principle, for laws of country and of God, and their increasing disregard, between the path of virtue and the road to prostitution, between total abstinence and the entire range of alcoholic indulgence from occasional drinking to hopeless alcoholism and permanent drunkenness.

The loss of that control marks the difference between ability readily to connect perception with action and the destruction of human life on a terrific scale in an age when society is dependent as never before on the steadiness and accuracy of the hand at the machine, between safe driving of locomotives, automobiles, airplanes, and high-powered machinery of all kinds and unsafe operation with measureless possibilities of disaster—between thrift and poverty, between self-respect and degradation, between efficiency and success on the one hand, inefficiency and failure on the other.

Helen Wills, the famous tennis player, says that in playing tennis one glass of beer is enough to make a difference in one's eye, coordination, and balance; that the precision of tennis makes total abstinence necessary even from beer.

Knute Rockne required the young men he trained to abstain, to use his own language, from "poisons such as alcohol." His team rules prohibited alcohol in any form to players in and out of football season.

Alonzo Stagg said that as a coach he did not believe in the use of alcoholic beverage; that one of the things forbidden in 1924 to the Olympic team, which he helped to coach, was the drinking of anything but water; that coaches and trainers generally were against the use of alcoholic liquors in training, even beer.

Connie Mack said that he would not bother with a youngster who drinks; that alcohol is a preventive of the clean living and quick thinking essential to success.

Warren G. Stone, grand chief of the Brotherhood of Locomotive Engineers, said that when it was realized that on fast trains the engineer must recognize and correctly interpret three signals a minute on an average, each of which meant the difference between safety and disaster, it would be understood why every sense must be alert; that those who had spent most of their lives on a locomotive knew the infinitesimal fraction of a second that often meant safety; that alcohol slowed down the brain; that any member of the brotherhood found guilty of violation of the rule forbidding the use of intoxicating liquors, either while on duty or off duty, would be expelled; that any lodge of the brotherhood failing to enforce this law would have its charter suspended.

It is stated in a recent publication on the effects of alcohol, by the Scientific Temperance Federation, of Boston, Mass., that the driver of an automobile with alcoholic liquor in his brain is an added source of danger to those he meets or passes; that by taking even a moderate drink four hours or longer before driving, he deliberately adds to the peril of a situation which already demands a constant caution; that the margin between safe driving and unsafe driving is too narrow to permit drinking; that various State laws in the United States forbid a person driving an automobile while under the influence of alcohol; that in Massachusetts, which has a law like this, the supreme judicial court has decided that it is not necessary to prove that a driver is drunk, that if he is found driving under the influence of alcohol he is liable to punishment.

A committee of prominent British physicians urged the British Minister of Transport last year to issue a special card of warning on the influence of alcohol to all drivers of motor vehicles. In making this appeal these physicians stressed the fact that it did not require actual drunkenness to make a driver dangerous, but that small or moderate amounts taken several hours before, as well as during driving, would have this effect. They said that drivers with whom they had talked recognized that one reason for not taking alcohol before or during driving was that moderate doses would make a driver more liable to take risks.

Wing Commander Laurence, of Australia, has said that the aviation pilot who takes no alcohol fares best in the long run.

The airplane pilots who made the good-will flights over the countries south of the United States carried bottled water, declined the wines offered them, saying that only pure water kept the brain as clear as it should be when one has to pilot an aircraft.

Lindbergh declined the wine offered him in Paris after he finished his flight from New York, saying that he did not drink alcoholic liquors.

A leader in commercial aviation said recently that the public might easily ruin many otherwise excellent pilots by the practice of taking them to parties where drinks are served, that pilots are invited out a great deal, and that all aviation companies would be deeply indebted to friends of aviation for taking a sober view of the pilots' responsibilities and refraining from soliciting them to do things branded by common sense as both harmful and dangerous.

The question suggested here is why the same concern may not be expressed for men and women in other occupations less exacting in some respects than aviation but requiring a full measure of physical and mental vigor.

When will the social entertainers understand that in serving liquors they not only violate the law of their country against the possession of alcoholic drink, but become menaces to others and to civilization?

In attacking self-control through its presence in the brain tissues alcohol in the case of the vast majority of its devotees lessens or deadens the power of self-criticism, self-observation and correction, the sense of responsibility for sane and moderate conduct, leading to excess after excess both in drinking and otherwise, inducing a feeling of overconfidence and carelessness, recklessness in speech, in taking risks, in the assumption of foolish attitudes, in making dangerous ventures, all of which are mistaken for a sense of exhilaration and well-being, which after wearing off leaves the subject with a pronounced and finally desperate craving for more and more of the drug. To bring back these false and fatal illusions, indulgences follow in more rapid succession, until we have either what is called a steady, moderate imbiber, who is seldom and sometimes never visibly drunk, or the outright drunkard.

The alcoholic drug in an alcoholic drink penetrates not only the tissues of the brain but the tissues comprising the other parts and organs of the body. It enters the tissues that compose the blood cells, and, by poisoning these, impairs their function of destroying the germs and microbes producing some of the most general and deadly maladies, such as tuberculosis, pneumonia, typhoid, septic inflammation, and blood poisoning. It lessens their ability to carry food materials from the digestive canal and oxygen from the air in the lungs to the points needed for the maintenance of life and to carry away waste matter that the body cells develop.

It enters the stomach tissues to retard digestion, irritating the membranes and disordering customary functions.

It enters the tissues of the heart to bring about degeneration and to cripple its normal capacities.

It devitalizes the other tissues of the human system until normal abilities to resist disease, to endure physical and mental strains and extremes of temperature, to recuperate from exhaustion, illness, shocks, and wounds are reduced to lower and lower levels.

The school children of Great Britain are told in the British Syllabus on the Hygiene of Food and Drink that wounds, sores, and cuts heal less readily in a person who takes beer and spirits than in one who does not, and that the former is more likely to suffer from blood poisoning.

Dr. W. J. Brickley, in the Boston Medical and Surgical Journal, says that when certain types of injury occur to a patient under the influence of alcohol it is impossible to make a full diagnosis until the effect of alcohol has passed off; that with contusions of the head, producing concussion or other intercranial injury, it is impossible in the presence of alcohol to localize or estimate the extent of the injury; that abdominal cases, or cases where poison has been taken, are obscured by alcohol; that by thus obscuring diagnosis alcohol defers proper treatment; that this delay diminishes the chance of life when the real conditions are discovered; that alcohol in the human system increases the danger of infection at the time of the accident; that alcohol prevents adequate treatment; that it increases the danger of intercurrent complications; that it retards the process of repair; that it gives a poorer end or result; that it increases the mortality in accidents.

In the treatise of the Scientific Temperance Federation before referred to it is stated that various investigators have found from 75 to 90 per cent of venereal infection, including syphilis, to have been contracted under the influence of alcohol; that the exposure occurs not in the deeper stages of intoxication but in the early stages, in which the weakened higher mental faculties, loss of self-control, and sense of responsibility turn conduct over to passing impulses.

The ravages of alcohol go farther than the body it immediately invades. Such is the nature of the alcoholic drug that its devastating taint is communicated in many instances from parent to child, defiling motherhood, condemning or predisposing a life in the innocence of infancy to idiocy, insanity, epilepsy, deformity, paralysis—to a shortened, miserable, and precarious existence. How any man with the charactertistics and qualities of a normal human being can knowingly continue or acquire a habit which may cause him to make his wife the vehicle of infection, to contaminate his offspring, how any mother can defile her own motherhood by doubling that pollution through her own indulgence in alcoholic drink, challenges and baffles calculation.

Dr. Matthew Woods, of Philadelphia, in an address before the American Society for the Study of Alcohol and other Narcotics, in December, 1915, reported eight cases of epilepsy in children which had been traced to a single case of intoxication on the part of parents who, outside of that one deflection, had been total abstainers, and whose personal and family history showed them to be free from neurotic tendencies.

Studies by Sullivan and by Jacquet and Lebar of child mortality in the families of drinkers show an unusually high percentage of children dying before or soon after birth, the rate ranging from 55 to 61 per cent.

One of the first reliable statistical inquiries into the relation between alcoholism and crime in our history was made by the Massachusetts Bureau of Labor and Statistics in 1895. Its examination of the records of penal institutions in Massachusetts led to the conclusion that in 50.88 per cent of all convictions for crime, not including drunkenness, the intemperate habits of the criminal led to a condition inducing the crime.

The Bureau of Prohibition of the United States Government issued a statement, as a result of its investigation in 1930, to the effect that in countries where hard liquors are reported not to be the chief form of drink the following percentages of crime were due to alcohol: Germany, 41.7 per cent; Austria, 58.8 per cent; France, 60 per cent; that students of criminology had found alcoholism responsible for 80 per cent of the antisocial propensities that make jails and correctional institutions necessary; and that, in addition to this, 25 to 30 per cent of the inmates of State poorhouses indicate an alcoholic history.

Sir Arthur Newsholme, a British health authority, in a recent article, states that alcoholic indulgence in Great Britain produces a very large part of the vice, destitution, and crime, quoting Sullivan and Mott as attributing to alcohol one-fifth of the suicides. Doctor Sullivan, who has made a study of prison populations, says that chronic intoxication is accountable for three-fifths of the homicidal crimes in England, and for many other crimes of violence. In the first six months of 1910 the Chicago Juvenile Protective Association handled 1,379 cases of adult delinquency toward children; and out of this number 1,034, or 75 per cent, were found to have drunkenness as the chief cause. It was the estimate of Judge Gemmill, of the Chicago court of domestic relations, that 42 per cent of unhappy and broken homes involved in cases on which he passed in 1912 had been brought to that condition by alcoholic drink.

The committee of fifty, as a result of its study of the economic aspects of the liquor problem in 1899, concluded that alcohol was responsible directly or indirectly for at least 25 per cent of all poverty requiring relief by charitable institutions in the United States, for 37 per cent of pauperism, for 45.8 per cent of child destitution.

It should be said here that most of the havoc wrought by alcohol occurs before the state of visible drunkenness is reached. Sir Arthur Newsholme, from whom I have already quoted, said in a paper presented at the International Congress Against Alcoholism in Antwerp in 1928 that the evil effects of alcohol occur chiefly apart from actual intoxication; that the minor degrees of alcoholism, especially where there is steady indulgence during the day, and day by day, were mainly responsible for the evil effects of alcoholic indulgence as practiced by the majority of drinkers; that this was shown not only by mortality and sickness figures but also by the evidence as to accidents in industry and transport.

The great majority of steady, moderate drinkers who rarely, if ever, become visibly intoxicated embody the alcoholic problem in its most dangerous form, both as to themselves and as to others. Society is able to protect itself against the obvious drunkard but not against the man apparently in possession of his faculties who is poisoned through and through by habitual, moderate indulgence.

I know that there are numbers of individuals so strong or so fortunate that they pass through life as occasional or continual drinkers seemingly without harm to themselves or to those with whom they come in contact. But this is not the case with the immense majority; and that majority was so immense before prohibition as to constitute a social peril of such national proportions as to justify the employment of the highest governmental power—the Federal Constitution—against it.

In view of the effect of alcohol on by far the greater number of drinkers, of the problem it continues to involve for government and society, even on the restricted scale to which outlawry has reduced it, the few drinkers who escape the taint and treachery of the drug ought in all honor and in the exercise of patriotic duty to renounce it altogether. The fact that the drinker who buys his own liquor and possesses it for any length of time is a violator of the law, that purchase is an essential part of the crime of sale—the foundation of the whole illegal fabric of the present liquor trade, making the buyer in reality as guilty as the seller—certainly ought to be an additional reason for abstinence.

For the multitudes whose earnings have been diverted from alcohol to the acquisition of useful things, nation-wide prohibition has been a blessing that multiplies with the years.

For the groups who are still victimized by the drug they can not resist, prohibition holds the only hope of ultimate deliverance. The destruction of beverage alcohol is their only safety. It is the only safety for millions yet unborn.

With the power of evil possessed by alcoholic drink in full view, I ask again, What is to be accomplished by giving it the sanction and the encouragement of legal recognition? The opponents of prohibition claim that drunkenness and drinking and crime have increased since its enactment. I deny this. But if I am in error and if alcohol is so formidable that it is able to circumvent the Constitution and the law, what assurance have we that a legal status will not make it more dangerous than ever?

Prof. Harry Elmer Barnes, an author not favorable to prohibition, says in his recent book on crime that repeal of

prohibition would create an orgy of crime the like of which the world has never yet beheld. One of his characters sums up what the author thinks would happen in case of repeal in this homely expression, "Mister, you ain't seen no crime yet."

Edward Dean Sullivan in the August, 1930, Red Book expressed the belief that once we get repeal or serious modification, so that liquor may be legally purchased, the underworld of alcoholic enterprise will return at once to conventional crime on a grand scale.

Let us examine this claim of increased drinking since national prohibition was established. It has been charged that there is more drinking in Congress than before prohibition. The New York Times, never a supporter of prohibition, disposed of this charge in an editorial on January 16, 1926, an editorial referring to drinking in Congress during the wet era and reading as follows:

If the races interfered, as they often did, with a quorum in Congress, what of it? Gambling by night, guzzling all the time, such were the simple habits of many of our statesmen less than a hundred years ago. Liquor everywhere. Famous men drunk in the Senate and House. According to Henry A. Wise, speaking in the latter body, a majority of its Members were loudly and joyously intoxicated on one occasion.

The Washington Post, a publication by no means committed to prohibition, had the following to say in its issue of December 16, 1925, on drinking in Washington and in Congress before and after national prohibition:

The distinguished Senators who so earnestly contend that there is more drinking in Washington to-day than there used to be in the "good old days" before prohibition are doubtless newcomers who don't remember when back in Reed's time there was a bar in the House of Representatives, when gentlemen drank their way up the Avenue every afternoon from "Brock's" to "Shoo's," stopped in for a moment at the old Willard bar for Tom Ochiltree's latest story and a cocktail, dined with Sam Ward, topped off the evening at John Chamberlain's, and went home at 2 a. m. with both feet hanging out of the back windows. They don't remember "Rum Row" and "Sawdust Hall," the race-track crowd that flocked back from St. Asaphs for a little refreshment at Hancock's every evening, the foaming steins in the old Lawrence beer garden, the postgraduate course at the University of Gerstenberg, and the nightcap at the old Owen House. More drinking in Washington now? Shades of Count Perreard!

Mr. President, no such scenes and no such conditions as those described by the Times and Post can truthfully be said to have marked Congress or Washington since national prohibition began.

O. O. McIntyre, the well-known columnist and keen observer, said in one of his syndicated articles in reference to drinking conditions in the city of New York, long after national prohibition came:

Nobody seems to think New York would slow up in its drinking of its own accord. There must in their opinion be some underlying cause. A gay time here is usually associated with popping corks and a few seem to believe it could be accomplished without it. It seems it has. A famous head waiter says diners are bringing less refreshment of a liquid nature. His explanation is that they are either slowing up or have run out of pre-war stuff. At any rate, it is certain that all round town there is less drinking.

Later, in another article, he said on this same subject of drinking in New York City:

Something out of the ordinary has happened to the drinking business, anyway. I have read all these fearsome hospital reports about the increase in alcoholism, the wild tales of rum running and gigantic bootleg deals, and yet there is less drinking among people I know than I have ever seen before. Many of my friends have quit drinking altogether.

Walt Mason, another famous writer, said in his characteristic style, not long ago, on the subject of drinking in the United States under prohibition:

I walk around the village streets and meet the citizens in droves, and few of them buy liquid treats and few chew lemon peel or cloves. They all seem sober as they come and shake my hand and say "Good day." They don't suggest the demon rum or barleycorn in any way. I walk from Tripe Street down to Punk, then back to my own barn and byre, and do not meet a single drunk or anyone whose breath's afire.

Mr. President, anyone who traveled about this Nation in the days before national restriction on liquor began seriously to be felt and who has done the same thing since the advent of nation-wide prohibition can not fail to be impressed with the fact that general liquor drinking among the American people is a thing of the past.

The passing of the drink habit is beginning to be reflected in the conduct of Americans abroad. In a recent issue of the New York Times Count Martini-Rossi, of Italy, one of the leading wine manufacturers of the world, hostile, of course, to prohibition, gave his impression of Americans. He said that Americans as a class were not a drinking people, although the cocktail habit seemed to be regarded as a more or less desirable social amenity in what it pleased the count to call the best American circles abroad; that it could be said without fear of contradiction that Americans visiting Europe are a particularly abstemious lot.

In describing the cocktail circles as the best American circles abroad the count has imitators in the United States, who have the obsession that the cocktail parties here represent the so-called best element mainly because they are people of means and leisure.

As a matter of fact, the residences and apartments of the social-drink servers, the last supports of the illegal liquor traffic, are our modern slums, whose denizens wear evening clothes instead of rags. As I have pointed out before, they represent but an infinitely small proportion of the American people and are as untypical as they are antisocial.

As to the present crime situation, the Chicago Crime Commission in its 1931 report does not hold prohibition responsible, but blames the administration of criminal law. It states that constitutional rights of criminals are given more consideration under the Criminal Code than the protection of the law-abiding; that some judges appear to be more concerned with administrative ritual than common sense; that some are more concerned with the importance of statutory enactment than with human rectitude; that omissions of form are to them far more heinous than moral offenses; that too many judges love the letter of the law and disregard the spirit; that they rely on ritual rather than righteousness.

The New York State Crime Commission in its final report to the State legislature, on April 3, 1931, said that there had grown up, particularly in the larger cities, an illegal system of levying tribute from legitimate organizations and business, commonly known as racketeering; that the cost to the American public could not be definitely figured, but estimates ranged all the way from $12,000,000,000 to $18,000,000,000 annually in the Nation; that one racket in New York State alone, that of fake securities, was known to take from the public approximately $400,000,000 a year; that surety companies had estimated that crimes against property totaled $7,000,000,000 a year, and that it had been computed that between $200,000,000 and $600,000,000 had been exacted in annual tribute from almost every business in New York City. It would be a heated imagination, indeed, which could find any causal or substantial relation between prohibition offenses and this colossal system of modern plunder.

In the Illinois crime survey an especially careful study of criminal conditions has been made. In that document it is asserted that it would be unfair merely to present the facts concerning organized crime, that no one has the right to condemn Chicago without at the same time realizing and giving due credit for what Chicago has achieved and without realizing the greatness of her problems, that every student of public affairs must realize that the prevalence of crime in Chicago and in America is due in large measure to our very newness and to our very democracy, that to a certain extent it is due to our very altruism, that crime is the problem of adolescent youth and that failure properly to deal with crime is nearly always a weakness of an adolescent city and an adolescent nation, that there has always been crime on the frontier, that the main trouble with Chicago is that it is too young and has grown too fast.

There is nothing in this analysis that could be twisted into an accusation of prohibition as a fountain of crime.

August Vollmer, a criminologist of the University of Chicago, former chief of police of Berkeley, Calif., an outstanding authority in his field, said in a recent address before the

American Political Science Association Convention, at New Orleans, that there was no increase in the criminal ratio in this Nation.

As a part of the reign of crime, which they say has been induced by prohibition, wet propagandists point to the 12,000 murders per year in the United States. What are the facts? In the wet year of 1895 there were 10,500 murders in a population of 71,000,000, or 15 murders per 100,000 people. In the World Almanac for dry 1930, we find the annual murder rate at that time placed at 12,000, in a population of 122,000,000, or 10 murders per 100,000 people. If we had the wet proportion in connection with present population, we would now be having 18,000 murders every year, or 6,000 more than under the dry proportion.

The Chicago Crime Commission reports a steady decrease in crimes and violence in that city during the last decade, despite a gain in population of over a million, despite a widespread and erroneous impression to the contrary.

The World Almanac gives us official figures showing arrests for drunkenness in the city of New York averaging 47,584 annually, for 1901, 1902, and 1903, and an annual average of 12,110 for 1927, 1928, and 1929, the last three years for which there was an available record at the time of publication.

This means that when we take population into consideration, arrests for drunkenness were more than five times as great in legalized-liquor years in the city of New York as in the dry years.

It is the almost unanimous testimony of the owners and executives of American industry that prohibition has been of tremendous economic benefit to the Nation. They assert that difficulties connected with drink among workers have become far less serious and the discharges for drunkenness of far smaller number. They tell us that it is now far easier to keep a complete force at work after pay days, troubles in this regard having almost entirely disappeared. They say that workers are steadier, clearer-headed, stronger, more efficient, and more alert, and that in spite of home-brew, speakeasies, bootleggers, and other handicaps on prohibition, the workers of the Nation as a whole are in far better condition than in the days of legalized liquor.

The delegation appointed by the British Government to study industrial conditions in Canada and the United States reported after the completion of its investigation that prohibition was one of the causes of the economic progress of the United States, stating that the economic effect of prohibition had been very great by diversion of large sums of money into savings and the purchase of commodities and by increasing the regularity of attendance at work.

The report, following a nation-wide survey by the National Federation of Settlements, contains statements to the effect that difference of opinion was found as to the workings of prohibition, but that the results seeming to be directly due to prohibition were that the lower-wage group had profited everywhere and that business and production had profited.

It is the judgment of prominent economists that prohibition has helped to increase the number of individual savings-bank depositors, the average amount per deposit, the volume of industrial insurance paid in weekly and monthly premiums, and the assets of building and loan associations.

They report that the wage earner had been led to take a greater interest in his home, that as a consequence of lessened expenditure for drink, as one factor, his standard of living is very much higher than formerly.

Much has been said, and rightfully said, as to the necessity for the conservation of natural resources.

Let it not be overlooked that we must exert every effort for the conservation of human resources, of human life itself.

Beverage alcohol is wasteful and destructive of human life and strength and its repression is a conservation measure of the first importance.

It was the aspiration to protect and foster human values that wrote prohibition into the American Constitution.

It is the aspiration to protect and foster human values that will keep it in the Constitution as long as that document shall survive.

Beneficial as prohibition has been, it would have been far more helpful but for the fact that it has had to contend with large minority sections where it has been constantly ridiculed and resisted. Having never taken prohibition seriously, having placed every obstacle in its path, having refused it a fair and thorough trial in these areas, the dominant elements in these rebellious regions are, in effect, taking the position that because they will not obey a law it must be repealed or changed.

Mr. JONES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Washington?

Mr. SHEPPARD. I yield.

Mr. JONES. Is it not also a fact that it has been only during the last two years that we have had a comparatively permanent form of enforcement of the law; that theretofore there was no settled policy, owing to frequent changes in administration?

Mr. SHEPPARD. Undoubtedly enforcement has improved.

The elements to which I referred are seeking the submission of what they term a referendum by Congress on the question of changing the Constitution so as to legalize intoxicants in States desiring them, and are endeavoring to nullify the Constitution as related to prohibition by a congressional statute restoring the alcoholic drug in the form of beer.

With characteristic audacity they are asking Congress to submit the question of a constitutional change without regard to the will of the constituencies of Representatives and Senators. Let them exercise the referendum now at their command and at the command of all citizens—the right of petition and appeal to the district and State constituencies on the question of instructing their Representatives and Senators—in any manner they see fit as to whether or not these officials shall vote to submit an amendment to the Federal Constitution on the subject of prohibition.

No national-convention declaration can bind Representatives or Senators in opposition to the desire of the constituencies who gave them their political being.

Let these recalcitrants be placed on notice that so far as the drys are concerned there are to be no compromise on the question of keeping the Nation as a nation arrayed against beverage alcohol, no submission of a proposed reversal of the American Constitution except in obedience to the will of the people in each district and each State—the only true source of power in our American system—and no statutory torpedoing of the American Constitution by a beer submarine. [Applause in the galleries.]

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Occupants of the galleries will please be quiet or the Chair will order that the galleries be cleared.

Mr. JONES. Mr. President, I ask that there may be incorporated in the RECORD at this point, immediately following the remarks of the Senator from Texas, a part of the report made in 1919 by a committee of the Senate composed of Senator Lee Overman, Senator WILLIAM H. KING, Senator Josiah O. Wolcott, Senator Knute Nelson, and Senator Thomas Sterling pursuant to a resolution passed by the Senate, under which they made a special investigation of the activities of the brewing and the liquor interests. I would like to have printed the part which I have indicated on page 1133 of the CONGRESSIONAL RECORD of June 16, 1919. Let me read just a sentence or two:

> Your committee in entering upon the investigation directed by said Resolution No. 307 interpreted that resolution as requiring an inquiry into two subjects, to wit:
>
> 1. The conduct and activities of the brewing and liquor interests, political and otherwise, was specifically demanded.
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> * * * * * * *
>
> With regard to the conduct and activities of the brewing and liquor interests, the committee is of the opinion that the record clearly establishes the following facts:

Then I have marked what I would like to have printed in the RECORD.

Mr. SHEPPARD. Mr. President, I am very glad the Senator has asked permission to insert in the RECORD the parts of the report to which he refers.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

(a) That they have furnished large sums of money for the purpose of secretly controlling newspapers and periodicals.

(b) That they have undertaken to and have frequently succeeded in controlling primaries, elections, and political organizations.

(c) That they have contributed enormous sums of money to political campaigns in violation of the Federal statutes and the statutes of several of the States.

(d) That they have exacted pledges from candidates for public office prior to the election.

(e) That for the purpose of influencing public opinion they have attempted and partly succeeded in subsidizing the public press.

(f) That to suppress and coerce persons hostile to and to compel support for them they have resorted to an extensive system of boycotting unfriendly American manufacturing and mercantile concerns.

(g) That they have created their own political organization in many States and in smaller political units for the purpose of carrying into effect their own political will and have financed the same with large contributions and assessments.

(h) That with a view of using it for their own political purposes they contributed large sums of money to the German-American Alliance, many of the membership of which were disloyal and unpatriotic.

(i) That they organized clubs, leagues, and corporations of various kinds for the purpose of secretly carrying on their political activities without having their interest known to the public.

(j) That they improperly treated the funds expended for political purposes as a proper expenditure of their business and consequently failed to return the same for taxation under the revenue laws of the United States.

(k) That they undertook through a cunningly conceived plan of advertising and subsidation to control and dominate the foreign-language press of the United States.

(l) That they have subsidized authors of recognized standing in literary circles to write articles of their selection for many standard periodicals.

(m) That for many years a working agreement existed between the brewing and distilling interests of the country by the terms of which the brewing interests contributed two-thirds and the distilling interests one-third of the political expenditures made by the joint interests.

Mr. TYDINGS. Mr. President, the Senator from Texas [Mr. SHEPPARD] is a very sincere man. He believes in the cause he advocates and practices what he preaches. Therefore his statements and views are worthy of the highest respect. I listened very attentively to most of his speech. He made an eloquent appeal against the abuse of intoxicants. I join with him in all that he said in regard to that phase of the matter. I hope that what I may have to say will not be interpreted as an appeal for whisky, gin, brandy, wine, or beer but will be viewed from its governmental aspect and from its personal effect upon our people rather than from its wet aspect.

The Senator from Texas said that he is very anxious to save humanity from the degradations which come from the abusive use of alcohol or even from any use of alcohol. That is a worthy object, and were it possible to enact a mere law or to make a gesture to accomplish that end I would be inclined to vote to support his proposition. But we are not dealing with theories. We are dealing with men and women and children who are concrete, who are not perfect but are weak, and we are forced in the nature of the case to make the best solution of the problem that we can.

I want to say at the very beginning in all seriousness that it is my belief that had the eighteenth amendment not been adopted and had the States been permitted to work out their own destiny, their own solution of the problem, to-day there would be very few localities in the country where alcoholic liquors would be legally sold, and even in those States its sale would be confined to a very small area under very stringent provisions, and the great bulk of the country would enjoy a real temperance and a real prohibition because public sentiment had built it up and temperance teachings had sustained it.

But we were not content to take the orderly road, the humane road, the reasoning road, the logical road. We came here and attempted to foist upon the States and communities a form of government against which the people of those States and communities in many instances were in rebellion. Therefore we launched the "noble experiment" without public support in many large sections of the country.

What was said then? It was said in 1918 and 1919 exactly as it is said to-day, that the abuse of liquor is a curse, that it has ruined many homes, that it has brought mankind to crime, that it has made a great deal of misery. Have we stopped it by the adoption of the eighteenth amendment? Many times upon this floor I have pointed out the statistics of the Police Department of the District of Columbia—not New York under Tammany, not Philadelphia under Vare, not Chicago under Capone, but Washington under Congress! Congress is the mayor and city council of this city; everything that goes on here is theirs to make or to change; and what is the spectacle? For the 10 years before prohibition an average of 72 persons under 21 years of age was arrested each year for drunkenness, while to-day an average of 350 persons under 21 years of age is arrested for drunkenness. How can the advocates of the eighteenth amendment reconcile those figures with their "great reform"? Shall we judge prohibition by its results or make idle statements founded upon no reason, no summation of facts, no concrete happenings?

It was said prohibition would empty the jails, but the Attorney General of this Government has pending before this very Congress a bill to erect three and one-half million dollars worth of new Federal prisons, because, he says, every one we now have is filled with criminals and the Government has been forced to use State, county, and city jails to take care of the overflow, and that about half of all our Federal prisoners are prohibition-law violators.

All of us daily, for months and months and months, read in the newspapers of the country what went on in the city of Chicago, and, even though the man who was at the head of the great liquor ring there was known to the people of the country for years, to this very minute he has never been tried or convicted in a court of justice for violating the liquor law. I speak of Mr. Al Capone. The Government was so impotent to bring that man to book that the only way it could encompass his conviction was to find him guilty of income-tax evasion, a subject absolutely removed from the killings, the graft, the corruption, the crime, and the hypocrisy which settled like a heavy load upon that great western city for a period of four or five years.

The Senator has stated that great athletes do not drink alcohol. Of course they do not. Neither do they eat mince pie nor chew tobacco nor smoke cigarettes. Anyone who is undergoing physical training takes only those things into the body which build strength and perpetuate endurance. Would the Senator, by the logic of his deductions, advocate the elimination of cigarettes or cigars or tobacco and other things because nicotine is an evil? If so, where are we to draw the line?

The Senator speaks about the great evils from driving automobiles when the drivers are under the influence of liquor; but let me say to the Senator that since the adoption of prohibition, per hundred machines in operation in the States where they have kept records, there are three times as many persons per hundred machines whose licenses have been revoked annually for driving under the influence of liquor to-day as there were for the years preceding prohibition.

The Senator also speaks about crime in general. Let me say to him that every speakeasy in the country is an illegal institution; and how many are there, how many people frequent them? If all that disrespect for law is not conclusive proof of the effect of prohibition in the way of encouraging crime, then, I ask, what have we accomplished in the way of a better order as a result of prohibition?

It just so happens that there is on this desk a statement by the Women's Organization for National Prohibition Reform. The answers are taken, it is stated, from such sources as the Wickersham Commission's report, the Census Bureau, the Department of Justice, and the Prohibition Bureau. Thus the women's organization makes answer through its survey:

Promise: Saloons will be closed. What has happened? Three speakeasies for every saloon before prohibition.

Promise: Drinking will be reduced. What has happened? The Nation's drink bill has risen more than $1,000,000,000.

Promise: Beverage liquor will not be manufactured, sold, nor given away. What has happened? During 1930 Federal agents seized 281,981 pieces of illicit distilling apparatus and more than 39,000,000 gallons of spirits and malt liquors.

That is what they seized. How much was there in existence that found its way into the market, which they did not seize?

Promise: Crime will be reduced at least one-half. What has happened? Federal prisons crowded; three times as many prisoners as in 1921; cost of crime now more than $3,000,000 daily.

Promise: Decreased cost to taxpayers for saloon-made convicts and insane, etc. What has happened? Expenditures for Federal prison work increased 169 per cent between 1923 and 1931. In latter year $7,000,000 appropriated for Federal prisons.

Promise: Prohibition will remove the liquor menace to clean politics. What has happened? The present régime of corruption in connection with the liquor traffic is operating in new and larger field and is more extensive.

That is a quotation from the Wickersham report.

Promise: I think $5,000,000 a year appropriated to enforce this law would be ample. (Statement from Mr. Wayne B. Wheeler.) What has happened? Federal Government spends $40,000,000 yearly on dry-law enforcement.

I will not quote the remainder of the statement.

Mr. President, what I am now about to read is no reflection upon the Senator from Texas for whom I have the greatest respect and esteem, nor upon his State. I do not pick out Texas because I want to cast an aspersion upon Texans, for I could as well pick out my own State and prove the same thing; but, merely to illustrate conditions that now prevail under prohibition, I will read from the Wickersham report under the heading of "Texas," the testimony of the Federal prohibition agent in the great Lone Star State:

Criticism of the United States attorney at Fort Worth and the work of his assistants appears general throughout the northern district. Such criticism, too, emanates not alone from Federal sources, but also from county and municipal authorities. Not long ago one of the assistants there, during the course of an argument to a Fort Worth jury, referred to the police department of that city as "that cesspool of vice and corruption." The police, prior to such outburst, had been extending cooperation to Federal organizations and been extremely active against prohibition violators. Naturally, remarks such as the above would hardly tend to perpetuate such cooperation. Federal Judge Wilson, it is understood, compelled the assistant above mentioned to render a personal apology to the chief of police at Fort Worth.

Prohibition authorities in the latter city complain of unwarranted compromises made by bootleg attorneys, who, it is claimed, bulldoze inexperienced, weak-kneed assistants in the United States attorney's office there into recommending the acceptance of pleas for lesser offenses than available evidence warrants.

* * * * * * *

Oil-field communities have long since rid themselves of the lawless forces that generally ride into such places on the boom wave. Even conditions in Borger, most recent development—most notorious, in late years, for lawlessness—have been toned down to almost normal.

Labor in the oil regions is well paid; workers therein for the most part a free-spending, hard-drinking, convivial class, naturally create markets for liquor.

* * * * * * *

Plenty of liquor is available there, the foreign variety trickling all the way up from across the Rio Grande or across the Oklahoma line.

* * * * * * *

Local police at Wichita Falls appear active with respect to apprehension of law violators and extend satisfactory cooperation to Federal officers there—

And so on, and so on.

Plenty of good, moderate-priced moonshine liquor is available both in Fort Worth and Dallas. Foreign liquor is likewise available, but in small quantities and at high prices. Most of the latter product finds a better market farther north, in the oil region. Most natives of the Fort Worth-Dallas region manifest a pronounced preference for moonshine brew. Enormous stills are seized in that area.

And here [exhibiting] is a picture of one at Fort Worth, Tex., with hogsheads filled with liquor.

The writer discussed the liquor situation in the above cities with prohibition authorities, local police, the county sheriffs, taxi drivers, bell boys, waiters, and friends. One of the latter, a former United States attorney for the northern district, ventured the opinion that there was not so much drinking now among his friends. His law partner, present at the time, immediately took issue with the latter assertion, stating that, in the circle of his acquaintances, drinking was more general. Fort Worth police, incidentally, arrested 3,160 persons for drunkenness in 1929.

So I could read extracts as to conditions in Laredo, Galveston, Beaumont, Port Arthur, Sherman, and so on, all of which I have marked here; but I will pass over those in order to save time and cite a few statistics affecting certain cities.

In El Paso, Tex., there were 5,178 arrested last year for dunkenness; in Galveston there were 614 so arrested; in Houston there were 4,042 so arrested; in Fort Worth there were 3,160 so arrested.

Mr. President, it is just as well that we get the governmental part of this situation straightened out now. The people who are opposed to prohibition are not anxious to have whisky and beer and wine sold all over the country; but there is a thing which is almost as important as prohibition and which mankind did not secure easily, but wrung from reluctant monarchs all the way through the centuries. That is the right to govern themselves. This not being a national question per se, but rather a local one, one that is properly in the realm of local self-government, one unlike that of maintaining an army and navy for the entire country, unlike that of coining money or fixing tariff laws for the whole Nation, dealing primarily with the communal habits of the people wherever they may be; all that those who are opposed to prohibition ask is to have the right to settle it at home where they know the conditions and the elements with which they have to deal, and where they have demonstrated, through their action before national prohibition was adopted, that they were gradually making one area after another dry as public sentiment kept abreast of the desire for more and more real temperance. If anyone wants to call me a "wet" because I stand for that principle, I have not the slightest objection. That is all I am contending for here; it is all we have ever contended for—the right of our people to be masters of their own souls.

I dislike to detail such simple things as this, but our country is thirty-three times the size of Great Britain, sixteen times as large as Germany, and fourteen times the size of France. It is as far from Maine to California as it is from New York to London. We in the Congress of the United States are not passing laws for a mere country; we are passing laws for a continent, made up of diverse climates, made up of diverse, heterogeneous people of a wide variety of backgrounds and traditions and viewpoints and aspirations, of a great many racial derivations, and naturally very hard to put under the homogeneous banner of national prohibition.

I can agree with practically all that the Senator said about the evils of alcohol; but I submit to him and to you, have we had more temperance, have we had more progress, have we had less crime and a better general situation of our people under national prohibition than we had, taking the country as a whole, before that great "noble experiment" was adopted? I say candidly, I say honestly, and I say sincerely that in my humble judgment more people are drinking to-day than drank throughout the length and breadth of this land prior to the adoption of prohibition. I know that crime has increased, as you know it, whether you be wet or dry or what not.

How much longer shall we talk about theories? How much longer shall we tell of the great desire to put this demon down below our feet and stamp him to death? How much longer will it take us to face the real fact that men in certain cities, for example, have more power over the life and death of those communities than has a king anywhere on the face of the earth; that they own the police departments; that no good citizen is safe; that the prohibition business turns in such a tremendous stream of wealth to those who are organized to violate the law that it finances any amount of crime and an entire wide circle of corruption?

People form commissions like the Chicago Crime Commission and appeal to us for help; and even when our great Government sends its Secret Service men there, all they can do is to find the great, great, great leader of gangdom guilty of evading his income tax!

Why was not Al Capone arrested for violating the prohibition law, when everybody knows that he or his satellites violated it daily for years and years and years and years?

Can a man be stronger than the entire Government? If you answer "No," I will say he was. Can he be stronger than the police department? He was stronger than the police department; and after the Secret Service agents had wormed their way here and there to pick up the trail and get the evidence to bring him to book, the best they could do was to find him guilty of not paying income taxes on the enormous illegal revenues he had collected from this business!

In the city of Philadelphia the salary of a police captain ranges from $2,500 to $3,000 a year. Three police captains in that city had from $68,000 to $145,000 of cash in bank when the exposé took place there a few years ago under District Attorney Monahan; and 12 inspectors whose salary was around $2,400 a year had from $34,000 on up of cash in bank when the exposé took place. How are we going to get rid of that? Who can get rid of it? I ask anybody to say how we can end those conditions. If we can end them, we have had 11 years in which to do it, and we have not even scratched the surface.

Now I am going off on a new tack, and with that I will close. Perhaps it is not a fitting bit of philosophy to spin here, because it may touch a little bit on the religious.

It strikes me that the Man who died on the cross had more power within His heart and mind and soul and body than any other being who ever trod this terrestrial sphere. He went out and told men to do what was right. He preached tolerance and love and friendship; but, as far as I have been able to learn, He never put the bayonet behind a man's back and said, "Do right, or we will throw you in jail." His was a leadership of example and logic. Ours is a leadership of the policeman's club. We can not beat idealism into people any more than we can beat intelligence into people by applying a physical chastisement.

The trouble with prohibition, as we have it nationally, if I may be permitted to make this criticism, is not because those who back it do not mean to do a good thing for the country, because they do. They are trying to bring a better circumstance to the people of this Republic. In their respective ways they are endeavoring to curb a curse of mankind—the abuse of liquor. But are they doing it? And if they are not doing it, and if the facts show that they are not doing it, are they going to keep blindly on instead of trying to adopt some course which will permit them more quickly and more wholesomely to reach the worthy goal to which they have addressed their efforts?

This can not be done by force. The very fact that we have prohibited the use of liquor, as we have, makes it desirable to a lot of people with more or less perverted natures. The very fact that in former years one section of Maryland or Maine after another one was going dry was due to the fact that the people themselves were their own teachers of right and wrong. They listened to the arguments of both sides, and when the liquor influence was bad in their respective communities they voted it out, and the drys held practically all the ground they once gained.

We were not content with that slow progress, however. We wanted to start in politics with being President. We wanted to start in the field of religion with being Christ. We wanted to start in the field of athletics with being Paddock. We wanted to start in the field of finance with being Mellon. The slow, orderly processes with which all the success that humanity has won for itself has been obtained were too slow for our hasty and impatient appetites. So, to get rid of the intemperance of drink we became intemperate with government. We substituted one form of intemperance for another, and now we have neither one nor the other. We have lost both.

Senators, if we ever do refer this matter back to the States and the amendment is adopted, I say to you that the people of every State in this Union sooner or later will attack the liquor traffic, will restrict it, and force it to do business under the most rigid restrictions imaginable; and if those restrictions are violated, the communities themselves will put it down. But we can not send a man from Washington, D. C., to Seattle, Wash., and put it down unless the people of Seattle want it put down. We must mobilize public sentiment back of our action, or the eighteenth amendment, in my judgment, will always be a laughingstock. One more illustration to show the futility of this thing. A few years ago the Army and Navy football game was held over in Baltimore. Who was there? The President of the United States, the Vice President, members of the Army and Navy, Members of Congress, governors of States, members of State legislatures, city officials, and what not. That football game took place in the presence of 80,000 people, and when it was over more than 1,000 liquor flasks were picked up on the grounds. That is one to every 80 people; and God only knows how many silver and gold flasks were carried away in the pockets that brought them there.

If we can not get any better respect for law among the class of people who were represented at that game than the physical facts prove, we can not go into the Italian or the English or the Welsh or the Irish or the German or any other sections of this country and get respect for it.

Every man who is deprived of a drink of beer because he has not the money with which to buy it—for the speakeasies charge more than the normal price, I believe, for what they sell—knows that men who have the money can get all they want of every kind they want. There is not a city, town, or hamlet of 2,500 or more people in this country—and I challenge contradiction of this remark—where any man can not go within 24 hours after he arrives and buy illicit alcohol; not one.

Why, then, do we talk about enforcement when we know our country is seething with the corruption of its agents, that the police departments have broken down, and that hypocrisy and demagoguery walk on either side of prohibition wherever it chooses to show itself?

What happened in the recent election away up in Michigan, in that Republican stronghold? A so-called wet—but, in my judgment, not wet, simply contending for the right of his people to be the masters of their own souls—won a signal and a crushing victory at the hands of his constituents. Only a few days thereafter the thing was repeated in New Jersey, and only a few days thereafter it was repeated in New Hampshire.

Who is running this country? Are the people running it? What great men we are in this august body that we know so much and we are so fine that the people can not be trusted to regulate their own community affairs—and all this in the name of democracy!

"Do not let the people of Maryland pass on that question; they are not competent to do it—poor, wicked souls that they are!" That is what we are told. "Do not let the people of great New York pass upon this question. We know what is best for them down here, far better than they know up there. It all happens within their State, but we can decide the matter for them better than they can do it for themselves—the criminal, the bad, the irresponsible people of New York"—and all this in the name of democracy!

"Do not let the people of Illinois pass upon their own local affairs, because they are not competent to do it." They may decide that they do not want what we want to give them; so, therefore, not agreeing with us, they have no right to have their government in their own hands.

I say now that the political party which does not in the next election not declare wet, not declare dry, but give the people the right to run their own Government, whether it be Democratic or Republican or whatnot, should never more claim to be an institution and an instrument of a democratic government and ought to walk with its head bowed in shame every time it points to America's history, because it will say, in effect, "I do not care whether the people of this country want any more national prohibition or not, they are going to have it, because we are going to tell you what you must have instead of letting you have what you think is best for yourself."

Mr. President, that is the issue. I agree with what the Senator from Texas has said—and he said it very well—to the effect that alcohol has caused a lot of misery, that it has caused a lot of crime, that it has caused a lot of trouble

all through the ages, and it is still doing it. But if the conditions surrounding the career of Al Capone and men like him continue to be the existing order of the day in the United States, then we would better close up the Senate and the House of Representatives and tear down the Constitution, because every one of us knows that for six years while Al Capone was engaged in a business where he could have been caught easily if some one had wanted to risk his life, not a soul, from that time to this, has ever been able to fasten a conviction upon him for violation of the prohibition act.

In conclusion I send to the desk and ask to have read by the clerk in my time a letter which I believe was written in a somewhat jocular vein by the senior Senator from Missouri [Mr. HAWES] to the senior Senator from Connecticut [Mr. BINGHAM].

The PRESIDENT pro tempore. Without objection, the clerk will read.

The Chief Clerk read as follows:

LETTER FROM SENATOR HARRY B. HAWES, MISSOURI, TO SENATOR BINGHAM IN THE MATTER OF BEER

JANUARY 14, 1932.

Senator HIRAM BINGHAM,
United States Senate, Washington, D. C.

DEAR SENATOR: You, of course, are familiar with George Washington making each year large quantities of wine and distilling whisky, which he not only used but sold, and undoubtedly on visits to Mount Vernon have viewed with some envy his silver pocket flask, the larger flask which he used on his saddle when horseback riding, and the third flask which he carried in his coach.

Possibly you do not possess a copy of his famous recipe for making beer, written in his own handwriting, as follows:

"Take a large sifter full of bran hops to your taste. Boil these three hours, then strain out 30 gallons into a cooler. Put in 3 gallons of molasses while the beer is scalding hot, or, rather, draw the molasses into the cooler and strain the beer on it while boiling hot. Let this stand till it is little more than blood warm, then put in a quart of yeast. If the weather is very cold cover it over with a blanket and let it work in the cooler 24 hours, then put it into the cask. Leave the bung open until it is almost done working. Bottle it that day week it was brewed."

You may derive some personal benefit and satisfaction in experimenting with this recipe, in addition to calling it to public attention.

In the Life of Patrick Henry, written by M. C. Tyler, in the American Statesmen Series, we find that that great statesman, whose speech rang around the world and is still echoing in the Philippines, also experimented in the matter of making beer and serving it at State functions in the capitol at Richmond while he was Governor of Virginia. Tyler says this of him:

"He was, we are told, very abstemious in his diet and used no wine or alcoholic stimulants. Distressed and alarmed at the increase of drunkenness after the Revolutionary War, he did everything in his power to arrest the vice. He thought that the introduction of a harmless beverage as a substitute for distilled spirits would be beneficial. To effect this object he ordered from his merchant in Scotland a consignment of barley and a Scotch brewer and his wife to cultivate the grain and make small beer. To render the beverage fashionable and popular he always had it upon his table while he was governor during his last term of office; and he continued its use, but drank nothing stronger, while he lived."

It is unfortunate that I can not also give you his recipe, but probably that of the Father of our Country will be sufficient for your purposes.

Thomas Jefferson, another great Virginian, wrote to his friend, Charles Yancey, a member of the Virginia Legislature, about entertaining a Scotch brewer who was visiting him, and, amongst other things, said:

"There is before the assembly [of Virginia] a petition of a Captain Miller which I have at heart, because I have great esteem for the petitioner as an honest and useful man. He is about to settle in our country and to establish a brewery, in which art I think him as skillful a man as has ever come to America. I wish to see this beverage become common instead of the whisky which kills one-third of our citizens and ruins their families. He is staying with me until he can fix himself, and I should be thankful for information from time to time of the progress of his petition."

He seems to be in agreement with your position that beer is a real temperance drink.

So there you are, dear Senator. You are traveling in rather high historical society—George Washington, who commanded our armies and was our first President; Thomas Jefferson, who wrote the Declaration of Independence; and Patrick Henry, whose inspiring voice probably did as much as anything else to bring on the war for liberty.

Another President, and a practical man, stated that he hoped to introduce the manufacture of beer in every State in the Union. This was President Madison. In the first Congress of the United States we find this record:

"Mr. Madison moved to lay an impost of 8 cents on all beer imported. He did not think this sum would give a monopoly, but hoped it would be such an encouragement as to induce the manufacture to take deep root in every State in the Union. In this case it would induce the collateral good hinted at by the gentleman from New Jersey, which, in his opinion, was an object well worthy of being attended to. He observed that in the State of New York the article paid a duty equal to 6 cents on importation, and if brought in foreign vessels it amounted to 8 cents; and yet quantities of it were still imported, which proved that 8 cents would not amount to a prohibition."

The thrifty Madison was not only trying to make beer, but he had the thought of causing it to bear some of the expenses of Government.

Trusting that these references may be helpful in the hearings and that possibly President Washington's recipe may improve the quality of the home-made beer now being manufactured in the homes of some 10,000,000 of our citizens, I am,

Yours cordially,

HARRY B. HAWES.

Mr. TYDINGS. Mr. President, I wish to make just a final observation on the letter, namely, that all the men mentioned in it were great temperance men, and, as far as I have been able to read their records in history, alcohol did not destroy their brains, their morals, or the reaches of their hearts, notwithstanding the great statement made by the Senator from Texas.

Mr. SHEPPARD. Mr. President, I do not wish to prolong the debate; I merely wish to correct the Senator from Maryland on his Scripture. He said that Christ had nothing to do with the bayonet. I read from the Gospel according to Matthew, chapter 10, verse 34, a statement by Christ:

Think not that I am come to send peace on earth; I came not to send peace, but a sword.

If He were here to-day, He would be using the sword on the violators of the liquor law and other laws.

The Senator said he could go to any place in the United States and within 24 hours find liquor. He paid a great tribute to prohibition enforcement when he made that assertion, because one can go to any place in the United States and violate any other law in far less than 24 hours.

The Senator spoke of recent congressional elections in Michigan and New Hampshire. He mistook Democratic landslides for wet victories.

He said that certain parts of the country would not consent to be ruled by the other parts. The American people, speaking through majorities, are going to continue to control the Nation, and the only minority that does not have sufficient American sportsmanship to accept defeat is the liquor crowd.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. BRAND of Georgia, Mr. STEVENSON, Mr. MCFADDEN, and Mr. STRONG of Kansas were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, in which it requested the concurrence of the Senate.

SHENANDOAH NATIONAL PARK

Mr. SWANSON. Mr. President, yesterday Senate bill 1089, to establish a minimum area for a Shenandoah National Park, for administration, protection, and general development by the National Park Service, and for other purposes, was reported and I asked for its present consideration. The senior Senator from Oregon [Mr. MCNARY] asked that the bill go over, as he had promised some Senators who were not present that no bills from the calendar would be brought up. The Senator from Oregon is now willing that this bill shall be called up. I know of no objection to it. It is to reduce the area of the Shenandoah National Park from 327,000 acres to 160,000 acres. It will

not cost the Government a cent. Virginia presents the land, having set aside a million dollars for that purpose, and there will be less land for the Government to take care of than was originally proposed. I ask for the immediate consideration of the measure.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. JONES. If there is to be no discussion of it, I shall not object.

Mr. SWANSON. If there is any discussion, I will withdraw the bill.

Mr. McNARY. Mr. President, when this matter was brought up yesterday afternoon, on account of the absence of several Senators who did not want to have the calendar taken up in their absence, I objected to the immediate consideration of the bill. I withdraw that objection to-day, inasmuch as the Senator from Virginia desires to leave the city tomorrow to be absent for some weeks. A similar bill passed the Senate once before, it has been sent to the calendar, has been given consideration by those who objected, and, as far as I am concerned, I withdraw my objection.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the minimum area for administration, protection, and general development by the National Park Service in the Shenandoah National Park, the establishment of which is provided for by the act of Congress approved May 22, 1926 (44 Stat. 616), be, and the same is hereby, established as 160,000 acres, and so much of the said act of May 22, 1926, and of the act of February 16, 1928 (45 Stat. 109), as is inconsistent herewith is hereby repealed.

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized in his discretion to accept title to lands tendered without cost to the United States within the areas of the Shenandoah National Park, the Great Smoky Mountains National Park, Mammoth Cave National Park, and the Isle Royale National Park, subject to leases entered into and granted as part consideration in connection with the purchase of said land for tender to the United States for park purposes: *Provided*, That said leases and the terms and conditions thereof shall have previously been submitted to and approved by said Secretary: *And provided further*, That he may lease upon such terms and conditions as he deems proper any lands within the aforesaid areas when such use shall not be deemed by him inconsistent with the purposes for which the lands were acquired on behalf of the United States, to persons, educational or religious institutions, private corporations, associations, and partnerships previously occupying such land for terms not exceeding the particular lifetime in the case of natural persons, and not exceeding 20 years in all other cases, which latter leases may be renewed in the discretion of said Secretary.

RECONSTRUCTION FINANCE CORPORATION

The PRESIDENT pro tempore. The Chair lays before the Senate a bill from the House of Representatives.

The bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, was read twice by its title.

Mr. WALCOTT. Mr. President, I request that the Senate proceed to the consideration of the bill just sent to the Senate from the House. I shall ask that all after the enacting clause of the bill be stricken out, and that Senate bill No. 1, to provide emergency financing facilities for banks and other financial institutions, and for other purposes, as it passed the Senate, be substituted in lieu thereof.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. BLAINE. Mr. President, reserving the right to object, I want to ascertain the situation in which we find this proposed legislation. I understand the House passed a House bill, that that bill has come to the Senate, and now the Senator from Connecticut is asking for the substitution of the Senate bill as passed by the Senate for the House bill.

The PRESIDENT pro tempore. That is not the way the Chair understands the request of the Senator from Connecticut. The Chair understands that the Senator from Connecticut asks for the present consideration of the bill just sent over from the House, and that in the regular course the bill be amended by striking out and inserting, so that when the bill goes to conference the full text of both bills will be before the conference committee.

Mr. WALCOTT. That is correct.

Mr. BLAINE. Mr. President, it seems to me that this measure, carrying a prospective appropriation of $2,000,000,000, should not be rushed through. I understand, from the brief experience I have had in this body, that conference reports are usually unsatisfactory, and there is little opportunity for either branch of the Congress to overturn a conference report, so that the only way by which the Senate can maintain its full constitutional power with perfect freedom is to consider a bill when it comes from the other House in the regular course. In my own experience I have observed that that can not be done through the method suggested by the Senator from Connecticut.

Therefore, Mr. President, I am constrained to object to the present consideration of the House bill just sent to the Senate.

The PRESIDENT pro tempore. The bill will go to the calendar.

DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

The PRESIDENT pro tempore. The bill will be read for action on the amendments of the committee.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the heading "Title I.—Legislative Establishment," on page 2, after line 2, to insert:

SENATE

To pay to Elizabeth C. Morrow, widow of Hon. Dwight W. Morrow, late a Senator from the State of New Jersey, $10,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 6, to insert:

To pay to HATTIE W. CARAWAY, widow of Hon. Thaddeus H. Caraway, late a Senator from the State of Arkansas, $10,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 9, to insert:

For miscellaneous items, exclusive of labor, fiscal year 1932, $75,000.

Mr. KING. Mr. President, I would like to know what are the miscellaneous items calling for an appropriation of $75,000.

Mr. JONES. The item is largely made up of the cost of telegrams sent by Senators during the vacation.

Mr. McKELLAR. These are items handed to the Committee on Appropriations through the office of Mr. Pace.

Mr. JONES. Yes; they were sent to us by the disbursing officer of the Senate. The greater part of the amount is for telegrams sent by Senators, in accordance with law.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment of the Committee on Appropriations was, on page 2, after line 11, to insert:

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1932, $100,000: *Provided*, That no part of this appropriation shall be expended for services, personal, professional, or otherwise, in excess of the rate of $3,600 per annum: *Provided further*, That no part of this appropriation shall be expended for per diem and subsistence expenses except in accordance with the provisions of the subsistence expense act of 1926, approved June 3, 1926.

Mr. KING. Mr. President, I inquire the purpose for which salaries are to be paid. I understand that in these investigations we employ stenographers for the purpose of reporting the hearings and that the $100,000 is for that purpose. Why should there be salaries or compensation for other persons?





Mr. JONES. I believe the Senator is familiar with the situation that confronts the Senate. This is largely for the purpose of making investigations required by resolutions that have passed the Senate. The record shows that pursuant to some of these resolutions large sums of money have been expended and large salaries have been paid in the way of compensation. The committee felt that there should be a concrete restriction upon those salaries, and so we inserted this provision in order that no one may be paid for legal and other services at a rate in excess of $3,600 per year.

There are resolutions pending before the Committee to Audit and Control the Contingent Expenses of the Senate which in the aggregate, if approved, will call for very large sums of money. An estimate was sent from the Bureau of the Budget, based on an estimate submitted by our disbursing officer, of $125,000. The Senate committee considered the situation very carefully, and finally reduced the amount to $100,000, taking into consideration, of course, the probable resolutions which will be passed by the Senate involving further investigations. We inserted the limitation of salaries in the interest of economy.

Mr. KING. I inquire of the Senator, what character of work would be done by individuals who are to receive $3,600?

Mr. JONES. That, I take it, would be professional work such as legal work. We have some committees conducting investigations involving the right of certain parties to a seat in the Senate. There are legal expenses involved, and this item will cover such expenses.

Mr. KING. I am very glad the Senator has proposed a limitation, because, in my opinion, we have been paying extravagant amounts to attorneys and to persons engaged in counting ballots and who were alleged to have charge of the contests. A large number of persons have been receiving three or four times as much as they ever earned before in their lives. I would be glad if the Senator would reduce the limitation from $3,600 to $2,500.

Mr. McKELLAR. Mr. President, may I say to the Senator from Utah that the first amount suggested was $250,000? That was reduced to $125,000, and after going over the matter very carefully the committee further reduced it to $100,000. We found that in the contested-election cases the attorneys and experts expect more than this limitation. The committee went into the matter very carefully and, after considering every phase of the situation, reduced it to the very lowest possible amount, and, after having reduced the total amount as far as we felt we were justified in doing, we put the limitation on salaries at $3,600.

Mr. COPELAND. Mr. President, I am in full sympathy with what the Senator from Utah [Mr. KING] said, but the trouble is that the Senate itself is responsible for these expenditures. We argued the matter in the Appropriations Committee and again in the Rules Committee about the practice of the Senate to order, without consideration or discussion or serious thought, this, that, and the other investigation. In spite of this only yesterday a resolution passed without debate or consideration ordering an investigation of air mail contracts. All these investigations take time and cost money. They occupy the attention of the departments involved and they cost a lot of money. It is the fault of the Senate.

We appropriate the money provided in the amendment, but that does not mean it is going to be spent. If the Senate will take into consideration these investigations and give a little thought to them instead of passing resolutions during the morning hour without any thought whatever, and usually without the knowledge of half the Senators, we shall be able to reduce these expenditures. I think, perhaps, the investigation ordered yesterday is utterly unnecessary. In a previous appropriation bill provision was made that the House might do exactly what is proposed in the resolution of investigation passed by the Senate yesterday, and yet the House did not find enough to investigate to make it worth while. Still, and in spite of that fact, yesterday we voted $1,500 to carry on that investigation.

Before the end of the session we shall have ordered investigations that will cost perhaps a quarter of a million dollars. My judgment is that the country is sick and tired of the investigation of trivial subjects. The people are interested in those which are important, but we order altogether too many trivial investigations. We need not spend a dollar of the $100,000 proposed to be appropriated unless the Senate decides by vote to spend this, that, or the other amount of that sum for the purpose of some investigation. But apparently it is wise to have a fund in hand in case something comes along that really deserves investigation.

Mr. KING. Mr. President, this is a bill to meet deficits. There is no deficit existing in this relation. Why make the appropriation now? Why not make it later, as the exigencies may demand?

Mr. COPELAND. I think the chairman of the Appropriations Committee will tell the Senator from Utah that already we have authorized practically every standing committee of the Senate to spend money for investigations. There will be demands made upon this fund constantly by reason of those investigations. I suppose we have to have such a fund available.

I will join the Senator from Utah any time in giving some consideration to proposals for investigation. I have had it in mind all day to enter a motion to reconsider the particular investigation to which I have referred. If we are to have an investigation of something out of which some good may come, that is all right; but I think many times investigations are ordered that cost money and then the reports are filed in our libraries and they are never read and nothing comes of the investigation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment of the Committee on Appropriations was, on page 2, after line 23, to insert:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building, and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate under the supervision of the Committee on Rules, United States Senate, fiscal year 1932, $12,000.

The amendment was agreed to.

The next amendment was, under the subhead "Architect of the Capitol," on page 6, line 13, after the word "awards," to strike out "fiscal year 1932," so as to read:

Library Building and grounds: For an additional amount for the acquisition of a site for additional buildings for the Library of Congress, as authorized in the act approved May 21, 1928 (45 Stat. 622), notwithstanding the limit of cost for site named in that act, but in pursuance of condemnation awards, $321,201.94.

The amendment was agreed to.

The next amendment was, on page 8, after line 7, to insert:

FEDERAL TRADE COMMISSION

For an additional amount for authorized expenditures of the Federal Trade Commission in performing the duties imposed by law, including the same objects specified under this head in the "independent offices appropriation act, fiscal year 1932," $90,000.

Mr. COUZENS. Mr. President, I would like to have an explanation of that item, because the Federal Trade Commission now are spending an enormous amount of money for investigations with which many of the public disagree.

Mr. JONES. The Budget sent an estimate down for $20,000. That was stricken out by the House for reasons that were satisfactory to them, and I appreciate the basis of their rejection of the item. These investigations were being carried on pursuant to resolutions passed by the Senate and the House seemed to think that the Senate ought to make whatever provision might be necessary to take care of investigations under resolutions passed by it.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Wisconsin?

Mr. JONES. Certainly.

Mr. LA FOLLETTE. Will the Senator be kind enough to explain a little more in detail the investigations that are involved?

Mr. JONES. Yes; I intend to do so.

Mr. LA FOLLETTE. I understand the power investigation and the chain-store investigation are at least two that will have to be abandoned unless this item is approved.

Mr. JONES. I intend to go into that feature of the matter.

I think I should say, with reference to the attitude of the House, that the appropriations we have made heretofore have been based upon estimates submitted to the Congress by the Federal Trade Commission. These estimates are to carry out the various resolutions passed by either the House or the Senate, though I think largely to carry out resolutions passed by the Senate. Under the law creating the Federal Trade Commission, they have authority to make investigations upon a resolution of either House; but when the estimates come in and Congress as a body acts providing the appropriations, it is supposed, of course, that those appropriations would be used to carry out the investigations based upon the estimates submitted to Congress.

The policy heretofore has been that whenever the Senate passes a subsequent resolution directing an investigation, a part of the money which was carried in estimates for other purposes has been diverted to carry on that investigation. The House takes the position that whenever new resolutions are passed and sent down to the Federal Trade Commission for investigation, the money that has been provided for investigations under other resolutions should not be diverted to the investigation ordered by that resolution but the supplemental estimates should come down. I think your committee is in hearty accord with that policy, and that when estimates come to Congress and appropriations are made covering certain investigations the money so appropriated should be used for those investigations; and if subsequent resolutions are passed, then subsequent estimates should come to us to provide funds to carry on those investigations.

As I said, there was an estimate of $20,000 from the Budget. That was to carry on an investigation in relation to cottonseed oil which is now under way and has been under way for some time. The amount of money necessary to complete that investigation is practically the $20,000 that was covered by the Budget estimate. Something like $10,000 in expense has already been incurred in the carrying on of that investigation. It is estimated that probably $10,000 more will be necessary, depending somewhat upon the length of the testimony of the adverse parties.

Then there are three or four other investigations under way pursuant to resolutions passed by the Senate. One of those is the investigation relative to cement. Another relates to building materials and another with reference to chain stores. I do not understand that any part of this appropriation is intended for the power investigation, but that that will be carried on under the general appropriation that is made. At any rate, the $90,000 which we have here covers the balance of the estimate deemed necessary to carry on the cottonseed-oil investigation, the cement investigation, the building-materials investigation, and the chain-store investigation. They feel pretty confident that the cement investigation and building-materials investigation will be finished by the 1st of July and that the chain-stores investigation will be completed very soon after the 1st of July, and that this added amount of money, $70,000, will complete those investigations, though, as I said, the chain-stores investigation will not be completed until shortly after the 1st of July. That is what this money is for.

Mr. LA FOLLETTE. Mr. President, in the course of the Senator's inquiry into this matter, did he reach the conclusion, as I understood him to say, that there are funds available for the conduct of the power inquiry?

Mr. JONES. I understand so. There was no suggestion made that they need any additional money for that inquiry. The investigations I have mentioned are the only ones that were called to our attention that they could not complete without some more money, so there was no further inquiry made in regard to the power inquiry.

Mr. LA FOLLETTE. I may have been misinformed, but I understood that that matter was also involved in this item.

Mr. JONES. It was not called to the attention of the committee.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. JONES. I am going to ask for the reconsideration of the vote whereby that amendment was adopted, because the clerk of the committee has handed me a suggested amendment, submitted by those who are interested in some of the investigations being conducted, as to which most of the work will have to be done here in the District of Columbia. So I ask for a reconsideration for the purpose of offering the amendment to the amendment, which I send to the desk.

The PRESIDENT pro tempore. Without objection, the vote whereby the amendment was adopted will be reconsidered.

Mr. COPELAND. Does the Senator from Washington refer to the Federal Trade Commission amendment?

Mr. JONES. Yes.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Washington to the committee amendment will be stated.

The CHIEF CLERK. On page 8, line 13, after the sum "$90,000," it is proposed to insert "Of which sum $70,000 is made available for the payment of salaries in the District of Columbia."

Mr. JONES. Most of the work of investigation will have to be done in the District of Columbia.

Mr. KING. Does this mean that additional employees are to be obtained by this commission?

Mr. JONES. No; most of them will be called in from the field where they are at work. I do not understand that the adoption of this amendment will add new employees, but employees who have been in the field conducting the investigation there will be called to Washington in order that the facts may be assembled and the investigation completed.

Mr. KING. I desire to advert to a statement made a few moments ago by the Senator from Washington that a part of this fund was for the investigation of the cement industry. I inquire as to the necessity for such an investigation at the present time.

Mr. JONES. It is for the purpose of carrying out a resolution which the Senate adopted; that is all.

Mr. KING. Conceding that to be true, the cement industry was investigated by the Finance Committee not long ago, and data as to production in the United States—whether there was competition and whether prices were fixed—were obtained and are now available.

It may be that monopolistic control of the industry—these matters were investigated. It may be that there have been developments since then that call for an investigation; but the point I am making is that much of the information called for is obtainable from the Finance Committee. Not infrequently investigations are authorized by Congress when the facts sought to be developed are available in Government publications, or may be easily obtained from various sources.

To illustrate what I have in mind during the last session an appropriation was made of $375,000, as I recall, to enable the Bureau of Education to ascertain how taxes are collected in the various States for educational purposes; that is to say, the amount of taxes for education collected by school districts, counties, and States. This information could have been easily obtained by writing to the superintendents of public instruction in the various States. Complete information could have been secured at a cost of a few dollars within 20 or 30 days.

So it is with many of the resolutions adopted asking for information. If the organizations to which the resolutions are referred would avail themselves of sources of information that are at hand, they could cut down the expenses

of many of these inquiries and investigations more than 75 per cent.

Mr. JONES. I think if the Senate would follow the suggestion made by the Senator from New York a while ago, we would be a little bit more careful about adopting such resolutions.

Mr. NORRIS. Mr. President, the resolution to investigate the cement industry was one which was proposed by me. Naturally I have followed the investigation as closely as I could. I want to say to the Senator from Utah and to the Senator from Washington that, notwithstanding the fact that the Finance Committee in considering the tariff bill and the cement business made some investigations, notwithstanding the fact that there are undoubtedly, perhaps, hundreds of volumes of various kinds that might give information on the cement industry, from what little I know about it all of these things are of no avail if the right kind of an investigation of the cement industry is to be made.

There was a great fight in the Senate over the tariff on cement. That is one of the things that induced me to offer the resolution. I do not know what the outcome is going to be. I am not always able to get the information I want to get as to the progress that is being made. Some communications I have written to the Federal Trade Commission in regard to the matter are still unanswered. However, the information which, in my judgment, is valuable, is contained in the secret archives of some of the great corporations that are manufacturing cement. I believe that the facts would show that there is an absolutely illegal monopoly in the cement business, but I apprehend that the Federal Trade Commission investigators are having difficulty in getting the truth. I am afraid they will not get it. I am afraid it is so well covered up and circumscribed that it will be impossible to get it. I am afraid that, backing themselves up by the decision of the Supreme Court that was rendered sometime ago, they will not be able to get the truth because of various technical and legal objections which may exist.

I do not hesitate to say, however, that if the truth were obtained it would be worth many times what it might cost to make the investigation. It would open the eyes of some Senators here who, with the very best intentions, are deceived as to what is going on in connection with an industry which is producing a commodity which is now almost a necessity of life and which is used wherever good roads are built. The people from one end of the country to the other are interested in cheaper cement. I have not any doubt but what the taxpayers of this country have been mulcted of hundreds of millions of dollars in connection with various public improvements, such as the building of roads, the construction of public buildings, as well as in private construction work, because of practices and agreements which, though secret, are nevertheless effective and which have operated to keep up prices.

Something happened in the cement industry soon after the resolution was offered and adopted. The price of cement dropped, and it has gone down since. The method of its manufacture at the time the price went down was just the same as it had been theretofore. If a reasonable price had theretofore been charged, there was not an occasion for it going down.

I can not promise the Senate that out of this investigation the right kind of result is going to come, because I know how difficult it is to secure the evidence where it is buried in voluminous correspondence, so that it is almost impossible to get it without running up against the protection which the courts afford to great corporations, enabling them to keep from investigators evidence that if disclosed would demonstrate that an illegal monopoly existed.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. KING. I sympathize with the view of my distinguished friend from Nebraska. I think that the evidence before the Finance Committee demonstrated the existence of a monopoly in the cement business in the United States, and it also demonstrated the existence of other monopolies in our country. If the investigation to which reference is now made will more fully reveal the ramifications of this monopolistic organization, I think a great service will be rendered the United States.

While I have the floor, with the Senator's permission, I desire to add that efforts have been made for a number of years to give many industries of the United States authority to fix prices, limit production, and to engage in monopolistic control of various products including some necessities of life. Unfortunately, the antitrust laws, both the Sherman and the Clayton Acts, have not been enforced, and are not now applied as they should be to restrain and destroy monopoly. May I add that unless we prevent the monopolistic control of industry socialism will develop and demands will be made that the United States take over key industries and control production and distribution. The people will prefer to have governmental control of industry rather than suffer from monopolistic control by sordid individuals who desire the exploitation of the people.

Mr. NORRIS. The Senator is right, in my judgment.

Mr. President, I believe that in order to make the necessary investigations we have got to stop splitting legal hairs. If the evidence of a combination between various corporations is to be discovered and developed, we must resort to some means of getting it that will necessarily modify to some degree the ideas that lawyers in the past have held and that many now hold in regard to the sacredness, for instance, of private correspondence. If a court issues an order to turn over all correspondence relating to a certain subject, it is still left within the hands and control of the corporation to pass on what is pertinent and necessary and relevant. In other words, the person being tried decides as to the relevancy of the evidence which it is proposed to use in the trial.

The Senator is right again in another respect. If we keep on in the way we are going, if monopolies are to control the necessities of life, there will be a demand—and it will be a justifiable demand—to go further than I want to go or than the Senator from Utah wants to go or than anybody wants to go, and inquire into the business operations of the great institutions that control the very necessities of life.

The PRESIDENT pro tempore. The question is on agreeing to the amendment as amended.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The next amendment reported by the committee will be stated.

The next amendment was, under the subhead "George Washington Bicentennial Commission," on page 8, line 18, after the figures "1932," to strike out "$250,000" and insert "$200,000," so as to read:

GEORGE WASHINGTON BICENTENNIAL COMMISSION

For an additional amount for the George Washington Bicentennial Commission for the fiscal years 1932 and 1933, including the same objects specified under this head in the independent offices appropriation act, 1932, $200,000.

Mr. COPELAND. Mr. President, may I say to the chairman of the committee that I have forgotten what the discussion was about this particular amendment. My attention must have been diverted at the time. As I understand what the Senator from Ohio [Mr. FESS] said and what the Congressman from New York, Mr. BLOOM, said, the commission very badly need this money. They have already prepared material. They have paid the expense of getting the material ready. It is all ready for printing, and this is a matter which involves the completion of work already undertaken. What was the discussion in the committee about it?

Mr. JONES. The situation is that we have already appropriated something over $800,000 for this commission. They asked for $427,000 additional. The House gave them $250,000. That is over a million dollars for the commission thus far.

The principal purpose for which this money is to be used is described in the House report in this language:

The amount allowed is expected to be applied entirely to the printing of pamphlets and other material in connection with the celebration throughout the United States by the various bicen-

tennial organizations and the furnishing to them as well as to the press and all other organizations participating complete literature of all phases of the life of George Washington and the period in which he lived.

That is what it is for. The committee came to the conclusion that that amount can be cut down a little. We reduced it by $50,000. It is also true that there will be another deficiency bill in three or four months; and if there is imperative need for any more money for this purpose, that can be taken care of then. The committee felt that the purposes for which this money is to be used would bear reduction. In the interest of economy and of carrying out the sentiment of the Senate as we understood it, as it was exemplified yesterday, we decided that a further reduction of $50,000 could very well be made without especially affecting the work of this commission.

Mr. COPELAND. Mr. President, I take it from what the Senator has said that he recognizes the possibility that in the next deficiency bill we will have to add another $50,000. If the commission has actually prepared this material and if there is really a demand for it—as I assume there is, from what the Senator from Ohio said this morning—it might be wise for us to make the appropriation as the House did, and then let it be understood that we have gone the limit of what we intend to do in the matter.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Maryland.

Mr. TYDINGS. I may say, as a member of the commission, that I attended the meeting this morning at which the President and the full commission were present. The director reported at that meeting that at least five departments of the bicentennial celebration would have to be abandoned because of lack of funds.

All of this money is needed primarily for printing. For example, some 16 pamphlets have been written by leading historians of the country which have been adopted, and for which there is a terrific demand; but the director will have to tell the persons and organizations requesting copies of those pamphlets that he can not supply any more.

What I wish to present to the Senator from New York is this situation: All of the groundwork has been laid. Everything has been agreed upon. Now the demand for the material is coming in; and after we have spent all this money to lay the foundation, we are unable to give the people the results of our research in the publication of this material.

For example, an atlas has been prepared—it will not be available for some little time—showing Washington's various travels in this country. We may have to curtail the number of those that go out. There are any number of activities which now are beginning to bear fruit which will have to be abandoned, notwithstanding the fact that a great deal of expense has been incurred up to the point of distribution, which will all be lost. The question is, Is it worth spending $50,000 more to get the benefit of the $50,000 we have already spent?

While I appreciate the position of the Senator from Washington, who is charged with cutting down the appropriations, I do feel that in the last analysis it is going to be very poor economy to spend money to do a thing, and then, when we get ready actually to do it, having laid the foundation at great expense, to appropriate no more money and have all that labor lost.

Mr. SMITH. Mr. President, if the Senator from New York will yield, may I ask the chairman of the committee how much this commission asked for in this deficiency bill?

Mr. JONES. They asked for $427,000.

Mr. SMITH. I presume they submitted to the different committees a statement of the purpose for which they needed it?

Mr. JONES. Yes; printing, and sending out documents all over the country.

Mr. SMITH. And the House cut down the amount to $250,000?

Mr. JONES. Yes.

Mr. SMITH. That is, they almost cut it in two?

Mr. JONES. Yes.

Mr. SMITH. And then the Senate reduced the amount to $200,000?

Mr. JONES. Yes.

Mr. SMITH. Did the Senate committee make an investigation to see whether the purpose for which we established the commission could be properly carried out with this amount?

Mr. JONES. We looked into the activities of the commission and saw what it is doing, and we thought that in these times we could very well afford to cut down the sending out to all parts of the country of printed material; that we could diminish the printed material a little and help out in this period.

Mr. SMITH. Was the principal item for which they wanted this money of that character, to send out literature?

Mr. JONES. That is what the House committee said in its report. I just read that statement—that this money is largely for printing and sending out material over the country.

Mr. SMITH. The only point I cared to make was that the Senator from Maryland seemed to me to make a very logical suggestion—that when we have laid the groundwork for the distribution of this material, and the public has been advised as to the nature of our work, now, when it is all ready, if they can not avail themselves of it, it seems to me we have done a futile thing in the appropriations we provided for getting this material assembled.

Mr. JONES. Here is what the House committee said, as I read a moment ago:

The amount allowed—

That is, the $250,000—

is expected to be applied entirely to the printing of pamphlets and other material in connection with the celebration throughout the United States by the various bicentennial organizations and the furnishing to them as well as to the press—

Of printed articles, for which the press would be paid—

and all other organizations participating, complete literature of all phases of the life of George Washington and the period in which he lived.

Mr. COPELAND. Mr. President, now we have reached the point——

Mr. TYDINGS. Mr. President, will the Senator yield to me for just one observation there?

Mr. COPELAND. I yield.

Mr. TYDINGS. I have not the exact figures, but they are available, and I think I can approximate some of them.

There are many thousands of organizations in the United States—schools, colleges, universities, fraternal organizations, religious societies, farm organizations, welfare workers, public libraries, private libraries—running into the thousands of people, with whom the Bicentennial Commission has already established contacts. They have been advised about what is coming, what the general plan will be, what will be available, and that certain things are in the process of being developed. There are four or five thousand bicentennial committees in towns and cities that are putting on celebrations of one kind or another.

Just to show you what one phase of this matter means, the leading historians of the country prepared a pamphlet on Washington's Connection with the Frontier, Washington the Military Man, Washington the Statesman, Washington the Farmer; and all of those things were not written haphazardly, but the very best historical ability in the country was asked to do the work. Even after they had prepared the pamphlets, however, a thousand copies were struck off in the rough, and they were sent around to other historians, so that every error might be corrected.

Now we are at the point of printing this material. The preliminary work has all been done. I do not mean to say that none of them will be put in circulation, because there will still be money enough to print some of them; but the expense per copy of printing 100 copies is more than the expense per copy of printing 1,000 copies. When we have already contacted all these various organizations and told them we are going to give them this material, now, at the

last minute, when the centennial year rolls around, are we going to say, "Notwithstanding we said we would prepare these programs, we have to advise you that we are only able to print a very limited amount of them, and therefore your school or your section or your fraternal organization or your farm organization can not have any more; the supply is exhausted"? That is the position we would be in.

It strikes me as a matter of justice, since the director has contacted so many organizations and has stirred up such a tremendous interest, that he ought to be supported, because the alternative was to do the job poorly and not have the people know that this was the bicentennial of the birth of Washington.

Mr. COPELAND. Mr. President, there is one other matter that I should like to state before a vote is taken.

In my State I find that practically every community is participating in this celebration. I have had many letters from communities asking for material—letters which have been referred to the commission. On this particular matter these experts have been employed. They have prepared the material at expense to the commission. It is now ready for printing. It has now reached the point where the expenditure of money would do some good in the employment of labor in connection with the printing trades. All in all, as I view it, while in the committee I made every effort to do what I could to keep down the amount carried by the bill, I do think there is some justification here in disagreeing to the suggestion of the committee.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee.

On a division, the amendment was agreed to.

The PRESIDENT pro tempore. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment was, on page 8, after line 19, to strike out:

OFFICE OF PUBLIC BUILDINGS AND PUBLIC PARKS OF THE NATIONAL CAPITAL

Mount Vernon Memorial Highway: Not to exceed $18,000 of the appropriation "Salaries, maintenance, and care of buildings, 1932," and $15,000 of the appropriation "General expenses, maintenance, and care of buildings, 1932," contained in the independent offices appropriation act, fiscal year 1932, are hereby made available for the fiscal year 1932, for the maintenance of the Mount Vernon Memorial Highway and other Federal lands authorized by the act of May 29, 1930 (46 Stat. 482).

The amendment was agreed to.

The next amendment was, under the heading "District of Columbia—Collection and disposal of refuse," on page 10, line 16, before the words "per annum," to strike out "$3,600" and insert "$3,800," so as to read:

Not to exceed $260,000 of the unexpended balance of the appropriation of $550,000 provided for sites and construction, incinerators for refuse, contained in the first deficiency act, fiscal year 1930, is hereby made available for the same purpose until June 30, 1933, and the commissioners are authorized to enter into contract or contracts for the construction and equipment of such incinerators at a cost which, together with other expenditures authorized by the act approved March 4, 1929 (46 Stat. 1540), including a resident engineer at not to exceed the rate of $3,800 per annum, shall not exceed $760,000.

The amendment was agreed to.

Mr. KING. Mr. President, perhaps it is not proper at this time to challenge attention to the item for the collection and disposal of refuse, as it is not an amendment, but $760,000 is carried in the bill for certain purposes indicated. Then comes this provision:

Provided, That the limitation of $25,000, contained in the first deficiency act, fiscal year 1930, for the employment by contract or otherwise of such expert and other personal services as may be required for the preparation of plans for the construction of said incinerators is hereby increased to $35,000, to enable the commissioners to pay for services not exceeding $10,000 in addition to the amount of $25,000 for such services as set forth in the existing contract of June 13, 1930.

It seems to me there is no justification for that increase.

Mr. JONES. Mr. President, will the Senator let that go over until we get through with the committee amendments? Then we can take that up.

Mr. KING. I have no objection.

The PRESIDENT pro tempore. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment was, under the heading "Department of the Interior," on page 16, after line 14, to strike out:

OFFICE OF THE SECRETARY

The amount authorized to be deducted from appropriations for the fiscal year 1932 for the Indian Service and placed to the credit of the appropriation for contingent expenses, Department of the Interior, for the purchase of stationery supplies, is hereby increased from $50,000 to $60,000.

The amendment was agreed to.

The next amendment was, on page 18, line 23, after the figures "1932," to strike out "$200,000" and insert "$275,000," so as to read:

Support of Indians and administration of Indian property: For an additional amount for general support of Indians and administration of Indian property, including pay of employees, fiscal year 1932, $275,000.

The amendment was agreed to.

Mr. KING. Mr. President, I should like to make an inquiry in regard to that.

The Senator will recall—I am referring now to the item on page 18, line 23—that in the last appropriation bill the Indian Bureau obtained a very large increase over any preceding appropriation. My recollection is that during the past four or five or six years the appropriations for the Indian Bureau have been increased nearly 100 per cent. I have been advised even to-day by Indians representing one of the tribes, a very large organization, that substantially all of the tribal funds have been exhausted; and in addition to that, of course, we have dipped into the Treasury of the United States to the extent of millions of dollars in order to meet the expenses of the Indian Bureau.

I think at the last session of Congress it was conclusively demonstrated that waste and inefficiency had characterised the administration of the Indian Bureau. Very large appropriations, as I have indicated, were carried in that bill, some of them over the protest of the Indians, whose protests were treated with contempt by the Indian Bureau and its representatives, and were not treated with any very great consideration by the committees of Congress and by Congress itself.

It seemed to me then that the appropriations were entirely too large. We find here an additional appropriation of $200,000 by the House, and that has been increased to $275,000 by the Senate committee. If any part of this is to meet the situation caused by the extreme cold weather and storms in New Mexico and in Arizona, I have no objection to that appropriation. I think it is entirely warranted.

Mr. ASHURST. Mr. President, it is. Will the able Senator permit an interruption?

Mr. KING. I ask the able Senator from Arizona what part of this $275,000 is for that purpose?

Mr. ASHURST. Mr. President, I am able to state, with the permission of the Senator from Washington, that the entire amount of the $75,000 will be used to rescue the Indian from his perilous position owing to the snow and the decimation of his flocks.

Mr. KING. Mr. President, if the Senator will pardon me, I have no objection to that. It is the $200,000 to which I am referring. I was wondering what that was for.

Mr. JONES. Mr. President, I may say to the Senator that I have read the hearings before the House committee. Those statements which seem to me to fully justify the provisions of the bill as it passed the House, of course, I pass over. This item seemed to me to be one fully justified by the testimony given. This is what Mr. Dodd, the representative of the Indian Bureau, said about the $200,000:

Mr. DODD. This is to meet unusual demands for relief brought about this year in the Dakotas, Montana, and Nebraska by reason of grasshopper infestation and drought. We have authorized an expenditure of about $20,000 to furnish feed to the sheep that are worth saving and also to render aid to these Indians.

We may be forced to come back later on for further assistance. We can not say how much is going to be required to carry us to the end of the year.

The Indians of the country do not share in aid from community chests or local relief organizations, and consequently must look to the Federal Government. In a good many cases they are not taxpayers. Where the fee-patent Indians are paying taxes, some assistance is given, but the Federal Government is looked to, as the guardian of the Indian, to provide for his needs and to care for him.

That states the substance. There is a page or two further in relation to the matter.

Mr. KING. Mr. President, is any part of this to be used to pay salaries for additional employees?

Mr. JONES. I do not so understand.

Mr. KING. I have been told that a number of additional employees have been inducted into the Indian Service during the past year, and that the force in the District of Columbia has been increased. I was wondering whether any part of this $275,000 is for the purpose of paying salaries to employees who have been brought into the service.

Mr. JONES. I do not understand so.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, under the subhead "National Park Service," on page 19, line 15, after the figures "1932," to strike out "$55,000" and insert "$100,000," so as to read:

Emergency reconstruction and fighting fires: For an additional amount for emergency reconstruction and fighting forest fires in national parks, fiscal year 1932, $100,000.

The amendment was agreed to.

The next amendment was, at the top of page 23, to insert:

NAVY DEPARTMENT

SECRETARY'S OFFICE

Claims for damages by collision with naval vessels: To pay claims for damages adjusted and determined by the Secretary of the Navy under the provisions of the act entitled "An act to amend the act authorizing the Secretary of the Navy to settle claims for damages to private property arising from collisions with naval vessels," approved December 28, 1922 (U. S. C., title 34, sec. 599), as fully set forth in Senate Document No. 41, Seventy-second Congress, $5,988.75.

Mr. JONES. Mr. President, I might say that these are claims which have been adjudicated by the department pursuant to a law which enables them to adjudicate claims in amounts under a thousand dollars.

The amendment was agreed to.

The next amendment was, under the heading "Department of State," on page 26, after line 7, to insert:

General and Special Claims Commissions, United States and Mexico: That not to exceed $50,000 of the appropriation of $367,000 for the General and Special Claims Commissions, United States and Mexico, contained in the State Department appropriation act for the fiscal year 1932, shall be available for such expenses, in addition to those now enumerated in the appropriation, as in the discretion of the Secretary of State may be necessary in closing up the affairs of the agency of the United States, including expenses incurred on and after October 15, 1931, and including expenses in connection with such further arrangement as the President, in his judgment, may deem appropriate for the expeditious settlement of claims against Mexico, as provided in Senate Resolution No. 490, February 28, 1931.

Mr. KING. Mr. President, unless I may have some additional information, I shall move that we disagree to this item.

Senators will recall that several years ago a resolution was adopted by the Senate providing for an investigation of conditions in Mexico in so far as they related to the United States and its nationals. A comprehensive investigation was made, and the testimony taken was reported to the Senate. A preliminary report was submitted, showing that American investments in Mexico amounted to more than $1,000,000,000; that a large number of American citizens had interests in lands, railroads, mines, smelters, public utilities, and various forms of property, real and personal. It was also shown that more than 12,000 American citizens had departed from Mexico or had been driven out during the revolutions following the end of President Diaz's régime and that more than 600 American citizens had been killed by Mexicans, a number having been killed while upon American soil.

A convention with Mexico created two commissions for the purpose of investigating the claims of American citizens against the Mexican Government and against Mexican nationals. As I recall, more than a million dollars has been appropriated to meet the expenses of these commissions. After several years of existence the commissions have passed away without having secured any compensation for the American citizens who suffered so much at the hands of Mexico and its nationals. The convention creating the commissions has expired and the commissions have ceased to exist. For several months negotiations have been in progress looking to the creation of one or more commissions to pass upon the claims never passed upon. Mexico has manifested a determination, I am advised, not to review the unsettled controversy or to enter into another convention providing means to settle American claims unless the United States would agree to waive for its nationals all claims arising since the termination of President Diaz's reign. Such an agreement would deny most of the claims of American citizens against Mexico.

It was a mistake under the circumstances to permit a Brazilian to be the umpire on these two commissions. Later he was superseded by another Latin American. But nothing has been done by the commissions and the money appropriated to meet the expenses of the commissions has secured no results.

I was recently told by one of the employees of the commissions that all the staff of the commission had been discharged, and that there was nothing left to be done except to impound the numerous documents and the data which had been accumulated. There may be some reason for this appropriation, but I do not perceive it. If and when another convention shall be entered into, then an appropriation may be required in order to meet the expenses of a commission that may be appointed. But until such convention shall have been entered into and until another commission shall have been appointed, it would appear that no further drafts should be made upon the Federal Treasury.

I shall be glad to receive any explanation justifying the continuance of these appropriations.

Mr. JONES. Mr. President, this amendment does not make any additional appropriation. It simply provides for the use of $50,000 of an appropriation of $367,000 already made, and if this amendment should not be agreed to, of course that $367,000 will still be appropriated.

Mr. KING. Mr. President, in view of the facts, I think that if any part of this $367,000 has not been expended, it should be covered into the Treasury of the United States, pending an agreement with Mexico under the terms of which a commission will be set up.

Mr. JONES. Mr. President, I want to call the Senator's special attention to the fact that we are acting, again, under a resolution passed by the Senate. I hope that in the future the Senator from Utah will take the same active interest in regard to such resolutions which come up in the Senate as he does with reference to the items in the appropriation bills.

I have before me the report of the Director of the Budget when this estimate was sent to Congress. He sent an estimate for $100,000, and we have cut that to $50,000. He said:

Senate Resolution No. 490 of February 28, 1931—

Just about a year ago we passed the resolution—

requested the President to negotiate and conclude with the Mexican Government such agreement or agreements as may be necessary and appropriate for the further extension of the duration of the commissions—

That is with reference to this general and special claims commissions, for which the whole amount—$367,000—is appropriated—

and while negotiations have been in progress for some time, no agreement has been concluded, and the commissions expired on August 30, 1931, and August 17, 1931, respectively, leaving a large number of claims awaiting settlement.

The Comptroller General has ruled that inasmuch as the period for which the commission had been extended had expired, the appropriation for the two commissions and the agency of the

United States for the fiscal year 1932 was no longer available, but that payments made for services rendered by the agency to October 15, 1931, would not be questioned if otherwise correct and proper. Since that time, however, the agent and several of the employees have been engaged voluntarily without compensation upon the preparation of the report of the agent and the current correspondence of the agency.

The purpose of this proposed provision is to pay for the expenses incurred since October 15, 1931, and to continue the agency for such time as is necessary to put the records in shape so that the Department of State may protect the interests of American claimants, and to enable the President to make such further arrangement as in his judgment may be deemed appropriate for the expeditious settlement of such claims as provided by Senate Resolution No. 480, in the event that negotiations with Mexico for the continuance of the commissions should prove unsuccessful.

I think the Senator is well enough acquainted with a situation like that to know that if the facts with reference to a claim are not gathered together pretty promptly, after a time it will be impossible to establish the claim. There are many of our citizens who have claims against the Mexican Government and Mexican nationals. Unless the facts are gathered together pretty promptly, it will be impossible to get them.

It may be that we will never be able to collect these claims; I do not know about that. I think that is a very serious question. Yet it seemed to the committee that we should not neglect the interests of American claimants by not gathering together very promptly the facts with regard to their claims. If the opportunity should come by and by, after a length of time I shall not undertake to estimate, when their claims could be presented with the possibility of collecting them, we would have the facts upon which they could be based.

The committee, however, instead of authorizing the diversion of $100,000, felt that under the circumstances and conditions presented $50,000 would be all that would be necessary, or, at any rate, that that would carry on the work until the next general appropriation bill was under consideration, when the matter could be gone into more thoroughly and more fully. So we cut the amount to $50,000.

Mr. KING. Mr. President, I deeply sympathize with Americans having claims against Mexico and her nationals for the wrongs to which they have been subjected and regret that they have not been compensated therefor. I may say that hundreds of persons who formerly resided in the State which I have the honor to represent in part were driven out of Mexico. Many of them lost their property, and some were subjected to indignities which I shall not attempt to describe. They presented their claims for damages to the State Department; many having been presented before the commission referred to were appointed. Thousands of American citizens who suffered wrongs at the hands of the Mexican Government also presented their claims to the State Department.

The Senator seems to think that unless the agency is continued claims may not be presented. May I say to the Senator that there are hundreds of claims on file. Many with the commission and the State Department were filed perhaps 15 or 20 years ago.

Mr. HAYDEN. Mr. President, will the Senator yield to me at that point?

Mr. KING. Certainly.

Mr. HAYDEN. The mere filing of a claim, however, is not all that is required.

Mr. KING. I understand.

Mr. HAYDEN. There must be substantiating evidence on file with the claim. It is the function of this commission to examine a claim, to see whether there is a basis for it or not, so that it can make out a prima facie case to present to the Mexican Government. I know that is the work upon which this commission has been engaged, notifying the claimant, "You assert you suffered certain damages. Where is the proof?" In that way they build up these cases, so that when they are actually submitted to the joint commission we have a good case, amply substantiated by the evidence.

If this commission is to go out of existence, if it is not to function any longer, it will still be necessary, to my mind, that each one of these claims be properly examined, and the existing papers not merely impounded but filed with the State Department, which can look them over and see whether there is any merit in the claim or not, and notify the claimant of what evidence is necessary, and then he can leave the case with the State Department, so that if it is possible in the future to negotiate with Mexico to obtain a settlement we can do it. Otherwise, if that is not done, witnesses who are living and who can testify will have passed away, the evidence will no longer be available, and many Americans justly entitled to relief will not obtain it.

Mr. KING. I am familiar with the matter stated by my friend from Arizona. I have examined the substantiating evidence in support of many claims submitted to the Department of State and to the agency by American citizens. Hundreds of claims were filed with the State Department before the two commissions were created, and when they were formed the claims were transferred to the commissions by the State Department.

Before I came to the Senate scores of claims had been filed by persons who had formerly resided in my State. Those claims had been accompanied by all the proof that was available. I have received from the Senator's State many letters during the past three or four years from persons who were claimants against the Mexican Government. They challenged attention to the substantiating evidence which had been supplied pursuant to instructions received from the State Department and from the agency to which the Senator has referred. I doubt whether there are any claims against Mexico that have not been fortified by all the evidence required by the agency and available to the claimant.

Mr. HAYDEN. Such was not the statement of the Assistant Secretary of State before our committee. He stated that there yet remains certain work to be done, that men familiar with that work are now available, and if it were to cease at this time and a new force to be employed at a later date, the new force would, of necessity, have to familiarize itself with the entire subject and therefore it would be an act of economy, since the work is to be done, if we were to have the present employees continued in this way. It seems to me an item of $50,000 out of a total of $367,000 should not be objected to. It is merely enough to carry the matter along to the end of the present fiscal year to see whether or not in the meantime any further action will be taken. If not, then, of course, it will have to cease.

Mr. KING. All the employees of the agency except one or two were separated from the service a number of months ago. My information is that substantially all of the claims which have been filed have been supported by all of the evidence required by the agent and by the State Department. The resolution to which the Senator from Washington [Mr. JONES] referred was for an appropriation for the State Department to enable it to negotiate another treaty. I confess I was not aware that such a large sum had been obtained. The State Department did not need $350,000 or any sum in order to negotiate another agreement. We have our ambassador and ambassadorial force in Mexico. We have the State Department with its multitude of employees.

When Mr. Morrow was our ambassador in Mexico the question of these claims was an acute one. It was known that the Brazilian member, either because of incompetency or otherwise, was no longer serving, and for months at a time the commission ceased to function. It never has functioned as it should have done.

No decisions have been rendered during all these years in favor of American claimants. Not a single penny has been paid to an American for the wrongs to which he was subjected. Men have been killed and their widows and children have preferred claims. I recall the case at Isabel, where 9 or 10 American engineers were butchered, and a majority of the commission held there was no liability whatever.

As I have stated, the Mexican Government has declined to submit to a commission the claims of American citizens for damages suffered by them during the period following

President Diaz. That the State Department should do everything possible to secure reparations for American citizens, admits of no doubt. But it does not require an appropriation to aid it in negotiating a treaty.

Mr. JONES. Mr. President, will the Senator permit me to interrupt him?

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Utah yield to the Senator from Washington?

Mr. KING. I yield.

Mr. JONES. The $367,000 was not appropriated to enable the State Department to negotiate a treaty. Not to exceed $50,000 of it was for a general and special claims commission. The money was appropriated for that commission to do its work.

Mr. KING. What becomes of the residue?

Mr. JONES. It is still left for the commission.

Mr. KING. How much is left?

Mr. JONES. Deducting $50,000 from $367,000 would leave $317,000.

Mr. KING. Has any part of that been expended?

Mr. JONES. I do not know how much of it has been expended. I could not tell the Senator that.

Mr. KING. Then, no part of this money is to be used by the State Department for the purpose of negotiating another treaty with Mexico?

Mr. JONES. No; I do not so understand it.

Mr. KING. The $50,000 is to be used by these commissions which have ceased to function and which have been unable to accomplish anything for American claimants. I am not blaming the American members of the committee. It is to be used to take care of the records pending the negotiation of another treaty?

Mr. JONES. That is the main purpose of it.

Mr. KING. I think the records should be left with the State Department, and they should negotiate a treaty with Mexico, if it is possible to be done, under which American claimants should have an opportunity to present their claims against the Mexican Government.

Mr. JONES. I want to suggest to the Senator that I think work along those lines is the very purpose of the $50,000. It is to gather together the testimony and evidence and facts in regard to such cases as that upon which we hope eventually to get compensation from Mexico.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment of the Committee on Appropriations was, under the heading "Treasury Department—Office of the Supervising Architect," on page 28, after line 22, to insert:

Operating force for public buildings: For an additional amount for operating force for public buildings, including the same objects specified under this head in the act making appropriations for the Treasury Department for the fiscal year 1932, $200,000.

Mr. KING. Mr. President, I dislike to take the floor again——

Mr. JONES. I suppose the Senator wants an explanation of the basis for that item.

Mr. KING. Yes; and also the next item of $250,000 for new furniture.

Mr. JONES. The estimate came in, of course, after the bill was acted on in the House, asking for $296,000 for the operating force for public buildings. The committee felt that the estimate should be cut down. We reduced it nearly $100,000. We felt that with new buildings $200,000 should take care of the operating force.

According to the testimony of the supervising architect who came before the committee—and I am sorry to say I could not be there when he was before the committee, but his testimony was printed, of course—the building program is coming along much more expeditiously than was figured on when the estimates were made. It seems that they will have many more buildings ready for occupancy before the first of July than was previously estimated. Based upon that fact, the Supervising Architect estimated the needs of the operating force at $296,000. The committee thought that that was merely an estimate and if the actual requirements did not come up to his estimate there would be no need, of course, for the appropriation of that amount of money. On the other hand, if it were found that we had not appropriated enough a showing could be made and an item inserted in the next deficiency appropriation bill to take care of the situation. For that reason we reduced the amount to $200,000.

Mr. KING. I am curious to understand why there should be additional employees to operate these buildings, to use the expression of the bill. For years the Government has rented a large number of buildings, in each of which persons were employed to clean the rooms and to keep the buildings in proper condition for occupancy by the Government. It was alleged that when these new buildings were constructed it would result in the elimination of a large number of employees. It was stated that the number was greater where there were many small buildings in different parts of the city, and that if the employees were brought together under the same roof expenses would be considerably reduced. I recall that in a number of hearings reference was made to the fact that books and records in bureaus were distributed in four or five different buildings, some of them separated by as much as a mile, and that it required a larger number of employees to look after the buildings and take care of the documents and books than if the bureaus and employees and Government records were in one or more large buildings.

Large buildings have been erected for the purpose of unifying the Government forces and bringing them together under one roof; but we are now met with the demand that appropriations shall be increased because of the larger operating forces required.

May I invite attention to the next item for new furniture, $250,000? I had the honor a few years ago to visit treasury officials in London and in Paris, and to visit various governmental departments in those countries as well as in Germany, Poland, and other countries. I found in the treasury department in London a limited number of employees and a small amount of furniture. In the Government offices in the United States costly and magnificent furniture is found. I have some figures in my office showing the cost of the furniture in some of the departments, some of which is unnecessary.

Some of the buildings in which Federal employees are housed—and we have more than 69,000 in the District of Columbia, to say nothing of those in the District government itself—have more furniture than is necessary. There are more desks and costly furniture than can be found in the offices of Von Hindenburg or in the offices of most of the officials in the largest and most powerful nations of Europe.

We now have, as I have said, a large number of buildings housing Federal employees. They are to be brought into a few large buildings, one of which cost $17,000,000—$5,000 a room—more costly, as I am told, than any building in the United States. And now the furniture in the presently occupied buildings, I suppose, is to be scrapped or sold, because it is not good enough for these magnificent buildings, and we are to appropriate thousands and hundreds of thousands of dollars for new furniture. I am opposed to the entire appropriation.

Mr. JONES. Mr. President, possibly the Senator may change his mind when I present the situation and facts, and possibly he may not do so.

The appropriation made in the regular appropriation bill as a "set-up for manning new buildings was based upon the program which obtained at that time under which it was expected that the construction of 50 new Federal buildings and 10 extensions to existing Federal buildings would be completed in that year. Due to the acceleration of the public-building program, as one of the means employed for the relief of the unemployed, it is now expected that 132 projects will have to be provided for, an increase of 72 buildings. Moreover, provision must be made for a number of buildings which are undermanned and for additional

force at certain buildings because of the shorter work week authorized by recent legislation."

Congress cut down the work week by half a day; that, of course, has to be taken care of, and it can not be taken care of except by Congress. That requires an increased appropriation because additional employees are needed on account of that situation. That is the reason for the estimate of $296,000. It was made necessary by reason of the largely increased number of buildings and the additional force made necessary by our half-day holiday law; and so in the estimate it was set forth that $296,000 would be required. The committee arbitrarily cut that to $200,000. We felt that they could get along with that much.

Now, taking the other item of $250,000 for furniture and repairs, let me say to the Senator the estimate was for nearly $600,000. The committee has cut that to $250,000. Why? Because we felt that they could use in the new buildings practically all the old furniture now in the buildings which are going to be vacated. That would result in a reduction of perhaps the amount proposed by the committee.

I wish to say that the Assistant Secretary of the Treasury called me up this morning and said that it would be impossible for the department to take care of what it was proposed to take care of with this amount of money, and that the five hundred and odd thousand dollars which they estimated took into account the condition I have mentioned. I called attention to the fact that we would have another deficiency bill, but he said they would need two or three months in which to secure contracts for the furniture, and so on.

It occurred to me as it occurred to other members of the committee—and I am glad to call this to the attention of the Assistant Secretary through the RECORD—that, in these times, they can buy standardized furniture for the different buildings. They do not have to go out and buy specially constructed furniture to put in these buildings. So I still feel that the $250,000 is sufficient, and I am not going to ask that that amount be increased. I think in these times, instead of having specially constructed furniture for the new buildings, that they can secure standardized furniture, and get it very promptly, without waiting two or three months for its manufacture. That is the reason why we cut this estimate for the furnishing of the buildings practically in two and provided $250,000 instead of nearly $600,000 according to the estimate.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment of the Committee on Appropriations was, on page 29, after line 2, to insert:

Furniture and repairs of same for public buildings: For an additional amount for furniture and repairs of same for public buildings, including the same objects specified under this head in the act making appropriations for the Treasury Department for the fiscal year 1932, $250,000.

The amendment was agreed to.

The next amendment was, under the heading "War Department," on page 30, after line 4, to insert:

QUARTERMASTER CORPS

Acquisition of land at Kelly Field, Tex.: For the acquisition of land at Kelly Field, Tex., under condemnation proceedings as authorized by the act approved June 28, 1930 (46 Stat. 832), fiscal year 1932, $135,152.32, together with such additional sum as may be necessary to pay interest at the rate stipulated and in accordance with the judgments rendered in condemnation to date of payment.

Mr. LA FOLLETTE. Mr. President, I should like to have an explanation as to that item.

Mr. JONES. I will be very glad to give an explanation to the Senator.

We provided in previous legislation for the condemnation of a tract of land at Kelly Field for the use of the Army. The condemnation case has gone to judgment, and an award has been made, the amount of which is $132,000. My understanding is that the judgment bears interest at the rate of 6 per cent, and we thought it was wiser to provide the money to pay that judgment and stop that interest than to let the judgment run on bearing 6 per cent interest.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment was, on page 30, after line 12, to insert:

ORGANIZED RESERVES

For an additional amount for expenses incident to the use, including upkeep and depreciation costs of supplies, equipment, and material furnished in accordance with law from stocks under the control of the War Department, fiscal year 1932, $100,000: *Provided*, That this sum shall be used for expenses incident to the flight training of officers of the Officers' Reserve Corps on inactive duty status: *Provided further*, That no part of this sum shall be available for any expense incident to giving flight training to any officer of the Officers' Reserve Corps, unless he shall be found physically and professionally qualified to perform aviation service as an aviation pilot, by such agency as the Secretary of War may designate.

Mr. DICKINSON. Mr. President, I should like to ask the chairman of the Appropriations Committee if he will consent that the word "combat" be inserted in the committee amendment before the word "pilot" in line 1, on page 31, so that it will read "as an aviation combat pilot"?

Mr. LA FOLLETTE. Before the Senate acts on the amendment to the amendment, I should like to have some general explanation of the item itself.

Mr. DICKINSON. I am merely asking unanimous consent to insert the word "combat" in the amendment of the committee.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. JONES. The Senator from Iowa, I think, can explain the purposes of the committee amendment.

Mr. DICKINSON. The purpose of my amendment is to provide that this money, if it shall be appropriated—and I shall vote against the entire amendment—shall be used for the training of pilots who are eligible for combat service, instead of those who simply want to take a vacation at the end of the month and fly to the seashore, or something of that kind, and do it as reserve officers. What I have in mind is that if we are going to spend this additional money we ought to spend it for men who are actually eligible to take the field on a moment's notice in case we need them.

Mr. BINGHAM. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Connecticut?

Mr. DICKINSON. I do.

Mr. BINGHAM. I thought the Senator was through.

Mr. DICKINSON. I am asking unanimous consent for the adoption of the amendment to the amendment. If it is going to be objected to, I will then want to make a motion with regard to it and to proceed further.

Mr. JONES. Mr. President, let me say that, as the Senator from Iowa knows, I was not in favor of this amendment in the committee, but the committee by a very large vote recommended the amendment. It is not covered by a Budget estimate or anything of that kind. Just what the effect of the amendment suggested by the Senator from Iowa will be I am not prepared to say. I will leave to some of those who are specially interested in this amendment and who understand military matters better than I do whether or not they would have any objection to putting in the word "combat." I frankly say I do not know just what effect the insertion of that word would have on the amendment.

Mr. DICKINSON. I am offering my amendment by way of perfecting the committee amendment, and I wish to make a statement now with reference to the entire amendment.

I am opposed to this amendment for two reasons: The first is that there is absolutely no showing, in the hearings or otherwise, that the War Department thinks this appropriation is necessary. There is no Budget estimate for it, and it is not estimated as a deficiency by the department.

Mr. NORRIS. Mr. President, will the Senator permit an interruption?

Mr. DICKINSON. I do.

Mr. NORRIS. I should like to ask the Senator whether it has been estimated for?

Mr. DICKINSON. My understanding is it has not been estimated for.

Mr. NORRIS. Then is it not subject to a point of order?

Mr. JONES. No, Mr. President; the Senator knows that under our rules an amendment reported by the Appropriations Committee is in order by reason of the recommendation of the committee. So the amendment is not subject to a point of order.

Mr. HARRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Georgia?

Mr. DICKINSON. I yield.

Mr. HARRIS. As I understand the Senator's request, I hope it will be granted, and I should be glad if the chairman of the committee would accept the amendment to the amendment. Will the Senator please state it again? I think I favor it, and I think other Senators would favor it if they understood its purpose and effect.

Mr. DICKINSON. I think probably the Senator from Connecticut [Mr. BINGHAM] will express his views with reference to the amendment to the amendment when he takes the floor. I wanted first to make a statement with reference to the committee amendment.

Mr. BINGHAM. Mr. President, may I ask the Senator whether the term "aviation combat pilot" is found in either the law or in the War Department regulations?

Mr. DICKINSON. I want to provide a definition so that the department may know what we have in mind; that is, a pilot who is eligible to enter the service upon a minute's notice rather than one, perhaps, on the retired list, who is not eligible for real combat service.

Mr. BINGHAM. The proviso of the amendment as approved by the committee reads:

Provided further, That no part of this sum shall be available for any expense incident to giving flight training to any officer of the Officers' Reserve Corps, unless he shall be found physically and professionally qualified to perform aviation service as an aviation pilot, by such agency as the Secretary of War may designate.

Mr. DICKINSON. Oh, yes.

Mr. BINGHAM. "Aviation pilots" are provided for in the regulations.

Mr. DICKINSON. But there are aviation pilots and aviation pilots, and some of them are not combat pilots and some of them are combat pilots. I want to limit this appropriation to the services of men who are in the Reserve Corps who are able to go to the field of battle on a moment's notice upon the call of the Government.

I found when I was on the Appropriations Committee of another body, in considering the Army appropriation bill, that there were too many officers of the Reserve Corps who were not combat officers and could not be called into service for that purpose.

Mr. BINGHAM. Will the Senator permit me further?

Mr. DICKINSON. Yes.

Mr. BINGHAM. The Senator knows that reserve pilots of the Air Corps are divided into three groups—Group 1, Group 2, and Group 3. Group 1 consists of about a thousand pilots who are qualified to take any service type ship to-morrow and fly it. I take it that is the group to which the Senator refers?

Mr. DICKINSON. I have that group in mind.

Mr. BINGHAM. Group 2 is composed of those who are qualified to take a training type of ship to-morrow and continue their training, some of them perhaps in some service type of ship, but not in all types of ships. That group numbers about 500. Group 3 constitutes the remainder, and they are not called into active service and are not provided with flying ships, because there is not money enough to go around. It has not been the practice of the War Department in recent months, I will say to the Senator, to provide them with any flying ships. If the Senator would limit his amendment to Group 1 and Group 2, no one of those who are interested in aviation would have any objection to it at all. There is no intention on our part to do what the Senator has said, merely to provide some officers a holiday and enable them to fly to the seashore.

Mr. DICKINSON. I will limit the amendment, if it is not in its present form satisfactory to the Senator from Connecticut, to the pilots of Group 1 as described by him.

Mr. BINGHAM. I would have no objection to such an amendment, I will say to the Senator from Iowa.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Idaho?

Mr. DICKINSON. I yield.

Mr. BORAH. May I suggest that we determine first whether or not we are going to make the appropriation of $100,000 or are going to strike the entire appropriation from the bill?

Mr. DICKINSON. The point I had in mind was that I thought perfecting amendments had to be proposed before a vote was taken on the question of eliminating the entire amendment.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. DICKINSON. I yield.

Mr. NORRIS. I thought the Senator had concluded.

Mr. DICKINSON. I want to make a further statement with reference to the amendment to the committee amendment.

Mr. NORRIS. I believe the committee amendment is subject to a point of order.

Mr. DICKINSON. Mr. President, as I have said, my objections to the committee amendment are two: In the first place, the appropriation is brought in without any official recognition on the part of the War Department that it is necessary.

I think we could go into many bureaus of the departments of the Government and find just as much of an emergency existing for additional funds as is found here. Why? Because there have been reductions in a great many lines of endeavor. Training pay was cut down about 33 per cent. They have used more of it up to the present time than they should have used in view of that reduction. If we adopt the principle which is sought to be established, it will create a very bad precedent. If they can come here and get a deficiency appropriation to carry them up to the 1st of July, it will simply afford an opening for other bureaus of the Government to do likewise, if they can find a "friend on the Hill" who will call up the proper officials and secure desired information. Therefore I am opposed to this appropriation being made out of the regular order.

My second reason is that the taxpayers of the country have been given due consideration by the Members of the Senate since we convened. They are going to have additional burdens to bear when we appropriate this additional money. I do not believe the defense of this country is going to be materially impaired to a point where we ought to place an additional amount of $100,000 on the taxpayers' backs in order to strengthen this particular line of defense between now and the 1st day of July.

Therefore my two reasons for being against this appropriation are, first, that we are opening the way for the other bureaus of the Government to attempt to do the same thing, and we are making the appropriation out of the regular order. Second, in a contest between the taxpayers and the enhancement of the national defense between now and the 1st of July, I believe the verdict of the United States Senate ought to be decidedly in favor of the taxpayers and not in favor of additional defense. In other words, I do not believe the defense of the country will be materially affected in case these men can not fly the additional amount of flying time that is provided in this amendment.

I therefore hope the Senate will reject this amendment when it comes up for final vote.

Mr. HATFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Cousens	Hull	Pittman
Bailey	Dale	Jones	Reed
Barkley	Davis	Kendrick	Robinson, Ind.
Bingham	Dickinson	King	Schall
Black	Frazier	La Follette	Sheppard
Blaine	George	Logan	Smith
Borah	Hale	McGill	Steiwer
Bulkley	Harris	McKellar	Trammell
Carey	Hastings	McNary	Vandenberg
Connally	Hatfield	Norris	Walcott
Copeland	Hayden	Nye	White
Costigan	Hebert	Oddie	

The PRESIDING OFFICER. Forty-seven Senators have answered to the roll call. There is not a quorum present.

ADJOURNMENT

Mr. McNARY. Mr. President, I had hoped that a quorum would be developed so that an executive session might be held. In view of the situation, however, I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 35 minutes p. m.) the Senate adjourned until Monday, January 18, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 16 (legislative day of January 15), 1932

UNITED STATES ATTORNEYS

Harry F. Besosa, of Porto Rico, to be United States attorney, district of Porto Rico, to succeed Frank Martinez, resigned.

Joseph C. Shaffer, of Virginia, to be United States attorney, western district of Virginia, to succeed John Paul, appointed United States district judge, western district of Virginia.

UNITED STATES MARSHAL

Fred S. Hird, of Iowa, to be United States marshal, southern district of Iowa. (He is now serving in this position under an appointment which expires February 4, 1932.)

SENATE

MONDAY, JANUARY 18, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Thou whose wondrous name is Love, from whom we, Thy children, seek earnestly the choicest gifts of Thy bestowal; lead us this day along the higher path where we may walk with Him in whose humanity Thou hast revealed the hidden springs of our divinity, the springs of everlasting love, that in word as in deed we may stand forth empowered as the sons of God.

May we learn anew from Him in the light of our sonship, that though we speak with the tongues of men and of angels and have not love, we are but as sounding brass or a tinkling cymbal; that though we have knowledge and faith, though we bestow our goods to feed the poor, though we give our bodies to be burned and have not love, it profiteth us nothing.

Breathe on us then, O Spirit of the living God, the love that is very patient, very kind, that knows no jealousy, is never rude, never selfish, never resentful, never glad when others go wrong, the love that is only gladdened by goodness and is always eager to believe the best. So shall our walk be close with Thee in fellowship with Him who gave to us a new commandment, that we should love one another, Jesus Christ, Thy Son our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Friday last, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Shipstead
Austin	Dickinson	Keyes	Shortridge
Bailey	Dill	King	Smith
Bankhead	Fess	La Follette	Smoot
Barbour	Fletcher	Logan	Steiwer
Bingham	Frazier	McGill	Swanson
Black	George	McKellar	Thomas, Idaho
Blaine	Glass	McNary	Thomas, Okla.
Borah	Glenn	Metcalf	Townsend
Bratton	Goldsborough	Morrison	Trammell
Brookhart	Gore	Moses	Tydings
Bulkley	Hale	Neely	Vandenberg
Bulow	Harris	Norbeck	Wagner
Byrnes	Harrison	Norris	Walcott
Capper	Hastings	Nye	Walsh, Mass.
Caraway	Hatfield	Oddie	Walsh, Mont.
Carey	Hayden	Patterson	Waterman
Connally	Hebert	Pittman	Watson
Coolidge	Howell	Reed	Wheeler
Copeland	Hull	Robinson, Ark.	White
Costigan	Johnson	Robinson, Ind.	
Cousens	Jones	Schall	
Cutting	Kean	Sheppard	

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

TRAVELING AND MISCELLANEOUS EXPENSES, DEPARTMENT OF JUSTICE, 1932 (S. DOC. NO. 52)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to an existing appropriation for the Department of Justice, for the expenses of the investigation of law enforcement in the Territory of Hawaii, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

CONSTRUCTION PROJECTS UNDER EXECUTIVE DEPARTMENTS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, stating that practically the same information requested by Senate Resolution 128 (agreed to January 7, 1932) with reference to construction projects that might profitably be entered into within the next six years would be furnished by the Federal Employment Stabilization Board, etc., which was ordered to lie on the table.

REPORT OF THE CHESAPEAKE & POTOMAC TELEPHONE CO.

The VICE PRESIDENT laid before the Senate a letter from the president of the Chesapeake & Potomac Telephone Co., submitting, pursuant to law, the report of that company for the year 1931, with the results of the company operation for the month of December, 1931, only estimated, which, with the accompanying report, was referred to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of South Carolina, which was ordered to lie on the table.

A concurrent resolution

Be it resolved by the house of representatives (the senate concurring), That the Congress of the United States be, and is hereby, requested to give relief to the people by preventing Federal land banks and joint-stock land banks from foreclosing mortgages on debtors by providing some means to save the people their homes who are mortgaged, and if necessary to declare a moratorium for at least one year, giving the debtors who do not owe over one or two payments a chance to meet same.

That the South Carolina Members of Congress be sent a copy of this resolution and requested to urge immediate relief.

That a copy be sent to the President of the United States Senate and also to the Speaker of the House of Representatives.

IN THE HOUSE OF REPRESENTATIVES,
Columbia, S. C., January 16, 1932.

I hereby certify that the foregoing is a true copy of a concurrent resolution adopted by the house of representatives and concurred in by the senate.

[SEAL.]

J. WILSON GIBBES,
Clerk of the House.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of South Carolina, which was referred to the Committee on Claims:

A concurrent resolution

Whereas the United States collected from the cotton-growing States a tax on cotton in 1866, 1867, and 1868 and there is estimated to be due to the people of South Carolina the sum of $4,172,421.16; and

Whereas there is a bill introduced in the House of Representatives directing the Secretary of the United States Treasury to refund the tax unlawfully levied and collected on raw cotton: Therefore be it

Resolved by the house of representatives (the senate concurring), That the United States Congress be urged to pass this bill, introduced by Hon. B. B. HARE, and the South Carolina delegation in Congress be requested to secure the passage of same.

Resolved further, That a copy of this resolution be sent to the Speaker of the United States House of Representatives, the President of the United States Senate, and the South Carolina delegation in Congress.

IN THE HOUSE OF REPRESENTATIVES,
Columbia, S. C., January 15, 1932.

I hereby certify that the foregoing resolution is a true copy of the concurrent resolution adopted by the house and concurred in by the Senate.

[SEAL.]

J. WILSON GIBBES,
Clerk of the House.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the State board of the Wisconsin Division, Service Star Legion (Inc.), at Madison, Wis., favoring the placing of an embargo on products grown, manufactured, or mined in Soviet Russia, which was referred to the Committee on Commerce.

He also laid before the Senate the petition of Patrick H. Loughran, Esq., attorney at law, Washington, D. C., counsel for W. B. Hogue and Angeline E. Hogue, relative to the matter of certain lands in Louisiana and Mississippi in connection with Senate Resolution 126, Seventy-second Congress, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a letter from H. Ely Goldsmith, of New York City, N. Y., inclosing a petition, being his plea for review of an affirmance of a conviction for crime docketed in the United States Supreme Court as No. 190, October term, 1930, etc., which, with the accompanying paper, was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Junior American Vigilant Intelligence Federation, favoring the prompt making of the necessary appropriations to assure the maintenance of the Reserve Officers' Training Corps in schools and colleges throughout the country, which was referred to the Committee on Military Affairs.

He also laid before the Senate a petition of the National Committee for the Protection of the Foreign Born, New York City, N. Y., praying "that all persecution, discrimination, and deportation of the foreign born be stopped at once * * * that the persecution, murdering, and lynching of negroes be stopped," with the death penalty enforced for lynchers; for the "immediate release of all the arrested striking workers in Kentucky or those who have been arrested in connection with the strike," etc.; also praying the immediate release of Tom Mooney and Warren Billings, which was referred to the Committee on Immigration.

Mr. ASHURST presented the following joint memorial of the Legislature of the State of Arizona, which was referred to the Committee on Finance:

STATE OF ARIZONA,
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA,
State of Arizona, ss:

I, Scott White, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Joint Memorial No. 4, first special session, Tenth State Legislature, House of Representatives, State of Arizona, "requesting that a public hearing be granted by the Ways and Means Committee of the House of Representatives of the United States Congress, to which has been referred bills H. R. 317 and H. R. 266"; all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed my official seal. Done at Phoenix, the capital, this 14th day of January, A. D. 1932.

[SEAL.]

SCOTT WHITE, *Secretary of State.*

HOUSE OF REPRESENTATIVES,
TENTH STATE LEGISLATURE,
FIRST SPECIAL SESSION.

House Joint Memorial No. 4

To the honorable House of Representatives of the United States of America in Congress assembled

Your memorialist, the Tenth Legislature of the State of Arizona, in special session convened, respectfully represents:

Whereas the present deplorable condition of the copper industry and the great distress throughout the 11 Western States is directly attributable to the dumping upon the market of the United States of foreign copper produced by cheap foreign native labor; that back of this activity is a well-organized effort permanently to destroy the copper-production industry of this country; that engaged in this effort is a combination of interests made up of foreign governments, foreign corporations, concessionaires of foreign governments, including American citizens, all acting in concert against the economic peace and welfare of our people. So great has become the power of this international combination that life's comforts and necessities of the people of whole States may be and are jeopardized by their activities and their mandates. Thus had been set up in the world a supereconomic empire so powerful that our State government lies impotent and helpless, while due to their manipulations of the fruits of our industry our citizens are ruthlessly deprived of their means of making a living and go marching into an ever-increasing bread line. Only the National Government itself has sufficient power to cope with the subtleties and machinations of such a gigantic scheme. A mere State government does not possess the constitutional power to protect its people against the operations of such a public menace. A foreign economic war has been declared against industry supporting our State and its people, and this war is now receiving aid, comfort, assistance, and direction from certain American citizens, great capitalists, "boring from within." During the past several sessions of Congress Representatives from States affected have introduced bills designed to remedy this condition, but these bills died in committee without hearings being allowed.

Whereas through the exercise of this international control a foreign influence has the power to reach into our State, snatching the means of livelihood from our people and transferring our employment to the underfed, underclothed, underpaid foreign native in order to produce cheaper copper, which, when accomplished, is dumped back upon our domestic market at prices less than we can produce it domestically; and

Whereas unemployment is increasing in Arizona and once again the copper-mining companies are posting notices of labor curtailment in order to comply with an international copper agreement forced upon them because copper remains unprotected upon the free list subject to the devastations of foreign dictation; and

Whereas the State Legislature of Arizona did memorialize Congress upon this subject at its tenth session, 1931, and at the Conference of Governors held at Portland, Oreg., on October 28, 1931, representing 11 Western States, including the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming, did upon that date pass a resolution upon this subject, copies of which memorial and resolution are included and made a part of this resolution; and

Whereas, since the dates of the passage of this memorial and resolution, the unemployment conditions have grown steadily worse and the imports of cheap foreign-produced copper have been steadily increasing, and the number of unemployed persons receiving aid has increased proportionately with the quantity of foreign copper imported into this country. On the other hand, while our domestic mines have been steadily decreasing their output the foreign mines have gained in theirs, showing their ability to produce copper at a profit under present price conditions which destroy our industry and starve our people. The price has declined from an average of 18.107 cents for 1929 down to 7.25 cents at the close of 1931. While many foreign mines were producing at capacity, the price reached an all-time lowest level of 6.25 cents, which is about half of the cost of production in this country. These conditions indicate that it will require at least a 6-cent copper tariff to turn the tide and secure to our people the blessing of liberty and the peace of prosperity. These conclusions have not been reached through studio calculations, but by actual contacts dealing with the industry and by actually facing the brunt of the fight on the firing line of an unfair competition imposed by un-American tactics, un-American standards of business and living: Therefore, be it

Resolved by this assembled body, That it respectfully requests that a public hearing be granted by the Ways and Means Committee of the House of Representatives of the United States Congress, to which has been referred bill H. R. 317, introduced December 8 by Congressman JAMES, of Michigan, and also H. R. 266, introduced by Congressman EVANS, of Montana, and including in the hearing such other bills as may be introduced upon the same subject and referred to the Ways and Means Committee; and be it further

Resolved, That it respectfully requests that the Ways and Means Committee in calling this hearing give sufficient notice so that people living in the far West may have time to attend; and be it further

Resolved, That the secretary of state of the State of Arizona is authorized and directed to forward this memorial to the House of Representatives of the United States, and that copies thereof

be sent to the Senators and Representatives in Congress from this State.

Passed the senate January 9, 1932, by the following votes: 16 ayes, 3 nays, — not voting.

FRED SUTTER,
President of the Senate.
W. J. GRAHAM,
Secretary of the Senate.

Passed the House January 9, 1932, by the following vote: 59 ayes, 1 nay, 0 absent, 2 excused.

M. J. HANNON,
Speaker of the House.
LALLAH RUTH,
Chief Clerk of the House.

Approved this 9th day of January, 1932.

GEO. W. P. HUNT,
Governor of Arizona.

EXECUTIVE DEPARTMENT OF ARIZONA,
OFFICE OF THE GOVERNOR.

This bill was received by the governor this 9th day of January, 1932, at 3.55 o'clock p. m.

J. W. STRODE,
Secretary to the Governor.

EXECUTIVE DEPARTMENT OF ARIZONA,
OFFICE OF SECRETARY OF STATE.

This bill was received by the secretary of state this 11th day of January, 1932, at 9 o'clock a. m.

SCOTT WHITE,
Secretary of State.

Mr. HEBERT presented resolutions adopted by the Seventy-eighth Division Veterans' Association of Rhode Island, pledging its united and undivided support in aid of Albert A. Marquardt, who served with honor and distinction in the lines at Thiaucourt and Meuse-Argonne, to obtain an honorable discharge from the service, which were referred to the Committee on Military Affairs.

Mr. ROBINSON of Indiana presented petitions of sundry citizens of Elwood and Richmond and vicinity, in the State of Indiana, praying for the maintenance of the eighteenth amendment to the Constitution and the full enforcement of the prohibition law, which were referred to the Committee on the Judiciary.

Mr. NEELY presented petitions of the Woman's Christian Temperance Union of Valley Grove; the executive committee of the Woman's Christian Temperance Union of Wheeling; the Woman's Bible Class of the Kanawha Presbyterian Church, of Charleston; the Men's Bible Class of the Methodist Episcopal Church of Rowlesburg; and of sundry citizens, all in the State of West Virginia, praying for the maintenance of the eighteenth amendment to the Constitution and the full enforcement of the prohibition law, which were referred to the Committee on the Judiciary.

Mr. BARBOUR present a petition of sundry citizens of Camden, N. J., praying for the adoption of the 5-day week plan as outlined by Oscar Ameringer, of the American Guardian, Oklahoma City, Okla., which was referred to the Committee on Education and Labor.

He also presented memorials of Rev. Alfred S. Bacon and 10 other citizens of Stockholm; of members of the congregation of the Collingswood Presbyterian Church, Collingswood; and of sundry citizens, all in the State of New Jersey, remonstrating against the proposal for holding a referendum on the eighteenth amendment to the Constitution, and praying for the maintenance of the prohibition law and its full enforcement, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented a memorial of sundry citizens and employees of the Government at Oswego, N. Y., remonstrating against the proposal for the reduction of salaries or wages of Government employees, which was referred to the Committee on Appropriations.

LOANS TO CITIES BY RECONSTRUCTION FINANCE CORPORATION

Mr. WALSH of Massachusetts. Mr. President, I have received, as other Senators have, a telegram from the mayor of Boston. It is in the nature of a petition asking for an amendment to the Reconstruction Finance Corporation bill. I hope favorable action may be had upon the amendment suggested before this bill is disposed of in the Senate. I now ask that the telegram may be read at the desk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

BOSTON, MASS., *January 16, 1932.*

Hon. DAVID I. WALSH,
Washington, D. C.:

Passage of the reconstruction bill without the inclusion of provision for loans to municipalities of the United States or the rediscountability of the same by the Federal reserve will result in greater hardship to the people of America than that which took place as a consequence of the closing of banks.

Indications are, in New England at least, that banking institutions will refuse in many cases to make loans to municipalities in anticipation of taxes. The investment agencies that have purchased these short-time loans in anticipation of taxes in the past are not in a position to do so at the present time, and the banks are the only possible source for securing this money which is necessary for the conduct of the activities of every American municipality. Relief for the municipalities is possible, provided there is a provision in the reconstruction loan which will permit of the corporation making loans to municipalities in anticipation of taxes.

The injurious effects resulting from the closing of financial institutions in America can in no wise be compared with the tremendous injury that will result in the event that provision is not made for the safeguarding of the municipalities of America.

As a rule taxes are levied for collection in the fall of the year, generally about October 1, and short-time loans are necessary between January 1 and October 1 to conduct municipal departments until taxes are paid in the fall of the year. The security pledged against these loans represents the entire assets of each municipality and is the highest type of security possible. Failure to provide the measure of protection necessary means added hardship in every section of America and a prolongation of the depression. The adoption of the amendment as here presented is vital, since a suspension of health, police, fire protection, and abandonment of welfare work and educational activities would be disastrous.

JAMES M. CURLEY, *Mayor of Boston.*

Mr. COPELAND. Mr. President, I beg to say to my friend from Massachusetts that I intend, when the parliamentary situation is such that it would be proper, to present a modified form of the amendment which I presented the other day relating to the matter spoken of in the telegram from the mayor of Boston. There is no doubt of the absolute necessity of some constructive action on the part of Congress in this matter.

Mr. WALSH of Massachusetts. I shall join with the Senator in an endeavor to bring about the desired result.

Mr. ROBINSON of Arkansas. Mr. President, may I say in connection with the statement of the Senator from New York that it occurs to me that one of the difficulties respecting the amendment grows out of the fact that loans of the class comprehended by his amendment might absorb the entire assets of the Reconstruction Finance Corporation, or if limited to a comparatively small amount would result in partiality in dealing with the necessities of the municipalities.

While the information does not appear to be available as to the probable amount of credit that might be asked on the basis of municipal securities, undoubtedly it would promise to be very large.

Mr. COPELAND. May I say to the Senator that in the amended form in which I intend to present the matter it will be limited to $200,000,000 outstanding at any one time. I am satisfied that the adoption of such a provision will solve the problem of the cities. If the bankers understand that we are to give this privilege to the Finance Corporation, I have no doubt that they will give us the money. Certainly no better securities can be found than the securities of cities.

Mr. WALSH of Massachusetts. Furthermore, as I read the telegram, it is the purpose to enable the city to borrow money only during the period between the commencement of the fiscal year and the time for the collection of taxes in the fall, so the loans would be for only a short period.

Mr. COPELAND. Yes; for a very short time. I shall present such an amendment at the appropriate time.

The VICE PRESIDENT. The telegram will lie on the table.

LIMITATION OF RADIO IMPORTS INTO FRANCE

Mr. BORAH. I have a cablegram from Paris, but it is signed by an American, and therefore I ask to have it inserted in the RECORD and appropriately referred.

There being no objection, the cablegram was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

PARIS, *January 17, 1932.*

Senator BORAH,
Washington, D. C.:

French decree Saturday limits imports radio sets in ratio 5 Holland, 3 Germany, 1 United States, retroactive January 1. Decree means practical elimination of Americans in favor of Dutch-German interests and immediate loss of present American radio business in France. All we ask is fair treatment. Wish you could help by calling attention of country and Government to unfairness of French radio decree.

SNYDER,
Managing Director Philco, Cable Address Philcopar.

NECESSITY FOR RETRENCHMENT IN GOVERNMENT EXPENDITURES

Mr. WATSON. Mr. President, for the first time in my legislative experience, both in the House and in the Senate, I am asking to have a memorial read. Hitherto I have placed such communications on file either in the House or Senate, and have never asked to have them read. This, however, is a memorial which has been drafted by the Federation of American Business, with headquarters in Chicago, Ill., and with a large and ever-increasing membership of business men throughout the Central West. The ultimate object of this organization is to take the Government out of business, but the immediate purpose is to restrict appropriations. Because of the influence of these men, and the objectives they have in view, it occurs to me it would be entirely proper to have this memorial, which is not of any great length, read from the desk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read the memorial.

The Chief Clerk read as follows:

THE FEDERATION OF AMERICAN BUSINESS,
Chicago, Ill.

A memorial to the Congress of the United States, presented by the Federation of American Business, January, 1932

To the Senate and House of Representatives:

The Federation of American Business, organized to give expression to the desires of citizens engaged in business, industry, and profession, whose membership is individual in character and ranges from executive heads down to the humblest place upon an employment pay roll, addresses this memorial to you in solemn warning.

The tax burden for the support of all forms of government has increased so rapidly and has grown so heavy that the business and industrial machinery of the country has broken under its weight. The tremendous increases in the cost of government are the result of three major causes: First, Government competition directly or indirectly with the business activities of its citizens, and the absorption by increased taxation of losses thus incurred; second, new regulatory or social services not contemplated in our scheme of political administration but taken on in increasing volume in recent years; and, third, independent boards and commissions, under direction of no established executive department and frequently financed with revolving funds that free them of United States Treasury supervision. The whole pattern of government is being changed without approval or even discussion by our citizenship.

It is our belief, founded upon careful study, that the financial policies which the Federal Government has been pursuing in recent years and is still pursuing will, if continued, reduce the United States Treasury to insolvency; and if present demands for appropriations are granted, the debacle will come soon.

In 1927 you permitted the expenditure of $4,208,765,478 of the taxpayers' money. In spite of pious protestations of economy, it rose to $4,305,329,727 in 1928. In 1929 you spent $4,559,931,993. In 1930 it was $4,657,946,624. In 1931 it topped all peace-time records with $4,951,160,738. Federal receipts for this year will be at least $1,683,000,000 less than in 1928. Your deficit in 1931 was $902,716,845. Your deficit in 1932 will not be less than $2,122,683,685. Your Treasury officials expect further tremendous deficits in the immediate future and hopes of restoring the necessary balance are based upon the assumption that the business and earning power of the people will improve, an assumption that will not be realized so long as you continue to pile up deficits.

You have balanced your books by borrowing. Deliberate overappropriation in expectation of recourse to borrowing for payment of ordinary and recurring expenses is to invite financial disaster. You have neglected the warning signs that are manifest on every hand. Your bonds have recently sold to yield more than 4 per cent and are showing no disposition to rally. Your last offering of Treasury notes was only barely oversubscribed. It is perfectly obvious that your credit is drying up. Under existing conditions you will find that interest rates at Civil War levels will not bring you lenders. You must take warning from the collapse of the British financial structure or the same catastrophe will come upon us unless you take prompt warning.

If you do not reduce expenditures to fit income and you can not borrow to meet your deficit, your only recourse will be to currency inflation in one form or another. With that the misery of the present unemployed will become the universal lot. Accumulations of monetary wealth will be wiped out. Every man of mature years alive to-day will be long in his grave before the effects of a collapse of our currency will be forgotten.

You have found the temptation to spend irresistible, and to the extent that the money was spent in your constituencies you found it politically profitable. Lately you have been encouraged to spend at even a faster pace in the belief that the Government must create employment to take the place of the unemployment which its policies have created in agriculture, commerce, and industry. You established a policy of reckless spending when money from taxpayers was rolling into the Treasury in unbroken stream. But to-day it is not rolling in. You can not balance expenditures by advancing tax rates to higher levels, because the incomes from which the taxes must be paid are not there. Neither persuasion nor extortion will restart the flow. The higher you put the rates the more certainly you will drive capital into hiding or out of the country. Recent British and German experience stands as a warning.

To think of political advantage at such a time as this is political madness, for expenditures undertaken to win votes will precipitate a national disaster in which all parties will be engulfed.

The doctrine of Government-created employment is sound in only a limited way. The first days of the depression it might have served as a temporary palliative, but now the Government would have to literally provide millions of jobs, and this is impossible of achievement because the limits of your credit would not meet such a pay roll. You can not cure unemployment by precipitating national bankruptcy. Remember that the more money the Government takes from the taxpayers the less will be left in the hands of citizens with which to buy, to build, and to hire; and, therefore, the less private employment there will be. For every public job the Government creates at the taxpayers' expense, one or more private jobs will be lost.

Recovery through Government squandering is and always was impossible. Let us get away from the idea of new economic eras and political or legislative nostrums. Prosperity can not be brought back by reckless borrowing that enslaves the borrower for years to come, but it can be won back by sustained effort, hard work, and economical government.

In the problem of economic recovery your part of the scheme is economy. It is not our function to tell you where to pare the Budget, but it is our solemn duty to warn you to reduce expenditures to the capacity of the taxpayer to meet the burden. The issuance of bonds to pay running expenses is indefensible. For the taxpayer it mortgages the future as well as burdens the present, and makes him pay twice for whatever service he receives. If you do not bring expenditures down to capacity to pay, you must assume full responsibility for the inevitable bankruptcy that will ensue.

Taxes must come down if agriculture, industry, and commerce are to recover. To-day combined American governments are spending one-quarter or more of our national income. No nation can stand that drain and continue to function. You and your predecessors and associates in State legislatures and municipal governments are overwhelmingly responsible for present conditions. You have ordered taxgatherers to suck lifeblood from business and they have done your bidding. The money secured for you has been squandered in wild programs, in many of which you did not believe but which you were dragooned into supporting by threats of organized minorities. And not content with thus impoverishing the taxpayer, you have continued to create costly commissions, committees, and independent bureaus to harry and regulate business. You have reduced the railroads to insolvency by destructive regulation and by directly Government-financed competition, and then you call upon the taxpayer to pay for their resuscitation.

Your Farm Board, with a reckless squandering of millions, has disrupted agricultural unity, narrowed the market for farm products, and producers have watched prices sink to the lowest levels in modern history. Your agencies call upon agriculture to reduce its cultivated acreage, and at the same time you have given other agencies of Government appropriations to enlarge agricultural areas by land reclamation projects.

We repeat, all these and similar follies must be ended and ended at once if we are not to be engulfed in a common ruin. The business men of the country, regardless of party, demand that Government cease its policy of meddling and repression and perform the political functions for which it was created. They insist upon reductions in the Budget and an end of Government competition with private business, and they will hold public officials responsible.

The very existence of the Nation is at stake, and your constituents, alive to your every action in this crisis, will accept no excuses and no extenuations.

CHARLES A. WILSON,
Chairman Board of Directors,
Federation of American Business.

The VICE PRESIDENT. The memorial presented by the Senator from Indiana will lie on the table.

THE WORLD COURT

Mr. REED. Mr. President, I send to the desk a statement issued by the National Committee of Republican Women for the World Court, favoring adherence to the World Court. I ask unanimous consent that it may be printed in the RECORD, and I also ask that the petition itself may be referred to the Committee on Foreign Relations.

There being no objection, the petition was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

DECEMBER 28, 1931.

REPUBLICAN WOMEN ORGANIZE NATIONAL GROUP TO SUPPORT ADMINISTRATION'S POLICY FOR RATIFICATION OF WORLD COURT PROTOCOLS

A representative "National Committee of Republican Women for the World Court" announced to-day that it has just been organized for the sole purpose of making clear—to the public and the Senate—the support which Republican women throughout the country entertain for ratification of the three World Court protocols which the United States signed two years ago, by the President's authority, and upon which the Senate Foreign Relations Committee somewhat over a week ago postponed action.

Stressing the traditional Republican policy which, since McKinley and Roosevelt, has supported American participation in a permanent international court of justice, the National Committee of Republican Women for the World Court urges Republican women throughout the country, as an outstanding party objective, to press for ratification this winter of the three World Court treaties which will complete the entry of the United States into the World Court.

The presence on the committee of several members of the Republican National Committee from strong Republican States and of the officers of powerful Republican State women's organizations is itself a public announcement of support for the administration's policy in the World Court matter from a significant body of Republican women voters. The officers of the newly organized group include its chairman, Mrs. Arthur Livermore, president also of the Women's National Republican Club, and six vice chairmen: Miss Sarah Schuyler Butler, vice chairman also of the New York State Republican Committee; Mrs. Worthington Scranton and Mrs. Grace Semple Burlingham, both members of the Republican National Committee (the former for Pennsylvania, the latter for Missouri); Mrs. Silas Strawn, of Illinois; Mrs. Murray Crane, of Massachusetts; and Mrs. Charles Taft 2d, of Ohio.

The committee is now preparing to send to thousands of Republican women voters over the country an urgent message for immediate, vigorous support for the official Republican policy indorsing the adherence of the United States to the World Court. This message will say, in part:

"The question now before the Senate and the country is not whether we shall enter the World Court. The Senate in 1926, by a vote of 76 to 17, passed a resolution declaring that we should, if five reservations were met. The present question, therefore, is whether the three pending protocols awaiting the Senate's ratification do indeed satisfy the Senate's 1926 reservations. The Department of State has clearly stated that they do. * * * President Hoover has authorized the signature of the protocols by the United States, and they have been signed.

"The participation of the United States in a world court of justice has been advocated ever since the American delegates to the First and Second Hague Conferences, in 1899 and 1907, under Presidents McKinley and Roosevelt, worked for the establishment of such a court. As to the existing World Court, Presidents Harding, Coolidge, and Hoover, and Secretaries of State Hughes, Kellogg, and Stimson have all indorsed our adherence. * * *

"Mr. Hughes, now Chief Justice of the Supreme Court, characterized the World Court, after he had served on its bench, as:

"'The absolute minimum of intelligent effort for the promotion of world peace.'

"Mr. Coolidge said of our need to enter the court promptly:

"'It is for the generation which saw and survived to devise measures of prevention. If we fail in this, we shall deserve the disasters which will surely be visited upon us because of our failure.'"

The message urges Republican women to make their conviction in support of ratification of the three present protocols clear to the Senate; it recommends full discussion of the issue among Republican groups to secure more general comprehension of the urgent need of completing our entry into the World Court.

In addition to its seven officers, the National Committee of Republican Women for the World Court includes Mrs. O. P. Clark, of California; Mrs. W. Reginald Baker, of New Jersey; Mrs. Bina West Miller, of Michigan; Mrs. Manley Fosseen, of Minnesota; Mrs. Wilma Sinclair LeVan, of Ohio; Mrs. Virginia White Speel, of Washington; Miss Martha McClure, of Iowa; Mrs. Paul Rewman, of South Dakota; and Mrs. Charles Warner, of Delaware, all members of the Republican National Committee; Mrs. George H. Lorimer, president of the Republican Women of Pennsylvania; Mrs. Parker Maddux, president of the Republican Women's Federation of Northern California; Mrs. F. W. Mondell, president of the District of Columbia League of Republican Women; Mrs. Harold J. Gross, president of the Women's Republican Club of Rhode Island; Mrs. George N. Campbell, for six years Republican national committeewoman for the State of Washington; Mrs. Katherine Kennedy Brown, president of the Ohio Federation of Republican Women's Organizations; Mrs. George H. Miles, president of the Women's Republican Club of New Jersey; Mrs. George Dean, president of the Illinois Republican Women's Club; Mrs. Charles Sumner Bird, founder and honorary president of the Women's Republican Club of Massachusetts; Mrs. J. T. Bowen and Mrs. Florence Pullman Lowden, of Illinois; Mrs. Maurice Sherman, Miss Annie Jennings, Miss Alice Chittenden, and Mrs. Joseph W. Alsop, all of Connecticut; Mrs. Samuel Harden Church and Mrs. Howard Heinz, of Pennsylvania; Miss Maude Wetmore and Mrs. William H. Vanderbilt, of Rhode Island; Mrs. L. D. Coffman, of Minnesota; Mrs. Spencer Penrose, of Colorado; Mrs. Douglas Robinson, Mrs. F. Louis Slade, Mrs. Chauncey J. Hamlin, Mrs. Nicholas Murray Butler, and Mrs. Ogden Reid, of New York.

Mr. WAGNER. Mr. President, I ask to have printed in the RECORD and appropriately referred a resolution adopted by the Bar Association of Erie County, N. Y., favoring the adherence of the United States to the World Court.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas the President of the United States has submitted to the Senate the protocols of adherence to the Permanent Court of International Justice;

Whereas this association believes that all interests of the United States are properly safeguarded and that the fifth reservation of the Senate regarding advisory opinions has been complied with: Now, therefore, be it

Resolved, That we respectfully urge on the Senate of the United States the prompt ratification of the protocols submitted by the President in order that the United States may at the earliest possible date signify its adherence to the Permanent Court of International Justice; further

Resolved, That a copy of the foregoing resolution be forwarded by the president and secretary of this association to the Vice President, to the Senators of this State, and to Senator BORAH, chairman of the Senate Committee on Foreign Relations.

LEGALIZATION OF 2.75 BEER

Mr. WAGNER. I present a petition from the Central Union Label Council of Greater New York favoring the enactment of a bill providing for 2.75 beer, a bill introduced by the junior Senator from Ohio [Mr. BULKLEY], which I ask may be printed in the RECORD and referred to the Committee on the Judiciary.

There being no objection, the petition in the form of a letter was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

CENTRAL UNION LABEL COUNCIL OF GREATER NEW YORK,
Brooklyn, N. Y., January 14, 1932.

Hon. ROBERT F. WAGNER,
Senate Chamber, Washington, D. C.

MY DEAR SENATOR: This is to advise you that at a regular meeting of this council held Wednesday, January 13, S. 2415, introduced by Mr. BULKLEY, and H. R. 5597, introduced by Mr. BECK, were unanimously indorsed.

This council represents 200,000 organized workers in Greater New York, and the purpose of these bills, as we understand it, is to give the working men and women of our Nation an opportunity to purchase a wholesome glass of beer containing not more than 2.75 of alcohol.

In addition to the above we feel that the enactment of these bills will go a long way toward eliminating many of the objectionable things that are now occurring due to prohibition, which I think are needless for me to mention for the reason that they are common knowledge to all who will look at this matter from an impartial standpoint.

Assuring you that anything that you may do to be helpful in the enactment of this legislation will be sincerely appreciated, I am,

Sincerely yours,

CHAS. E. SINNIGEN,
Secretary.

PROPOSED FEDERAL OFFICE BUILDING IN BUFFALO, N. Y.

Mr. WAGNER. I present a communication from the Buffalo City Planning Association in relation to a Federal office building in Buffalo, N. Y., which I ask to have printed in the RECORD and referred to the Committee on Appropriations.

There being no objection, the communication was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

BUFFALO CITY PLANNING ASSOCIATION (INC.),
January 6, 1932.

Hon. ROBERT W. WAGNER,
Senate Office Building, Washington, D. C.

MY DEAR MR. WAGNER: We, of the Buffalo City Planning Association (Inc.), notice with keen regret the announcement in yesterday morning's Courier-Express that the Budget Bureau made an adverse report relative to the Federal office building in Buffalo.

We feel that, inasmuch as appropriations are being made for other sections of the country for like or similar work, Buffalo at this time should not take a backward step and lose out on this proposition.

Won't you kindly exert your every effort in attempting to have the appropriation included in the present Budget? And to that end, if a hearing is necessary, we should like the opportunity of being represented, if possible, at that meeting.

Thanking you for your past endeavors in our behalf, we are

Sincerely yours,

EUGENE L. KLOCKE,
Managing Director.

CLEARED RADIO CHANNELS

Mr. DILL. Mr. President, last week I made some remarks regarding the danger to American broadcasting stations from stations being located in Mexico. I have a clipping from the Washington Star of yesterday about a similar danger from radio stations being built in Cuba. I should like to have printed in the RECORD an article by Martin Codel, and also an article from the Washington Post by Robert D. Heinl.

I may say regarding this matter that since my remarks in the Senate upon the subject I have received a number of letters that impressed upon me more than ever the necessity of the Government doing something in this situation. Unless some steps are taken by the State Department in the near future I shall feel compelled to introduce a resolution, have it referred to the Committee on Foreign Relations, and ask for hearings to see whether we can not find out the reason why the State Department does not take steps to protect radio stations in this country.

The VICE PRESIDENT. Without objection, the articles referred to by the Senator from Washington will be printed in the RECORD.

The matter referred to is as follows:

[From the Washington Star of Sunday, January 17, 1932]

AIR BOMBARDMENT FROM CUBA LOOMS—RADIO BROADCASTERS OBTAIN CONCESSIONS ON ISLAND AND IN MEXICO

By Martin Codel

A radio bombardment from across the southern international border, sufficiently forceful to disrupt operations of an appreciable number of American stations, is threatened by developments in Mexico and Cuba.

Authentic word has reached Washington that because of a combination of factors precipitated by unsettled political conditions in both nations, the radio bars are being let down so that almost indiscriminate "squatting" on channels being used by both American and Canadian stations is being permitted. A "price" is being placed on radio-station concessions, it is reported, to help the governments out of their financial plights. Practices closely approaching "blackmail" in some instances are being pursued by parties not associated with the governments.

For some time the situation has been serious with respect to Mexico as more and more stations of substantial power have taken the air and have caused serious interference with American stations. Cuba, however, is a new and serious factor. The little island Republic heretofore has maintained rigid control over its broadcasting allocations to avert interference with domestic stations.

CUBAN SITES "INVESTIGATED"

Because Cuba, only 125 miles from the Florida mainland, is strategically located for coverage of wide sweeps of American territory, it is understood that certain American radio interests are "investigating" the feasibility of building stations of substantial power there. This follows directly the tack taken by other groups, financed with American capital, known to be building stations in Mexico.

It is apparent that neither the Mexican nor Cuban Government has any compunction about locating broadcasting stations within its boundaries to operate on frequencies used by Canada or the United States. The reason is that neither country is party to the agreement whereby the 96 wave lengths available to the North American Continent are divided among the United States and Canada. These countries feel that they have not received a "square deal" from the United States. Canada, which has assigned to it 6 of the 96 wave lengths exclusively, as well as 11 on a shared basis, similarly holds that it is entitled to more channels.

A movement for invasion of the long waves, situated just below the broadcast band and now used by ship and military communication, to relieve congestion in the broadcast band, is going forward in Europe. There is no organized movement to that end in the United States as yet, although some groups are talking about it. Should this band be opened for broadcasting, it is contended that the demands of the border countries could be met and American broadcasting would be unmolested and freed of the intercontinental interference.

SITUATION HELD "INTOLERABLE"

The existing situation is viewed by some as becoming "intolerable." Certain stations in the United States have been warned by private clique, it is reported, that unless they paid substantial amounts, high-power stations would be built in Mexico to operate on their channels and "blast them off the air."

To relieve depressed financial conditions in Mexico, it is said, special fees are being paid by American interests for radio franchises above the annual fee of 2 pesos ($1) per watt of power. Three of Mexico's stations have been boosted in power from 1,000 to 5,000 watts, and are said by engineers to "menace" the operation of American stations on the same or adjacent channels. The new 75,000-watt station, XER, at Villa Acuna, Mexico, just across the border from Del Rio, Tex., is causing interference with stations WSB, at Atlanta, and CKAC, Montreal. Owned by Dr. John R. Brinkley, the former Kansas medicobroadcaster, who was ordered off the air by the Federal Radio Commission because of his goat gland and other medical "practices" over the air, this station is operating on the midchannel of 735 kilocycles, in between these two clear-channel stations.

MEXICAN STATIONS TO BOOST POWER

XEO, Mexico City, operated by the National Revolutionary Party, has been authorized to increase its power from 1,000 to 5,000 watts on 940 kilocycles. This channel is used in this country by WCSH, Portland, Me.; WAAT, Jersey City; WFIW, Hopkinsville, Ky.; WHA, Madison, Wis.; WDAY, Fargo, N. Dak.; and KOIN, Portland, Oreg. Also on this wave is KGU, Honolulu.

In addition XEQ, Juarez, opposite El Paso, has been authorized to increase to 5,000 watts on the 750-kilocycle channel. This frequency is used by WJR, Detroit. XEW, Mexico City, operating on 910 kilocycles, the Canadian exclusive channel used by CFCF-CNBL, London, Ontario, with 5,000 watts, and CFQC-CNRS, Saskatoon, Saskatchewan, with 500 watts, also is now using 5,000 watts. XED, at Reynosa, across from McAllen, Tex., is operating on 965 kilocycles, with 10,000 watts. On the neighboring channel of 960 kilocycles are five Canadian stations, while on 970 kilocycles are WCFL, Chicago, and KJR, Seattle.

American capital is moving into Mexico and probably Cuba, because the saturation point has been reached in the United States in so far as new high-power stations are concerned. These interests plainly intend to cover American territory rather than the markets in the countries in which they are located.

Cuba heretofore has been an insignificant factor in North American broadcasting because of the self-regulation designed to prevent interference with and from American stations. These were drafted by the late Augustus York, an American who went to Cuba as a soldier in the Spanish-American War and afterward became the government official charged with radio regulation. He was an uncle of Sergt. Alvin York, outstanding hero of the World War.

[From the Washington Post of Sunday, January 17, 1932]

By Robert D. Heinl

Los Angeles radio stations are preparing to broadcast a vice crusade against resorts below the Mexican border as a retaliation measure against Mexican stations in the resort towns which threaten to interfere with wave lengths of southern California.

Intended frequencies of some of the stations for which Mexican permits have been issued are so close to frequencies of stations in this territory that broadcasts from there will be affected, Los Angeles operators allege.

"Back of undercover preparation for the campaign is recollection of the racket of several months ago when one Texas station, particularly, was forced to buy out promoters of a below-the-border station which had permits for broadcasting over the same wave length," Variety's Los Angeles correspondent reports.

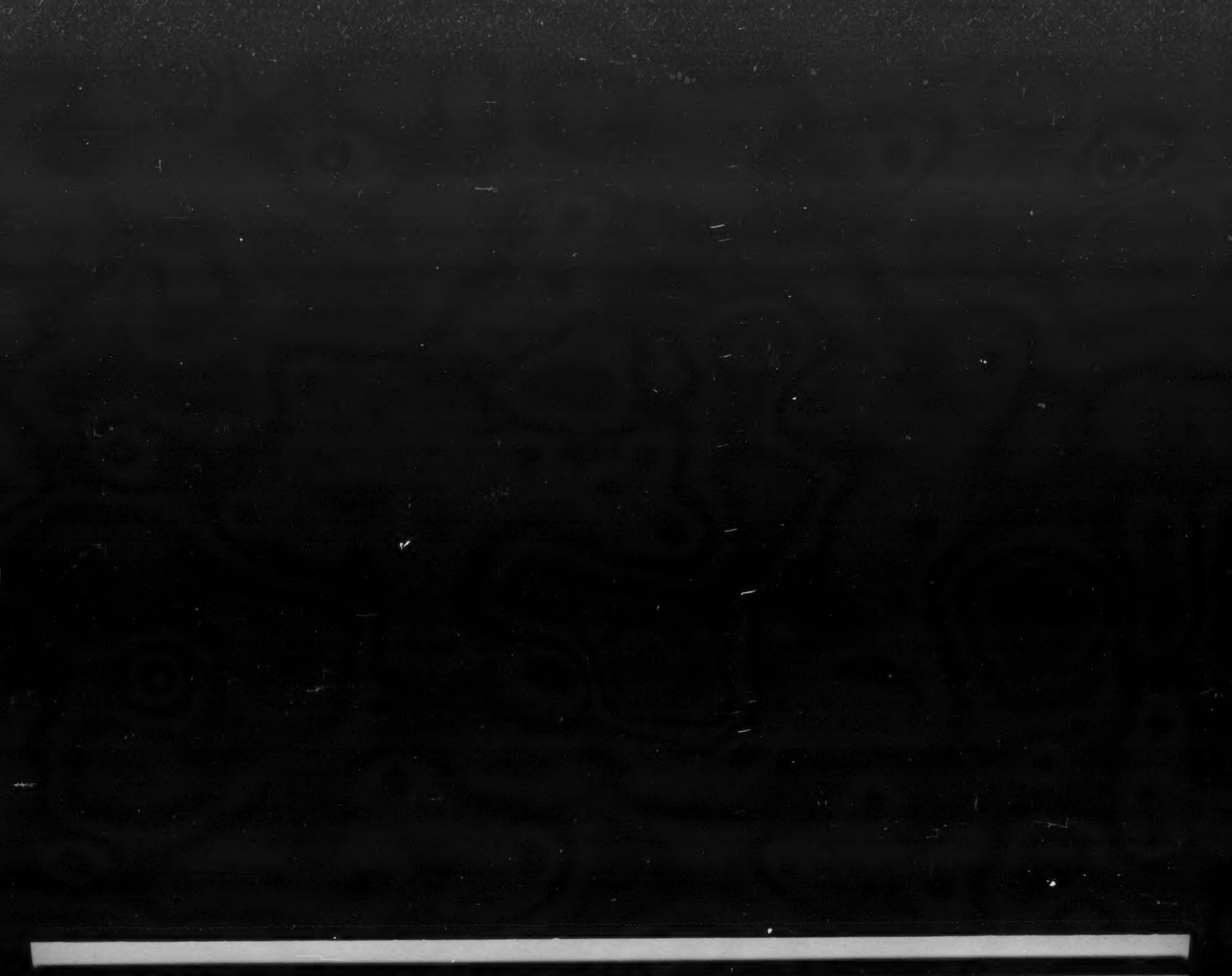
"If, as indicated, the stations in Lower California, which are said to be affiliated with gambling and liquor interests, interfere with local broadcasts, then the crusade will be launched."

The campaign will be aimed toward an earlier closing of the border gates and introduction of a toll gate on the road to the resorts, so that automobilists will be taxed for use of the last mile of State road.

REPORTS OF COMMITTEES

Mr. MOSES, from the Committee on Rules, to which was referred the resolution (S. Res. 125) to amend Rule XXV so as to provide for reference of certain resolutions to standing committees having jurisdiction of substantive matters, reported it without amendment.

He also, from the same committee, to which was referred the resolution (S. Res. 136) authorizing the employment of a special assistant clerk for the Committee on Territories and Insular Affairs, reported it without further amendment.



Mr. SHIPSTEAD, from the Committee on Printing, to which was referred the joint resolution (S. J. Res. 58) to authorize the printing of the annual reports of the Federal Farm Board without limitation as to number, reported it without amendment.

Mr. HOWELL, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 478. An act for the relief of Cicero A. Hilliard (Rept. No. 117); and

S. 1280. An act for the relief of National Ben Franklin Fire Insurance Co. (Rept. No. 118).

EXECUTIVE REPORT OF THE JUDICIARY COMMITTEE

As in executive session,

Mr. BORAH, from the Committee on the Judiciary, reported favorably the nomination of John B. Sanborn, of Minnesota, to be United States circuit judge, eighth circuit, to succeed Wilbur F. Booth, retired, which was placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A bill (S. 3081) to create the reserve division of the War Department General Staff, and for other purposes; to the Committee on Military Affairs.

A bill (S. 3082) to provide for a special series of postage stamps in observance of the one hundredth anniversary of the death of Stephen Girard; to the Committee on Post Offices and Post Roads.

A bill (S. 3083) granting the consent of Congress to the Board of County Commissioners of Allegheny County, Pa., to construct, maintain, and operate a free highway bridge across the Monongahela River between the city of Pittsburgh and the borough of Homestead, Pa.; to the Committee on Commerce.

By Mr. THOMAS of Oklahoma:

A bill (S. 3084) granting an increase of pension to Blaine E. Davis (with accompanying papers); to the Committee on Pensions.

A bill (S. 3085) relating to the tribal and individual affairs of the Osage Indians of Oklahoma; to the Committee on Indian Affairs.

A bill (S. 3086) relating to the construction of a Federal building at Ponca City, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. GLENN:

A bill (S. 3087) for the relief of Ida L. Funston; to the Committee on Claims.

By Mr. HALE:

A bill (S. 3088) granting an increase of pension to Marietta K. Johnson (with accompanying papers); to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 3089) granting a pension to Harry Martin; to the Committee on Finance.

By Mr. NEELY:

A bill (S. 3091) granting an increase of pension to Imogene West; and

A bill (S. 3092) granting an increase of pension to Nancy Church; to the Committee on Pensions.

A bill (S. 3093) for the relief of Harry Akins; to the Committee on Military Affairs.

By Mr. SWANSON:

A bill (S. 3094) granting an increase of pension to Annie S. Wynne (with accompanying papers); to the Committee on Pensions.

A bill (S. 3095) for the relief of Mrs. J. J. Bradshaw; and

A bill (S. 3096) for the relief of Anna Marie Sanford; to the Committee on Claims.

By Mr. JONES:

A bill (S. 3097) for the erection of a public building at Newport, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. WATSON:

A bill (S. 3098) granting a pension to James W. Bridges (with accompanying papers); to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 3099) granting a pension to Don E. Bartell;

A bill (S. 3100) granting a pension to Ollie A. De Selm;

A bill (S. 3101) granting a pension to Charles Foye;

A bill (S. 3102) granting a pension to Emma J. McCumsey;

A bill (S. 3103) granting a pension to Kitty A. Miller;

A bill (S. 3104) granting a pension to Sarah E. Russell;

A bill (S. 3105) granting a pension to Jesse Thomas;

A bill (S. 3106) granting a pension to Josephine Johnson (with accompanying papers); and

A bill (S. 3107) granting an increase of pension to Alzina M. Wilson; to the Committee on Pensions.

A bill (S. 3108) for the relief of William Goodwin; to the Committee on Military Affairs.

A bill (S. 3109) for the relief of Charles Arnold Gruner; to the Committee on Naval Affairs.

A bill (S. 3110) authorizing the Secretary of the Interior to arrange with States for the education, medical attention, and relief of distress of Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. NYE:

A bill (S. 3111) validating certain applications for and entries of public lands, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. SHORTRIDGE:

A bill (S. 3112) for the relief of officers of the Army, Navy, and Marine Corps, retired for wounds in battle; to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 3113) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.; to the Committee on Commerce.

By Mr. McKELLAR:

A bill (S. 3114) granting a pension to Alice Neelley (with accompanying papers); and

A bill (S. 3115) granting an increase of pension to Lee Street (with accompanying papers); to the Committee on Pensions.

CONTROL OF CARRIERS BY RAILROADS

Mr. COUZENS. Mr. President, I introduce a bill for reference to the Committee on Interstate Commerce.

This bill provides that the Interstate Commerce Commission, in permitting the consolidation of railroads, shall take into account in all cases the interests of local communities or other communities that may be interested in or affected by the consolidation. It is also to take into account the condition of the employees in the terminals where shops are maintained.

The Senate will remember that at the last session of Congress it overwhelmingly passed a resolution providing that the whole matter of railroad consolidation should be considered before any further consolidations are permitted. Therefore, I hope prompt consideration may be given to this bill.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3079) to regulate the acquisition of control of carriers by railroad was read twice by its title and referred to the Committee on Interstate Commerce.

CONSTITUTION AND GOVERNMENT FOR THE PHILIPPINES

Mr. VANDENBERG. Mr. President, I introduce a bill covering the government of the Philippine Islands and their ultimate political status, and ask its reference to the Committee on Territories and Insular Affairs.

In view of the general interest in the subject I ask that a summary of the legislation, which I send to the desk, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and referred to the Committee on Territories and Insular Affairs;

and, without objection, the summary referred to by the Senator from Michigan will be printed in the RECORD.

The bill (S. 3080) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands and to provide for the future political status of the same was read twice by its title and referred to the Committee on Territories and Insular Affairs.

The accompanying statement was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

This bill is submitted simply as a philosophy of action and with no thought that it is conclusive in structure or detail. No one legislator could presume to draft such an answer with finality. This bill requires consultation with and scrutiny by other legislators and the interested departments of administration and with the Filipino representatives.

It proceeds upon the following theory: (1) We are committed to ultimate Philippine independence. (2) This commitment is dependent upon proof of economic independence prerequisite to political independence. (3) These proofs must be actual and not speculative and of sufficient duration to warrant reliance upon their disclosures by the Filipinos themselves. (4) The serial steps toward the 20-year climax shall each be in the sole control of the Filipinos themselves. (5) Final and complete independence shall be at the ultimate disposition of the Filipinos themselves, but so long as the United States retains responsibility it shall retain authority commensurate therewith.

When the act is approved by the Philippine Legislature subsequent to passage by Congress, mutual tariffs at the rate of 10 per cent of existing rates become effective both ways, and a Filipino immigration quota is established at a point 10 per cent below this immigration for 1931. Five years later these rates may be increased another 10 per cent and the immigration quota reduced another 10 per cent at the option of the Filipino Legislature. Five years thereafter there is another option of 20 per cent. At the end of another five years there is a further 20 per cent option. This leads to the twentieth year, when final and complete independence is determined by native plebescite.

The failure on the part of the Philippine Legislature to exercise any of these stated options voids the balance of the program and restores the present status, or the Philippine Legislature may at any time restore the present status by their own initiative. In other words, we create a 20-year formula, which is the only limitation upon complete freedom of native action in determining native destiny. We thus transfer the responsibility of subsequent decisions from Washington to Manila.

Meanwhile we expand native autonomy by providing, for the election of a vice governor, and we encourage the diversification of native industry, which is the key to economic independence, by remitting the initial 10 per cent of duties, to be expended in useful economic experiment under the auspices of our Governor General. The usual provisions are made for the ultimate protection of our treaty rights and for the validity of our obligations.

I believe we owe the Philippines a bill of particulars to supplement the independence promise in the Jones Act of 1916. I believe that immediate or premature independence would precipitate Philippine collapse, to the incalculable damage of Filipino welfare and to the dishonor of our trusteeship. I believe that the obvious alternative is a fixed period of preindependence preparation along some such autonomous and constructive line as is here sketched.

PRESCRIPTION OF MEDICINAL LIQUORS

Mr. COPELAND. I introduce a bill prepared by the American Medical Association providing for the prescribing of medicinal liquors by physicians; and with it is a statement prepared by the American Medical Association. I ask unanimous consent that the short bill and statement may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered; and the bill, with the accompanying statement, will be referred to the Committee on the Judiciary.

The bill (S. 3090) relating to the prescribing of medicinal liquors, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That (a) the third sentence of section 7 of the national prohibition act, as amended, is amended to read as follows: "No more liquor shall be prescribed to any person than is necessary to supply his medicinal needs, and no prescription shall be filled more than once. No person shall, by any statement or representation that he knows is false or could by reasonable diligence ascertain to be false, induce any physician to prescribe liquor for medicinal use (1) when there is no medicinal need for such liquor, or (2) in excess of the amount of medicinal liquor needed."

(b) Section 7 of such act, as amended, is further amended by inserting before the period at the end thereof a semicolon and the following: "but no physician shall be called upon to file any statement of such ailment in the Department of Justice or the Department of the Treasury or in any other office of the Government, or to keep his records in such a way as to lead to the disclosure of any such ailment, except as he may be lawfully required (1) to make such disclosure in any court or in the course of a hearing under authority of section 9, Title II, of this act, or (2) to make such disclosure to any duly qualified person engaged in the execution or enforcement of this act or any act supplementary hereto."

SEC. 2. The first paragraph of section 2 of the act entitled "An act supplemental to the national prohibition act," approved November 23, 1921, is amended to read as follows:

"SEC. 2. Only spirituous and vinous liquor may be prescribed for medicinal purposes. All prescriptions for any other liquor shall be void. But this provision shall not be construed to limit the sale of any article the manufacture of which is authorized under section 4, Title II of the national prohibition act."

SEC. 3. Subdivision (a) of section 5 of the prohibition reorganization act of 1930 is amended by adding at the end thereof the following new proviso: "*And provided further*, That no limitation shall be placed by said regulations on the number of prescription blanks that may be issued to, and the number of prescriptions that may be written by, any one physician, or on the amount of liquor that may be prescribed or administered to any one patient."

The accompanying statement was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

Senator ROYAL S. COPELAND, at the request of the American Medical Association, will introduce to-day a bill to amend the national prohibition act so as to enable patients who must have liquor for medicinal purposes to obtain it in the necessary quantities, on physicians' prescriptions, and to enable physicians to prescribe such liquor without recording in Government offices the diseases from which their patients are suffering. It is understood that Representative JAMES M. BECK will introduce a similar bill in the House. The eighteenth amendment does not limit the medicinal use of liquor. The national prohibition act and related acts recognize its use as proper, but they lay down certain conditions with which a physician must comply when he prescribes, and they prohibit absolutely the prescribing of liquor in excess of certain arbitrarily fixed quantities, for individual patients, except such as are inmates of hospitals for inebriates. Regardless of a patient's age, size, and habits, and regardless of the nature of the disease from which he is suffering and of his actual medicinal need for liquor, no physician can lawfully prescribe for him more than one pint of whisky or other spirituous liquor, or one quart of wine, or any spirituous liquor and wine that together contain more than one-half pint of alcohol, in any 10 consecutive days. Furthermore, no physician, no matter how large his practice may be and no matter what the needs of his patients are, can lawfully issue more than 100 prescriptions for liquor in any 90 consecutive days, until after he has proved to the satisfaction of a prohibition officer that there is some special reason why a larger number of prescriptions should be issued.

All these limitations on the medicinal use of liquor were fixed, so far as can now be discovered, without inquiry into the conditions that determine the dosage of alcohol and the frequency of the occasions for prescribing it. They are obviously irrational. The quantity of liquor that a physician may prescribe is determined by law and not by the needs of the patient nor by the judgment of the attending physician. The basic number of prescriptions permitted to a physician bears no relation to the size and character of his practice. The requirement, formerly imposed by regulations, that a physician record in a Government office, subject to the scrutiny of everyone who has access to the records, a statement of the disease from which each patient is suffering was obviously uncalled for, since the law itself requires every physician to keep in his office a book record of the quantity of liquor prescribed for each patient and of the reason for prescribing it, open to inspection by any officer having any duty to perform with respect to the matter.

The conditions referred to above have long offended the professional instincts of the great mass of the medical profession. The Wickersham Commission investigated the situation and unanimously recommended that these grounds for complaint be removed. It is to carry into effect the recommendation of the commission and to remove such grounds of complaint that this bill has been prepared and was introduced.

The bill does not authorize the prescribing of liquor in any case in which it is not now permitted by law. It does nothing more than remove the arbitrary limits on the quantity that may be prescribed for individual patients and the arbitrary numerical limit on the number of prescriptions that a physician may issue. A physician must still examine his patient, if an examination is practicable, before he can lawfully prescribe. He can not lawfully prescribe unless he finds some ailment that in his judgment liquor will relieve. Each prescription must be preceded by a new examination of the patient, if practicable, and a new determination by the physician of the need for more liquor. The pharmacist who fills a prescription must file his report with the proper prohibition officer at the end of the month, and the physician must still keep his book record open to inspection. If it appears from the pharmacist's report or from the physician's record, or in any other way, that a physician is prescribing other-

wise than in accordance with good professional practice, the prohibition officer can call on him for an explanation. If a satisfactory explanation is not forthcoming, the physician's permit to prescribe liquor may be revoked. The Secretary of the Treasury and the Attorney General, acting jointly, have authority to make all regulations necessary to the enforcement of the law. They can not, however, under this bill, fix any quantitative limits on the dosage to be prescribed for any particular patient, nor require the recording in public offices of the names of the diseases from which patients for whom liquor has been prescribed are suffering.

OPERATION OF EIGHTEENTH AMENDMENT TO THE CONSTITUTION

Mr. TYDINGS. Mr. President, by request, I introduce a joint resolution proposing an amendment to the National Constitution which was prepared by an organization of unusual standing and passed upon by some of the best lawyers in our State, together with a memorandum explaining its operation. I ask that they be referred to the Committee on the Judiciary.

The joint resolution (S. J. Res. 84) proposing an amendment to the Constitution relative to the operation of the eighteenth amendment was read twice by its title, and, with the accompanying paper, referred to the Committee on the Judiciary.

ORIGINAL THOUGHTS LEADING TO INVENTION AND DISCOVERY

Mr. KING (by request) submitted the following resolution (S. Res. 140), which was referred to the Committee on Patents:

Whereas it is contended that statutory protection for property and proprietary rights and ownership in original thoughts, conceptions, and ideas in art, literature, science, music, mechanics, and the useful arts is incomplete and that artists, authors, composers, scientists, technicians, and inventors are not now satisfactorily protected by statutory law in their proprietary and property rights and ownership during the progress of their original ideas and works and conception to reduction in practice, and from reduction to practice to and through sale for use, and for application and use of their original conceptions and ideas after reduction to practice or to tangible form; and

Whereas it is contended by artists, authors, scientists, and inventors and others that an idea is property and that property and proprietary rights exist in original ideas or combinations of original ideas, if definitely formulated textually, graphically, or in other suitable form of expression and forwarded, and also the use or application of original ideas or combinations or original ideas irrespective of whether they are combined with physical, material, or tangible means of making practical application of such ideas; and

Whereas the subject and situation warrant careful investigation and consideration by Congress with a view to defining and protecting property and proprietary rights in such original thoughts, conceptions, and ideas: Therefore be it

Resolved, That the Committee on Patents, or any duly authorized subcommittee thereof, is authorized and directed (1) to investigate the extent to which the rights of persons engaged in art, literature, science, mechanics, and the useful arts in their original thoughts, conceptions, and ideas leading to invention and discovery have been and may be considered in law, equity, and common usage as property and proprietary rights, and the extent to which such persons have been or may reasonably be protected in the commercial or other use of such original thoughts, conceptions, and ideas, and (2) to report to the Senate as soon as practicable, but in no event later than April 15, 1932, the results of its investigation, together with its recommendations for necessary legislation to protect for a limited time the property and proprietary rights of such persons in their original thoughts, conceptions, and ideas leading to invention and discovery.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

RECONSTRUCTION FINANCE CORPORATION

Mr. WALCOTT. I ask unanimous consent for the present consideration of House bill 7360.

The VICE PRESIDENT. The clerk will read the title of the bill for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

The VICE PRESIDENT. Is there objection to the request of the Senator from Connecticut?

Mr. KING. This is the bill from the House?

Mr. WALCOTT. It is.

Mr. KING. The Senator is not asking for the appointment of a committee of conference, then?

Mr. WALCOTT. I expect to ask that everything after the enacting clause of the House bill be stricken out and Senate bill No. 1 substituted and conferees appointed.

The VICE PRESIDENT. Is there objection to the request of the Senator from Connecticut?

There being no objection, the Senate proceeded to consider the bill.

Mr. WALCOTT. I move that everything in this bill after the enacting clause be stricken out and that Senate bill No. 1 be substituted therefor, that it be sent to conference, and that the conferees on the part of the Senate be appointed.

The VICE PRESIDENT. That motion is not in order at this time. The substitution would have to be made first.

The Senator from Connecticut moves that Senate bill No. 1 be substituted for the House bill.

Mr. COUZENS. Mr. President——

Mr. ROBINSON of Arkansas. Mr. President, just a minute. In fairness to the Senator from New York [Mr. COPELAND], I desire to state that he wishes to offer an amendment to the House bill, which amendment, of course, he is entitled to have considered before the substitution is made. As we all understand, it is, of course, in order to perfect the provisions in both the substitute and the bill for which the substitute may be offered. The House bill is now before the Senate and is subject to amendment.

The VICE PRESIDENT. The Senator from Connecticut proposes an amendment. Does the Senator desire to have that amendment read, or may it be considered as read?

Mr. COUZENS. Mr. President, I desire to have H. R. No. 7360 read. I want to know just what the differences are between the House bill and the Senate bill. I am unable to get a concrete understanding of the differences up to this time.

The VICE PRESIDENT. The clerk will read the House bill, and it will be subject to amendment after it is read.

The Chief Clerk read House bill 7360, as follows:

Be it enacted, etc., That there be, and is hereby, created a body corporate with the name "reconstruction finance corporation" (herein called the corporation). That the principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This act may be cited as the reconstruction finance corporation act.

SEC. 2. The corporation shall have capital stock of $500,000,000, subscribed by the United States of America, payment for which shall be subject to call, in whole or in part, by the board of directors of the corporation. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated the sum of $500,000,000 for the purpose of making payments upon such subscription when called: *Provided*, That not less than $50,000,000 of the amount so subscribed and the expansion of same through the notes, debentures, bonds, or other obligations as set out in section 9 shall be allocated and made available to the intermediate-credit banks, agricultural credit corporations, livestock credit corporations, and agricultural or farmers' associations as set out in this act. Receipts for payment by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

SEC. 3. The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, the Secretary of Agriculture, and the Governor of the Federal Reserve Board, who shall be members ex officio, and four persons appointed by the President of the United States, by and with the consent of the Senate, not more than two of whom shall be of the same political party, and not more than one shall be appointed from any one Federal reserve district. Each director shall devote his time not otherwise required by the business of the United States principally to the business of this corporation. Before entering upon his duties each of the directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other act shall be construed to prevent the appointment and compensation as an employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the directors appointed by the President of the United States shall be two years and run from the date of the enactment hereof and until their successors are appointed and qualified.

Whenever a vacancy shall occur among the directors so appointed the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of $10,000 per annum each. No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association, in which he is directly or indirectly interested, nor shall any employee receive a higher salary than that herein fixed for directors.

SEC. 4. The corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts, to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, including the selection of its chairman and vice chairman, together with provision for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this act. The board of directors of the corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this act.

SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products the corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, intermediate credit bank, agricultural credit corporation, livestock credit corporation, and any agricultural or farmers' association incorporated under the laws of any State, or other bona fide financial institution in the United States (herein referred to as financial institutions), including loans secured by the assets of any bank that is closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks, upon application of the receiver or liquidating agent of such bank, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same.

All loans made under the foregoing provisions shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes of such financial institutions, or by way of discount or rediscount of obligations tendered by them for the purpose, or otherwise in such form and in such amount and at such interest or discount rates as the corporation may approve. Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally. The corporation may make loans under this section at any time prior to the expiration of one year from the date of the enactment hereof; and the President may from time to time postpone such date of expiration for such additional period or periods as he may deem necessary, not to exceed two years from the date of the enactment hereof. Within the foregoing limitations of this section, the corporation may also, upon the recommendation and approval of the Interstate Commerce Commission, make loans to aid in the temporary financing of railroads and railways engaged in interstate commerce, to railroads and railways in process of construction, and to receivers of railroads and railways, when in the opinion of the board of directors of the corporation such railroads or railways are unable to obtain funds upon reasonable tefms through banking channels or from the general public and the corporation will be adequately secured: *Provided*, That no loans or advances shall be made upon foreign securities and foreign acceptances or for the purpose of assisting in carrying or liquidating such foreign securities and foreign acceptances. In no case shall the aggregate amount of advances made under this section to any one corporation and its subsidiary or affiliated organizations exceed at any one time 10 per cent of (1) the authorized capital stock of the Reconstruction Finance Corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in: *Provided further*, That no fee or commission shall be paid by any applicant for a loan under the provisions hereof in connection with any such application or any loan made or to be made hereunder, and the agreement to pay or payment of any such fee or commission shall be unlawful.

SEC. 6. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words "War Finance Corporation act" and inserting in lieu thereof the words "Reconstruction Finance Corporation act."

SEC. 7. All moneys of the corporation not otherwise employed may be deposited with the Treasurer of the United States, subject to check by authority of the corporation, or in any Federal reserve bank, or may, by authorization of the board of directors of the corporation, be used in the redemption and retirement of any notes, debentures, bonds, or other obligations issued by the corporation, and the corporation may reimburse such Federal reserve bank for their services in the manner as may be agreed upon. The Federal reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Reconstruction Finance Corporation in the general performance of its powers conferred by this act.

SEC. 8. In order to enable the corporation to carry out the provisions of this act, the Treasury Department, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation in confidence such reports, records, or other information as they may have available relating to the condition of financial institutions and railroads or railways with respect to which the corporation has had or contemplates having transactions under this act, or relating to individuals, associations, partnerships, or corporations whose obligations are offered to or held by the corporation as security for loans to financial institutions or railroads or railways under this act, and to make through their examiners or other employees for the confidential use of the corporation examinations of such financial institutions or railroads and railways. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examinations as the corporation may require for the purposes of this act and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.

SEC. 9. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations; such obligations to mature not more than five years from their respective dates of issue; to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors: *Provided further*, That the aggregate of all obligations issued under this section shall not exceed three times the amount of the outstanding capital stock. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Federal reserve banks shall have the same powers (1) to discount notes, drafts and bills of exchange secured by obligations issued by the corporation under this act, (2) to make advances to member banks on their notes secured by such obligations, (3) to use all paper so acquired, and (4) to purchase and sell such obligations, as they have with respect to bonds and notes of the United States: *Provided*, That the rate at which any such discount or advance shall be made by any Federal reserve bank shall be 1 per cent per annum above its discount rate on 90-day commercial paper then in effect.

SEC. 10. Any and all notes, debentures, bonds, or other such obligations issued by the corporation shall be exempt, both as to principal and interest, from all taxation except surtaxes, estate, inheritance, and gift taxes now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

SEC. 11. In order that the corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act the Secretary of the Treasury is authorized to prepare such forms as shall be suitable

and approved by the corporation, to be held in the Treasury subject to delivery, upon order of the corporation. The engraved plates, dies, bed pieces, etc., executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other obligations.

SEC. 12. When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as depositary of public money and financial agent of the Government, as may be required of it. Obligations of the corporation shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

SEC. 13. Upon the expiration of the period of one year within which the corporation may make loans, or of any extension thereof by the President under the authority of this act, the board of directors of the corporation shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise, for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidation. Upon such deposits being made, such amount of the capital stock of the corporation as may be specified by the corporation with the approval of the Secretary of the Treasury, but not exceeding in par value the amount so paid in, shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and provision being made for payment of all legal obligations of any kind and character shall be paid to the Treasurer of the United States as miscellaneous receipts. Thereupon the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

SEC. 14. If at the expiration of the 10 years for which the corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

SEC. 15. The corporation shall make and publish a report quarterly of its operations to the Congress stating the aggregate loans made to each of the classes of borrowers provided for and the number of borrowers by States in each class. The statement shall show the assets and liabilities of the corporation, and the first report shall be made on April 1, 1932, and quarterly thereafter.

SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, or for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the corporation, or (2) passes, utters or publishes, or attempts to pass, utter or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, or (4) passes, utters or publishes, or attempts to pass, utter or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this act, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it, or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) participates, shares, receives directly or indirectly any money, profit, property or benefit through any transaction, loan, commission, contract, or any other act of the corporation, or (4) gives any unauthorized information concerning any future action or plan of the corporation which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the corporation, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation," or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $1,000, or imprisonment not exceeding one year, or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), in so far as applicable, are extended to apply to contracts or agreements with the corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

SEC. 17. The right to alter, amend, or repeal this act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

During the reading of the bill,

Mr. SHORTRIDGE. Mr. President, I respectfully suggest that the further reading of the House bill would be a waste of time and energy. The Senate, after due deliberation, passed a Senate bill dealing with this subject, and the House, after mature consideration, passed the bill which is before us. It might be helpful if some Senator would point out wherein the bills differ; but to proceed to read further would be of no benefit, I submit with respect.

The PRESIDENT pro tempore. The reading of the bill was by the request of the senior Senator from Michigan [Mr. COUZENS]. It can not be put aside except by unanimous consent.

Mr. SHORTRIDGE. I understand that.

Mr. ROBINSON of Arkansas. Mr. President, the reading of the bill has been almost completed, and while I have been interrupted five or six times during the progress of the reading, my thought being unavoidably diverted from the provisions of the bill, I think it would be a very good thing to complete the reading of the bill in order that Senators may know what are the House provisions.

Mr. SHORTRIDGE. I beg to suggest to my friend the Senator from Michigan, with great respect, that the further reading be dispensed with.

Mr. COUZENS. Mr. President, with due respect to the Senator from California, he has taken up more time by his interruption than would have been taken in completing the reading of the bill.

The PRESIDENT pro tempore. The request was for the reading of the bill, and it can not be suspended except by unanimous consent. The clerk will continue the reading.

After the reading of the bill,

The PRESIDENT pro tempore. The bill is before the Senate and open to amendment. The Senator from Connecticut [Mr. WALCOTT] offers as an amendment the text of Senate bill No. 1 as it passed the Senate. That amendment is subject to amendment.

Mr. COPELAND. Mr. President, I offer as an amendment to the amendment the following.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. The Senator from New York offers the following amendment to the amendment. Insert on page 8 after line 6:

Within the foregoing limitations of this section the corporation may also make loans to a State or city to aid in temporary financing when, in the opinion of the board of directors of the corporation, such State or city is unable to obtain funds upon reasonable terms through banking channels or from the general public and the character and value of the security offered are such as to furnish adequate assurance of ability to repay within the time fixed therefor and to meet other obligations in connection therewith: *Provided*, That the aggregate sums advanced for this purpose shall not exceed $200,000,000 at any one time.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York to the amendment.

Mr. McNARY. Mr. President, may I ask if the Senator desires to discuss his amendment?

Mr. COPELAND. Very briefly. Does the Senator have something in mind?

Mr. McNARY. Before a vote is taken, in order that the Senate may express itself, I wish to suggest the absence of a quorum.

Mr. WALSH of Massachusetts. Mr. President, may I inquire of the Senator from New York whether the amendment takes care of the suggestion made in the telegram of the mayor of Boston read here to-day?

Mr. COPELAND. Absolutely.

Mr. WALSH of Massachusetts. The Senator realizes that difficulties with which the mayor of New York has been confronted in obtaining loans apparently exist in the city of Boston.

Mr. COPELAND. Yes. We have exactly the same situation as regards the period between tax collections as that referred to by Mayor Curley, of Boston.

Mr. WALSH of Massachusetts. I notice that he pointed out the fact that investment houses who heretofore have taken care of these temporary loans are now in no position to finance the loans.

Mr. COPELAND. That is true.

Mr. WALSH of Massachusetts. Is it a fact that the bankers have left the financing to investment houses, who are apparently removed from the field of investing in such State or city securities?

Mr. COPELAND. Heretofore that has been the practice of the so-called municipal bankers.

Mr. WALSH of Massachusetts. Is the reason why the banking houses hesitate about taking over the securities because they have not handled them in the past?

Mr. COPELAND. No.

Mr. WALSH of Massachusetts. Is it because they are doubtful of their validity?

Mr. COPELAND. Not at all; but they make the claim that their funds are so low now that they have none for this purpose.

Mr. WALSH of Massachusetts. That their assets are frozen?

Mr. COPELAND. Yes; so they are asking relief through the bill which is pending here in order that some of their assets may be thawed out. But at the same time they are giving no encouragement to the States or municipalities who are seeking these short-term loans.

I wonder if the Senator read the financial page in the New York Times of yesterday. It contained a very conservative statement, from which I wish to quote, as follows:

Municipal bankers have been and are being besieged by State and municipal officials from all sections of the country, who demand to know why their communities, with generations of history of prompt payments of their obligations behind them, can not borrow money readily for their legitimate needs.

The replies of the bankers, in substance, have been that the demand for State and municipal bonds has declined to such an extent that they do not feel justified in making commitments in new issues.

So they are declining to advance this money. Of course, we have a special problem in New York, as the Senator knows, but if my amendment is adopted it will solve the problem of Boston, Philadelphia, and other cities.

Mr. WALSH of Massachusetts. May I suggest to the Senator that he change his amendment by striking out the word "cities" and inserting the word "municipalities," as there are several large towns, larger than many cities in various parts of the country, that ought to have the benefit of this legislation.

Mr. COPELAND. In my original amendment offered last week I did have the word "municipalities." Then it was pointed out that there are various drainage systems, reclamation and other projects which have been recognized as municipal activities. I did not care to go so far so as to include in the bill every subdivision of government, including counties, townships, and so forth. Of course, if the Senator has some language that he thinks will better cover it, I am willing that he shall offer it. I have no pride of authorship. I want to get relief; that is all.

Mr. WALSH of Massachusetts. I have in mind a town in my State which has a population of over 30,000 that would not come within the term "city."

Mr. COPELAND. I suppose we could use the words "towns and cities."

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from California?

Mr. COPELAND. I yield.

Mr. SHORTRIDGE. Is there any material difference or any difference at all between the amendment now proposed and the amendment proposed last week to the pending bill?

Mr. COPELAND. There is some difference. The amendment includes the States as well as the cities, and also provides that there shall be limitation upon the amounts advanced. It was pointed out in the debate the other day and has been told me in private conversation that if it were left without a limitation the needs of the cities might absorb the entire $2,000,000,000.

Mr. SHORTRIDGE. The amendment which was considered and voted upon was limited to municipalities, was it not?

Mr. COPELAND. It was.

Mr. SHORTRIDGE. The present amendment is enlarged to include States?

Mr. COPELAND. That is correct, because, as the article from which I quoted a moment ago states, between the periods of tax collection there is a time when many of the States need funds to bridge themselves over until further taxes are collected.

Mr. SHORTRIDGE. May I say that the RECORD is here and my attitude is there recorded. I can well understand why a city might be in a certain condition, for reasons stated, and which ought to be assisted, but is there a wayside sovereign State in this Union that would fall into such a condition that it would be necessary to appeal to the Federal Government? It seems to me, without enlarging my views, that any one of our 48 States is competent to meet a situation and ought not to be required or invited to turn to the Federal Government.

Mr. ROBINSON of Arkansas. Mr. President, with the permission of the Senator from New York——

Mr. COPELAND. I yield.

Mr. ROBINSON of Arkansas. May I point out to the Senator from California that the logic of his argument would apply to the cities, since they are subdivisions of the States. To my mind, there is no logic in excluding the States and giving to subdivisions of the States recognition in matters of this nature which is denied the States.

There is a question which quite naturally arises as to whether the provisions of the bill should be extended to include political subdivisions like States or cities, but certainly if the credit is extended to cities within the States

there is no logical reason in denying the same recognition to the States themselves.

Mr. REED. Mr. President, will the Senator from New York permit a question?

Mr. COPELAND. I yield to the Senator from Pennsylvania.

Mr. REED. I am extremely anxious to get the opinion of the Senator from Arkansas on the fundamental question which he has just mentioned. I agree with him that there is no reason why a city should not be included if we are going to give aid to a State, nor do I see why we should not include counties, drainage districts, poor districts, and every other municipal organization within the United States. The fundamental question is, why should we use the Federal taxing power to bring relief to any State or municipality which itself has a taxing power and which itself ought to raise taxes or borrow money to meet its own obligations? Is it wise? I omit the question of whether it is constitutional, but is it wise and sound for us to use Federal money to pay State and city debts?

Mr. ROBINSON of Arkansas. The answer to that question is that the provision is an emergency provision; that without doubt the States and the cities ought to balance their own budgets wherever that is possible and ought to look to the resources of their citizens and their own systems of taxation for the revenues necessary to carry on their activities. The only justification is the same justification which underlies many of the provisions in both the Senate and the House bills.

Let me say now that I do not think either the Senate or the House bill is very strongly intrenched in sound economic principles, but I feel that this is an emergency measure and if there is a limitation imposed on the amount that may be available for the purposes of the Senator's amendment I am willing to extend the relief granted in the bill because of the circumstances which have been repeatedly stated here. I do not think anything is to be accomplished by undertaking to confine the provisions of this bill within "sound economic principles," because most of its provisions would not be acceptable in normal times.

Mr. SHORTRIDGE. Mr. President, will the Senator from New York permit me to interrupt him?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from California?

Mr. COPELAND. I yield.

Mr. SHORTRIDGE. Responding to the thought of the Senator from Arkansas [Mr. ROBINSON], I desire to say that I see a vast difference between a quasi-sovereign State, with all its powers, and a municipality organized under its constitution or its laws. I can see, without elaborating my views, that as to a municipality there might be an emergency which would warrant aid from the Federal Government, but that as to a State as a quasi-sovereign entity a different case is presented.

Mr. ROBINSON of Arkansas. Mr. President, I feel compelled to interrupt the Senator to say that the logic of the proposition is that the subdivision of the State should go to the State itself before applying to the Federal Government.

Mr. SHORTRIDGE. I am merely explaining in brief why in the one case I might be impelled to give Federal aid and in the other to withhold it.

Mr. REED. Mr. President, will the Senator from New York yield to me?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Pennsylvania?

Mr. COPELAND. I yield.

Mr. REED. The effort to justify the amendment because of an emergent situation I know appeals to all of us, but, after all, that emergency exists here in Washington just as much as it exists in the city of New York, and if we are going to pile the burdens of all subordinate governmental organizations, such as New York City, on the back of the Federal Government here in Washington, they will not have trouble raising money from bankers and dealers in bonds; they will not have trouble in New York in selling their city bonds to New York bankers; but we shall have trouble, as we had in December, in selling Federal securities to investors. We have a very serious condition in the market for Federal bonds at this moment. There is reason to hope that if we are careful, the market is going to improve; but when we look at the quotations of the bonds we sold last September at par and find them selling to-day at 82, it is a very plain warning to the United States Government that that process can not be carried much farther, or we are going to meet trouble. We shall have lifted the emergency off the shoulders of Mayor Walker, who has spent the money, and put it on the shoulders of ourselves and the rest of the Federal Government here in Washington.

The sum of $200,000,000 in these days we have learned to think of as not such a large amount, but $200,000,000 added to the next issue of bonds that the Federal Government has to offer to investors may mark the difference between the success and failure of that issue.

Philadelphia, I know, is in a similar condition. It was unable to sell its bonds to bankers, and it has been trying to sell them over the counter, peddling them itself to private investors. It has met with a remarkable degree of success in doing so, but I think it is all wrong, even if Philadelphia is in my State, to tax the people of Arkansas to pay for Philadelphia's troubles. I say "Arkansas" because I addressed the question to the Senator from that State.

I think it is all wrong, no matter whether we ourselves find our particular cities benefiting by the action or not. It is wrong in principle. We have never done it before in all the panics that have afflicted this country, and we have endured seven or eight major panics, and this is not much worse than they were. We have never resorted to such a plan as that now proposed. We have never used the strong arm of the Federal Government to raise taxes for their benefit, nor have we used the Federal credit to sell bonds to be applied to their use. If we shall do so, we are going to cause a situation that will be something like that we are in with our former allies of the World War. We used American credit to raise money for them, but the moment we spoke about repayment we became "Uncle Shylock," to be disdained and detested. So will we be with the mayor of New York when we invite him to repay this money that he has gotten from the Federal Treasury. We shall have presented even more reasons for canceling that debt than those our former allies are now mustering in their effort to obtain another "hand-out" from the United States.

Mr. WALCOTT. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Connecticut?

Mr. COPELAND. In just a moment I will yield. The Senator from Pennsylvania has paid his respects to Mayor Walker. Is it any worse for Mayor Walker to want to receive some help in this emergency than it is for the Pennsylvania Railroad, which runs through the Senator's State, to ask for aid through this proposed legislation?

Mr. REED. I am not trying to help the Pennsylvania Railroad, and the Senator from New York knows it. I am trying to help the security holders of the Pennsylvania Railroad, who are the banks that hold the money of all the people of the United States.

Mr. COPELAND. I approve that, but I am trying to help the holders of securities of my State and city.

Mr. REED. The way to help them is to use the taxing power of the State of New York to rehabilitate its credit and by cutting out some of its extravagances. The same thing is true of Philadelphia. I am not trying to put the blame on Mayor Walker as distinguished from mayors of other cities, in all of which, perhaps, there has been shocking extravagance. They have spent money with their eyes shut, and they are the people to assume the burden and pay the bill, and not the Federal taxpayers.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from New York yield to me?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Arkansas?

Mr. COPELAND. I yield.

Mr. ROBINSON of Arkansas. Mr. President, there is much force in the statement just made by the Senator from Pennsylvania. It is also true that Federal agencies and the Federal Government itself have been expending money in excess of what ought to have been expended. It is likewise true that there is urgent necessity for the Federal Government balancing its own budget.

This thought it seems to me is worthy of some consideration: There has been a shrinkage in revenue, National, State, and municipal; there is immediate necessity for the early balancing of budgets as to all these political subdivisions. I would not think of supporting the amendment, even in its present form, were it not for the fact that I believe a proper administration of the provisions of the amendment will help to accomplish the general purpose that runs through and underlies the Reconstruction Finance Corporation bill.

As I have stated before, when you undertake to ascribe great merit, immeasurable merit, to other provisions of the bill which admittedly are necessary and then condemn this provision you find that a very similar principle would apply to many of the beneficiaries now in the bill. In the first place, we are using the taxing power of the Federal Government to rehabilitate private financial institutions. We find it necessary to accomplish that end, and, while we are doing that, it is not consistent, in my judgment, to say that it is sound economically to employ the strong arm of the Federal Government and its taxing power to accomplish a wholesome and necessary end for private institutions, but under no circumstances can similar methods be resorted to in aid of public institutions.

The whole theory of this bill is that faith and credit have broken down; that confidence is so totally lacking that it is necessary to put pillars under it in order to uphold it. While I realize that, as a precedent, peace-time legislation of this character is to be safeguarded in every possible way, it does seem to me we ought to make it as reasonable and as liberal as we can, having in view the thought that the most important problem now before the National Government and before almost every State in this Union is the readjustment of finances so as to balance expenditures with revenues. If that is not done, the credit of the States will fail, and with respect to the National Government, if it is not done through the power of Congress to legislate to limit expenditures and to provide revenue, the credit of the United States also will be impaired. That is beyond doubt the most important end to be conserved by the Congress in its deliberations.

Mr. SHORTRIDGE and Mr. VANDENBERG addressed the Chair.

The VICE PRESIDENT. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. I yield first to the Senator from California.

Mr. SHORTRIDGE. Does the Senator tell us that there is any one State of our Union asking for a loan from the Federal Government? Should we adopt this amendment, and should the House and Senate agree to it and it should become a law, does the Senator think that the great State of New York or the State of Pennsylvania or the State of Arkansas or another great State I know far out to the West——

Mr. ROBINSON of Arkansas. California?

Mr. SHORTRIDGE. Yes; California—would come to the Federal Government asking for relief under the bill under consideration?

Mr. COPELAND. I assume the Senator wants a frank answer.

Mr. SHORTRIDGE. I do, indeed.

Mr. COPELAND. I do not think that any State or municipality would be required to go to the Finance Corporation, because, if we adopt this amendment, the banks would then take care of them if the situation is at all like that in my city.

Mr. SHORTRIDGE. I am confining myself now to the Senator's amendment as applied to States. I voted for his amendment as it applied to municipalities and other subdivisions for reasons which appeared satisfactory. I am questioning now the Senator's amendment as it applies, for example, to the State of New York, or to Florida, which is a fairly good State.

Mr. FLETCHER. Mr. President, let me say that Florida does not approve of this amendment.

Mr. VANDENBERG. Mr. President——

Mr. COPELAND. I yield to the Senator from Michigan.

Mr. VANDENBERG. Passing for the moment the fundamental question, upon which I cordially agree with the Senator from Pennsylvania [Mr. REED], may I ask the Senator from New York this question? He provides now a limitation in this amendment of $200,000,000, stating that the necessity for the limitation is the fact that the normal demand without limitation might exhaust the entire $2,000,000,000. Upon that premise, does it not follow that under his amendment as limited, if adopted, there would be simply a favored class of first-comers who would exhaust the fund, and there would be no general uniform advantage, but a mere subverting of the purposes and resources of the corporation?

Mr. COPELAND. Has not the Senator more confidence in his President than to think that he would put this corporation in charge of men who would be so inconsiderate of the needs of the country?

Mr. VANDENBERG. It is not a question of the ability of the men who will administer the corporation; it is a question——

Mr. COPELAND. We are proposing to put all the power in the hands of the corporation.

Mr. VANDENBERG. It is a question of the extent of the resources. The Senator says that he has put a limit of $200,000,000 into the amendment because otherwise there might arise a demand for the entire $2,000,000,000 for this purpose.

Mr. COPELAND. No; I do not say that, Mr. President. I do not know how great the demand will be; but I do not think it would be for a dollar so far as my city is concerned. In my opinion, the minute the bankers saw that we had some other place to get the money if they did not supply it, they would supply the money because of the excellence of the security. I put in the $200,000,000 limitation because it did not seem fair to me that under any circumstances the whole $2,000,000,000 should be used for this specific purpose. I want the railroads helped; I want the insurance companies helped; I am in entire sympathy with the purpose of the bill. But, beside being in sympathy with the purposes of the bill, I think that we should include Government corporations because of the difficulty they are experiencing in securing money. There are specific reasons for it in my city in that bankers are denying loans to the city because of their desire relating to a 10-cent fare.

Mr. WALCOTT. Mr. President——

Mr. COPELAND. I yield to the Senator from Connecticut.

Mr. WALCOTT. It seems to me that the Senator from Michigan has gotten at the meat of this matter. It will take a Solomon to decide how this $200,000,000 shall be parceled out when the queue forms for municipal relief.

I should like to read two short extracts from a letter that I wrote to Mayor Curley yesterday in reply to a long telegram received from him. That telegram has just gone in the RECORD.

> The four largest cities in the United States are facing to-day serious financial problems. When one realizes that in 1929 the cities of the United States having a population of more than 30,000 spent approximately three and a half billion dollars, it is easy to foresee the intolerable burden that would result if the Federal Government attempted to do this financing, or any substantial portion of it, even for one year. These cities collected in taxes $2,200,000,000, but were left at the end of the year 1929 with a net indebtedness of over $6,000,000,000.
>
> I realize fully the serious condition that confronts some of the large cities in the country; but this reconstruction bill was not designed to lend aid in that direction, as there was no indication from any municipality during the hearings on this bill that it needed financial assistance other than was obtainable through the regular channels.

I thank the Senator.

Mr. COPELAND. Mr. President, no witness from the municipalities appeared before the committee, because the emergency had not arisen. It is only within the last few

days that municipal bankers have taken the position they now take. I suppose the fact is they have not much money. They are afraid to use their limited liquid assets for this particular purpose. If that is true, the municipalities must have help.

We can not afford to stop our relief work in the cities, close our schools, and do away with our hospitals and welfare work. That can not be done. If Senators disregard entirely the distress of the country—and I assume that they do not, but if they do—it is either because they are blind or because they have not gone where these people are who are suffering.

I tell you, Senators, not in my lifetime have I seen anything like what is happening now in my city and other parts of my State. We have 75 breadlines in New York, where, among others, "white collar" people are going to get food.

I had a letter two days ago from a man who had been treasurer of one of the great tire companies. He is out of work. He lost his position because of retrenchment. He was involved in the crash in Wall Street and lost his possessions. He has been forced to take his two daughters out of school because he has not the money to buy their clothing.

We want $20,000,000 in New York for home relief, for feeding the people. We included $32,000,000 in our budget last fall for welfare and hospital administration; but after raising $20,000,000 from private sources in New York, we found that amount to be inadequate. Forty per cent of that money is already spent; so the city of New York appropriated $20,000,000, in the hope and expectation that they would have no trouble in getting the money on short-term notes until it could be provided for in the next budget or the next levy; but we can not get the money. We have $32,000,000 due Wednesday, day after to-morrow; and if Senators have read the New York news at all, they know that until late last night the bankers and the city officials were in conference over this matter. The mayor and his associates have found ways of materially reducing the expenditures, but it is significant that the Herald Tribune this morning—which certainly is not a Tammany paper—says:

> It is recognized that the continuation of the 5-cent fare is inseparable from the question of revising the city finances. An increase in the subway fare presumably would strengthen the city's credit, though it would first make a fortune for the holders of traction securities.

I can not speak for any other community or any other section, but I know as well as one can know, from observing the trend of things and reading the news, that there is a deliberate move being made in my city to force the raising of the fares in the subways. This is the plan, in order that the traction lines, privately owned, may share in the benefits of a 10-cent fare and that their securities may be sold at a higher rate, as they are already being sold at a higher rate on the hope of it.

I do not have to imagine that. All we have to do is to read the letter which these bankers wrote and gave out on the 10th, in which they say:

> Mayor Walker and his associates undoubtedly realize that New York City, like the National Government and other large governmental bodies and public corporations, must undertake measures of strict economy, and, especially in these times, must proceed on a more restrained and orderly development of its construction programs.

I agree with every word of that. That should be the attitude of every city and of every branch of Government. But the bankers did not stop there. They said:

> The city must make every effort, wherever possible, to transform existing enterprises which to-day are not self-supporting into ones that carry themselves, and thus take a heavy burden off the city's budget.

Certainly they did not mean that the schools must be operated in a way to bring in increased revenue. They certainly did not mean that tuition should be charged to the children who go to the schools. They certainly do not contemplate that the system of education shall be operated in a way to make money. They can not believe for a minute that the parks and playgrounds can make charges to those who make use of them. They can not believe, I am sure, that the health department can be operated in such a way as to make money. They can not believe that the charity hospitals should return money. They do not intend, of course, that the police shall charge for their services, or the fire department. What they mean is that there must be an increased fare charged upon the traction lines in New York City.

Senators, that is our problem. Other cities have other problems. The city of Boston, according to a telegram put into the RECORD by my able friend the Senator from Massachusetts [Mr. WALSH], says they can not raise the money between collections of taxes in order that they may pay their running expenses.

Mr. WALSH of Massachusetts. Between now and October.

Mr. COPELAND. Between now and October. They need a short-term credit. That undoubtedly is true of every city, and probably of every State.

I do not know the conditions in the State of California. Since it is "the Golden State," they may roll in gold there. They roll in beauty and luxury and delightful climate and enjoy the poinsettias and the other flowers and singing birds and luscious fruits.

Mr. SHORTRIDGE. Mr. President, a great many fine people from New York have gone to California. A great many of your splendid people have located permanently in California.

Mr. COPELAND. We send a good many of our citizens to Hollywood, I know.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Maryland?

Mr. COPELAND. I do.

Mr. TYDINGS. I appreciate the problem of the city of New York; but it occurs to me that practically every city and town, no matter what its size may be, is somewhat in the same situation as the city of New York. While I might be inclined in an isolated instance to support the proposition to help New York City, it does seem to me that if this thing is once started every city in the country will want some of it; and I am wondering where the money is going to come from.

I think the city of New York probably can make a stronger case than most cities as to justice and credit and everything else; but there are cities in every State of the Union that are in the same boat, and I do not know where we are going to get the money to take care of all these things.

In line with my usual philosophy in matters of this kind, I should like to see New York City make its appeal to the Legislature and the Governor of New York State, and if it is unable to raise the money otherwise to have a special session of its legislature and to let the city borrow from the State. When we go into the business of lending money here and there all over the country, with all due respect to our friend from New York, we are getting out into a field of government that is too far flung in a country like this to be handled either economically or efficiently.

While the case of New York City is a very strong one, and certainly appeals to the justice and fairness of every man, I nevertheless feel that the departure from our normal activity is a very striking one and one that we should make only after very, very careful consideration.

Mr. COPELAND. Mr. President, I have heard with great interest what the Senator has said. Then why do not the railroads get their money in the normal way? Why do not the savings banks and trust companies, and the building and loan associations, and the insurance companies, and the agricultural livestock credit corporations, and mortgage loan companies get their money in the usual way? They are all provided for in the bill.

We are not living in a normal time or in the usual time. Of course, my friend is well fortified in opposing a matter of this kind; but how absurd it would be for the city of New York to appeal to the State treasury when practically all the money in the State treasury, or 75 per cent of it, comes from the city of New York! What an absurd thing it would be!

Mr. TYDINGS. Let me say to the Senator in answer to his question that I admit that there is a great deal of parity between the claims of New York and the claims of the railroads; but let me ask him a question in another way, taking his own question as its foundation.

Let us suppose that we give this assistance to the city of New York; and then let us suppose that we broaden it and say, "We can not stop there." Why not lend money to every private business in this country which can give security? And why stop there? Why not lend to every individual in the country who can give the security? And by the time we have put all the links in this chain, where is the security? It would be so widespread that there would not be any security left in the country.

I agree that the Senator's proposition is in line with that which we have made to the railroads; but we have to draw the line somewhere.

If I may make one concluding observation, I do not like to vote for any of these bills. It is no pleasant task for me to adopt the philosophy of any of the bills. I have had to submerge every normal instinct and impulse I have to vote "yea" on them. The only way in which I can possibly justify that vote is that we are practically in a state of war; that conditions are extreme; and I have violated every principle in which I believe simply because I believe that more good than harm would come from the passage of this one bill. Therefore, I have gone that far; but that does not mean that I can favor the inclusion of cities and towns and private concerns and even individuals. If we go that far, I do not think the credit of the Federal Government will be worth anything, and we will defeat the very purpose for which all of this legislation was originated.

Mr. COPELAND. Mr. President, we would not be in this crisis now if good banking methods had been used. There was an orgy of speculation on Wall Street, which was encouraged by the Federal reserve system. Our people in New York, our superbankers, bought foreign securities and peddled them out, so far as they could, to their correspondent banks. They had their long fingers reaching everywhere into that sort of stuff which they could peddle out, and now they are caught. The European securities which they bought are not worth much; perhaps many of them are worth nothing. Yet they used good money to purchase them, and now they are so short of money that the ordinary functions of the banks can not be performed. That is what has happened.

This is not an ordinary time. The Baltimore & Ohio Railroad, the Pennsylvania, and the New York Central, these great systems, have broken down. Bankers have made a mess of the whole thing. Yet, when we want to carry on our activities as a municipality we carry on our work of relief, our welfare work, and our other activities, we are told, "No; you can not do it." The same Senate, the same group, who are willing to vote $2,000,000,000 of Government money for the relief of private institutions, private financial institutions, certainly can not be unwilling to vote some money for the relief of public financial institutions. There is no use in arguing the question.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from New York yield for a question?

Mr. COPELAND. I yield.

Mr. THOMAS of Oklahoma. I have just read the pending amendment, and if I interpret it correctly it places the cities mentioned on a parity with railroads, insurance companies, banks, and other institutions mentioned in the original bill. Is that correct?

Mr. COPELAND. That is correct.

Mr. THOMAS of Oklahoma. The bill creates a corporation and provides funds to be loaned by the corporation to railroads and others mentioned in the measure.

Mr. COPELAND. Except that I have placed a limit upon the amount which could go to the cities, while the amount which can go to the private financial organizations is unlimited.

Mr. THOMAS of Oklahoma. If this bill should be enacted, and the money made available, how would the loans made to cities or to railroads or to insurance companies help those institutions further than to enable them to pay their interest and other temporary demands and obligations? In other words, how would a loan to a railroad company enable that company to increase its revenue by hauling more passengers and hauling more freight? How would a loan to an insurance company help such company to collect its next year's premiums and to increase the number of its insurance policies?

It occurs to me that this bill, if enacted, can only be a temporary expedient. It does not in any sense touch the root of the evil. Unless the railroads can have freight to haul and passengers to haul they will be back here next year in a worse condition than that in which they now find themselves. Unless the city of New York can give its citizens employment so that they can earn money with which to pay their taxes New York will be here next year in a worse condition than that in which she at this time finds herself. What is true with regard to the railroads and insurance companies and New York is likewise true of every city, every institution, and every individual in the country. Unless something is done to reinvest the individual with buying power there will remain a continuation of this depression, resulting in bankruptcy not only for the citizen but likewise for the railroads, insurance companies, banks, cities, States, and eventually the Federal Government itself.

Mr. COPELAND. Mr. President, I agree with what the Senator from Oklahoma has said. This bill is bound to be a great disappointment. If we could, by offering these securities to the people, coax out of hiding the hoarded money, and put it back into circulation, that would be a fine thing, but, as a matter of fact, these securities will have to be taken to the banks. So we sell $2,000,000,000 to the banks in order to give back the same $2,000,000,000 to the banks, and we will be just exactly where we are now, except that in the transfer of the funds the temporary necessities of the railroads and of the insurance companies will be taken care of. Their short-term loans will be provided for and interest will be paid, and that sort of thing; but so far as any general relief to the country is concerned, I think the Senator from Oklahoma is entirely right. We have not started yet; we have not done one thing yet of the many that we will do before this condition is over. We are not at the end of our troubles by any means, and we do not solve many of them by the passage of this bill. But it does give this temporary relief. It takes care of the temporary symptoms, but does not cure the disease by any means.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield for a question.

Mr. TYDINGS. I want to say, in line with what I have just said, in order to make my position clear, that I can not see any difference in principle between lending to the railroads and lending to the municipalities; but I do think it is a question of limitation. Certainly the Senator is on high ground when he says, "Why should the municipalities not be entitled to borrow on as good security as that of the railroads?" But I do feel that the line must be drawn somewhere, and if we get into the field of municipal finance, there will not be enough money in the United States to run all these towns and villages.

Mr. COPELAND. Mr. President, when the Senator from Maryland gets through voting for bills for the relief of private corporations——

Mr. TYDINGS. I am through.

Mr. COPELAND. Judging from what is before us that we can see, we are on the verge of major distress. This is only a temporary measure for the relief of the immediate symptoms.

Mr. TYDINGS. Of course, it is to be observed that the railroads and the national banks, and, to some extent, the insurance companies, are regulated more or less by the Federal Government, and that is not true of the municipalities, as a general rule. So that there is at least some more measure of logic in our extending credit to these quasi-public institutions which run from one State to another,

and are part of our national system, than there is in extending loans to a locality which has its own government, and stands upon its own bottom. Therefore I do think that stretching the rubber band slightly in favor of the railroads would be one thing, but we would have to stretch it a great deal further to take care of the municipalities.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from New York yield to me again?

Mr. COPELAND. I yield.

Mr. THOMAS of Oklahoma. The Senator from New York is a great physician and surgeon. I am wondering whether this whole relief program could be compared to the giving of an anæsthetic preparatory to a major operation.

Mr. COPELAND. Doubtless the Senator is right. Mr. President, we would not be here making these pleas if the Federal reserve system had been operated a little better, as I see it. A great many of the assets of banks are called "frozen credits," when, as a matter of fact, they are just as good, so far as soundness and safety are concerned, as much of the stuff that is taken over to the Federal reserve. If there had been greater liberality in the administration of the rules and regulations of the reserve and a broadening of the base of discountable paper, the condition would be different. I was much impressed by what the Senator from Michigan [Mr. VANDENBERG] said in that direction the other day. I hope that at some time his views will receive the serious consideration of Congress and that some constructive improvement may be established.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. I think it ought to be pointed out that the large cities of the country are the largest borrowers in the country at the present time; that the conditions which this bill seeks to remedy is that the banks have no money to lend. They have frozen assets, and this measure is seeking to provide a means of liquidating the frozen assets of the banks.

Surely if that is the aim and object of this bill, we ought to go a step further and provide that these cities, which must borrow money—not for new development, like railroads and construction organizations, but in order to live and exist and to carry on—ought to be taken care of when we are attempting to loosen up the frozen assets of the country and attempting to make it possible for banks to lend money.

If, by the power of the Federal Government, the banks are going to be made free to lend money, let us ask that they lend money first of all to our great cities, which I repeat are the largest borrowers and most urgently in need of money for the carrying on of their activities and for their very existence.

I hope the Senator will stress the fact that we are dealing here with the need of funds in the banks and institutions of this country to be loaned to carry on business. All activities are suspended everywhere because no bank will lend any money to anybody, and they have come to the Federal Government and have said, "Loosen our frozen assets and we will have money to lend." When we comply with their request, why should we not say, "Take care of these cities"?

Mr. COPELAND. Mr. President, it is perfectly logical that we should. We know what the cities are doing with the money they get. They are hiring men to clean the streets, they are operating trucks, they are buying gasoline, they are doing all the things which a private concern would do.

Mr. WALSH of Massachusetts. And taking care of the sick.

Mr. COPELAND. Taking care of the sick, and furnishing food to those who are starving. Certainly it would seem to me wholly in line with the general purposes of the bill.

Nobody doubts that the securities of my city are gilt-edge securities. They have always sold at a premium. The last we sold, only a few months ago, went at a premium. They bear a high rate of interest, they are fine securities, they are safe securities; and the bankers say so. In this letter of criticism, even, they speak about the value of the securities.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me again?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. May I have the attention not only of the Senator from New York but of the Senator from Connecticut?

I assume the members of the Committee on Banking and Currency are opposed to the amendment of the Senator from New York. May I propose to the chairman of the committee an amendment along the line of the amendment I propose to submit in case the amendment offered by the Senator from New York shall be defeated? I hope the Senator from Connecticut may be in a position to feel that he can accept this amendment. I will read it; it is very brief:

The corporation—

Referring to the corporation to be established by the pending measure—

on such terms as it shall prescribe, shall give special consideration to banks petitioning for loans secured by securities that are in the nature of tax-anticipatory loans to States and cities.

All that that does is to say to the members of this board, "If a bank comes to you with this class of loans, you ought to give it special consideration, rather than a bank which comes with loans which relate only to securities issued by railroads and by other financial organizations throughout the country."

I ask the Senator from Connecticut whether he would not accept such a proposal as that.

Mr. COPELAND. Just a moment. I am not going to assume, for the purpose of the argument, that my amendment is going to be defeated. The purpose of the Senator's amendment is exactly the same as that of mine.

Mr. WALSH of Massachusetts. I will not press the suggestion now.

Mr. COPELAND. All of the short-term securities we are talking of under the terms of the amendment I have offered are an anticipation of the next tax measure. They are all to be included, so what we ask are not permanent loans.

Mr. WALSH of Massachusetts. I thought the objection being made to the Senator's amendment, namely, that it invited the cities and towns and States to petition this corporation for loans, and therefore that there would be a flood of such requests, and that all the money appropriated would be absorbed could be removed by calling attention in this amendment to the fact that this board ought to consider especially loans made by banks to cities and towns.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. The bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

Mr. McNARY. Mr. President, I wish to ask the Senator from Washington [Mr. JONES] if he will not be willing to lay aside temporarily the unfinished business in order that we may proceed with the consideration of the business at present before the Senate?

Mr. JONES. Mr. President, I appreciate the importance of the bill now pending. I think it far more important to act promptly on it than the present deficiency bill. I am glad to accede to the request of the Senator from Oregon.

The VICE PRESIDENT. Is there objection to the request of the Senator from Oregon to lay aside temporarily the unfinished business? The Chair hears none, and it is so ordered.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to his colleague?

Mr. COPELAND. I yield.

Mr. WAGNER. I recall when we had up for consideration the Reconstruction Finance Corporation bill that the senior Senator from Michigan [Mr. COUZENS] gave as the

basis for his support of that measure that the railroads of the country had their bonds held by insurance companies, by banks, by individuals, and by estates for safe investment, and that if there was a further decline in the prices of those bonds and the credit structure was not upheld in some way, there would be tremendous suffering by all holders of those securities. I want to ask whether the municipal bonds of the country are not distributed in about the same way and held by about the same institutions as are railroad bonds? Trust estates are permitted to invest in them; savings banks are permitted to invest in them; individuals throughout the country are large holders of municipal bonds. It would seem to me that the same reason exists for support of the prices of those securities as of the railroad securities.

Mr. COPELAND. The Senator is entirely correct.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. The Chair would like to state that a Senator having the floor has the right to yield only for a question and not for a speech. The Chair has not enforced the rule heretofore as strictly as he should have done, but now reminds Senators of the rule, and hopes they will observe it without the necessity of it being again called to their attention.

Mr. BRATTON. Mr. President, will the Senator yield, in order that I may note the absence of a quorum?

The VICE PRESIDENT. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I do.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Shipstead
Austin	Dickinson	Keyes	Shortridge
Bailey	Dill	King	Smith
Bankhead	Fess	La Follette	Smoot
Barbour	Fletcher	Logan	Steiwer
Bingham	Frazier	McGill	Swanson
Black	George	McKellar	Thomas, Idaho
Blaine	Glass	McNary	Thomas, Okla.
Borah	Glenn	Metcalf	Townsend
Bratton	Goldsborough	Morrison	Trammell
Brookhart	Gore	Moses	Tydings
Bulkley	Hale	Neely	Vandenberg
Bulow	Harris	Norbeck	Wagner
Byrnes	Harrison	Norris	Walcott
Capper	Hastings	Nye	Walsh, Mass.
Caraway	Hatfield	Oddie	Walsh, Mont.
Carey	Hayden	Patterson	Waterman
Connally	Hebert	Pittman	Watson
Coolidge	Howell	Reed	Wheeler
Copeland	Hull	Robinson, Ark.	White
Costigan	Johnson	Robinson, Ind.	
Cousens	Jones	Schall	
Cutting	Kean	Sheppard	

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. COPELAND. Mr. President, I shall take probably not more than three or four minutes, because I know the urgency of matters before the Senate and the importance of acting upon them. But this is a matter, as I view it, of interest to every Senator. Every State and every municipality has an interest in the legislation.

We are proposing to vote $2,000,000,000 of the people's money for the support of private institutions. The question is, Are we willing in an emergency to permit our cities and States to have short-time credits, in many instances between the periods of tax collection, which need to be taken care of? The banks have refused to loan that money. In my city some interests are striving to force the city into an increase of traction fares. In many communities and in some States, according to reports, the municipal bankers have shut down upon extending short-term credits. I know, as much as one can know anything, that there are going to be appeals made to Senators from every part of the country. Because I happened to introduce the amendment the other day I had a strong letter from the city manager of a city in Virginia and from others who have written complaining of their inability to get short-time funds to tide their cities over until tax collections are made.

The matter has been presented to the Senate. It is for the Senate to decide what it cares to do. I think a great deal is at stake. I know vital matters are at stake in my city. The very care of the sick and distressed and similar questions are at stake. I am confident that if Senators were to investigate conditions in their own States they would find exactly the same state of affairs. I hope that the amendment may be agreed to.

Mr. KING. Mr. President, will the Senator permit an inquiry?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. KING. I ask the Senator if the Empire State of New York, with all of its wealth and resources and large population, is not able to extend its credit, if the municipality lacks credit, in order to meet what the Senator has described as an emergency? My own opinion is that the State of New York and indeed the city of New York have or ought to have about as good credit now as the Federal Government in view of the enormous demands which are being made and the fact that we are soon to issue more than $2,000,000,000 of Federal bonds, and when, with the prodigality characterizing the Senate and the House, we will probably be called upon to issue $5,000,000,000 or $6,000,000,000 of bonds before adjournment.

Mr. COPELAND. Mr. President, let me say to my friend from Utah that of course the city of New York and the State of New York likewise have what should be abundant credit, but the city of New York pays 75 per cent of the taxes of New York State and the State of New York is, in spite of its economical way of administering its affairs, now possessed of no surplus of funds. This is not a question of the credit of the city of New York or the State of New York, because all concerned, even the superbankers who are striving to force us into a 10-cent street-car fare, admit that the securities are good. Nobody denies that; but they will not let us have the money.

If the Senator's own State of Utah should be in the position of desiring short-term credits, that State could not get them because the superbankers have shut down on the use of funds for this purpose. If we are going to use the money of our people to finance private corporations and private institutions, it does seem to me we ought to have at least 10 per cent of the same credit extended to our public institutions. I am asking in my amendment for $200,000,000 to be allotted to that purpose, which is 10 per cent of the $2,000,000,000 proposed by the measure before us.

Mr. GORE. Mr. President, the Senator from New York says that if we will consult the cities of our own States we will undoubtedly find them in the same petitioning mood as he is in behalf of the city of New York. I want to make a general reservation in behalf of the cities of Oklahoma, and in particular in behalf of the villages of Redbird and Bushyhead. I want to enter them in this scheme, if it is to go through.

Mr. BLACK. Mr. President, I merely desire to state to the Senator from New York that while there have been no petitions coming to me from Alabama the city of Birmingham has recently endeavored to sell half a million dollars' worth of bonds, and although the city's credit is beyond doubt good it has not succeeded, and the result has been that hundreds of men will not be employed who otherwise would have been employed in my State.

In addition to that, so far as I am concerned, I do not think this amendment is based on sound governmental policy. I think it is based on unsound governmental policy. I do not think it is right or according to our original conception of government for the Federal Government to lend its credit to States or municipalities, but I am likewise of the opinion that it is far more unsound and far more out of line with the principles upon which this Government was founded for it to lend its credit and its money to private banking institutions or other business enterprises. For that reason I shall vote for this amendment, not because I believe it is right in principle but because I believe that it comes nearer being right in principle than it does for the Federal Government to lend its credit to private business

enterprises. I can see no just sound reason why the Government should lend its credit to a business group formed for the purposes of profit when they are in need and not lend its credit to groups of people in municipalities and States operating a business not based upon profit.

I simply desire to make this statement, in view of the fact that I intend to vote for the amendment, but I should not want the record of my vote to be an indication that I favor the United States Government borrowing money from its citizens and levying taxes upon its citizens either to carry failing business enterprises or failing municipalities.

Mr. REED. Mr. President, I do not mean to prolong the debate for more than a moment. I do not see how any of us can explain to the rural populations of our States why we are appropriating money that in part belongs to them to be devoted to paying for such things as subways operated at less than cost, if that be the fact—and I know nothing about the merits of that dispute—to paying for boulevards in big cities, to paying for municipal improvements of one sort or another, meritorious in themselves, if a city can afford them, but certainly not to be built at the expense of others than those who derive the benefit. How can we explain to the country people of your State, Mr. President, or mine why we are spending their money to pay for such things as I have described? Will not they come back to us and say, "We have no subways; nobody is buying subways for us out here on the farm; we have no municipal boulevards or municipal playgrounds; why should our money go into such things?"

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED. I will yield in a moment. I know perfectly well, Mr. President, that in my own State, the city of Philadelphia is in similar difficulties, but the mayor there and his associates have set their faces firmly against expenditures beyond the municipal income and they are savagely cutting down expenses in every direction so as to rehabilitate the city's credit, and enable it to pay its own bills. That is what every city should do and what every State should do.

While it may be that we are giving a temporary respite to some communities that can not pay their bills as they go without doing it at the expense of the credit of the United States, if we add another $200,000,000, as this amendment will do, to the amount of these Government-guaranteed debentures that will be sold, we are hurting the market for Federal bonds just that much more; we are making the Federal Government pay just that much more interest on all the money it has got to borrow in order to pay the deficit, and little by little, straw by straw, we are going to break the camel's back.

Mr. WAGNER, Mr. DILL, and Mr. BLACK addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. REED. I yield first to the Senator from New York.

Mr. WAGNER. Mr. President, I understood the Senator to say that the rural communities in different sections of the country would be called upon to pay for the operation of subways in the city of New York.

Mr. REED. Of course——

Mr. WAGNER. Wait a moment, if I may finish my sentence.

Mr. REED. Certainly.

Mr. WAGNER. I want to say to the Senator that what is proposed is merely a loan, which is made by the municipality and which at its maturity will absolutely be paid, because New York City has never defaulted either in payment of interest or payment of its bonds at maturity or in the due payments at any amortization period. This money would be borrowed, just as the city attempted to borrow from the bankers in New York, and it is not proposed to call upon any other community to pay a dollar of the expenses of the city of New York.

Mr. REED. Provided the city of New York repays the loan.

Mr. WAGNER. It never has failed and it never will.

Mr. REED. The loan will be like the parting from Kathleen Mavourneen, "It may be for years, and it may be forever." The chances are that no sooner will New York get the money than she will turn around and say that "Uncle Shylock" ought not to ask for a return of the money. We have seen that happen in the case of foreign countries. When one government lends to another government, that is what always happens; and the city of New York will not want to pay us back, and we will be called mean and detestable when we ask to have it paid back. I do not want to see us get in that position again. The city of New York has as broad taxing power as we have, and a little bit broader, because it can lay direct taxes in a way that we can not. I am wholly unable to see why the city of New York, with its great taxing power, does not adopt a sound system of finance and resort to its taxing power so as to rehabilitate its credit.

Mr. WAGNER. May I say to the Senator——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield further to the Senator from New York?

Mr. REED. I yield.

Mr. WAGNER. May I say to the Senator that the appropriations for which the city of New York now seeks money were made as emergency appropriations to take care of the serious unemployment situation in New York? This money will merely be borrowed in anticipation of the collection of taxes, and just as soon as those taxes shall be levied and collected the particular debt, whatever debt may be incurred, will be repaid. It is a reflection upon the integrity of New York for the Senator to suggest that the city of New York would borrow money from a banking institution, an individual, or the Government, and that at maturity it would not repay that debt. It never has defaulted in all its history in the payment of any indebtedness it has ever incurred; it never will; and I resent the suggestion made by the Senator from Pennsylvania.

Mr. REED. If the credit of New York is as good as all that, then I can not understand why, with more money in the banks of that city than in any other city on this earth, it can not make a loan.

Mr. WAGNER and Mr. TYDINGS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. REED. I yield first to the Senator from New York.

Mr. WAGNER. I think my colleague [Mr. COPELAND] stated the reason as clearly as it can be stated—namely, that some of the New York bankers have taken advantage of the situation in the effort to impose a policy upon New York with reference to the operation of its subways. After all, we are still a democratic form of government and the people of New York have decided upon the policy that is to be pursued; and, as between the bankers' position and that of the people of New York I think that the public policy ought to be pursued. That is the whole situation involved here, as has been so clearly pointed out by my colleague.

Mr. REED. I should like to suggest that the Senate of the United States is not the place to decide the merits of that controversy. I have not any opinion on it one way or the other.

Mr. WAGNER. Mr. President, we are not asking the Senate to decide that policy, but that is the difficulty in the way of securing funds that ought to be willingly provided because of the credit basis of the city of New York.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Maryland?

Mr. REED. I yield.

Mr. TYDINGS. What I am about to suggest may have been pointed out, Mr. President, but, if so, I have not heard it. I have a copy of the amendment in my hand and it provides that the corporation may make loans to a State or a city.

A great many of the counties of the United States are incorporated; they are political entities; they issue bonds; they have their own county governments, and in a great many cases are going through the same period of deflation that the cities are going through. If this policy is to be

adopted, should it not comprehend the whole United States? Why confine it to a city or a State? I live in an agricultural county known as Harford County, Md. That county has issued bonds in order to build roads and erect schools. To-day it is very difficult, with tax collections throughout the country such as they are, to obtain the money with which to carry on our county government. Fortunately, my county is in pretty fair shape, but suppose it were not, why should it not have an equal right with the cities to obtain a part of this money for the stabilization of its government?

I may go farther and say that the Senator from Nebraska [Mr. HOWELL] the other day pointed out that the drought had afflicted large sections in the portion of the country where he lives. I imagine, that being the case, that there are many counties in northern Nebraska and in North and South Dakota and in parts of Iowa where the county governments are unable to secure sufficient money to carry on normal county functions. That being the case, why should they not be entitled to get their share of this money the same as New York?

Mr. REED. That is equally true of school districts, poor districts, drainage districts, levy districts, and all other municipal or governmental organizations that have borrowing and taxing power. Of course, this amendment is limited to States per se and cities.

Mr. TYDINGS. May I interrupt the Senator long enough to say that I am struck with the fact that Senators who represent primarily agricultural States would be willing to extend this credit to the industrial or urban States, so to speak, and withhold it from the people of their States, who perhaps need it fully as much?

Mr. REED. That is exactly what they are doing; they are doing worse than that; it is proposed to limit the amount of this appropriation to $200,000,000, and by the time we have finished rendering relief to the city of New York, the city of Chicago, and two or three other cities, there is not going to be a penny left in the fund for most of the States of the Union.

Mr. BLACK. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Alabama?

Mr. REED. I yield to the Senator from Alabama.

Mr. BLACK. The Senator made one statement which, if correct, would cause me to vote against this amendment. It is contrary to my idea of the amendment. I had understood that the amendment did not add $200,000,000 to the appropriation, but allocated $200,000,000 out of the amount to grant loans to municipalities and cities.

Mr. REED. That is precisely the fact. It allocates out of the $2,000,000,000 to be raised by this corporation a maximum of $200,000,000 for municipal and State relief; and obviously, if the balance of the need can be supplied with $1,800,000,000, it does add $200,000,000 when it takes care of the additional need.

Mr. BLACK. I might state to the Senator that, so far as my own belief is concerned, when the Treasury door is opened there is no likelihood that private business enterprise, which this bill is intended to help, will not use the entire $2,000,000,000; I have no anxiety on that score at all. I can not see, therefore, that the amendment would add $200,000,000 to the amount. I simply rose to state that if it did add $200,000,000 to it, I would vote against the amendment; but if it does not, and it is merely a question of how it shall be applied—and I think in both aspects it is equally pernicious, "if not more so"—I shall vote for the amendment and then content myself with voting against the entire measure.

Mr. WALSH of Massachusetts. Mr. President, I have tried to follow the argument of the able Senator from Pennsylvania [Mr. REED]. As I understand his argument, it is that he can consistently vote to tax the taxpayers of the Federal Government for money to be used to protect from bankruptcy railroads, insurance companies, and banks, but he can not vote money from the Federal Treasury to protect cities from bankruptcy. He further argues that cities have been misgoverned and that many abuses have crept into the management of their fiscal affairs. With that statement some will agree; but who can say that banking institutions, railroads, and insurance companies have not been extravagant and have not mismanaged their fiscal affairs as well? Yet there is no blame attached to them so far as extending Federal aid is concerned. Their past is to be forgotten. We must save them, regardless of their misdeed, from bankruptcy.

I am in accord with the Senator as to the desirability and the necessity of protecting from bankruptcy these institutions, not so much for the sake of the institutions themselves, important as that is, but more so for the sake of the innocent investors in these institutions and the innocent depositors in the banks. So I am in accord with the Senator in regard to the need for legislation that will help to make our basic financial institutions safer and thereby prevent further financial difficulties.

Mr. REED. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Pennsylvania?

Mr. WALSH of Massachusetts. I shall be glad to yield.

Mr. REED. It is true, is it not, that practically the entire population of the United States is either directly or indirectly interested in the soundness of the bonds of the railway companies—that is, either through bank deposits or through the holding of insurance policies?

Mr. WALSH of Massachusetts. But not any more so than in the soundness of the securities of our cities and our States. The people of the United States do not want any city to go bankrupt, not because of its lack of credit but simply because bank funds are frozen, and there is no money to loan to it.

Mr. REED. Ah! But, Mr. President, the only thing the cities are faced with is the possibility of temporary embarrassment, such as Chicago had. They are not going bankrupt in the sense that an individual might go bankrupt.

Mr. WALSH of Massachusetts. Of course, if they can not get temporary loans they will have to suspend operations; they will have to close up their schools, close up their hospitals, and give up their relief work. That is a form of bankruptcy.

Mr. REED. They have to postpone their payments temporarily; yes.

Mr. WALSH of Massachusetts. Now, let me answer another observation of the Senator from Pennsylvania and also the question raised by the Senator from Maryland [Mr. TYDINGS].

Why do we not include rural communities in this bill? For the very simple reason that rural communities can borrow all the money they need. They require only small sums of money. Their loans are small, and the banks can take care of them; but cities like New York and Philadelphia and Chicago and Detroit and Boston are very heavy borrowers. The sums of money they require reach into the millions, and their banks are frozen, and there is no money for them. It is not because the cities are mismanaged or unsound. It is not because they can not pay their debts. It is because these banks that we are relieving now can not give them the money. They have not the money. If it is a small loan to a small city of a few thousand dollars, the banks can take care of that; but, not knowing when a run will come upon the banks, the bankers can not tie up hundreds of millions of dollars of their funds in the obligations of the great cities.

There is the difficulty. Am I not correct, I ask the Senator from New York?

Mr. COPELAND. The Senator is correct.

Mr. WALSH of Massachusetts. We are not dealing here with discrimination between small communities and large communities. The small communities can get all they want. No small town or city is troubled about getting money, because the banks have made and can make small loans. No bank in this country at this very hour is willing, however, to tie up for six months hundreds of millions of dollars. There is the situation and the difficulty.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I shall be glad to yield.

Mr. COPELAND. I should like to have the Senator from Massachusetts ask the Senator from Pennsylvania how he could vote for $500,000,000 for the exportation of goods. I was glad to do that.

Mr. WALSH of Massachusetts. I did not hear the Senator's question.

Mr. COPELAND. We put in this bill a provision that export corporations may have their acceptances taken over by the Finance Corporation to the amount of $500,000,000. We also have mortgage corporations in the bill; but when it comes to municipalities and States in distress asking for money for a few months they can not be put in.

Mr. WALSH of Massachusetts. I assume the Senator from Pennsylvania would say that he believes the export and mortgage corporations are entitled to relief because they have been honestly managed.

Mr. COPELAND. I think they are, too.

Mr. WALSH of Massachusetts. Because they have been economically managed, because their distress is due to no fault of their own, because it is due to circumstances beyond their control; while he attempts to argue that the distress the Senator's city is passing through is due to misgovernment, due to extravagance, due to waste. Therefore, the Federal Government should not come to its aid; but it should come to the aid of every private institution in this country, because their finances are honestly and efficiently managed and because they are entitled to relief to save the business structure of the country from ruin.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield to the Senator from Montana.

Mr. WHEELER. I was deeply touched by the plea that was made by the Senator from Pennsylvania for the rural population of the country; but I was wondering how he would square his plea for the rural population of the country with the idea of loaning money to the railroads and loaning money to the insurance companies and loaning money to the banks, which as a matter of fact have been to a large extent responsible for the condition in which we find ourselves to-day. Apparently, the Senator from Pennsylvania has overlooked that fact.

Mr. WALSH of Massachusetts. I think the Senator from Pennsylvania has made that clear by stating that the rural population have an interest in everything that affects the Nation as a whole, while he thinks the amendment of the Senator from New York affects only certain restricted localities, and that the rural population will not be benefited by any benefits that may come to those localities.

Mr. REED. Mr. President, perhaps the Senator will yield to me for a moment.

Mr. WALSH of Massachusetts. I shall be glad to yield to the Senator from Pennsylvania.

Mr. REED. If I may answer directly the Senator from Montana, then I will say that my excuse for being interested in the rural parts of the country perhaps may be explained by the fact that the rural population of Pennsylvania is probably twenty-five times the size of the entire population of the Senator's own State. Therefore, I have some reason to be interested in their welfare.

I have stood around here now for two years, and I have watched those country banks in Pennsylvania breaking. Thank heaven, the movement seems to be checked at the moment; but the reason why many of them have broken has been that the bonds in which their depositors' money was invested have so depreciated in value that the banks were no longer either liquid or solvent. Every little depositor, no matter how small his account may be, has been affected by that shrinkage in the bond market.

There was a time, a month or so ago, when not only had the quoted prices of bonds gone down very far, but the bonds were unsalable. One day, I remember, about six weeks ago, two-thirds of the bond issues listed on the New York Stock Exchange did not even have a bid price for a single bond at any value. Think how that hit the banks!—and hitting the banks meant hitting the people.

I have no brief for the railroads. If they can not stay solvent, and if their individual concerns were all that were involved, I would say, "Let them take the consequences of their own misfortune"; but we can not do that when the whole population of the United States, be it in Montana or in Pennsylvania or any other State, is vitally interested in the continued soundness of railway bonds, because all our banking system and all our life insurance and fire insurance rests upon that as a foundation.

I have no apology whatever to make for my vote, which is cast in favor of the preservation of the soundness of those bonds, if we can do it, and I think we can, by the bill that is under consideration.

I thank the Senator from Massachusetts for his kindness in yielding to me.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts further yield to the Senator from Montana?

Mr. WALSH of Massachusetts. I yield to the Senator from Montana.

Mr. WHEELER. With the Senator's permission, let me say that there is not any more excuse for the Government's loaning money to a railroad than there is for its loaning to a State or a municipality.

I desire to call attention to the fact that I received a telegram from the Governor of my State asking me to assist in getting through an amendment of this kind. I have heard the Members of the Senate, particularly on the other side of the Chamber, denounce measures here as being socialistic, and so forth; but in this particular bill we are taking a step which is absolutely putting taxation on some of the people for the purpose of raising money to be loaned to private individuals. I say it can not be justified, and that there is much more justification in loaning it to the States and to the municipalities of the country than there is in loaning it to the insurance companies and the great banking interests of the country.

The Senator a moment ago said, as I understood him, that there was all kinds of money in the great banks in the city of New York. If that is true, they ought to be in a position to loan the railroads of this country, which they dominate and control through their banking system. If they are loaded up with money, they ought to be willing to loan money to the great insurance companies, because they dominate and control the great insurance companies of the country, as they likewise dominate practically every great industrial corporation in the country. But since they do dominate them, and since those banks are full of money, if what I understood the Senator to say is correct, they ought to come to the rescue of the very institutions which they dominate and control, rather than coming down here to the Congress of the United States for assistance. After telling us that we ought to go home and keep our hands off their business; after demanding, if you please, that we keep the Government out of business, they ought not to come down here and beg at the door of Congress and say, "Please, please give us some money, because we are in a position where we have a lot of money, but we do not want to loan it to our own institutions, the ones that we dominate and control."

Mr. KEAN. Mr. President, will the Senator yield to me for one minute?

Mr. WALSH of Massachusetts. I will yield for a question; but the Chair warned the Senate this morning about permitting speeches to be made by one Senator while another was occupying the floor.

Mr. KEAN. I merely desire to say to the Senator from Montana that every bond issued by the railroads, every rate made on the railroads, every wage paid by the railroads is controlled and dictated by the Interstate Commerce Commission. Therefore, when bonds are issued by railroad companies, there is a certain responsibility on the part of the Government of the United States for the issuance of those bonds.

Mr. WALSH of Massachusetts. Mr. President, I want to say just one word more about the attempt here to prejudice the rural districts of the country against the extension of any favors to cities, and then I want to close.

The rural districts of every State in this Union are greatly dependent upon the cities; and were it necessary for the pay rolls in the large cities of this country to suspend, the rural districts would be as much affected and as vitally interested as the cities themselves.

Mr. HARRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Georgia?

Mr. WALSH of Massachusetts. I yield to the Senator from Georgia.

Mr. HARRIS. The Senator from Massachusetts does not understand conditions in some of the agricultural States like the one I in part represent, because some of the counties, on account of bonds issued for good roads improvement, have gotten into a worse condition in regard to their bonds and expenditures than even the cities. I desire to ask the Senator from New York if he will not allow this bill to be amended so as to include counties.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield for a moment.

Mr. COPELAND. Of course, I hesitate for one reason only to include the counties, and that is because there are various reclamation projects and drainage projects and others which might with propriety be put in the bill. If the Senator himself were to propose that amendment, I think I should vote for it; but I would rather not include it at the moment.

Mr. HARRIS. I will offer it at the proper time.

Mr. COPELAND. Mr. President, may I ask one question of the Senator from Massachusetts?

Mr. WALSH of Massachusetts. Yes.

Mr. COPELAND. Are we not standing off the dole by what we are doing? In my city the money that we want immediately is for the poor; and the localities have been called upon to take care of their poor. We are striving to avoid the dole, but unless we take care of the localities, unless we take care of those who are unemployed, we will pass legislation calling for the dole before the session is over.

Mr. WALSH of Massachusetts. The Senator correctly states the situation.

Mr. President, I want to conclude, but I desire to call attention again to the fact that there is no question here about any of these loans being unsound and unsecured. This bill provides that the members of the board shall pass upon the security of all loans. If a city is bankrupt, if a city is not balancing its budget, or if a State is not balancing its budget, no money can be loaned it unless the members of the board violate their oaths of office. The first sentence in section 5 is as follows:

> All loans under the foregoing provision shall be fully and adequately secured.

So, in asking that the cities and States be permitted to borrow, we are not asking that the public treasury be raided. The members of the board must say "These city and State loans are secured. They will be paid. We can rely upon this money coming back into the public treasury. We are extending only emergency aid.

That disposes of any attempt to say that the money will never be paid, or that we will be lending money to bankrupt cities.

I want every Senator here to understand just what the proposition is before we vote; at least how the Senator from New York or the Senator from Massachusetts may feel about the matter. This bill is a measure seeking to tax the people of this country to relieve the frozen assets in the banks of the country, to give the banks more money; to do what with the new money? To lend money to their favorite customers, to lend money to insurance companies, to lend money to railroads, to lend money to speculators, to lend money to their favorite clients? How can we, as representatives of the people, refuse to say to these banks that they should have in mind the lending of money to the municipalities and to the several States is of supreme importance to the public welfare.

It seems to me that if we are going as far as we must go and as far as we ought to go to release these frozen assets, we ought to expect that the banking institutions of the country would give a helping hand by lending emergency money to the cities and towns whose finances are upon a sound basis and are unable to borrow through the regular banking channels.

Mr. COUZENS. Mr. President, when we voted on this amendment before, on January 11, the amendment was lost, there being 45 votes in the negative to 28 in the affirmative, and just prior to the vote I submitted a telegram from the mayor of Detroit. I may say, in this connection, that Detroit's mayor is a very brilliant young Democrat, and he is entirely out of sympathy with this amendment. He points out in his telegram, very briefly, that the municipalities, the political subdivisions themselves, should exert every effort to live within their means before they appeal to the Federal Government.

There is no excuse, in my judgment, why Boston or New York or Chicago, or any of the other municipalities which may be appealing to the Congress for help, can not so arrange their affairs as to take care of their financial needs.

It is perfectly obvious to me that many of the taxpayers of these very municipalities are not paying their taxes because of the economic depression. Some of them can not and some of them will not. But it is a notorious fact that in most of these municipalities the tax-collecting agencies are not exerting their efforts toward collecting the taxes. In many cases politics interfere. In many cases municipal authorities will not press the taxpayers to pay their taxes. Yet it is said that these loans are to be advanced to municipalities in lieu of tax anticipation. As a matter of fact, most of these needs are created by tax delinquencies, and not in cases where taxes have already been laid.

I want to point out also the specific language which the mayor of Detroit uses. He says:

> I would oppose any legislation that would relieve municipal governments from recourse to uncompromising economy in order to bring expenditures of government within income.

That is exactly what Detroit has done. Detroit has perhaps gone through worse economic distress than has any other city in the Union. It has had the great centralization of the motor-car industry to contend with. Yet it has gone through with it and has not pleaded for Government aid so far as its finances are concerned.

It is true it believes, as I believe, that the Federal Government should aid in the relief of the unemployed. I believe that is a national problem. But when it comes to meeting deficits, when it comes to maintaining the extravagance of many of these municipalities, it seems to me that they should first disclose to what extent they have cut their budgets, to what extent their back taxes have not been paid, and what efforts they have made to secure the taxes before appealing for Federal aid.

Mr. WAGNER. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. WAGNER. The city of New York is carrying a burden, at a tremendous expense, which the Senator a moment ago says he regarded as a function of the Federal Government. The very controversy which is now taking place between the bankers in New York and the city administration involves $20,000,000 which is being used for unemployment relief, appropriations which the city of New York has made. The question as to whether they are living within their income is not involved in that item, because, as the Senator well knows, in the administration of municipal affairs it frequently happens that before the taxes are collected certain items of expenditures must be met, and in those instances—just as in the case of the Federal Government's practice—short-term notes are issued, which are to be paid when the taxes are collected. That is all that is involved in the controversy now taking place in the city of New York. So it is not a question at all of living within our



means. We are doing what is frequently done, but never before has the city had any difficulty in selling its short-term notes.

Mr. COUZENS. Mr. President, I do not think the city would be in trouble now if it were to show a disposition to curtail its expenses and live within its income.

In addition to that, I want to say to the Senator from New York——

Mr. WAGNER. Mr. President, will the Senator yield again?

Mr. COUZENS. Just wait a moment until I finish my sentence.

Mr. WAGNER. There is no claim anywhere that the city is not living within its income.

Mr. COUZENS. I claim it. I claim that the city of New York is not living within its income, and I think the figures will indicate that they are living beyond their income, because they should not need to borrow on tax anticipations. They should be able to live within their income.

I want to say that Detroit, perhaps, was the leading city last year, 1931, up to July 1, in appropriating money for the care of the unemployed.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. COUZENS. The city was vigorously condemned for initiating a policy of assuming the responsibility of caring for its unemployed. This year it went into the new fiscal year with a falling off in taxes, that is, not anticipated taxes, but delinquent taxes, in the amount of some $30,000,000.

Mr. COPELAND. Mr. President——

Mr. COUZENS. Yet it provided for taking care of its unemployed, for taking care of its finances, and even to the extent of going to some of its wealthy institutions and concerns in order to secure aid. I find no evidence submitted here that the citizens of New York or of Boston think enough of their municipalities to come forward and help them out in their financial difficulties.

For just a moment I want to refer to what Detroit has done in the way of having its citizens come to the aid of the city, so that it does not have to come to the Federal Government on hands and knees begging the Federal Government to come to its assistance. For example, the Detroit-Edison Co., a public utility, loaned the city $2,000,000. The Guardian Detroit Bank loaned the city $1,260,000. The Bankers Trust Co. of New York, because of our fine financial standing, loaned the city $7,500,000; the Ford Motor Co., $5,000,000; the Detroit Trust Co., $500,000; the Packard Motor Car Co., $500,000; the Bankers Trust Co. of New York, again, $3,900,000; the Burroughs Adding Machine Co., $200,000; the General Motors Corporation, $800,000; the Chrysler Motor Co., $300,000; the People's Wayne County Bank, $4,000,000; the Detroit City Sinking Fund, $12,025,000; the First National Bank, $3,000,000; and the National Bank of Commerce, $1,000,000.

I could go on enumerating other financial institutions which have come to the assistance of Detroit because of the fine municipal management in that city.

Mr. COPELAND. Mr. President, I observe that almost all those millions came from banks.

Mr. COUZENS. Oh, no!

Mr. COPELAND. Almost all of them; just a few from individuals. But let the Senator not forget that the philanthropic citizens of our city gave $20,000,000 just a few weeks ago.

Mr. COUZENS. Oh, the Senator's statement is beside the point, because I am not referring to money that is given for the care of the poor at all. I have not mentioned a single one of those cases. I am referring to money that was advanced to the municipal government of Detroit to prevent a default in the performance of its municipal activities.

Mr. COPELAND. A large share of it came from banks, and the Senator's city is fortunate in that they have the credit; but in spite of the fact that New York City has higher municipal credit than any other city, we can not get a dollar from the banks, because they want to increase the street-car fares. That is what they are trying to do.

Mr. COUZENS. The Senator can not expect the Federal Government to take cognizance of the matter because there is a controversy about street-car fares. The Lord knows Detroit has had enough of those, and we never at any time appealed to the Federal Government to come to our aid in establishing street-car fares; and the Detroit street-car fare is among the lowest in the United States.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. WALSH of Massachusetts. May I inquire of the Senator whether these loans, the list of which he has read, were made after applications had been made to the banks and the banks had refused to lend the money?

Mr. COUZENS. Yes; some of them were.

Mr. WALSH of Massachusetts. So that there was the same situation as that existing in New York and Boston and other cities; they found the banks unwilling to make loans to provide the money, and individuals came forward and took up the notes of the cities?

Mr. COUZENS. That is true of a few; but I want to be perfectly fair and say that the banks in some cases had reached the legal limit of their loans to one institution.

Mr. WALSH of Massachusetts. I want to ask the Senator another question. Is it true in the Senator's State that the cities and towns borrow money in anticipation of taxes every year, prosperous years and hard-time years?

Mr. COUZENS. No; it is not.

Mr. WALSH of Massachusetts. In many of the States of the Union, including New York State and my own State, the 1st day of January every year every city and every town borrows money in anticipation of the taxes they will receive the following September and October. It is not to make up any deficit, it is not because they are bankrupt, it is not because the taxpayers have not paid their taxes, but they borrow money to carry on the municipalities for the six months before the taxes are to be paid in. That is the custom one year after the other; it has gone on since time immemorial. This year, because of the frozen assets of the banks, these larger cities can not get the money loaned to them which has been loaned every other year without any question.

Mr. COUZENS. Mr. President, will the Senator please tell us why these New York bankers lend the city of Detroit money when they will not lend their home city money? The New York bankers, at this very time, have been lending the city of Detroit because the city of Detroit has reduced its expenditures and operating expenses, and is living within its means.

Mr. WALSH of Massachusetts. I noticed the amount was a small sum of money.

Mr. COUZENS. For what?

Mr. WALSH of Massachusetts. The amount the new York banks loaned.

Mr. COUZENS. Oh, no.

Mr. WALSH of Massachusetts. How much was it?

Mr. COUZENS. The Bankers Trust Co. of New York at one time, in December, loaned us $7,500,000; again, in December, $1,600,000; again in December, $2,300,000. So that it is a question of not meeting the conditions necessary for securing a loan. I venture to say that if the city of New York and the city of Boston were to show a disposition to live within their means, the bankers would take care of them.

Mr. WALSH of Massachusetts and Mr. COPELAND addressed the Chair.

The VICE PRESIDENT. Does the Senator from Michigan yield; and if so, to whom?

Mr. COUZENS. I will yield first to the Senator from New York.

Mr. COPELAND. What was the bank to which the Senator referred? Was it the Guaranty Trust Co.?

Mr. COUZENS. The Bankers Trust Co. of New York was one.

Mr. COPELAND. I want to answer the Senator, if I may. The Senator has spoken of a particular institution, the Bankers Trust Co. of New York. I have no more grievance

against that institution than I have against any other. The Bankers Trust Co. is one of the group of superbankers who are trying to do the thing I have mentioned to the Senator about our traction rates. That is the reason why they will let Detroit have money and will not let us have it. They are playing politics with human misery, and in the present situation are trying to squeeze us and force us into an unwilling act. That is the answer.

Mr. COUZENS. When the municipal authorities of New York City show evidence of a willingness and desire to reduce expenses and live within their income, I have no doubt they will get from the bankers of New York the money that they want.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the junior Senator from New York?

Mr. COUZENS. I yield.

Mr. WAGNER. May I ask what rate of interest the city of Detroit paid for this loan?

Mr. COUZENS. I do not have the figures, but it was less than 6 per cent.

Mr. WAGNER. May I say on the question as to whether or not the bankers are apprehensive whether New York is living within its income, that only a year ago this same set of bankers for a similar loan, not for the same purpose, but a short-time loan in anticipation of the collection of taxes, loaned a large sum of money—I am quite sure it was over $50,000,000—at the lowest rate ever given to a municipality, to wit, 1½ per cent. That was only a year ago. There is very little difference between the budget of last year and this year. That is clear evidence that it is not a question of the credit of the city of New York, but merely, as my colleague [Mr. COPELAND] said, that this opportunity is being used to impose a certain policy which the banks would like to have the municipality follow with reference to the operation of the subways.

Mr. COUZENS. I am not impressed with that argument at all, because we can raise any sort of a bogey man as a reason for the bankers declining what we believe to be a proper loan. They are pursuing this practice, not only in the city of New York but in the city of Detroit, where we have no street-car fare controversy at all. They refused to loan us money until we balanced our budget.

Mr. WAGNER. What I tried to make clear was that the other loan, which was made at the rate of 1½ per cent, was made less than a year ago. So far as the operation of the municipality is concerned there has been no change since that time.

Mr. COUZENS. I want to point out to Senators that conditions have been getting worse ever since. In all probability a year ago there were not so many delinquent taxes and conditions were not as bad as they are to-day. Does the Senator believe that conditions a year ago were not better than they are to-day?

Mr. WAGNER. A year ago the municipality met all of its obligations.

Mr. COUZENS. Yes; and this year it can not do so.

Mr. WAGNER. It collected taxes and paid for the administration of its government. It is going to do the same thing this year as it has done it every year. The money which it is seeking to borrow, as my colleague and I have reiterated time and time again, is merely in anticipation of the collection of taxes. They are going to collect the taxes to meet the obligations, as they have done every year since the city began as a government.

Mr. COUZENS. Does the Senator from New York mean to imply by that statement that the citizens of New York, outside of the bankers themselves, have not sufficient confidence in the New York city administration to come forward and help them out?

Mr. WAGNER. That has not been attempted by the city of New York. There is no doubt that the city of New York will get its money to operate its government.

Mr. COUZENS. If that is true, then the Senator and his colleague should not come to the Federal Government until as a last resort, because they certainly do not want to come here and break down all the home-rule principle and all the State-rights principle to which Democrats so strongly adhere.

Mr. WAGNER. This is an abnormal situation, and all we are asking is that there be another place where we may go to borrow our money upon good security. The mere establishment of that other source, wherever it may be, will be sufficient to enable us to secure our money.

Mr. COUZENS. I would be ashamed to come here from the great city of Detroit and urge and beg my colleagues to come to its financial assistance.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the senior Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. I can well understand the attitude of the Senator. He knows the importance of great care in municipal government. But I want to recall to his attention what these bankers actually said. This is a statement over their own names. Among other things, they were insisting upon economy, but in addition, they said:

> The city must make every effort to transform enterprises which to-day are not self-supporting into ones that carry themselves.

That is a reference to the subways. The subways, as I tried to explain a week ago, were built by the city, and in and of themselves are profitable. They are operated, however, by the Interborough and Brooklyn Rapid Transit Cos., part of the companies which own the surface lines and the elevated. Those lines do not pay. These operators are not willing to have a fare which is very profitable in the subways continued that way, because they want to make money enough there to carry their dead horses. It is because these securities are held by the great banking concerns that the superbankers are taking advantage of this occasion to choke the city and squeeze the city into acquiescence in their plans.

Mr. COUZENS. Does the Senator intend me to infer from that that we should involve ourselves in local disputes between municipalities and their utilities?

Mr. COPELAND. Are we not involving ourselves in the question of whether the railroads have been properly run or not, and whether the mortgage companies have been properly run or not? They are provided for in the bill. We have provided $500,000,000 in the bill for the export corporation. We did not inquire into the operation of that organization.

Mr. COUZENS. I beg the Senator's pardon. We have not provided for $500,000,000 in the bill for the export corporation and do not propose to lend any money to the export corporation at all.

Going back to the railroads, I want to point out, as I have repeatedly stated on the floor of the Senate, that, so far as I can recall, the Banking and Currency Committee did not provide for the railroads primarily because of the railroads themselves but to sustain the insurance companies who own railroad bonds and who have billions of dollars' worth of policies among our citizens, and it was deemed unwise, as it seemed to us, to destroy the confidence of the people in life insurance; and further because billions of those bonds are in the hands of savings banks and we did not want to break them down and, perhaps, cause runs on the savings banks.

Mr. COPELAND. I agree fully with the Senator in that desire.

Mr. COUZENS. It was not for the railroads and it was not for the banks themselves that they were mentioned in the bill. They were mentioned in the bill because of the dependency of these organizations and not because the organizations had lived beyond their means or had been unduly extravagant or unwise in their expenditures. Every bit of evidence that we received was to the effect that the railroads have been economizing to the limit. When the municipalities can demonstrate that they have economized and still that they can not further exist or can not run their water works or their lighting plants without help, then I think it will be time for the municipalities to call upon Congress for help.

Mr. COPELAND. It is very pressing upon us when day after to-morrow, on Wednesday, we have $32,000,000 worth of securities coming due and we have not the funds to meet the payment.

Mr. COUZENS. The Senator's good citizens ought to come forward and help the municipality in a situation of that kind.

Mr. COPELAND. They are not all able to contribute $1,000,000 apiece.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the junior Senator from New York?

Mr. COUZENS. I yield.

Mr. WAGNER. Did I understand the Senator to say that the city of Detroit is appealing to the Federal Government for aid in taking care of the unemployment situation in that city?

Mr. COUZENS. The mayor of the city of Detroit has appeared before the Committee on Manufactures, presided over by the Senator from Wisconsin [Mr. LA FOLLETTE], and urged a general appropriation for the care of the unemployed of the United States. He was making no special appeal for Detroit. He was not asking the United States Government to support its credit or provide help in the way of funds for its banks or individuals.

Mr. WAGNER. The Senator has not quite answered my question. Does the city of Detroit expect to have some of these funds allocated to it so it may help those who are in distress?

Mr. COUZENS. Certainly, if that bill is passed; and I favor the bill.

Mr. WAGNER. The city of New York has asked for no such relief. We are taking care of that situation out of our own treasury.

Mr. COUZENS. I do not know about that. We in Detroit are taking care of that matter out of our own treasury, too; and we are not asking for any support of our own treasury. Detroit is taking care of itself, and we are taking care of our unemployed.

Mr. HARRIS. Mr. President, I desire to amend the amendment by inserting the word "county" after the word "State," so as to have the language refer to States, counties, and cities.

The VICE PRESIDENT. Let the amendment be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Georgia proposes to amend the amendment by inserting after the word "State" the word "county," so as to read:

Within the foregoing limitations of this section, the corporation may also make loans to a State, county, or city to aid in temporary financing—

And so forth.

Mr. WHEELER. With reference to section 15, I want to ask the Senator from Connecticut [Mr. WALCOTT] a question. I notice it provides that—

The corporation shall make and publish a report quarterly of its operations to the Congress stating the aggregate loans made to each of the classes of borrowers.

In view of the fact that we are giving the board such wide power, I think we ought to go further and ask the board to make a report not only of the aggregate loans made to each of the classes of borrowers but likewise we ought to ask them to report the kind and character of securities which they are taking for the loans, together with the rate of interest that is being paid. Otherwise the report they are going to make to Congress will be practically valueless.

We are proposing to turn over to the board $2,000,000,000. The only report we are asking them to make to Congress is as to the aggregate loans made to each of the classes of borrowers. We are giving them almost unlimited power. We ought to know not only the aggregate amount of the loans they have made but we ought to know the kind of securities they are taking when they loan this money, and in addition we ought to know the rate of interest that is being charged.

I wonder if the Senator from Connecticut, who has charge of the bill, would not accept that as an amendment to section 15?

Mr. WALCOTT. Mr. President, there is a difference between section 15 of the Senate bill and section 15 of the House bill. Instead of section 15 as found in the Senate bill a new section is inserted, which, in part, is as follows:

SEC. 15. The corporation shall make and publish a report quarterly of its operations to the Congress stating the aggregate loans made to each of the classes of borrowers provided for and the number of borrowers by States in each class.

It does not require the names of the borrowers to be reported. It is believed that there would be an element of danger in reporting the names of the borrowers in a transaction of this kind, and when the bill goes to conference I am inclined to believe that the provision for the names of the borrowers to be reported will be stricken out.

Mr. WHEELER. I did not ask the Senator that the names of the borrowers be put in, although I am inclined to believe that in instances of this kind we should have them, because I do not know any reason in the world why when the Government of the United States is loaning the people's money the Congress of the United States should not know to whom the money is being loaned. I do not know any reason why the good people of this country, for whom pleas have been made upon the floor of the Senate, should not know and could not be trusted with knowing to whom loans are made.

It may be argued that if that were done, it might hurt the credit of the borrowers, but I am assuming, Mr. President, that none of the money that will be loaned in this instance is going to be loaned to private individuals; it is going to be loaned to railroad corporations, to trust companies, and to mortgage companies, to corporations of that kind and character. Congress ought to know and the people ought to know to whom the money is loaned. They ought to know the kind of securities on which the money is loaned. In addition to that, they ought also to know the rate of interest that is charged.

We are sitting here in the United States Senate as a board of directors practically for the United States Government. What board of directors would allow the president of some subsidiary company to loan the money of the company and not report to the board of directors the amount of the money he was loaning, to whom he was loaning it, the kind of security he was getting, and the name of the borrower?

Mr. WALCOTT. Mr. President, if a bank which may be in serious trouble has that fact published, is it not going to encourage a run on that bank?

Mr. WHEELER. Not at all; I think it would be quite the contrary. If the people know that that bank has applied to the Government of the United States and is going to be able to borrow some money, I do not think that knowledge would cause a run on that bank at all. I do not think that is any answer to the question. Here we are sitting as a board of directors of the Government of the United States, and we are going to pass a bill in which we say we can not trust ourselves to know to whom we are making loans, the kind of security required, or the rate of interest charged, but that we are going to turn over to some corporation the authority and power to make these loans and not require the corporation to make a report setting forth those facts.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Georgia [Mr. HARRIS] to the amendment of the Senator from New York [Mr. COPELAND].

Mr. HARRIS. I want to say this: Unless this bill shall be amended in reference to loans to the cities, the largest cities of the country will get all of the amount appropriated. There are 2,500 counties in this country, and many of them are in as much financial distress on account of bonds issued for schools and roads as are any of the cities. For that reason I hope my amendment to include counties in the benefits to be derived from this measure will be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Georgia to the amendment of the Senator from New York. [Putting the question.] By the sound the "noes" seem to have it.

Mr. HARRIS. I ask for the yeas and nays, Mr. President.

The VICE PRESIDENT. Is there a second?

Mr. COUZENS. A parliamentary inquiry, Mr. President. What is the particular amendment?

The VICE PRESIDENT. The amendment proposed by the Senator from Georgia will be stated.

The LEGISLATIVE CLERK. The Senator from Georgia proposes the following amendment to the amendment of the Senator from New York: After the word "State" it is proposed to insert the word "county," so that it will read:

And also make loans to a State, county, or city.

The VICE PRESIDENT. The Senator from Georgia demands the yeas and nays. Is there a second?

The yeas and nays were not ordered.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is upon the amendment proposed by the Senator from New York to the committee amendment.

Mr. COPELAND. I ask for the yeas and nays.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Jones	Schall
Austin	Dale	Kean	Sheppard
Bailey	Dickinson	Kendrick	Shipstead
Bankhead	Dill	Keyes	Shortridge
Barbour	Fess	King	Smith
Bingham	Fletcher	La Follette	Smoot
Black	Frazier	Logan	Steiwer
Blaine	George	McGill	Thomas, Okla.
Borah	Glass	McKellar	Townsend
Bratton	Glenn	McNary	Trammell
Brookhart	Goldsborough	Metcalf	Tydings
Bulkley	Gore	Moses	Vandenberg
Bulow	Hale	Neely	Wagner
Byrnes	Harris	Norbeck	Walcott
Capper	Harrison	Nye	Walsh, Mass.
Caraway	Hastings	Oddie	Walsh, Mont.
Carey	Hatfield	Patterson	Waterman
Coolidge	Hayden	Pittman	Watson
Copeland	Hebert	Reed	Wheeler
Costigan	Howell	Robinson, Ark.	White
Couzens	Hull	Robinson, Ind.	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from New York to the amendment of the committee, on which he has demanded the yeas and nays.

Mr. HARRIS. Mr. President, I offer an amendment to the amendment.

The VICE PRESIDENT. Let the amendment be reported.

The LEGISLATIVE CLERK. It is proposed to add at the proper place in the amendment offered by the Senator from New York the words "not exceeding 5 per cent of the amount appropriated shall be loaned to any one city."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Georgia to the amendment proposed by the Senator from New York.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment offered by the Senator from New York to the committee amendment, on which he demands the yeas and nays. Is there a second?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. REED (when the name of Mr. DAVIS was called). I am requested by my colleague [Mr. DAVIS] to announce that he is unavoidably absent from the Senate to-day.

Mr. FLETCHER (when his name was called). On this vote I have a pair with the Senator from Nebraska [Mr. NORRIS]. If he were present, he would vote "yea." If I were permitted to vote, I should vote "nay." I will ask that this announcement of my pair stand for the afternoon.

Mr. GLENN (when his name was called). I have a general pair with my colleague [Mr. LEWIS], who is unavoidably absent from the Chamber. Not knowing how he would vote upon this amendment, I refrain from voting. If permitted to vote, I should vote "nay."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I am informed that if he were present he would vote as I intend to vote. Therefore I feel free to vote and vote "nay."

Mr. HEBERT (when his name was called). I have a general pair with the Senator from Missouri [Mr. HAWES]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I have a pair with the junior Senator from Virginia [Mr. SWANSON]. I understand, however, if he were present he would vote as I would on this amendment. Therefore I feel free to vote and vote "nay."

Mr. MOSES (when his name was called). I have a general pair with the Senator from Louisiana [Mr. BROUSSARD]. The junior Senator from Kentucky [Mr. LOGAN] has a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. By means of a double transfer of pairs, leaving the Senator from Louisiana and the junior Senator from Pennsylvania paired, I am free to vote, and the junior Senator from Kentucky is also free to vote. Therefore I vote. I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote.

Mr. SHORTRIDGE (when his name was called). I have a general pair with the senior Senator from Arizona [Mr. ASHURST]. In his absence I withhold my vote.

The roll call was concluded.

Mr. FESS. The Senator from Colorado [Mr. WATERMAN] is paired with the Senator from Kentucky [Mr. BARKLEY].

Mr. LOGAN. The statement just made by the Senator from New Hampshire [Mr. MOSES] leaves me at liberty to vote. I therefore vote. I vote "nay."

Mr. HAYDEN. My colleague [Mr. ASHURST] is absent from the Senate on official business.

Mr. SHEPPARD. My colleague the junior Senator from Texas [Mr. CONNALLY] and the senior Senator from North Carolina [Mr. MORRISON] are unavoidably detained from the Senate on official business.

The result was announced—yeas 25, nays 53, as follows:

YEAS—25

Black	Dill	McGill	Trammell
Blaine	Frazier	McKellar	Wagner
Bratton	George	Neely	Walsh, Mass.
Bulow	Harrison	Nye	Wheeler
Coolidge	Johnson	Sheppard	
Copeland	Kendrick	Shipstead	
Costigan	La Follette	Thomas, Okla.	

NAYS—53

Austin	Dale	Kean	Smith
Bailey	Dickinson	Keyes	Smoot
Bankhead	Fess	King	Steiwer
Barbour	Glass	Logan	Thomas, Idaho
Bingham	Goldsborough	McNary	Townsend
Borah	Gore	Metcalf	Tydings
Brookhart	Hale	Moses	Vandenberg
Bulkley	Harris	Norbeck	Walcott
Byrnes	Hastings	Oddie	Walsh, Mont.
Capper	Hatfield	Patterson	Watson
Caraway	Hayden	Pittman	White
Carey	Howell	Reed	
Couzens	Hull	Robinson, Ark.	
Cutting	Jones	Schall	

NOT VOTING—17

Ashurst	Fletcher	Lewis	Shortridge
Barkley	Glenn	Morrison	Stephens
Broussard	Hawes	Norris	Swanson
Connally	Hebert	Robinson, Ind.	Waterman
Davis			

So Mr. COPELAND's amendment to the amendment of the committee was rejected.

Mr. WALSH of Massachusetts. Mr. President, I offer the following amendment: On page 6, line 7, after the word "secured," add the following:

The corporation, on such terms as it shall prescribe, shall give consideration to banks petitioning for loans secured by securities that are in the nature of tax-anticipatory loans to States and cities.

The sentence before the amendment should be read in connection with it. That sentence is as follows:

All loans made under the foregoing provisions shall be fully and adequately secured.

Then would follow the amendment:

The corporation, on such terms as it shall prescribe, shall give consideration to banks petitioning for loans secured by securities that are in the nature of tax-anticipatory loans to States and cities.

Briefly explained, this amendment will merely call the attention of the board to the problem with which the cities and States are confronted, and will permit them to use their good offices in getting the banks to take up some of the securities of States and cities if they are sound.

The bill as it is at present permits any bank to offer to the refunding corporation the securities of cities or towns, if it sees fit, in order to obtain a loan. There is no question about that. The object in view is to liquidate the banks, so they will have available funds to meet the demands of their depositors and to meet reasonable loan demands. If we adopt legislation here to help liquidate these banks, the banks in turn ought to use that money to help out the financially straitened city and State governments. They ought not to be encouraged to use the money simply to take care of their own immediate customers who may be in distress as against the cities and States.

This amendment, therefore, will simply call attention to the fact that banks that offer these securities should be given special consideration by the board in advancing money on behalf of this corporation. It seems to me that it is most harmless; and I hope the Senator from Connecticut [Mr. WALCOTT] will accept the amendment. May I have the Senator's opinion regarding it?

Mr. WALCOTT. Mr. President, of course I can not speak for the committee. As for myself, it seems to me, with all due deference to the distinguished Senator from Massachusetts, that the amendment is superfluous, in that the new board would have all of the powers which he wishes to confer upon it.

Mr. WALSH of Massachusetts. There is no doubt but that the board will have the power to accept these very securities when offered by a bank, and to loan money upon these securities; but in order to give comfort to these municipal authorities who find that they are embarrassed now because the banks are without funds, I am trying to have the board be particularly interested in encouraging loans of this kind where they will help out these distressed cities, and be willing especially to accept these classes of security.

Mr. THOMAS of Idaho. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. WALSH of Massachusetts. I yield to the Senator from Idaho.

Mr. THOMAS of Idaho. Does the Senator from Massachusetts think there is any danger of the board not giving consideration to this class of securities of municipalities? Why specify the securities of municipalities, when the bill already provides that money can be loaned to these banks for almost any purpose? Why single out this particular class, and say that they shall have a preference?

Mr. WALSH of Massachusetts. The only answer I can make to the Senator is, why single out banks at all? Why single out anybody?

Mr. THOMAS of Idaho. That is the point exactly.

Mr. WALSH of Massachusetts. We are singling out for aid certain classes. We are singling out the banks in order that the securities of railroads and insurance companies shall be strengthened, and I agree they ought to be.

Now, however, we have petitioning to us the municipal authorities of some of the largest cities in this country, stating that they are unable to get money from these banks because of the shortage of funds. We are proceeding to give these banks funds by taking off their hands some of their securities. Why not provide that they will encourage making loans to States and municipalities?

Of course, this board can do this very thing if it says the word. If it suggests to the banks that come to it for loans, "We think you ought to give that city or that State the loan they are asking for," the matter could thus be handled; but we do not know whether the board will be disposed to do that or not. We do not know what the membership of this board may be. We do not know who the board is going to favor in advancing loans for the banks when their funds become liquid. It seems to me there can be no harm in suggesting that we are interested in these cities and States that need funds and we want to encourage the banks to take care of them, assuming, of course, that their securities are sound. No one wants the banks to take the securities of cities and States that are unsound, that will not be paid when they come due.

It seems to me the amendment is about as harmless as one could be and that it looks in the right direction for financial aid and assistance to our cities.

I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOGAN (when Mr. BARKLEY's name was called). My colleague [Mr. BARKLEY] is absent on important business.

Mr. FLETCHER (when his name was called). I make the same announcement as before. I have a pair with the Senator from Nebraska [Mr. NORRIS]. If he were present, he would vote "yea," and if I were at liberty to vote I should vote "nay."

Mr. GLENN (when his name was called). Making the same statement as on the last roll call regarding my general pair with my colleague [Mr. LEWIS], I refrain from voting.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON], but I understand that if he were present he would vote as I intend to vote, and I therefore feel at liberty to vote. I vote "nay."

Mr. HEBERT (when his name was called). As previously announced, I have a general pair with the senior Senator from Missouri [Mr. HAWES]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I understand that the senior Senator from Virginia [Mr. SWANSON], with whom I have a pair, would vote as I intend to vote, and therefore I feel free to vote. I vote "nay."

Mr. LOGAN (when his name was called). For the reason stated by the senior Senator from New Hampshire [Mr. MOSES] on the previous roll call, which reason still prevails, I am at liberty to vote. I vote "nay."

Mr. BAILEY (when Mr. MORRISON's name was called). The senior Senator from North Carolina [Mr. MORRISON] is necessarily absent on public business.

Mr. MOSES (when his name was called). Repeating the complicated announcement which I made on the preceding ballot, I vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. In his absence I withhold my vote.

The roll call was concluded.

Mr. FESS. I desire to announce that the senior Senator from Colorado [Mr. WATERMAN] has a general pair with the senior Senator from Kentucky [Mr. BARKLEY].

Mr. SHEPPARD. The Senator from Arizona [Mr. ASHURST], the Senator from Tennessee [Mr. HULL], and the Senator from Tennessee [Mr. MCKELLAR] are unavoidably detained from the Senate on official business.

Mr. SHORTRIDGE. I have a general pair with the senior Senator from Arizona [Mr. ASHURST] and in his absence I withhold my vote.

Mr. NYE. Mr. President, I inquire whether the junior Senator from Tennessee [Mr. HULL] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. NYE. Then I have to announce that on this subject I have a pair with that Senator.

The result was announced—yeas 24, nays 50, as follows:

YEAS—24

Bankhead	Copeland	Hayden	Thomas, Okla.
Black	Costigan	Johnson	Trammell
Bratton	Dill	Kendrick	Tydings
Bulow	Frazier	McGill	Wagner
Connally	George	Neely	Walsh, Mass.
Coolidge	Harrison	Sheppard	Wheeler

NAYS—50

Austin	Cutting	Kean	Robinson, Ark.
Bailey	Dale	Keyes	Shipstead
Barbour	Dickinson	King	Smith
Bingham	Fess	La Follette	Smoot
Blaine	Glass	Logan	Steiwer
Borah	Goldsborough	McNary	Thomas, Idaho
Brookhart	Gore	Metcalf	Vandenberg
Bulkley	Hale	Moses	Walcott
Byrnes	Harris	Norbeck	Walsh, Mont.
Capper	Hastings	Oddie	Watson
Caraway	Hatfield	Patterson	White
Carey	Howell	Pittman	
Couzens	Jones	Reed	

NOT VOTING—21

Ashurst	Hawes	Norris	Swanson
Barkley	Hebert	Nye	Townsend
Broussard	Hull	Robinson, Ind.	Waterman
Davis	Lewis	Schall	
Fletcher	McKellar	Shortridge	
Glenn	Morrison	Stephens	

So the amendment of Mr. WALSH of Massachusetts to the amendment was rejected.

Mr. WHEELER. Mr. President, I desire to offer an amendment by adding the whole of section 18 as it appeared in the bill as it passed the Senate, with the exception of adding, on page 20, line 15, after the word "prescribe" and the period, the words: *"Provided*, That the Secretary of Agriculture shall give preference in making such loans or advances to those sections of the country that suffered from crop failures in 1931."

I will say to the Senate that this amendment is suggested for the purpose of getting the matter into conference, and particularly to get the words I have added before the conferees.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

Mr. WALCOTT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WALCOTT. Is it possible for the Senator from Montana to be amending the Senate bill?

Mr. WHEELER. It is the House bill.

Mr. WALCOTT. I thought the Senator said the Senate bill.

Mr. WHEELER. No; I am asking that section 18 as it was passed in the Senate bill be added.

The PRESIDENT pro tempore. Under the parliamentary situation, amendments will have to be considered as offered to the pending amendment, which is to strike out all after the enacting clause of the bill which passsd the House and insert the bill as it passed the Senate.

Mr. WHEELER. I am offering this as an amendment to the bill as it passed the House, to add another section.

Mr. REED. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. REED. Is it not correct that inasmuch as the Senator from Connecticut has offered a substitute for the entire bill as it passed the House, it is therefore in order to offer amendments to the House text, as the Senator from Montana is doing, before a vote is taken on the question of the substitution?

Mr. ROBINSON of Arkansas. It is clearly in order, Mr. President, to perfect both the substitute and the bill for which the substitute is offered.

Mr. REED. Precisely, and my point is that votes must be taken upon any perfecting amendments, such as that offered by the Senator from Montana, before the question of the substitution can be voted on.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Wisconsin?

Mr. WHEELER. I yield.

Mr. LA FOLLETTE. May I suggest to the Senator that in all probability the action which the Senate will take will be to substitute the Senate bill for the House text, and therefore, even though the Senator succeeds in securing an amendment to the House text, should that procedure be taken, his amendment will not be in conference? If it is the desire of the Senator from Montana to broaden the provisions of section 18, it would seem to me that he should offer the amendment as an amendment to the substitute which the Senator from Connecticut has offered.

The PRESIDENT pro tempore. The Senator from Wisconsin anticipates the statement which the Chair was about to make. The status of the matter is as he states.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Montana yield to me?

Mr. WHEELER. I yield.

Mr. ROBINSON of Arkansas. It is a matter within the discretion of the Senator offering the amendment. If he prefers to have his amendment incorporated in the House text, he is entitled to have that done.

Mr. REED. A parliamentary inquiry. I would like to supplement the observation of the Senator from Wisconsin by the statement that if the motion of the Senator from Connecticut shall be lost and the substitution is not made, then the Senator from Montana would have lost any opportunity to get his amendment into conference. He is entitled to judge for himself whether he desires to offer his amendment to the substitute or not.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. FESS. I understand that the House text is before the Senate.

The PRESIDENT pro tempore. It is.

Mr. FESS. The Senate bill is not yet before the Senate?

The PRESIDENT pro tempore. It is, as a proposed amendment.

Mr. FESS. Not until it is offered as an amendment.

The PRESIDENT pro tempore. It has been so offered.

Mr. FESS. Has the motion been made to strike out all after the enacting clause and to insert the Senate bill?

The PRESIDENT pro tempore. The motion of the Senator from Connecticut, as repeatedly stated by the occupant of the chair, is to strike out and insert.

Mr. FESS. That is before the Senate.

The PRESIDENT pro tempore. The amendment proposed to be inserted is open to amendment.

Mr. FESS. Then the contention that an amendment can be made to either the House or the Senate bill I think is correct.

The PRESIDENT pro tempore. That is correct, but in order to save all the rights of the Senator from Montana under what probably will be the action of the Senate, he is offering the amendment to the substitute offered by the Senator from Connecticut.

Mr. ROBINSON of Arkansas. What the Chair is doing is saving the rights of the Senator from Montana.

Mr. WHEELER. Mr. President, I offer this as an amendment to the amendment offered by the Senator from Connecticut [Mr. WALCOTT].

Mr. WALCOTT. Mr. President, will not the Senator withhold his motion to amend until I make a parliamentary inquiry?

Mr. WHEELER. Certainly.

Mr. WALCOTT. I would like, if possible, to have a ruling from the Chair as to how best the Senate should proceed to adopt the amendment of the Senator from Montana so that it will go before the conferees. In my opinion, it is a desirable amendment, and it seems to me that if the Senator offers it as an amendment to the House text, it will not get into conference. Am I correct?

The PRESIDENT pro tempore. The Chair is clearly of the opinion that the most effective way to send the amendment proposed by the Senator from Montana to conference is to propose it as an amendment to the pending amendment.

Mr. WHEELER. That is what I have done.

The PRESIDENT pro tempore. The Chair understands the Senator from Montana to have done that.

The question is upon agreeing to the amendment proposed by the Senator from Montana [Mr. WHEELER] to the amendment in the nature of a substitute proposed by the Senator from Connecticut [Mr. WALCOTT].

The amendment to the amendment was agreed to.

Mr. HOWELL. Mr. President, in the bill as it passed the House there is a provision which, in a negative sense, authorizes the lending of $200,000,000 of the funds of the proposed finance corporation to one company or interest. Certainly $200,000,000 of the funds of this corporation should not be loaned to one interest. If there were 10 companies or interests seeking similar loans, and the loans were all granted, such action would exhaust the whole fund of $2,000,000,000.

Moreover, Mr. President, under the bill as it passed the House it is provided that $200,000,000 might be loaned to one company or interest prior to the issuance of any bonds whatever.

In view of the fact that the House bill carries such a permissive clause authorizing the loaning of $200,000,000 to one interest—that is, in a negative way, because it provides that not more than $200,000,000 shall be loaned to any one company or interest—I believe that something should be inserted in the pending measure to limit the amount that may be loaned to any one interest to a reasonable sum. Therefore I offer the following amendment:

In no case shall the aggregate amount of advances made by the corporation to any one corporation and its subsidiaries or affiliated organizations exceed at any one time 3 per cent of (1) the authorized capital stock of the Reconstruction Finance Corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

This would provide a limitation of $60,000,000 on loans to any one interest, and certainly that is as much—yes, more—than should be loaned to any one interest by this Reconstruction Finance Corporation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. HOWELL. Certainly.

Mr. ROBINSON of Arkansas. I do not understand the meaning, as applied to this bill, of the term "one interest." What does the Senator mean by the term and where would his amendment be inserted in the bill?

Mr. HOWELL. The amendment which I have offered is taken almost bodily from the House text.

Mr. ROBINSON of Arkansas. Where in the bill is the provision which the Senator seeks to amend?

Mr. HOWELL. On page 7. My amendment is identical with the language in line 16, beginning with the word "in" and ending with the word "in" in line 23, excepting as to the amount of the percentage in line 19.

Mr. ROBINSON of Arkansas. The language employed by the House is:

To any one corporation and its subsidiaries or affiliated organizations.

Mr. HOWELL. Again I state the amendment:

In no case shall the aggregate amount of advances made by the corporation to any one corporation and its subsidiaries or affiliated organizations exceed at any one time 3 per cent of (1) the authorized capital stock of the Reconstruction Finance Corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

In other words, the amount that can be loaned to one interest is limited to $60,000,000 by my amendment. It is now limited in the House bill to $200,000,000.

Mr. GLASS. Mr. President, I invite attention to the fact that the Senator from Nebraska voted for the bill when it authorized $2,000,000,000 to be loaned to any one interest.

Mr. HOWELL. The bill did not authorize $2,000,000,000 to be loaned to one company or interest. It was silent as to that. I did not then suppose, I must say, that it was contemplated that one interest might borrow even $200,000,000.

Mr. GLASS. Under the Senate committee provision, one railroad could have borrowed the whole $2,000,000,000 or one group of banks could have borrowed the whole $2,000,000,000. But what the House did, and I think did wisely, was to apply to this particular corporation the provision of the national banking act which applies to all national banks, prohibiting the loaning of more than 10 per cent of its capital to any individual, concern, or corporation.

Mr. HOWELL. Mr. President, it seems to me that we can not justify the lending of $200,000,000 to one interest when there are so many interests in the country that will be seeking aid from this reconstruction corporation. We have just refused aid for the cities of the Nation, and undoubtedly we refused aid because the amount of money which will be available would not be sufficient to go around. Are we, as suggested by the Senator from Virginia [Mr. GLASS], to permit not $200,000,000 but $2,000,000,000 to be loaned to one interest? Certainly there must have been a suspicion in the minds of those who inserted the $200,000,000 limitation in the House bill that there was some interest that might want to borrow more than $200,000,000.

Mr. COUZENS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. HOWELL. I yield.

Mr. COUZENS. I think the Senator will find that the real reason for putting that language in the bill was the fact that it was copied from the national banking act. The language here is the same as is employed in the national banking act.

Mr. HOWELL. That may be all true, but, as I stated, it is nevertheless permissive in a negative way.

The PRESIDENT pro tempore. The question is on the amendment which the Senator from Nebraska proposes to the amendment offered by the Senator from Connecticut.

On a division, the amendment to the amendment was rejected.

Mr. HOWELL. Mr. President, I now offer an amendment identical in form with a limitation of $100,000,000, providing that not more than $100,000,000 shall be loaned to any one company or interest. The amendment reads:

In no case shall the aggregate amount of advances made by the corporation to any one corporation and its subsidiaries or affiliated organizations exceed at any one time 5 per cent of (1) the authorized capital stock of the reconstruction finance corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

This is a similar amendment but increasing the limitation from $60,000,000 to $100,000,000.

Mr. KING. Mr. President, am I to understand the Senator's amendment to contemplate that as much as $100,000,000 may be loaned to any corporation, no matter how large it is or how great its resources?

Mr. HOWELL. I am trying to limit the amount. It has been stated that $2,000,000,000 might be loaned to one corporation under the bill as it passed the Senate, and that not more than $200,000,000 could be loaned to one interest under the House text. I first proposed that not more than $60,000,000 could be loaned to any one interest under the terms of the bill. That amendment was defeated. Now, I propose that not to exceed $100,000,000 may be loaned to any one interest.

Mr. ROBINSON of Arkansas. By "interest" the Senator means any one corporation and its subsidiaries or affiliated organizations?

Mr. HOWELL. Yes.

Mr. ROBINSON of Arkansas. That is the language actually employed in the Senator's amendment.

Mr. HOWELL. Yes.

Mr. KING. I was about to observe that I can not conceive of this great corporation or its board, if it acts wisely, loaning as much as $50,000,000 to any one corporation. Without desiring to be critical, I believe that they would misconceive their duty to the people if, taking $2,000,000,000, or at least getting the credit of the Government to that extent, they would loan as much as $50,000,000 to any one

corporation. I understand the exigencies are such, as claimed by the proponents of the measure, exigencies nation-wide and covering nearly every industry, as to require the credit of the country. If it is proposed to centralize the loans in the hands of a few big corporations by loaning as much as $50,000,000 to any one corporation, I feel that the board having control of it would fail in their duty to the public. I regret that the Senator did not submit an amendment for limitation to $50,000,000, or even $25,000,000.

Mr. HOWELL. I will say to the Senator from Utah that my first amendment provided for not to exceed $60,000,000. That amendment was voted down. Now I propose that loans shall not exceed $100,000,000 to any one corporation or affiliated organizations.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Nebraska to the amendment of the Senator from Connecticut.

Mr. ROBINSON of Arkansas. Mr. President, if it is in order to submit just a word in further debate, I believe the amendment of the Senator should be agreed to. It will enable the conferees to determine the maximum limitation that might be loaned to any one corporation and its subsidiaries or affiliated organizations. The only limitation now, as I recall it, on the amount that might be loaned is found in the House text, which is not to exceed $200,000,000. I doubt if there is any necessity for so large a maximum. In any event it does seem proper to give the conferees jurisdiction of the subject. I would like the opinion of the Senator from Virginia [Mr. GLASS] on that point.

Mr. GLASS. Mr. President, for that reason I voted for the first amendment proposed by the Senator from Nebraska. I think we might very safely adopt the amendment which he now proposes and let the matter go to conference.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Nebraska to the amendment of the Senator from Connecticut.

The amendment to the amendment was agreed to.

The bill was ordered to be engrossed and to be read a third time.

The bill was read the third time and passed.

Mr. WALCOTT. Mr. President, I move that the Senate insist upon its amendments, ask for a conference with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed the junior Senator from Connecticut [Mr. WALCOTT], the senior Senator from South Dakota [Mr. NORBECK], the senior Senator from Iowa [Mr. BROOKHART], the junior Senator from Delaware [Mr. TOWNSEND], the senior Senator from Florida [Mr. FLETCHER], the junior Senator from Virginia [Mr. GLASS], and the junior Senator from Ohio [Mr. BULKLEY] as conferees on the part of the Senate.

DEFICIENCY APPROPRIATIONS

The Senate resumed consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

The PRESIDENT pro tempore. The clerk will state the pending amendment.

The LEGISLATIVE CLERK. The pending amendment is the amendment offered by the Senator from Iowa [Mr. DICKINSON] to the committee amendment, on page 31, line 1, after the word "pilot," to insert the words "of Group 1."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Iowa to the amendment reported by the committee.

Mr. DICKINSON. Mr. President, the only purpose of the amendment to the amendment is to limit this appropriation to a certain type of pilot in the Officers' Reserve Corps. In my judgment, the limitation is justified under existing conditions, and I ask for a vote on the amendment.

Mr. KING. Mr. President, will the Senator state what the amendment is?

Mr. DICKINSON. It is simply a perfecting amendment whereby, instead of providing that this appropriation shall be used for the benefit of all Reserve Corps aviation pilots, it shall be used for aviation pilots in Group 1, consisting of pilots who are trained and are eligible to take any type of ship and undertake combat flying on a moment's notice. If the committee amendment is to be adopted—and I am opposed to it and expect to vote against it—the use of the money ought to be limited to Group 1 pilots.

Mr. KING. Mr. President, it seems to me that we ought to accept this amendment to the amendment and then defeat the entire committee amendment.

Mr. BINGHAM. Mr. President, may I say that the American Legion in its convention in Detroit in September went into the question of providing additional flying time for reserve pilots and adopted a resolution in favor of it. The Reserve Officers' Association have taken the matter up and regard it as very essential. At the present time there is only money enough in the appropriation to provide 39 minutes' flying a month for the reserve pilots between now and the end of the fiscal year. There are some 1,800 reserve pilots, about 1,000 of whom are in Group 1, who are prepared to go into the field to-morrow and fly any service-type plane. It has been the experience of all the leading authorities on aviation that pilots need about four hours a month in order to keep in training and in order that they may fly safely. This is a measure to provide safety for our reserve pilots. All the 1,800 will not be provided for under the amount proposed now to be appropriated.

Personally, I have no objection whatever to the expenditure of the money being limited to the pilots in Group 1, although I am inclined to oppose it because those who are proposing it are opposed to the entire amendment. The amount involved, $100,000, is not great, but it is designed to provide additional flying time for 1,000 first-class pilots, who are ready to serve to-morrow, if necessary.

The training of these pilots has cost the United States Government between $20,000 and $25,000 apiece. If there is any sense in providing national defense, if there is any point in having a national reserve ready for instant duty, if if there is any advantage in maintaining an air service at all, we ought to provide sufficient money to see to it that our best reserve pilots may at least fly a sufficient number of hours each month so that they may fly safely and not endanger their lives and Government property when they do fly.

Mr. KING. Mr. President, will the Senator permit an inquiry?

Mr. BINGHAM. Certainly.

Mr. KING. The Senator just stated, as I understood him, that each pilot has cost the Government $25,000.

Mr. BINGHAM. That is, for his training.

Mr. KING. Civilian pilots, many of whom are just as good as any in the Government service, are trained for one-half—yes; one-third or one-fourth of $25,000—indeed, many of the pilots now flying have had but a few days, that is, a few hours daily, which, multiplied, would make a few days—training and they have made conspicuous successes as pilots. It seems to me that the Government is paying entirely too much.

Mr. BINGHAM. I will say to the Senator from Utah that the Commerce Department will not permit a man to retain a license for commercial flying unless he does 50 hours' flying a year, which is a little more than 4 hours a month, while we are saying to these men, who are the very pick of the aviation pilots of the country, "We can not furnish you enough gas and oil to permit you to fly more than 39 or 40 minutes a month for the next six months."

Mr. KENDRICK. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wyoming?

Mr. BINGHAM. I yield.

Mr. KENDRICK. I favored the amendment as proposed by the Senator from Connecticut in the committee and voted for it there. I should like, however, to have him explain to just what group of pilots in the so-called Reserve

Corps this particular appropriation will apply. Will it apply to the first group only?

Mr. BINGHAM. It is the purpose of the War Department, according to their practice at the present time, to apply the money to Groups 1 and 2. Group 1 is made up of pilots who are prepared to fly service types of military planes to-morrow. Group 2 is made up of those who have completed their preliminary training and are prepared to fly training-type planes and some of the easier service-type planes. There are about 500 in Group 2 and about 1,000 in Group 1. Of course, the most important thing to do is to keep those in Group 1 up to the scratch in their training.

Mr. KENDRICK. In the absence of this appropriation will the pilots in Group 2 have no opportunity of flying?

Mr. BINGHAM. They will practically have no flying time at all.

Mr. KENDRICK. And they, too, are liable to be called into service at any time?

Mr. BINGHAM. They would be called into service to-morrow in case of an emergency.

Mr. KENDRICK. They are subject to call.

Mr. BINGHAM. They are subject to call, and they need to continue their training in the same flight types of service plane.

Mr. KENDRICK. I listened to the testimony before the committee, and as I recall the statement of General Patrick, he pointed out the undeniable fact that increased opportunity for flying promotes progress in training very materially and also insures greater safety in flying.

Mr. BINGHAM. That is true, Mr. President.

Mr. HALE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Maine?

Mr. BINGHAM. I yield.

Mr. HALE. I should like to ask the Senator whether it is not true that the pilots in Group A have two weeks' training per year under pay?

Mr. BINGHAM. That does not come under this appropriation; that is when they are placed on active duty and are given intensive training for two weeks during the year.

Mr. HALE. I should like to ask the Senator if he thinks pilots who do no flying during the year would be qualified to take that two weeks' training?

Mr. BINGHAM. Certainly not. It would be very unsafe for them to take two weeks' training in service-type planes unless they have been keeping up their flying during the year.

Mr. HALE. Therefore the two weeks, instead of being used for training in difficult flying, would have to be used to make up what they had not done during the year?

Mr. BINGHAM. The Senator is correct.

Mr. HALE. I can not see how there can be any question as to the merits of the amendment.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Tennessee?

Mr. BINGHAM. I yield.

Mr. McKELLAR. There was no estimate sent down for this appropriation, was there?

Mr. BINGHAM. No; but the Senator will realize that the War Department is allowed only a certain amount of money and each department under it has to cut its cloth accordingly.

Mr. McKELLAR. And the Military Affairs Committee has never passed on this appropriation, has it?

Mr. BINGHAM. It is not the duty of the Military Affairs Committee to pass on this or any other appropriation.

Mr. McKELLAR. The Military Affairs Committee is where the recommendation for the money comes from. This item has never been considered by the Military Affairs Committee; it has never reported on it.

Mr. ROBINSON of Arkansas. Ordinarily that committee would authorize the appropriation.

Mr. McKELLAR. It would authorize the appropriation.

Mr. BINGHAM. The Committee on Military Affairs recommended the legislation which authorized the training of reserves, and that is as far as it ever goes.

Mr. McKELLAR. This item has not been recommended by the Military Affairs Committee.

Mr. BINGHAM. Nor has any other appropriation, I will say to the Senator.

Mr. McKELLAR. Yes; we always have the chairman and certain members of the Committee on Military Affairs cooperating with the Appropriations Committee in the consideration of the military appropriations bill. The chairman of the Military Affairs Committee always comes before the Appropriations Committee at that time.

Mr. JONES. Let me suggest that that is in connection with the Regular Army appropriation bill, but that does not apply to deficiency appropriation bills.

Mr. McKELLAR. Of course, it does not apply to deficiency bills. What I want to get before the Senate is this: The item of $100,000 is just put in here without being estimated for, without even the recommendation of the department, and without the Committee on Military Affairs, which has to do with such matters, passing upon it. It seems to me that the better way would be, if the Military Affairs Committee does not recommend enough, for the Senator to go before that committee and thresh it out there before it is brought as a deficiency to the Appropriations Committee. I took that position in the committee. I thought then it was an extravagant appropriation; I thought it was an unnecessary appropriation; I believe so now; and I want to express that view whenever the question comes to a vote.

Mr. BINGHAM. The Senator will remember that the committee, having heard both sides of the question, quite convincingly voted, something like 11 to 2, or, counting those who were absent, something like 13 to 4, in favor of the amendment.

Mr. McKELLAR. I happened not to be present when the full committee voted on it, but I was present when the subcommittee that heard the entire matter voted, and my recollection of the vote is that it was 6 to 5.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from New York?

Mr. BINGHAM. I yield.

Mr. COPELAND. I merely want to say that I have thought sometimes that the reserve officers have not had quite the same careful thought and sympathetic attention that officers of the Regular Establishment have had. These are the men whom we would depend upon in time of emergency; we ought so far as we can to make flying safe for them; and if the expenditure of this amount of money will make their training more effective and safer and cause them to be better prepared for their work, I think we should make the appropriation.

Mr. KENDRICK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Wyoming?

Mr. BINGHAM. I yield.

Mr. KENDRICK. The amendment has a certain appeal to me, because I believe we should extend such protection as we can to these men who, as I understand, are subject to call at any time. The question that presents itself to me is whether we will, by an attitude of parsimony, deny these men sufficient hours of flying to enable them to become familiar with the details of the operation of the airships and to give them the necessary experience.

Mr. COPELAND. I thoroughly indorse what the Senator from Wyoming says.

Mr. SMOOT. Mr. President, if I understand correctly the amendment offered by the Senator from Iowa to the amendment reported by the committee, it intends to provide that if the amount appropriated is not sufficient to cover the needs of both classes of pilots, the first and second, or class A and class B, it shall be expended upon the first class of pilots. It seems to me that is the best thing to do; so, under the circumstances, I shall support the amendment offered by the Senator from Iowa.

Mr. BINGHAM. I have no objection, Mr. President. I think it might be a good plan, because then it will give

them a sufficient amount of time in the air to make flying really safe for them.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Iowa to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. DICKINSON. Mr. President, now I hope the amendment of the committee providing an appropriation of $100,000 will be defeated by the Senate. I find in the examination of the record, so far as this amendment is concerned, that it does not have the approval of the War Department, and there is no Budget estimate for it. It is simply here at the request of the Officers' Reserve Association, who have found a "friend on the hill" who calls up the proper bureau, obtains the information from it, and in that way brings the item before the Appropriations Committee and gets it inserted in the bill as an amendment. It seems to me if we are going to proceed along the lines of economy that we ought, at least, to permit the War Department or the particular department of the Government that has these matters in control to be consulted and considered.

The Senate is disregarding the Budget and fiscal machinery of the Government when it insists on inserting this amendment in an appropriation bill. I am very much interested in a record being made under the leadership in the House, wherein it has been agreed that no item shall go in an appropriation bill in excess of the estimate of the Budget, and that there will be nothing done by the Appropriations Committee in the House except to reduce the Budget estimates.

If we in the Senate are going to organize for real efficiency, we ought to begin with this first appropriation bill. It seems to me that we ought to formulate a new order here, known as "The Apostles of Economy," and that there ought to be 96 members of it in the United States Senate; and we ought to lay aside these smaller things that seem to have to do with the welfare of particular organizations in which we are interested and think of the broader thing, the saving of the revenues of the Government.

I have here a telegram which I should like to read to you; and I want to say that we have been largely a group that have legislated according to the propaganda that comes in. This is from Des Moines, Iowa, and is addressed to me:

> As representative of some 2,000 reserve officers in this State, I wish to protest your opposition to the Air Reserve deficiency amendment now before the Senate. We feel that the defeat of this bill would seriously cripple our national-defense policy, for which this association stands.
>
> JAMES C. BLACKBURN,
> *President Iowa Reserve Officers' Association.*

It is really too bad that the 2,000 officers in the reserve in Iowa have an organization of that kind while the hundreds of thousands of taxpayers have no organization at all to send in that type of propaganda in protest of this type of thing that they have to help carry on.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. The Senator has answered a query that is in my mind. I have received several communications like that, not protesting but asking me to support the item; and all came to the hotel in which I live—not one to my office. I am wondering who told these people where I live in Washington, and what is the source of this propaganda.

Mr. DICKINSON. The head of the propaganda organization of the reserve officers probably knows exactly where the Senator lives; and they have sent out a wire to "Get your telegrams in to your Senators, so they will walk up to the trough and give us what we want."

As a matter of fact, if we could organize an order known as "The Apostles of Economy" here in the United States Senate, we would soon write our appropriation bills according to the necessities and not according to the desires of some particular group. In other words, the taxpayers are certainly entitled to some consideration. I do not believe there is anyone who is seriously fearful of the defense of this country between now and July 1 if we do not appropriate this $100,000. As a matter of fact, whether a man stays in the air 39 minutes or 70 minutes is not a very material matter so far as his efficiency as a combat pilot in an airship goes.

What has happened? This appropriation was cut last year. These officers all knew it was cut. They went in and used it up during the first six months of the fiscal year. Then they come in here and say, "Our efficiency is going to deteriorate because you have limited our flying time to a point where we can not maintain our efficiency," when, as a matter of fact, they knew the amount of this appropriation when they started in on the fiscal year beginning July 1, 1931. They ignored the fact that they were using up the appropriation faster than they should, and now they come here and think the Senate ought to put in this amount in order to help them carry out their program.

Not only that, but if we do this for the Reserve Officers' Association, tell me why we should not do it for a thousand and one other interests that have had their appropriations curtailed, and that can not get a deficiency estimate through the Budget. They can not get an estimate sent up here on the Hill; therefore they will try to get the United States Senate to put in the item.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Tennessee?

Mr. DICKINSON. I do.

Mr. McKELLAR. Does not the Senator think that if nine-tenths of those very reserve officers were here in our places, under the facts that have been brought out in this debate, they would vote against this appropriation?

Mr. DICKINSON. I think they would.

That is all I have to say.

Mr. GLASS. Mr. President, I agree with much, in fact, with most, of what has been said by the distinguished Senator from Iowa [Mr. DICKINSON], except that I do not agree with him that the Congress of the United States should abdicate its function in the matter of making appropriations and turn it over entirely to the Budget.

Mr. DICKINSON. Mr. President, will the Senator from Virginia yield?

Mr. GLASS. Certainly.

Mr. DICKINSON. I concur in that view, except when we have an emergency such as we have now that we are trying to bridge at the present time, and there may be exceptions even in that case.

Mr. GLASS. I am in favor of bridging the emergency, for that matter.

I simply wanted to say to the Senator that when the Budget bill was enacted into law I proposed that the Congress should accept some self-restraint, and provide that no estimate of the Budget which had been carefully considered by the Appropriations Committees of the two Houses should be exceeded except by a two-thirds vote of the Congress, but I could not get agreement on that proposition.

I thoroughly agree with what the Senator has said about the pending proposition. I go farther, and say that I think the Government is wasting more millions of dollars in the air than on any other agency of the Government. We are subsidizing air mail, and yet I have never received a letter by air mail that could not have been written three weeks after I got it; and I venture to say that there are mighty few air mail letters of which that is not true.

Any business man who is in a hurry has access to the telegraph, in the first place. If he does not consider that adequate, he has access to the long-distance telephone. Very few letters, business or otherwise, are written that can not be taken care of by the tremendous postal mail facilities that we have in this country; and we are literally wasting millions of dollars of the taxpayers' money in the air.

Mr. JONES. Mr. President, I think I ought to say a word.

Almost without exception I stand by the recommendations of my committee; but in this case I could not agree with the action of the committee. The committee by a very large

vote recommended this amendment for adoption. I can not agree to that recommenadtion.

No one questions the patriotism of these reserve officers. They are just as patriotic men as we have in the country. It is true that without this appropriation they will not get very much training for the balance of this year; but, as some one stated a moment ago, if they were here, and the responsibility were placed upon them of voting these appropriations under the conditions that confront us, I feel satisfied that very few of them would vote for this one.

We appropriated a million dollars for this service for the current fiscal year. It is clear from the testimony that the statement made by the Senator from Connecticut [Mr. BINGHAM] is correct, that if we do not provide any additional appropriation for the balance of the year the reserve officers will not get very much training. The Budget estimate for the ensuing year is only $900,000—$100,000 less than the million dollars appropriated for this year. The Secretary of War submitted to the Budget an estimate of $900,000. If we go on the theory that we must appropriate every dollar of money for which these gentlemen ask in order to maintain their training, we shall have to disregard the Budget estimates and the recommendation of the Secretary of War for the coming year and appropriate more money.

The Secretary of War, representing the Army, has not asked for this $100,000. He did not ask the Budget for the $100,000. Now, the question is whether or not, under those circumstances and under the condition that confronts the country, we should make this appropriation.

No one of these gentlemen is going to starve or suffer by the failure to get this appropriation. It probably will be detrimental to their flying efficiency if they can not fly any more for the rest of the year; but I have no fears myself that we are going to need them during the next six months or during the next year. If we feel that we are going to need them during the next year, we should appropriate many millions of dollars not only for training those who are now in the Reserve Corps but for training others.

Under the conditions that confront us now I feel that these patriotic men will gladly face a curtailment of their flying during this year, and also during the next year. I would rather see them not fly at all from now until the 1st of July than to take any serious risk of their lives. I do not want them to do any training during the next six months that is going to endanger their lives; and if they have only 39 minutes a month for training I would rather they would not fly a minute than risk their lives.

As much as I regret to disagree with my committee, I feel that this is an item that we ought not to put in the bill under the circumstances and conditions that confront the country.

Mr. FLETCHER. Mr. President, I shall not detain the Senate. I am in favor of this amendment.

I had occasion to acquire some information regarding this service last summer. My information was that there were trained pilots who were not getting over four hours of service a week. It may have been less than that. Certainly it was not over that.

It is a perfect waste of money to train pilots and allow them only four hours of service a week.

Mr. JONES. I think the Senator means four hours a month.

Mr. FLETCHER. Four hours a month. It costs about $30,000 to train one of these men.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from Connecticut.

Mr. BINGHAM. Before the Senator returned to the floor it was stated that unless this appropriation is made they can have only 39 minutes of flying a month.

Mr. FLETCHER. But, if it were four hours a month, think of training a man, having him qualify as a pilot at a cost of $30,000, and then provide for only four hours a month of flying! That of itself is bad enough. When we talk about only 39 minutes a month, of course, it is perfectly absurd.

I think this amendment ought to be agreed to beyond any question; and I ask to have inserted in the RECORD at this point a letter from the Clearwater Chapter Reserve Officers' Association.

The VICE PRESIDENT. Without objection, it will be so ordered.

The letter is as follows:

CLEARWATER, FLA., *January 13, 1932.*

Senator DUNCAN U. FLETCHER,
Senate Office Building, Washington, D. C.

DEAR SIR: Pursuant to a resolution passed by the Clearwater Chapter of the Florida Department of the Reserve Officers' Association of the United States, I beg to inform you that our entire chapter has gone on record as supporting the War Department budget for Organized Reserves, Reserve Officers Training Corps, citizens' military training camp, and National Guard training.

Not only does the Clearwater chapter indorse the War Department budget, but its resolution expresses very strongly that it is against any reduction of the War Department budget, as it will be submitted to the congressional committee. This is in view of the fact that the War Department's recommendation for military activities in the future are $33,723,968 less than the present 1932 program.

The Clearwater chapter, in its resolution, has therefore gone on record as asking your assistance and support in this matter in order that the Organized Reserves and other appropriations will not be cut below the War Department recommendation, and we feel that you will do all in your power to see to it that the Reserves get a fair break in this matter.

Trusting that you will lend this matter your support, we are,

Very truly yours,

CLEARWATER CHAPTER RESERVE OFFICERS' ASSOCIATION,
By EDWIN W. GRENELLE, *Secretary.*

Mr. LA FOLLETTE. Mr. President, according to the last report of the Secretary of the Treasury, we are spending approximately 70 per cent of all the governmental revenues to pay for past and for preparations for future wars.

If we are to reduce the expenditures of the Federal Government for its ordinary purposes, it must be perfectly obvious to any Senator that reductions must come in the expenditures for national defense rather than in the civil activities of the Government, which utilize only 30 per cent of the revenues of the Government.

Last year we spent over $700,000,000 for national defense. After a great fanfare of trumpets in the press, the President is alleged to have persuaded the Army and the Navy to accept certain reductions in their expenditures in this emergency in order to curtail the expenditures for those purposes.

Of what avail is it going to be to make these reductions in the coming appropriations if we here set an example by coming in with a deficiency appropriation to take care of a deficiency produced by the excessive expenditure for training in this branch of the service during the first six months of this fiscal year?

In other words, it will be simply playing ducks and drakes with this effort to reduce appropriations for national defense if the example is set in this appropriation bill of making up deficits in every department where they exceed the appropriations provided by the Congress.

As has been so well said by the Senator from Washington, obviously these men are not going to be called into service between now and the end of this fiscal year, in July. Certainly, those who are professing to adhere to the theory that in times such as these there should be economy in governmental expenditures, find here, obviously, an item which should not be allowed.

I sincerely hope the amendment proposed by the committee will be rejected.

Mr. KENDRICK. Mr. President, the RECORD will show that I have voted consistently for every measure that has come before us providing for disarmament. My votes for disarmament have been based on the definite understanding that such military forces as the country maintained should be kept up to the last word of efficiency. It is my contention that we should either retire the reserves of our Air Corps, or, through sheer decency, provide means for their proper training.

It is unnecessary to point out to this body that service in the air is the most dangerous of all military service. Furthermore, the authorities now recognize the air force as a vital factor in warfare and it is just as true that it is growing

in importance with each passing year. If we do not propose to train these men properly and efficiently, then we should not keep them in reserve, and we should not hold them subject to call.

I agree with a good deal the Senator from Virginia has said about the waste of money in the air mail service. It seems to me entirely unnecessary for the Government to subsidize an air mail route running parallel to a railroad with hourly train service, and there are many other opportunities to economize in connection with our air forces. But in view of the military preparations and the expenditures of every other nation to keep up the air forces to the last word in efficiency I again insist that we should either abandon our air forces entirely or train them properly.

As one Member of the Senate I am unwilling to reduce the appropriations below what they ought to be, at the expense of the safety of the men who participate in the flying.

Mr. DICKINSON. Mr. President, will the Senator yield to me?

Mr. KENDRICK. I yield.

Mr. DICKINSON. I want to suggest to the Senator from Wyoming that the war records, as I recall it, show that some of our most efficient pilots in the war came out of the commercial ranks rather than out of the reserve forces which we had at that time.

Mr. KENDRICK. The Senator would not claim that would apply as a rule in every line, would he?

Mr. DICKINSON. I think it does. I think that some of the best pilots we have are the all-weather pilots who are in the air force, and I also want to suggest that the question of whether we have a thousand men flying 39 minutes or 71 minutes is not decisive in the matter of a reduction in the air force at the present, because we have the Regular Army, and we have all the other training going on, in addition to the flyers included in this force.

Mr. KENDRICK. Mr. President, in any line of endeavor, as everyone knows, increased training and increased discipline are of tremendous importance. This applies particularly to the Air Service, surrounded, as it is, by all the hazards of that service.

Mr. REED. Mr. President, I agree with all that has just been said by the distinguished Senator from Wyoming [Mr. KENDRICK], and I hope the amendment offered by the Senator from Iowa [Mr. DICKINSON] will be successful.

The VICE PRESIDENT. That amendment has been agreed to.

Mr. REED. Then I hope the amendment as amended by the Senator from Iowa will be agreed to.

The Senator from Wisconsin is right when he says that 70 per cent of all this Government pays out is spent for past wars or for preparation for future wars. The shocking thing about it is that a very large proportion of that amount represents expenditures to the veterans of past wars which would not have been incurred had we been properly prepared. That has nothing to do with preparedness for future wars; it has nothing to do with maintaining the efficiency of our flying forces.

We are considering an appropriation of $100,000 to be spent in maintaining the training of reserve officers who are qualified for combat service in pursuit ships, not for waddling through the air in cargo planes or transport planes, but for the very highest degree of skilled piloting known in aviation.

While we are haggling over $100,000 for that purpose we have lying on our desk a Treasury statement which shows that so far in this fiscal year we have spent two thousand times as much on the adjusted-service certificate fund, that we have spent, actually paid out, during the last 12 months, ten thousand times as much for loans on bonus certificates to veterans of the last war.

Mr. KENDRICK. Mr. President, will the Senator yield to me?

Mr. REED. I yield.

Mr. KENDRICK. Does not the Senator believe that if this Nation had been better prepared at the beginning of the last war, we would have been paying out millions less now than the adjusted certificates amount to?

Mr. REED. Yes, Mr. President; if we had spent a little more in making our forces fit in 1914 and 1915, we would never have been in the last war at all. The expenditure of $400,000,000, let us say, in adequate armament and training in those years would have saved us the expenditure of $40,000,000,000 in the prosecution of the World War. We would never have been dragged into it if we had been prepared, and every penny we pay now in keeping up our military efficiency is an insurance premium against being dragged into somebody else's war in the near future.

I hope we will not economize in this respect.

Mr. GLENN. Mr. President, of course I am impressed with the necessity for maintaining the national defense. I think there is very little, if any, difference of opinion in this Chamber concerning that necessity. I am also impressed with the idea that a Nation which is unsound and bankrupt financially is not in very good position to wage a successful war in defense of its territory.

I have just returned from one of the richest States in this great Union—from Illinois and from Chicago. I found there a story of financial tragedy and despair, and a feeling among the people that is not conducive to national defense. You know the story as well as I, perhaps. I want to tell the Senate that the people of Illinois, and I think of every other State in this Union, are demanding that we keep America solvent in these times, for one reason and another, not the least of which is that if war comes, we will be a sound and solvent nation.

When the Government officials having to do with the subject of the amendment have gone out and expended the money appropriated for this purpose so early in the fiscal year and come now for deficiency appropriations, I predict that this is an action which will be repeated as to every item of every appropriation bill, with the whole country and every taxpayer demanding economy and reduction in expenditures. All over the United States we hear that cry getting louder and louder every day, yet in the Halls of Congress, when an effort is made for economy to meet this great national emergency—because it is nothing else—to keep our Government's securities sound, to keep our fiscal condition solvent, we will find one group or another, honest and patriotic men, saying, "We are for economy; we believe in economy, but upon this particular item we must increase the estimate; instead of economizing and reducing we must increase it." On every item of every appropriation bill, almost, we will find that situation. Sound and able people, in one Hall of Congress and the other, are going to be here with their pet projects and the ideas in which they believe; and when the fight is all over, then the work of all the Government authorities having to do with the Budget and our fiscal affairs is over. After the House has voted and the Senate has voted, and the conference has voted, we will find, I fear, that the terrible financial situation of the country, instead of being relieved and remedied by the Congress, will have been made more desperate and more deplorable.

I plead with this body in the interest of every man and woman in the United States, because nearly all of them are thinking alike these days. They are demanding of us strict and drastic economy, that we not increase, but that we curtail expenditures so that they can meet their tax bills, so that the Governments—National, State, and municipal—may continue to operate. We must pay heed to them, and we will take the soundest step we can take in the interest of national defense if we reduce these expenditures.

There is almost an insurrection going on, almost an uprising against the growing and growing taxes in this land. Thousands and thousands of school-teachers are unpaid in the second city of the United States, schools closed in the richest suburbs of Chicago; policemen, firemen, and all the things which go for the people's protection and the comfort of our people unprovided for. Not only is this true in Chicago but

Detroit is coming to that, Philadelphia coming to it, New York coming to it, as related and argued by the able Senators from that State upon this floor.

What is going to happen unless some steps are taken pretty soon in this Congress to stop this expenditure of public moneys? Can a bankrupt nation defend its territory in case of war? I say no. I say it is more essential that we set an example now, early in this session—set an example upon this item, that the Senate of the United States, recognizing the dire extremities of this situation, is determined that we will keep the National Treasury sound. Let us vote against this deficiency item and let us vote to curtail bureaus and commissions and activities of the Federal Government all along the line. Let us set an example to every State in this great Nation, every one of which has been extravagant in its appropriations and in the burdens which it has placed upon the shoulders of the taxpayers.

The VICE PRESIDENT. Under the rule the Senator has no right to refer to a State in that way.

Mr. GLENN. I withdraw the statement thus publicly made as to the States, but my thoughts are the same as before the rule was invoked.

Mr. President, a parliamentary inquiry. Is there any provision of the rule against referring to municipalities?

The VICE PRESIDENT. The rule is against referring to a State. The Senator will proceed in order.

Mr. GLENN. Let us set an example to every county in every State of the Union, to every city in every county in every State in the Union. To all those people who have followed the extravagances of the National Congress let us lay down a rule of strict economy that will radiate from Washington to every part of this great Nation, and we will soon have a respect for the Congress which we do not have now, a respect for the financial sense of the Congress which we do not have now. We will set an example which will be welcomed all over the country and which will be in the interest of the national defense.

Mr. HARRIS. Mr. President, the last time I heard the Senator from Illinois talk, he was just as eloquent in asking for a large appropriation for the Chicago world's fair. I think it is probably one hundred times more important to the country that we should make this appropriation than that we should spend $1,000,000 or more for the world's fair. The Senator talks about "pet projects," and what the Appropriations Committee should do to all of them. It is just such pet projects as the Senator presented to the committee the other day for the world's fair that cause a great deal of extravagance, more than anything else.

I have no criticism of people who differ with me about preparedness. I know the horrors of war. It came home to me more closely than it did to most people. I have voted for every measure that I felt would prevent war. I voted for disarmament conferences, and will continue to do so. But as long as we do not agree with other countries to disarm, I shall feel it my duty to try to have our country prepared, so as to save the lives of our American boys if we should have to go to war again. I think we ought to thank the boys in the Organized Reserves. We owe them a debt of gratitude, and we ought to thank them instead of criticizing this little amount of money for them. These young men are willing to give their lives to their country if necessary. For these and other reasons I shall support the amendment.

Mr. GLENN. Mr. President, referring to the statement made by the Senator from Georgia about an eloquent speech of mine, which I supposedly made for the world's fair, I do not recall that I ever made any speech for the world's fair.

Mr. HARRIS. The Senator was before the committee urging an authorization. Surely he does not deny that? He was before the Commerce Committee urging that we allow a certain amount for the world's fair.

Mr. GLENN. Mr. President, I went before the Commerce Committee, and in that instance my silence must have been eloquent, because I do not recall that I made any speech or any argument or said a word either for or against the bill. I appeared to present without argument at all the recommendations of a committee of the Federal Government authorized at the last session of this body. I did not say anything either for the recommendations or against them. When that world's fair bill comes before this body, this body can do exactly as it pleases with it.

Mr. HARRIS. Would the Senator from Illinois object if we should decrease that appropriation of more than $1,000,000 which they want for the Chicago world's fair?

Mr. GLENN. I will not object to this body doing exactly as this body sees fit to do.

Mr. HARRIS. This body will do that anyway, but I am asking the Senator if he will object if we try to reduce the appropriation so as to economize in this great crisis about which the Senator has been talking.

Mr. GLENN. We will meet that situation when it arises.

Mr. HARRIS. I am asking the Senator what he would do if we should try to reduce the appropriation for which he is asking?

Mr. GLENN. I will make no objection. I will leave it entirely to this body, and if they see fit to reduce it a million dollars or more, then there will be no objection on my part.

Mr. HARRIS. Will the Senator vote to reduce it?

Mr. GLENN. I do not know yet what the proposition is. When it is before the Senate I shall vote upon it, but I will not vote as some Senators do, without knowing for what they are voting.

Mr. HARRIS. Here is an appropriation of $100,000 for national defense, while the world's fair item to which I have referred was for $1,700,000. The Senator can certainly say whether he will vote to reduce that appropriation. Does he want to economize or does he not?

The VICE PRESIDENT. The question is on agreeing to the amendment as amended. [Putting the question.] The noes seem to have it.

Mr. REED. Let us have the yeas and nays.

The yeas and nays were ordered.

Mr. BLACK. Mr. President, may we have the amendment read as amended?

The VICE PRESIDENT. The clerk will read the amendment as amended.

The LEGISLATIVE CLERK. On page 30, after line 12, insert the following:

ORGANIZED RESERVES

For an additional amount for expenses incident to the use, including upkeep and depreciation costs of supplies, equipment, and material furnished in accordance with law from stocks under the control of the War Department, fiscal year 1932, $100,000: *Provided*, That this sum shall be used for expenses incident to the flight training of officers of the Officers' Reserve Corps on inactive duty status: *Provided further*, That no part of this sum shall be available for any expense incident to giving flight training to any officer of the Officers' Reserve Corps unless he shall be found physically and professionally qualified to perform aviation service as an aviation combat pilot of group 1 by such agency as the Secretary of War may designate.

Mr. BLACK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLACK. Are we to understand that we are now voting on the amendment of the Senator from Iowa to the amendment?

The VICE PRESIDENT. That amendment was agreed to. The question is on agreeing to the committee amendment as amended by the amendment of the Senator from Iowa. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a pair on this question with the Senator from Nebraska [Mr. NORRIS]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. GLENN (when his name was called). I have a general pair to-day with my colleague [Mr. LEWIS], who is necessarily absent. Therefore I withhold my vote. If permitted to vote, I would vote "nay."

Mr. HATFIELD (when his name was called). I have a general pair with the Senator from North Carolina [Mr.

MORRISON]. I do not know how he would vote and therefore withhold my vote.

Mr. HEBERT (when his name was called). I have a general pair with the senior Senator from Missouri [Mr. HAWES]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I do not know how my pair, the senior Senator from Virginia [Mr. SWANSON], would vote if present, and so I am compelled to withhold my vote. If at liberty to vote, I would vote "nay."

Mr. MOSES (when his name was called). With the same announcement as to the double pair and transfer made upon the preceding vote, I vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. THOMAS of Idaho (when his name was called). On this vote I have a pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. FLETCHER. I transfer my pair with the Senator from Nebraska [Mr. NORRIS] to the Senator from Oklahoma [Mr. THOMAS] and vote "yea."

Mr. LOGAN. In view of the statement made by the senior Senator from New Hampshire [Mr. MOSES] I am at liberty to vote. I vote "yea."

Mr. WALSH of Massachusetts. I desire to announce that my colleague [Mr. COOLIDGE] is unavoidably absent.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Colorado [Mr. WATERMAN] with the Senator from Kentucky [Mr. BARKLEY];

The Senator from Maryland [Mr. GOLDSBOROUGH] with the senior Senator from New Mexico [Mr. BRATTON]; and

The junior Senator from New Mexico [Mr. CUTTING] with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 35, nays 28, as follows:

YEAS—35

Ashurst	Fletcher	McNary	Smoot
Austin	George	Metcalf	Steiwer
Bingham	Hale	Moses	Townsend
Black	Harris	Oddie	Vandenberg
Bulkley	Hayden	Pittman	Wagner
Connally	Kendrick	Reed	Walcott
Copeland	Keyes	Sheppard	Watson
Couzens	Logan	Shortridge	White
Dill	McGill	Smith	

NAYS—28

Bankhead	Capper	Gore	Neely
Barbour	Carey	Hastings	Nye
Blaine	Dale	Hull	Patterson
Borah	Dickinson	Kean	Robinson, Ark.
Brookhart	Fess	King	Schall
Bulow	Frazier	La Follette	Walsh, Mass.
Byrnes	Glass	McKellar	Walsh, Mont.

NOT VOTING—32

Bailey	Davis	Johnson	Stephens
Barkley	Glenn	Jones	Swanson
Bratton	Goldsborough	Lewis	Thomas, Idaho
Broussard	Harrison	Morrison	Thomas, Okla.
Caraway	Hatfield	Norbeck	Trammell
Coolidge	Hawes	Norris	Tydings
Costigan	Hebert	Robinson, Ind.	Waterman
Cutting	Howell	Shipstead	Wheeler

So the amendment of the committee as amended was agreed to.

Mr. JONES. Mr. President, I feel that I should say, in view of my vote on the amendment just adopted, that when this matter goes to conference I shall sink all personal views in regard to it, and will represent the Senate in conference as a member of the conference committee on the part of the Senate and stand out for the amendment just so long as there is any hope of getting it agreed to.

PERSONAL EXPLANATION

Mr. REED. Mr. President, I rise to a question of personal privilege.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. In the Saturday edition of the New York Times, I am told, there appeared an article by the former Prime Minister of France, Mr. Herriot, in which he says:

DAVID A. REED, United States Senator, has told us that his country might, under certain circumstances, seize our assets.

Mr. President, I never made any such statement, and it would have been silly of me to make any statement like that or any statement susceptible of any such construction. In discussing the intergovernmental debts, in a radio speech last week, I did make a statement that the French Republic had on deposit in New York ten times as much money as was necessary to meet the annual installments due on her debt to us; that she had enough on deposit there to pay 10 years' installments on her obligations to this country.

I made that statement for the purpose of showing that no question of exchange or balance of commodities or trade balance was involved in her capacity to pay. I did not say that this country would or could attach those balances which she has in New York City. It would have been silly to say so. If we were at war with her we might seize them as enemy property, but we are not going to war to collect that debt. In any other circumstances, an attachment might issue only as an accompaniment to a suit at law; and it is elementary law that a foreign sovereignty can not be sued in an American court. The court would have no jurisdiction to entertain such a suit or issue an attachment. Consequently it would be foolish to say any such thing as Mr. Herriot quotes me in his article as having said. I want to disclaim it in this public way, and to say that I can not imagine anything other than malice that could have caused such a complete distortion of what I actually did say.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

Mr. ROBINSON of Arkansas. Mr. President, the Senator does not intend to dispose of the pending bill to-day?

Mr. McNARY. No.

Mr. ROBINSON of Arkansas. Very well.

The VICE PRESIDENT. The question is on the motion of the Senator from Oregon.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. HEBERT, from the Committee on the Judiciary, reported favorably the nomination of Allen B. Kale, of South Carolina, to be United States marshal, eastern district of South Carolina, which was placed on the calendar.

Mr. AUSTIN, from the Committee on the Judiciary, reported favorably the nomination of Theodore W. Hukriede, of Missouri, to be United States marshal, eastern district of Missouri, which was placed on the calendar.

Mr. CAPPER. From the Committee on the District of Columbia I report favorably the nomination of Riley E. Elgen, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia.

The VICE PRESIDENT. The nomination will be placed on the calendar.

JAMES A. STAFFORD AND JOHN B. ISBELL

Mr. BLACK. From the Committee on the Judiciary I report favorably the nomination of James A. Stafford, of Alabama, to be United States marshal for the southern district of Alabama, and also the nomination of John B. Isbell, of Alabama, to be United States attorney for the northern district of Alabama. If there is no objection, I should like to have the nominations considered and confirmed at this time.

The VICE PRESIDENT. Let the first nomination be stated for the information of the Senate.

The legislative clerk read the nomination of James A. Stafford, of Alabama, to be United States marshal, southern district of Alabama.

The VICE PRESIDENT. Is there objection to the immediate consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

The Secretary will read the second nomination reported by the Senator from Alabama.

The legislative clerk read the nomination of John B. Isbell, of Alabama, to be United States attorney, northern district of Alabama.

The VICE PRESIDENT. Is there objection to the immediate consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

LINCOLN DIXON

Mr. JONES. From the Committee on Finance I report favorably the nomination of Lincoln Dixon, of Indiana, to be a member of the United States Tariff Commission. As this is a reappointment and the second or third time Mr. Dixon has been nominated for a similar position, I ask unanimous consent for the present consideration of the nomination.

The VICE PRESIDENT. Let the nomination be reported.

The legislative clerk read the nomination of Lincoln Dixon, of Indiana, to be a member of the United States Tariff Commission for the term expiring June 16, 1937.

The VICE PRESIDENT. Is there objection to immediate consideration? The Chair hears none, and, without objection, the nomination is confirmed.

THE CALENDAR

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order.

FEDERAL BOARD FOR VOCATIONAL EDUCATION

The legislative clerk read the nomination of Claude M. Henry, of South Dakota, to be a member of the Federal Board for Vocational Education for a term of three years from July 17, 1931.

The VICE PRESIDENT. Without objection, the Senate advises and consents to the nomination.

GOVERNOR GENERAL OF THE PHILIPPINES

The legislative clerk read the nomination of Theodore Roosevelt, of New York, to be Governor General of the Philippine Islands.

The VICE PRESIDENT. Without objection, the Senate advises and consents to the nomination.

BOARD OF TAX APPEALS

The legislative clerk read the nomination of J. Russell Leech, of Pennsylvania, to be a member of the Board of Tax Appeals.

Mr. COUZENS. The Senator from Pennsylvania is not now present. As I do not recall the circumstances in connection with the nomination being reported by the Finance Committee, I ask that it go over.

The VICE PRESIDENT. The nomination will be passed over.

THE JUDICIARY

The legislative clerk read the nomination of Robert H. Talley to be United States attorney, eastern district of Virginia.

The VICE PRESIDENT. Without objection, the Senate advises and consents to the nomination.

BUREAU OF INTERNAL REVENUE

The legislative clerk read the nomination of Victor Q. Hambright to be collector of internal revenue, district of South Carolina.

The VICE PRESIDENT. Without objection, the Senate advises and consents to the nomination.

CUSTOMS SERVICE

The legislative clerk read the name of Thomas S. Stephenson to be surveyor, customs collection district No. 11, Philadelphia, Pa.

The VICE PRESIDENT. Without objection, the Senate advises and consents to the nomination.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. I ask unanimous consent that all post-office nominations may be confirmed en bloc.

The VICE PRESIDENT. Without objection, it is so ordered, and the nominations are confirmed en bloc.

THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

Mr. MOSES. I ask unanimous consent that all Army nominations on the calendar may be confirmed en bloc.

The VICE PRESIDENT. Without objection, it is so ordered, and the nominations are confirmed en bloc. That completes the calendar.

RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 24 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, January 19, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 18, 1932

UNITED STATES DISTRICT JUDGE

Hugh D. McLellan, of Massachusetts, to be United States district judge, district of Massachusetts, to succeed James M. Morton, jr., appointed United States circuit judge, first circuit.

REGISTER OF THE LAND OFFICE

John Robert White, of California, to be register of the land office at Los Angeles, Calif., vice Brainerd B. Smith, deceased.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 18, 1932

UNITED STATES ATTORNEYS

Robert H. Talley to be United States attorney, eastern district of Virginia.

John B. Isbell to be United States attorney, northern district of Alabama.

MEMBER OF THE UNITED STATES TARIFF COMMISSION

Lincoln Dixon, of Indiana, to be a member of the United States Tariff Commission.

MEMBER OF THE FEDERAL BOARD FOR VOCATIONAL EDUCATION

Claude M. Henry to be a member of the Federal Board for Vocational Education.

GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS

Theodore Roosevelt to be Governor General of the Philippine Islands.

COLLECTOR OF INTERNAL REVENUE

Victor Q. Hambright to be collector of internal revenue, district of South Carolina.

SURVEYOR OF CUSTOMS

Thomas S. Stephenson to be surveyor of customs collection district No. 11, Philadelphia, Pa.

UNITED STATES MARSHAL

James A. Stafford to be United States marshal, southern district of Alabama.

APPOINTMENT IN THE OFFICERS' RESERVE CORPS

GENERAL OFFICER

Brig. Gen. Thomas Stevens Hammond to be brigadier general.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

First Lieut. Ewing Hill France, to Quartermaster Corps.

Second Lieut. Arthur Layton Cobb, to Field Artillery.

PROMOTIONS IN THE REGULAR ARMY

Carl Henry Muller to be colonel, Cavalry.
Charles Burnett to be colonel, Cavalry.
Claude Ernest Brigham to be colonel, Chemical Warfare Service.
Walter Herbert Smith to be colonel, Field Artillery.
George Hathaway Baird to be colonel, Cavalry.
Frank Keller to be colonel, Cavalry.
Albert Lawrence Loustalot to be lieutenant colonel, Coast Artillery Corps.
Richard Donovan to be lieutenant colonel, Coast Artillery Corps.
Robert Clive Rodgers to be lieutenant colonel, Cavalry.
Homer Havron Slaughter to be lieutenant colonel, Infantry.
Sanderford Jarman to be lieutenant colonel, Coast Artillery Corps.
Clair Warren Baird to be lieutenant colonel, Coast Artillery corps.
Edward Willis Putney to be lieutenant colonel, Coast Artillery Corps.
Eugene Nelson Slappey to be major, Infantry.
Stephen Garrett Henry to be major, Infantry.
Harwood Christian Bowman to be major, Field Artillery.
Laurence Henry Hanley to be major, Field Artillery.
Rosenham Beam to be major, Air Corps.
Harry McCorry Henderson to be major, Infantry.
Robert Van Kleeck Harris, jr., to be major, Field Artillery.
Pleas Blair Rogers to be major, Infantry.
Richard Grant Hunter to be major, Field Artillery.
Schaumburg McGehee to be major, Field Artillery.
Bovey Mozart Hall to be captain, Infantry.
Leonard Murphy to be captain, Infantry.
Edgar Baldwin Heylmun to be captain, Infantry.
Thomas Welch Blackburn to be captain, Air Corps.
Grover Cleveland Brandt to be captain, Infantry.
Thomas Hayden Davis to be captain, Infantry.
Lewis Andrus Day to be captain, Infantry.
Claude Weaver Feagin to be captain, Cavalry.
Harry Francis Hanson to be captain, Infantry.
Lee Vyvian Harris to be captain, Field Artillery.
Harry Anton Johnson to be captain, Air Corps.
Bob Edward Nowland to be captain, Air Corps.
Barney McKinney Giles to be captain, Air Corps.
Roy Travis McLamore to be captain, Infantry.
Bernard Joseph Tooher to be captain, Air Corps.
Claude Edward Duncan to be captain, Air Corps.
Albert Francis Hegenberger to be captain, Air Corps.
Wendell Holzworth Brookley to be captain, Air Corps.
Joseph Rudolph Wessely to be captain, Quartermaster Corps.
Clair McKinley Conzelman to be first lieutenant, Coast Artillery Corps.
Samuel Pickens Collins to be first lieutenant, Field Artillery.
John Cline Strickler to be first lieutenant, Field Artillery.
Oscar James Levin to be first lieutenant, Coast Artillery Corps.
Edwin Howard Feather to be first lieutenant, Infantry.
Theodore Charles Wenzlaff to be first lieutenant, Cavalry.
William Jesse Deyo, jr., to be first lieutenant, Infantry.
Benjamin Peter Heiser to be first lieutenant, Field Artillery.
John Lawrence Ryan, jr., to be first lieutenant, Cavalry.
Egon Rowland Tausch to be first lieutenant, Cavalry.
Alexander Randolph Sewall to be first lieutenant, Field Artillery.
Prentice Edward Yeomans to be first lieutenant, Cavalry.
Paul Hamilton to be first lieutenant, Infantry.
Charles Clifford Sloane, jr., to be first lieutenant, Infantry.
Charles Winchell McGeehan to be first lieutenant, Coast Artillery Corps.
James Russell Wheaton to be first lieutenant, Field Artillery.
Basil Littleton Riggs to be first lieutenant, Cavalry.
Malcolm Hobson Harwell to be first lieutenant, Coast Artillery Corps.
Henry Raymond Baxter to be first lieutenant, Air Corps.
Roy Silverman to be first lieutenant, Infantry.
Tyler Calhoun to be first lieutenant, Field Artillery.
Richard Hanson Grinder to be first lieutenant, Coast Artillery Corps.
Forest Vernon Bockey to be major, Dental Corps.
Thomas Joseph Lennan to be chaplain with the rank of major.
Claude Skene Harkey to be chaplain with the rank of major.

POSTMASTERS

MISSOURI

Annie M. Johnson, Winston.

MONTANA

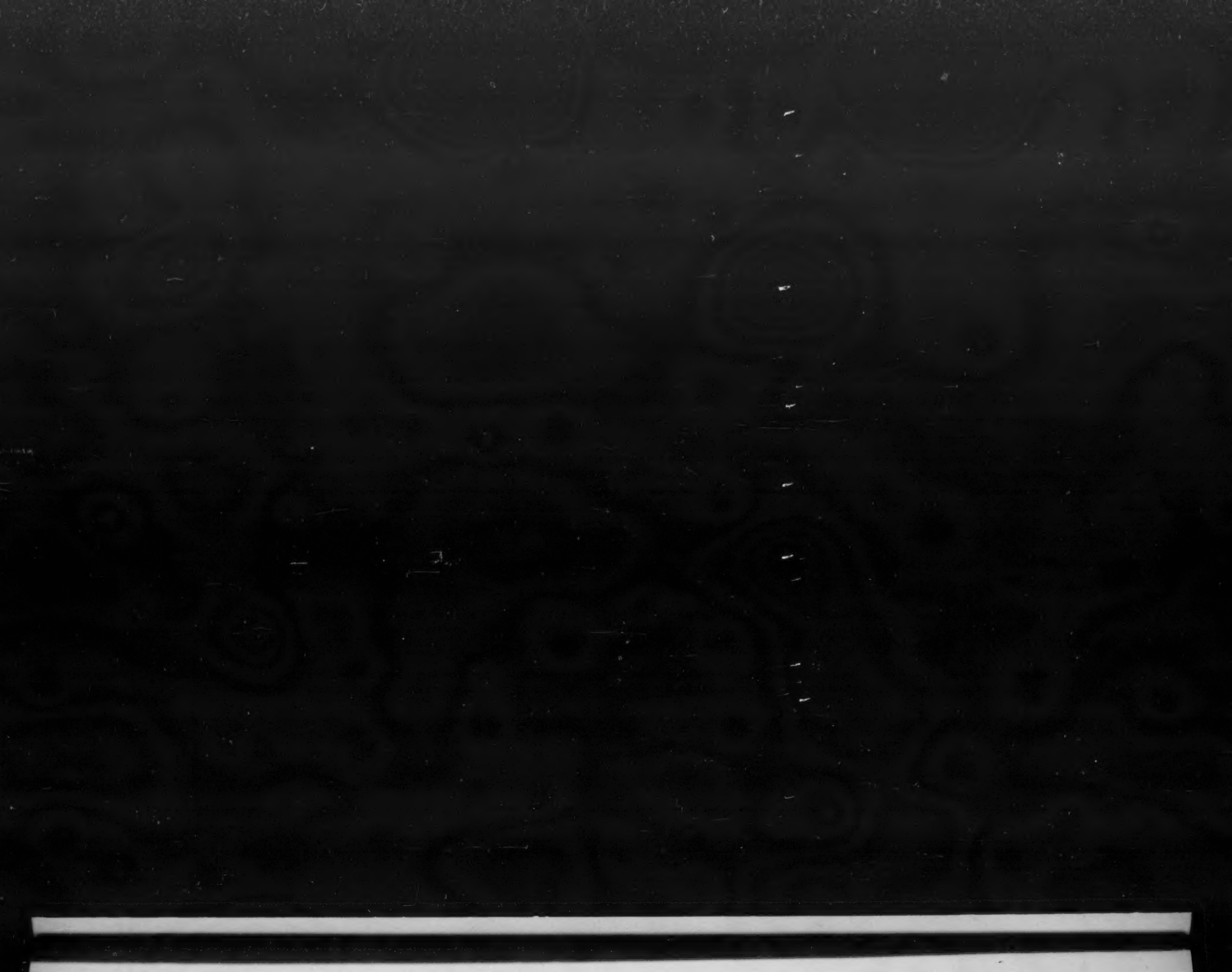
Daniel E. Freshour, Arlee.
Harly J. Stephenson, Belgrade.
Alfred Briscoe, Cascade.
Joseph Keeler, Crow Agency.
George D. Dutro, Dodson.
William S. Carlson, Ekalaka.
Jennie W. Chowning, Ennis.
Cass E. Parker, Fromberg.
Adeline F. Kolnitchar, Geraldine.
John R. Lloyd, Great Falls.
James R. Minugh, Harlem.
Frederick B. Gillette, Hinsdale.
Estella K. Smith, Lima.
Henry B. Chambers, Manhattan.
Donald A. Petrie, Martinsdale.
Harry Kennedy, Rosebud.
Charles P. Hahnkamp, Turner.
Amy B. Cowee, Wibaux.

NEW YORK

Raymond B. Mott, Angelica.
Henry W. Ware, Batavia.
Mary J. O'Brien, Bedford.
Irving Barrett, Bedford Hills.
Charles J. Amsden, Bolivar.
Nicholas Reilly, Brentwood.
Etta Merritt, Brewerton.
Theodore W. Grahlfs, Central Valley.
Arthur B. Barker, Clifton Springs.
Arcade G. Boivin, Cohoes.
Mary Young, Cornwall Landing.
Carrie S. Johnsón, De Kalb Junction.
Ernest U. Smith, Eagle Bay.
Alexander Glendinning, East Quogue.
Hattie D. Lyon, East Setauket.
Ellsworth Allen, Farmingdale.
Cornelius T. E. Van Horne, Fultonville.
William C. Monsell, Greenport.
James E. Colgan, Hamden.
Fred N. Parquet, Inlet.
Charles F. Fowler, Iona Island.
Henry W. Koster, Narrowsburg.
Maude E. Butterfield, New Berlin.
John J. Lynch, Oscawana.
Phelps Smith, Paul Smiths.
Read Clarke, Perry.
George H. Stanton, Pine Bush.
Edward W. McBrian, Port Washington.
J. Edward Uline, Ransomville.
George W. Harris, Richmondville.
Kenneth B. Preston, Roxbury.
Edith F. Tyler, Setauket.
Alfred A. Clairmonte, South Fallsburg.
Jay M. Glover, Southold.
Bert P. Wood, Springfield Center.
Laura E. Bedle, Spring Valley.
Francis D. Lynch, Stony Point.
William L. Bouchard, Sunmount.
Frank W. Withey, Wyoming.

NORTH CAROLINA

Benjamin E. Atkins, Apex.
Jed Shepardson, Belhaven.





John P. Hoffman, Dallas.
Neill S. Green, Dunn.
Laurence T. Gibson, Gibson.
Coy S. Lewis, Hemp.
Edith E. Holton, Jamestown.
William R. Stephens, Leaksville.
Mary W. Yarborough, Louisburg.
George E. Hunsucker, Maiden.
Blanche H. Edwards, Newport.
Raymond C. Edwards, Pomona.
Evelyn Hill, Snow Hill.
John C. Matthews, Spring Hope.
Lucy B. Hofler, Sunbury.
George H. Wright, jr., Wendell.
Ina L. Jordan, Winton.

RHODE ISLAND

Lillian G. Hoxie, Shannock.

VIRGINIA

John Q. Blackburn, Amelia C. H.
Charles B. Graves, Chester.
Robert J. Blackburn, Endless Caverns.
John O. Hawkins, McGaheysville.
Lawrence C. Page, Norfolk.
Mary R. Piggott, Purcellville.
Berkeley Williams, Richmond.
Walter H. Oakey, Salem.
Alfred L. Benson, Tangier.

WISCONSIN

Jerry J. Jerabek, Algoma.
Emmery A. Greunke, Appleton.
John F. Lambert, Crandon.
Edward C. Szyperski, Cudahy.
Otto E. Born, Fond du Lac.
Benjamin O. Wall, Holmen.
William C. Curry, Kiel.
Anton Schiesl, Laona.
Ethel F. Pilgrim, Menomonee Falls.
Grace A. Johnson, Merrimack.
Edith S. Bartlett, Nashotah.
Peter D. Harris, Oneida.
Louis J. Bettinger, Plain.
Alma Colt, Poy Sippi.
Charles F. Ninman, Sauk City.
LeRoy H. Ardern, Springbrook.
Russell E. Burlingame, Statesan.
Louis C. Currier, Stoughton.
LeRoy Winters, Twin Lakes.
Ralph W. Lathrop, Wauzeka.
Sam Dewar, Westfield.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 18, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Bless, O God, the Members and officers of this Congress, who are working so zealously for the good of our country; rule over all conferences and deliberations for the furtherance of Thine own purpose. We pray that all our citizens may live upright obedient lives and that morality and intelligence may prevail. Do Thou make Thy bounties universal and hasten the day when all jealousies shall cease which have separated nations so long and those angry passions which have dashed one upon another. Quench the spirit of the lower feelings and may the teachings of the Master dwell with all mankind. O help the old weary and torn world until its tears shall cease, its groans shall end, and it begins to sing in the morning light. In the name of our Savior. Amen.

The Journal of the proceedings of Friday, January 15, 1932, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1089. An act to establish a minimum area for a Shenandoah National Park, for administration, protection, and general development, by the National Park Service, and for other purposes;

S. 2407. An act to authorize the sale of parts of a cemetery reserve made for the Kiowa, Comanche, and Apache Indians in Oklahoma; and

S. J. Res. 37. Joint resolution providing for the filling of vacancies in the board of regents of the Smithsonian Institution, of the class other than Members of Congress.

The message also announced that the Vice President had appointed Mr. REED and Mr. FLETCHER members of the joint select committee on the part of the Senate as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the War Department.

EXTENSION OF REMARKS

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech of ex-Senator James A. Reed, at a Jackson Day dinner, at Springfield, Mo.

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, it seems to me this is hardly within the lines laid down for insertion of matters in the RECORD. I must object, Mr. Speaker.

THE RIGHT OF A DELEGATE TO VOTE IN COMMITTEE

Mr. HOWARD. Mr. Speaker, I ask permission to address the House for one minute.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. HOWARD. Mr. Speaker, at a recent meeting of the Committee on Indian Affairs, a committee was appointed to investigate the question of whether or not a Delegate in this House had the right to vote in committee. The committee, with Judge LOOFBOURROW as chairman, made an exhaustive study of the question and submitted to the Committee on Indian Affairs a report. I am sure it will be interesting to all the Members of the House, and I desire now to offer this report as part and in addition to my remarks of the moment.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to extend his remarks at this point as indicated. Is there objection?

There was no objection.

The matter referred to follows:

Hon. EDGAR HOWARD,
Chairman Indian Affairs Committee of the House of Representatives:

At the meeting of this committee on January 5, 1932, the chairman propounded the following question and asked the subcommittee on rules to examine and report upon the same, to wit:

"Whether or not a Delegate from a Territory of the United States, regularly assigned to the Committee on Indian Affairs of the House, should be accorded a vote in the committee?"

Upon this question your subcommittee on rules makes the following report—

"The Constitution of the United States, Article I, section 2, provides that:

"The House of Representatives shall be composed of Members chosen every second year by the people of the several States," and in the same section that "no person shall be a Representative who shall not have attained the age of 25 years and been seven years a citizen of the United States, and who shall not, when elected, be an inhabitant of that State in which he shall be chosen."

Nowhere in the Constitution is mentioned an office such as "Delegate to Congress."

From the foregoing provisions it is plain that only Representatives elected from a State can be Members of the House of Representatives.

The Constitution, Article IV, section 3, provides that: "The Congress shall have power to dispose of and make all needful rules and regulations respecting the Territory or other property belonging to the United States."

By reason of the exclusive sovereignty which the Government of the United States exercises over all territory owned by the United States not within the boundaries of a State, and the power given by the above section of the Constitution, Congress has organized Territorial governments in such Territories and has in each instance authorized the inhabitants under certain conditions to elect a Delegate to Congress.

The first Territorial government was authorized by the Continental Congress on July 13, 1787, by "An ordinance for the Government of the United States northwest of the River Ohio" which authorized the inhabitants of that Territory under conditions prescribed to elect a Delegate to Congress who should have the "right of debating but not of voting."

On March 3, 1817, Congress passed "An act further to regulate the Territories of the United States and their Delegates to Congress."

This act is general in its nature and applies to all Territories. It provides that "every such Delegate shall have a seat in the House of Representatives with the right of debating but not of voting."

From the foregoing it is apparent that a Delegate to Congress from a Territory is not a Member of the House of Representatives. Nowhere in the Constitution nor in the statutes can the intention be found to clothe the Delegate with legislative power.

Rule X of the Rules of the House of Representatives of the Seventy-first Congress (which rule has not been changed in the Seventy-second Congress) reads:

"There shall be elected by the House, at the commencement of each Congress, the following standing committees" (naming them in order).

Rule XII, paragraph 1, reads:

"The House shall elect from among the Delegates one additional member on each of the following committees, viz: Coinage, Weights, and Measures; Agriculture; Military Affairs; and Mines and Mining; and two on Territories; and they shall possess in their respective committees the same powers and privileges as in the House, and may make any motion except to reconsider."

Manifestly, the House could not elect to one of its standing committees a person not a Member of the House. The designation "additional member" applied to a Delegate clearly indicates the character of the assignment. Expressly the Delegate shall exercise in the committee to which he becomes an additional member the same powers and privileges as in the House, to wit, the "right of debating, but not the right of voting."

This report might well end here if it were not for the fact that at different times numerous decisions have been made by the House as to the rights and privileges of Delegates in the everyday operations of the House which may be of interest to Members as well as Delegates.

When duly accredited, the Delegate may, in addition to the mere right of debating—

Have a seat on the floor of the House; make any motion which a Member may make, except a motion to reconsider; call a Member to order; be an additional member on a standing committee; be chairman of a select committee; be appointed a teller; move impeachment proceedings; be a chairman of a committee to inquire into the conduct of a judge, with authority to take testimony.

He may not—

Object to consideration of a measure; introduce an interpreter on the floor of the House.

He is subject to discipline by the House as any Member.

Two incidents have occurred in the history of the House which are of passing interest on this question.

In 1840 protest was duly filed against the right of David Levy, who had been elected a Delegate from the Territory of Florida, on the ground that he was not a citizen of the United States. The matter was referred to a committee to take evidence and report. In the meantime the Delegate was acting. The committee, on September 3, 1841, made two reports, one of which contains the following paragraph:

"With the single exception of voting, the Delegate enjoys every other privilege and exercises every other right of a Representative. He can act as a member of a standing or special committee and vote on the business before said committee, and he may thus exercise an important influence on those initiatory proceedings by which business is prepared for action by the House."

No action was taken upon the reports and the Delegate served his full term.

On February 23, 1884, in the first session of the Forty-eighth Congress (CONGRESSIONAL RECORD, Forty-eighth Congress, first session, vol. 15, pt. 2, p. 1334) the following appears:

"Mr. BELFORD. I desire to offer a resolution which I think is privileged, and I ask for its present consideration.

"The SPEAKER. The resolution will be read, after which the Chair will determine whether it is privileged or not.

"The Clerk read as follows: '*Resolved*, That Delegates from the Territories, on any question arising before any committee of which they are members, be allowed to vote and have their votes recorded as member of such committee.'

"The SPEAKER (John G. Carlyle). The Chair does not think this is a privileged matter. It is contrary to law; and in the opinion of the Chair the House could not by a simple resolution change the law upon the subject.

"Mr. BELFORD. Well, I would like to make a statement, and if I may have just three minutes I will do so. [Cries of 'Go on!']

To-day we had a meeting of the Committee on the Public Lands. The committee was equally divided—five one way and five another.

"Several Members objected.

"The resolution was referred to the Committee on Rules."

No report was ever made upon the resolution.

The two incidents above mentioned are the only ones we have found that squint at the right of a Delegate to vote in a standing committee.

Respectfully submitted.

FREDERICK C. LOOFBOUROW.
WILLIAM P. CONNERY, Jr.
WILBURN CARTWRIGHT.

Dated January 18, 1932.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the calendar.

HOSPITAL AND HOME FACILITIES TO VETERANS OF THE CONFEDERATE ARMY AND NAVY

The Clerk called the first bill (H. R. 4577), to extend hospital and home facilities to veterans of the Confederate Army and Navy.

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, this raises a rather new policy as to the treatment of Confederate soldiers. Of course, it is a beautiful gesture, but it seems to me the report of the Administrator of Veterans' Affairs is rather vague as to whether he is for it or not. He says he is sympathetic. Of course, we are all sympathetic toward it. He does not say whether or not the beds would be available, and then he states that to build a soldiers' home of 750 beds would cost approximately $3,000,000. I wonder if the gentleman could not let this go over so that it may be considered by the House and in order that we may get more complete information on it?

Mr. HILL of Alabama. I would be happy to give the gentleman any information he wants. We have had hearings on the bill.

Mr. LaGUARDIA. About 300 would be involved; is not that true?

Mr. HILL of Alabama. The evidence before our committee showed there would be practically none involved for this reason. A soldier who entered the service of the Confederacy in 1865 at the age of 18 years would to-day be 85 years of age.

Mr. JOHNSON of Washington. If none is involved, why the necessity of the legislation? This is a practical question.

Mr. HILL of Alabama. I may say to the gentleman it is really a gesture, or more of a gesture, than anything else.

Mr. JOHNSON of Washington. I am going to object, I will say to the gentleman.

Mr. HILL of Alabama. Will not the gentleman let it go over?

Mr. JOHNSON of Washington. No; there is no need of even making gestures.

Mr. LaGUARDIA. I hope the gentleman will let it go over.

Mr. JOHNSON of Washington. Mr. Speaker, at the suggestion of the gentleman from New York I will let it go over.

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent that this bill may go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York.

There was no objection.

SKULL VALLEY INDIAN RESERVATION, UTAH

The Clerk called the next bill (H. R. 6663) to reserve certain land on the public domain in Utah for addition to the Skull Valley Indian Reservation.

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, this act was originally passed in 1925, and then it was extended from December of that year to January, and then there was an extension from 1925 to 1930, and now there is asked an extension of five years more. Do you require another 5-year period? If it was a matter that it was felt could be settled in one year and there have al-

ready been two extensions, does it require another five years?

Mr. LOOFBOUROW. Apparently it does, because the department has asked that this bill be introduced and passed. It is a department measure.

Mr. LAGUARDIA. I understand that; but if it was originally believed the treaty could be settled within one year, it seems to me that having had two or three previous extensions, that should be all that could be required.

Mr. LOOFBOUROW. I can not give the gentleman any answer to that question. The department thinks this is necessary and has asked that this additional time be given.

Mr. STAFFORD. I think the gentleman from New York is confusing two bills. I think the gentleman has the wrong bill before him.

Mr. LAGUARDIA. Yes; I have H. R. 5649; I will strike all I have said out.

Mr. JENKINS. I want to ask the gentleman—there is nothing involved in this except the transfer of the land, and the department has asked for it.

Mr. LOOFBOUROW. Yes; it simply takes it from the public domain.

Mr. JENKINS. There is an indication that some one is giving up his rights. Will the Government have to pay anything?

Mr. LOOFBOUROW. Nothing at all; it is an open range and the land is not yet occupied.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CONTRACTS PROVIDING FOR APPORTIONMENT OF WATER OF THE COLUMBIA RIVER AND TRIBUTARIES

The next business on the Consent Calendar was the bill (H. R. 5649) to extend the life of "An act to permit a compact or agreement between the States of Washington, Idaho, Oregon, and Montana respecting the disposition and apportionment of the waters of the Columbia River and its tributaries, and for other purposes."

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, this is the bill I referred to a few moments ago. I want to ask the gentleman from Montana a question. Originally it was believed in 1925 that this agreement could be reached in one year. It was extended for a period of 12 months, and after that extended again for a period of 5 years to 1930. Now it is proposed to extend it for another five years. Is this negotiation to go on indefinitely? What is the object of extending it for another five years?

Mr. LEAVITT. I am sure that in this period an agreement will be entered into. It was not entered into before because there was no definite work being planned. In the meanwhile we have made certain studies and next year will undoubtedly see it well started.

Mr. LAGUARDIA. Does this involve the whole Columbia River scheme?

Mr. JOHNSON of Washington. The Rivers and Harbors Committee will begin hearings at 10 o'clock to-day.

Mr. LAGUARDIA. This is a project of some magnitude.

Mr. LEAVITT. It is.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the following committee amendments:

Page 1, line —, substitute "1268" for "1264" in the statutes reference.

Page 1, line 8, after the statutes reference, insert "and the amendatory acts of April 13, 1926 (44 Stat. L. 247), and March 3, 1927 (44 Stat. L. 1403)."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TRANSFER OF LAVACA COUNTY, TEX., FROM HOUSTON DIVISION TO VICTORIA DIVISION

The next business on the Consent Calendar was the bill (H. R. 6304), to transfer Lavaca County from the Houston division to the Victoria division of the southern judicial district of Texas.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. JENKINS. Reserving the right to object, I would like to ask the gentleman from Texas [Mr. MANSFIELD] a question. This bill indicates that it only seeks to transfer from one county to another——

Mr. MANSFIELD. Not one county, but one division to another division. Lavaca County is located about 140 miles from Houston. It has the approval of the Attorney General and will result in a great convenience to the people.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the following committee amendments:

Line 3, strike out the figures "25" and insert in lieu thereof the figures "28."

Line 7, after the word "Texas," strike out the period, insert a colon and the following language:

"*Provided*, That no civil or criminal cause commenced prior to the enactment of this act shall be in any way affected by it."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ACTING SECRETARY OF TERRITORY OF HAWAII

The Clerk called the next bill on the Consent Calendar (H. R. 308), to provide for the appointment of an acting secretary of the Territory of Hawaii during the absence or illness of the secretary.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. JENKINS. Mr. Speaker, reserving the right to object, I should like to ask those interested in this bill if an amendment will be permitted on page 2?

Mr. BLANTON. Mr. Speaker, I intend to object to the bill.

Mr. STAFFORD. Mr. Speaker, in the absence of the gentleman from Hawaii [Mr. HOUSTON] would the gentleman have any objection to letting the bill be passed over?

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

SALE OF DESERT LANDS, FORT HALL INDIAN RESERVATION

The Clerk called the next bill on the Consent Calendar (H. R. 5484) extending the provisions of the act entitled "An act to provide for the sale of desert lands in certain States and Territories," approved March 3, 1877 (19 Stat. 377), and acts amendatory thereof, to ceded lands of the Fort Hall Indian Reservation.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, a point of order. I believe this report is subject to the objection that it does not comply with the Ramseyer rule. On yesterday, when I was studying the bill and report, I found considerable difficulty in locating the statutes referred to. In fact, the report is not as clear as I would like to have it as to the purpose to be accomplished by the bill. I think the report should comply with the Ramseyer rule. I am aware of the fact that many new committee clerks are not apprised of that rule that was established two Congresses ago, a very salutary rule to help the Members of the House. I think the bill should either be passed over without prejudice or a point of order lodged against the report.

Mr. GREENWOOD. I think we should insist on following the Ramseyer rule, because, referring to this bill, it can not be ascertained in what vital particular the amendment

amends the former law. Unless we do follow the Ramseyer rule and have the text so that we can follow it, we might make a vital change and not know what change is being made.

Mr. STAFFORD. The language is so ambiguous that I do not know which act is referred to when it says "that act." I did examine one act referred to, the original organic act, but the report is open to the criticism that it does not comply with the Ramseyer rule.

Mr. GREENWOOD. I think the bill should go over without prejudice and let the report conform to the rule.

Mr. STAFFORD. The question is whether the report complies with the Ramseyer rule, which is an essential working rule of this House.

The SPEAKER. The Chair has examined the matter and is prepared to rule.

This is an extension of a statute passed some years ago. It does not amend that statute, except to extend it to certain lands. It does not seem to come within the Ramseyer rule. The Chair overrules the point of order.

Mr. STAFFORD. Mr. Speaker, with all deference to the Chair, in examining the report very carefully on yesterday I had difficulty in knowing which act was referred to in the amendment of the committee as found in the proviso. It was necessary to refer to the original act, and then I did not have before me one of the statutes referred to. I am in good faith in saying that I do not think this report complies with the Ramseyer rule.

The SPEAKER. This bill does not change the existing statute except in an extension to certain lands, and certainly the gentleman from Wisconsin or any other Member of the House could find that act by reference to this bill.

Mr. STAFFORD. If the Chair will indulge me, as I read this bill it seeks to extend the provisions of the desert land law to these lands. To that extent the desert land law is involved in this bill. I have not been able to locate the desert land law. The desert land law to that extent does affect this bill.

The SPEAKER. This bill, as the Chair understands it, simply extends the present statute to certain additional lands, and does not amend or repeal that statute. So, undoubtedly, in the spirit of the Ramseyer rule, in order to inform the membership of the House as to what is contemplated, a mere reference to that act, with the statement that it is an extension to certain lands, covers the information required by the membership of the House.

Mr. STAFFORD. Mr. Speaker, under the circumstances, I ask unanimous consent that this bill go over without prejudice.

The SPEAKER. A similar point of order was overruled by the gentleman from New York [Mr. SNELL], presiding as Speaker pro tempore, in the last Congress, and the Chair is very glad to be able to follow his precedent. That decision was made on April 21, 1930, and may be found on page 7363 of the RECORD of that date.

Mr. STAFFORD. I ask unanimous consent, Mr. Speaker, that the bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. STAFFORD]?

There was no objection.

The SPEAKER. That concludes the Unanimous-Consent Calendar.

DISARMAMENT CONFERENCE, GENEVA, 1932

Mr. BANKHEAD. Mr. Speaker, at the request of the chairman of the committee, I call up a privileged resolution from the Committee on Rules, House Resolution 101.

The SPEAKER. The gentleman from Alabama [Mr. BANKHEAD] calls up a resolution, which the Clerk will report.

The Clerk read the resolution, as follows:

House Resolution 101

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 163, to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932. That after general debate, which shall be confined to the joint resolution, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, it appears that an identical resolution has already passed the Senate.

I ask unanimous consent to amend the resolution providing for the consideration of the bill to substitute Senate Joint Resolution 79 in lieu of House Joint Resolution 163.

The SPEAKER. The gentleman from Alabama [Mr. BANKHEAD] asks unanimous consent to amend the resolution by substituting Senate Joint Resolution 79 for House Joint Resolution 163. Is there objection?

Mr. BLANTON. Reserving the right to object, I wish to call the attention of the gentleman to the fact that the rule which his committee has authorized does not give those who oppose this resolution any time for debate.

The resolution, which this rule makes in order, will, in my judgment, waste at least $450,000, and, in addition, will probably involve us in most serious international complications abroad.

It has always been the rule governing proper debate in all parliamentary bodies that there should be an equal division of time, one half to those favoring the proposition and one half to those opposing it.

This rule does not so provide. In effect it grants the entire time for debate to proponents of the resolution.

The rule provides that one half of the time for debate be controlled by the chairman of the committee, and the other half by the ranking minority member, who, I understand, is in favor of the resolution. I shall not object to the gentleman's request if he will amend it by providing that the time be controlled one half by those who favor the resolution and the other half by those who are opposed to it.

Mr. LINTHICUM. How much time does the gentleman desire?

Mr. BLANTON. For myself and some others who are against the resolution, 30 minutes. I want 20 minutes for myself and 10 minutes for another Member who is opposed to the resolution.

Mr. LINTHICUM. I will yield the gentleman 20 minutes, and I think the gentleman from Pennsylvania [Mr. TEMPLE] should yield some of his time to those who are opposed to the resolution.

Mr. BLANTON. There is another Member who is against the resolution and he desires 10 minutes. I want 20 minutes.

Mr. LINTHICUM. I will yield the gentleman 20 minutes.

Mr. BLANTON. I shall not object with the understanding that I have 20 minutes and the other Member 10 minutes. We really ought to have half of this time, because that is only fair.

Mr. TEMPLE. If I have control of the time, I will yield 10 minutes to the gentleman from Pennsylvania.

Mr. BLANTON. But that is not a fair division.

Mr. TEMPLE. But that is all the gentleman asks for.

Mr. McFADDEN. I would like to have 15 minutes.

Mr. BLANTON. There are others who want time. There ought to be an equal division of time between those who are in favor of the resolution and those who are against it. It ought not to be all on one side.

Mr. POU. I will ask the chairman of the committee and the ranking minority member of the committee to divide the time as nearly as possible between those favoring the resolution and those opposing it.

Mr. LINTHICUM. I have only 1 hour and I have agreed to yield 20 minutes to the gentleman from Texas.

Mr. BLANTON. I thank the gentleman from North Carolina [Mr. POU]. With that understanding I shall not object.

The SPEAKER. Is there objection?

Mr. LEAVITT. Mr. Speaker, reserving the right to object, will the gentleman yield for a parliamentary inquiry?

Mr. BANKHEAD. I will be glad to yield.

Mr. LEAVITT. The Speaker announced, while I was looking at a bill, that the Consent Calendar stopped at No. 8. I understand the rule is that those which have been on the Consent Calendar for three days are subject to consideration, and if that is so, that would include all on pages 16 and 17 and the first bill at the top of page 18.

The SPEAKER. The gentleman from Montana overlooks the fact that the House was not in session on Saturday.

Mr. LEAVITT. The House must be in session?

The SPEAKER. With the permission of the House, the Chair will insert at this point, in response to the inquiry of the gentleman from Montana, a colloquy which occurred between the present occupant of the chair and the former occupant [Mr. Longworth], when a similar point of order was made. The point of order was made by the gentleman from Illinois [Mr. DENISON], and then this colloquy occurred between Speaker Longworth and myself:

Mr. GARNER. Mr. Speaker, let us have a concrete demonstration. Next Wednesday is consent day. Suppose the House adjourned on Thursday until Monday, under the ruling of the Chair a bill placed on the calendar on Wednesday could not be called up the following Monday.

Mr. DENISON. That is the reason I made the inquiry.

Mr. GARNER. And in order to take full advantage of the Consent Calendar, the House must stay in session then even if it adjourned from day to day.

Which, in substance, means that the House must be in session for three consecutive legislative days before a bill placed on the Consent Calendar would be in order.

Mr. LEAVITT. And they must be consecutive?

The SPEAKER. Yes. Speaker Longworth said:

The Chair thinks so, and in such a case the bill must have been on the calendar on Tuesday so that it would be on the calendar for three legislative days. If the House should not be in session on Saturday, a bill, to be considered on the Consent Calendar on Monday, must have been filed on the preceding Wednesday.

The Chair thinks this statement covers the matter conclusively. In that decision Speaker Longworth was following a ruling of a former Speaker.

Mr. LEAVITT. The reason I asked the question, Mr. Speaker, is that the Committee on Indian Affairs for many years met on Thursday and we reported many bills on Thursday afternoon which were then considered on Monday, indicating that the Consent Calendar day was considered as one of the days.

The SPEAKER. But in those cases the House in all probability was in session on Saturday.

The reasoning of the rule seems to be this: The present occupant of the chair took the same position that the gentleman from Montana is now taking, and Speaker Longworth, in stating the reasons for his interpretation of the rule, said that the reason for having bills on the Calendar for three successive legislative days was for the purpose of informing the membership of the House what legislation was likely to come up on Consent Calendar day. In case the House was not in session on Saturday, there was no printed calendar. The result therefore was that the House could not be informed as to the legislation that might come up on the following Consent Calendar day.

Mr. PATTERSON. Mr. Speaker, I reserve the right to object to the gentleman's request in order to ask this question. The gentleman's request would mean that the Senate bill would be open for amendment the same as the House bill?

Mr. BANKHEAD. Absolutely.

Mr. PATTERSON. Then I have no objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, I would like to inquire of the gentleman from Michigan [Mr. MICHENER] how much time he would like on the rule?

Mr. MICHENER. I do not know that we shall want any time, but I would say 15 minutes in case time is desired.

Mr. BANKHEAD. Mr. Speaker, I yield five minutes to the gentleman from North Carolina [Mr. POU].

Mr. POU. Mr. Speaker, the President of the United States has received an invitation to send delegates to a conference of sixty-odd nations soon to be held at Geneva. Without very much enthusiasm I feel disposed to support the proposal that this resolution carrying an appropriation be made in order.

We have attended some five or six of these conferences, and so far as I can judge, America has always been worsted in the end. I hope the holding of this conference will be attended with better results, so far as our Nation is concerned. I believe the philosopher and humorist of Oklahoma, Mr. Will Rogers, has very truly said that America has never lost a war or won a conference.

Mr. LEAVITT. Will the gentleman yield for a question?

Mr. POU. I yield, although I only have five minutes.

Mr. LEAVITT. What was the reason, then, for the proposed conference on the tariff that the gentleman's party supported so vigorously?

Mr. POU. The reason is that there is always eternal hope that something worth while will be accomplished by these conferences.

Mr. Speaker, so far as this particular conference is concerned, I hope that our delegates when they get to Geneva will insist that there be actual and prompt disarmament by all the nations of the world in respect to preparation for war on land, on the sea, and in the air. And I hope somewhere in these deliberations the nations of Europe will be warned that unless there is actual and positive reduction in armaments, America will proceed to build a navy which is big enough and strong enough to defeat any other navy on top of the seas. [Applause.]

I never could see any sense in maintaining a navy just big enough to be whipped, and I want to see the American Navy, unless there is to be actual disarmament, big enough and powerful enough so that whenever America speaks the world will listen. I believe the best insurance for peace that we can have is, as President Wilson said, an unconquerable navy, and I insist that any man who would lower the efficiency of the American Navy in this hour in the history of the world when other nations are spending more than ever before in preparing for war is performing a poor service to his country. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield myself 10 minutes.

Gentlemen, I hesitate to intrude upon the time of the committee to express any sentiments whatever upon the basic proposition involved in this resolution. My only justification for trespassing upon your patience for a little while is the fact that I have such a deep and intense interest and feeling with reference to this proposition of world peace and world disarmament.

On November 4, 1921, just one week before we held here in this National Capitol that great ceremonial at the time of the interment of our unknown dead soldier, I took occasion upon this floor to utter a few sentiments with reference to it, and although they have no forensic merit whatever, and merely as a basis for the few remarks that I shall subsequently submit upon this proposition, I am going to read an extract from that statement.

Mr. BANKHEAD. Mr. Chairman, on November 11 there will move from this Capitol Building toward Arlington Cemetery one of the most solemn and impressive processions ever organized in the history of the Nation. It will be a part of the memorable tribute that this Nation and this people are paying to our unknown dead soldier from the battlefields of France.

Shrouded with the flag he died to save, escorted by living comrades who wear the badges of distinguished and immortal valor, reviewed by multitudes with bowed heads and grateful hearts, and "wrapped in the mantle of his people's praises," the prone and silent figure of this stalwart son of the Republic will pass upon his last review.

The tribute of a great Nation to one of its outstanding, distinguished, conspicious public men is always an impressive thing. But this will be a different ceremonial. The man in the casket will be unknown. He may have been of the city's culture, or a laborer of the mills who took off his overalls to put on his khaki, or a plowboy from Dixie's countryside or western plain. That, with us and with him, counts little now. We are not memorializing his identity; we seek only with our tears, or our silence, or appropriate spoken word, to honor his faith, his sacrifice, his soul.

A stately and historic procession will follow him to the mounded silences of Arlington. We here will march with him. But, comrades of this legislative fellowship, I ask you on November 11, and thereafter, too, will he march with us? Not in the flesh, of course, but will his spirit counsel with us—not only to remember him but to take heed that he will have died in vain if the politicians

and diplomats of the world continue to make possible for other men a corresponding fate?

I verily believe that he would be interred content, and with gratitude for his death, if he could only know that because he died, war as a human institution likewise perished from the earth.

My friends, I want to say to you in all candor that after the developments that have taken place in the chancelleries and governments since these sentiments were expressed I feel that I found ample apprehension then in asking the question with which that statement concludes.

Look around to-day at the condition of the great so-called civilized nations of the world. Although this man and those who died with him were held out a definite promise that the World War was a great war to end all wars and to make the world safe for democracy, to-day we find the same great nations spending one-third more in the preparation for future wars than were being expended in 1914.

Gentlemen, I feel that if that dead soldier should become articulate, if we to-day in the light of subsequent developments could hear the voices of those who died in that great contest, we might possibly hear these reproaches; they might well be justified in saying to us, "You enlisted me under a counterfeit flag; you conscripted me under false pretenses; you slew me, and I lie here to-day as a symbol of a broken pledge."

In my opinion this question of world disarmament is the biggest practical, as well as the greatest spiritual, issue to-day before the people of America and other civilized nations of the world. To-day there are two great influences pressing down on the spiritual as well as on the productive enterprises of the people of the world.

One of them is fear. Fear of the stability of government; fear of the soundness of political institutions; fear of communism; fear of some vague, intangible disaster that under present conditions hangs over the people of this world. The other is debt; the debt of nations; the debt of individuals; the debt of corporate enterprises; the debt of the men in overalls to-day who can not meet their obligations.

I do not want to view it in any altruistic or sentimental attitude, but I view it as a man who tries to hold some sound and common-sense views upon the economic problems and international relationships, and as I view it the solution of both of these problems is through international agreements, particularly as my friend from North Carolina expressed it, through some agreement for disarmament all along the line; in the air, under the waters of the ocean, on the seas, and in the encampments of this world. When that is done and you take off of the productive enterprises and earning activities of the world this tremendous burden of debt and taxation which is necessary under the present system of armaments that debt and that fear will be largely removed. I have not reached that point where I am willing to join the philosophy of despair expressed by some people. Men say there have always been wars among peoples and always will be wars. There are those who embrace the philosophy that it is the only practical solution of settling international disputes when they reach a period of anger. There have been other great human institutions of an evil character about which they made the same argument in centuries past.

That argument was made about the universal white-slave traffic a few centuries ago. It was made about the opium trade. It was made about piracy upon the high seas. It was made about human slavery, and yet, gentlemen, because of the crystallized public sentiment of the world those agencies of evil have in a large measure been abolished. Yet we still have with us this paramount of all evils, as I see it, this human institution which devotes itself to wholesale slaughter and homicide and human misery.

They say there is not enough humanity, not enough intelligence, not enough Christianity in the world to reach a formula for the solution of the great evil. I thoroughly believe in my heart of hearts, although I may be expressing an opinion that will never actually eventuate, that if the consecrated intelligent manhood and womanhood of this world should devote itself to this question of international peace and practical disarmament with the same assiduity and with the same energy that they devote themselves to an attempt to solve some of our national and international economic questions, we would not have a vain hope for the accomplishment of the purpose upon which I think we all agree, that international peace through arbitration, through agreement if it can be secured, holds out to the suffering people of this world a greater promise of benefit than any that can be proposed.

They talk about security. Some of the great governments to-day are saying that "we can not make any step along this line because we are afraid of our own national securities." Gentlemen, they are not the students of history. We have heard this argument made about the power of security through force of arms, through great marching regiments, since the dawn of civilization. The Hohenzollerns made it; the Romanoffs made it; the Hapsburgs made it; the Bourbons made it; and in the light of all the pages of history, with its tales of tragic fate and pathetic grandeur, we find as the ultimate answer to that doctrine exile, abdication, the crumbling of frontiers and of empires. But if all the nations of this world of first importance could but come to the point of realizing the common sense—waiving all questions of humanity and suffering and anguish and misery—that if you set aside over here an army of a million men, and one which is likely to come in conflict over here, an army of a million men equally well prepared, and if by agreement you reduce each to an army of a hundred thousand on each side, with the same capacity for doing damage to each other, what a wonderful progress you have made in relieving the burdens of debt of maintaining that excess of 1,800,000 soldiers.

In its last analysis, every man who wears a uniform to-day, except for the necessities of police protection, every man enlisted under every flag of this country and all others is an economic parasite. They toil not, nor do they spin. Theirs is the profession of destruction. I do not speak with any disparagement of the valiant courage and high character of our officers and men. I think we have as fine an Army and Navy as ever existed in this world, and until we can reach some agreement along the line, I agree with my friend that we ought to maintain adequate armed forces for our own protection, but when we think that to-day five and one-half billion dollars are annually being appropriated out of the productive capacity of this world merely for the purpose of armament it seems to me like a stupendous piece of folly.

I do not know what is going to come of this disarmament conference. It has been pointed out to us that we have in the past made many futile efforts to secure some substantial agreement, but I want to indulge the hope and philosophy of my good friend from North Carolina that this may be the one that will accomplish the desired result. Although it carries a considerable sum of money out of the Federal Treasury, I think it is justified in order to make this effort to secure practical disarmament.

Incidentally, I want to say this: I am glad there is going to be a woman on our delegation at Geneva. [Applause.] I want to say that I am glad, not that I imagine she will possess a superior intellect or influence over those of her male associates on that delegation, but I am glad of it because there will be a voice at that conference representing the womanhood of the world, the motherhood of the world, and the sisterhood of the world. When war comes, with all of its agony and with all of its anguish and with all of its sacrifice, the one who feels the most keenly then and thereafter the results of war is the woman who has borne those soldiers, the woman who is the sister of that brave brother who has gone off to the war for his country. I express the hope that the vibrant voice of that good American woman will have a supreme influence in the counsels of this disarmament conference. [Applause.]

I have said more than I intended to say, gentlemen, when I started these remarks, but long ago I accepted the philosophy that peace is better than war. To-day I accept the philosophy expressed by One whose moral teachings have done more to guide us than the teachings of any man who ever lived. You will recall that fateful episode on the night

of His betrayal, when Peter had drawn his sword and had struck off, in his anger, the ear of one of the servants of the high priest, that Jesus said:

Put up again thy sword into his place, for all they that take the sword shall perish with the sword.

[Applause.]

I accept, my friends, that philosophy. I am going to support this resolution with the hope that something substantial and practical may yet come to relieve the peoples of this world of this overwhelming fear of war. [Applause, the Members rising.]

Mr. PURNELL. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BECK]. [Applause.]

Mr. BECK. Mr. Speaker and my fellow Members of the House, I share the pleasure we have all had in listening to the eloquent speech of the gentleman from Alabama. I think it was Doctor Johnson who said of Oliver Goldsmith that he touched no subject that he did not adorn. We have been privileged to hear a speech of more moving eloquence in defense of peace.

However, I venture to challenge his general statement that peace is always better than war. That depends entirely upon the nature of the peace, for I am one of those who believes—and unless I have misread the lessons of history I am justified in that belief—that a cowardly and dishonorable peace that acquiesces in international injustice is an infinitely worse evil to humanity than any war, for it was very finely said by one, whom I regard as the noblest ethical teacher of the nineteenth century, I mean John Ruskin—that the policy of nonintervention at any cost was worse than the worst frenzy of conquest and differed from it only it being not only dastardly but cowardly.

The gentleman from Alabama invoked the name of the greatest Teacher that this world ever knew, and, perhaps, I can remind him that the same Teacher of Galilee also predicted in the thousands of years that were to follow His coming "the distress of nations * * * men's hearts failing them for fear of those things which will come upon the earth." I quote from memory. Possibly the meaning of the great Teacher of Nazareth was this, that there never can be any durable basis for peace unless there can be brought about the reign of justice in international relations; that as long as there is any nation that intends to be unjust, other nations can not without compromising justice acquiesce in wanton attacks upon the elemental principles of civilization. War is then the last resort as the only alternative is to acquiesce in moral wrong. Such a war becomes a necessity because in vindication of a just cause.

If this be not true, I fail to understand upon what moral grounds we could justify our own epic War of Independence, or of that later war in which we defended the rights of our seamen upon the high seas, or of the more recent World War, in which we defended what we then believed, and what I for one still believe, the basic principle of civilization as to the right of a little state, in that case Serbia or Belgium, to have its just rights of a sovereign state maintained without subjecting itself to the imperious demands of superior might.

The fact is that those who talk about perpetual peace and deride those preparations for war, without which no nation can defend its just interests, are very much, if I may pass from the serious to the jocose, like an incident that I remember hearing years ago of a burgess of Gettysburg. He was a jolly, fat, rotund Pennsylvania German, good-natured, kindly, and law abiding, as are his people, and when the armies of Lee and Meade commenced to converge upon the town of Gettysburg, this eminent pacifist thought it was time to do something in the interests of peace and law and order.

He consulted the town ordinances and thereupon sent word to General Lee and to General Meade that it was against the ordinances of Gettysburg to use firearms within the borough limits. [Laughter.] You will observe, by a singular coincidence, that the Battle of Gettysburg in very large part took place just outside of the borough limits [laughter] in deference to the views of this official, who invoked the majesty of law at a time when, unhappily, the elemental forces of war had been called into action.

I did not intend to say so much, but let me say upon this point, because I want to pass to something a little more pertinent to the great mission to Geneva, that this dream of perpetual peace and total disarmament, as long as the spirit of injustice and selfish aggression remains in the world, is only a beautiful rainbow of hope which the gentleman from Alabama has painted with rare art and in glorious colors, a beautiful rainbow of promise, formed by the rays of God's justice shining through the tears of human pity. Perpetual peace is the far-off divine event to which the whole creation moves, but I fear it is far distant.

It was said by the gentleman who preceded the gentleman from Alabama that no conference ever amounted to anything, or at all events that America was always the loser in any international conference.

Why, there was a conference once that lasted for nearly five years in the city of Paris, and the only representative of America was an old man by the name of Benjamin Franklin, and he had only one secretary, but he negotiated with many European powers, and his contribution was so signal that, next to the martial skill of Washington, it may be fairly said that the diplomacy of Benjamin Franklin contributed most to the successful conclusion of our War of Independence.

This is a happy augury, for in the coming conference in Geneva—not for total disarmament but for reasonable limitation of armament—let us hope and pray that our delegates may achieve in some measure the success which Doctor Franklin did more than 150 years ago.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield the gentleman five additional minutes.

Mr. BECK. We have entered upon a year of heroic memories. For the next six months the Nation will celebrate, with fitting pomp and circumstance, the two hundredth birthday of George Washington. To recall the epic days of the Republic is an inspiration to us in the present economic crisis, for in a similar crisis, which followed the successful conclusion of our war for independence, the great influence of Washington was as "the shadow of a great rock in a weary land."

As the American people during the present year reflect upon the inspiring example of Washington, we should not forget the great contemporaries who shared with him the glory of being the master builders of what is now the greatest nation in the world, and of these incomparably the greatest was Franklin. I am especially moved to ask the House to pause in its deliberation to reflect, for a little time, upon the career of Franklin, because yesterday was the two hundred and twenty-sixth anniversary of his birth; and if Washington could influence the form and character of this year's celebration, I think he would be among the first to demand that due recognition be given to Franklin's invaluable contribution to the foundation of the American Commonwealth. Between the two men was a lifetime friendship, and it is a pathetic fact that when Franklin lay on his deathbed he wrote as follows to Washington:

I am now finishing my eighty-fourth year, and probably with it my career in this life; but in whatever state of existence I am placed in the hereafter, if I retain my memory of what has passed here, I shall with it retain the esteem, respect, and affection with which I have long been, my dear friend, yours most sincerely.

B. FRANKLIN.

In replying to this touching farewell of an old friend, Washington wrote:

If to be venerated for benevolence, if to be admired for talents, if to be esteemed for patriotism, if to be beloved for philanthropy can gratify the human mind, you must have the pleasing consolation to know that you have not lived in vain. And I flatter myself that it will not be ranked among the least grateful occurrences of your life to be assured that, so long as I retain my memory, you will be recollected with respect, veneration, and affection by your sincere friend.

GEO. WASHINGTON.

"There were giants in those days," and these two superlatively great men were great also in the generous appreciation which each felt for his rival in fame.

It is no depreciation of the great fame of Washington that Franklin had laid the foundations of American independence when Washington, an unknown lad of 16 years, was surveying the Fairfax estate; when Jefferson, Hancock, Patrick Henry, and Richard Lee were little children in arms; and before Hamilton and Marshall were even born. Long before any of these men had reached manhood Franklin had stood at the bar of the Commons in defense of American liberties and, as Edmund Burke afterward said, "made the Members of Parliament seem like a lot of schoolboys."

Washington was only a young colonel in the Virginia Militia when Franklin had stood erect in the Cockpit and met, with unmoved countenance, the malicious vituperation of Wedderburn. It was Franklin who first suggested a concrete plan for an organic union of the Colonies, at the Council of Albany, in 1754, and it was he who prepared the Articles of Confederation, under which our Nation first assumed an inchoate form. Indeed, it is the immortal glory of Franklin that his name alone, among all his contemporaries, is to be found upon the four great documents which made us a free people; namely, the Declaration of Independence, the treaty of alliance with France, the treaty of peace with England, and last, but not least, the Constitution of the United States.

Let us then, for a little while this morning, dwell upon this remarkable man who, in my judgment, was not only the greatest intellectual genius of the eighteenth century, but shares with Plato, Leonardo da Vinci, Michelangelo, Francis Bacon, and William Shakespeare the supreme glory of being one of the few myriad-minded men of all time.

Had you walked down High Street in Philadelphia 193 years ago, you would have noticed near the market place an unpretentious dwelling whose first floor was also a shop. There you would have seen a stalwart young man of 33 years, with eyes so clear and penetrating that they seemed to look into the very heart of things, and a smile so genial and captivating as to charm friend and stranger alike. Were you tempted to buy, he would have left his printing press long enough to serve you with any of his wares, which at least in variety, if not in quantity, would not have done discredit to a modern department store, for you could have bought imported books or perfumed soap, legal blanks, or Rhode Island cheese, Dutch quills or live geese feathers, peddlers' books or Bohea tea, the current Almanac of Poor Richard, then in great demand, or a gallon of sack, of whose quality, if his advertisement is to be believed, even Falstaff would not have disapproved. Or, if you had called in response to the advertisement in the Gazette that "B. Franklin pays ready money for old rags," he would have driven a bargain with you, and then have brought his purchase home in a wheelbarrow.

If you had asked the good people of Philadelphia, then a country village of about 10,000 people, who and what manner of man this printer-merchant was, they would have told you that he had landed 15 years before at Market Street Wharf, a penniless and unknown lad, and they would have added, with the usual complaisance with which we are apt to regard the misfortunes of others, that the colonial governor had sent the credulous lad to London on a fool's errand, where he had added to the stern and bitter lessons already learned in that hardest and best of schools—life—and had often subsisted on meals of a half an anchovy spread on a single piece of bread. They would have told you that, after working for two years in London, he had returned to his adopted city, and after serving for a time as a bookkeeper and journeyman printer, he had started a printing office, where he soon published the best newspaper in the Colonies. His neighbors were wont to say that they found him at work in the early hours of the morning before the town was astir, and would still find him cutting his type, making with grimy hands his printer's ink, or stitching his almanacs by the flickering light of a tallow dip when the darkness of the night enveloped the unlighted and unpaved streets of Philadelphia.

To this extent his fellow citizens doubtless appreciated him; but had you been a prophet and told them that this man was to become one of the intellectual giants of his century and that with each downward motion of the lever of his press his strong right arm and yet stronger intellect were molding a Republic, and that the time would come when this son of a tallow chandler would be sought by mighty statesmen, fêted by proud peers, crowned by titled ladies, and received in audience by the greatest monarchs of the time, they would have rewarded you with a smile of incredulity, for they as little saw in Franklin "one of the demigods of humanity," as Thomas Carlyle was afterwards to call him, as did that learned Council of Salamanca see in the stranger with the threadbare coat the inspired pilot of Genoa.

No ship ever brought so rich a cargo to Philadelphia as the little sloop from Bordentown which disembarked the youthful Franklin on Market Street wharf 208 years ago. Why narrate the story of that first entrance into Philadelphia? The world knows it almost by heart. With his genius for simple narration—worthy of Bunyan or Defoe—Franklin has told us how he first trod its streets, when with a huge roll of bread under each arm and his capacious pockets stuffed with his surplus wardrobe, he sought only work and opportunity. Whether it was the genius of the narrator or the dramatic contrast between this humble beginning and those later days, when he stood the guest of honor at the Court of Versailles, or shared honors of the academy with Voltaire, I know not, but Franklin's simple account of his entry into Philadelphia has so deeply touched the imagination of men that it is a household tale throughout civilization. Whittington turning back to London at the sound of Bow bells, the Pilgrim leaving the City of Destruction and pressing onward to the Delectable Mountains, the shipwrecked Crusoe finding the footprints on the sand are hardly more familiar to men of all nations and classes than the runaway apprentice, who challenged destiny in Penn's "green country town."

Even we of this later age can appreciate but imperfectly all that the future whispered in the ears of the penniless boy. Franklin's fame expands with the majestic advance of America and the ever-widening boundaries of science and thus baffles the imagination.

The century in which Franklin lived, which gave Frederick to Prussia, Chatham to England, Franklin to America, and made possible three empires, was destined to be epic in the grandeur of its achievements and most far-reaching in its results upon the after ages. It was a period of transition. Human society was about to be reconstructed. Upon the ruins of feudalism the better superstructure of democracy was then in the slow progress of erection. War, never to cease until final triumph, was soon to be declared and waged against every form of tyranny over the mind and soul of man; while the individual, without distinction of race, class, or creed, was to be offered that "career open to talent," that fair field and no favor, that equality of opportunity, so far as political institutions can determine the conditions of the competition, which is the basic principle of the American commonwealth. And the very incarnation of this democratic spirit, the great exemplar of the plain people, the foremost apostle of the new gospel of equal rights, was to be this printer of Philadelphia, whose coming kings should live to dread, and whose strong right arm, ever pressing the lever of his printing press, was—like the god of thunder, Thor—to rend in twain the English Empire and drive the Bourbons from the throne of France.

Marie Antoinette, in whose proud court Franklin had stood in his plain garb as the very incarnation of that democracy which was to be her Nemesis, was to sadly say, "The time of illusions is past and to-day we pay dear for our infatuation and enthusiasm for the American war."

The greatest statesman of his time, whose towering genius had constructed the British Empire, the elder Pitt, was to seek the advice and information of this plain justice of

the peace in Philadelphia, who, without title, wealth, star, or ribbon, engaged the ablest diplomats of Europe in a chess game of nations, in which, with a skill worthy of all admiration, he checkmated mighty kings and swept powerful as mere pawns from the chessboard. Indeed, his career is not inaptly nor with undue exaggeration embodied in the famous epigram of Turgot: "Eripuit coelo fulmen sceptrumque tyrannis."

Franklin seems to be the most typical and intellectually the greatest of Americans. He was the first to attract and hold the attention of the world, and he typifies as none other that product of our institutions, the self-made man. He was incarnate democracy. He was a man of the people, simple in his tastes, companionable to high and low, and with scant regard for the prejudices of class and condition. When loaded down with honors received at royal and titled hands, he could still proudly remember his modest beginning and the days of his early married life, when he was clad from head to foot in homespun of his wife's spinning and, when in his later years he had ceased for nearly 40 years to be a printer by occupation, he still wrote himself down in his will for all time as "Benjamin Franklin, printer, of Philadelphia."

This myriad-minded man defies adequate statement. Historical analogies give us the most graphic idea of this stupendous genius, and yet the varied and conflicting character of these analogies makes it difficult to comprehend its full extent. In diplomacy, a Talleyrand; in invention, an Edison; in philanthropy, a Wilberforce; in science, a Newton; in philosophy, an Erasmus; in local politics, a Hans Sachs; in statecraft, a Richelieu; in humor, a Swift; in style, an Addison; in the power of narration, a Defoe; in the unequaled sweep of his versatility, a Leonardo da Vinci. What a man! Where in history is his equal in the varied scope of his talents and achievements?

Suffice it to say that "tried by the arduous greatness of things done" Franklin thought more, said more, wrote more, and did more that was of enduring value than any man yet born under American skies.

The homely and epigrammatic wisdom of "Poor Richard," which seems to us, in these days of luxury and opulence, so penny-wise, was in that day of little wealth and small beginnings essential to the well-being of America. Indeed, "Father Abraham's" advice to a discontented people could be read with profit even by this generation. It is still true that while we are sorely taxed by our governments, national and local, we are "taxed twice as much by our idleness, thrice by our pride, and fourfold by our follies."

Some may challenge my statement that Franklin is in intellect the greatest of Americans and give preference to his great contemporary, Washington. There is a moral grandeur and dramatic interest in the deeds of the Lion of Trenton which will ever place him first in the hearts of Americans. His services on the field of battle appeal most to the imagination of men and his inestimable influence as the first President of the Republic will ever give him preeminence in its history. The man on horseback casts a longer shadow than he who walks upon the ground, and in the epic of our independence Nestor must give place to our "king of men." But in yielding the willing tribute of our admiration to Agamemnon let us not withhold the due meed of praise to him who was at once Nestor and Ulysses.

To our Constitution, which so far has given a practical realization of the highest ideals of American liberty, and which is probably the greatest State document yet penned by man, Franklin's contribution was inestimable. Apart from the compromise measures which he proposed, which saved the convention from disintegrating without its glorious result, it was the potent power of Franklin's personality, with its shrewd union of political sagacity and tactful savoir faire, which so reconciled the discordant members of the Convention that they finally agreed to sign the document for submission to the people.

This was the last and perhaps the most useful of his achievements. Conscious that like Moses on Pisgah's height he could, on account of age, only behold the promised land from afar and not enter therein, it was with the prescience of an inspired prophet that at the close of the great Convention he pointed to the half disk upon the speaker's chair and said, in substance, that while he had often wondered, in the course of the four months' deliberations, whether that picture of the sun represented it as rising or setting, he now knew that it symbolized "a rising sun." Yes; it has been until now an ascendant sun in the constellation of the nations.

Oh, for a breath of Franklin's sanity and common sense in this hysterical generation, when the whole world seems topsy-turvy, when many classes are in revolt against the institutions which make for stability, and when the councils of men are darkened with vain imaginings. Franklin had too keen a sense of humor to be swept away by such hysteria. If he had been able, as he humorously hoped, to float in a state of suspended animation in a cask of Madeira for more than a century and then revisit the scene of his achievements, what would not have been his amazement and admiration? The greatness of the Nation which he had helped to bring into existence would satisfy even his universal spirit. It would surprise him that his cask of Madeira was now regarded as intrinsically so evil that even its possession was now a crime.

Franklin's Father Abraham's Address, which has been printed in nearly every language in the world, and which was written during an economic crisis not dissimilar to the present, contains much homely wisdom which we could profitably recall to-day. He never believed that the people could get rich by taxing themselves or by borrowing. Poor Richard wittily said: "Those who borrow to be paid at Easter, have a short Lent."

In 1774 he collaborated in a pamphlet called Principles of Trade, from which one excerpt can to-day be profitably quoted:

> Perhaps, in general, it would be better if government meddled no farther with trade than to protect it, and let it take its course. Most of the statutes, or acts, edicts, and placards of parliaments, princes, and states, for regulating, directing, or restraining of trade, have, we think, been either political blunders or jobs obtained by artful men for private advantage under pretense of public good. When Colbert assembled some wise old merchants of France and desired their advice and opinion how he could best serve and promote commerce, their answer, after consultation, was in three words only, Laissez-nous faire; "Let it alone." It is said by a very solid writer of the same nation that he is well advanced in the science of politics who knows the full force of that maxim, Pas trop gouverner; "Not to govern too much." Which, perhaps, would be of more use when applied to trade than in any other public concern.

Franklin was a believer neither in the simple nor the strenuous but in the sane life. He not only preached philosophy; he practiced it. Like Horatio, he was one who—

> In suffering all that suffers nothing;
> A man that fortune's buffets and rewards
> Hast ta'en with equal thanks. And blest are they
> Whose blood and judgment are so well commingled,
> That they are not a pipe for fortune's finger
> To sound what stop she please.

Franklin was also a typical American in his love of work—not as a mere means to an end, but for the love of work, the joy of achievement. He was the most useful and industrious citizen that America has ever known. His period of public service, which reached nearly 70 years, was unexampled in length. No burden seemed to be too great for him, no sacrifice too severe. He loved to do things. To him the workaday world was a glorious arena, and he disdained to triumph sine pulvere.

He could look with just complacency upon the mighty results of his tireless industry, a nation brought into being, science expanded, and the whole human race benefited because he had lived. Well may we paraphrase that stoneworker of Westminster Abbey, and say:

> O rare Ben Franklin!

All that Franklin subsequently became was latent in him as he stood, a boy of 17, on Market Street Wharf. It was more than merely latent. By tireless industry and unwearying study under adverse conditions he had prepared himself for his future work in the greatest of all universities, the

University of Gutenberg. In this age, when the average boy seems to have lost his love of reading, unless we except the ephemeral newspaper or current magazines, it is well to be reminded that his wonderful career was largely due not only to his self-acquired wealth of ideas but his self-taught and unequaled power of expression.

When Congress resolved to send an ambassador to France he was unanimously elected. It was no small or easy task for him at his time of life, with English privateers guarding the ocean, to accept so difficult and dangerous a mission; but without hesitation or fear of consequences, he at once said to Doctor Rush, who sat next to him—

> I am old and good for nothing, but, as the store people say of their remnants of cloth, "I am but a fag end; you may have me for what you please."

When he reached Paris, the affairs of America were desperate, but he soon procured substantial assistance in money and arms, and later the all-important treaty of alliance. He finally became the sole minister plenipotentiary in France, and with his grandson as a single clerk, did work which has rarely been surpassed, either in importance or difficulty, in the whole annals of diplomacy. His duties were far more than those of a diplomat. They became those of a Treasurer of the United States; for, when resources were exhausted and credit gone, and Robert Morris was begging from door to door on his personal credit the means to keep Washington's army from disintegration in its last bitter extremity, recourse was had to drawing bills on Doctor Franklin with a sublime faith that in some way the genius of the old man would enable him to meet them. He wrote to Mr. Jay:

> The stream of bills which I found coming upon us both has terrified and vexed me to such a degree that I have been deprived of sleep, and so much indisposed by continual anxiety as to be rendered almost incapable of writing.

His labors became so arduous that, when the crisis was passed, he requested to be relieved. The only reply was to add to his heavy burden by appointing him commissioner, with Adams and Jay, to consider the terms of peace. Undaunted by the immensity of his labors, and by his unbroken 50 years of public service, he proceeded to conduct and supervise these negotiations with both England and France. On his return from France, after nine years of absence and arduous toil, he might well have pleaded exemption from further service. He was then 79 years of age, suffering from an incurable malady, which made any motion on his part painful to the verge of torture, and yet he had hardly returned to America before he was elected the first president of Pennsylvania and a member of the Federal Convention to frame the Constitution. Well could he say, with his usual good nature:

> I have not firmness enough to resist a unanimous desire of my country folk, and I find myself harnessed again in their service for another year. They engrossed the prime of my life, they have eaten my flesh, and seem resolved now to pick my bones.

To this Nation, he was as Prospero in the wondrous island of Shakepeare's fancy. He was its wonder-worker; and, even to this day, some of its greatest institutions were born of his thaumaturgic genius. If he could not, like Prospero, conjure "Jove's lightnings" and "call forth the mutinous winds, and twix't the green sea and the azur'd vault set roaring war," he could at least curb the destructive fury of the lightning and solve its baffling mystery. His Ariel was his swift intelligence, his working wand, science; his magic mantle, imagination; for in him was that rarest of combinations, a prescient and sweeping imagination coupled with the finest common sense.

Let me say, in conclusion, that it is a strange fact that nowhere in America is there an adequate memorial to this first, and, in many respects, greatest of Americans. Until 25 years ago there was not even a statue of Franklin in the city of his adoption, to whose greatness he had contributed so much, excepting the small statue on the old Ledger Building. A few statues in a few American cities are the only outward symbols of the undoubted veneration which the American people feel for Franklin.

Fortunately, this want of a fitting memorial will soon be remedied in the city of his adoption, which he loved so well. A few years ago, due largely to the inspiring leadership of Mr. Cyrus H. K. Curtis, who, like Franklin, had come to Philadelphia as a printer and publisher, a movement was started to erect, in that city, a fitting memorial to Franklin. In the appeal for funds, the people of Philadelphia, within two weeks, subscribed about $7,000,000 and there is now in course of construction upon Philadelphia's noble Parkway, a great building which, as Franklin would have well desired, will illustrate the origin and growth of the varied industries of mankind. When constructed it will be one of the most notable memorials to a single man in all the world.

As Franklin was connected for many years with the development of the Postal Service in the United States, I am hoping that when the times are better that the Congress will make an appropriation for a permanent exhibit in this Franklin memorial of the Postal Service as its contribution to the memorial. The cost would probably not exceed $100,000; and the United States, which owes its very creation to Franklin, should not fail to make such a contribution to his memory.

However, the great fame of Franklin needs no recognition. The world has long since acclaimed him one of the greatest men in history. When his death was announced in the National Assembly in France, the great orator of the French Revolution, Mirabeau, eloquently expressed the verdict upon Franklin's career which still remains the verdict of history. Mirabeau said:

> Franklin is dead. The genius that freed America and poured a flood of light over Europe has returned to the bosom of Divinity. The sage whom two worlds claim as their own, the man for whom the history of science and the history of empires contend with each other, held without doubt a high rank in the human race. * * * Antiquity would have raised altars to this mighty genius, who, to the advantage of mankind, compassing in his mind the heavens and the earth, was able to restrain alike thunderbolts and tyrants. Europe, enlightened and free, owes at least a token of remembrance and regret to one of the greatest men who has ever been engaged in the service of philosophy and of liberty.

[Applause.]

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Maine [Mr. NELSON].

Mr. NELSON of Maine. Mr. Speaker and Members of the House, it is natural to expect differences of opinion on many subjects among the Members of this House, but it is difficult for me to understand how any man who witnessed the horrors and futility of the World War can vote against this resolution or belittle in any way the tremendous purpose which it represents. It is the function of a Member of Congress, as I understand it, to voice the hopes and prayers of the great mass of the people whom he represents, and I feel that in supporting this resolution I am giving expression to the highest aspirations of the homes, the schools, the churches, the women's clubs, the service clubs, and the Christian men and women of my State.

There is, as you know, a movement to-day growing with amazing rapidity calling for the excommunication of war by the Christian church. There is everywhere a growing conviction in the hearts of layman and churchman alike that we must substitute law for war or we can not continue as a Christian nation, that the survival of civilization itself is dependent upon our ability to create machinery to take the place of force as an arbiter between nations.

I am not a pacifist, my friends. A pacifist is one who condemns war without offering any definite substitute in its place, one who is for peace at any price. I believe in national preparedness. I cast my vote at all times for an American Army and an American Navy wholly adequate for defense. I want that Army and that Navy to be the most efficient of its size in the world. I am not for peace at any price. I recognize, as you do, the existence in this world of human rights and principles of justice, so elementary, so inalienable, so God-given that no price in blood and treasure is too dear to insure their preservation and maintenance; but I do believe, as you must believe, that in this twentieth century, with its civilization and enlightenment,

with the world now shrunk to one vast neighborhood, war as a recognized institution for the settlement of international difficulties is an anachronism, a survival of barbarism, an international crime, and should no longer be tolerated among Christian nations. [Applause.]

We must find and are finding a better way—finding it in the steady building up of those institutions of international conference, international association, and international cooperation that constitute a new and powerful bulwark against the menace of future wars. Long strides, these, since the day of offensive and defensive alliances. The gradual strengthening and multiplying of antiwar treaties, the increase in each nation's stock of agreements not to wage war, or not to wage it until national passions have had breathing space in arbitration and investigation, combine to create the will to peace and set our footsteps in the path to peace. We may not eliminate war altogether, but we can make war so difficult as to be turned to only as a last desperate resort.

Gentlemen may denominate these efforts to find a better way as a beautiful but empty dream, but they are more than that. To-day outlawry of war may no longer be classed as entirely Utopian or as the dream of infantile idealists. War is being outlawed to-day, and the area of its banishment is continually widening. The League of Nations, the World Court, the treaties of Locarno, the hundreds of postwar treaties, the Washington and Geneva conferences, the Kellogg pact, the open discussion of peace in international councils—all testify in no uncertain terms to the existence of a spiritual force abroad in the world to-day, unknown in 1914, a force that is substituting arbitration and the courts for the swift opening of the cannon of other days.

The least we can do is to try for something better. Even though it be true that peace through international justice is but a beautiful dream which imperfect humanity may never quite realize, yet through faith and vision and effort we may go a long way toward its realization. Certainly this proposed conference of the 63 nations of the world should not be allowed to fail through lack of America's participation. We must first envision a better world if we are ever to live in one. Let us, in a spirit of sympathy and understanding, deal with the nations of the world on the basis of equity and justice. We can not force peace upon others, but we can live peace ourselves. Let us think peace, talk peace, and prepare for peace as we have heretofore prepared for war.

As to dreams, in closing, let me leave with you the words of Padraic Pearse:

"O wise men, riddle me this: What if the dream come true?
What if the dream come true?
And if millions unborn shall dwell
In the house that I shaped in my heart, the noble house of my thought?"

[Applause.]

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

Mr. LINTHICUM. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 79, to provide an appropriation for expenses of participation by the United States in the general disarmament conference to be held at Geneva in 1932.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. Cox in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 79, of which the Clerk will read the title.

The Clerk read the title.

Mr. LINTHICUM. Mr. Chairman, I desire to be reminded when I have used 10 minutes. Mr. Chairman, House Joint Resolution 163 was reported unanimously by the Foreign Affairs Committee of the House with amendment limiting it to $450,000. The Senate also reported Senate Joint Resolution 79 to the same effect. It is this latter resolution we are considering under this special rule.

The purpose of the resolution is to appropriate $450,000 for the expenses of the five delegates, Messers. Dawes, SWANSON, Wooley, Gibson, and Davis, delegates to the disarmament conference, which meets in February of this year, and their personnel of 45 persons, at Geneva.

An itemized comparison and estimated comparison of provision for the Washington conference, the London Naval Conference, and the recommendations for the proposed general disarmament conference at Geneva

	Washington conference	London Naval Conference	Geneva disarmament conference
Appropriations	$200,000.00	$350,000.00	$450,000.00
Allotment from "emergency fund"	52,000.00		
Length of conference	Nov. 12, 1921, to Feb. 6, 1922; approximately 3 months.	Jan. 21, 1930, to Apr. 22, 1930; approximately 3 months.	Approximately 3 months.
Average daily expense	$252,000 (for 90 days, $2,800).	$282,081 (for 90 days, $3,134).	$450,000 (for 240 days, $1,875).
Expenditures:			
Personal services	68,971.14	22,013.68	68,339.00
Translations	29,727.73		
Supplies and materials	[1] 12,419.41	1,619.74	1,554.00
Communication service	4,453.93	24,038.56	20,175.00
Travel expenses and subsistence	23,317.81	129,511.72	156,637.86
Transportation of things	4,042.72	1,092.32	1,000.00
Printing and binding	20,844.86	6,445.79	5,000.00
Reporting services	29,358.57		
Rent		91,456.59	72,808.50
Alterations and general expenses Daughters of the American Revolution and Pan American Buildings	49,158.58		
Repairs and alterations		251.23	
Entertainment	9,356.33	444.72	7,000.00
Special and miscellaneous	250.92	3,710.26	18,318.64
Pro rata share of league budget			99,167.00
Equipment	[2]	1,497.22	2,000.00
Total	252,002.00	282,081.83	450,000.00

[1] Also includes office equipment. [2] Combined with supplies.

Years ago when the Versailles treaty was being considered, it was decided that Germany should disarm, and the countries agreed that that was the first step in disarmament, and the purpose would be to follow that up by a general disarmament of all the nations of the world.

Germany was disarmed, and after a few years the question was taken up as to the disarmament of the balance of Europe, and from 1925 conferences were held by the various nations for the purpose of agreeing on some agenda to be taken up at a general disarmament conference. Six sessions were held, in which the United States participated, and it was finally agreed that all the nations should meet in February, 1932, to consider the question of disarmament.

Invitations were issued by the League of Nations to the various countries of the world, whether members or not. The United States said that the American Government is happy to accept the invitations and welcomes an opportunity for cooperating with other nations in the common effort to reduce the menace and to lighten the burden of armament under which the world is suffering.

We accepted that invitation, we agreed to go, and it was accepted in good faith as far as disarmament goes. Certainly, nobody can complain of our Army, and the Washington and London naval conferences have already agreed as to the race for naval building. So we are going for the purpose of carrying out partly what we promised at Paris when the Versailles treaty was agreed to, and we are going to try to help the other nations unload their great armaments.

The gentlewoman from Florida the other day struck the keynote, to my mind, when she said that 70 per cent of all the money collected in taxes in this country is expended for the expenses of war and past wars. Just think of that! Only 30 per cent of the money which is collected is used for our ordinary expenses while 70 per cent goes for the expenses of past wars.

I realize that to some Members of the House the amount of $450,000 may seem large, but I have in mind the Washington Limitation of Arms Conference, where we had $200,000 appropriated and then an additional $52,000 taken from the emergency fund. At the London Naval Conference we had two appropriations, the first of $200,000 and then an additional appropriation of $150,000, making a total of $350,000.

Mr. BLANTON. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. BLANTON. If the gentleman will look at the itemized expenses, he will find that the pay for services amounted to $55,000 and that the transportation amounted to about $55,000, so it was really about $100,000 for actual expenses after you took off the entertainment and various other things.

Mr. LINTHICUM. The gentleman has the full statement of it there as I have it here. At this conference we are asking for $450,000. I wish to say that the department asked for an unlimited authorization, but the committee, basing it upon other monthly figures, thought that $450,000 should be sufficient.

The Washington conference was in session only three months and only about five nations were represented. The London conference was in session for three months and some nine nations were represented, but the Geneva conference, it is estimated, will be in session for seven or eight months, because there will be about 63 nations represented. That conference will not only consider the naval proposition which was considered at the Washington and London conferences but it will likewise consider every feature of war. Every feature of war—the navy, army, air, gas, submarines, and so forth—will be taken up at this conference. Nothing outside of those questions will be taken up. Somebody has suggested that perhaps reparations will be taken up, but there is no such idea at all.

Mr. McFADDEN. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. McFADDEN. Will this conference deal with the causes leading up to war?

Mr. LINTHICUM. I think this conference can consider any question relating to disarmament, and I imagine that the causes leading up to war should be taken up, because on those things you base the amount of armament needed. So I suppose they can take up that question.

The gentleman from Texas has just spoken about the amount. I want to say to the gentleman from Texas that $99,167 of this money will represent our pro rata share of the league budget, so that the amount actually at the disposal of the conference will be $350,000, and not $450,000.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. CLARKE of New York. Do I understand that $99,000 of this goes into the League of Nations budget?

Mr. LINTHICUM. The league has a budget for this whole conference, and the United States pays its proportionate part, which it should pay. We can not go there and take part in this conference and expect the league to bear our proportion of the expense.

Mr. CLARKE of New York. Why should we contribute to something to which we do not belong?

Mr. LINTHICUM. Well, now that the gentleman raises that question, we are not contributing to the league. It is just like this: If the gentleman should get up a party of this Congress and say, "You boys are invited to come, but you have to pay your part of the expenses."

Mr. CLARKE of New York. Then it is a Dutch treat?

Mr. LaGUARDIA. That is what it is. It is a Dutch treat.

Mr. LINTHICUM. We are not a part of the League of Nations and it does not look as though we will ever be a member of the League of Nations. However, we should pay our part of the expenses when we go to a conference of this kind.

Mrs. OWEN. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mrs. OWEN. To clarify the point just raised, is it not true that in the case of the London conference England paid the entire secretarial expense, because it was the host nation?

Mr. LINTHICUM. Yes.

Mrs. OWEN. Is it not true that in the case of the Washington conference the secretarial expense was paid by our Government as the host nation?

Mr. LINTHICUM. Certainly.

Mrs. OWEN. Then in the case of the conference called under the auspices of the League of Nations would it not seem proper, as there is no host nation, that the participating nations pay their part of the secretarial expense?

Mr. LaGUARDIA. It is not only appropriate, it is customary under the league, so that all nations will be on a parity.

Mr. FREAR. Will the gentleman yield for another question?

Mr. LINTHICUM. I yield.

Mr. FREAR. The $399,000 is less than 1 per cent of a $40,000,000 battleship, is it not?

Mr. LINTHICUM. Oh, yes; absolutely. It looks to me as if it is going to be a very important conference. If you can help the nations of the world to lessen their expense of armament, then you can help them to pay their debts to the various nations to which they owe them. If we do not gradually in some manner reduce the expense of armament and of war, such expenses are going to sap the vitality of every nation. They have practically done that now. It amounts to 70 per cent in our country. What is it in other countries?

The gentleman from Alabama just spoke about fear. I have read the book of Mr. Oliver upon fear. It seems to me that one of the greatest detriments in this world is fear, and how can you expect the German people to try to amass an income or to try to save something when they have no way of protecting themselves, and when every nation around them is armed to the teeth. The nations around them can march in there and take whatever they have amassed. Whatever wealth they may have stored away can be taken from them overnight. So it is absolutely necessary, if you want to remove fear, not only from Germany but from the earth, that you have these conferences, and if we do not succeed in this conference, we must go on to other conferences. Nothing was ever accomplished at one time. It requires years. It takes months to pass bills through this Congress where we know one another intimately, and it will take months for 63 nations to discuss a great question like this.

Mr. COLE of Iowa. If this conference should turn out to be a failure, is it not true that instead of appropriating $450,000, we will be called on to appropriate about $450,000,000 to prepare ourselves for contingencies?

Mr. LINTHICUM. If we do not get some agreement on disarmament, the race of armament will begin and nobody knows just what it will cost.

Mr. SWEENEY. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. SWEENEY. Has the gentleman any official information that Japan will attend this conference or send a delegation there?

Mr. LINTHICUM. Oh, yes; Japan is going to attend and send some one hundred delegates.

Mr. SWEENEY. I noticed in the summary there is stated, "probable delegation from Japan."

Mr. LINTHICUM. Japan has accepted and Russia has accepted. Practically every nation of the world has accepted and is going to be present.

Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, on the subject of world peace or the Tomb of the Unknown Soldier any Member of this House could wax eloquent. My remarks shall be plain and practical, as plain and as practical as those of the chairman of the Rules Committee, who launched this

resolution making in order this appropriation. I quote the exact language of the distinguished gentleman from North Carolina [Mr. POU], the distinguished chairman of our Rules Committee, when he took the floor in favor of the rule. He said:

Without very much enthusiasm I feel disposed to support the proposal.

Without very much enthusiasm he did it, and he continued:

We have attended some five or six of these conferences, and so far as I can judge, America has always been worsted in the end.

Then he said:

I believe the philosopher and humorist of Oklahoma, Mr. Will Rogers, has very truly said that America has never lost a war or won a conference.

This is the opinion of the chairman of our Rules Committee, who has been here a long time, with respect to this resolution.

I am just as much in favor of world disarmament as any Member of this House, or as any man or woman in this Nation; and I am just as much in favor of world peace as anybody, and I would go just as far and appropriate just as much money as would be necessary to bring about this great achievement; but we want to look at this matter with a little common sense.

What is the condition of mind of every country in Europe? They feel just like our people feel scattered over this country. They are in a state of depression. They are out of jobs. They are hungry and unclothed. These foreign nations are going to this conference at Geneva armed to the teeth.

They are going there thinking about just two things: One is reparations, the other is who is going to pay for the war; and all of them have their eyes on the United States to pay for the war. We have paid for a great part of it already. The gentleman from Maryland [Mr. LINTHICUM] admits that we are even going to pay $99,000 to the League of Nations as part of its budget in holding this conference for 66 countries to attend.

I wish you would turn to the RECORD there under your seat and look at page 1841 of the RECORD for January 12, 1932, and see the tables of expense for the various conferences that I have put in there, and see what they cost us last year. One quite expensive one cost $6,000, another one, I think, $7,000, another one $9,000, and another $13,000. Take the London conference that lasted three months; when we had almost an army over there attending it, we spent $22,013 for services, we spent $31,578 for transportation, we spent $5,439 for subsistence, we spent $444 for entertainment, we spent $55 for miscellaneous, and we spent $3,654 for gratuities, totaling for these important items only $63,186.57, which embrace all of the expense that was absolutely necessary. If it only cost $63,000 for three months for all these necessary items I have mentioned, why should we appropriate $450,000 for this conference at Geneva? I still call it Genéva in spite of this new-fangled idea of the State Department of calling it something else. It is still Genéva. We have all been taught that in school.

Mr. YON. What is the other pronunciation?

Mr. BLANTON. Geneva, they call it; but it is still Genéva.

Now, I want to read you a statement by one of the greatest historians of the World War that we have, no less an authority than Mr. Frank H. Simonds, who, I am told, has written the best and truest history of the World War that we have in existence, a man who spent much of his time in Europe, a man who is familiar with conditions all over Europe. I want to show you what he said yesterday in the public press.

I read you from the Washington Star of yesterday, Sunday, January 17, 1932, the following from Mr. Frank H. Simonds, who, under the heading, "Europeans Skeptical on Arms Conference," says:

A week or two ago Miss Ellen Lamotte, an American woman interested in the suppression of international narcotic traffic, returning from a long stay in Geneva, reported that the Europeans whom she had encountered in the Swiss city were, with few exceptions, totally skeptical as to any possible achievement in the forthcoming disarmament conference. For Europe, Miss Lamotte declared, the new meeting was "just another conference."

The state of mind, which has prevailed in Europe for at least a year, has its origin, of course, in the recognition of the fact, which has still to find general acceptance on our side of the Atlantic, that since the armistice there have been only two kinds of international conferences—those to determine who won the war and those to decide who should pay for it.

Mr. Chairman, who here doubts that most European countries intend to have it definitely determined at this conference that the United States shall pay for this World War? They are meeting with no other purpose in view. But let me quote further from Mr. Frank H. Simonds, who says:

EUROPE SEES FRENCH POWER ISSUE

In Europe, on the other hand, it is plainly perceived that the chief issue at Geneva is going to be whether France and her allies will retain their present military predominance in Europe or can exchange this for some form of security agreement made by Britain and the United States which will guarantee that American and British divisions will replace French and Polish as physical bulwarks of the existing frontiers and treaty law.

Are we going to guarantee that our divisions of American soldiers are again to furnish safety and protection to European countries?

Mr. Simonds further says:

Doctor Woolley and her associates are going to Geneva to persuade the French Government and the French people that they can safely reduce their armies; that if they reduce their armies they will run no risk from the Germans, Italians, or Hungarians, who continue to demand territorial revision as a major detail in their respective foreign policies.

But if the French, Poles, and Czechs should agree to reduce their armies without obtaining any guaranty from the United States that in case of German or other aggressions American troops would come to their assistance, it is plain that they would run a risk which in their own minds has been a dominating detail in all the postwar-years history.

* * * * * * *

The United States delegates could in theory say to the French and their allies: "Reduce your armies and America, together with Britain, will guarantee that if you are subsequently attacked we will come at once and unhesitatingly to your assistance." That is what the French demand; that has been the irreducible minimum of French insistence ever since the close of the World War. In point of fact the French have been more insistent upon the British assistance, but the British on their part have been resolved not to give new guaranties in Europe save as their responsibilities were shared by us.

He says that they are depending on our American soldiers to protect them if they give up their arms. That is what this great historian says and said yesterday. Now, let me read further:

In the present instance, too, while the Geneva conference will deal with the problem of who won the war, the sessions in the near-by city of Lausanne will be occupied with the question of who is to pay. And, of course, since the two problems are indissolubly linked, the two conferences will be similarly related, and since the question of money is more immediately pertinent, Lausanne will be more important than Geneva in all European eyes.

Are we going to pay the bills? That is what they expect us to do. They expect us not only to pay for the war but to guarantee with our Army and Navy their protection.

Let me read further:

Europeans are aware that French, German, Italian, Polish political policies are at an extreme point of irreconcilability, and nationalistic passions in all countries are in a condition of violent exacerbation. They perceive, also, the fact, so far hidden from American friends of disarmament and conference, that to-day it is the nations opposed to all reduction, namely, France and her allies, who are actually pressing for the Geneva meeting.

The British, who a year ago were keen and insistent, have now made their best effort to insure postponement. The friends of the league, the secretariat resident in Geneva, are most apprehensive, because they perceive the further disaster bound to overtake the league if to failure in Manchuria there is added futility in the disarmament sessions. But France and her allies are clearly aware that if the conference is forced on now, in the present state of European tempers, the whole cause of arms reduction or limitation may be set back indefinitely, or, as the French would say, until the prior issue of security is disposed of.

What is well-nigh tragic in the situation is the fact, perceived so clearly among the league and pacifist circles in Europe and still ignored by the many thousands of sincere champions of international cooperation in this country, that they are being led

into an international conference not only foredoomed to failure but destined to supply their opponents with a position and ammunition which will be effectively exploited in the future. In Europe it is the friends of international peace who are fearful, but in the United States, even yet, it is in similar circles that the Geneva conference still finds champions. On the present showing it is as an armament, not as a disarmament, conference that Geneva invites realistic approval in the armed countries of the Continent.

Do you know why they arranged to have their conference last eight months? They want Congress to be adjourned before they quit. Why did they want to wait until Congress has adjourned? They want a free hand to discuss debt cancellations. We do not want this country in war, and yet they would involve us in a series of international complications that may result in war. That is what I am thinking about. Just as sure as you sit in that seat, if you send our army of employees from Washington over into foreign countries, you are going to give affront to some nation, and they will cause an insult to our flag, and we are going to be called upon to back up the President in a declaration of war. I am not going to do it. I am not going to take a chance of doing it.

Mr. McREYNOLDS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. McREYNOLDS. Is the gentleman opposed to a disarmament conference?

Mr. BLANTON. I do not think it is going to amount to a thing. I think it is the wrong time. Usually I am in favor of such conferences. But just now I am not in favor of it, and under no circumstances ought you to appropriate more than $100,000, and I am going to offer an amendment to reduce it to $100,000. That will keep our delegates and our army of employees there for three months. That will keep them from spending your money in entertainment and in gratuities, and this, that, and the other wasteful thing.

Mr. McREYNOLDS. Do I understand that if the appropriation for expenses was reduced the gentleman would vote for it?

Mr. BLANTON. With the same kind of misgivings that the gentleman from North Carolina [Mr. POU] had in his mind. It is not going to produce a thing that will be of any benefit to this peace-loving country. On the other hand, it may involve us seriously in further complications. But I hope it will be possible to save $350,000.

Mr. McREYNOLDS. So the gentleman is willing to vote for $100,000, even though the gentleman suspects it may involve us somewhat?

Mr. BLANTON. Oh, I know it is going to pass, even then. But I want to try to reduce it, if possible, and try to reduce the chances of bad effects coming about, but the gentleman has a great deal of time. There are some here who are against this measure, who are given a paltry 30 minutes as against an hour and a half on the other side.

Mr. FREAR. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. FREAR. I want to add something to what the gentleman has said, although I am not in sympathy with the gentleman.

Mr. BLANTON. Then, if the gentleman is not in sympathy with my position, I would rather he would get time from the other side.

Mr. FREAR. I think the gentleman will be interested in this.

Mr. BLANTON. I do not want the gentleman to use all of my time.

Mr. FREAR. What Mr. Simonds said is only evidenced by what Clemenceau wrote in the treaty after it had been drawn, and when it was handed to President Wilson.

Mr. BLANTON. I can not yield further. If the gentleman wishes to talk about Mr. Clemenceau, he can do it in his own time.

Mr. Chairman, we do not belong to the League of Nations and we are not a part of it. I am glad just now that we are not. If we were we might be involved every day in some new difficulty, but, not being a part of it, since April, 1926, there have been six League of Nations conferences called, and we have attended every one of them, when we did not even have a voice in them. We could not even be heard as a member of the league, but we attended the conferences with our army of State Department employees.

The distinguished historian and parliamentarian, the gentleman from Pennsylvania [Mr. BECK], said that Benjamin Franklin, with one secretary, was the only man who ever got anything worth while for America out of a conference. We do not depend on a diplomat any more with one secretary. We depend on about five delegates and about a hundred State Department employees, spending a half million dollars, having a good time with their wives over in Europe. That is the reason we do not accomplish anything, but we have attended each of the six different conferences held since April, 1926. I appeal to the splendid gentlewoman from Florida [Mrs. OWEN], who attended one conference herself last summer—I appeal to her—in her own time, to tell us one single benefit we have ever gotten out of any one of those six conferences.

We are going over there this time with five delegates and an army of State Department employees, and I want to say that I admire the splendid woman who is doing as much as anyone does, but we know they will not accomplish anything. They are going to take this whole army with them. When we asked some of the "powers that be" why that army of employees were needed, why we had to pay such large per diems and such large subsistencies, they said, "Oh, we have to put up a showing over there, and when they intermingle with the others they bring about great good for the country."

This mixing and intermingling over there just now, with the public mind of Europe in the state that it is, inflamed against us—to use a term not as strong as it could be used, not to say that they hate us, although some of them do—is not the wise thing. Just recall for a minute the public mind in Hawaii when a good woman of the United States who defended the honor of her family is to be tried by a mob. She has no more chance of just treatment than you or I would have in a mob. That is an indication of the public mind abroad, just as it is in Hawaii, one of our own possessions. It is that much worse all over Europe. What do we expect in a conference there just now? It is not the time to hold a conference. We should put it off for two or three years at least. We should have confidence restored in this country and Europe. We should not waste this $450,000, with a deficit staring us in the face. When Congress met we had a deficit of $1,200,000,000.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BLANTON. I will yield if the gentleman will give me five additional minutes.

Mr. LINTHICUM. I am sorry, but I do not have the time.

Mr. BLANTON. I will allow the gentleman to ask me questions in his own time, but not in my time.

When we met we had a deficit of $1,200,000,000. We immediately passed the deficiency appropriation bill. You know how many hundred millions it carried. We voted a bill for $100,000,000 for Federal land banks, which has been increased $25,000,000 in another body. That added to the deficit. Then we passed the moratorium the other day and we relieved foreign countries from paying American citizens a just debt of $250,000,000 this year. Then we passed the bill last week increasing the deficit $2,000,000,000. I hope some of you will support my amendment which I shall offer, reducing it from $150,000 to $100,000.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. TEMPLE. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. MORTON D. HULL].

Mr. MORTON D. HULL. In the covenant of the League of Nations, Article VIII, there is a paragraph declaring that the maintenance of peace calls for the reduction of armament. Succeeding paragraphs require that the council of the league shall formulate plans for such reduction. Now, more than a decade after the organization of the league, and in accordance with plans formulated by its council, there is to be held in Geneva in February a conference of the nations on armaments, in which the United States, though

not a member of the league, will participate. It will be noted again that the league covenant declares that the maintenance of peace requires a reduction of armaments. There is also good authority from many sources that recovery from present world depression would be hastened by a lessening of the war budgets of many nations. There are then two motives that prompt our interest in the coming conference at Geneva—the maintenance of peace and the recovery of prosperity.

Now, what shall be our part in such a conference? Our Army is small, anyway. It is hardly likely that any reduction of our land forces can make any difference in the peace of the world or recovery of prosperity. Our Navy, however, is large. In 1926, in his message to Congress, President Coolidge spoke of it as equal to any and second to none. Mr. Coolidge's statement would seem to carry some authority, though his conclusions are disputed by some of the experts in the Navy. Indeed, this issue as to naval effectiveness has invited interminable dispute—involving opposing views as to the relative value of battleships and airplanes and cruisers. We need not try to settle this issue. It is sufficient to say that we are a close second to, if not the equal of, Great Britain—and superior to other nations. It is clear, too, that whatever our contribution to disarmament, it must come through the Navy and not through the Army. It is clear, too, that in any program of reduction each nation must have such armed forces as seem adequate to defense.

We all favor an adequate navy. But the question is, What is an adequate navy? How is adequacy to be determined?

Are the nightmare fears of timid souls, whose gloomy imaginations can conjure up all kinds of possibilities of trouble, to determine adequacy? If so, we shall never have an adequate navy. No navy will ever be large enough to quiet such fears.

Are the needs of the shipbuilding industry to determine for us what shall constitute an adequate Navy? Sometimes I suspect their lively presence in this naval program.

The leaders of the industry would be hardly human if they were not pushing this program as much as possible.

But again, what is adequacy? Is it to be determined by some mathematical ratio? If so, we shall find our naval program marked out for us not by our own needs but by the building program of some other country. When such a country, pursuing a program suited to what it considers its own needs, increases its navy we shall find it necessary to do likewise if we are to follow a formula. But when we have done so we will have begun the old race in naval armaments which we profess to deplore.

Perhaps some one will suggest that we should be guided by the judgment of naval experts. From this opinion I most heartily dissent. Naval experts are specialists, and like all specialists they see all problems in the light of their own speciality. They see all international problems as problems of force. They are like the surgeon who wishes to operate for everything. They have their valuable place in the national defense, but not in determining national policy.

Adequacy of naval preparedness, as it seems to me, must be determined by the international outlook and our relations with the rest of the world. We are at peace with the whole world. We have no embittered relations with neighboring peoples growing out of territory taken or indemnities exacted. We have no Polish corridor. We have no Alsace-Lorraine. We have no frontiers of hatred, malice, and ill will that have grown out of a thousand years of past warfare. On the contrary, we have on the south of us a peaceful state that is neither able nor wishing to make trouble for us, and on our north a friendly state with which we have renounced war more than a century ago by the Rush-Bageot treaty, so that we have abandoned frontier fortifications altogether.

We have no far-flung empire calling for a great navy for its defense. We are more than any other great nation a self-contained people, able to supply our needs from our own resources. There is nothing that threatens us. The ghosts of trouble that some saw in the former British-Japanese naval alliance were laid some time ago. There is not a nation that does not covet our good will. And there is no nation in the world that will not feel good will to us if we conduct our affairs becomingly and with a due consideration of their problems. The poverty of the nations that participated in the Great War has precluded a desire to precipitate trouble with us. The desire, indeed the necessity, if the palsy of Bolshevism from the East is not to possess them, to reconstruct the social and economic structure of their national life, has made the other nations of the world, for a generation at least, slow to schemes of foreign aggression.

I think I may say without exaggeration that the prospects of our being involved in war, originating in the first instance between ourselves and any other nation, are very remote, and that such a war will not likely ever trouble us. If we are ever engaged in war again, such engagement will come to us not out of issues arising in the first instance between ourselves and some foreign state but will come to us by an indirect route—will grow out of the fact that war has already begun between others, and we are drawn into it. And the fruitful source of such troubles will be the survival of the idea contained in the antiquated concept of neutrality—the idea that a government may be neutral and abstain from any favor to either belligerent, while the citizens of such state may sell munitions of war and other contraband to belligerents subject only to blockade, and may sell noncontraband articles, or articles claimed to be noncontraband, and be protected by their government in so doing. To my judgment, that concept of neutrality is worn out and gone. The idea that a government may have one attitude toward belligerents while the citizens of that country may pursue another policy is repugnant to good sense anyway. That notion grew out of the belief that foreign wars were remote and for that reason of no concern to our country—governments might be neutral but citizens could go about their trade. The attitude that wars between foreign countries are remote and distant wars, and do not concern us, is recognized as no longer tenable. In the calculations of responsible statesmanship they do concern us and concern every other nation. That recognition took its first effective form in Article XVI of the covenant of the League of Nations, paragraph 1, which reads as follows:

> Should any member of the league resort to war in disregard of its covenants * * * it shall ipso facto be deemed to have committed an act of war against all other members of the league, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking state, and the prevention of all financial, commercial, or personal intercourse between the nationals of the covenant-breaking state and the nationals of any other state, whether a member of the league or not.

This paragraph provides for the almost complete economic isolation of a covenant-breaking state that attempts war against another state which is a member of the league. I speak of it as an almost complete isolation. The two industrial nations that are not parties to the covenant are Russia and the United States of America. Of course, Russia industrially is far behind. It might almost be said that the United States of America is the only industrial state not a party to this covenant. The United States of America constitutes, then, the missing link in the chain for the possible complete economic boycott of an offending state.

Of course, the paragraph of Article XVI referred to constitutes for those states which are parties to it a complete reversal of the earlier concept of neutrality. But it does not bind the United States. With what success it might be resorted to in case we were a party to the covenant of the league time and events only could tell. But with the United States of America not a member of the league and not cooperating in the enforcement of the economic sanctions of the covenant, there would be embarrassment to the league, danger of a complete breakdown of the economic sanctions, and possibilities of actual conflict between the United States and some or all of the league states, particularly Great Britain.

Since the organization of the League of Nations, with its covenant for an economic boycott of an offending state, the pact of Paris has been negotiated and ratified by some 58 states, including our country and Russia. It would seem to

me that the effect of the pact of Paris is to close the gap left in the covenant of the League of Nations for the practically complete boycott of an aggressor state. It is true that the pact of Paris says nothing specifically on the subject. But such is its necessary implication. If the pact of Paris delegalizes war; if, in the common phrase, it "outlaws war," we can not permit our citizens by furnishing war material to an outlaw state to become accomplices in its unlawful aggression. But whether we use the word "outlawry" or not, we can not fairly, consistently, and in good faith renounce aggressive war but reserve the right to the profits of war. Since the covenant of the pact is an agreement made by each to each of the parties thereto, with respect to the behavior of each toward all—an aggression toward one is a breach toward all. Under the pact of Paris, therefore, aggressive war wherever begun against any state is a breach of the pact of Paris toward us.

With what respect for ourselves can we permit our citizens to export material of war to a state which has thus offended us? Would we not be stultifying ourselves by so doing? If, then, it is the necessary implication of the pact of Paris that the former concept of neutrality is gone, why should we not say so in plain, straightforward language? Why should we not declare by a resolution of Congress that whenever, in the judgment of the President of the United States, any state has violated the pact of Paris it shall be unlawful, except with the consent of Congress, to export material of any kind or to hold trade relations with such aggressor state? As indicating the acceptability of the idea of the implementation of the pact of Paris by an embargo resolution we take passing notice of the fact that several joint resolutions have in the past been introduced in Congress for that purpose. One of these, sponsored by Theodore E. Burton, of Ohio, provided for an embargo against the shipment of arms, munitions, or implements of war to both or all the belligerents, while the others directed the embargo against the aggressor state. All of them confined their embargo proposals to arms, munitions, and implements of war. In this respect the proposal I have suggested differs from all, as it would extend the prohibitions to any and all kinds of materials of commerce. In view of the fact that during the Great War the earlier distinctions between contraband and noncontraband goods practically disappeared, it would seem reasonable that the prohibitions against the export of articles of commerce should be as broad as experience justifies, and the experiences of the last war would seem to justify an all-inclusive prohibition.

In a few weeks the conference for the reduction of armament will meet in Geneva. We from America, snug as we are in our continental security, will likely give loud exhortation to European nations to limit their armaments, forgetful of the ghosts of past wars that hover over them. We will be met with the French argument that security must precede reduction of armament, and we likely will be asked what is our contribution to the sense of security which they covet. What practical answer can we give them?

We of America are familiar with the primitive state of frontier society where for reasons of security every man carries a gun. When the policeman and the sheriff become strong enough to maintain security the gun disappears. The community of nations is not different. When national security becomes more fixed we may hope to see nations reduce their armament.

"Speak softly. Carry a big stick," said Theodore Roosevelt. "Speak softly" is good advice at any time. And "carry a big stick" is a policy nations will pursue, whether we like it or not, till they think themselves safe without it. What practical contribution can we make to the sense of security that will justify other nations reducing their armament? We may not wish to join the police force, but should we not make it plain that we will not furnish supplies to the international gunman? To me it seems that this is the least we can do. Moreover, a positive declaration of that kind will discourage the international gunman. Society will not be hospitable to his gun play. Perhaps, too, it will help us to a reduction of our own naval forces. Let us make plain to our war profiteers that we are not going to support their claims to the right to sell their supplies to a covenant-breaking nation. Such action will to some extent deflate the argument that we need a big navy to support the claim for that freedom of the seas, which consists of freedom to make profits out of the miseries of war.

Ladies and gentlemen, I commend to your consideration as an effective implementation of the pact of Paris the passage of a joint resolution of Congress providing for an embargo against the shipment by our citizens of supplies of any kind whatsoever to a nation declared by the President to be a violator of the pact of Paris. It does not require long and complicated negotiations. It does not require ratification by a two-thirds vote of the Senate. It is a remedy that can be changed and modified or extended by a majority action of both Houses of Congress as required. [Applause.]

[Here the gavel fell.]

Mr. LINTHICUM. Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. McREYNOLDS].

Mr. McREYNOLDS. Mr. Chairman, it is not my purpose to take very much of your time. I can hardly understand the reasons for any opposition to this resolution, if any reasons are really given. I tried to listen very attentively to my good friend, the distinguished gentleman from Texas, in order to find out just what he stood for, whether he was against the disarmament conference or whether he merely thought this conference is costing too much. After interrogating him I was unable to get a frank answer. However, he did state that although this may get us into trouble by reason of entanglements with foreign nations yet if the expense were cut to $100,000 he would vote for it. If I thought it would not accomplish anything, if I thought it was not worth while, and if I thought it was going to involve us in trouble with other nations I certainly would not vote for one cent. To me, it is merely a matter of being either for it or against it.

The Chief Executive of the Nation, who represents this country, has made these arrangements in reference to this great international conference which is to meet for the purpose of trying to do away with war. After he has made the arrangements and comes and asks for a sufficient amount to pay the expenses some one on this floor gets up and says it is too much.

Mr. BLANTON. Will the gentleman yield to me? I yielded to him.

Mr. McREYNOLDS. But I did not get a frank answer from the gentleman.

Mr. BLANTON. I will leave it to the RECORD as to whether I answered frankly or not.

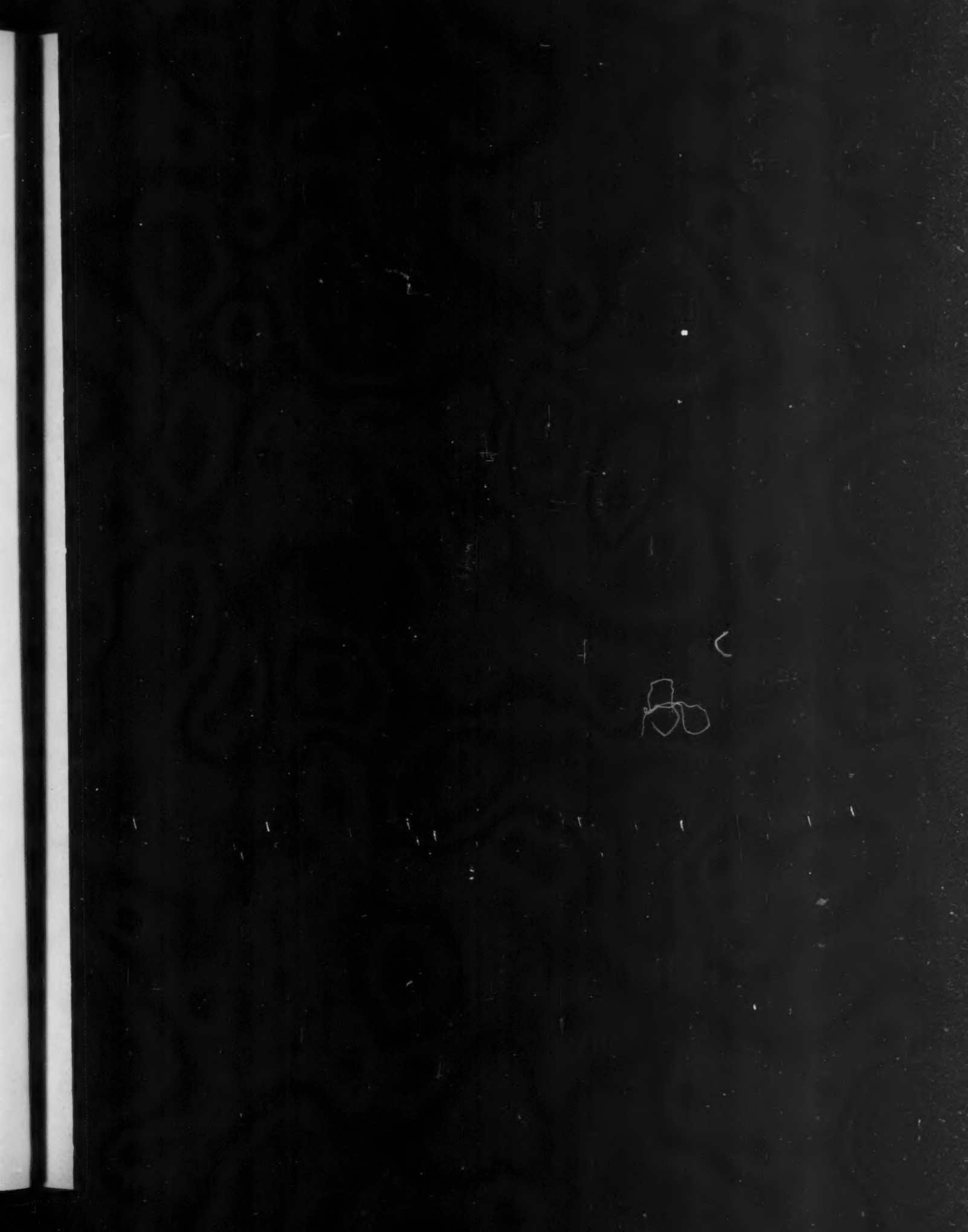
Mr. McREYNOLDS. The RECORD may look all right after the gentleman has looked it over.

Mr. BLANTON. No; as it stands now. Does the gentleman think the United States is setting a fair example to 66 impoverished nations of the world in voting $450,000 in expense money, when each one of them will be trying to follow our example?

Mr. McREYNOLDS. I feel it is merely a drop in the bucket, if anything can be accomplished that will stop war. [Applause.] That is the way I feel about it. Let me say that if the gentleman is the gentleman I know he is, and he were invited to a party of some character whether he would go unless he could dress like the other fellows and pay his part of the expenses.

Mr. BLANTON. I would want them to follow the kind of dress I put on rather than to follow what they put on.

Mr. McREYNOLDS. That may be the gentleman's idea. Now, we do not know how long they will be in this conference. The London conference stayed in session for three months, they spent $350,000, and only five nations were represented. At that conference the only question involved was disarmament in reference to the navy. The Washington conference also only involved the question of disarmament in the navy, and that conference spent $200,000. This general conference calls for the participation of every nation in the world, and at this conference every conceivable means





of disarmament will be discussed—the army, the navy, the air, poison gases, and everything of that character. How long will it take them to get through with a conference of that kind if it took three months at a conference dealing only with the navy?

[Here the gavel fell.]

Mr. LINTHICUM. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. McREYNOLDS. I do not know what this conference will accomplish, but are you willing to embarrass our President, after he has entered into negotiations? Would you want to embarrass him by refusing to appropriate enough to pay the expenses of a conference which not only affects war but affects the financial and economic conditions of the world?

This resolution merely provides for an authorization, and the Appropriations Committee has adopted the rule that it must pass on the necessary expenses. So this is not mandatory. We are simply trying to give them a sufficient amount to pay our share of the expenses of this conference, and I have no doubt that the Appropriations Committee, after considering the matter, will appropriate a sufficient amount so that our delegates may go to this conference and be a credit to the great Nation they represent. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TEMPLE. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, once again the burned child is asked to pay for the privilege of sticking its hand back into the fire. We are about to vote upon the question of appropriating $450,000 for the expenses of our delegates at another disarmament conference.

I shall not oppose the passage of this appropriation—I shall hope the amount may be reduced—though I have but little hope that anything beneficial to our country or any country will come of it. Experience is a thorough schoolmaster, and I have learned my lesson of disillusionment. There are still many good and sincere people who still hope for benefit for the world from such meetings as this, and I believe it best to continue their education under the same schoolmaster of experience.

Some things impress me with a feeling of curiosity. I have read of the meager furnished room of Benjamin Franklin in Paris from which, more than 150 years ago, he negotiated the alliance with France which helped us to win our independence at Yorktown—his activities were referred to this morning by my colleague from Pennsylvania [Mr. BECK]. That was our first international conference and the only one from which we emerged with any tangible result. Four hundred and fifty thousand dollars seems to be a lot of money to spend on a conversation from which none of the nominated participants expect to secure any results. I have read in newspapers the statements of many men of prominence on both sides of the Atlantic; they seem to agree upon only one point—that nothing will be accomplished at this coming Geneva conference.

What are the conferees to talk about? We have not been told that in any but the most general of terms. Disarmament is one of the subjects, we are told. Disarmament is a matter which has been talked out; it is time to do something about it. This country has done many things about disarmament. It has built fleets for no other apparent reason than to give the world noble object lessons by sinking them in the hope that other powers might do likewise—a hope that has so far failed of realization.

Two dozen centuries ago the floating wooden walls of Athens turned back the armada of Xerxes at Salamis, making our world Greek in culture instead of oriental and setting the pace at which civilization has traveled to this day.

Centuries later the new-hatched navy of the Roman Republic destroyed the dreaded fleet of Carthage in the blue waters of the Mediterranean. That stark fight again turned back the flood of orientalism from the western world and laid the foundation for the greatest of the ancient empires. The Latin overcame the Semitic descendants of the Phœnicians and the power of Rome was born—an event of such vast importance that its impress is still burned deep in literature, religion, science, law, and government after 2,000 years.

Bear with me as I hurry through a thousand years and remind of Lepanto, where once again the swarming East, this time fighting under the Moslem crescent, was turned back from the conquest of western Europe, and the Christian world in which we live was given a new breath of life.

Many wars intervened between Lepanto and the days of Napoleon's bid for the mastery of the earth. I am passing them by to seek out the next great decision reached by force of arms upon the sea. Waterloo was not the real end of the Napoleonic dream; that grim struggle on the rolling fields of Flanders was but the aftermath of Aboukir and Trafalgar, where the decision was really accomplished and the empire of Bonaparte received its real deathblows.

Less than a score years later came Navarino, where the Turkish fleet was shattered by Christian cannon and Byron's dream of a free Greece became a reality. Navarino was a great battle of far-reaching results, too little appreciated by historians.

Now, we come to the doorstep of our own times and our own shores. The place is Hampton Roads and the time is the year 1862. Southern genius has met with Yankee invention in the first battle of armored ships against a background of smoke from the burning wooden hulks that had served mankind in sea warfare from the days of Salamis. Almost unnoticed in the thrill of the new warfare the wooden ship passed to Valhalla that day as the *Merrimac* and the *Monitor* tried their milk teeth upon each other's iron hulls.

When the day ended neither North nor South had won. No such passing decision marred the epochal victory of metal over wood which ushered in the machine age in which we try to live to-day.

Then came 1898, with Manila and Santiago, and the world saw its first meeting of the newer navies. The United States became a world power, and our flag crossed the seas to conquer for the first time in our history.

In 1904 and 1905 war clouds lashed Asia, and in May of the latter year the greatest naval battle up to that time was fought in the Straits of Japan. Russia fell before the reborn youth of ancient Nippon and the world, unknowing, heard the overture of the fall of the Czars.

Jutland, that blind struggle in the North Sea fogs, was an epic fight. It sealed the German Navy in its ports and gave England the acknowledged mastery of the surface of the sea. It tightened the iron collar of hunger around the German neck and did much to hollow the strength of Germany, so that she fell from weakness within, rather than under attack from without.

I hope I have not tried your patience with this long chronicle of great decisions won on the sea—decisions that changed the course of human history and set our world into the racial and religious grooves in which it runs to-day. I have a reason for this seemingly long recital. I hope that you will listen to that reason and take it into your minds and hearts.

In the last 10 years the United States has sunk as a result of disarmament conferences more tonnage of warships than was lost in all the great decisive naval battles I have recited, from Salamis to Jutland!

Mr. Chairman, the United States has done its share for disarmament.

To return from the echoes of the past to the uncertain present, let me say that we within these walls are engaged in a battle for representative government, which will carry with it a decision of as great moment to human liberty as did any battle I have named to-day. The issue which is in our hands for decision is our own existence as a legislative body.

A short month ago the House accepted a decision which had been made for us by the executive branch of the Government—made for us in advance of our vote. The House sustained it because they could not help themselves—rather

because they thought they could not help themselves, which amounts to the same thing. We attached to that moratorium bill an amendment in which we declared it to be the judgment of the House that there should be no further reduction or postponement of the international governmental debts due to the United States. The Senate concurred in this action.

Those of us who have been watching developments on the other side can not help but observe the effects of this notice which went out. In my judgment it was one of the most important decisions that this House has made at this session or will make for many a day to come. It is a notice to the foreign countries that we are not going to permit tampering with these international debts.

Just at this time it is well to emphasize this fact because of what is going on abroad in preparation for the meeting at Lausanne dealing with reparations and international debts. These countries are going to discuss just how they are going to deal with international debts and whether or not they are going to pay them.

During the discussion of this measure I called the attention of the House to the fact that by the action of July 7 and the Hoover-Laval conference war debts and reparations had been mixed. In this connection I want to call your attention—and I shall not read it all—to excerpts of debates in the French House of Deputies, where Mr. Laval set forth clearly, in answer to interruptions by members of the House of Deputies, that war debts and reparations are intermingled by these conferences.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. On November 26, 1931, Premier Laval addressed the Chamber of Deputies on the subject of the Hoover moratorium. In speaking of his conversation with President Hoover during his visit to Washington, he said:

> We made, moreover, a general tour of the horizon and we envisaged the situation in Europe.
>
> We dwelt at greater length on the examination of the German crisis and we brought ourselves easily into agreement that for the exceptional régime of the Hoover moratorium the normal régime provided for by the Young plan should be substituted.
>
> Thus France is henceforth protected against initiatives similar to that of last June.
>
> In agreeing to discuss with me the intergovernmental debts President Hoover did not alienate and could not alienate the prerogatives of the American Congress any more than I intended to inflict the slightest weakening on the rights of the French Parliament. But, there also, on the debts and the reparations, on the connections of reparations with debts, I have been able to express, in the most direct and frank manner, the position of our country.
>
> Finally, before the instability of exchanges so injurious to the regularity of economic relations between peoples, we have affirmed the common will of our two countries to maintain the gold standard.

Later on, during the same session of the Chamber, one of the Deputies declared:

> That juridical connection which you deny with good reason between credits and reparations America has always contested between reparations and debts. She contests it still, as she contested it during the discussion of the Mellon-Berenger accords. She has never ceased, from the juridical point of view, to contest that connection. What do you answer to that? * * *

The President of the Council, M. Laval, declared:

> You say that there is no juridical connection between reparations and interallied debts.
>
> You know the French thesis, the traditional thesis which has been sustained before Parliament in various circumstances and defended at Washington by the French negotiators.
>
> There is a connection of fact between reparations and interallied debts, which results from the Hoover moratorium. * * *
>
> There is a connection of fact between reparations and interallied debts, which results from the communique formulated at Washington following my conversation with President Hoover.

After being interrupted by certain remarks made by one of the Deputies, Premier Laval continued:

> I said just now that there was a connection of fact beween reparations and interallied debts and, in order to say so I relied on two documents: The protocol of July 7, as regards the Hoover moratorium, and the communique of Washington, relative to my conversations with the President of the United States.

We said plainly by the rider on the Hoover moratorium bill that we were opposed to further reduction or cancellation.

This is tremendously important now, because of the fact that we do not know what is going to be discussed at this conference.

Mr. Chairman, I believe it wise that we should here and now reaffirm that decision. It is not fit that appointed delegates, sitting far from home and in alien surroundings, should have the power to make decisions which may by grace of Executive influence override the judgment of this House and of the honorable body which sits at the other end of the Capitol.

I shall therefore offer an amendment to this bill now before the House to do this very thing.

Mr. BLANTON. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BLANTON. This invitation was extended by the League of Nations and reached here July 7, and just four days later, without knowing what the Congress was going to do, Mr. Secretary Stimson accepted it, and bound us to it on July 11, before he knew what the Congress was going to do.

Mr. McFADDEN. In further confirmation of what the gentleman has said, none of us knew what was going to take place at the London conference. We do not know now what was discussed or what undisclosed precedents were established. By close examination of subsequent events, however, we are beginning to learn that the Japanese and the Chinese situation must have been discussed there, because the actions of our department here reflect somewhat the fact that there must have been such discussion there. We know that the Japanese got practically everything they asked for at the conference and that they were tremendously pleased. This is the reason I say, gentlemen, that in these conferences we should not give the delegates power of attorney for the Congress, but that we should know what determinations are to be arrived at in such conferences.

It is almost certain that the delegates of the other nations will talk about intergovernmental debts. I can not bring myself to believe that the delegates of any other country will suggest that payments to the United States should be increased. I know too well—and so do you—that the pressure to make our country pay the cost of Europe's war is daily mounting in intensity.

Decisions in matters of such vital importance legally can be made only by the Senate and the House. We must have full liberty of decision in our own hands. It should be beyond the power of any man or men to commit the Congress to any legislative course until both Houses have had full opportunity to consider and record their own decisions. No legislation honestly conceived with regard to our welfare as well as that of other countries has anything to fear in either House.

Let our minds be our own. Nothing less can satisfy our claims to manhood.

The countries to which we granted the moratorium to-day spend nearly 10 times as much for military and naval armament as the sum of $252,000,000 which they claimed to be unable to pay to us. They are making no visible effort to cancel that huge expense. It is not right that we should be asked to assume the cost of the last war so that they can pay the expense of preparing for the next one.

Europe is an armed armory to-day. Does anybody think that France is going to disarm? She certainly is not. England is certainly not going to disarm.

The same 16 countries named as the beneficiaries of that moratorium maintain armies which have a total in active and reserve soldiers of more than 22,500,000 men—50 soldiers for every 1, active and reserve, maintained by the United States. Why this armament? Can it be that they do not trust each other? We are asked to trust them.

Every country participating in the Geneva conference will work intelligently for its national interests. That is a splendid example for us to follow.

Let the Congress declare that it still holds the right to decide for the people who sent us here to represent them.

Mr. LINTHICUM. Mr. Chairman, I yield 15 minutes to the gentlewoman from Florida [Mrs. OWEN].

Mrs. OWEN. Mr. Chairman, if I have correctly analyzed the objections which have been raised to this resolution, they group themselves under three heads.

First, is the expenditures which this resolution authorizes unjustifiably great?

Second, will anything be accomplished by the conference?

Then, I believe, there is a third question, which although not expressed in words has been implied in some of the speeches. That is the question as to whether the participation on the part of our country in international conferences does not either constitute or tend toward the formation of "entangling alliances."

I would like briefly to speak to these three points.

First, the matter of the expense involved. I wish it were possible for every Member of this House to examine the carefully itemized budget which has been prepared by the Department of State. I have examined this budget. The total of $450,000 is a tremendous sum, but almost $100,000 of that amount is to be paid as America's just share in the expenses of the secretariat of the League of Nations.

When the naval conference was called in London the British Government assumed all the expenses of the secretariat. When the conference on the limitation of armament was called in Washington our country paid the expenses of the secretariat as the host nation.

When the League of Nations assumes the responsibility of calling a world conference it is only just fair and legal that all the participating nations should bear their part of the expense of the secretariat. Approximately $100,000 of this appropriation represents our just share in this expense.

The sending abroad of a group of 40 people involves considerable expense for transportation. The necessity for translation when 62 nations are participating in the discussion is a large item. Providing the necessary material for the printing of these translations and the rental of offices and the cost of telephone and telegraph communication must be considered. The living expenses of 40 people in a foreign country for eight months must of necessity represent a large sum. All these items have been studied carefully by the State Department. The Budget has been prepared efficiently. Large as this sum is, we can not, after a study of the Budget, accuse the State Department of extravagance.

An additional safeguard is provided by the high type of the American delegates and advisers. With representatives such as Norman Davis, Miss Woolley, General Dawes, Ambassador Hugh Gibson, and Senator Swanson, of Virginia, a dignified and appropriate use of governmental funds is assured.

When we consider the sum of money involved we would be neither accurate nor businesslike if we did not weigh against this expenditure the gain to our Nation if any reduction of arms at all is effected.

To use a fraction which is familiar to the ears of the public, the sum which it is proposed to expend for the entire expense of the American delegation is one-tenth of 1 per cent of the cost of the World War for 10 hours. [Applause.]

These are accurate statistics based on the total expense of the war to the nations of the world during the last year of that conflict. That war cost the world $10,000,000 an hour. If we stood by and saw $10,000,000 expended every hour during the last 12 months of that conflict, surely we can risk $450,000 on an attempt to limit armaments. [Applause.]

The nations of the world are now paying annually the staggering sum of $4,000,000,000 for past and future wars. In an effort to curtail an expenditure of $4,000,000,000 a year the sum of $450,000 will be well spent.

I hope and believe that the Congress will have a greater sense of proportion than to limit and hamper this resolution by amendments from the floor.

Mr. BLANTON. Will the lady yield to me?

Mrs. OWEN. No. The gentleman can ask his question after I have finished speaking.

As to the discussion of a possible paucity of accomplishment, I want to call attention to three points. First, in the treaty at Versailles that compelled the disarmament of Germany there was an express agreement that the nations of the world would move toward the curtailing of all armaments. Although our Nation was not a signatory of the Versailles treaty, in a separate treaty between the United States and Germany we assumed the same responsibility for cooperation in an attempt to reduce world armaments.

Therefore, for the United States to refuse to make every effort toward the objectives of this conference would be to fail to act in good faith in respect to a treaty obligation.

Under date of December 21, 1930, the Secretary of State accepted, on behalf of our Government, invitation to attend this conference. He not only accepted it, but he stated the United States welcomed the opportunity to cooperate with the nations of the world in a common effort to reduce the menace of competing armaments. To fail to act favorably upon this resolution would be to place the United States in the position not only of failing to keep its treaty obligations but failing also to carry out an undertaking expressly made by its State Department. But more important, I believe, than either treaty obligations or State Department assurances is one other more solemn undertaking which America has made, which will be repudiated if we fail to support this resolution with the unanimous action of the Congress. When the American soldiers marched forth to the World War, what was the slogan our public gave them? We told them they were taking part in a war to end war. I ask the Congress what steps have been taken by our Nation to keep the pledge they then made?

I hope you will forgive me if I make a reference which may seem more personal than appropriate. If there are any in the Congress who would interpret my father's career in terms of political defeat, let me remind them of his treaties which bound four-fifths of the nations of the world to agree that if cause for war should arise between their country and our own that they would wait a year before they took up arms against us. [Applause.]

Let me remind the Congress that the vision that was represented in the formation of the League of Nations will stand as a tribute to American statesmanship as long as history lives. [Applause.]

I believe that the darkest page in American history will be that page which records a successful attempt to crowd the League of Nations into the narrow confines of partisan politics. A conference with the nations of the world and cooperation in an effort to halt the race of competing armaments is the only constructive step we can take to-day to keep the solemn promises we made at the time of the World War.

I yield to no one in this assembly in my admiration for the erudition, the eminence, and the forensic ability of the gentleman from Pennsylvania, but I have the temerity to suggest to the gentleman a flaw in the logic of his argument. The gentleman made the statement that as long as any nation in the world still had a disposition to act unjustly, there was only one way to deal with that nation, and that was by recourse to war. May I suggest to the gentleman from Pennsylvania that if some one in his own community were to steal his watch, there is a police force to deal with that criminal. There is a law court to try him, and a judge to sentence him, and the whole community stands behind the action of the court. It is not necessary to take mob action because there is one person who acts dishonestly. We have found that it is possible for the citizens of a community to form some mechanism by which disputes may be settled and wrongs righted under a code approved by the enlightened members of the community.

If a great nation to-day takes liberty from a little nation, we have no police force, we have no law courts, we have no judge, but there is no more reason why the world should be plunged into war to arrest the evil course of one nation than that every citizen in the community should be called out to arrest a burglar.

We not only permit individuals to arbitrate disputes but we compel them to arbitrate. If you try to fight out a quarrel with your neighbor, the police will stop you. If you insist on fighting, you are put in jail. We have found that you can not conduct a civilized community and allow people to fight out their quarrels. If we found that out in every civilized community in the world, it does not seem too much to hope that the nations will eventually find a way to keep international decency and order.

May I alter the simile which was used by the gentleman from Pennsylvania? The gentleman has called this hope of some day finding a way to keep international decency and order a rainbow and an illusion. I believe it is not a rainbow; it is a light in the sky that betokens the dawning of a more intelligent day. [Applause.]

There are new elements in present-day public opinion on the problems of war and peace. One of these is the will of women. For the first time in all the history of the world the will of women is becoming articulate. Thoughts that have lain in the hearts of women since time began are now beginning to form a part of public opinion. Did you see the wave of support which carried forward the Kellogg pact? Did you realize how fundamentally these questions stir the minds and hearts of women? Olive Schreiner said in one of her books: "It may be possible for a man to look at a battlefield and remember an international dispute, but there is no woman who can look at a battlefield and not have her thought, 'other women's boys.'"

The most valuable commodity that is wasted in war is not the battleships. It is not the shot and shell, but it is human life, and human life is the product of the home.

After every war there is a company of diplomats that meets around the table somewhere to settle the matter. Why can not we persuade them to meet around the table before the battles instead of after the battles? [Applause.]

[Here the gavel fell.]

Mr. TEMPLE. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LINTHICUM. Mr. Chairman, I yield the gentleman five minutes.

Mr. LAGUARDIA. Mr. Chairman, it is encouraging to note that the traditions of one whom I consider one of our greatest Americans are being carried on in the House to-day, and I refer to the sincere efforts for universal peace to which William Jennings Bryan devoted his whole life. [Applause.]

I shall not attempt to appeal to the spiritual to-day; others have done so. I believe that every effort toward disarmament and resulting universal peace should be attempted. We must not become discouraged. The human race has been fighting for centuries. Enlightenment by education of the masses is not a matter of centuries. The time is not far when all people will realize the folly of war.

It is easy to get up on the floor of this House and make a patriotic speech to the effect that America has never lost a war and refer to the heroics of our manhood and the loyalty of the womanhood of the country. Gentlemen, I tell you that when you read the poetry of war or sing of the glory of war or look at the great paintings of war in museums, always culminating in the climax of the hero gaining his objective with flag in hand, it is nothing like the real thing. War is horrid, dirty, mean, and as useless as it is costly. Anyone who has witnessed the horrors and the futility of armed conflict ought to do everything within his power to prevent a recurrence of another war. [Applause.] We have at least made this much progress that it is no longer considered unmanly to advocate peace.

Now, let the committee resolve itself into a classroom in simple arithmetic. The gentlewoman from Florida has referred to the cost of the World War, and a great deal has been said about the spending of $450,000 in sending a delegation abroad. Gentlemen, what is $450,000 in comparison to the possibilities of disarmament?

Let us consider our own figures. We will not take the cost of armaments in the world, but the cost to us right here at home. This year the estimated cost in the Budget for the Army and the Navy is $644,650,000. The estimated amount which we will have to appropriate for veterans of past wars this year is $926,000,000; mark you, I have excluded all costs in the Veterans' Administration for civil pensions; the sinking-fund requirements for 1932 on the public debt incurred by reason of the last war is $426,489,600; the interest on the public debt of the last war this year is $640,000,000. If we have no disarmament conference or if they fail to agree on anything, according to the Vinson bill, the necessary cost of keeping our Navy up to treaty parity is $600,000,000 and the annual increment on that amount will be $60,000,000 under the 10-year plan; you have here a total of $2,697,139,600 for 1932. Four hundred and fifty thousand dollars is just .000166 per cent of the yearly cost of continuing under the first system, or one hundred and sixty-six ten-thousandths of 1 per cent of what we are spending for past wars, present defense, and preparation for future war.

It is worth while. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TEMPLE. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. LINTHICUM. Mr. Chairman, I yield the gentleman two minutes.

Mr. STAFFORD. Mr. Chairman, for one I can not subscribe to the statement that our conferences on disarmaments have been failures. It was my high privilege at the international conference held in this city in December, 1921, to attend the initial meeting at which a large membership of the House and the Senate went wild in exultation at the proclamation of the then Secretary of State, now Chief Justice Hughes, in favor of the curtailment of armaments. True, it was, in a way, the curtailment of the armed forces of the United States, but it stopped—and who will deny it—the race of armaments that bred the World War conflict.

Tell me not that this coming conference will not be fruitful of success. Tell me not that this peace-loving Nation shall be a stranger to the world-wide effort to try to curtail the armaments on land.

Some of you gentlemen on the other side—and I do not think there are many—will remember that this is but the expression of the fondest hope of the war President, Woodrow Wilson, as enunciated in the Versailles treaty, that there should be some conference to reduce the armaments on land.

To-day the European world is confronted with the tragic condition of governments vying with one antoher in the race of military armaments.

We were successful in the Washington conference. My great regret is that the leader of that movement is now so situated that he can not be one of the delegates to represent us again at the conference at Geneva.

True, nations in Europe are struggling to balance their budgets. The morning papers carry the news that Hungary, Austria, Jugoslavia, and Czechoslovakia are asking for a moratorium. And why? Because of their high-mounting costs for military armaments. There never was in the history of the world a more opportune time than now, when France, the greatest malefactor since the World War, in raising large armies for its country's defense and those which it regards as necessary in the corridor defense of France, is flattened financially.

We go there with the high purpose of trying to show the light to the world. We have no other purpose and no other purpose is involved.

None is challenging before the world that our Military Establishment is beyond our necessary defense; but if there is one thing that is necessary, it is that we try to get together. True, international debts are involved, but that does not mean that this country should scale down theirs. If we have a large humanitarian, Samaritan instinct to go to

the aid of the oppressed of the world, certainly we should not hesitate a minute to oppose paring down this authorization of $450,000 for the expenses of our conferees over a period of eight months.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. PARSONS. Does the gentleman have any information as to whether there is any definite program as to any definite instructions to be given these delegates?

Mr. STAFFORD. Yes. For five years there have been negotiations going on between the respective governments as to what should be considered at this limitation of armament conference. Reservations have been made by this Government and by Japan and by France and by other governments. Those who have been following closely the negotiations know that it involves questions as to the number of the standing army, whether the reserves shall be considered a part of the standing army, and all such intricate questions that can not be resolved in a period of three months, as was the London conference and the Washington conference, which only involved naval armament and wherein only five powers were involved. Fifty-three powers are involved in this conference, and I have come to the conclusion that eight months is not an unreasonable time for the deliberations of our disinterested delegates, high-minded, patriotic delegates, who are willing to sacrifice their time, some of them without compensation, for this utilitarian purpose.

Mr. PARSONS. Is it not a fact that every disarmament conference we have had thus far, beginning in 1921 and so on to date, has always cost more money in the way of building?

Mr. STAFFORD. Cost us more money? The Washington conference has saved this Government to date more than $1,000,000,000. True, we have not the same number of obsolete battleships that are no longer recognized as a proper arm of defense. True, we are not setting the pace. Read the Secretary of State for Foreign Affairs for Great Britain during the World War, Viscount Grey's, Twenty-five Years, and you will be impressed, as I was impressed, with the fact that the race of armaments is the one great, impelling incentive for other nations to meet in their vain desire to topple the other nation. There is no reason why this Government should have a large, expanding Navy; otherwise we just invite Japan to join in the race.

Does the gentleman mean to say that the 9-power pact entered into with Japan has not been helpful? Has there been any race in naval armaments since the Washington conference was agreed to between this country and Great Britain or Japan? Why, history shows that the race then impending was stopped, to the benefit of the taxpayers who do not believe in extravagant appropriations for needless armament. [Applause.]

[Here the gavel fell.]

Mr. TEMPLE. Mr. Chairman, I yield five minutes to the gentleman from Connecticut [Mr. TILSON]. [Applause.]

Mr. TILSON. Mr. Chairman, I regard it an opportune time to speak for an appropriation when the gentleman from Wisconsin [Mr. STAFFORD] takes the floor in support of it. If there is such a position as watchdog of the Treasury in this House, the gentleman from Wisconsin can surely qualify for the title. Of course, he usually has the help of our friend from Texas [Mr. BLANTON], but you may be certain there is going to be no extravagance indulged in if the gentleman from Wisconsin can prevent it; and yet he has made a most eloquent plea for the proposed appropriation.

Last July our Government received an invitation to send a representation to a disarmament conference to be held at Geneva in February of the present year. Believing that he represented the real sentiment of this country, the then Acting Secretary of State sent the following reply:

> The American Government is happy to accept this invitation and welcomes the opportunity for cooperating with the other nations in a common effort to reduce the menace and to lighten the burden of armaments under which the world is suffering.

In making this statement the then Acting Secretary of State committed this country, so far as he could. I believe that in doing so he accurately represented the sentiment of America. Having thus committed this country in accordance with the wishes of our people, it seems to me that any disinclination on the part of Congress, certainly any refusal on our part to back up what our State Department did at that time, would be most unfortunate and would be justly resented by the people.

It has been suggested that other conferences held heretofore have not succeeded in securing all the results that might have been expected. This is true, perhaps, in some instances; but even if we knew in advance that this conference would result in nothing, we should not be justified in refusing to send our representatives there to help secure results, and the best results obtainable. We should not be put in the position of refusing our cooperation and thereby contributing toward a negative result or toward securing no results whatever. The question as to whether the conference will succeed or not should cut no figure here whatever. We should send our representatives there just the same in either event, thus evidencing a willingness and a desire on the part of America to take its part in this serious and earnest effort looking toward world peace.

No one expects to bring in the millenium by a single effort within a short time, but this does not excuse us from using every opportunity offered to help the world toward the millenium, which would certainly mean the elimination of world wars.

The last Great War demonstrated beyond any peradventure of doubt that such catastrophes not only retard but will eventually destroy civilization itself. Everything that can be done by the nations of the world should be done to prevent any recurrence of another such cataclysm.

Mr. BLANTON. Will the gentleman yield?

Mr. TILSON. Certainly.

Mr. BLANTON. The gentleman from Connecticut knows that the distinguished Senator, who is one of the delegates, has stood for the biggest navy that could be built.

Mr. TILSON. I am for an adequate navy. If big navies are necessary, we must recognize the need and bear our share of the resulting burden. I am not willing to place ourselves in a position where we can not defend our rights. Therefore I have stood for an adequate navy, and shall continue to do so, but I also stand with those who, for the sake of world peace, are willing to reduce navies and armament of every kind, if other nations will likewise agree to reduce theirs. [Applause.]

Mr. TEMPLE. Mr. Chairman, I yield five minutes to the gentleman from Montana [Mr. LEAVITT].

Mr. LEAVITT. Mr. Chairman, if I am any judge of the temper of this House, it is hardly necessary to say anything further in behalf of this bill. But, frankly, I have been a little concerned because of the pessimism that has from time to time been apparent in this debate. One of the things of greatest importance to the country and to the world in the consideration of this measure is that it shall be considered in the light of hope and not in the light of fear.

I read once in that masterpiece of Victor Hugo, Les Miserables, an incident stated something like this: A little band, filled with a desire for the advancement of their people, found themselves intrenched behind a barricade. During the night their light had been that of a torch. The flame of their torch had wavered in the wind. As daylight came the torch was extinguished. One of the defenders said he was glad because it had reminded him of the wisdom of cowards, which fails to illuminate properly because it trembles.

That is our difficulty here to-day. In our fear that we shall not accomplish all that is intended, in our fear that perhaps we may be overreached in some way, we hesitate to do that thing which expresses hope and faith.

There is another incident in that masterpiece of Hugo. You will recollect that threatening that barricade there was drawn up a sullen cannon. Waiting for it to be fired,

one of the beleaguered men, with the philosophy of the vision of their high purpose, expressed this thought: "After all, the cannon, that despot, can not do all that it wishes, and strength is a great weakness. A cannon ball goes only 600 leagues an hour, while light covers 70,000 leagues per second. Such is the superiority of our Savior over Napoleon."

It is to strengthen that light which by this proposed action will come to burn more steadily, and therefore with greater illumination in this world, that we shall take part in this conference for disarmament. Whatever progress has been made toward the renunciation of war as the policy of nations has come through conference and agreement, and likewise whatever progress toward limitation of armaments on the sea.

We have reason to hope, and we shall find the way to the goal of peace and good will among men, not by the smoking torch of fear and pessimism, which fails to illuminate our way because it trembles, but by that ray of hope and confidence whose flight through time and space demonstrates the superiority of our Savior over Napoleon.

Mr. Chairman, I think we will vote almost unanimously for this measure. We should do so, and I only speak because I have regretted the note of pessimism that has from time to time entered into this debate. [Applause.]

Mr. TEMPLE. Mr. Chairman, I yield five minutes to the gentleman from Idaho [Mr. FRENCH].

Mr. FRENCH. Mr. Chairman, I shall support the resolution that provides for payment of the expense of the American delegation to the approaching so-called disarmament conference that will be held in Geneva. My remarks in its support must necessarily be brief.

The amount involved is a little more than $400,000. That amount, when measured in money, is scarcely more than one-tenth of 1 per cent of the naval appropriation bill that this Congress will be asked to consider within the next few weeks.

The gentlewoman from Florida [Mrs. OWEN] has indicated in a most graphic manner some of the relative costs of settling the world's disputes upon the battlefield, in contrast with the possible cost of settling world disputes around the conference table. Her illustrations were so powerful that they transcend bare abstract arguments in favor of the resolution. No one can tell in advance what may eventuate from the conference, but in my judgment it is one of the most worth-while adventures upon which this Congress and this country may engage. Should the conference succeed, and one of these days world peoples will have learned enough to see the folly of war and military burdens, its results may be epochal. Could we imagine a reduction of one-half alone of the burdens that under the guise of military preparedness are placed upon nations, it would mean the lifting at once of more than $2,000,000,000 annually. More than that, the peace of the world would be made thereby more secure.

Mr. Chairman, I ask leave to extend my remarks.

There was no objection.

Mr. FRENCH. It has been suggested that conferences have been held in the past from which no good has come. Gentlemen forget the beneficial results that have emanated from two of the most significant conferences that have been held since the World War came to an end—the Limitation of Armament Conference that convened in Washington in 1922 and the limitation conference that was held in London in 1930. While not accomplishing all that those who favored those conferences had dreamed, they were significant in outlining understandings among nations that have resulted in the saving of hundreds of millions of dollars to the Governments of the United States, Great Britain, Japan, France, and Italy. In the absence of those conferences, the sky was the limit in all categories of ships. Under the basis of the agreements that were made, these nations by mutual arrangement fixed an outside limitation upon the number of ships, tonnage in the aggregate and unit tonnage, and other important factors of all craft of military type that they may build. These conferences have paved the way for further conferences and understandings.

Under leave that has been granted to me by the House, I shall place in the RECORD a paper prepared by myself upon the subject, "The Approaching Disarmament Conference," that appeared in the December, 1931, issue of the Advocate of Peace.

THE APPROACHING DISARMAMENT CONFERENCE—HAS THE PICTURE CHANGED?

In January, 1931, it was definitely planned that the long-discussed disarmament conference—more properly reduction of armaments conference—of world powers would be held, commencing the second Tuesday in February, 1932.

While the specific call was made by the Council of the League of Nations, it was made upon concurrence of all the great world powers, whether members of the league or not.

The immediate step was taken in fulfillment of the pledge made to mankind following the World War in the Versailles Treaty, signed by the allied and associated powers and by Germany and Austria and in the separate treaty with Germany made by the United States.

The Versailles Treaty recites (Pt. V, military, naval, and air clauses):

"In order to render possible the initiation of a general limitation of the armaments of all nations, Germany undertakes strictly to observe the military, naval, and air clauses which follow."

This specific provision was taken over and made part of the treaty between the United States and Germany.

As though to clarify the meaning of the language above quoted, a document was prepared by the allied and associated powers at the time of the drafting of the treaty which interpreted the thought that was in the minds of the spokesmen for the great powers embodied in the pledge. This document contains these words (Pt. V, military, naval, and air clauses. Sec. 1, military clauses I):

"The allied and associated powers wish to make it clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible for Germany to resume her policy of military aggression. They are also the first steps toward that general reduction and limitation of armaments which they seek to bring about as one of the most fruitful preventives of war, and which it will be one of the first duties of the League of Nations to promote."

Entirely apart, however, from this solemn covenant, the same principle has been iterated and reiterated by peoples of all the great powers, speaking through their administrative spokesmen of highest responsibility.

The Interparliamentary Union which held its last convention in Bucharest, Rumania, in October last, and which was made up of chosen representatives of the parliaments of most of the world's greatest powers, without a dissenting vote recommended radical reduction of military establishments and suggested as a first step a program that, if realized, would mean a saving of not less than $1,125,000,000 to the treasuries of already overburdened nations.

The repeated professions of faith and purpose in reduction of armaments have rested essentially upon two major factors:

A. The removal of one of the most fruitful causes of war; and

B. The reduction of the enormous budgetary burdens incident to the maintenance of large military establishments.

As we approach the date of assembling of the disarmament conference, he is blind who does not recognize that there is widespread, subtle, yet definite propaganda against the program for reduction. The chief weapon used to defeat the purpose of the conference is the weapon of fear, through the sowing of seeds of suspicion and doubt within the soil of every nation which has a possible rival. "Better wait." "Better delay." "Better have more explicit understandings on our problem first." "Better postpone until the situation between X and Y nations may be adjusted," etc. False tales are being told of the plans and purposes of rival powers. Notwithstanding the fact that treaties touching naval programs have been adopted between several nations, those who opposed their adoption and endeavored to bring about their defeat now are urging programs that in effect would scuttle the treaties by forcing construction as though it were mandatory and that would make difficult or impossible further reductions upon the expiration of present agreements. They are urging programs that would mean the expansion of navy yards, aircraft and munition factories, and other industries whose personnel and the communities where located would fight reduction. If they are successful, it will mean the saddling of still more officers and enlisted personnel upon the world, whose personal interests would not be served by contraction. It will mean, of course, that rivalry will be engendered further among nations, and thereby more fears, due to the heavy building programs upon the part of one nation when viewed by another, will disturb the world and end perhaps in the defeat in whole or in large part of gains that were believed made through treaties touching naval armaments.

BUT HAS THE PICTURE REALLY CHANGED?

Both before and after the World War thoughtful people everywhere, including the world's foremost statesmen and publicists, did not hesitate to point out that an ever-present cause of war is excessive armaments. The statesmen who framed the treaty of Versailles referred to the "general moderation and limitation of armaments which they hope to bring about as one of the most fruitful preventives of war." Limitation of armaments is demanded

in the interest of a greater security for all. It may be said that "in principle" the doctrine is definitely accepted.

Practically the only negative voices raised against the affirmative side of this thesis are by those who have personal axes to grind—fabricators of war materials and ships, communities concerned for their industrial prestige, certain officers who have or have had commands to sustain and spokesmen for these groups who depend upon some or all of them for their suffrage.

LET US VIEW REDUCTIONS FROM THE STANDPOINT OF COST

In 1913 the cost of military establishments of the world was slightly more than $2,000,000,000.

In 1930 the cost of military establishments had climbed to $4,500,000,000.

In both groups of figures, naval as well as army expenditures have been included. The naval budgets of the six nations which expended the greatest amounts upon their navies in 1930 expended in that year 50 per cent more than their outlays in 1913. The nations and amounts expended are as follows:

	1913	1930
United States	$134,092,416	$375,291,828
Great Britain	224,443,296	271,867,022
Japan	46,510,216	131,000,000
France	81,692,832	101,258,766
Italy	41,893,420	62,785,079
Germany	112,000,000	47,700,000
	640,632,180	989,902,695

It will be observed that the United States and Japan have expanded most of all.

At a time when nations are hard pressed to find revenues with which to meet obligations for schools and playgrounds, for hospitals and highways, for canals and harbors, and the multitude of other public works incidental to peace-time living a substantial reduction of military expenses would swell enormously the moneys available for these purposes. A reduction of the military burden by 25 per cent alone would make available annually for world peoples $1,125,000,000; a reduction of 50 per cent would provide $2,250,000,000 annually—these amounts without adding another penny to the burden of taxation.

Consider for a moment what $2,250,000,000—that is 50 per cent of what the world spends annually for military and naval purposes—would accomplish if applied differently:

1. As applied to highways, it would build in one year, at a cost of $40,000 per mile, 10 highways from the west coast of Europe to the east coast of Asia across both continents; or, as applied to France, at the same cost per mile, it would build 60 highways from the northern boundary to the southern and 60 highways from the western boundary to the eastern; or, as applied to the United States, it would build 20 highways from the Atlantic to the Pacific.

2. As applied to canals, it would build the equivalent of 7 Panama Canals in a single year. (The Panama Canal was regarded as a major world project in its day and was built over a period of years.)

3. As applied to drainage and reclamation, it would represent approximately ten times the amount the United States has expended in 30 years upon the reclamation of arid lands.

4. As applied to hospitals, it would build and equip annually 500 hospitals of a thousand-bed capacity each, at a cost of nearly $5,000,000 per hospital; or it would build and equip 5,000 smaller municipal hospitals, at a cost of nearly $500,000 each.

5. As applied to education, it would establish annually 50 universities, at a cost of nearly $20,000,000 for plant and equipment for each and a permanent endowment fund for each of $30,000,000 (there are but seven American universities with like or greater endowments); or it would build 450,000 rural grammar-school buildings in one year, at a cost of $5,000 each.

6. It would mean that $2,250,000,000 now levied in annual taxes could be lifted from the shoulders of men and women and applied to the comforts of home.

THE WORLD ECONOMIC DEPRESSION

Opponents of reduction are making the world-wide depression an excuse for urging postponement.

In brief, they urge that a reduction would throw whatever number of men might be eliminated back into an already overburdened body of unemployed. The fallacy of such an argument must appear at once when it is recalled that it is quite within the power of every government to employ upon public works of wide and desirable character all men eliminated from military service, paying for their services money that would be saved from military allocations.

Surely, from an economic standpoint there can be not the slightest justification for placing the support of a man in uniform and in unproductive status upon the shoulders of four or six men who have their own household burdens to bear. That is precisely what present-day military programs mean.

World-wide depression is an additional reason for reduction and not expansion.

WILL NATIONS DO TEAMWORK?

Will nations desire to do teamwork in a disarmament program? I believe they will. I believe we have sound reason for hope as we view the approaching conference.

Probably the approaching conference should be regarded more as a reduction-of-armaments conference in which progress may be made toward rationalism and good sense in expenditures for military purposes. This is unquestionably the sound view of that fine body of men and women who were in attendance upon the conference of the Interparliamentary Union, and unquestionably it is the sound view of responsible statesmen of the world's great powers. Furthermore, it is in harmony with the pledges and promises of all responsible governments during the past 12 years. The reduction of expenditures for armaments will at once reduce the burden of taxation or turn revenues into worth-while projects and thereby make the peace of the world more secure.

Mr. FRENCH. Mr. Chairman, there was held in Bucharest in October last the Twenty-seventh Conference of the Interparliamentary Union. This conference was attended by representatives of the legislative bodies of between 20 and 30 of the world's great powers. At that conference resolutions were passed recommending to the Geneva conference reduction of national armaments. The separate declarations of the resolutions, it may well be, do not commend themselves in all respects to all the nations of the world, but it is significant that in the main the nations represented at Bucharest were in accord, and it is significant that in the main the course recommended by the Interparliamentary Union to the Geneva conference points toward radical reduction of military burdens of the world.

Under the leave granted me by the House, I am inserting herewith a copy of the resolutions that were adopted by the Interparliamentary Union at its last convention.

PREPARATION FOR THE GENERAL DISARMAMENT CONFERENCE

The Twenty-seventh Interparliamentary Conference, in adopting the resolutions of the Interparliamentary Council of April 13, 1931, reminds the groups of the union and their individual members of the urgent duty incumbent on them to do everything in their power in order that the general disarmament conference, led by the principle of the equality of the rights and duties of states, and taking into account article 8, sections 1 and 2, of the League of Nations covenant, shall result in an international convention instituting a drastic reduction of the present armaments and eliminating every possibility of an armaments race, which would inevitably lead to fresh wars.

It recalls the fact that the Twenty-third Interparliamentary Conference, which met at Washington in 1925, proclaimed "the necessity of giving to the nations a feeling of security";

That the twenty-fourth conference, held in Paris in 1927, declared that "in addition to the security guaranteed by the League of Nations, and which the union wishes to see more well defined and more efficacious, one of the means, and one of the most important, of reaching that end would be a general reduction of armaments"; and

That, moreover, the peace treaties of 1919–20 fix a limit to the armaments of certain States "in order to render possible the initiation of a general limitation of the armaments of all nations."

The conference believes—

That the draft treaty prepared by the preparatory commission and which is to be submitted to the disarmament conference, constitutes a useful basis for the work of the conference whose aim is to carry out the first stage of the work of disarmament (for instance, by a 25 per cent reduction of expenditure), this work being destined to lead to the total and general disarmament of all nations by successive and rapid stages of further reduction;

That active propaganda for the work accomplished by the preparatory commission and for the success of the disarmament conference should be made in every country by the national groups of the union, whose duty it is to impress upon public opinion the importance and advantages of a serious reduction of armaments.

Nevertheless, the conference is of opinion that for the complete attainment of that end, the draft requires to be supplemented in several respects, in conformity with the resolutions of postwar interparliamentary conferences and particularly with the "technical plan for a reduction of armaments" adopted by the Paris conference in 1927.

The conference therefore addresses a pressing appeal to the groups of the union and to the individual members urging them immediately to take the necessary measures with the government and within parliament with the object of obtaining that the delegates of their respective governments to the disarmament conference shall be instructed to press for the insertion of the following provisions in the final convention:

(a) A prohibition to increase present armaments.—The principle of limitations must not in any case permit of an increase in the present state of armaments.

The ordinary expenditure for national defense for one fiscal year must not in the case of any of the signatory states exceed the average of the ordinary expenditure for the three preceding fiscal years.

(b) Reduction and strict limitation of the average daily effectives in the land, sea, and air armed forces and formations organized on a military basis.

(c) The fixation of a ratio, not to be exceeded, between the number of officers and noncommissioned officers, on the one hand, and the effectives on the other.

(d) The prohibition to prepare for, to train for, and to resort to chemical and bacteriological warfare and aerial bombardment.

An appeal to public opinion and to scientists in every country to enforce upon their governments the observance of these prohibitions.

(e) The fixation of a ratio, not to be exceeded, between the effectives and war material.

The necessity of supplementing the indirect limitation of war material (resulting from the limitation of expenditure) by means of direct limitation applicable to certain weapons (tanks, heavy guns, etc.).

(f) The extension of the prohibition on submarines, as provided by convention for certain powers, to all maritime countries; or, in any case, the fixation of a maximum tonnage for submarines in such a way as to limit them to purely defensive purposes.

(g) The limitation of the tonnage of all surface warships to a maximum of 10,000 tons.

(h) The special limitation of all expenditure relating to air armaments.

The permanent disarmament committee (see under i) to be requested immediately to prepare proposals for the conclusion of economic agreements between civil-aviation undertakings in the different countries.

(i) The extension of the sphere of competence of the disarmament committee giving it the right to prepare proposals for further reduction and to provide, by the means which it judges to be appropriate, for an efficacious supervision of the state of armament in the different countries.

II

In view of the close connection between the reduction of armaments and the control of the traffic in and the manufacture of armaments and war material, it is urgent and indispensable—

That the states should without delay ratify the convention of 1925 relating to the control of the traffic in arms;

That, further, the special committee of the League of Nations should, in good time before the meeting of the general disarmament conference, present its report on the supervision of the private manufacture of arms, the "evil effects" of which are mentioned in the covenant of the League of Nations; and

That, finally, the special committee of the league shall introduce into a draft convention to be submitted to the conference appropriate and efficacious provisions concerning the manufacture in state factories.

III

The conference notes with great satisfaction that the idea of an armaments truce before the reunion of the general disarmament conference, an idea formulated in the above-mentioned resolution of the Interparliamentary Council, has been adopted by the League of Nations Assembly which has just ended its work.

The conference invites all the groups of the union to take immediately the most urgent steps with their respective governments so that they accept before November 1, the date fixed by the resolution of the assembly, such an armaments truce.

Mr. FRENCH. Mr. Chairman, on of the vital subjects that is being discussed by press and publicists, by Members of the Congress of the United States, and by students of government generally, is whether or not the United States, under present world conditions, both political and economic, is justified in building her Navy up to the tonnage limitations in the several categories as fixed by treaties resulting from the Washington and London conferences.

To build up to the maximum within the limitations of the treaties and within the time fixed by the London conference would cost the United States more than $200,000,000 annually up to December 31, 1936. Are we obligated to make this expenditure or shall we follow a more conservative course?

In the Saturday Evening Post of October 31, 1931, an article that I had written was published, and under leave that the House has granted me and with permission of the Curtis Publishing Co. I am printing the same herewith.

The article is as follows:

In 1913 the United States spent upon her Naval Establishment $134,092,416.93; Great Britain, $224,443,296; the German Empire, $112,000,000; France, $81,692,832; Japan, $46,510,216; Italy, $41,893,420—a total of $640,632,180.93.

World economic conditions were fairly secure and nations were not burdened by heavy indebtedness. Yet the load for naval purposes was regarded as enormous.

A brilliant naval writer of the time, Mr. J. Ellis Barker, said in the British Fortnightly Review for April, 1913:

"Very soon the maintenance of peace may prove even more costly than actual war and may make the nations wish for a war which will terminate a ruinously expensive peace."

Contrast the foregoing with the expenditures of last year. In 1930 the United States expended upon her Navy $375,291,828; Great Britain, $271,867,022; Germany, $47,700,000; France, $101,258,766; Japan, $131,000,000; Italy, $62,785,079—a total of $989,902,695.

World economic conditions are at low ebb; staggering national indebtedness rests upon all great peoples.

In 1913 the national debt of the United States was $1,193,047,745; on June 30 last the national indebtedness was $16,329,837,508.39. In 1913 the cost of National Government of the United States was $987,913,340. In 1930 the cost of National Government was $4,152,254,518.84, including in both years interest upon national indebtedness. In 1913 the people of the United States, for county, State, and National Governments, expended $2,919,000,000; in 1930 the people of the United States, for county, State, and National Governments, expended $13,000,000,000. Similar staggering burdens rest upon all great powers.

STOPPING THE NAVAL RACE

Between 1914 and 1918 was fought the war to end war, and the victors are to-day the nations of commanding military and naval strength. At the conclusion of the World War the great powers found themselves with vast standing armies and navies of astounding magnitude. "In principle" they were quite ready to reduce. The early adoption of the treaty of Versailles, the conclusion of separate treaties between the United States and the Governments of Germany and Austria, the wide acceptance of the League of Nations—all seemed to presage radical lifting of the burden of maintenance of huge military and naval establishments. The Paris peace pact seemed to mark another step in advance in bringing the world powers to agreement upon the principle that war shall no longer be regarded as a means of settling international disputes and that no nation signatory to the pact will engage in aggressive warfare. The corollary would seem to be that weapons of warfare might be reduced.

In 1921–22 there was held the very practical Washington Naval Armament Limitation Conference, which resulted in the naval treaty under which radical steps were taken by the United States, Great Britain, Japan, France, and Italy looking to the reduction and limitation in tonnage of certain military types of ships of the several powers.

But limitation was not fixed within all categories, and to meet the competition in naval programs that was assuming definite and alarming head, and to bring about further reduction, another naval conference convened in London in January, 1930, upon the initiative of President Herbert Hoover for the United States and Prime Minister Ramsay MacDonald for Great Britain, and gave to the world a further treaty that fixes limits in tonnage in all categories of military types of craft. This treaty has been accepted by the United States, Great Britain, and Japan. Assuming, for the purpose of this paper, that France and Italy will concur in the program, formally or informally, to an extent that will be satisfactory to the first-mentioned powers, or, failing so to do, they will not engage in construction of craft of military types so as to make necessary utilization of the so-called escalator clause of the treaty, under which any or all of the principals may build in self-defense, what is the course of wisdom for the United States, Great Britain, and Japan to follow? Shall they build to the limit? The treaty fixes total and unit limits within all military categories of ships—that is, battleships, aircraft carriers, cruisers, destroyers, and submarines.

Total limitations are as follows:

	Tons
The United States[1]	1,123,700
Great Britain	1,151,450
Japan	717,170

Within the battleship type alone are the three powers built up to the tonnage authorized, and even here, under the guise of improvement, repair, and modernization, programs are being urged that will add to the efficiency of ships of such type and require expenditure of many millions of dollars.

CONSIDER THE COST

As to all the other types—aircraft carriers, cruisers, destroyers, and submarines—all three nations have the privilege of extensive construction work in new ships and by way of replacements—the United States to the extent of 451,750 tons; Great Britain, 375,626 tons; Japan, 185,584 tons.

Much loose discussion has occurred upon the subject; generalities have been at the front; but the proponents of maximum building programs have seemed anxious to sell the idea to the American public of "a duty to build a treaty navy," defining a "treaty navy" as one "up to the maximum authorized" before advising the public just what defense needs justify such a course and that it will cost more than $1,000,000,000 in hard money to complete the program prior to December 31, 1936, and that the maintenance cost of an establishment represented by a completed program would be more than $500,000,000 annually.

Just where shall we begin in figuring out the cost of building up to treaty limitations?

The treaty was promulgated January 1, 1931. However, it was signed in London by the conferees upon April 22, 1930, and the several nations proceeded with their respective naval programs upon the assumption that the treaty would be ratified.

It seems quite clear and fair that the fleets as of April 22, 1930, stripped of ships to be scrapped, be taken as the starting point in arriving at the cost of a treaty navy.

Battleships. The London treaty accords the United States 462,500 tons of capital ships, including some 9,000 tons that may be added through modernization. The modernization program already authorized for three of the battleships calls for $30,000,000. Other vast expenditures for so-called repair and improvements of other ships of this type are possible.

[1] Alternately British cruiser types and tonnage may be substituted.

Aircraft carriers. The treaty permits the United States 135,000 tons of aircraft carriers. We have three ships so classified, with a total tonnage of 76,286 tons. One of the ships, the *Langley*, is an experimental ship that may be replaced. So the amount of aircraft-carrier tonnage that may be built under the treaty is 69,000 tons. The *Ranger*, 13,800 tons, now building, will cost $19,000,000, and the remaining 55,200 tons of aircraft carriers, at $1,500 a ton, would cost $82,800,000; a total of $101,800,000.

Cruiser tonnage. There are two types of cruisers provided for by the treaty—cruisers carrying guns of more than 6.1-inch caliber and spoken of as 10,000-ton, 8-inch cruisers, and cruisers of 6.1-inch guns or less. Of the former—the 10,000-ton cruiser—the United States was allowed 180,000 tons (A), of which on April 22, 1930, she had on hand 20,000 tons—2 cruisers—plus 110,000 tons—11 cruisers—building; and an additional 50,000 tons authorized. Of the 6.1-inch cruisers the United States was allowed 143,500 tons, of which she had on hand on April 22, 1930, 70,500 tons (B).

(Tonnage A and B are interchangeable with British tonnage in these types.)

It thus appears that under the treaty the United States may lay down 123,000 tons additional of both large—50,000 tons—and small—73,000 tons—cruisers. Three of the larger cruisers, however, may not be completed until 1936, 1937, and 1938, respectively. Furthermore, the treaty provides that one-fourth—80,875 tons—of the total cruiser tonnage—323,500 tons—may be equipped with landing decks for aircraft.

Translated into money cost, the carrying to completion of cruisers under the treaty allowance means an expenditure of $299,072,500.

Destroyers. Under the treaty, the entire destroyer tonnage of the United States may be replaced—150,000 tons. This tonnage, at $2,800 a ton, would mean $420,000,000.

Submarines. Of submarines, the United States was allowed 52,700 tons, of which, through replacement under the treaty, she may build 29,750 tons. Allowing for work that had been done up to April 22, 1930, upon the submarines *V–5*, *V–6*, and *V–7*—7,010 tons—the balance chargeable to these three craft is $6,540,800. There would be 22,740 tons of new craft to be built. This, figured at $4,000 a ton, would cost $90,960,000. The total new submarine investment would thus be $97,500,800.

Great as are the individual items of cost in the several categories for new and replacement construction, it is only when we assemble them that we appreciate the magnitude of building a treaty Navy. Grouped together, they assume proportions as follows:

Battleships (modernization)	$30,000,000
Carriers	101,800,000
Cruisers	299,072,500
Destroyers	420,000,000
Submarines	97,500,800
A first investment total of	948,373,300

Outfits. To the foregoing cost of construction of craft there will need to be added money for outfits for certain ships which was not included in construction costs, as is the case in estimates for later units. This item will be approximately $5,877,000.

Shore establishments. If our yards are to compete with outside industrial yards, our shore establishments will require expansion over what they were on April 22, 1930. Definite figures are not available, but a reasonable estimate of cost would be not less than $20,000,000, to which would need to be added not less than $6,000,000 annually, or $30,000,000 by December 31, 1936, over what would be required in the absence of such a program.

Repair and upkeep. As soon as a ship is placed in commission it commences immediately to demand a very definite toll for repair and upkeep of hull, machinery, equipage, ordnance, and whatever aircraft it carries. For this item there would need to be allowed not less than approximately $12,421,000.

Fuel and operation. It is impossible to give an exact figure for fuel and oil for added craft, but a modest estimate would be $5,000,000.

Officers and men. The Navy Department has been unable to furnish me a satisfactory estimate of the number of officers and enlisted men that would be required for a treaty navy.

For the ships of the current operating-force plan and the ships already authorized and appropriated for, the department has advised me the following officers and enlisted men will be required:

Officers, line	6,058
Officers, staff	2,058
Officers, warrant	1,614
Enlisted men	91,191

But some 138,200 tons allowed for aircraft and cruisers have not been authorized, and hence the above figures do not apply to a completed treaty navy, nor have allowances been made for auxiliary nonmilitary types of craft.

Upon the basis of officers and enlisted men allocated to similar craft in our fleet, there would be added to the establishment for the additional cruiser and aircraft carriers not less than 589 officers and 5,505 men, not counting any on shore stations, auxiliary craft, or on the two cruisers that will not be completed until 1937 and 1938. Pay for the extra officers and men necessary to man a treaty navy in the amount required over and above the requirement of the Navy of April 22, 1930, would be approximately $47,280,940.

It thus appears that to provide a treaty navy would cost over and above the cost of our present establishment not less than $1,068,612,240.

Though the items indicated exceed $1,000,000,000, account has not been taken of possible and probable expansion that will be urged as necessary in auxiliary craft, officers and men ashore, civilian personnel, housing accommodations, aircraft expansion, and the multitude of other items that would be demanded all along the line. Many millions would need to be added.

Again, I have omitted to speed up the building program, but have let craft and officers and men be added in orderly way—indeed, letting much craft and personnel come in at the very end of 1936 so as to qualify technically, instead of advancing the program one or two years and thus adding millions more.

Spread over a period of years between April 22, 1930, and December 31, 1936, and having in mind that we have made our appropriations up to July 1, 1932, in approximately $100,000,000, this will leave $968,612,240 to be appropriated for accretion during four and one-half years, or at the rate of slightly more than $200,000,000 a year.

Assuming that a treaty navy were to be built and maintained, what would be the annual maintenance cost after 1936?

Replacement of ships alone would be the first factor to consider. The life of a battleship or aircraft carrier of more than 10,000 tons is fixed at 20 years by the Washington treaty. The London treaty fixes the life of craft exceeding 3,000 tons, but not exceeding 10,000 tons standard displacement, if laid down after December 31, 1919, at 20 years; of surface craft not exceeding 3,000 tons standard displacement, if laid down after December 31, 1920, at 16 years; and of submarines at 13 years. From the standpoint of replacement, the craft would thus be divided as follows:

Years	Types	Tons	Unit replacement cost	Total replacement cost	Annual replacement cost
20	Battleships	462,400	15 battleships, at $35,000,000.	$525,000,000	$26,250,000
20	Aircraft carriers	135,000	At $1,500 a ton	202,500,000	10,125,000
16	Cruisers, all kinds	323,500	At $1,850 a ton	598,475,000	37,404,687
16	Destroyers	150,000	At $2,800 a ton	420,000,000	26,250,000
13	Submarines	52,700	At $4,000 a ton	210,800,000	16,215,384
30	Auxiliary craft			210,000,000	7,000,000
4	Aircraft	[1] 1,000		64,771,600	16,192,900
10	Lighter - than - air craft.			10,000,000	1,000,000
				2,241,546,600	140,437,971

[1] Airplanes.

Thus the annual replacement cost of ships, airplanes, and lighter-than-air craft under a treaty navy, without allowing any expansion for auxiliary craft or aircraft other than planes for new ships, would be $140,437,971.

The additional annual cost for upkeep of shore establishments would be not less than $6,000,000; for repair and alteration to new craft, not less than $6,000,000; for fuel and incidentals, not less than $3,000,000.

But expansion of the physical elements of the Naval Establishment means expansion of officer and man power. The additional annual cost would be: For enlisted men, $15,517,680; for officers, $8,386,375; for retirement of officers, $1,119,400.

Where we to assume that the annual cost of the Navy after 1936 would include the annual cost of the present Navy, exclusive of new programs, and that to this figure were to be added the most apparent expenditures that would need to be met annually, the cost would be $516,323,926.

I have omitted possible expansion in naval reserve, in the Marine Corps, in auxiliary craft, in aviation other than for new ships, in officers and men for shore and auxiliary craft duty, in the medical department, and in overhead. It will be seen at once that the estimated maintenance cost is most conservative; it might well be $550,000,000 or more.

The only justification for the building and maintenance of a navy of any size is for national defense and to aid in a broad way in preserving order upon the high seas and rushing to the defense of civilization in some area where, through disaster or through the temporary collapse of orderly government, human life and property have been threatened with peril.

Since the size of a navy for national defense depends in large part upon size of navies that other nations maintain, and since for all other purposes our present Navy is many times as large as it need be, it would seem that the budgetary considerations to which I have referred, which spell enormous taxes upon our people, would be impelling in admonishing us to pursue a course of moderation. Like considerations will weigh heavily upon the sound judgment and consciences of other people.

The London naval treaty fixes limitations in tonnage of all military types of ships, just as the Washington treaty fixed limitations in capital ships and aircraft carriers.

At the close of the Washington conference there were those who promptly asserted that the treaty limitations not to build above certain defined figures were equally a mandate to build up to those figures; so now the urge is made that the limitation fixed by the treaty in every category is a mandate upon every nation party to the treaty to build up to the total limitation that has been imposed in the several categories.

But who makes this demand? The demand is made by those who opposed the Washington conference and treaty, by those who opposed the Geneva conference and brought about its failure, by those who opposed the London conference and attempted to defeat the ratification of the treaty, by those who appear to see safety in ever-increasing and unrestricted naval establishments, by certain fine groups of men and women who, without complete information, support the program in the name of patriotic duty.

Even so, if in the treaty we have assumed an obligation to build up to the limit, then either we should build or boldly renounce the covenant. Have we so agreed to do? A reading of the treaty plainly discloses that there is no paragraph or line that by the widest stretch of the imagination carries such a mandate. But we are told that the mandate is by implication. Such a statement has not the slightest foundation in fact. The very purpose of the limitation conferences was to seek out ways by which nations could reduce naval burdens, not increase them, and it is a broad travesty on language intended to effect limitation to hold that it means expansion.

On the other hand, the London conference plainly declared that right of replacement is not lost by delay, and the conference carried the same interpretation back to the Washington treaty by reciting that France and Italy had not lost their right to replace certain battleships, the replacement of which they had delayed beyond dates indicated as permissible in the treaty. Indeed, no nation has built up to the authorized tonnage in the only category—aircraft carriers—in which they all were deficient, though some eight years have passed by since the Washington treaty was framed.

In the drafting of the Versailles treaty that ended the World War, severe limitations were placed upon Germany touching size of her future naval establishment. To these provisions the Central Powers agreed. These strictures, however, were premised upon the promise of the Allies to undertake reduction of naval establishments. Indeed, there are those who urge that legally as well as morally the Allies are bound to reduce. The treaty, Part V, recites under the heading, "Military, naval, and air clauses":

"In order to render possible the initiation of a general limitation of the armaments of all nations, Germany undertakes strictly to observe the military, naval, and air clauses which follow."

This language was not intended as rhetoric. The document prepared by the allied and associated powers at the time of the drafting of the treaty, and which was intended to define and amplify the purposes of the treaty, was even more explicit in these words:

"PART V.—MILITARY, NAVAL, AND AIR CLAUSES; SECTION 1, MILITARY CLAUSES I

"The allied and associated powers wish to make it clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible for Germany to resume her policy of military aggression. They are also the first steps towards that general reduction and limitation of armaments which they seek to bring about as one of the most fruitful preventatives of war, and which it will be one of the first duties of the League of Nations to promote."

Though the United States did not ratify the Versailles treaty, but entered into a separate covenant with Germany, certain features of the Versailles agreement were specifically referred to and taken over by this separate pact, and among them was the paragraph pertaining to the limitation of armaments.

The limitation provisions of the London treaty touching the several categories afford all nations that are parties to the treaty an opportunity to pursue moderation in ship construction, with the security that comes from the agreement of other nations that they will not build above the prescribed limitation tonnage. Nations have a right to safeguard their own political integrity. National hazards exist in part through military power of other nations. But if rival nations mutually agree to omit construction of hazards, relative security can be maintained in proportion to their reduction. The limitation in tonnage of the several types of ships is in itself a removal of enormous hazards. Without those limitations nations have a right to adjust their building programs to real national needs.

A course of moderation upon the part of one great power will invite moderation upon the part of others, just as a course of expansion will invite expansion.

In 1930, following the conclusion of the London treaty, the United States Congress refused to enact a bill that was introduced providing for a complete naval-construction program permitted under the treaty. Unquestionably the course of moderation indicated by the United States made possible moderation upon the part of Great Britain and Japan, neither of which nations will probably build to the maximum. Were the United States to adopt a building program premised upon the total possible tonnage, assuredly the other nations would follow suit.

The limitation in tonnage of the several categories is far above any probable need. Existing tonnage of one nation or another was in large part the factor that determined tonnage limitation—nations not desiring to destroy any considerable tonnage of existing craft. It was easier to persuade other nations that they could expand where deficient.

But why the need? The Navy of the United States to-day is more powerful than all the other navies of the world combined, excluding the navy of Great Britain and the navy of Japan; and the statement would be true of the British Navy with the words "United States" and "Great Britain" transposed. Japan, with her distance from the United States and Great Britain and from any other power with any pretense to a navy, need not fear for her security.

Then are not the United States and Great Britain building against each other, and severally are they not building against Japan? If this be so, then relative security will be maintained by all three nations omitting in the same degree to build to the limit.

We are told we must build to be absolutely secure, yet there is no such thing as absolute security. To be absolutely safe, if ships mean safety, the United States should have a Navy not only superior to all the other navies of the world exclusive of Great Britain and Japan but superior to their navies as well. But, then, for Great Britain to be wholly secure she would need to surpass all other nations, including the United States and Japan. For Japan to be absolutely secure, her navy would need to tower above the navies of all other powers, including the United States and Great Britain—truly an absurd as well as a vicious circle.

If this be the answer to the limitation conferences, then apparently all we have done is to put ropes around the prize ring; we have not stopped the fight; we have set up rules that may or may not be kept. If this be the answer, we have done what we could to insure stability of munitions business upon a gigantic scale, to maintain an even flow of work and of profits for private establishments, to intrench more securely Government navy yards, and to provide definite and assured careers to a larger number of naval officers; but we have failed in our aspirations for promoting world peace most effectively, we have failed in our efforts for reduction of naval burdens.

The Paris peace pact, under which nations have solemnly covenanted to renounce war as a means of settling international difficulties and that they will not wage aggressive warfare, has been concurred in by practically every world power. Lord Cecil, before the Interparliamentary Union Conference of 1930, declared that reduction in armaments is the acid test of world sincerity in this great covenant. And yet we talk of increasing our Naval Establishment.

Consider the effect upon a naval conference that, under the London treaty, will convene in 1935, if all nations shall find themselves built to the limit in all the military types of craft.

Pride in new ships. Nations that would advise reduction would be at disadvantage. They would need to urge the scrapping of new tonnage. Recall the sentiment in Japan during the Washington conference that refused to permit the scrapping of the *Mutsu*, approaching completion at the time. The same spirit would make itself felt in other lands.

But some one says, "Scrap tonnage in types where age exists." The trouble would be that to do so would unbalance the fleet of every nation that undertook it. Types bear relation in large part to one another, and always to numbers and tons in similar types of rival powers. So this proposal is impossible.

Once built up to total tonnage, it would be difficult to reduce for other very practical reasons.

Officers. Officers would oppose reduction because it would mean their elimination from careers that they had entered upon with the definiteness of attractive pay, allowances, and retirement that are equal to or beyond the standards set for professional men in other lines of equal training. Unconsciously, these officers would not be convinced that national security would lie in reduction. At the close of the World War, if left to the officers, the Army of the United States would have been fixed at from 300,000 to 500,000 men, and the Navy given a personnel upward of 200,000.

Yards and plants. Yards and plants, both public and private, would need to be expanded far beyond their present dimensions to build the ships and take care of replacement if we should build to a maximum tonnage. If reduction were then proposed, it would mean closing up or shrinking of establishments and lessening of profits; it would mean reduction of the labor force and, necessarily, the throwing out of employment of men who, in event of continued naval building, would have permanent employment.

Chambers of commerce and service groups of all kinds in areas where yards and shops are located would see patriotism coincide with large local pay rolls, and they would bring pressure to bear upon their Senators and Representatives in demanding that no reduction be made.

Standpoint of fear. Should another conference assemble with all nations armed to the teeth, with all categories complete, there would be a tension born of fear that would militate against reduction. Fear and rivalry in armaments are two beasts that feed upon each other and become more powerful, each, as they gratify their appetites; a strange paradox—they are consumed and through that very process bulk larger still.

On the other hand, consider the problem that would confront the naval armaments conference in 1935 if nations found that they had been moderate, that in all categories the tonnage agreed upon as permissible by the treaty of 1930 had not been exhausted.

Fear would be on the wane. Faith and good will would be taking the place of fear, of suspicion, of misunderstanding. The very atmosphere itself would be conducive to better international accord and to agreements looking to moderation.

In the absence of new tonnage to the limit in all types, there would be some tonnage that would be approaching the end of its most effective use. This would be true of tonnage of all nations, and it would be easy for nations to agree not to replace the old and, indeed, to withdraw and scrap certain obsolescent craft at once. The self-interest of officers and of manufacturers

of ships and munitions and of employees of public and private navy yards would be crowded into the background because, in large degree, they had not been permitted to expand.

There is no nation in the world that occasions any reason or cause for naval expansion upon the part of the United States. Are we who profess peace to set a pattern for extravagant navy programs for other powers? Great Britain and Japan are the only nations that approach the United States in naval strength. Fatuous is the thought of war between the United States and either of them.

Our course lies parallel with the course of Great Britain, not athwart her path; our ideals are the same; our people, kindred; our language, a common tongue; our traditions, alike; and with Canada lying along 3,000 miles of boundary line, Great Britain has given us a far greater hostage for peace than we have given her. As between these great powers, we might assume that the outcome would be a draw. Then what would be the gain? What would Great Britain hope to win by a war with the United States, or the United States from war with Great Britain?

Or take Japan. Here is a mighty people, a people not of our blood or of our language, but in the large sense a people of our ideals. The interests of the United States and of Japan supplement each other and do not clash. Our population is practically twice the population of Japan and our wealth almost eight times as great. Japan does not possess the vast material resources, such as oil and coal and iron, that we possess; nor has she a granary within her own shores, as has the United States, wherewith to sustain her people. Furthermore, there is no cause for war. The United States, of all nations of the world, is Japan's best customer.

In 1929, out of 2,103,719,152 yen—about $969,814,529—exported by Japan, we purchased goods to the value of 936,817,583 yen—about $431,872,906—or about 44 per cent; and in 1930, of Japan's exports of 1,434,644,634 yen—about $708,570,985—the United States purchased 605,451,312 yen—about $279,113,055—or 39 per cent of her goods. Where would she look for markets if she obliterated her market in the United States?

Or, again, Japan is a customer of the United States that we highly prize. In 1929, we shipped her $259,127,502 worth of our products out of $1,021,686,647 worth of all her importations, or 25 per cent; and in 1930, we shipped her goods to the value of $164,658,158, out of her imports valued at $763,594,525, or above 22 per cent. What would we have to gain by throwing this business to other people? Were we even to interrupt our fine trade with Japan, other nations would pick it up and hold it fast after war was over.

As a matter of fact, the future well-being of the people of Japan and of the United States lies along roads that do not cross but run in the same direction. Each nation is contributing mightily to world well-being and civilization, and the greatest measure of success for Japan, as for the United States, lies in policies of friendliness and peace.

Consider again the situation that would confront the United States, Great Britain, and Japan if they were to find themselves built to the limit by 1935, from the standpoint of possible new craft, new types, new weapons.

The only conceivable object of a ship or a gun is for defense. The experts are constantly telling us that new discoveries are being made, that obsolescence overtakes ships and aircraft and guns before destruction through wear and tear. If this be true, what shall we say of any nation that would permit herself, in absence of a crisis, to build to the maximum?

It is altogether probable that new designs and new processes will rush on as the months go by—the new German cruiser, new projectiles of greater penetration, and new means of warding off shell-fire, new aircraft, control of gunfire, new explosives.

Weapons of offense and defense are strictly relative; the army with guns is superior to the army with bows and arrows; the navy with steel hulls to the navy of wooden boats propelled by galley slaves and long oars.

Even great powers should have regard for money expenditures. I recall a fine naval officer who was before my committee a few years ago urging a new device. I pressed him for the cost. He could not tell me. He could not estimate approximately. "You see," he said, "a naval officer when he wants something goes and gets it; he doesn't think much of the cost." I had observed this before, but here it was plumped at me by an officer himself in words that I had hardly dared to use.

We all know that a cruiser or a battleship is scrapped not because its parts are worn out and can not be replaced but because it is obsolete or obsolescent by reason of improvements. It may be obsolete because of oil burners or air coolers or listening devices or engine power or guns or shape of hull, or all combined. But if all the powers agree upon moderation in replacement, then no relative advantage is lost or gained, while economies loom large.

Within the terms of the treaty there is opportunity for all to adopt a course of moderation, opportunity for all to consider actual needs and not merely keeping up with the Joneses.

Such a course will add to international security; will make possible more reasonable armament limitations in 1935, or at an earlier date; will tend to remove hatred, suspicion, and fear; and will work immense saving in money costs and in man power for the nations of the world.

Mr. LINTHICUM. Mr. Chairman, I yield four minutes, the balance of my time, to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC of Oklahoma. Mr. Chairman, a very interesting statement was carried by the press last week, calling attention to the fact that one of the great nations of the world that had formerly occupied a very commanding position had announced that it had no further need for its navy. It offered for sale its ships, and gave out the information that if it could not sell them they would be dismantled. That nation has confidence in the 9-power pact. That nation is a member of the League of Nations. That nation believes that any other country that would take advantage of a weaker nation, to the extent that it would attempt to destroy the same or to occupy and capture its territory, would be looked upon with ill favor, to the extent that some kind of boycott would be placed on such country.

I take the same position in matters of this kind that the distinguished gentleman from Connecticut [Mr. TILSON] has taken, namely, that this country should always maintain an adequate navy.

I likewise take the same position that the Secretary of State has taken when he agreed to the language in the pact that relates to the 1-year truce:

> In view of the fact that the undertaking on the part of all States not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and prepare the ground for the success of the foregoing conference.

He further agreed, representing the United States, to the following, if the language of the document which I hold in my hand is correct—

> We agree to refrain from any measure involving an increase of our armaments at this time or for a period of one year.

Now, if the United States, speaking through the instrumentality of its Secretary of State, is in accord, then it seems to me that this Government ought not to cloud the atmosphere by trying to pass some kind of legislation that may convey the wrong impression to the nations of the world which are going to participate in this convention. I am in favor of giving to this Government every kind of protection that is necessary. Likewise, I am in favor of keeping the agreements that this Government has made with the other nations of the world. So I lift my feeble voice in support of this appropriation, having in mind that if we can bring about an agreement, then it will not be necessary to expend $616,000,000 that we have on our program at the present time to construct certain ships for the Navy.

If they do not agree, then there will be plenty of time for us to come back home and pass the kind of legislation that is necessary to give this Government that which it needs in accordance with any agreement that may be made by our representatives.

Often it is not very popular to take a bold stand against enormous appropriations, for the reason there are always certain interests that desire this money to be expended in such a way as to bring to them and their associates large profits. Several years ago I was severely attacked by one of my colleagues, a member of my committee, who must have been inspired by some kind of an interest, as the matter he interested himself in did in no way concern him, and eventually his charge was proved to be false by the Post Office Department. Likewise, I was recently attacked by certain newspapers throughout the Nation that have always borne a more or less unsavory reputation, if I am correctly informed. I find that, according to the CONGRESSIONAL RECORD, the person that owns these newspapers has assumed a position in the past that was thought by certain Members of Congress to be unethical, unjust, and unfair. Therefore I am printing as a part of my speech a sample of this criticism, in order that the people may know who has been the perpetrator of such slander in the past.

[Excerpts from speech made by Representative Johnson, of California, on January 12, Fifty-fourth Congress, second session, p. 730, in the CONGRESSIONAL RECORD.]

But during that entire campaign, from the very beginning to the end of it, I was the recipient of the vilest abuse from the paper conducted by this man Hearst—the vilest abuse that was ever heaped on a man. That paper was filled with the bitterest slanders and the vilest caricatures of myself. Every man here has received a copy of it. You gentlemen who were present in our State during

that canvass know the facts of which I speak. You know how our honored Speaker was caricatured by that paper during the campaign, because you were present and saw it. You know how bitter were the assaults that were made upon him. The gentleman from Maine [Mr. Boutelle] knows how he was assailed by that infamous paper; but the bitterness of the assaults upon our honored Speaker were but as drops of water compared to the roar of the cataract of Niagara, to the assaults that were made on me. I am a man, with all the sentiments and feelings of a man, and can stand a reasonable amount of punishment, although I am not invulnerable to every shaft. But, in addition, while my wife lay sick upon her bed during the campaign, from which sickness the doctors said she might not perhaps recover, this infamous wretch sent copies of his paper to my wife; and in order that she might be given the agony of reading the abuse of her husband, he cut out the editorials and the caricatures from this paper, put them in envelopes, sealed them, and sent them to her as correspondence, until the doctor directed my daughters never to give my wife a letter until they had first read it themselves to know what was in it.

It is no wonder that a presidential candidate has been reported as saying: "When a person is supported by this man and his publications, it is the kiss of death."

[Here the gavel fell.]

Mr. TEMPLE. Mr. Chairman, I yield the remainder of my time to myself.

The CHAIRMAN. The gentleman is recognized for 15 minutes.

Mr. TEMPLE. Mr. Chairman, two conflicting influences, both of them existing with peculiar intensity in Europe, have a bearing on the prospects of the success or failure of this conference. The European nations have not forgotten the suffering of the last war and they are still exhausted from the results of it. They are therefore very anxious that this disarmament conference may succeed. Why, then, is there any doubt about it? Merely because they are afraid of their neighbors and find it necessary to maintain—or think it necessary to maintain—large armies to prevent aggression or to meet attack if it should come.

Do we realize that during the World War there were more than 65,000,000 men in uniform? The belligerents on both sides are reckoned in that figure. The present state of the world, if there had been no other waste, might be largely accounted for by the fact that 65,000,000 men were taken away from their ordinary work, and the things they would have been producing if they had continued in their ordinary peace-time employment were not produced at all. The men who remained at home were largely taken away from their ordinary work and employed in the production of munitions and war supplies. We remember that our railroads were not permitted to carry anything but essentials in addition to munitions. The world for years did without the things that would have been produced by a hundred million men if they had not been in armies, navies, and munition factories. After the war, of course, there was a depression with unemployment until these men were sifted back into the industries. That was the depression of 1920 and 1921. When they did go back into industry every factory, particularly in America, increased its capacity for production in order to get its share of the extraordinary market caused by the necessity of supplying the things the world had been doing without.

We had a remarkable burst of what looked like prosperity. There was abundant work at high wages to catch up in all that had not been produced during the war. When the production had caught up there was not work for the enlarged factories, and we have the present depression. That is not the only cause of our trouble, but it is a very important cause.

In addition to that there was destruction caused by the war. I am not speaking now of the destruction of 8,538,000 men in uniform, who died during the war in battle and of disease, though that also is important among the causes of the lack of wealth in Europe. Before the end of the war it was frequently said that the man power of Europe was exhausted and they must soon stop fighting. We are apt to forget that if their man power for fighting was exhausted their man power for production was exhausted, too. The loss of man power has not yet been made up. Women must bear children and those children must grow to manhood before the world can make up the loss of 8,538,000 men who were killed or died in the fighting forces of the belligerents during the war.

But I began to speak of the destruction of wealth as well as of men. The nations engaged in the war appropriated $187,000,000,000 to pay for the war, if we reduce all appropriations to a dollar basis. But this is only the beginning of the wealth that was destroyed. These appropriations did not pay for privately owned ships that were sunk by submarines, nor for factories and mines that were destroyed in Belgium and northern France, nor for farms in Serbia and elsewhere. Nor did the appropriation from national treasuries pay for the enormous destruction in Russia during the war and the revolution that followed it. The total destruction of wealth has been estimated by careful students to be something like $350,000,000,000.

The total wealth of the United States in 1912, the last estimate that was made before the war began, was $186,000,000,000, which is less than the amount of money actually appropriated by parliaments and congresses from their national treasuries to pay for the maintenance and operation of armies and navies. The total wealth of the United States now, according to the latest census taken, is about $320,000,000,000, which is less than the destruction caused by the World War.

I have sometimes said that we might imagine the return of the Ice Age and the polar ice cap coming down, not with the speed that glaciers have in nature, but with the speed of an express train and like a great steam shovel, scooping the United States into the Gulf of Mexico; all the dwelling houses, all the storehouses, all the commercial houses, all the factories, all the mines, mills, and railroads, the crops on the farms, and the farms themselves, leaving where this great country now is nothing but 3,000,000 square miles of bare rock. In such an event no more wealth would be destroyed than was wiped out by the World War. If that is any measure of the magnitude of the blow that hit us, is it any wonder that we are still staggering from it? Is it any wonder that the nations of the world want to find a way to get rid of this horrible agency of destruction of men and wealth, and cause of suffering immeasurable?

But more than all that destruction of life and of property is the moral destruction, which I am not going to discuss at all at present.

Now, we want, if possible, to get rid of the possibility of a future catastrophe like that from which the world has not yet recovered.

Of the 8,538,000 men in uniforms who died, only about 120,000 were Americans. In the homes those men came from the loss was just as great as if a million more had died with them; but as a Nation our man power was not exhausted.

France lost one million three hundred and some thousand men. The population of France is only one-third that of the United States. If we had lost as many men in proportion to our population, we would have buried in France every man that we sent there and 1,000,000 more at home, and then would have had enough dead soldiers left to equal the full number of the living in the armies of Lee and of Meade at Gettysburg.

Men do not know what this World War cost. The nations of Europe were exhausted and we were not. We spent much money, but we were the least exhausted of all nations, and they came to us in their need and we lent them more after the war. Wisely or unwisely, we did it; and we were the only people that could have done it on so large a scale.

The world depression did not have its beginning with us. Whatever bankers' mistakes have been made since the war and whatever other blunders may enter into the causes of the depression, the thing has its roots in the World War. There are foolish people in the United States and elsewhere that expect the Congress to set all things right and put the world back on its feet by statute. It can not be done. We will be able, I hope, to pass such measures as will enable the ship of state to ride out the whirlwind, but neither the

captain nor the crew should be held responsible for the storm. We are all anxious, however, to get rid of the possibility of a future calamity like this. [Applause.] Whether it can be done or not, I do not know. I know that the European nations want it; and I know that at the same time they are afraid to reduce their armaments unless their neighbors also reduce.

We have already cut down the size of our Army. Let me give you some figures: France has 584,000 men in her army, not counting the reserves, and there are over 5,000,000 of them. Poland has 329,000; Rumania, 219,000; Yugoslavia, 176,000; Czechoslovakia, 158,000. Aside from France, I am speaking of smaller powers, all of them with armies larger than our own. We have 138,000 men.

We have set the example of reducing land forces and they have not followed it, because they are afraid of their neighbors.

If, in a world conference they can get an agreement with their neighbors, and if we can encourage such efforts, it will be worth not merely the $450,000 carried in this bill, but many times that sum.

The conferences the nations have already held have had to do with the navies, not with armies. We succeeded in Washington in getting rid of competition so far as capital ships are concerned. There was a failure in Geneva in 1927 in dealing with other elements of the navy, but most of the difficulties were overcome in London in 1930. An agreement was reached so far as England, Japan, and the United States are concerned. There is to be no more competitive building by these powers. A good many people believe that the navies that may yet be built under the treaty are larger than need be. Let us not discuss that question just now.

We have gotten rid of the race. We have gotten rid of the competition in navy building. Let us get rid of the competition in land armaments, and we will be a great deal farther along toward the reign of universal peace than we have ever been before. [Applause.]

Mr. BRITTEN. Mr. Chairman, is there any time remaining?

The CHAIRMAN. The gentleman from Pennsylvania has one minute remaining.

Mr. TEMPLE. Mr. Chairman, I yield one minute to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, I simply desire to suggest to the House that the Members who vote in favor of this bill might just as reasonably vote to throw $450,000 into a sewer, as far as obtaining any reasonable effect on general disarmament, which the gentleman from Pennsylvania has just talked about.

Why, it is fairly silly to try to compare the general disarmament conference that will take place in Geneva next month with the former naval conferences that have been held, more or less successfully, in Washington and in London. There is no comparison.

The Geneva conference will aim to control land armament, police force, commercial aviation, constabulary, power to build and make guns, and every form of construction that would go into the development of war.

[Here the gavel fell.]

Mr. BRITTEN. I ask unanimous consent that I may have two minutes, or, if the gentleman prefers, I will take it under the 5-minute rule.

Mr. LINTHICUM. I think the gentleman had better take further time when we are proceeding under the 5-minute rule.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Resolved, etc., That the sum of $450,000, or so much thereof as may be necessary, is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932, and for each and every purpose connected therewith, including transportation and subsistence or per diem in lieu thereof (notwithstanding the provisions of any other act), personal services in the District of Columbia and elsewhere, without reference to the classification act of 1923, as amended, stenographic and other services by contract if deemed necessary without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5), rent of offices and rooms, purchase of necessary books and documents, printing and binding, official cards, entertainment, hire, maintenance, and operation of motor-propelled passenger-carrying vehicles, the reimbursement of other appropriations from which payments may have been made for any of the purposes herein specified, and such other expenses as may be authorized by the Secretary of State.

Mr. BRITTEN. Mr. Chairman, I move to strike out the last word. The distinguished gentleman from Pennsylvania, Doctor TEMPLE, for whose judgment I have a very high regard—and I do not know that there is a man in the House I would rather follow generally than himself—said a few moments ago that the nations of the world, referring particularly to Europe, were afraid of each other. Of course, they are afraid of each other, and that condition will exist for generations to come. That is the reason they are not getting any results in a general disarmament conference. Let me suggest that this conference has been going on for seven years. Preparation for this conference of next February, for the formula, has been going on for seven years. There can be no successful culmination of such a conference. It will go up in the air like smoke, just as its seven predecessors did.

France is much smaller than Germany. France has no confidence in Germany or in German promises. Russia is standing like a Russian wolfhound, ready to jump in when war transpires. There is always a prospect of war in the Balkan States.

My thought is that if this group of statesmen can not get together in seven or eight years on a mere formula of procedure, they will never agree in a conference of such broad scope.

Mr. COLE of Iowa. They are trying to get together.

Mr. BRITTEN. Yes; and they have been trying for seven years. We should stay out of their conferences and meetings of every sort, which can only affect us adversely. We should stay over here where we belong. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. BLANTON. And after we spend $450,000, and then when we come back in December, the rainbow will have disappeared, and we will all then realize that we have not received any benefit, but our Army and Navy expenses will be the same, with nothing accomplished.

Mr. BRITTEN. No question about that. As far as conferences and agreements on disarmament are concerned, let Europe do as she pleases, but let us stay at home and in the old-fashioned way, just mind our own business. A conference for disarmament is all right as far as Europe is concerned, but it is always all wrong as far as the United States is concerned.

Mr. DYER. We have already disarmed.

Mr. BRITTEN. We have disarmed. Let the other world powers follow in the fine example we have set for them.

Mr. BURTNESS. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. BURTNESS. Did the gentleman approve of the world naval conference, and would not this apply to a naval conference?

Mr. BRITTEN. This is not a naval conference. There never has been a world naval conference.

Mr. BURTNESS. I know it is not.

Mr. BRITTEN. There are only three nations of the world that have big naval armaments. One is in Europe; one is in Asia; and the other is the United States.

Mr. BURTNESS. But that is purely relative.

Mr. BRITTEN. No; it is not relative at all. The gentleman knows the difference in the psychology of Europe and America. They are as different as day and night. The very foundation of British, French, and European diplomacy generally, is deceit. I know what I am talking about. I have been there many times, and I have talked with statesmen from all parts of the world, and they admit to me that the foundation of their diplomacy is deceit. They do not call it deceit. They say it is to "not let the other fellow know what you are doing or thinking about."

Every dollar that is appropriated for this junket will be wasted.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. BRITTEN. Mr. Chairman, I withdraw the pro forma amendment.

Mr. BLANTON. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 1, line 3, strike out "$450,000" and insert in lieu thereof "$200,000."

Mr. BLANTON. Mr. Chairman, because it has been called to the attention of the committee that in order for the Secretary of State to accept the invitation of the League of Nations to attend this conference which he arranged last July 11 before he knew what Congress was going to do about it, we must pay $100,000 to the League of Nations for its expenses, some Members have asked me to include that amount in my amendment so as to allow $200,000 rather than $100,000 for the expenses of the conference. I did so. That leaves $100,000 to be paid to the League of Nations on its expenses and $100,000 to our delegates. We have five delegates. Just five. The record of one of them, by the way, we know has been in favor of the biggest navy that money can build. There are only five delegates. We must not fool ourselves into believing that this is to be a tremendous delegation. It is only five delegates and a bunch of experts from the Secretary of State's office.

Look at the cost of the various conferences, which I put into the RECORD the other day, ranging from $6,000 to $13,000. Some of them were pretty good-size delegations. On the conference which my friend from New York [Mr. LAGUARDIA] attended last year, his expenses were only $574. On that same delegation our distinguished colleague, the gentlewoman from Florida [Mrs. OWEN] had an expense account of only $785. On this same one which the distintinguished gentleman from Idaho [Mr. FRENCH] attended, his expenses were only $518. The expense of that entire delegation of nine Congressmen and five Senators and several delegates from the outside amounted to only $11,000. Then why appropriate more than $200,000 for this conference?

I have watched these conferences. I have watched how the money goes. I have seen the money spent and nothing come from it. As I called attention a moment ago, when we come back here in December and this $450,000 has been spent, the gentleman from Pennsylvania [Mr. TEMPLE], who has been on many of these conferences in Europe, and my friend the gentleman from Maryland [Mr. LINTHICUM], who has been on many of them across the water, will all have to admit that the money is gone, the rainbow is out of the sky, and there has been nothing accomplished, and that there has not been a single move made for disarmament. We will still be disarmed, with one of the smallest land forces and a comparatively small navy, and all the rest of them will still be clamoring for big armies and navies in Europe. So what is the use of spending the money? I am in favor of stopping it; and, concerning bills which the membership have to apologize for, I am not going to vote for any more of them.

Mr. DYER. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. DYER. Can the gentleman tell us how long these interparliamentary conferences have been going on for which we have been appropriating money year after year?

Mr. BLANTON. Oh, year after year.

Mr. DYER. And what has been accomplished?

Mr. BLANTON. Nothing of value. I attended the meeting of the Interparliamentary Union a few years ago when it met here in this Chamber, with some 38 countries represented here. Every time there was a move made to bring up for discussion the question of disarmament you would see them move back from it and side-step. They would not permit you to discuss it on the floor.

Who is there here in this House who will permit himself to believe that these people across the water are going to disarm? They are not going to do it. And we should not waste this $450,000, with a depleted Treasury. We are going to be forced to tax our people for it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. LINTHICUM. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas.

Our Secretary of State has accepted this invitation and we are bound to attend. Certainly no one in this Chamber—no one in this country—desires us to attend in some slipshod method or to have to leave the conference before it is concluded. This $450,000, I would remind the Congress again, is only authorized. It is not appropriated. It has to pass the chairman of the Committee on Appropriations, Mr. BYRNS, the gentleman from Indiana, Mr. WILL WOOD, the ranking member of that committee, and the gentleman from Texas, Mr. BLANTON himself.

Mr. BLANTON. Will the gentleman yield there?

Mr. LINTHICUM. I yield.

Mr. BLANTON. The gentleman knows that when this House speaks the Committee on Appropriations is nothing but the servant of the House. It will have to appropriate the money whenever the House votes this resolution.

Mr. LINTHICUM. I agree that that has been my interpretation. But that is not the interpretation of the Appropriations Committee, as has been evidenced on several occasions.

Mr. BRITTEN. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. BRITTEN. The report prepared by the gentleman indicates that this $450,000 is but an initial appropriation. What is meant by that?

Mr. LINTHICUM. I do not think the gentleman will find that statement.

Mr. BRITTEN. I will read it:

It is my judgment—

Says Secretary Stimson—

that the initial appropriation should be $450,000.

Mr. LINTHICUM. Yes; I know the Secretary had that idea, and he had the idea of an unlimited authorization, but the Committee on Foreign Affairs cut out that idea and established $450,000, upon a monthly estimate for these five delegates and 40 personnel.

Mr. BRITTEN. Will the gentleman yield further?

Mr. LINTHICUM. I yield.

Mr. BRITTEN. The gentleman is of the opinion then that the expense of these five delegates will be $55,000 a month, on the presumption that they remain there for eight months?

Mr. LINTHICUM. Yes. It is estimated that with 63 nations attending this conference, embracing all the various subjects of disarmament, it would require between seven and eight months, whereas at London it only required three months, and in Washington it only required three months. This is based upon that assumption.

Now, if that much money is not needed, it will not be used. At the London conference $350,000 was appropriated, but only $282,000 was used. These are gentlemen. These are members of the executive branch of our Government. They are not going to spend the money unless it is absolutely necessary. It requires $99,000 to pay our part of the set-up of the League of Nations and it requires $156,000 to get over there and get back.

Mr. BRITTEN. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. BRITTEN. What does the gentleman mean by saying that it requires $99,000 of our money to pay for our portion of the set-up of the League of Nations?

Mr. LINTHICUM. If the gentleman had been present, he would have understood all these things and I would not have to go into them again. Our proportion of the expense of the secretariat of the League of Nations is $99,000 plus.

Mr. BRITTEN. What is the total? What will be the total to be paid into the League of Nations by all the nations participating in this conference?

Mr. LINTHICUM. I do not know. I do not have the figures.

Mr. BRITTEN. What portion of the total amount do we pay?

Mr. LINTHICUM. Our portion is about 10 per cent of the total. That would make about $990,000 about as a total. Gentlemen, I want to say in conclusion that this has been figured down to the last cent. Stenographers about $2,400 each; a secretary at $5,600 a year. Everything has been figured down to the last cent.

[Here the gavel fell.]

Mr. FINLEY. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, and gentlemen of the committee individually, how much is your self-respect worth to you? What would you take to surrender it? I was on a railroad train at one time. The conductor overlooked me. He failed to take up my ticket. As I got off the train I handed the ticket to him. Why? Because I wanted to retain my self-respect, and I could not do that realizing that I had in my pocket something that belonged to somebody else. To me the greatest thing in the United States is the respect of the people of the United States for the Government under which they live. [Applause.]

The United States has undertaken to lead the world toward peace. I want to express my appreciation of the work of William Jennings Bryan along that line. While I differ with him in politics, and while I differ with him in my political views on domestic questions, I want to take off my hat to that man who put the United States Government in the lead for the peace of the world. He is entitled to it. [Applause.]

Can the United States, after having assumed the leadership for world peace, count the pennies, like a miser, over what it is going to cost? God forbid. To me the greatest thing this great country of ours can do to-day is to lead the world into that peace of which the angels sang.

Oh, they say we have accomplished nothing—eight years, and accomplished nothing. How long did it take and how much agitation did it require to lead the world to the abolition of the international slave trade? Stop just a moment and think. Was that done in eight years? Was that done in 10 years, in 20 years? The men who believed in the abolition of that crime against humanity were not dismayed because they did not succeed in 8 years or 10 years or 20 years, but they went on, because it was right. This great country of ours ought to go on showing the world the beauties of international peace and leading the world into that peace.

Furthermore, it is said that we have gained nothing by these conferences and accomplished nothing. Do gentlemen consider that we have gained nothing by the reflex action upon ourselves? Have the conferences which we have held apparently brought forth no results? Have they not reacted upon ourselves and brought us to a more keen realization of the necessity for something of this kind? I am amazed that men can ignore one of the greatest things these conferences have accomplished, namely, keeping before the world the agitation, the propaganda, if you please, that has brought home to the heart and mind of men and of women the necessity of doing something to do away forever with this thing that has taken such a tremendous toll of human life and human property. [Applause.]

[Here the gavel fell.]

Mr. DYER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Texas. The speeches of the gentlemen from Alabama, from Pennsylvania, and others have appealed to our sympathies and to our desire to help humanity. But at this time we are up against a condition and we must of necessity not pay so much attention to sentiment in regard to Europe.

We have in this country to-day millions of men and women in want and in distress. In my own city the citizens, after paying their Federal, State, and municipal taxes, have within the last few months raised about $5,000,000 to take care of the needy poor, the sick, and the unemployed in that city, and now we are asked to spend almost a half million dollars to take part in a conference dealing with disarmament and the curtailment of armed forces with which, as a nation, we are not concerned.

We have disarmed. We have reduced our armed forces until we have but a pittance. We can not expect to influence Europe in the disarmament of its forces in view of the situation that confronts those nations.

We will accomplish nothing whatever for our own people in going to Europe. We surely have done enough for Europe and the people of that portion of the world. We have gone into debt billions of dollars and we will be paying, through the taxpayers of this country, billions upon billions of more dollars before we have finished with our efforts to help Europe and to preserve those countries.

We go to Europe and we go into this conference and we have no purpose to serve except to try to get those countries to reduce their armaments. We can make no offer of reducing ours further, because they are now reduced. We have no influence in Europe to-day with any nation or country in Europe, and any argument that we may present will fall on deaf ears.

Mr. Chairman, let us at this day and age, with our Treasury empty and our people suffering for food, turn our eyes to America and use this $500,000 to help our own people. [Applause.]

There is no excuse for our going to Europe under the circumstances except to send a delegation there to sit around and bring money into the coffers of the city where the conference will be held. There will be nothing accomplished. We have been sending delegations year after year to Europe and nothing has been done for the peace of the world. In my judgment we should stay out of it and should say to Europe, "We are not going to take part in the conference, because we have reduced our armament; get together yourselves and reduce your armaments."

This is the instruction and the advice we should give to them, and we should stay here and save this enormous amount of money, which otherwise will be wasted in this conference so far as we are concerned, and give it to the people of our own country who need it so badly. [Applause.]

Mr. LAMNECK. Mr. Chairman, if mine were the only vote in this Hall this afternoon, I would have to vote against this measure. I am against the proposition from three or four different angles.

In the first place, I think we ought to serve notice on the executive department of the Government that is in power to-day and on those who will be in power in the future that no obligations for expenditures should be made unless they consult the legislative branch of the Government.

In the second place, I believe this $450,000 appropriation is an absolute waste of money because it will not result in disarmament.

Do you suppose for one moment, Mr. Chairman, that Great Britain will disarm? Why, their very existence depends upon their navy. Great Britain would not be a world power 60 days if they had no navy and they are not going to disarm. Everybody knows this.

I am reminded of the conference we had on this same question not long ago. Who destroyed valuable battleships? Nobody but Uncle Sam. They took battleships out of the navy yards that were 90 per cent completed and put them out in the Atlantic Ocean and sunk them, while all the other nations of the world that destroyed any battleships took a lot of junk out there and sunk it.

I say we ought to defeat this proposition because it will not accomplish the things that we want to accomplish, and I am reminded of the remarks of the gentleman here who said that the thing we should do is to stay in America and not waste public money which is needed so badly in this country to-day. I say that any other policy is a fallacy and is absolutely ridiculous. [Applause.]

Mr. DIES. I move to strike out the last three words. I intend to consume only a few moments of the time of this committee. Personally I do not have much confidence in the noble and praiseworthy effort to effect universal disarmament. We tried to make the world safe for democracy. We

spent over $40,000,000,000 for this purpose. Many of our bravest soldiers consecrated their lives upon the sacred altar of liberty and democracy. We became entangled with the affairs of Europe, and we now find it difficult to extricate ourselves. After having canceled the war debts and loaned millions of dollars to Europe to rehabilitate her nations, Europe now has the audacity to suggest that we should cancel the tremendous indebtedness which she owes us and which was borrowed from the American taxpayers upon the specific promise that the money would be repaid to America. It is true that the iron heel and mailed fist of German autocracy are temporarily destroyed. But in place of Kaiser William, Europe is now threatened with dictatorships that threaten to develop into absolute autocracies. Instead of receiving the love and gratitude of the nations that we rescued from defeat, America is being denounced to-day for its refusal to saddle upon her own people the $11,000,000,000 owing to us by foreign countries.

I yield to no man in the desire to banish the pestilence of war from the face of the earth, and to promote peace and good will among nations and men. I realize the futility, the unutterable horror, and the criminal waste of war, and I am willing for America to join the nations of the earth in an effort to reduce armaments and promote peace. But it does seem to me, Mr. Chairman, that our delegates to the international conference could finance their mission with $200,000 instead of the $450,000 that this resolution proposes to allow them. We are faced with a tremendous and unparalleled deficit in our Treasury, which will probably reach $4.000,000,000 by the end of this fiscal year. Since this Congress convened we have increased this deficit by the appropriation of millions of dollars out of the Treasury. This money can only be obtained by the sale of Government bonds or by taxation. Our Government bonds are now selling below par; and if we continue to issue them in the present manner, it is not unreasonable to anticipate that their market value will continue to decrease. The administration is now seeking to meet this deficit by a taxation scheme that will take from the pockets of the American people the fruits of their labor and toil. The money that we are spending is not spent for the purpose of relieving unemployment or assisting the millions of farmers who are compelled to sell the products of their labor and toil below the cost of production and who face oppressive taxation and mortgage foreclosures in every section of our Nation. This Congress appropriated $2,000,000,000 for the relief of banks, railroads, and financial institutions. It granted a moratorium to our debtor nations which cost us $255,000,000. Necessity is forcing the majority of our people to curtail their expenditures, and yet this Government continues to spend millions of dollars on projects and schemes that do not have for their purpose the relief of distress, or the creation of employment.

It seems to me that our delegates to this international conference could reduce their expenses to a minimum without impairing their efficiency or crippling their activities in behalf of disarmament.

I certainly hope that this conference will be productive of salutary results; but I fear that we will come out of it like the old man that I heard about. There came into his country a new kind of religion. This creed predicted that on a certain day the world would come to an end. This old fellow believed in this new religion, and so he sold everything he had, paid his debts, and made preparation for the awful day when the world was to come to an end. On the morning of the eventful day he arose early, put on his resurrection garments, and climbed to the top of a haystack in order that he might have a clear vision of the approaching destruction. Being somewhat weary he fell asleep. While asleep a hired boy who was passing the haystack struck a match and threw the match into the haystack, which caught fire. It got pretty hot and the old man awakened, rubbed his eyes, and beheld the ascending smoke and flames. When he saw the smoke and fire his first and only exclamation was, "In hell, by gosh, just as I expected all the time." [Laughter and applause.]

Mr. TUCKER. Mr. Chairman, we met here a month ago with the President of the United States begging us to cut to the bone all expenditures. Our leaders on this side and on that side told us the same thing. Mr. Chairman, we will never balance the Budget in this House unless we recognize at the start that appropriations which fitted us in prosperous peace times are not the appropriations we are to make to-day. I believe in beginning now and standing by it faithfully. I am not like the fellow that swears off from drink in the morning and is drunk before night. I am heartily in favor of this proposition. I heartily indorse it. I heartily and strongly indorse the amendment offered by my friend from Texas [Mr. BLANTON]. If $200,000 will not get us to Europe and back and enable us to give our views, because, perchance, we can not have as good clothes as those people or ride in as good chariots as they ride in, let us face the issue like men. "The apparel oft proclaims the man." Let us do our duty to our suffering country, to our distracted people, and to our own consciences. Let us start to-day and follow it up through this Congress.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. TUCKER. I yield.

Mr. BRITTEN. I am very much interested in what the gentleman said when the gentleman indicated he was heartily in accord with our giving expression to our views on the subject. That is fine, and that is as far as we can go, because if the gentleman will permit, every nation participating in this conference is a member of the League of Nations except the United States.

Mr. STAFFORD. Oh, no, no. Russia is not a member.

Mr. BRITTEN. Well, perhaps Russia is not, but which other nation?

Mr. STAFFORD. One of the South American nations is not.

Mr. TEMPLE. Mr. Chairman, there are 63 nations participating in the conference, and there are, I think, only 52 members of the League of Nations.

Mr. BRITTEN. Well, this report will go to the League of Nations and we do not sit in on the League of Nations. We have no voice in it.

Mr. STAFFORD. The report will go to the respective governments participating and not to the League of Nations.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. TUCKER] has expired.

Mr. LINTHICUM. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

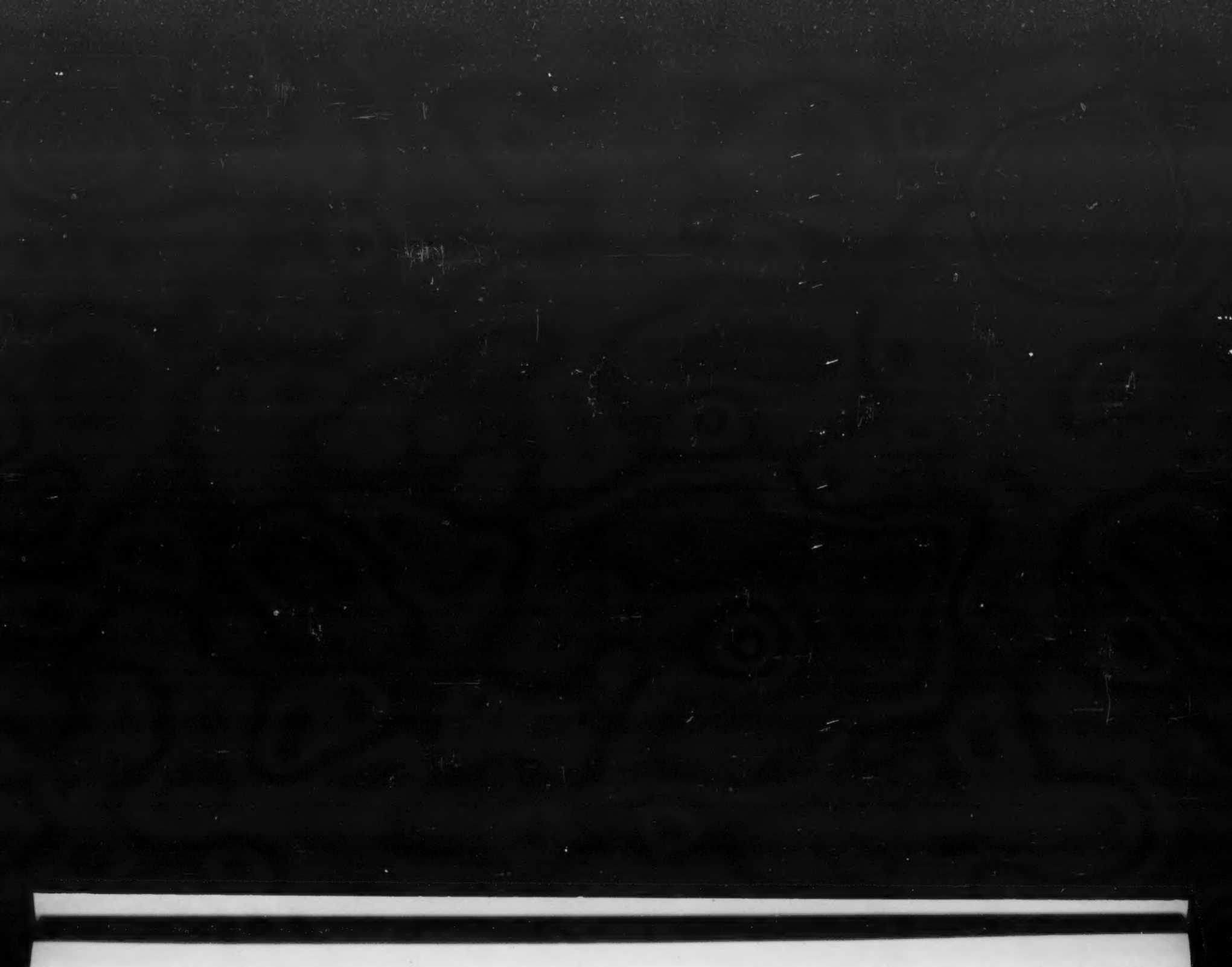
The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. LINTHICUM. I hope the Members of the House will give attention in respect to this matter. I had not expected all this debate. I want you to know the situation thoroughly. The United States has been invited to this conference. The United States has accepted it with pleasure. It is going there to do what it can for the world. It can not go there for $200,000. It will require the greater part, if not all, of the $450,000.

This $450,000 is merely an authorization. At the London conference the conference did not spend all the appropriation by some $63,000. If $450,000 is not necessary for this, it will not be expended. But, I say to you, this is a very serious moment. The world expects us at this conference. We can not go there for $200,000. It is up to the House to decide whether we are to go there as Americans, in a proper shape, in a proper condition, with a proper personnel, and enough money to pay our expenses as we go. If this is limited to $200,000, we will not get there, because it requires more than that to pay the set up and to pay the expenses of travel.

So I say to you that this matter has been gone into thoroughly by the Committee on Foreign Affairs and it has been cut down to the very lowest amount. If it does not take eight months then there will be money left and if it does take eight months there will probably be some money left.





Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. DOUGLAS of Arizona. I favor the resolution, but for my own information I would like to ask the gentleman from Maryland why he makes the statement that the United States can not attend the conference at Geneva for $200,000.

Mr. LINTHICUM. In the first place, the United States is expected to pay its proportion of the expenses of the secretariat and that amounts to $99,167; then the traveling expenses of the personnel, 5 delegates and 40 members of the personnel, amount to $156,000.

Mr. TUCKER. Cut down your retinue.

Mr. LINTHICUM. That can not be done. We are sending one of the gentleman's Senators from Virginia as a delegate and we expect to treat him right and give him his proper expenses while he is there. [Applause.]

[Here the gavel fell.]

Mr. DOUGLAS of Arizona. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes in order to answer my question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DOUGLAS of Arizona. The gentleman so far has accounted for, roughly, $246,000.

Mr. LINTHICUM. Well, I did not want to go into all of these things. There are personal services, $66,000; supplies and materials, $1,500; traveling expenses and subsistence, $156,000; printing and binding, $5,000; rent, $72,800; repairs and alterations, and special and miscellaneous, $18,000; then the amount to be paid to the league, $99,000, and so forth, making $450,000. Everything has been figured out to the very dollar in the statement I read some time ago.

Mr. DOUGLAS of Arizona. Does the gentleman know how much the English Government is appropriating for this purpose?

Mr. LINTHICUM. I do not know; but I do know the English Government is going to send 100 people and we are sending only 45, so I imagine it will cost them a great deal more than it will cost us.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the amendment may be again read for information.

The CHAIRMAN. Without objection, the Clerk will again read the amendment.

There was no objection.

The Clerk again read the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. LINTHICUM) there were—ayes 80, noes 110.

Mr. BLANTON. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. ERK. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ERK: On page 1, line 7, after the word "general," strike out "disarmament," and after the word "conference" insert "on the limitation of armament" and correct the title.

Mr. ERK. Mr. Chairman, as a new Member it is with considerable reluctance that I trespass upon the time of the committee at this time, but I should feel guilty if I let this subject matter go amiss. I have brought this subject to the attention of the committee at its hearings. I quote from the hearings, at which I asked Secretary Stimson the following:

I note that you refer to this proposed conference as "a general disarmament conference." Is it not in fact a conference on the limitation of armaments, and should it not be so called?

To which he replied:

I think this will certainly be a conference on the limitation of armaments. I think the draft convention is called that.

Therefore, if the proposed conference is one for the purpose of placing a limitation on armaments, it should be so called. The former conference held in Washington was called a conference for the limitation of arms, and other conferences at Geneva on the limitation of armaments have been so called. Any reference either made here or by the State Department or the League of Nations relating to a disarmament conference is grievously in error and woefully incorrect. [Applause.] There is no such thing as disarmament as far as the United States or other nations are concerned. If the proposed conference is intended to place a limitation on armaments it should be so called. Everybody knows that it is not called for disarmament. [Applause.]

Mr. LINTHICUM. Mr. Chairman, I rise in opposition to the amendment. We were invited on June 13, 1931, pursuant to a resolution of the council adopted on May 22, to participate in the general disarmament conference to be convened at Geneva on February 2, 1932. Now, that is what we are invited to attend; that is what we are appropriating for; and there is no such thing as a limitation of arms. We are not invited to any such thing. It is a general disarmament conference. Whether it is a misnomer or not I do not know, but that is what we are invited to attend and that is what we are appropriating for.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. CAMPBELL of Iowa. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CAMPBELL of Iowa: On page 1, in line 3, strike out "$450,000" and insert in lieu thereof "$350,000."

Mr. CAMPBELL of Iowa. Mr. Chairman, it seems to me we have been chasing the rainbow about as long as we ought to. We have come to the question of the expenditure of $450,000.

We have been talking for the last year, at least they have out in my district, about the expenses of government. They have grown by leaps and bounds until now it is something like six or seven times more than it was 20 years ago. So far as I am concerned I do not stand with the gentleman from Illinois [Mr. BRITTEN] or the gentleman from Missouri [Mr. DYER]. I feel that it is all right to send these delegates across the waters to see if we can do something to decrease armament, but I do feel that the small sum of $100,000 ought to be taken off of this bill.

I notice as I read these articles that we have the money for the bedrooms, the money for the tips, the money for all the expenses that go with it, and then they are given a flat salary besides, which is about the same as they get here.

We have been talking about reducing the expenses of Government by reducing the pay of the Government employees. I am going to say that in the higher brackets I am in favor of that. I am going to do what I can to cover the deficit which is now in the Treasury, and I say the best way to do it is to do it by just such methods as this, by just cutting and paring until we get down to the bone.

Surely $350,000 will take care of this matter in a fine way and yet it may be somewhat of a simple way. We are not going over there as lords and ladies, neither are we going over there to represent what a rich country we have. We are going over there for the purpose of business, and I think that so far as this work is concerned, $350,000 at this time is quite a reasonable amount and I hope the amendment will be supported.

Mr. COLE of Iowa. Will the gentleman yield for a question?

Mr. CAMPBELL of Iowa. Yes.

Mr. COLE of Iowa. It is not likely that we will spend even $350,000, and it is very likely this conference will not last more than four months. I think they are overestimating it.

[Here the gavel fell.]

Mr. LINTHICUM. Mr. Chairman, I rise in opposition to the amendment. I do not want to take up too much time, but I do want to say that if you want to ascertain the ex-

penses of anything in Europe, to whom do you go? You go to the men who know what these expenses are through long experience. This $450,000 is figured out seriatim for everything, the expenses of the delegates, the expenses of the stenographers, printing expenses, and expenses of rent, and also expenses to the League of Nations.

Mrs. ROGERS. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mrs. ROGERS. Is it not true that at every conference the delegates themselves have had to dig down into their own pockets to defray part of their own expenses? I notice by the press that persons refused to go because of the great personal expense.

Mr. LINTHICUM. I heard a gentleman who was at the London conference say that if the people only knew just how much it cost him personally they would be surprised. No man goes to any of these conferences for the money allotted him; and may I say to the gentleman from Illinois [Mr. BRITTEN], who spoke here to-day, that no man goes to the Interparliamentary Union except at great expense to himself.

This is all figured out by men who know how to do it. While, as the gentleman has just said, you do not want your people to go there as lords and ladies, yet you want them to have money enough to stay there until the conference is over. If you were sending your son some place on business, you would not try to figure it out so low that he would have to watch every cent to see that he did not run out before the thing was over. If the money is not needed it will not be used. Sixty-eight thousand dollars was not used at the London conference, and if this amount is not all needed it will not be used.

Mr. McGUGIN. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. McGUGIN. I notice on page 6 of the hearings that you set aside $25 a day as a per diem for 216 days for the delegates, $25 a day for the assistant delegates, $20 a day for the advisers, $15 a day for the technical advisers, $15 for the secretaries, $15 for the assistant secretaries, and $10 a day for clerks. These are your per diems, and on the next page I see that you have also made an estimate to pay all their hotel expenses in addition.

Mr. LINTHICUM. They are two separate statements, I will say to the gentleman. One is a statement giving it in detail and the other in gross. It is quite a full statement covering every phase of the subject.

[Here the gavel fell.]

Mr. McGUGIN. From the report on page 6, it is specifically stated in so many words that a per diem of $25 per day for delegates and $10 for clerks, and then on the next page, as a part of the total figures, we are furnishing them hotel accommodations in addition thereto. This is a duplication. What we are voting on here now is not whether or not we are going to have a conference, but whether or not this is in keeping with American custom, whether or not we should appropriate money in any such sum for a European junket. It is not a question whether we are going to have a conference. The question is whether we have a right to appropriate the taxpayers' money of this country in any such fashion as outlined here.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. CAMPBELL].

The question was taken; and on a division (demanded by Mr. CAMPBELL of Iowa) there were 69 ayes and 93 noes.

So the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment proposed by Mr. McFADDEN: At the end of the joint resolution, on page 2, line 13, after the word "State," strike out the period and insert a colon and the following proviso:

"*Provided*, That any moneys authorized to be appropriated by this resolution be used only for the purposes provided for herein, and shall not be used for any other purposes than for the said general disarmament conference, and that the necessary directions are hereby authorized that will preclude the consideration or discussion of the question of the payment of reparations and war debts at the said Geneva conference."

Mr. LaGUARDIA. Mr. Chairman, on that I reserve a point of order.

Mr. McFADDEN. Mr. Chairman, this amendment is entirely consistent with the recent action of this House where it attached a rider to the Hoover moratorium bill. Since that amendment was passed there has been almost constant discussion abroad as to whether or not the Congress of the United States meant what it said as regards the mixing of war debts and reparations, or whether it was going to compromise and cancel debts which are owing to the United States.

Any one who is cognizant of what has been taking place abroad, in regard to the discussion leading up to this particular conference, and also to the conference which is about to be held at Lausanne dealing with reparations and war debts, can not help knowing that war debts and reparations are going to be discussed at this disarmament conference. Now, are we going to permit a conference called for the purpose of disarmament to discuss the question of war debts and reparations? Are we going to permit our delegates at this disarmament conference at Geneva to discuss the question which the Congress of the United States has prohibited? We know from the statements of the State Department that they are not appointing delegates to the Lausanne conference where reparations are to be discussed. We also know that in the conference which took place in Paris last Saturday, the French Premier called the American ambassador in to ascertain what the position of the United States was with regard to this conference, and whether or not we intended to live up to the amendment which was offered on the moratorium agreement. So now if we are to be consistent, we should vote for this amendment. If we wish to reaffirm—and there is necessity for reaffirmation at this time—we should vote for this amendment.

Mr. LaGUARDIA. Mr. Chairman, I press the point of order. The amendment offered by the gentleman from Pennsylvania [Mr. McFADDEN] is not germane to the resolution before the committee. The gentleman from Pennsylvania [Mr. McFADDEN] is in error when the gentleman says that an amendment was offered from the floor to the so-called moratorium bill. The declaratory statement as to intergovernmental debts surely was germane to a bill suspending payments of the very same debts.

Mr. McFADDEN. Will the gentleman yield?

Mr. LaGUARDIA. In just a moment.

The resolution before us provides an authorization for appropriation for the expense of participation by the United States in a general disarmament conference to be held in Geneva in 1932. It is only an authorization for an appropriation. The gentleman from Pennsylvania is confusing a legislative bill with an appropriation bill where the gentleman seeks to put in a limitation, but if the Chair will notice the wording of the amendment offered by the gentleman from Pennsylvania, he will find that it is an express direction to the delegates as to what they must not do. If we were to authorize a delegation to a poultry conference, we certainly could not put in an amendment on the floor instructing the delegates to take up the subject of birth control.

The resolution calls for the participation in a specific conference for disarmament, and an amendment seeking to direct the conference as to intergovernmental debts is not germane to the specific purpose of the resolution.

The CHAIRMAN. Does the gentleman from Pennsylvania [Mr. McFADDEN] desire to be heard on the point of order?

Mr. McFADDEN. I do, Mr. Chairman. What I am trying to do here I realize is a troublesome thing to do. I am attempting to see to it that war debts and reparations are not discussed, and unless some action like this is taken they will be discussed and will further complicate the United States.

The CHAIRMAN (Mr. COX). The amendment offered by the gentleman from Pennsylvania [Mr. McFADDEN] is a direction rather than a limitation. It is an effort to amend one individual proposition by offering another. Therefore

the Chair is convinced that the point of order is well taken, and the Chair sustains the point of order.

Under the rule, automatically, the committee rises.

Accordingly the committee rose; and the Speaker, having resumed the chair, Mr. Cox, chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the joint resolution (S. J. Res. 79) directed him to report the same back to the House with the recommendation that the joint resolution do pass.

The SPEAKER. Under the rule the previous question is ordered.

The joint resolution was read the third time.

Mr. BLANTON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. BLANTON. I am.

The SPEAKER. The gentleman from Texas [Mr. BLANTON] offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. BLANTON moves to recommit the joint resolution to the Committee on Foreign Affairs with instructions to report the same back to the House forthwith, with an amendment, on page 1, line 3 thereof, after the word "of" strike out "$450,000" and insert in lieu thereof "$200,000."

Mr. BLANTON. And on that I move the previous question, Mr. Speaker.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. BLANTON. On that, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 135, nays 200, answered "present" 1, not voting 97, as follows:

[Roll No. 12]

YEAS—135

Allen	Dies	Johnson, Mo.	Perkins
Allgood	Dieterich	Johnson, Okla.	Pettengill
Almon	Dominick	Jones	Pittenger
Arnold	Douglass, Mass.	Keading	Ragon
Ayres	Doxey	Knutson	Ramspeck
Bachmann	Driver	Lambertson	Rankin
Blanton	Dyer	Lamneck	Rayburn
Boehne	Ealick	Lanham	Romjue
Brand, Ga.	Flannagan	Lankford, Ga.	Rutherford
Brand, Ohio	Fulbright	Larrabee	Sanders, Tex.
Briggs	Fulmer	Lozier	Sandlin
Britten	Gasque	Ludlow	Selvig
Browning	Gilbert	McCormack	Shott
Buchanan	Gilchrist	McFadden	Smith, W. Va.
Busby	Gillen	McGugin	Sparks
Byrns	Glover	McMillan	Stevenson
Cable	Greenwood	McSwain	Summers, Wash.
Campbell, Iowa	Gregory	Major	Sumners, Tex.
Canfield	Haines	May	Tarver
Cannon	Hall, Ill.	Mead	Taylor, Colo.
Carden	Hall, Miss.	Miller	Thomason
Cartwright	Hall, N. Dak.	Mitchell	Thurston
Chavez	Hare	Milligan	Tinkham
Clague	Harlan	Moore, Ky.	Tucker
Clark, N. C.	Hart	Morehead	Underwood
Cochran, Mo.	Hartley	Mouser	Vinson, Ky.
Collins	Hastings	Nelson, Mo.	Welch, Calif.
Condon	Hill, Wash.	Nolan	Williams, Mo.
Connery	Hogg, W. Va.	Norton, Nebr.	Williams, Tex.
Cooper, Tenn.	Holaday	Parker, Ga.	Wilson
Cross	Hornor	Parks	Wood, Ga.
Crump	Howard	Parsons	Woodrum
DeRouen	Huddleston	Patman	Wright
Dickinson	Jeffers	Patterson	

NAYS—200

Abernethy	Boland	Christopherson	Dallinger
Adkins	Bolton	Clancy	Darrow
Aldrich	Bowman	Clarke, N. Y.	Davenport
Amlie	Brumm	Cochran, Pa.	Davis
Andresen	Bulwinkle	Cole, Iowa	Delaney
Andrew, Mass.	Burtness	Cole, Md.	Disney
Baldrige	Butler	Collier	Doughton
Bankhead	Campbell, Pa.	Colton	Douglas, Ariz.
Barbour	Carter, Calif.	Cooper, Ohio	Dowell
Barton	Carter, Wyo.	Cox	Drane
Beam	Cavicchia	Coyle	Drewry
Beedy	Chapman	Crail	Eaton, Colo.
Beers	Chindblom	Crosser	Englebright
Bohn	Chipperfield	Crowe	Erk
Bolleau	Christgau	Crowther	Evans, Calif.
Flesinger	James	Magrady	Sinclair
Finley	Jenkins	Mapes	Smith, Idaho
Fishburne	Johnson, S. Dak.	Martin, Mass.	Snell
Fitzpatrick	Johnson, Tex.	Martin, Oreg.	Snow
Foss	Johnson, Wash.	Michener	Spence
Frear	Kahn	Millard	Stafford
Free	Karch	Moore, Ohio	Stalker
French	Keller	Murphy	Stewart
Gambrill	Kelly, Ill.	Nelson, Me.	Strong, Kans.
Garber	Kelly, Pa.	Norton, N. J.	Strong, Pa.
Garrett	Kendall	Oliver, N. Y.	Sullivan, N. Y.
Gibson	Ketcham	Owen	Sutphin
Gifford	Kleberg	Palmisano	Swank
Goldsborough	Knutson	Parker, N. Y.	Swanson
Goodwin	Kopp	Partridge	Swing
Gosa	Kurtz	Peavey	Taber
Green	Kvale	Person	Temple
Griswold	LaGuardia	Pou	Thatcher
Guyer	Lambeth	Pratt, Ruth	Tilson
Hadley	Lankford, Va.	Purnell	Timberlake
Hancock, N. Y.	Leavitt	Rainey	Treadway
Hancock, N. C.	Lehlbach	Ramseyer	Underhill
Hardy	Lewis	Reed, N. Y.	Vinson, Ga.
Haugen	Lichtenwalner	Reilly	Warren
Hess	Lindsay	Rich	Wason
Hill, Ala.	Linthicum	Robinson	West
Hoch	Lonergan	Rogers	White
Hollister	Loofbourow	Rudd	Whitley
Holmes	Luce	Sabath	Whittington
Hooper	McClintic, Okla.	Schafer	Williamson
Hope	McClintock, Ohio	Schneider	Wingo
Hopkins	McKeown	Seger	Withrow
Horr	McLaughlin	Seiberling	Wood, Ind.
Hull, Morton D.	McReynolds	Shannon	Woodruff
Jacobsen	Maas	Simmons	Yon

ANSWERED "PRESENT"—1

Crisp

NOT VOTING—97

Andrews, N. Y.	Dickstein	Lea	Sirovich
Arentz	Doutrich	Leech	Smith, Va.
Auf der Heide	Eaton, N. J.	Lovette	Somers, N. Y.
Bacharach	Estep	McDuffie	Steagall
Bacon	Evans, Mont.	McLeod	Stokes
Beck	Fernandez	Maloney	Sullivan, Pa.
Black	Fish	Manlove	Sweeney
Bland	Freeman	Mansfield	Swick
Bloom	Fuller	Montague	Taylor, Tenn.
Boylan	Gavagan	Montet	Tierney
Brunner	Golder	Nelson, Wis.	Turpin
Buckbee	Granata	Niedringhaus	Vestal
Burch	Granfield	O'Connor	Watson
Burdick	Griffin	Oliver, Ala.	Weaver
Carley	Hawley	Overton	Weeks
Cary	Hogg, Ind.	Polk	Welsh, Pa.
Celler	Houston, Del.	Prall	Wigglesworth
Chase	Hull, William E.	Pratt, Harcourt J.	Wolcott
Connolly	Igoe	Quin	Wolfenden
Cooke	Johnson, Ill.	Ransley	Wolverton
Corning	Kemp	Reid, Ill.	Wyant
Culkin	Kennedy	Sanders, N. Y.	Yates
Cullen	Kerr	Schuetz	
Curry	Kinzer	Shallenberger	
De Priest	Larsen	Shreve	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. Crisp with Mr. Bacharach.
Mr. Mansfield with Mr. William E. Hull.
Mr. McDuffie with Mr. Shreve.
Mr. Cullen with Mr. Reid of Illinois.
Mr. Steagall with Mr. McLeod.
Mr. Oliver of Alabama with Mr. Bacon.
Mr. Carley with Mr. Ransley.
Mr. Montague with Mr. Buckbee.
Mr. Bland with Mr. Swick.
Mr. Smith of Virginia with Mr. Curry.
Mr. Fuller with Mr. Estep.
Mr. Griffin with Mr. Weeks.
Mr. Kerr with Mr. Golder.
Mr. Weaver with Mr. Wolcott.
Mr. Prall with Mr. Hawley.
Mr. Montet with Mr. Johnson of Illinois.
Mr. Auf der Heide with Mr. Wolfenden.
Mr. Garagan with Mr. Culkin.
Mr. Sweeney with Mr. Turpin.
Mr. O'Connor with Mr. Vestal.
Mr. Evans of Montana with Mr. Welsh of Pennsylvania.
Mr. Corning with Mr. Kinzer.
Mr. Kemp with Mr. Hogg of Indiana.
Mr. Brunner with Mr. Doutrich.
Mr. Quin with Mr. Connolly.
Mr. Boylan with Mr. Manlove.
Mr. Granfield with Mr. Arents.
Mr. Larsen with Mr. Harcourt J. Pratt.
Mr. Black with Mr. Niedringhaus.
Mr. Overton with Mr. Beck.
Mr. Celler with Mr. Sullivan of Pennsylvania.
Mr. Shallenberger with Mr. Eaton of New Jersey.
Mr. Somers of New York with Mr. Watson.
Mr. Fernandes with Mr. Wigglesworth.
Mr. Bloom with Mr. Leech.

Mr. Cary with Mr. Wyant.
Mr. Schuetz with Mr. Chase.
Mr. Maloney with Mr. Wolverton.
Mr. Kennedy with Mr. Fish.
Mr. Dickstein with Mr. Gates.
Mr. Burch with Mr. Burdick.
Mr. Polk with Mr. Sanders of New York.
Mr. Tierney with Mr. Taylor of Tennessee.
Mr. Sirovich with Mr. Andrews of New York.
Mr. Lea with Mr. Nelson of Wisconsin.
Mr. Igoe with Mr. Leavitt.
Mr. Freeman with Mr. De Priest.
Mr. Cooke with Mr. Granada.
Mr. Houston of Delaware with Mr. Stokes.

Mr. ANDREWS of New York. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman present and listening when his name was called?

Mr. ANDREWS of New York. I was just outside the door and missed the calling of my name.

The SPEAKER. The gentleman does not qualify.

Mr. OLIVER of Alabama. Mr. Speaker, I was in the Appropriations Committee room and heard no bell. We were conducting hearings on one of the appropriation bills. For this reason I was not present in the House, and since the House excuses the Committee on Appropriations from attending sessions, I feel I would like to state that had I been present I would have voted "nay" on the motion to recommit.

Mr. STEAGALL. Mr. Speaker, I was in conference on the land bank bill and did not reach the Chamber in time to hear my name called.

Mr. ARENTZ. Mr. Speaker, I was not here in time, so can not vote. Had I been present, however, I would have voted "yea."

Mr. CRISP. Mr. Speaker, is the gentleman from New Jersey, Mr. BACHARACH, recorded?

The SPEAKER. He is not.

Mr. CRISP. Mr. Speaker, I voted "nay." I have a pair with the gentleman from New Jersey, so I withdraw my vote and answer "present."

Mr. SANDERS of New York. Mr. Speaker, I was temporarily absent from the Chamber. If I had been present, I would have voted "yea."

The result of the vote was announced as above recorded.

The joint resolution was passed.

On motion of Mr. LINTHICUM, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

INVESTIGATION OF PUBLIC UTILITY CORPORATIONS

Mr. COX, from the Committee on Rules, presented a privileged report on House Resolution 59, which was referred to the House Calendar.

The resolution is as follows:

House Resolution 59

Resolved, That for the purpose of obtaining information necessary as a basis for legislation, the Committee on Interstate and Foreign Commerce, as a whole or by subcommittee, is authorized to investigate (1) the ownership and control, direct or indirect (through stock ownership or control or otherwise), of stock, securities, or capital interests in any public utility corporation engaged in the transportation of persons, or the transportation, transmission, or sale of property, energy, or intelligence, in interstate or foreign commerce, by holding companies, investment trusts, individuals, partnerships, corporations, associations, and trusts, and (2) the organization, financing, development, management, operation, and control of such holding companies, investment trusts, partnerships, corporations, associations, and trusts, with a view to determining the effect of such ownership and control on interstate and foreign commerce, and, to the extent necessary to determine the effect of such ownership and control, to make like investigation of public utility corporations so engaged.

The committee shall report to the House the results of its investigation, including such recommendations for legislation as it deems advisable.

For such purposes the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places in the District of Columbia or elsewhere, whether or not the House is sitting, has recessed, or has adjourned; to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants; to require the attendance of such witnesses and the production of such books, papers, and documents; to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary.

PERMISSION FOR THE DISTRICT OF COLUMBIA SUBCOMMITTEE TO SIT DURING SESSIONS OF THE HOUSE

Mrs. NORTON of New Jersey. Mr. Speaker, I ask permission for a subcommittee of the Committee on the District of Columbia to sit to-morrow during the session of the House.

The SPEAKER. The gentlewoman from New Jersey asks unanimous consent that a subcommittee of the Committee on the District of Columbia be permitted to sit to-morrow during the session of the House. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WOLVERTON, for four days, on account of death in his immediate family.

To Mr. NELSON of Wisconsin, for one week, on account of important business.

AGRICULTURAL APPROPRIATION BILL

Mr. BUCHANAN, from the Committee on Appropriations, by direction of that committee, presented a privileged report on the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union, and ordered printed.

Mr. SIMMONS reserved all points of order on the bill.

PHILIPPINE INDEPENDENCE

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to extend my remarks on the question of Philippine independence.

The SPEAKER. Is there objection to the request of the gentleman from the Philippines?

There was no objection.

Mr. OSIAS. Mr. Speaker, ideals govern the conduct of men and nations. The outstanding ideal in individual and national life is the ideal of freedom.

In the history of the Philippines the people's love of liberty has been continuous and persistent. In 1521 the resistance of the early inhabitants of the islands to the imposition of foreign control resulted in the death of Magellan in the Battle of Mactan. The long history of Spanish domination is replete with revolutions waged by the nationals for reform and for separation. The Philippine revolution of 1896, culminating in the establishment of the short-lived Philippine Republic, was for freedom's cause.

The Filipinos fought in the American-Philippine War, which immediately followed America's war with Spain, in defense of the same principle. Peace was restored, and cooperation on the part of Filipinos with American authority followed McKinley's announcement that the government established by the United States in the Philippines was only temporary, and that its prime purpose was not exploitation but liberation. In war and in peace the Filipino people have felt, thought, and acted with an eye single to their enjoyment of the blessings of national independence.

The whole trend of affairs during the period of American-Philippine relations, extending over the last three decades, points unerringly to the hastening of the realization of this great objective. Lest people forget, it is well to recall the words of him who, though dead, yet speaketh. President McKinley defined America's Philippine policy when he said:

> The Philippines are ours not to exploit but to develop, to civilize, to educate, to train in the science of self-government.

On another occasion he said:

> These Philippine Islands are ours not to subjugate but to emancipate. * * *

This principle has substantially governed the thought and conduct of every subsequent American President, irrespective of party affiliation.

The legislative and executive voice of America was more clearly expressed when the Philippine autonomy act was approved in 1916 by the Congress and President of the United States. This act categorically stated "the purpose of the people of the United States to withdraw their sov-

creignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein." It can not be too strongly emphasized that Philippine independence is the fundamental objective of the United States in her colonial experiment in the Orient and that it is the supreme aspiration of the 13,000,000 people who now constitute the Philippine population.

To show that there should be no difference of opinion on this score, it is sufficient briefly to ascertain the nature of congressional legislation for the islands and the evolution of the Philippine government during the American régime. The very first organic act for the establishment of civil government was entitled "An act temporarily to provide for the administration of civil government in the Philippine Islands." This, coupled with the fact that the administration of Philippine affairs was intrusted to the Department of War, clearly reveals that America's rule is not permanent but temporary. This is further attested by the evolutionary steps taken in the organization of the Philippine government.

The first step immediately following the Spanish-American War was the establishment of a military government. This was a government where complete authority and control were vested in Americans. The second step was the inauguration of a civil government, with former President Taft as the first American civil governor. That government was a government of Americans assisted by Filipinos. The third step was taken when, in 1916, Congress granted increased autonomous powers to the Filipino people. The government then was transformed into one of Filipinos assisted by Americans. In the light of these events the next logical step is to effect the last necessary change, namely, the establishment of a government of, by, and for the Filipinos.

Until this final step is taken Philippine independence will continue to be an issue. Every day's unnecessary delay will only increase the difficulty. The situation now partakes of the nature of an impasse. It is considered by Americans and Filipinos alike as undesirable and unsatisfactory. Uncertainty is the keynote of the Philippine situation. It is working a havoc upon the economic life of the country. It is also tending to shake faith and confidence. Such a state of affairs is unsatisfactory and anomalous, not only from the economic standpoint but from the political, social, and moral standpoints.

The uncertainty and anomaly are further accentuated by recent events. From various quarters, notably from the Pacific Coast States, comes the agitation to restrict or exclude Filipinos from the continental United States, even while they are under the American flag. In the sugar-producing States there is a feeling that limitation or duty should be placed upon Philippine sugar despite the fact that all American products of every kind and description enter the Philippine market free of duty and without limit. From various sections, especially from the dairy-producing communities, there is a demand for definite action because of the fear of competition from Philippine coconut oil. All these and allied factors have resulted in an increased interest in the issue of Philippine independence in the United States and a more determined desire on the part of the Filipinos for the early grant of Philippine independence.

Heretofore Filipinos have relied chiefly on the statesmanship of Americans and on American elements imbued with the spirit of liberty and ethical and humanitarian considerations. Now the American Federation of Labor, the Farm Bureau Federation, the National Cooperative Milk Producers' Association, the National Dairy Union, the National Grange, and other interests are more actively working for the immediate solution of the Philippine question. It should be said in justice to these organizations that some, like the American Federation of Labor, have been committed to Philippine independence for years.

On the other hand, Philippine sentiment has been more definitely crystallized. The news recently published in various American papers that Filipinos have changed front is mere propaganda emanating from sources adverse to independence. The truth is that the Filipinos to-day are more strongly than ever for immediate independence. Both of the existing political parties continue to be for independence without delay. The Philippine Chamber of Commerce, representing the Filipino business elements, has come out publicly for independence. General Aguinaldo and the veterans of the revolution, who have always favored independence, are now more anxious than ever that it be granted. The youth of the land fired by a spirit of nationalism are aggressively for independence. Filipino women are equally for it. And the Philippine Legislature, with singular unanimity, is ardently petitioning the people and Government of the United States to redeem their pledge. It would be difficult, if not impossible, to find in history a people as solidly united for national independence as the Filipino people.

The stand of the Filipinos is absolutely definite and unmistakable. If given the choice between a continuation of the present form of government, on the one hand, and immediate and complete independence with all the attendant consequences, on the other, the Filipino people are a unit in favor of immediate and complete independence. To make this point more emphatic: If the choice is between relative prosperity without freedom and independence with relative poverty, the Filipinos would unhesitatingly choose the latter. Naturally, if they could secure immediate independence with reasonable economic adjustment, they would welcome it. But let there be no mistake. The supreme concern of the Filipinos is the early grant of national independence.

Too long has there been apathy and indifference to the Philippine question, which should be a major problem of American politics and statesmanship. Fifteen long years have elapsed without any legislation that would solve American-Philippine relations. It is neither creditable nor honorable to either country to perpetuate a situation characterized by uncertainty and anomaly. It is to the decided advantage of both America and the Philippines that the issue of Philippine independence be definitely settled soon and aright.

DR. THOMAS WALKER STATE PARK IN KENTUCKY

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks by printing an address delivered by me on June 20 last at the dedication of the Dr. Thomas Walker State Park in Kentucky.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. THATCHER. Mr. Speaker and colleagues, on June 20 last, it was my privilege to deliver an address at the formal dedication of the Dr. Thomas Walker State Park in Kentucky, located near Barbourville. Under leave granted me therefor, I now extend in the RECORD that address.

The address was as follows:

I am very happy to be able to participate in these ceremonies. To-day we dedicate as a State Park of Kentucky a spot which is historic and sacred, not only to Kentuckians, but to Americans generally.

While it seems to be pretty well established that the great French explorer, La Salle, was the first white man to glimpse anything of the Kentucky region when he came down the Ohio River as far as the Falls at Louisville in 1669, nothing, however, came of his venture touching the exploration and settlement of this region.

By means of the St. Lawrence River the French in the early days of our American history penetrated the great Northland to the upper reaches of the Mississippi River, and in 1682 La Salle descended the Father of Waters from the Illinois River to the Gulf of Mexico and "took possession" for Louis XIV, the French monarch, of the Louisiana territory. Therefore, long before the English had projected any settlement westward beyond the Allegheny Mountains the French were in possession of the Mississippi Valley, and they maintained, perhaps, for awhile some trading camps in the Ohio River Valley; but no permanent French settlement was effected.

Prior to 1750 there is no record of any English exploration or settlement west of the Allegheny region or north of the line 36° 30'; that is to say, north of the south line of present-day Virginia.

Not until 1748 was there any organized movement of the English for the acquisition or settlement of any of the regions west of the Alleghenies. In that year the first organized endeavor looking to the acquisition and settlement of lands west of the Alleghenies was undertaken. In 1748-49 two large land companies were organized in London under royal charter—the Loyal Land Co., authorized to survey and locate 800,000 acres of the Kentucky region

north of the 36° 30′ parallel; and the Ohio Co., authorized to locate and settle 500,000 acres between the Kanawha and Monongahela Rivers, and upon the Ohio River below the junction of the Monongahela and the Allegheny.

Dr. Thomas Walker, of Virginia, was chosen as a representative of the Loyal Land Co., to explore the general region involved in the Loyal Land Co. grant. Col. Christopher Gist, of North Carolina was employed to make a similar exploration in behalf of the Ohio Co. Doctor Walker made such exploration during the spring and summer of 1750, covering hundreds of miles of territory in northeastern Tennessee and eastern Kentucky; and in the fall of the same year Colonel Gist made a like exploration through what is now eastern and southern Ohio and central Kentucky.

Doctor Walker's explorations extended by this historic point and as far westward as Rockcastle River and thence northward and eastward, across the Big Sandy and New Rivers, back to his home in Virginia. Hence, he was the first white man ever to penetrate this trans-Allegheny section for purposes of exploration and settlement. Under due authentication it appears that this is the precise spot where, between the inclusive dates of April 22 and 28, 1750, under his direction there was erected a cabin for human habitation—the very first ever definitely known to have been reared by the hands of white men west of the Alleghenies. It was for this reason that the site of this habitation has been selected as a State park and is to-day dedicated for State-park purposes.

Doctor Walker was a man of capacity. In addition to being a physician, he was also a surveyor and woodsman of note. Moreover, he was possessed of the finest courage and integrity. Hence, he was selected for the important mission referred to. He was born in King and Queen County, Va., on January 25, 1715. He was a member of an old tidewater family. He was an intimate friend of Peter Jefferson, father of Thomas Jefferson, and upon the death of that distinguished Virginian became his executor and the guardian of Thomas Jefferson.

Doctor Walker acted as agent and surveyor for the Loyal Land Co. for 30 years and performed in a most satisfactory manner the duties thus imposed. During his long and useful life he successfully undertook many highly important commissions in behalf of the colonial settlements. He served as commissary with the rank of major in the Virginia troops, accompanying Braddock on his disastrous campaign, in which campaign he and Washington narrowly escaped death or capture.

On more than one occasion he served as a commissioner for Virginia to settle difficult questions with the Indian tribes and nations, and in such capacities aided in the negotiation of a number of important treaties, among them that of Fort Stanwix, N. Y., in 1768. By the terms of that treaty, negotiated with the Six Nations, for the sum of £10,000 sterling, the English were given the right to settle a vast territory west of the Alleghenies, including all of what is now Kentucky east of the Tennessee River, and this paved the way for the settlement of the Kentucky region.

He served as member of the House of Burgesses of Virginia; and next in order of nomination to Washington, himself, he served as one of the commissioners to arrange a treaty with the Ohio Indians and presided over the conference involved. He also served as a member of the revolutionary convention of Virginia, and also as a member of the committee on public safety. In 1777 he served as a member of the council of State, consisting of eight persons chosen by joint ballot of the two houses of the Virginia Legislature. That legislature in 1779 chose him as commissioner for Virginia to extend the line of 36° 30′, the boundary between Virginia and North Carolina, westward to the Tennessee River, and this work he satisfactorily performed.

In 1782, while again a member of the Virginia General Assembly, he served on the committee to prepare a full and detailed vindication of the claims of Virginia to her western territory. In this capacity, doubtless, he helped to fix the far-flung boundary lines of the northwest territory acquired through the courage and vision of another great native Virginian who afterwards became a Kentuckian—Gen. George Rogers Clark. These boundary lines were confirmed by the treaty which concluded the War of the Revolution. Hence, all of the people now residing in the great States of Ohio, Indiana, Illinois, Michigan, Wisconsin, and Minnesota have every reason to join with Kentuckians in honoring and revering the memory and deeds of Doctor Walker.

After living to the age of practically threescore and 10 years, this splendidly useful man died at his home, Castle Hill, near Charlottesville, Va., on November 9, 1794; and there, in this estate, his remains rest to-day. He passed away ripe with honor and rich in a record of noble achievement. A simple recital of that record constitutes the highest eulogy which may be paid him.

The journal of his Kentucky Explorations in 1750 has been preserved and printed. It appears that in his party, including himself, there were six persons. He led his little band through Cumberland Gap and by this sacred spot. Permit me to read the following entries of his journal which bear upon the building here of the first authentic habitation reared by the hands of the white man west of the Alleghenies. The location of this spot is set forth in these journal entries:

"April 22, 1750. The Sabbath. One of the horses was found unable to walk this morning. I then proposed that, with two men of the company, I would proceed, and the other three should continue here till our return, which was agreed to, and lots were drawn to determine who should go, they all being desirous of it. Ambrose Powell and Colby Chew were the fortunate persons.

"Twenty-third. Having carried our baggage over in the bark canoe and swam our horses, we all crossed the river. Then Ambrose Powell, Colby Chew, and I departed. Leaving the others to provide and salt some bear, build a house, and plant some peach stones and corn. We traveled about 12 miles and encamped on Crooked Creek. The mountains are very small hereabouts and here is a great deal of flat land. We got through the coal to-day."

The entries of April 24, 25, 26, and 27 show that Doctor Walker and his two companions continued their explorations in this general section and returned to this spot where the other three companions had remained. The entry of April 28 is as follows:

"Twenty-eighth. We kept up the river to our company whom we found all well but the lame horse was as bad as we left him and another had been bit in the nose by a snake. I rubbed the wounds with bears oil and gave him a drench of the same and another of the decoction of rattlesnake root some time after. The people I left had built a house 12 by 8, cleared and broke up some ground and planted corn and peach stones. They also had killed bears and cured the meat. This day Colby Chew and his horse fell down the bank. I bled and gave him volatile drops and he soon recovered."

It further appears, from historic records, that the small cabin thus reared in April, 1750, remained here, with some additions, until 1835, when it ceased to exist, with the exception of, perhaps, the chimney ruins.

Hence, Kentuckians greatly honor themselves, as well as the memory of this great pioneer explorer, by the dedication of this spot, and of the area surrounding it, for recreational and historic purposes. Through the explorations thus made by Doctor Walker and his companions the settlement of the Kentucky wilderness was brought about. A beginning of settlement had to be made somewhere in this region, and here it was made. From that early beginning, the reclamation of this vast land was made for the purposes of settlement. Kentucky, thereupon, became the wedge or spearhead of civilization driven westward from the Virginia region, and by means of that wedge not only was Kentucky, itself, saved to the American people and to the American Nation, but, as well, the great northwest territory and the extensive domain southward from Kentucky to the Gulf of Mexico.

Shortly after Doctor Walker's explorations, and by reason thereof, there flowed into Kentucky, through Cumberland Gap over the old Wilderness Trail, a tide of immigration from North Carolina and southwestern Virginia which established the early Kentucky settlements. In my judgment, there are three men who played major rôles in the great work of exploration, military endeavor, and settlement of the vast region west of the Alleghenies and east of the Mississippi, and stretching from the Great Lakes to the Gulf. These three were Dr. Thomas Walker, Daniel Boone, and George Rogers Clark. Never can we honor their memories overmuch; never can we pay them sufficient tribute for what they did. Like so many of the great men and women of history, they labored better than they knew.

This sacred site, set apart as a recreational spot for the benefit of all our people, will serve to call to mind in all the days to come the great and invaluable work performed by him in whose honor this dedication is made. Thousands of Kentuckians, and Americans generally, in future years will here receive renewed benefit and inspiration.

A contemplation of the heroism, of the sacrifices, of the patient courage and skill of those who brought about the colonization and settlement of the land which is to-day Kentucky must ever bring to the hearts and minds of those who enjoy the American heritage all of the impulses and all of the emotions which make for a sturdier patriotism and a finer public spirit. And permit me to submit this fact in this general connection: The early colonists of America were home builders. They brought with them to the wilderness of the North American Continent the home idea, and upon that idea there was founded our great American civilization. So long as that idea may be maintained in strength and purity, so long will our country remain great and worth while, and no longer.

Permit me to join in the congratulations due to the American Legion of Kentucky, Governor Sampson, and the Kentucky State Park Commission, and to all others who may have had any connection with the project, because of their splendid work in bringing about the creation of this State park. They have performed a truly patriotic service, and they deserve the gratitude of all our people.

THE VALUE OF NATIONAL AND STATE PARKS

So much for a general historical background.

I have been asked to speak somewhat touching the value of State and National parks. This I am very glad to do. The theme is a most appropriate one for this occasion.

Beginning with the establishment of the Hot Springs National Park in Arkansas in 1832, our Federal Government has created, improved, and maintained, a number of national parks of outstanding character. Practically all of these have been carved out of the national domain and lie west of the Mississipi River; and, with two or three exceptions, all these are to be found west of the eastern range of the Rocky Mountains.

Thus, the Yellowstone, Glacier, Rocky Mountain, Crater Lake, Yosemite, Mount Rainier, and the Grand Canyon National Parks lie in this great western empire; while in the McKinley National Park in Alaska is to be found the highest elevation in the North American Continent; and, rising from the purple depths of tropic seas, the Hawaiian National Park lies 2,000 miles west of Cali-

fornia. All of these national parks have their distinctive features. I have just mentioned that of Mount McKinley.

The Yellowstone has its great geysers, its wonderful waterfalls, and turquoise lakes; the Glacier National Park, with its jagged mountain lines, glaciers, and glacier pools, is a joy to the beholder; the Rocky Mountain National Park throws heavenward its mighty peaks of rugged strength; the Yosemite National Park, with its matchless valley and towering cliffs, with its giant sequoias, and crystal streams, presents pictures of sheerest beauty; Crater Lake is an aquatic jewel of unexcelled loveliness; Mount Ranier pierces the sky with one of the greatest glacier systems on the globe; and the Grand Canyon, with its mighty depths, its vast extent, and gorgeous coloring, constitutes, perhaps, the most awe-inspiring cross section of nature to be found in the entire earth. In the Hawaiian National Park there are to be found the greatest active volcano and the greatest extinct crater in all the world.

But these great recreational areas, however appealing they may be, lie far away from the more populous areas of our country. Eighty per cent of our population is to be found east of the Mississippi River, and our Federal taxes, in the same percentage, perhaps, are paid by the people east of the Mississippi. Hence the western national parks, though visited by large numbers of Americans, are never seen at all by the greater portions of our population.

Therefore in the last few years there has developed a very strong sentiment in behalf of a system of national parks east of the Mississippi. This sentiment has ripened into congressional enactments authorizing the establishment of four national parks east of the Mississippi. One of these is the Arcadia National Park, a small area on the coast of Maine, already created and in operation. The other three are the Mammoth Cave National Park in Kentucky, the Great Smoky Mountains National Park in Tennessee and North Carolina, and the Shenandoah National Park in Virginia; all in process of creation. The Shenandoah and Great Smoky Mountains National Parks comprise vast mountain areas and forest growths. They possess their distinctive features and qualities of appeal. The Mammoth Cave National Park, which will comprehend in its ultimate areas something like 70,000 acres, will hold within its boundaries the world-famed Mammoth Cave and the other great cave systems of that remarkable region. It will be the only national park on the entire earth which will have flowing through it navigable rivers, and because of the marvels of its vast underground region and the beauty of its terrain, and because, also, of its advantageous location and all-year and all day and night accessibility, it will prove, in my judgment, to be the most popular of all our national parks.

When the National Park Service, in the near future, takes over the Mammoth Cave National Park area for purposes of national-park improvement, maintenance, and operation, adequate and attractive hotels and camps will be provided for the visiting public; roads and trails will be constructed; the whole area will be made a game preserve; and every facility for enjoyment and recreation will be rendered available. Nature guides will explain to the thousands who visit this wonder spot the various features of scientific interest, beneath the earth and above it, and the youth of the country who travel thither will derive invaluable instruction as well as entertainment. Within the next two or three years there should be completed the work of acquiring the necessary cave units and lands for the formal opening of this national park. As Kentucky's major magnet it will attract annually hundreds of thousands of visitors from the other States and the nations abroad and millions of dollars of tourist money. Kentucky is wonderfully blest in this great scenic and scientific asset, and its operation as a national park, through all the future, will bring to the Commonwealth and to its every section the greatest measure of benefit.

Supplementing the Mammoth Cave National Park, our State parks, including the one we dedicate to-day, and the many other spots of scenic and historic worth within the State's borders will present their notes of appeal to the world at large. These are among our richest assets, from whatever standpoint considered. We should preserve them and utilize them for worthy advantage. Not only will they furnish inspiration to all who visit them, but, as well, they will bring into the State, from every quarter, golden streams of treasure. Kentucky long delayed the work of establishing State parks, a work in which States like Michigan and Indiana have excelled; but to-day Kentucky is making substantial progress in this regard; and in a few years our State park system should be second to none in the entire country. No other State is richer in natural beauty or in historic and romantic interest than is our own.

It is trite to suggest the value of God's wonder spaces and of His great out of doors. They yield a healing influence which may nowhere else be found. They afford an antidote for the many unwholesome forms of entertainment which so greatly plague our country to-day. As officials and as citizens of this great Commonwealth, let us cooperate to the extent of our ability and in the fullest measure possible to forward the work of our National and State park projects. In no better, in no finer way, may we serve the present and the future of our beloved State. In no better, in no finer way, may we serve our fellow men.

EASTERN NATIONAL PARK-TO-PARK HIGHWAY

In order that the world may be brought into our midst and may enjoy these recreational areas, and in order that numberless hosts living beyond our Kentucky boundaries may be attracted hither, we must have throughout the State, and entering it from every point, adequate highways. As one of the principal means to this end I have been very happy, indeed, to sponsor the Eastern National Park-to-Park Highway project, connecting the Mammoth Cave National Park with the Great Smoky Mountains and Shenandoah Nations Parks, the National Capital, and certain portions of historic Virginia. A total of something like 2,000 miles is involved, and nearly all of this is already of hard-surfaced construction. Kentucky alone, because of the geographical location of the Mammoth Cave National Park, has more than 550 miles of this highway, and when the short link between Burkesville and Albany and that from Cumberland Falls station, by the way of Cumberland Falls State Park, to Corbin, are improved—and the work is under way—all of this Kentucky mileage will be open for travel, and the value of this fact will be of a character altogether inestimable.

In the other affected States, a few additional links of the route must be constructed or improved; and most of this work is already in process. This Eastern National Park-to-Park Highway, which has received the required State and National approval, extends, we may say, from the Mammoth Cave National Park in Kentucky, via Glasgow, Burkesville, Albany, Monticello, Burnside, Cumberland Falls, Corbin, Barbourville, and Cumberland Gap in Kentucky, to Tazewell and Knoxville, Tenn.; and thence through the Great Smoky Mountains National Park, to Wytheville, Va; two exits from that park being provided—one by Newport and Bristol, Tenn., and the other by Asheville, Linnville Falls, and Blowing Rock, N. C.; the two exits uniting at Wytheville. From Wytheville, the route extends northeastwardly over the Lee Highway, via Natural Bridge, to and through the Shenandoah National Park; thence, by two exits—one by Charlottesville, Va., and the other by Sperryville, Va., to Warrenton in that State, where they unite; and thence, over the Lee Highway, to Washington.

From Washington the route extends via historic Fredericksburg to Richmond, Va., with an alternate route via Wakefield, Washington's birthplace; Stratford, the birthplace of Lee; Yorktown, Jamestown, and Williamsburg, Va., to Richmond. From Richmond, the route extends southward to Petersburg, Va.; and thence to Burkeville in that State, where United States 60, the Midland Trail, is encountered and followed all the way to Louisville, via Appomattox and Lexington, Va., and Charleston and Huntington, W. Va., and Ashland, Lexington, and Frankfort, Ky. From Louisville, the route extends over the Jackson Highway southwardly via Bardstown and the Lincoln birthplace to the Mammoth Cave National Park, the point of beginning. The National Park Service has prepared and published for distribution a map showing the Eastern National Park-to-Park Highway.

Experience has proved that where the average tourist visits one national park, he desires to visit others. This has been the case as regards the national parks in the West, although they are separated by great distances, and it is true as regards the State parks. The same will prove true of our eastern national parks when they are thrown open to the public as such, with adequate improvement. Even now, there is taking place a very large tourist travel between these eastern national park areas, and this Eastern National Park-to-Park Highway is flow being used in constantly increasing measure. Middlesboro, Pineville, Barbourville, Corbin, and all other Kentucky points along this highway, are bound to be greatly advantaged by reason of its establishment.

Through this section the highway follows substantially the path of the old Wilderness Road. In fact, practically the whole of the route involved passes over old trails, first used by buffalo, then by the Indians, and next by the frontiersmen and settlers. All the rude trails have ripened, under modern conditions, into hard-surfaced roadways, over which thousands of automobiles each day shuttle back and forth. In no better way is American progress exemplified than in evolutions of this character.

In conclusion, permit me to thank those in charge of this program for the honor accorded me in being asked to address you. The people of eastern Kentucky have ever proven themselves worthy of the great heritage which has come down to them through the courage and effort of such men as Walker, Boone, Clark, Kenton, and Whitley; and through the sacrifices of the heroic women who came with their husbands and fathers into the wilderness of Kentucky to found an empire of civilization, based on the ideals of freedom and a Christian home.

SENATE BILLS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 9. An act respecting the qualifications of the assessor of the District of Columbia to testify in condemnation proceedings; to the Committee on the District of Columbia.

S. 157. An act for the relief of Sarah Ann Coe; to the Committee on Claims.

S. 187. An act to authorize the Secretary of War to grant a right of way for street purposes upon and across the San Antonio Arsenal, in the State of Texas; to the Committee on Military Affairs.

S. 229. An act for the relief of Don C. Fees; to the Committee on Claims.

S. 236. An act for the relief of Hunter P. Mulford; to the Committee on Claims.

S. 248. An act authorizing adjustment of the claim of the David Gordon Building & Construction Co.; to the Committee on Claims.

S. 250. An act authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co.; to the Committee on Claims.

S. 251. An act authorizing adjustment of the claim of the estate of Thomas Bird, deceased; to the Committee on War Claims.

S. 253. An act authorizing adjustment of the claim of Francis B. Kennedy; to the Committee on Claims.

S. 260. An act authorizing adjustment of the claim of the Potomac Electric Power Co. of Washington, D. C.; to the Committee on Claims.

S. 287. An act to compensate Harriet C. Holaday; to the Committee on Claims.

S. 409. An act for the relief of Guy Clatterbuck; to the Committee on Claims.

S. 428. An act to provide for the payment of awards by the Patents and Design Board; to the Committee on Military Affairs.

S. 440. An act for the relief of Lillian G. Frost; to the Committee on Claims.

S. 457. An act authorizing an addition to the Cache National Forest, Idaho; to the Committee on the Public Lands.

S. 461. An act to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," approved June 21, 1930, so as to give class B officers of the Army the benefits of such act; to the Committee on Military Affairs.

S. 565. An act for the relief of the B. & O. Manufacturing Co.; to the Committee on Claims.

S. 631. An act for the relief of Alice M. A. Damm; to the Committee on Claims.

S. 901. An act for the relief of Warren J. Clear; to the Committee on Claims.

S. 904. An act for the relief of Elizabeth B. Dayton; to the Committee on Claims.

S. 942. An act authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co., of Omaha, Nebr., income taxes illegally paid to the United States Treasurer; to the Committee on Claims.

S. 943. An act for the relief of John Herink; to the Committee on Claims.

S. 944. An act for the relief of the Lebannon Equity Exchange, of Lebannon, Nebr.; to the Committee on Claims.

S. 945. An act for the relief of the Fairmont Creamery Co., of Omaha, Nebr.; to the Committee on Claims.

S. 968. An act for the relief of certain employees of the Forest Service, Department of Agriculture; to the Committee on Claims.

S. 1028. An act for the relief of W. Stanley Gorsuch; to the Committee on Claims.

S. 1338. An act for the relief of Germaine M. Finley; to the Committee on Claims.

S. 1588. An act to authorize the Secretary of the Interior to issue patents for lands held under color of title; to the Committee on the Public Lands.

S. 1591. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N. Mex.; to the Committee on Claims.

S. 1683. An act for the relief of Stillwell Bros. (Inc.); to the Committee on War Claims.

S. 1769. An act to authorize pay patients to be admitted to the contagious-disease ward of the Gallinger Municipal Hospital; to the Committee on the District of Columbia.

S. 2159. An act for the relief of the Columbia Casualty Co.; to the Committee on Claims.

S. 2173. An act to authorize associations of employees in the District of Columbia to adopt a device to designate the products of the labor of their members, to punish illegal use or imitation of such device, and for other purposes; to the Committee on the District of Columbia.

S. 2179. An act for the relief of Alexander M. Proctor; to the Committee on Military Affairs.

S. 2286. An act authorizing the William Robert Smith Memorial Association, of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas; to the Committee on Irrigation and Reclamation.

S. 2325. An act for the relief of the United States Hammered Piston Ring Co.; to the Committee on Claims.

S. 2388. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road, between Jefferson and Cocke Counties, Tenn.; to the Committee on Interstate and Foreign Commerce.

S. 2389. An act to extend the times for commencing and completing the construction of a bridge across the French Broad River on the Dandridge-Newport Road in Jefferson County, Tenn.; to the Committee on Interstate and Foreign Commerce.

S. 2697. An act for the relief of Clarence G. Young; and

S. 2698. An act for the relief of Herman Ingman; to the Committee on Claims.

S. J. Res. 8. Joint resolution authorizing and directing the Comptroller General of the United States to reopen, adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense, and for other purposes; to the Committee on the Judiciary.

S. J. Res. 56. Joint resolution authorizing the Comptroller General of the United States to consider, adjust, and settle the claim of the Indiana State Militia for military service on the Mexican border; to the Committee on the Judiciary.

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge; to the Committee on the Library.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p. m.) the House adjourned until to-morrow, Tuesday, January 19, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Tuesday, January 19, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m. and 2 p. m.)

Income taxes—general and supplemental provisions.

COMMITTEE ON THE LIBRARY

(10.30 a. m.)

Filling of vacancies in the Board of Regents of the Smithsonian Institution (H. J. Res. 127).

Improvement of Chevy Chase Circle (H. J. Res. 152).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(10.30 a. m.)

Alien husbands (H. R. 5869).

Amendment to registration act of March 2, 1929 (H. R. 244, H. R. 385, H. R. 5870).

COMMITTEE ON AGRICULTURE

(10 a. m.)

Commodity short selling.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SMITH of Idaho: Committee on the Public Lands. H. R. 393. A bill authorizing an addition to the Cache National Forest, Idaho; without amendment (Rept. No. 100). Referred to the Committee of the Whole House on the state of the Union.

Mr. COOPER of Ohio: Committee on Interstate and Foreign Commerce. H. R. 7525. A bill to provide that the United States shall cooperate with the States in promoting the general health of the rural population of the United States and the welfare and hygiene of mothers and children; without amendment (Rept. No. 101). Referred to the Committee of the Whole House on the state of the Union.

Mr. CAMPBELL of Iowa: Committee on the Territories. H. R. 5052. A bill to authorize the incorporated town of Juneau, Alaska, to use the funds arising from the sale of bonds in pursuance to the act of Congress of February 11, 1925, for the purpose either of improving the sewerage system of said town or of constructing permanent streets in said town; without amendment (Rept. No. 102). Referred to the House calendar.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Federal Radio Commission (Rept. No. 103). Ordered to be printed.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Post Office Department (Rept. No. 104). Ordered to be printed.

Mr. COX: Committee on Rules. H. Res. 59. A resolution to investigate the ownership and control of stock, securities, or capital interests in any public-utility corporation engaged in the transportation of persons or sale of property, energy, or intelligence in interstate or foreign commerce by holding companies, etc.; with amendment (Rept. No. 105). Referred to the House Calendar.

Mr. BUCHANAN: Committee on Appropriations. H. R. 7912. A bill making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes; without amendment (Rept. No. 106). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 504. A bill for the relief of Frederick Leininger; without amendment (Rept. No. 107). Referred to the Committee of the Whole House.

Mr. JOHNSON of Illinois: Committee on Military Affairs. H. R. 505. A bill for the relief of Armstrong Hunter; without amendment (Rept. No. 108). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 705. A bill for the relief of Clyde Calvin Rhodenbaugh; without amendment (Rept. No. 109). Referred to the Committee of the Whole House.

Mr. THOMASON: Committee on Military Affairs. H. R. 908. A bill for the relief of Louis Martin; without amendment (Rept. No. 110). Referred to the Committee of the Whole House.

Mr. JOHNSON of Illinois: Committee on Military Affairs. H. R. 909. A bill for the relief of Michael Marley; without amendment (Rept. No. 111). Referred to the Committee of the Whole House.

Mr. JOHNSON of Illinois: Committee on Military Affairs. H. R. 912. A bill for the relief of Thomas J. Gardner; with amendment (Rept. No. 112). Referred to the Committee of the Whole House.

Mr. CHIPERFIELD: Committee on Military Affairs. H. R. 914. A bill for the relief of Frederick Sparks; with amendment (Rept. No. 113). Referred to the Committee of the Whole House.

Mr. GOSS: Committee on Military Affairs. H. R. 937. A bill for the relief of Paul Wallerstein; without amendment (Rept. No. 114). Referred to the Committee of the Whole House.

Mr. COCHRAN of Pennsylvania: Committee on Military Affairs. H. R. 959. A bill for the relief of Harry Cinq-Mars; without amendment (Rept. No. 115). Referred to the Committee of the Wholse House.

Mr. GOSS: Committee on Military Affairs. H. R. 1029. A bill for the relief of Basil N. Henry; with amendment (Rept. No. 116). Referred to the Committee of the Whole House.

Mr. RANSLEY: Committee on Military Affairs. H. R. 1040. A bill for the relief of Peter Guilday; with amendment (Rept. No. 117). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 1183. A bill to correct the records of the War Department to show that Guy Carlton Baker and Calton C. Baker or Carlton C. Baker is one and the same person; without amendment (Rept. No. 118). Referred to the Committee of the Whole House.

Mr. JAMES: Committee on Military Affairs. H. R. 1187. A bill for the relief of William H. Estabrook; without amendment (Rept. No. 119). Referred to the Committee of the Whole House.

Mr. JAMES: Committee on Military Affairs. H. R. 1194. A bill for the relief of Samuel Hooper Lane, alias Samuel Foot; without amendment (Rept. No. 120). Referred to the Committee of the Whole House.

Mr. COCHRAN of Pennsylvania: Committee on Military Affairs. H. R. 1219. A bill correcting the military record of William H. Murphy; with amendment (Rept. No. 121). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 1314. A bill for the relief of George W. Gilmore; without amendment (Rept. No. 122). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 1315. A bill for the relief of Joseph M. Black; without amendment (Rept. No. 123). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H. R. 1316. A bill for the relief of John Costigan; without amendment (Rept. No. 124). Referred to the Committee of the Whole House.

Mr. COCHRAN of Pennsylvania: Committee on Military Affairs. H. R. 1379. A bill for the relief of Granville W. Hickey; without amendment (Rept. No. 125). Referred to the Committee of the Whole House.

Mr. COCHRAN of Pennsylvania: Committee on Military Affairs. H. R. 1380. A bill for the relief of Maurice J. O'Leary; without amendment (Rept. No. 126). Referred to the Committee of the Whole House.

Mr. JOHNSON of Illinois: Committee on Military Affairs. H. R. 1384. A bill for the relief of George A. Cole; without amendment (Rept. No. 127). Referred to the Committee of the Whole House.

Mr. JAMES: Committee on Military Affairs. H. R. 1618. A bill for the relief of Joseph W. Jones; with amendment (Rept. No. 128). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 1695. A bill for the relief of Gaston M. Janson; without amendment (Rept. No. 129). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 1696. A bill for the relief of William H. Connors; with amendment (Rept. No. 130). Referred to the Committee of the Whole House.

Mr. JAMES: Committee on Military Affairs. H. R. 1720. A bill for the relief of Vanrenslear VanderCook, alias William Snyder; without amendment (Rept. No. 131). Referred to the Committee of the Whole House.

Mr. CRUMP: Committee on Military Affairs. H. R. 2004. A bill for the relief of Harvey C. Willis; without amendment (Rept. No. 132). Referred to the Committee of the Whole House.

Mr. PARKER of Georgia: Committee on Military Affairs. H. R. 2010. A bill for the relief of Malcolm Allen; without amendment (Rept. No. 133). Referred to the Committee of the Whole House.

Mr. GOSS: Committee on Military Affairs. H. R. 2195. A bill for the relief of Joseph Phaneuf; with amendment

(Rept. No. 134). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H. R. 2285. A bill for the relief of Dock Leach; without amendment (Rept. No. 135). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 2701. A bill for the relief of Nelson M. Holderman; without amendment (Rept. No. 136). Referred to the Committee of the Whole House.

Mr. McSWAIN: Committee on Military Affairs. H. R. 3465. A bill for the relief of Richard A. Chavis; with amendment (Rept. No. 137). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 3528. A bill for the relief of Paul Jelna; without amendment (Rept. No. 138). Referred to the Committee of the Whole House.

Mr. CHIPERFIELD: Committee on Military Affairs. H. R. 3559. A bill for the relief of Elizabeth Moncravie; without amendment (Rept. No. 139). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 3608. A bill for the relief of Henrietta Seymour, widow of Joseph H. Seymour, deceased; without amendment (Rept. No. 140). Referred to the Committee of the Whole House.

Mr. COCHRAN of Pennsylvania: Committee on Military Affairs. H. R. 3609. A bill for the relief of Rossetta Laws; without amendment (Rept. No. 141). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 3610. A bill for the relief of Malven A. Williams; without amendment (Rept. No. 142). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 3612. A bill for the relief of George Walters; without amendment (Rept. No. 143). Referred to the Committee of the Whole House.

Mr. THOMASON: Committee on Military Affairs. H. R. 3996. A bill for the relief of Garrett M. Martin; without amendment (Rept. No. 144). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 4286. A bill for the relief of John Ralston; without amendment (Rept. No. 145). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 4360. A bill for the relief of Lemuel Simpson; with amendment (Rept. No. 146). Referred to the Committee of the Whole House.

Mr. CHIPERFIELD: Committee on Military Affairs. H. R. 4363. A bill for the relief of Belle Ackerman, widow of Adam B. Ackerman, alias Adam B. Aunkerman; without amendment (Rept. No. 147). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 4457. A bill for the relief of Thomas Conlon; without amendment (Rept. No. 148). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 4810. A bill for the relief of William J. McKenna; with amendment (Rept. No. 149). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 4990. A bill for the relief of William H. Stroud; without amendment (Rept. No. 150). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 4992. A bill for the relief of Christopher Cott; without amendment (Rept. No. 151). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 5564. A bill for the relief of Alexander M. Proctor; without amendment (Rept. No. 152). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 7167. A bill for the relief of Stuart L. Ritz; with amendment (Rept. No. 153). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 1039. A bill for the relief of James Moffitt; without amendment (Rept. No. 154). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 4938. A bill for the relief of Russell & Tucker, and certain other citizens of the States of Texas, Oklahoma, and Kansas; with amendment (Rept. No. 155). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 6154. A bill for the relief of Porter Bros. & Biffle, and certain other citizens; with amendment (Rept. No. 156). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 1303) for the relief of Lester E. Upmeyer; Committee on Naval Affairs discharged, and referred to the Committee on Military Affairs.

A bill (H. R. 7477) granting an increase of pension to Gertrude M. Finney; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 5973) granting a pension to Harriet McEntire; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McLEOD: A bill (H. R. 7894) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes; to the Committee on the District of Columbia.

By Mr. FITZPATRICK: A bill (H. R. 7895) to amend an act of Congress approved March 4, 1927, as amended by the act of May 23, 1928; to the Committee on Military Affairs.

By Mr. WITHROW: A bill (H. R. 7896) to amend an act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended, and for other purposes; to the Committee on Agriculture.

By Mr. BOEHNE: A bill (H. R. 7897) to extend the times for commencing and completing the construction of a bridge across the Ohio River, approximately midway between the cities of Owensboro, Ky., and Rockport, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. CURRY: A bill (H. R. 7898) to create the office of chief of police in lieu of the office of sheriff for each of the counties of the Territory of Hawaii, and for other purposes; to the Committee on the Territories.

By Mr. LANHAM (by request): A bill (H. R. 7899) to authorize the Secretary of the Treasury to negotiate and to enter into an agreement regarding the south boundary of the post-office site at Plattsburg, N. Y.; to the Committee on Public Buildings and Grounds.

By Mr. McLEOD. A bill (H. R. 7900) to prohibit and punish certain seditious acts against the Government of the United States and to prohibit the use of the mails for the purpose of promoting such acts; to the Committee on the Judiciary.

By Mr. DISNEY: A bill (H. R. 7901) relating to the tribal and individual affairs of the Osage Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. DOMINICK: A bill (H. R. 7902) to redistrict South Carolina and to divide said districts into divisions; and to amend paragraph 4n, section 1, Judicial Code

(U. S. C., title 28, Supp. III, 1929), and section 105, Judicial Code (U. S. C., title 28, par. 186, 1925), as amended, and section 105, Judicial Code, as amended (U. S. C., title 28, par. 186a, Supp. III, 1929), and for other purposes; to the Committee on the Judiciary.

By Mr. COCHRAN of Missouri: A bill (H. R. 7903) providing for the simplification of procedure for payment of Federal moneys to States and Territories; to the Committee on Expenditures in the Executive Departments.

By Mrs. OWEN: A bill (H. R. 7904) providing for an examination and survey of Biscayne Bay, Fla., in the vicinity of Dinner Key; to the Committee on Military Affairs.

By Mr. CONNERY: A bill (H. R. 7905) for the advancement on the retired list of the Army of certain enlisted men; to the Committee on Military Affairs.

By Mrs. OWEN: A bill (H. R. 7906) to provide for the commemoration of the landing of Ponce de Leon in the State of Florida; to the Committee on Military Affairs.

Also, a bill (H. R. 7907) providing for an examination and survey of Pirates Cove, Fla.; to the Committee on Military Affairs.

By Mr. McSWAIN: A bill (H. R. 7908) providing for the purchase of a suitable site and the erection of a public building at Greenville, S. C.; to the Committee on Public Buildings and Grounds.

By Mr. HOPE: A bill (H. R. 7909) to amend section 4 of the agricultural marketing act; to the Committee on Agriculture.

Also, a bill (H. R. 7910) relating to loans by the Federal Farm Board; to the Committee on Agriculture.

By Mr. DYER: A bill (H. R. 7911) to provide for the appointment of one additional judge of the District Court of the United States for the Western District of Missouri; to the Committee on the Judiciary.

By Mr. BUCHANAN: A bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. PARKER of Georgia: A bill (H. R. 7913) to create the reserve division of the War Department General Staff, and for other purposes; to the Committee on Military Affairs.

By Mr. LEAVITT: A bill (H. R. 7914) granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Big Horn River; to the Committee on Irrigation and Reclamation.

By Mr. CLANCY: A bill (H. R. 7915) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes; to the Committee on Roads.

By Mr. SELVIG: A bill (H. R. 7916) to extend the times for the commencement and completion of the bridge of the county of Norman and the town and village of Halstad, in said county, in the State of Minnesota, and the county of Traill and the town of Herberg, in said county, in the State of North Dakota, across the Red River of the North on the boundary line between said States; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Missouri: A bill (H. R. 7917) to amend subdivision B of section 502 of the World War adjusted compensation act in relation to time in which certificate may be presented to obtain loan privileges; to the Committee on World War Veterans' Legislation.

By Mr. McSWAIN: A bill (H. R. 7918) to honor the memory of the heroes of the fight against yellow fever; to the Committee on Military Affairs.

By Mr. CROWTHER: A bill (H. R. 7919) to provide for the conversion of currency; to the Committee on Ways and Means.

By Mr. KELLY of Pennsylvania: A bill (H. R. 7920) to promote home ownership, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOWARD (by request): A bill (H. R. 7921) for the relief of Indians belonging to the Five Civilized Tribes of Indians and the Osage Nation of Indians in Oklahoma; to the Committee on Indian Affairs.

By Mr. CHRISTOPHERSON: A bill (H. R. 7922) to amend the tariff act of 1930; to the Committee on Ways and Means.

By Mr. DELANEY: A bill (H. R. 7923) to amend an act entitled "An act to increase the pensions of certain maimed veterans who have lost limbs or have been totally disabled in the same, in line of duty, in the military or naval service of the United States; and to amend section 4788 of the Revised Statutes of the United States by increasing the rates therein for artificial limbs," approved February 11, 1927 (U. S. C., Supp. I, title 38, sec. 168a); to the Committee on Invalid Pensions.

By Mr. CROSS: A bill (H. R. 7924) to prevent worthless foreign securities from being sold in this country; to the Committee on the Judiciary.

By Mr. CHINDBLOM: A bill (H. R. 7925) to authorize the Secretary of the Treasury to amend, in his discretion, contracts for the erection of the Edward Hines, Junior, Hospital; to the Committee on World War Veterans' Legislation.

By Mr. CONNERY: A bill (H. R. 7926) to protect labor in its old age; to the Committee on Labor.

By Mr. CROSS: A bill (H. R. 7927) to prevent worthless foreign securities from being sold in this country; to the Committee on the Judiciary.

By Mr. GOODWIN: A bill (H. R. 7928) to amend section 5219 of the Revised Statutes of the United States (U. S. C., 1925, title 12, ch. 4, sec. 546); to the Committee on Banking and Currency.

By Mr. COCHRAN of Missouri: A bill (H. R. 7929) excepting Federal civilian employees continuously employed in a department or establishment from the taking of a renewal oath on change of status; to the Committee on Expenditures in the Executive Departments.

By Mr. AMLIE: Resolution (H. Res. 110) directing the Radio Commission to take action to protect free speech; to the Committee on the Merchant Marine, Radio, and Fisheries.

By Mr. WARREN: Resolution (H. Res. 111) authorizing the addition of an assistant to the attending physician of the House; to the Committee on Accounts.

By Mr. STEVENSON: Resolution (H. Res. 112) to provide for the printing and binding of the prayers offered by the Rev. James Shera Montgomery, Chaplain of the House of Representatives, during the opening of the daily sessions of the Seventieth and Seventy-first Congresses; to the Committee on Printing.

By Mr. POU: Resolution (H. Res. 113) to investigate the ownership and control of stock, securities, or capital interests in any public-utility corporation engaged in the transportation of persons or sale of property, energy, or intelligence in interstate or foreign commerce by holding companies, etc.; to the Committee on Rules.

By Mr. BEAM: Joint resolution (H. J. Res. 214) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. GIBSON: Joint resolution (H. J. Res. 215) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. JENKINS: Joint resolution (H. J. Res. 216) further restricting immigration into the United States; to the Committee on Immigration and Naturalization.

By Mr. IGOE: Joint resolution (H. J. Res. 217) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. KARCH: Joint resolution (H. J. Res. 218) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. CLANCY: Joint Resolution (H. J. Res. 219) to authorize the Comptroller General of the United States to receive, adjust, allow, and pay certain claims; to the Committee on Claims.

By Mr. EVANS of Montana: Joint resolution (H. J. Res. 220) proposing an amendment to the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

By Mr. KELLY of Illinois; Joint resolution (H. J. Res. 221) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. CLANCY: Joint resolution (H. J. Res. 222) proposing an amendment to the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

By Mr. CELLER: Concurrent resolution (H. Con. Res. 11) authorizing and requesting the President of the United States to negotiate trade agreements with the Dominion of Canada; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 7930) for the relief of Robert Zink; to the Committee on Military Affairs.

By Mr. AUF DER HEIDE: A bill (H. R. 7931) for the relief of George Patterson; to the Committee on Military Affairs.

By Mr. AYRES: A bill (H. R. 7932) granting an increase of pension to Mathilda Danielson; to the Committee on Invalid Pensions.

By Mr. BOWMAN: A bill (H. R. 7933) for the relief of Alban G. Snyder; to the Committee on Foreign Affairs.

By Mr. CANFIELD: A bill (H. R. 7934) granting an increase of pension to Indiana V. Penny; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7935) granting an increase of pension to Vance K. Stewart; to the Committee on Pensions.

By Mr. CARTER of California: A bill (H. R. 7936) for the relief of Melvin Lonzo Smith; to the Committee on War Claims.

Also, a bill (H. R. 7937) for the relief of Herbert A. Mackey; to the Committee on Claims.

Also, a bill (H. R. 7938) for the relief of William D. Barbee; to the Committee on War Claims.

By Mr. CONNERY: A bill (H. R. 7939) to authorize the presentation of a distinguished flying cross to Russell N. Boardman and John L. Polando; to the Committee on Naval Affairs.

By Mr. CRAIL: A bill (H. R. 7940) granting a pension to Charles H. Gere; to the Committee on Pensions.

Also, a bill (H. R. 7941) granting a pension to William Dunn; to the Committee on Pensions.

By Mr. DAVENPORT: A bill (H. R. 7942) granting a pension to Clarence O. Ballou; to the Committee on Pensions.

By Mr. DISNEY: A bill (H. R. 7943) granting a pension to Eva Diven; to the Committee on Pensions.

Also, a bill (H. R. 7944) for the relief of Walter P. Hagan; to the Committee on Military Affairs.

By Mr. FITZPATRICK: A bill (H. R. 7945) for the relief of Melville Johnson Parkhurst; to the Committee on Naval Affairs.

By Mr. FRENCH: A bill (H. R. 7946) granting a pension to Emma MacDonald; to the Committee on Invalid Pensions.

By Mr. GAMBRILL: A bill (H. R. 7947) for the relief of William W. Giles, deceased; to the Committee on Military Affairs.

By Mr. GIBSON: A bill (H. R. 7948) for the relief of Ira L. Reeves; to the Committee on Military Affairs.

Also, a bill (H. R. 7949) granting an increase of pension to Aldora Grant; to the Committee on Invalid Pensions.

By Mr. GOSS: A bill (H. R. 7950) for the relief of Hugh Flaherty; to the Committee on Naval Affairs.

By Mr. GREENWOOD: A bill (H. R. 7951) granting a pension to Thomas J. Bickers; to the Committee on Pensions.

Also, a bill (H. R. 7952) granting an increase of pension to Elizabeth M. Harrah; to the Committee on Invalid Pensions.

By Mr. HOGG of West Virginia: A bill (H. R. 7953) for the relief of the Citizens National Bank, of Parkersburg, W. Va.; to the Committee on Claims.

Also, a bill (H. R. 7954) for the relief of Sarah Ann Coe; to the Committee on Claims.

Also, a bill (H. R. 7955) granting an increase of pension to Hannah Gibbs; to the Committee on Invalid Pensions.

By Mr. HORNOR: A bill (H. R. 7956) granting a pension to Florence O. Weekly; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Missouri: A bill (H. R. 7957) granting a pension to Sarah Stark Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7958) granting a pension to James Wilson; to the Committee on Invalid Pensions.

By Mr. KETCHAM: A bill (H. R. 7959) granting an increase of pension to Anna Vanden Berg; to the Committee on Invalid Pensions.

By Mr. LAMNECK: A bill (H. R. 7960) extending the benefits of the emergency officers' retirement act to Lem C. Brown; to the Committee on Military Affairs.

By Mr. LEECH: A bill (H. R. 7961) granting a pension to Benson A. Weston; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7962) granting an increase of pension to Lovina Reprogle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7963) granting an increase of pension to Susan Potter; to the Committee on Invalid Pensions.

By Mr. LOOFBOUROW: A bill (H. R. 7964) for the relief of Maj. O. S. McCleary, United States Army, retired; to the Committee on Claims.

By Mr. LUCE: A bill (H. R. 7965) to refund to Harold R. Keller income tax erroneously and illegally collected; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 7966) granting a pension to Joseph F. Murphy; to the Committee on Pensions.

By Mr. McLEOD: A bill (H. R. 7967) for the relief of George Hamlin; to the Committee on Military Affairs.

Also, a bill (H. R. 7968) granting a pension to Leon Lavigne; to the Committee on Pensions.

By Mr. McSWAIN: A bill (H. R. 7969) to confer the right of hospitalization upon Warren Norris Jernegan; to the Committee on Military Affairs.

By Mr. MANLOVE: A bill (H. R. 7970) granting an increase of pension to Rachel C. Carrico; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7971) granting an increase of pension to Ellen Berry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7972) granting an increase of pension to Adaline Calton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7973) granting an increase of pension to Josephine Patten; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 7974) granting a pension to John W. Bragg; to the Committee on Pensions.

By Mr. MURPHY: A bill (H. R. 7975) granting an increase of pension to Mary V. Jackson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7976) granting an increase of pension to Mary F. Ackley; to the Committee on Invalid Pensions.

By Mr. NOLAN: A bill (H. R. 7977) for the relief of the heirs of Henry H. Johnson; to the Committee on War Claims.

By Mr. NORTON of Nebraska: A bill (H. R. 7978) granting an increase of pension to Almeda Burkholder; to the Committee on Invalid Pensions.

By Mrs. OWEN: A bill (H. R. 7979) to provide for the presentation to Lua Curtiss of a medal in commemoration of the achievements of her son, the late Glenn H. Curtiss, in advancing the science of aviation; to the Committee on Military Affairs.

By Mr. PARKER of New York: A bill (H. R. 7980) granting a pension to Catherine Woodcock; to the Committee on Invalid Pensions.

By Mr. PARSONS: A bill (H. R. 7981) granting a pension to Ray Beal; to the Committee on Pensions.

Also, a bill (H. R. 7982) granting a pension to George R. Moyers; to the Committee on Pensions.

Also, a bill (H. R. 7983) granting a pension to Albert C. Bonnell; to the Committee on Pensions.

Also, a bill (H. R. 7984) granting a pension to Herschel E. Lawrence; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 7985) granting an increase of pension to Ida E. Varley; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 7986) for the relief of William N. Fishburn; to the Committee on Military Affairs.

By Mr. SANDERS of New York: A bill (H. R. 7987) for the relief of Jacob G. Ackerman; to the Committee on Claims.

By Mr. SHREVE: A bill (H. R. 7988) granting an increase of pension to Ida M. Bashioum; to the Committee on Invalid Pensions.

By Mr. SIROVICH: A bill (H. R. 7989) for the relief of Joseph N. McCaughey; to the Committee on Military Affairs.

By Mr. SMITH of Idaho: A bill (H. R. 7990) for the relief of Mable Williams; to the Committee on Claims.

By Mr. SPARKS: A bill (H. R. 7991) granting a pension to Martha Breakey Ellis; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 7992) granting an increase of pension to Anna M. Thompson; to the Committee on Invalid Pensions.

By Mr. SUTPHIN: A bill (H. R. 7993) for the relief of the dependents of Vincent A. Clayton; to the Committee on Claims.

By Mr. SWING: A bill (H. R. 7994) granting a pension to Abbie E. Franklin; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7995) granting an increase of pension to Mattie N. Seivers; to the Committee on Pensions.

Also, a bill (H. R. 7996) granting a pension to Cinda Hopper; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7997) granting an increase of pension to Mary Jane Butler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7998) granting an increase of pension to Robert Vaughn; to the Committee on Pensions.

Also, a bill (H. R. 7999) granting a pension to Edgar Buckner; to the Committee on Pensions.

Also, a bill (H. R. 8000) granting an increase of pension to Swin Leadford; to the Committee on Pensions.

Also, a bill (H. R. 8001) granting a pension to William H. Pile; to the Committee on Pensions.

Also, a bill (H. R. 8002) granting a pension to Louisa Weaver; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8003) granting a pension to Samuel M. Hale; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 8004) granting an increase of pension to Mary E. Cole; to the Committee on Invalid Pensions.

By Mr. WELCH of California: A bill (H. R. 8005) granting a pension to Katherine Mueller; to the Committee on Pensions.

By Mr. WELSH of Pennsylvania: A bill (H. R. 8006) for the relief of William M. Hutchings; to the Committee on Military Affairs.

Also, a bill (H. R. 8007) for the relief of Robert Joseph Smyth, jr.; to the Committee on Naval Affairs.

Also, a bill (H. R. 8008) for the relief of Charles Pine; to the Committee on Claims.

Also, a bill (H. R. 8009) for the relief of Mabel Carver; to the Committee on Claims.

By Mr. WEST: A bill (H. R. 8010) for the relief of Bert W. Pharis; to the Committee on Military Affairs.

By Mr. WILLIAMS of Missouri: A bill (H. R. 8011) to correct the military record of Howard Helms; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

459. By Mr. ALDRICH: Petition of 10 citizens of Providence, R. I., opposing the repeal, resubmission, or any modification of the eighteenth amendment; to the Committee on the Judiciary.

460. By Mr. BURDICK: Petition of Ella Beacher Brown and other residents of Pawtucket, Central Falls, and Valley Falls, R. I., opposing repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

461. By Mr. CONDON (by request): Petition of Mabel R. Easton and several other citizens of the State of Rhode Island, opposing the repeal, resubmission, or any modification of the eighteenth amendment; to the Committee on the Judiciary.

462. By Mr. CONNERY: Memorial of the Massachusetts Baptist Convention, protesting the denial of right of citizenship to aliens who refused to participate in the war; to the Committee on Immigration and Naturalization.

463. Also, petition of 120 veterans and citizens of New England, favoring the cash payment of the bonus; to the Committee on World War Veterans' Legislation.

464. Also, petition of 23 citizens of Saugus, Mass., favoring the passage of House bill 356, to provide an amendment of the United States Constitution excluding the approximately 7,500,000 unnaturalized aliens from the count of the population of the Nation for apportionment of congressional districts among the States; to the Committee on the Judiciary.

465. By Mr. GILBERT: Petition of 100 members of the Harrodsburg (Ky.) Woman's Christian Temperance Union, opposing the remission of the eighteenth amendment or any referendum on the dry laws; to the Committee on the Judiciary.

466. By Mr. GOLDSBOROUGH: Petition of citizens of Rock Hall, Md., protesting against passage of Senate bill 1202, providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

467. By Mr. GREENWOOD: Petition of Nora B. McClure and 89 other citizens of Vincennes, Ind., protesting against any changes being made in the prohibition law and against any resubmission of this question to the States, and urging the strict enforcement of the said law; to the Committee on the Judiciary.

468. By Mr. HOGG of West Virginia: Petition of West Virginia State Automobile Association, approving the action of the President in protesting any and all gasoline or motor-vehicle tax; to the Committee on Ways and Means.

469. Also, petition of Central Woman's Christian Temperance Union, of Huntington, W. Va., opposing any referendum resolution or weakening of the present prohibition law; to the Committee on the Judiciary.

470. Also, petition of Buckhannon Chamber of Commerce, opposing any increase in taxes; to the Committee on Appropriations.

471. Also, petition of Baptist Church, Spencer, W. Va., opposing resubmission of national prohibition to the States by a resolution to submit a repeal amendment either to State conventions or to State legislatures for ratification; to the Committee on the Judiciary.

472. Also, petition of Mothers Club, of Spencer, W. Va., opposing resubmission of national prohibition to the States by a resolution to submit a repeal amendment either to State conventions or to State legislatures for ratification; to the Committee on the Judiciary.

473. Also, petition of Missionary Society, Methodist Episcopal Church South, of Spencer, W. Va., opposing resubmission of national prohibition to the States by a resolution to submit a repeal amendment either to State conventions or to State legislatures for ratification; to the Committee on the Judiciary.

474. By Mr. HORR: Petition of the Quincy (Wash.) Chamber of Commerce, in behalf of the Columbia Basin project; to the Committee on Irrigation and Reclamation.

475. By Mr. KNIFFIN: Petition of Daisy Marihugh, Defiance, Ohio, protesting against any change in the eighteenth amendment or the Volstead Act; to the Committee on the Judiciary.

476. By Mr. KVALE: Petition of the Disabled American Veterans of the World War, urging payment of the adjusted-service certificates; to the Committee on Ways and Means.

477. By Mr. LEWIS: Petition of Brownsville congregation of Church of the Brethren; to the Committee on Foregin Affairs.

478. By Mr. LINDSAY: Petition of State of Wisconsin, memorializing Congress to enact appropriate legislation to

cure present abuses in the Federal land-bank system; to the Committee on Banking and Currency.

479. Also, petition of New York Board of Trade (Inc.), New York City, favoring relief for the railroads, particularly with reference to those proposals which have the indorsement of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

480. Also, petition of State of Rhode Island and Providence Plantations in general assembly, recommending to Congress the passage of legislation for the repeal of the eighteenth amendment of the Constitution of the United States; to the Committee on the Judiciary.

481. Also, petition of Ohio Hotels Association, Beggs Building, Columbus, Ohio, favoring the modification of the Volstead Act, to permit the manufacture and sale of wines and beer and for the repeal of the eighteenth amendment; to the Committee on the Judiciary.

482. Also, petition of American Legion, Department of the District of Columbia, Victory Post, No. 4, favoring the passage of Senate bill 2263; to the Committee on the Civil Service.

483. By Mr. McLAUGHLIN: Petition of Emma Myers and 19 others, of Hart, Mich., urging the enforcement of the national prohibition law and opposing any measure providing for its modification, resubmission, or repeal; to the Committee on the Judiciary.

484. By Mr. NIEDRINGHAUS: Petition of Mrs. J. W. Shankland, president Woman's Christian Temperance Union, St. Louis, Mo., urging Members to oppose all wet legislation pending in Congress—referendum, resubmission, repeal, relegalized beer (S. 436), State convention method of ratifying an amendment instead of by State legislatures (S. J. Res. 57); to the Committee on the Judiciary.

485. By Mr. ROMJUE: Petition of directors of the Detroit Board of Commerce, protesting against increase of first-class postage rates; to the Committee on the Post Office and Post Roads.

486. By Mr. RUDD: Petition of Cadillac Motor Car Co., 749 Atlantic Avenue, Brooklyn, N. Y., opposing additional taxes on automobiles, gasoline, parts, etc.; to the Committee on the Judiciary.

487. Also, petition of New York State Bankers' Association, New York City, favoring curtailment of governmental expenditures in every possible way; to the Committee on Appropriations.

488. Also, petition of American Association Creamery Butter Manufacturers, Chicago, Ill., favoring the reduction of taxes at least one-half; to the Committee on Ways and Means.

489. Also, petition of Ohio Hotels Association, Columbus, Ohio, favoring modification of the national prohibition act to permit and legalize the manufacture and sale of wine and beer, under proper restrictions, and for the repeal of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

490. Also, petition of Victory Post, No. 4, District of Columbia, American Legion, favoring the passage of Senate bill 2263, transferring the veterans, wives of disabled veterans, and widows of deceased veterans now employed on temporary appointments in the Census Bureau to the classified civil service; to the Committee on the Civil Service.

491. Also, petition of Kings County Buick (Inc.), Brooklyn, N. Y., opposing all legislation which aims to impose sales taxes on automobiles, parts, tires, and gasoline; to the Committee on Ways and Means.

492. By Mr. SINCLAIR: Petition of E. J. Leadon and 41 other residents of Taylor, N. Dak., and vicinity, protesting against an increase in taxes on automobiles, parts, etc.; to the Committee on Ways and Means.

493. By Mr. SMITH of West Virginia: Resolution of the Pocahontas Operators Association, favoring some measure of relief for the bituminous-coal industry by enacting tariffs, embargoes, or other legislation, against the importation of foreign oils; to the Committee on Ways and Means.

494. Also, resolution of M. M. Eppstein, president, and W. T. Slicer, secretary, of the Southern West Virginia Auto Club, opposing any and all tax measures proposed to levy a tax upon motor vehicles; to the Committee on Ways and Means.

495. By Mr. SNOW: Petition of O. N. Titcomb and 41 other residents of Littleton, Me., requesting that some action be taken by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

496. Also, petition of W. E. Ross and 66 residents of Portage Lake, Me., requesting that some action be taken by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

497. Also, petition of Elbridge C. Wellington and many other citizens of Monticello, Me., requesting that some action be taken by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

498. By Mr. TIMBERLAKE: Petition of Fleming, Colo., Woman's Christian Temperance Union, expressing disapproval of and submission to the States for repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

499. Also, petition of Brush, Colo., Woman's Christian Temperance Union, expressing disapproval of and submission to the States for repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

500. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing Congress for the immediate payment in cash of the World War adjusted-compensation certificates; to the Committee on World War Veterans' Legislation.

501. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to enact legislation to credit income-tax payments made to the several States in payment of Federal income taxes; to the Committee on Ways and Means.

502. Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to enact legislation to prohibit the manufacture and sale of oleomargarine; to the Committee on Agriculture.

503. By the SPEAKER: Memorial of the Legislature of the State of South Carolina relative to tax refund due South Carolina on cotton, 1866, 1867, and 1868; to the Committee on War Claims.

504. Also, memorial of the Legislature of the State of South Carolina relative to preventing Federal land banks and joint-stock land banks from foreclosing mortgages; to the Committee on Banking and Currency.

505. Also, memorial of the Legislature of the State of Arizona relative to the protection of the copper industry; to the Committee on Ways and Means.

SENATE

TUESDAY, JANUARY 19, 1932

(Legislative day of Monday, January 18, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Caraway	George	Jones
Austin	Carey	Glass	Kean
Bailey	Connally	Glenn	Kendrick
Bankhead	Coolidge	Goldsborough	Keyes
Barbour	Copeland	Gore	King
Bingham	Costigan	Hale	La Follette
Black	Couzens	Harris	Lewis
Blaine	Cutting	Harrison	Logan
Borah	Dale	Hastings	McGill
Bratton	Davis	Hatfield	McKellar
Brookhart	Dickinson	Hayden	McNary
Bulkley	Dill	Hebert	Metcalf
Bulow	Fess	Howell	Morrison
Byrnes	Fletcher	Hull	Moses
Capper	Frazier	Johnson	Neely

Norbeck	Robinson, Ark.	Thomas, Okla.	Walsh, Mass.
Norris	Robinson, Ind.	Townsend	Walsh, Mont.
Nye	Sheppard	Trammell	Waterman
Oddie	Smith	Tydings	Watson
Patterson	Smoot	Vandenberg	White
Pittman	Steiwer	Wagner	
Reed	Thomas, Idaho	Walcott	

Mr. LOGAN. I desire to announce the absence of my colleague the senior Senator from Kentucky [Mr. BARKLEY] on important business. I will let this announcement stand for the day.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

Mr. SMITH presented a concurrent resolution adopted by the Legislature of South Carolina, requesting relief for the people by preventing Federal land banks and joint-stock land banks from foreclosing mortgages on debtors and to provide some means to save homes that are mortgaged and, if necessary, to declare a moratorium for at least one year, etc., which was ordered to lie on the table.

(See resolution printed in full when laid before the Senate on the 18th instant, p. 2125, CONGRESSIONAL RECORD.)

He also presented a concurrent resolution of the Legislature of South Carolina, favoring the passage of legislation to refund the tax levied and collected on cotton in 1866, 1867, and 1868, and estimated to be due the people of South Carolina in the sum of $4,172,421.16, which was referred to the Committee on Claims.

(See resolution printed in full when laid before the Senate on the 18th instant, p. 2126, CONGRESSIONAL RECORD.)

Mr. SMITH also presented resolutions adopted by the quarterly conference of the Manning (S. C.) Methodist Episcopal Church South, which were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

Whereas much publicity has been given to the hearings before congressional committees on the subject of modifying the Volstead Act, the legalizing of 4 per cent beer and light wines; and

Whereas we believe that any change that will permit the sale of any kind of liquor or beer or wine will work untold harm, not only to the morals of our people but that in these days of depression will work no less harm to them economically: Therefore be it

Resolved by the quarterly conference of the Manning (S. C.) Methodist Episcopal Church South, That we are unalterably opposed to any change either in the Volstead Act or any laws for enforcing prohibition, except such changes as will make the enforcement more stringent and effectual.

Resolved, second, That we most earnestly request our Senators and Representatives in Congress to vote against a referendum on the subject and for the strict enforcement of the law.

G. E. KIRBY, *Presiding Elder.*
J. A. CAMPBELL, *Pastor.*
FRED LESESNE, *Secretary.*

Mr. SHIPSTEAD presented resolutions adopted by Hibbing Chapter, No. 3, Disabled American Veterans of the World War, at Hibbing, Minn., favoring the passage of legislation providing for the immediate cash payment in full of adjusted-service certificates (bonus), which were referred to the Committee on Finance.

Mr. KENDRICK presented the petition of R. C. Price and sundry other citizens, of Shoshoni and vicinity in the State of Wyoming, praying for the repeal of the eighteenth amendment to the Constitution, which was referred to the Committee on the Judiciary.

Mr. FRAZIER presented the petition of Mrs. H. R. Harris and 39 other citizens of New Rockford, N. Dak., praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

Mr. BLAINE presented a petition of 21 citizens of Rhinelander, Wis., praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Woman's Christian Temperance Union of Wisconsin opposing a resubmission of the eighteenth amendment of the Constitution and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

Mr. CAPPER presented petitions of sundry citizens of Climax, Eureka, Hamilton, and Thrall, all in the State of Kansas, praying for the maintenance of the prohibition law and its enforcement, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Queen Esther Society (Woman's Aid Society) of the Methodist Church, of Beloit; the Woman's Foreign Missionary Society of the Methodist Episcopal Church, of Concordia; and the Woman's Christian Temperance Unions, of Hamilton and Yates Center; all in the State of Kansas, favoring the maintenance of the prohibition law and its enforcement, and protesting against the repeal of the eighteenth amendment to the Constitution, which were referred to the Committee on the Judiciary.

Mr. NEELY presented a telegram from the Central Woman's Christian Temperance Union, of Huntington, W. Va., which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

HUNTINGTON, W. VA., *January 17, 1932.*

Hon. M. M. NEELY,
United States Senator, Washington, D. C.:

Central Woman's Christian Temperance Union adopted the following resolution, asking your support of same:

"That we are opposed to any referendum, resolution, or weakening of the present prohibition law, and we ask to have this resolution printed in CONGRESSIONAL RECORD."

MRS. J. F. DURRETTE, *President.*
MRS. MABEL NEWCOMBE, *Secretary.*

Mr. TOWNSEND presented a letter from the Woman's Christian Temperance Union of Dover, Del., which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

DOVER, DEL., *January 11, 1932.*

Hon. JOHN G. TOWNSEND,
Washington, D. C.

DEAR SIR: Am writing to you for the women of the Woman's Christian Temperance Union of Dover, Del., which represents the voice of 70 women.

We wish to urge you not to lend aid to the opponents of prohibition by voting for resubmission or for any bill which would weaken the prohibition law.

Please have this petition printed in the RECORD.

Respectfully,

MRS. MARY H. LASHER,
Corresponding Secretary.

Mr. WAGNER presented a letter from the Green Coffee Association of New York City (Inc.), signed by its secretary, embodying a resolution adopted by the association protesting against any further transactions by the Federal Farm Board such as the recent exchange of coffee and wheat with Brazil, which was referred to the Committee on Agriculture and Forestry.

(See letter printed in full when presented by Mr. COPELAND on the 12th instant, p. 1757, CONGRESSIONAL RECORD.)

He also presented resolutions adopted by the Central Trades and Labor Council of Greater New York and Vicinity, favoring a modification of the Volstead Act so as to permit the manufacture and sale of a mild beverage, nonintoxicating in fact, containing 2.75 per cent alcohol by weight, which were referred to the Committee on Manufactures.

(See resolutions printed in full when presented by Mr. COPELAND on the 15th instant, p. 1989, CONGRESSIONAL RECORD.)

RELIEF OF BANKS IN ARKANSAS

Mr. ROBINSON of Arkansas. Mr. President, I request that five brief telegrams which I send to the desk be printed in the RECORD and referred to the Committee on Banking and Currency.

There being no objection, the telegrams were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

PINE BLUFF, ARK., *January 14, 1932.*

Hon. JOSEPH T. ROBINSON,
United States Senate:

Respectfully call your attention to House bill 7360, reference assisting insolvent banks. Urge dates be changed include banks which failed at beginning of depression. Many Arkansas banks failed during 1930, so suggest change from end 1930 to

December 31, 1929. If Beedy bill killed, then suggest similar allowance in amendment of reconstruction bill.

PINE BLUFF CHAMBER OF COMMERCE,
W. W. TAYLOR, *President.*

PINE BLUFF, ARK., *January 16, 1932.*

Senator JOE T. ROBINSON,
Washington, D. C.:

Arkansas banks should be included in the Beedy bill. We look to you to protect us in this matter. See that the dates provide for banks that closed prior to June 1, 1930. This would help the unemployed of Arkansas.

DAVIS FLORAL CO.

PINE BLUFF, ARK., *January 15, 1932.*

Senator JOE T. ROBINSON:

Please use your influence to have date changed in House bill 7360, or reconstruction bill, if amended to cover period of depression, or December 31, 1929, so as to afford relief to Arkansas and our local situation.

R. H. WILLIAMS, *County Judge.*

PINE BLUFF, ARK., *January 15, 1932.*

JOE T. ROBINSON,
United States Senator:

If Senate reconstruction bill is amended to cover closed banks or separate bill passed to cover, please see that retroactive date is June 30, or better. All banks now in liquidation.

EDGAR BREWSTER.

ARKADELPHIA, ARK., *January 15, 1932.*

Hon. JOE T. ROBINSON,
United States Senate, Washington, D. C.:

South Arkansas Chamber of Commerce, in session here to-day, adopted motion instructing us respectfully urge amendment Beedy bill, H. R. 7360, so as include banks closing since beginning depression or about January 1, 1930. In event bill not adopted, suggest include legislation in reconstruction bill to relieve all closed banks of Arkansas.

M. L. SIGMAN,
President.
LUTHER ELLISON,
General Manager.

PROPOSED SALES TAX ON AUTOMOBILES AND ACCESSORIES

Mr. BARBOUR presented a letter from Balderston-Chevrolet (Inc.), of Trenton, N. J., with an accompanying petition signed by members of that company, which was referred to the Committee on Finance and ordered to be printed in the RECORD, together with the petition without the signatures, as follows:

TRENTON, N. J., *January 14, 1932.*

Hon. Senator W. WARREN BARBOUR,
Rumson, N. J.

HONORABLE SIR: You are no doubt conversant with a proposed sales tax on passenger cars, trucks, accessories, and tires, and we desire to enter with you a protest against such discriminatory taxation of the automobile industry's products.

The automobile buyer of to-day is already paying gasoline tax, license fees, personal taxes, etc., which are, indeed, just, when used solely for the expansion and maintenance of our highway system, and so long as they are not unduly burdensome. However, automobiles of to-day must be classified as necessities and not as luxuries. Therefore we feel that it is unjust for a sales tax to be considered in any manner whatsoever. To do so would result in a severe curtailment of public buying, which is a most important factor in to-day's depressed situation. Furthermore, thousands upon thousands of people would be out of employment due to reduction of units produced. The steel, leather, rubber, glass, electric, oil, and many other industries would be affected by the automobile manufacturers' reduced production to an extent that would be most appallable.

We have no objection to the automobile industry bearing its fair share of necessary taxes, which must be levied to preserve our public credit, and to reduce our Federal deficit as rapidly as possible, but since everyone benefits by taxation the taxes should be distributed as fairly as possible over all incomes, and we feel that we, with thousands of others, can play a tremendous part in the economic recovery of the country toward which all are now working, provided we are not unduly hampered by discriminatory taxation.

We pray, Mr. Senator, that you will be as fair and as generous with us in this matter as you have been in many instances where you have voiced the sentiments of your people when other matters of great importance have been brought before you.

With the kind wishes and personal regards of the writer, we are,
Most respectfully yours,

BALDERSTON-CHEVROLET (INC.),
FRANKLIN ROATCH,
General Manager.

JANUARY 14, 1932.

We, the employees of Balderston-Chevrolet (Inc.), of Trenton, N. J., hereby concur in the views of our company as so expressed in a letter written by them to you to-day, and as evidence thereof we affix our signatures below and pray for your favorable consideration in our behalf.

REPORT OF THE COMMITTEE ON COMMERCE

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 573) granting the consent of Congress for the construction of a bridge across Clarks Fork River, near Ione, Pend Oreille County, in the State of Washington, reported it with an amendment and submitted a report (No. 119) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 3116) to reduce the compensation and salaries of employees and officials of the Federal Government; to the Committee on Appropriations.

By Mr. JONES:

A bill (S. 3117) to provide for the establishment of a light vessel at Willapa Harbor, in the State of Washington; to the Committee on Commerce.

A bill (S. 3118) for the relief of Gottlieb Stock; to the Committee on Claims.

By Mr. GEORGE:

A bill (S. 3119) for the relief of J. D. Stewart; to the Committee on Claims.

By Mr. FESS:

A bill (S. 3120) granting a pension to Annie Hafer (with accompanying papers); to the Committee on Pensions.

By Mr. JOHNSON (by request):

A bill (S. 3121) to amend subsection (f) of section 11 of the merchant marine act of June 5, 1920 (with accompanying papers); to the Committee on Commerce.

By Mr. HATFIELD:

A bill (S. 3122) granting an increase of pension to Ira C. Gibson; to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 3123) for the relief of Russell C. Cross; and

A bill (S. 3124) for the relief of John A. Heim; to the Committee on Military Affairs.

By Mr. THOMAS of Idaho:

A bill (S. 3125) to amend the act entitled "An act for the protection of persons furnishing materials and labor for the construction of public works," approved August 13, 1894, as amended by act approved February 24, 1905; to the Committee on Public Buildings and Grounds.

By Mr. ASHURST:

A bill (S. 3126) granting a pension to Eugene C. Harrington; and

A bill (S. 3127) granting a pension to John Stephens; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 3128) for the relief of Sallie Berkley (with an accompanying paper); to the Committee on Claims.

By Mr. ODDIE:

A bill (S. 3129) altering and improving the Lahontan power plant, in the State of Nevada; to the Committee on Irrigation and Reclamation.

By Mr. SHIPSTEAD:

A bill (S. 3130) for the relief of Earl W. Thomas; to the Committee on Claims.

A bill (S. 3131) authorizing Vernon W. O'Connor, of St. Paul, Minn., his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Rainy River at or near Baudette, Minn. (with an accompanying paper); and

A bill (S. 3132) to extend the times for the commencement and completion of the bridge of the county of Norman and the town and village of Halstad, in said county, in the State of Minnesota, and the county of Traill and the town of Herberg, in said county, in the State of North Dakota, across the Red River of the North on the boundary line between said States; to the Committee on Commerce.





By Mr. THOMAS of Oklahoma:

A bill (S. 3133) to abolish the Federal Farm Board, to secure to the farmer a price for agricultural products at least equal to the cost of production thereof, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. COPELAND:

A bill (S. 3134) for the relief of John Z. Lowe, former collector of internal revenue for the second district of New York; to the Committee on Claims.

By Mr. LEWIS:

A bill (S. 3135) for the relief of Mildred Lane; to the Committee on Claims.

A bill (S. 3136) granting World War adjusted-service compensation to Barbara Weiland; to the Committee on Finance.

A bill (S. 3137) for the relief of Joseph W. O'Brien (with accompanying papers); and

A bill (S. 3138) to amend the act entitled "An act to recognise the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever," approved February 28, 1929, by including therein the name of Gustaf E. Lambert; to the Committee on Military Affairs.

A bill (S. 3139) for the relief of James J. Lindsay; to the Committee on Naval Affairs.

A bill (S. 3140) to extend the life of certain patents; to the Committee on Patents.

A bill (S. 3141) granting a pension to William J. Chepan (with accompanying papers);

A bill (S. 3142) granting a pension to Mary Haskin Elms; and

A bill (S. 3143) granting an increase of pension to Alice A. Garner (with accompanying papers); to the Committee on Pensions.

By Mr. REED:

A bill (S. 3144) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army (with accompanying papers); to the Committee on Claims.

By Mr. HATFIELD:

A bill (S. 3146) to amend section 113 of the Judicial Code, as amended (U. S. C., title 28, sec. 194); to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 3147) for the relief of Anna Pokorny; to the Committee on Claims.

By Mr. BINGHAM:

A bill (S. 3148) to regulate the use and sale of wood alcohol; to the Committee on the Judiciary.

By Mr. REED:

A bill (S. 3149) granting an increase of pension to Elizabeth Craven (with accompanying papers); to the Committee on Pensions.

ADJUDICATION OF WAR-RISK INSURANCE CLAIMS

Mr. SMITH. I introduce a bill looking to the creation of two commissioners in my State who, with the consent of the United States and the veterans, may consider the matters affecting war-risk insurance, so that claims for such insurance may be expeditiously adjudicated. I am informed that the dockets of the courts are so crowded in my State that there are cases now pending which are years old, and that the prospect of anything like giving relief to those who must take their cases to the courts is almost hopeless. I introduce the bill in the hope that the two commissioners therein provided for the two Federal districts in my State may be appointed and given power to review these cases.

The bill (S. 3145) providing for the appointment of commissioners to hear cases arising under contracts of war-risk insurance in the district courts for the eastern and western districts of South Carolina was read twice by its title and referred to the Committee on the Judiciary.

COSTS OF PRODCTION OF DRIED BEANS

Mr. THOMAS of Idaho. Mr. President, I send to the desk a resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Let it be read for the information of the Senate.

The legislative clerk read the resolution (S. Res. 141), as follows:

Resolved, That Senate Resolution 411, Seventy-first Congress, third session, agreed to January 21, 1931, directing the United States Tariff Commission, under the authority conferred by section 336 of the tariff act of 1930, and for the purposes of that section, to investigate the costs of production of dried beans and of any like or similar foreign articles, is hereby rescinded.

Mr. ROBINSON of Arkansas. Mr. President, what is the article or commodity to which the resolution relates?

Mr. THOMAS of Idaho. The resolution simply provides for withdrawing a resolution which the Senator from Michigan [Mr. VANDENBERG] introduced last year asking for an investigation of a tariff on dried beans.

Mr. ROBINSON of Arkansas. Very well.

The resolution was considered by unanimous consent and agreed to.

PYRAMID LAKE INDIAN RESERVATION, NEV.

Mr. ODDIE submitted the following resolution (S. Res. 142), which was referred to the Committee on Public Lands and Surveys:

Resolved, That the Committee on Public Lands and Surveys, or any duly authorized subcommittee thereof, is authorized and directed to investigate the situation on the Pyramid Lake Indian Reservation with a view to determining particularly (1) the status of entries made on lands therein by certain settlers, which lands have been occupied and improved by such settlers and their transferees for a period of at least 21 years prior to June 7, 1924, (2) the advisability of requiring early payment thereon by such settlers under the provisions of the act entitled "An act for the relief of settlers and town-site occupants of certain lands in the Pyramid Lake Indian Reservation, Nev.," approved June 7, 1924, in view of all the equities of the claimants, the amounts involved, and present economic conditions, (3) the fairness of the valuation placed on such lands by appraisal pursuant to the provisions of such act of June 7, 1924, and (4) the extent to which any general inequitable conditions may exist with relation to such land entries. The committee shall report to the Senate as soon as practicable the results of its investigations, together with its recommendations, if any, for necessary legislation for the relief of such settlers.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places in the District of Columbia or elsewhere during the sessions and recesses of the Senate in the Seventy-second Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $1,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The Secretary of the Interior is hereby requested to suspend, pending the deliberations and final report to the committee, and the final disposition by the Seventy-second Congress of such legislation as the committee may recommend, the requirements of any regulations prescribed by him governing payments on lands entered upon as hereinbefore referred to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the joint resolution (S. J. Res. 79) to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 5649. An act to extend the life of "An act to permit a compact or agreement between the States of Washington, Idaho, Oregon, and Montana respecting the disposition and apportionment of the waters of the Columbia River and its tributaries, and for other purposes";

H. R. 6304. An act to transfer Lavaca County from the Houston division to the Victoria division of the southern judicial district of Texas; and

H. R. 6663. An act to reserve certain land on the public domain in Utah for addition to the Skull Valley Indian Reservation.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 5649. An act to extend the life of "An act to permit a compact or agreement between the States of Washington, Idaho, Oregon, and Montana respecting the disposition and apportionment of the waters of the Columbia River and its tributaries, and for other purposes"; to the Committee on Irrigation and Reclamation.

H. R. 6304. An act to transfer Lavaca County from the Houston division to the Victoria division of the southern judicial district of Texas; to the Committee on the Judiciary.

H. R. 6663. An act to reserve certain [illegible] public domain in Utah for addition to the Skull Valley Indian Reservation; to the Committee on Indian Affairs.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

COMMUNICATIONS RELATIVE TO PHILIPPINE INDEPENDENCE

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Territories and Insular Affairs:

To the Congress of the United States:

There are transmitted herewith a number of resolutions and other communications relative to Philippine independence which have recently been received in the War Department from the Philippine Islands.

HERBERT HOOVER.

The WHITE HOUSE, *January 19, 1932.*

(NOTE.—Inclosures accompanied similar message to the House of Representatives.)

DEFICIENCY APPROPRIATIONS

The Senate resumed consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

The VICE PRESIDENT. The clerk will report the next amendment.

The next amendment of the Committee on Appropriations was, under the heading "Title II.—Judgments and authorized claims—Damage claims," on page 31, line 17, after the word "in," to insert "Senate Document No. 46 and"; in line 19, after the words "as follows," to insert "Department of Agriculture, $856.95"; in line 20, after the name "Department of Commerce," to strike out "$186.50" and insert "$287.95"; in line 22, after the figures "$250," to insert "Navy Department, $1,735.13"; in line 23, before the words "Public Buildings," to strike out "$25,803.87" and insert "$28,352.86"; in line 25, after the figures "$138.05," to insert "Treasury Department, $1,864.68"; on page 32, line 1, after the figures "$808.53," to insert "War Department, $2,583.70"; and in line 2, after the words "in all," to strike out "$27,472.35" and insert "$37,163.25," so as to make the section read:

SECTION 1. For the payment of claims for damages to or losses of privately owned property adjusted and determined by the following respective departments under the provisions of the act entitled "An act to provide for a method for the settlement of claims arising against the Government of the United States in sums not exceeding $1,000 in any one case," approved December 28, 1922 (U. S. C., title 31, secs. 215–217), as fully set forth in Senate Document No. 46 and House Document No. 178, Seventy-second Congress, as follows: Department of Agriculture, $856.95; Department of Commerce, $287.95; Department of the Interior, $285.40; Department of Labor, $250; Navy Department, $1,735.13; Post Office Department (out of the postal revenues), $28,352.86; Public Buildings and Public Parks of the National Capital, $138.05; Treasury Department, $1,864.68; Veterans' Administration, $808.53; War Department, $2,583.70; in all, $37,163.25.

Mr. JONES. Mr. President, all the amendments on pages 31, 32, and 33 under "Judgments and authorized claims" are pursuant to judgments of courts and authorized claims by the department. I ask that they may be agreed to en bloc.

The VICE PRESIDENT. Is there objection?

Mr. KING. Mr. President, may I ask the Senator from Washington whether his committee has inquired into these judgments? The reason why I make the inquiry is because the able Representative from Indiana, Mr. WILL WOOD, a few days ago, when this or some other bill was under consideration in the House, challenged the validity and accuracy or correctness of some of the judgments rendered by the Court of Claims. I have prepared a bill which I shall introduce in a day or two which denies to the Court of Claims the right to render a final judgment; that they shall make findings of fact and conclusions of law, but shall not enter judgments. The matter is then referred to the Congress.

Mr. JONES. Let me say to the Senator that the items to which I have referred on pages 31, 32, and 33 are judgments of United States courts and are final.

Mr. KING. They are not judgments of the Court of Claims?

Mr. JONES. No; those on pages 31, 32, and 33 are judgments of the United States courts. Then we will come to the judgments of the Court of Claims. After we have adopted the amendments just referred to, I shall explain the Court of Claims items.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington? The Chair hears none, and the amendments will be stated.

The next amendment was, under the subhead "Judgments, United States courts," on page 32, line 11, after the word "in," to insert "Senate Document No. 40 and"; in line 13, after the name "Department of Labor," to strike out "$5,444.79" and insert "$5,649.79"; in line 15, after the name "War Department," to strike out "$2,194.34" and insert "$2,554.34"; and in the same line, after the words "in all," to strike out "$11,009.13" and insert "$11,574.13," so as to read:

SEC. 2. For payment of the final judgments and decrees, including costs of suits, which have been rendered under the provisions of the act of March 3, 1887, entitled "An act to provide for the bringing of suits against the Government of the United States," as amended by the Judicial Code, approved March 3, 1911 (U. S. C., title 28, sec. 41, par. 20; sec. 258; secs. 761–765), certified to the Seventy-second Congress in Senate Document No. 40, and House Document No. 175, under the following departments, namely: Department of Labor, $5,649.79; Post Office Department, $3,370; War Department, $2,554.34; in all, $11,574.13, together with such additional sum as may be necessary to pay interest on the respective judgments at the rate of 4 per cent from the date thereof until the time this appropriation is made.

The next amendment was, on page 33, line 14, after the word "in," to insert "Senate Document No. 40 and"; in line 16, after the name "Department of Justice," to strike out "$1,000" and insert "$3,500"; in line 17, after the name "War Department," to strike out "$171,177.08" and insert "$187,968.29"; and in line 18, after the words "in all," to strike out "$227,378.61" and insert "$246,669.82," so as to read:

For the payment of the judgments, including costs of suits, rendered against the Government by United States district courts in special cases and under the provisions of certain special acts and certified to the Seventy-second Congress in Senate Document No. 40 and House Document No. 175, under the following departments, namely: Department of Justice, $3,500; Navy Department, $55,201.53; War Department, $187,968.29; in all, $246,669.82, together with such additional sum as may be necessary to pay interest as and where specified in such judgments.

The VICE PRESIDENT. Without objection, the amendments on pages 31, 32, and 33 just stated are agreed to en bloc. The clerk will state the next amendment.

The next amendment of the Committee on Appropriations was, under the subhead "Judgments, Court of Claims," on page 34, line 10, after the name "Navy Department," to strike out "$223,414.74" and insert "$220,255.81, except No. H 320 in favor of Tillett S. Daniel and No. K 138 in favor of William B. Hetfield," and in line 16, after the words "in all," to strike out "$540,494.55" and insert "$537,335.62," so as to read:

SEC. 3. For payment of the judgments rendered by the Court of Claims and reported to the Seventy-second Congress, in House Document No. 174, under the following departments and establishments, namely: United States Veterans' Administration, $659.46; Department of Commerce, $4,870; Navy Department, $220,255.81, except No. H 320 in favor of Tillett S. Daniel and No. K 138 in favor of William D. Hetfield; Post Office Department, $48,913.44; Treasury Department, $45,449.77; War Department, except No. K 317 in favor of Albert C. Dalton, $217,187.14; in all, $537,335.62, together with such additional sum as may be necessary to pay interest on certain of the judgments at the legal rate per annum as and where specified in such judgments.

Mr. JONES. Mr. President, we have now reached the amendments relating to judgments of the Court of Claims. Let me explain the action of the committee with reference to Court of Claims judgments. There were two of these judgments that were especially called to our attention and we looked into them. We thought upon the facts which were brought to our attention that a more careful investigation should be made, and so they were not included.

Then the question arose as to the effect of a judgment of the Court of Claims and whether or not a final judgment by the Court of Claims, from which no appeal was taken, had the same force and effect as a judgment of a United States district court. We have appointed a subcommittee composed of three of the lawyers of our committee—the Senator from Oregon [Mr. STEIWER], the Senator from New Mexico [Mr. BRATTON], and the Senator from North Carolina [Mr. MORRISON]—to look into that legal question and advise the committee what, in their opinion, is the effect of the judgments of the Court of Claims.

If those judgments have the same effect as judgments of the United States district courts then, of course, when they become final it is only a matter of form to include them in the bill. Awaiting the decision of our subcommittee, we left out the two judgments to which I have referred and which had been called to our attention. We also left out a list of additional judgments which were referred to the committee just a day or two before we were ready to act on the bill. We had not had time to look into them and we concluded that we would not include them in the bill until after the subcommittee had reached its conclusion.

That is the status of the matters acted on by the Court of Claims. The amendments which we propose on page 34 are amendments relating to those judgments which, in my opinion, based on the facts, ought to be left out unless they are final judgments, and then we shall have to care for them as a matter of course.

There was one judgment, about which the Senator from Utah [Mr. KING] probably read, that the House left out of the bill. Its approval was pressed on our committee, but we left it out awaiting the report of what I may term our "legal committee."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Committee on Appropriations.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, save for a few committee amendments authorizing the payment of audited claims which will be adopted as a routine matter, the Senate has completed the consideration of this deficiency bill. As the measure was reported to the House of Representatives it carried a total of $124,731,687, which was $13,432,000 below the Budget estimates as transmitted to Congress by the President. By the time the bill was reported to the Senate the President had sent further estimates which increased the same to $140,953,184, but this bill carries only $126,294,119, which is a saving of $14,659,064.

I cite these figures to quiet the fears of certain Senators who are, in my opinion, unduly perturbed about the ability of the House and Senate Committees on Appropriations to reduce expenditures. This is a deficiency bill, the primary purpose of which is to provide for governmental obligations which have been already established, yet a cut of approximately 10 per cent has been successfully made.

Such action is fully justified because the Federal Budget must be balanced. If the income of the Government continues to be less than its expenditures, United States bonds will decline still more in price and new issues can not be disposed of at their face value except there is a material increase in the interest rate. Without a balanced Budget the $2,000,000,000 of new securities to be floated as a result of the passage of the act to create the Reconstruction Finance Corporation can not be sold at par, and that plan of economic relief will be a failure.

I have no hesitation in asserting that all necessary steps will be taken at this session of Congress to balance the Budget so that any person who purchases a security backed by the Federal Government will be completely assured that his investment, together with the interest thereon, will be paid in full without default of any kind. This result will be accomplished by action in two directions.

One effective means will be to increase the amount of money paid into the Treasury by the passage of a revenue bill which is now being considered by the Committee on Ways and Means of the House of Representatives. Let me reassure any Senator who may be unaware of the fact that upon that committee are a number of veteran Representatives who have been through many hard-fought revenue battles and are thoroughly familiar with every feature of taxation which may be adopted by Congress. Under the leadership of COLLIER, CRISP, and RAINEY we can be sure that ample sums will be provided in a manner such as will lay the least burden upon the common people of America, who are the worst sufferers during the present hard times.

The second direction of attack will be to decrease the expenditures of the Government by reductions in the appropriation bills as finally passed by the House and Senate. Again I ask Senators to abate their fears, because the membership of the Committee on Appropriations of the House of Representatives is largely made up of Representatives who, through years of experience in dealing with bureau chiefs, are experts in knowing how to cut Budget estimates without material injury to the public service. Congressmen like BYRNS and BUCHANAN and TAYLOR and OLIVER and the other clear-thinking members of that great committee can be depended upon to lead the way to true economy.

The Committee on Ways and Means and the House Committee on Appropriations will each have the whole-hearted support of the Speaker in the efforts made by each in its own way to balance the Budget. No man ever occupied that high office who was better qualified to guide the House of Representatives in the enactment of legislation to meet the financial crisis which now confronts the Federal Treasury than JOHN N. GARNER.

I make these observations as one who served for 15 years in the House of Representatives and, therefore, is qualified to speak. I ask those Senators who within the past few days have indicated alarm that there would be a wild riot of appropriations to calm themselves. If they will only wait with patience until the several appropriation bills come over from the House, all cause for their apprehensions will be removed.

The way to reduce appropriations is not by blind cutting and slashing. Expert surgery is required to remove the cancers and tumors that have grown within the departments and bureaus, expert surgery which will take out all unhealthy tissues and yet leave the bone and sinew necessary for a proper functiong of the Government.

Several Senators have said that they propose to question every important item in future appropriation bills. Permit me to suggest to them that before exposing their lack of knowledge on the floor of the Senate they take the time and burn some midnight electric current, as do members of your Committee on Appropriations, to read the hearings before the Committee on Appropriations of the House of Representatives. Instead of wasting the time of the Senate and interfering with the prompt dispatch of public business, they can readily satisfy themselves that in the great majority of instances proper economy has been practiced and the need for the appropriations has been fully justified.

Properly to find a way to balance the Budget we must recognize that there are three distinct kinds of governmental expenditures, the first of which are certain fixed charges which can not be reduced. Two striking examples of appropriations which will not be cut are interest on the public debt and pensions or compensation to war veterans.

The second class consists of payments for services rendered by the Government to the American people from day to day. The Senator from Mississippi [Mr. HARRISON] has enumerated and explained the character of these expenditures in such detail that I need not repeat what he has so forcefully brought to the attention of the country. To avoid possible offense to any particular interest, let me state the hypothetical question as to whether it is worth while to ascertain that there is a market in Abyssinia for American made silver-plated collar buttons.

If such collar buttons are manufactured in this country those who produce them are no doubt anxious to enter every foreign market with their product. But the question now is whether the American Government can afford to go into debt in order to furnish that kind of trade information. Data thus acquired and distributed has no permanent value. It is good only for the time being, and unless the diffusion of such knowledge ultimately stimulates business to a degree that enough taxes are indirectly collected to pay for its cost, the whole operation is wasteful.

Let us therefore measure every expenditure of a temporary or ephemeral nature by this yardstick: Is the service so valuable that it must be maintained even if the Government is compelled to borrow money to carry it on? I am confident that this rule will be generally followed and that the resulting economies will be surprisingly great.

The third and last class of appropriations is made to provide for public works which will be needed and useful for many years. Money thus used is a capital investment which can only be justified if the work done will pay dividends to the public through a long period of time. If such construction will ultimately have to be undertaken anyhow, the factor of low present costs can be balanced against interest charges if borrowing is necessary in order to provide the needed funds.

When this bill was under consideration by the Senate Committee on Appropriations several witnesses were asked to appear at my request to testify as to one kind of public work, to wit, roads. It was my desire to ascertain just what sums had been expended by the various road-making agencies of the Federal Government during the last calendar year and how much money would be expended for the same purpose during this year, 1932. I asked for this information by calendar years because highway construction is seasonal and the operations of one fiscal year are almost invariably continued into the next.

The replies to inquiries made by members of the committee developed from the witnesses the astounding fact that approximately $125,000,000 less money will be expended on public roads by tne Federal Government in 1932 than was spent for a like purpose in 1931. Translated into terms of employment, this means that between fifty and sixty thousand men who had work last year on roads will this year be thrown back into the body of the unemployed. This deplorable result will be attained notwithstanding the further fact that road construction can be accomplished at rates averaging 25 per cent less than during the period from 1925 to 1929.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Florida?

Mr. HAYDEN. I yield.

Mr. TRAMMELL. I do not like to interrupt the Senator, if he prefers not to be interrupted, but I should like to know if the reduction in the expenditures for roads is due to a curtailment of the appropriation or whether it is due to the inability of the States to cooperate upon the basis required under the Federal appropriation for highways?

Mr. HAYDEN. The Senator will remember that at the last session of Congress an emergency appropriation of $80,000,000 was made for road construction, as recommended by the President in a Budget estimate transmitted in December, 1930. No such recommendation was made by the President this year. The primary reason for the lack of road funds is that Congress has not appropriated the money.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Alabama?

Mr. HAYDEN. I yield.

Mr. BLACK. I am interested to know whether the fifty or sixty thousand men to whom the Senator refers are those who are directly employed in road construction or does it include those who are directly and indirectly employed in connection with such construction?

Mr. HAYDEN. I referred only to those who are actively employed in the construction of roads. There is very interesting testimony at the hearings to show that 85 to 90 per cent of every road dollar ultimately goes to labor. The Chief of the Bureau of Public Roads testified that it took a total of about $350 to keep one man employed on road construction, of which the man received $75, but, going back behind that one man into transportation, into the manufacture of cement and all other materials that go into road construction, ultimately between 85 and 90 per cent of the road dollar goes to labor. In my remarks I referred only to men actually employed upon Federal-aid road projects and similar work financed in whole or in part by the Federal Government.

Mr. BLACK. May I ask the Senator, if he has conveniently at hand the information, as to the number of men who are deprived of employment indirectly by reason of the failure of the Government to spend as much money for roads this year as it spent last year?

Mr. HAYDEN. I am sorry that I can not give the Senator that information, but it could be readily figured out on the basis I have stated.

Mr. BLACK. It is my understanding, I may say to the Senator, if he will yield for one further interruption, that there are more men employed indirectly in providing the materials for building the roads than are employed in the actual building of the roads.

Mr. HAYDEN. There is no question about that.

To summarize the testimony before the committee, the first witness, Mr. Samuel M. Dodd, chief finance officer of the Bureau of Indian Affairs, testified that during the last calendar year, 1931, there was expended by the Bureau of Indian Affairs $557,726 on road construction, and that this year there would be available $360,000.

The next witness was Mr. Thomas H. MacDonald, Chief of the Bureau of Public Roads, who testified that the Bureau of Public Roads paid over to the States in 1931 $244,500,000, and that there would be available for payment to the States during this calendar year 1932, $130,000,000, being a net reduction of $114,000,000.

The next witness was Mr. T. W. Norcross, Assistant Forester of the United States Forest Service, who testified that on forest highways and forest development, road and trail construction, and other similar expenditures the United States Forest Service actually expended in 1931 $21,450,000, and that there would be available in 1932 only $11,320,000.

Mr. Horace M. Albright, Director of the National Park Service, testified that his service expended $8,310,000 in 1931 and would expend $7,260,000 in 1932.

The total expenditures for 1931 by these four road-making agencies of the Federal Government were $274,810,000; and their total expenditures this calendar year will be but $148,940,000, or a decrease of $125,870,000. Frankness compels me to say that I had no idea that there would be any such reduction in Federal road expenditures this year. Let me emphasize what I have said by presenting the following tabulation:

Road-construction expenditures

	1931	1932	Decrease
Bureau of Public Roads	$244,500,000	$130,000,000	$114,500,000
Forest Service	21,450,000	11,320,000	10,130,000
National Park Service	8,310,000	7,260,000	1,050,000
Indian Service	550,000	360,000	190,000
	274,810,000	148,940,000	125,870,000

Incidentally, we had before the committee also the Acting Supervising Architect of the Treasury, who testified with respect to public buildings. His testimony may be summarized to this effect:

That the Treasury Department is now going ahead at high speed in the construction of public buildings. The rate is so high that immediate additional appropriations could not well be used. It was stated, however, that in the absence of any authorization by Congress for new construction, there will be no public buildings built outside of Washington except a few large projects in cities like New York and Chicago. Throughout the country generally there will be no public construction in the year 1933. All the present authorizations will be used up this year. Nothing further can be done, even in the way of increasing the size of an existing building, without future action by Congress.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. BLACK. May I ask if the Senator has available the amount that is to be spent in the city of Washington, while none is being spent throughout the entire country?

Mr. HAYDEN. I am sorry, but the committee did not question the Acting Supervising Architect on that point. That fact does not appear in the hearings.

Mr. KING. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. KING. I am not sure that I understood the Senator's last statement. My recollection—it is rather an impression—is that there are some four or five hundred, possibly more, Federal buildings in course of construction in Washington and throughout the United States, and that there will be a large amount of work done upon those buildings in 1933, and some may not be completed until 1934.

Mr. HAYDEN. Let me read from the hearings the statement of Mr. L. C. Martin, the assistant to the Assistant Secretary of the Treasury in charge of public buildings. First, however, I shall read this statement by Mr. Wetmore, the Acting Supervising Architect:

We are going pretty rapidly, putting a building in commission every few days, finishing a building, practically, and putting a new one under contract practically every working day, which means about 24 or 25 buildings a month.

Then Mr. Martin said:

In other words, of the 816 projects authorized, we have completed or have under contract right now, in whole or in part, about 430 of those projects.

We have on the drawing boards or on the market over 300 projects now. Those 300 projects we expect to place under contract this calendar year. Possibly a few straggliers may go into 1933; but most of our authorized program—that is, projects specifically authorized—will be under contract by the end of this calendar year.

Mr. Wetmore said:

We came down here with five installments—

That is, of authorizations—

that have been made, and the sixth installment is due about this time. The department is prepared to submit that sixth installment to such an extent as the Bureau of the Budget indicates that it can send down appropriation estimates for.

Up to the present time they not only have not given any figures, but they have indicated the possibility that no installment is to be sent down to this session of Congress.

Then I summarized the situation by asking this question, which was answered in the affirmative:

Well, if nothing is done, you will run out of work completely by the end of this year?

That answer was qualified by stating that there are some good-sized projects in large cities and in the District of Columbia that the Supervising Architect's office could be occupied with, but that elsewhere in the country there would be no public-building construction in 1933.

The Senator from Montana [Mr. WALSH] a few days ago introduced a resolution, which was adopted by the Senate, requesting the Federal Employment Stabilization Board to transmit to the Senate—

A list of construction projects, as contemplated in the act approved February 10, 1931—

That is the Wagner Act—

which in the judgment of said board might wisely be undertaken within the next ensuing period of six years, with information as to each such project as to the extent to which studies of the same have been prosecuted to determine their feasibility and cost and the result of such studies, indicating with respect to each project the time necessary to prepare necessary plans and specifications.

I am advised that a report responsive to the Walsh resolution will be made to the Senate in a few days; but, anticipating that report, I asked these various officials who appeared before the Senate Committee on Appropriations as to what road construction they were prepared to do immediately, and briefly it is this:

The Chief of the Bureau of Public Roads said that his bureau could efficiently and economically expend as much money as was paid out to the several States last year, within 10 per cent one way or the other. The Bureau of Public Roads expended $244,000,000 in 1931, and that would justify a figure of approximately $250,000,000 for which there are Federal-aid road projects in the United States ready to give immediate employment to labor.

The officials of the United States Forest Service estimated that for all purposes they could expend $25,000,000 instead of the $21,000,000 that was similarly used last year.

The National Park Service has a program that contemplates an expenditure of about $8,000,000 a year, which is practically what that bureau had last year.

The Bureau of Indian Affairs submitted a list of estimates from their superintendents throughout the United States aggregating $1,183,700 for road work on Indian reservations that could be immediately undertaken. This program does not include detailed estimates that have been made for a highway from Fort Defiance to Tuba City amounting to $347,000, and another from Crown Point to Chaco Canyon involving $138,250, or a total of $485,250 in excess of the total I have just stated.

I ask leave to include in the RECORD a tabulation of these estimates in round figures.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Without objection, that may be done.

The tabulation is as follows:

ESTIMATES FOR 1932 ROAD CONSTRUCTION

Bureau of Public Roads	$250,000,000
Forest Service	25,000,000
National Park Service	8,000,000
Bureau of Indian Affairs	1,000,000
	284,000,000

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. COPELAND. Did the Senator ascertain from the Roads Division of the Agricultural Department what percentage of the road dollar goes for labor?

Mr. HAYDEN. The Senator from New York was not present when I answered that question a few moments ago. The facts were furnished in great detail and I respectfully refer any Senator who is interested to the hearings before the Committee on Appropriations upon that point. Mr. MacDonald not only explained it verbally but he also placed in the record a table showing the breakdown of the road dollar, to the end that 90 per cent of it goes ultimately to labor.

Mr. COPELAND. I am glad to hear the Senator say that, because in talking with the commissioner of roads in New York the other day he told me that 90 cents of every road dollar goes for labor. I was very much impressed with that statement, and I am glad to have it confirmed by what the Senator has said.

Mr. HAYDEN. When the bill was under consideration by the Senate Committee on Appropriations it was further ascertained that there is now unappropriated out of the total Federal-aid authorizations the sum of $42,400,000. In cooperation with the Senator from South Carolina [Mr. BYRNES] I prepared an amendment to this deficiency bill authorizing that amount of money to be used in the same manner as was the emergency appropriation of $80,000,000

a year ago. The parliamentary question was raised—and properly so—that the amendment would change existing law, which would be contrary to the rules of the Senate, so far as an appropriation bill is concerned, and therefore the committee could not adopt it. The text of our proposed amendment was as follows:

There is hereby appropriated and made available for apportionment to the several States, under the provisions of the Federal highway act as amended, to meet the provisions of such acts as to State funds required on Federal-aid projects, the unappropriated balance of appropriations heretofore authorized for carrying out the provisions of said acts, such balance to be exclusive of the amount carried in the Department of Agriculture appropriation bill for the fiscal year ending June 30, 1933.

I am glad to report that a legislative committee of the Senate, the Committee on Post Offices and Post Roads, yesterday began a hearing upon a bill introduced by the Senator from Nevada [Mr. ODDIE], the chairman of the committee, to authorize appropriations for Federal aid for the next two fiscal years. There appeared before our committee the president and the secretary of the American Association of State Highway Officials. That hearing will be continued this afternoon. I have offered an amendment to the Oddie bill, S. 36, which I ask to have printed in the RECORD, that provides for emergency road construction during the calendar year 1932.

The PRESIDING OFFICER. Without objection, that order will be made.

The amendment is as follows:

At the end of the bill insert the following:

EMERGENCY CONSTRUCTION

SEC. 5. That the following sums are authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the purpose of providing emergency construction on public roads during the remainder of the calendar year 1932 with a view to increasing employment; namely—

NATIONAL PARK SERVICE

Roads and trails: For the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, $1,500,000.

BUREAU OF INDIAN AFFAIRS

Indian reservation roads: For construction and maintenance of roads and bridges within Indian reservations, $1,000,000.

FOREST SERVICE

National forest highways: For the construction and improvement of highways within the boundaries of national forests, $5,000,000.

Improvement of national forests: For the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified under this head in the agricultural appropriation act for the fiscal year 1932, $5,000,000.

ODDIE-COLTON ACT

Roads on unappropriated or unreserved public lands, nontaxable Indian lands, etc.: For the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of the act entitled "An act to amend the act entitled 'An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes,' approved July 11, 1916, as amended and supplemented, and for other purposes," approved June 24, 1930 (46 Stat. 805), $3,000,000.

BUREAU OF PUBLIC ROADS

Federal-aid highway system: For apportionment to the several States under the provisions of the Federal highway act, as amended, $120,000,000: *Provided*, That the provisions of such act as to State funds required on Federal-aid projects shall not apply to this appropriation, except that no part of this appropriation shall be paid to any State which shall change its laws during the year 1932 relative to the use of income of the State now exclusively devoted to the construction and maintenance of roads: *Provided further*, That the amounts advanced in consequence hereof shall be limited in each case to the sum actually paid out by a State under such advance for work performed before December 31, 1932, for the construction of Federal-aid projects: *Provided further*, That should any State fail to claim any part of its allotment hereunder the President may reapportion such unclaimed funds to States capable of using them prior to December 31, 1932.

Mr. HAYDEN. I have offered my amendment as a working sheet. We will develop by testimony before the Committee on Post Offices and Post Roads just how much money can be actually expended in an economical way on roads this year. If, in the wisdom of the committee, my amendment is added to the Federal aid authorization bill, the Senate will then have an opportunity to pass upon the question as to whether it shall be the policy of the American Government to discharge men who were employed on the roads last year and throw them back into the body of the unemployed, or whether it is desirable that the Government shall at least continue its road work on the same basis as was done last year. That issue will be clearly presented to the Senate. The hearings before the committee will show whether or not any such projects as may be included within the sums authorized are ready to be carried out. That is, are plans and specifications prepared? Has all the preliminary work been done? Can the States undertake this work immediately?

Mr. KING. Mr. President——

Mr. HAYDEN. I yield to the Senator from Utah.

Mr. KING. Does the Senator think that Congress ought to determine upon these projects without consultation with the States, and that Congress ought to project a policy that might be unacceptable to the States?

May I say that I am prompted to ask that question for the reason that I have received a number of communications from individuals within States, some of them speaking in part for State organizations or the States themselves or State municipalities, saying that the States have been burdened almost beyond their power of recuperation in road building, and that they are not inviting—I am speaking now of those who communicated with me—further appropriations by the Federal Government if they would require matching by the States. Of course, back of it is the plan to have the Federal Government undertake the construction of roads without contribution by the States.

Mr. HAYDEN. I can answer the Senator by saying that the Committee on Post Offices and Post Roads is doing just what he suggests. We are having before the committee—we had them yesterday and will have them again to-day—representatives of an organization which consists of officials representing the highway departments of every State in the Union. The Senator's proposition will be taken up with them very carefully.

As to the question of whether or not money advanced by Congress shall be matched by the States in the ordinary way, let me say to the Senator that last year, in 1931, Congress adopted the view that we should appropriate, and we did appropriate, $80,000,000 out of the Federal Treasury which was used to match other Federal-aid appropriations, so that the States had the benefit of a large amount of road work without having to levy any further burden upon their taxpayers. The plan contemplated a reimbursement in five years; and, as a matter of fact, if Congress appropriates $125,000,000, the normal sum for the next fiscal year, the actual amount of money that will be available for matching will be only a little over $105,000,000, because one-fifth of the emergency appropriation of $80,000,000 will be deducted to carry out the purpose of existing legislation.

Frankness compels me to say that there is a very serious question as to whether the Federal Congress should impose any additional burden upon the States. I can assure the Senator that that question will be gone into very carefully by the Senate Committee on Post Offices and Post Roads before any legislation is recommended for passage. We will make diligent inquiry to determine what is the proper procedure, recognizing always that there is an insistent and a legitimate demand throughout the United States that some program of public works be carried on to provide work for the unemployed.

What those of us who have considered this matter in these committees have had in mind involves no extravagant and unsound expenditures. We are simply trying to find out what road work is now ready and can be undertaken in the usual, normal way, and to determine whether or not Congress should continue to carry on that kind of public work at the same rate as was done last year.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Tennessee?

Mr. HAYDEN. I yield.

Mr. McKELLAR. I want to ask my friend from Arizona where we are going to get the money to carry on these projects. We have this awful deficit staring us in the face, and we have already authorized billions of dollars of appropriations. Where in the world are we going to get the money to invest other scores of millions or hundreds of millions more in roads?

I want to say to the Senator that there is nobody in the world who is a greater advocate of good roads than I am. I have been an advocate of Federal aid in road building since I have been in Congress. The first speech I made in the House, I think, was made on that subject, and I was ridiculed at the time for having made the speech. I have always been a friend of public roads. But at the present time, with a tremendous deficit staring us in the face, I do not see how it is possible for us, as trustees of the people, to invest, or attempt to invest—I do not know whether we could sell our bonds for enough to invest—in further appropriations for this very worthy purpose.

Mr. HAYDEN. Mr. President, I am glad the Senator from Tennessee asked me the question he has propounded. I began my remarks by stating that we must have a balanced Budget, and nothing I have said in the course of my remarks should be interpreted as intimating that I propose to go outside of a properly balanced Budget to carry on Federal road construction. But I do insist that the amount of money necessary in order to carry on Federal aid in the United States in the same manner in which it was done during the year 1931 is not so great a sum that it can not be properly estimated for in a balanced Budget. In carrying out the program of balancing the Federal Budget at this session of Congress I respectfully say that, so far as the sum that I have mentioned is concerned, $125,000,000 can be considered and included in a perfectly balanced Budget. That sum will allow the Federal Government to go on and do in this calendar year as much road construction as was done in the year 1931.

Mr. McKELLAR. Mr. President, will the Senator yield further?

Mr. HAYDEN. I yield.

Mr. McKELLAR. The Senator was before the Post Offices and Post Roads Committee yesterday, and I looked over some of the figures as to road building during 1931, and desire to say that I do not believe I ever have known of such extravagance in road building, I mean in the cost of the roads actually built in this country. In other words, I think it cost more per mile to build roads in 1931, judging from the figures which were submitted to us yesterday, than it has ever cost in the history of this country.

Mr. HAYDEN. I had occasion to examine the same figures, and I intend to look into them further. I think the Senator from Tennessee has misinterpreted them, because we have the statement of the Director of the Bureau of Public Roads, based upon an examination of contracts made throughout the entire United States, that actual costs of construction in the year 1931 averaged about 25 per cent less than for the period from 1925 to 1929. That is a fact which can be thoroughly developed before the hearing is over.

Mr. McKELLAR. I examined the figures of one State—I will not say of what particular State— and I found that about one-fifth of the roads constructed in that State were concrete, about three-fifths were macadam, a small proportion were dirt roads, and a very small proportion roads of other kinds. The average cost of those several kinds of roads, the greater part of them macadam, was a little above $25,000 per mile, and that is entirely too much for even a concrete road at this time.

Mr. HAYDEN. I believe that the Senator will find on reexamining the figures, first, that the sum given probably included bridges.

Mr. McKELLAR. No.

Mr. HAYDEN. Second, that it included maintenance on all the other roads in the State, which makes a very great difference.

Mr. McKELLAR. It did not include the bridges; but, even assuming that it included maintenance, $25,000 a mile for 75 miles of dirt road, 95 miles of concrete road, and 300 miles of macadam road is an enormous sum to have spent for roads in the last year.

Mr. HAYDEN. I am sure that the Senator will find that the amount of money was not devoted exclusively to the particular number of miles of road set out in the table, but it also included maintenance of State highways elsewhere.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Utah?

Mr. HAYDEN. I yield.

Mr. KING. I call the Senator's attention to a fact which doubtless he has considered. I am sure he has heard already of some suggestion that the Federal Government forgive the States the amount which the Federal Government has advanced to them and which it will be paid over a series of years.

Mr. HAYDEN. Let me interrupt the Senator right there. I have heard no such suggestion. It was clearly stated yesterday by the president of the American Association of State Highway Officials, a most responsible organization, that it was thoroughly understood that if the normal appropriation of $125,000,000 should be continued for the next two fiscal years, that being the same amount that was allowed for this and the previous fiscal year, it would actually mean that there will be available only a little over $105,000,000. Everyone understands that one-fifth of the amount of money especially appropriated in December, 1930, will be deducted from that amount, and the States propose to keep the bargain. They spoke in a most responsible manner, as officials of the several States who handle the highway work of the entire country.

Mr. KING. May I say to the Senator that I shall regard it as a very unfortunate thing if we establish a policy that the Federal Government make loans to States and municipalities. I felt constrained to vote against the amendment offered by my friend, the senior Senator from New York [Mr. COPELAND], yesterday, though he pleaded with great zeal and with great earnestness. I feel that it is a very dangerous thing for the Federal Government to establish a sort of paternalistic attitude toward the States and say to them, "When you get into distress we are going to loan money to you." We have to take it out of the States by the strong arm of taxation. It costs from 10 to 15 per cent to take it out of the pockets of the people and transfer it to the Federal Government, then transfer it back again, through the expensive and inefficient administration of Federal bureaus.

I suggest to the Senator that if his committee is considering that matter, it would be most unwise, if I may be pardoned for making the suggestion, to contemplate that the Federal Government shall make loans to the States for road purposes, or for any purpose.

Mr. HAYDEN. I feel inclined to agree with the Senator. I think there is one of two things to be done: First, continue under the system now authorized by law and make the necessary authorizations as justified by proper hearings. Second, if it is found that the States can not match Federal aid in this present emergency and depression, we should frankly recognize the fact, as was done in 1931, and make a direct appropriation for that purpose. Let us meet the issue fairly and squarely and act accordingly.

Mr. McKELLAR. Mr. President, will the Senator yield again?

Mr. HAYDEN. I yield.

Mr. McKELLAR. The Senator will recall that the system of Federal aid in the construction of roads was first entered upon in 1916, under the leadership of Senator Bankhead, of Alabama, the father of the present Senator BANKHEAD. I think the first appropriation was $75,000,000, to be matched by the States; that is, a State's quota was to be matched by each State.

For 10 or 12 years we followed that appropriation with marvelous results; indeed, I think we got better results with the expenditure of the $75,000,000 than we have received in the last year or two with the increased amount. So far as I can see the situation, I think we ought to pay back that which we agreed to pay back last year. We made the appropriation on the part of the Government in order to let the work go on in the States on the theory of helping people to get employment. We agreed to pay that back in five years, and the Budget has come in this year with a recommended appropriation of $105,000,000, instead of $125,000,000, the amount appropriated the year before, and even so, it is some $30,000,000 more than we have been appropriating through all these years.

I am of the opinion that probably the best course would be to fall back on the $75,000,000 a year, under which amount we made such great strides in this country, and under which we have secured such marvelous roads in this country.

Mr. HAYDEN. I am sorry I can not agree with the Senator's proposal which means that Congress shall slow down the great progress we have made in road construction throughout the country.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. HAYDEN. I yield.

Mr. COPELAND. When I first came into the Senate, eight or nine years ago, I was in bitter opposition to these Federal appropriations for roads. I have no pretense of knowledge of law, but a layman can read the proceedings of the Constitutional Convention and see that the fathers had never intended that the roads provided for should be anything more than post roads to facilitate the carrying of the mails, in pioneer times. When Franklin proposed that added to that should be the building of canals, he was immediately squelched by the convention, on the theory that a canal was a local improvement. So it was my feeling that the building of roads within the States through Federal aid was an invasion of the Constitution. But the Congress has by overwhelming vote taken a different view of the matter and has continued to appropriate money for this purpose in spite of my own opposition.

Now, there is an extraordinary condition with which we have to deal. The old-time views have to be thrown into the discard. How are we going to face this great problem of unemployment? How are we going to put people to work? Just as surely as that we are born, men will not starve or permit their families to starve. I do not need to argue that proposition. Some way or other the people without work and without legitimate means of getting food are going to get the food.

If it is true that 90 cents of every dollar appropriated goes for labor, directly or indirectly, how can we better the unemployment conditions in America, how can we find a better way of improving conditions, than by the building of roads? As I understand it, this matter has been thoroughly studied by the department involved. In this crisis, how can we more directly help labor than by making these appropriations? If there is any other way of doing it, I would be glad to know what it is, but certainly some means must be found of setting people to work in America. They must have a living. They can get no luxuries, but at least they must have the necessities.

Mr. HAYDEN. Mr. President, if the Senator from New York will permit, I want to point out that the plan I am advocating contemplates merely that road employment stimulated by the Federal Government shall continue this year at approximately the same rate as last year. It involves no vast expansion in the amount of road work to be done in the country as a whole.

A very interesting map was exhibited to the Senate Committee on Appropriations by the chief of the Bureau of Public Roads, which showed that practically in half of the 3,000 counties of the United States advantage had been taken of the emergency appropriation made by the Congress in December, 1930, thus demonstrating how widely the employment was diffused.

Mr. President, in conclusion let me say that in my opinion it is wholly consistent with a balanced budget to provide $125,000,000 as the Federal share of emergency road construction during the calendar year 1932. This is no fantastic scheme which contemplates large authorizations running perhaps into billions of dollars for which no plans have been prepared and for which no accurate estimates are available. Let us stand on solid ground and appropriate no money except where responsible Federal officials can give positive assurance that they are ready to put men to work immediately.

No American taxpayer can seriously object to an increase in the Federal revenues equivalent to a dollar from each inhabitant of the country to give employment to labor at a time when materials and supplies are costing a quarter less than normal. Every taxpayer can know that this money will be spent for improved roads, which will serve the whole Nation for many years to come.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Massachusetts?

Mr. HAYDEN. Certainly.

Mr. WALSH of Massachusetts. May I invite the attention of the Senator to another appropriation in the pending appropriation bill which several correspondents have called to my attention? The only letters that I have received protesting against any item in the bill have been in connection with the appropriation providing for payments to the next of kin of deceased Senators and Representatives. Some of the letters have been very strong in opposition and have come from a class of people who never before made protests of this character.

The amount of money appropriated for that purpose in the bill now before us is $130,000, $10,000 to the estate of each deceased Member. Not only is that sum of money appropriated for the widows and other kin of deceased Members of the House and Senate but the custom also prevails in this body and in the other body of paying the funeral expenses in such cases. The sums appropriated for this purpose run into large amounts in particular cases. I can well understand the fact that this custom has grown up and will be very difficult to stop. It is embarrassing to discuss it, but the public are discussing it and we should do so. I do not ask that it be stricken from this bill, but I do think that if we seriously propose to reduce appropriations of the Federal Government, we ought now to declare a policy, or at least the Committee on Appropriations should, that in the future we will make no more such appropriations, or at least reduce the amount from $10,000 in each case to half the amount.

It seems to me that there is no more justification for paying the kin of a deceased Member of Congress money and funeral expenses because of his death while in the service of his country than for paying like expenses to the humblest laborer, the poorest woman who scrubs the floors in the Capitol. There is no justification for a policy that singles out the Members of Congress to be given this bonus or gift when other people in the employment of the Government are not entitled to it, or at least do not receive it.

I speak of this matter now because I observe from the letters to which I have referred a trend of unfavorable public sentiment that will increase more and more unless we take some steps to economize in this direction as well as reduce other governmental expenses. We ought to consider a change in this practice, especially during this period of depression, when the clamor for reducing expenses is loud and increasing in force and volume.

May I suggest to the Senator from Arizona that his committee make an announcement that in the future these payments will not be made and that we intend to abandon these payments? If we can not cut these items out entirely, at least we can reduce the sums appropriated. The payment of the balance of the year's salary of a deceased Senator or Representative ought to be ample.

Mr. HAYDEN. Does the Senator happen to know how long that ancient custom of paying gratuities to relatives of

deceased Members has been in effect? Has he pursued his investigations to an extent that he can tell the Senate when it was first inaugurated?

Mr. WALSH of Massachusetts. No; I do not know that. I assume for several years. I know that I was shocked by some figures that were presented for the payment of funeral expenses of Members of this body and which I seriously hesitated to approve. Let us set an example of economy and begin reducing our own Senate appropriations. I suggest that we take a step now through the Committee on Appropriations, so the country may know that in the future these payments will not be made, or at least that we will reduce them.

Mr. HAYDEN. Let me state that funeral expenses are paid out of the contingent fund of the Senate. The Senate Committee on Appropriations merely suggests the appropriation of a lump sum which goes into the general contingent fund. It would seem entirely proper for the Senator from Massachusetts to present that matter to the Committee to Audit and Control the Contingent Expenses of the Senate. I can say to the Senator, from conversations I have had with members of that committee, that I know they are carefully scrutinizing every dollar of expenditures requested from that fund. The membership of the Committee to Audit and Control at the present time has been and is being more than careful about items presented to them for approval in these days when the Treasury is so short of money.

Mr. WALSH of Massachusetts. I would like the Senator's comment and suggestion upon my proposal that the Appropriations Committee now begin to end this custom and practice.

Mr. HAYDEN. Let me suggest the nature of the embarrassment the Senator from Massachusetts is proposing to place upon the Senate and its Committee on Appropriations. Always, because of its larger membership, more gratuities of this kind are paid to the widows and relatives of Members of the House of Representatives than of the Senate. If the Senator will examine the pending deficiency bill he will find that there are 2 instances in the Senate and 11 from the House making up the total of the amount to which he has referred. If any such reform is to be effective it will have to start in the place where most of the money is expended, and that would be in the House of Representatives. The Senator understands the relationship between the two bodies of Congress.

Mr. WALSH of Massachusetts. Certainly.

Mr. HAYDEN. I respectfully suggest to the Senator that the State of Massachusetts has a large and influential delegation in the House of Representatives. If the Senator will take up this question with the Congressmen from his State, many of whom occupy key positions in that body, he can then ascertain whether the reform which he so ably advocates can not be initiated where the largest expenditures necessarily arise. I am certain the Senate will cheerfully follow any example or precedent that the House may establish in the matter; but after the House of Representatives has passed a bill making such appropriations to relatives of deceased Members of the House, to ask the Senate to strike the particular items from the bill and raise that kind of a personal question with another body would be most embarrassing indeed.

Mr. WALSH of Massachusetts. Does the Senator know of any State legislature which appropriates money to pay such sums as these to the families of deceased members of the legislature?

Mr. HAYDEN. I am not at all familiar with the customs of State legislatures.

Mr. WALSH of Massachusetts. Let me say another word in conclusion, with the Senator's permission. I look to see developed in this country two opposing camps if present depressed conditions continue. On the one hand will be the well-paid and secured municipal, State, and Federal employees; on the other hand the unsecured, underpaid working men and women of the country. There is likely to develop a clash of interest between the men and the women who are unable to get work or to get only two or three days of work a week and are underpaid, and Government employees. It is already apparent that there is a growing disposition to antagonize the secured, highly paid Government official. We must, in my judgment, be prepared to meet that situation and therefore should be very careful about our immediate and personal expenditures.

Mr. McKELLAR. Mr. President, may I call attention to the fact that last year we increased our appropriation for good roads considerably over 100 per cent; indeed, if I recollect right, it was about 200 per cent; whereas, according to the reports we received yesterday, 16 of the States built far less roads than they have built before. The really hard-surfaced roads were hardly increased at all, although our Federal appropriations for roads were increased nearly 300 per cent. I have very great doubt whether an increase in appropriations for roads will furnish more work for those who build roads.

Mr. COPELAND obtained the floor.

Mr. BLACK. Mr. President, will the Senator from New York yield to me to make a brief comment on the statement of the Senator from Arizona?

Mr. COPELAND. I am glad to yield to the Senator from Alabama for that purpose.

Mr. BLACK. Contrary to the general idea, the contribution of the Federal Government to the public-highway system is very small. It was less than 4 per cent last year. Of all the money spent on highways throughout the country the Federal Government contributed less than 4 per cent.

I desire to invite the attention of the Senator from Arizona [Mr. HAYDEN], as a member of the Committee on Appropriations, not with reference to the failure to repay but to a consideration of what should be the appropriate amount or proportionate amount paid by the Federal Government for the building of a highway system throughout the country. I deny that the Federal Government is contributing its pro rata share to the completion of a highway system for the Nation. It has the capacity to tap sources of wealth which the States can not touch. For that reason it should contribute more for the building of public roads throughout the country, considering that 85 cents out of every dollar goes to labor. By placing the tax where it should be placed, on those who have accumulated large wealth by exploiting the people in every section of the country, the Federal Government ought to be called upon to contribute more in proportion to the highway system than it has in the past.

Mr. COPELAND. Mr. President, I wish to say that I think the suggestion of the Senator from Arizona [Mr. HAYDEN] is a very modest one. As I understand it, he is asking not that we increase the appropriation this year for road building but maintain it at the old figure. Am I correct?

Mr. HAYDEN. Mr. President, the Senator has stated my position substantially correct.

Mr. COPELAND. Why should we not do that, Mr. President? If it is true that 85 or 90 cents out of every dollar will go to the employment of labor, how can we aid labor more than by the building of roads?

I am not in harmony with the views just expressed by the Senator from Alabama [Mr. BLACK]. There are some people living in the rich States who have accumulated their funds from activities wholly within the borders of their own State. Not all of the wealth of my State comes from Alabama or elsewhere, but I am sure that the taxpayers in my State in this emergency are willing to contribute the large sum which they must contribute to carry on this particular activity. Of all the things that are presented here for the consideration of the Congress which involve the expenditure of money I can think of no one thing which does more for the country, which does more for the States, which does more for the counties and for the people of our great country than the building of fine roads.

I share with the Senator from Arizona [Mr. HAYDEN] the hope that the Congress may take that view. I am sure the Senator is sorry, in view of my favorable attitude toward his

proposition, that he swept me from the floor in the unceremonious manner in which he did, but, of course, I forgive him for that.

Mr. HARRIS. Mr. President, I was very glad to hear the generous statement of the Senator from New York [Mr. COPELAND] in regard to an appropriation for good roads in the Western and Southern States. I am in sympathy with the efforts of the Senator from Arizona [Mr. HAYDEN] in regard to additional appropriations for good roads, and without requiring the States to match the amount. I so stated to the committee when the measure was before us and shall continue cooperating with him.

Last summer and fall when going over the State I insisted that if there was suffering in the United States on account of unemployment, although I favored strict economy, I would vote for large appropriations for good roads to give our people employment and to keep people from suffering for food or clothes. If we are to do that, as I said then to those people with whom I talked, there is nothing that would help the residents of my State more than appropriations, such as the $80,000,000 we appropriated last year for good roads without requiring the States to match the amount.

This would give employment to thousands in my State. I was very much pleased recently to receive a letter from Governor Russell, of my State, urging Congress to enact legislation exactly along the line of my addresses I previously made in Georgia in the summer and fall. Governor Russell recently also wrote the other members of the Georgia delegation in Congress. Appropriations made for good roads mean permanent improvements and can be built now at less expense than in the past. I hope to see the time when we shall have good roads from the farmer's home to his church, school, market, and county seat. Giving employment to people now would help do away with this depression.

There is one item in this appropriation bill that is exceedingly important to the farmers of the South as well as to all our people, who prosper only when the farmers get good prices for their cotton and other products. The item I refer to is the appropriation for the Federal Trade Commission which is being used to investigate the Cottonseed Trust in the South, which has caused the cotton farmers to lose many million dollars the past season. This combination has controlled and depressed the price of cottonseed oil all over the South. I believe this investigation shows there is a combination, and I hope something good may be accomplished to help the cotton farmers and prevent this combination.

RURAL SANITATION

Mr. ROBINSON of Arkansas. Mr. President, facts have come to my attention which establish the necessity for an emergency authorization of funds for rural sanitation. It will be recalled that last year, when the subject was under consideration, there was a reduction made, with the statement, apparently acquiesced in, that if the circumstances indicated imperative necessity additional funds would be supplied. A bill looking to that end and making the necessary provision has been introduced in the Senate and referred to the Committee on Agriculture and Forestry. It is my understanding that that committee has had the bill under consideration, but has not as yet reported upon it. I inquire of the Senator from Oregon if that is correct information?

Mr. McNARY. Mr. President, the bill to which the Senator from Arkansas [Mr. ROBINSON] makes reference was referred to the Committee on Agriculture and Forestry; and hearings, rather extensive in character, have been held thereon. I have called the committee to meet to-morrow morning in executive session to consider the bill, at which time, I think, some action will be taken by the committee.

Mr. ROBINSON of Arkansas. In that state of the matter I shall take no action with respect to the pending bill, anticipating that the committee probably will make a report recommending the authorization of such additional funds as may be required.

RECONSTRUCTION FINANCE CORPORATION

Mr. GEORGE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the Evening Sun of Baltimore, Md., under date of January 15, a copy of which has been received, I dare say, by other Senators. The editorial is entitled "Unlocking the Stable Door." With reference to this matter, Mr. President, I desire to make this very brief statement.

Within the hour the conferees on the Reconstruction Finance Corporation bill will be meeting to consider the measures passed by the respective Houses of Congress. It may very well be that the Finance Corporation to be established will enable some of the banking institutions of this country to put themselves in a liquid condition, and in their liquidity they may sit down and wait for business to recover as best it may. If that shall happen, the Reconstruction Finance Corporation is simply a proposal for a vast expenditure of public money for the benefit of those institutions in this country which are very largely responsible for present conditions.

The investigation being carried on before the Finance Committee, under the resolution of the Senator from California [Mr. JOHNSON], unquestionably discloses the reason for the vast and wild speculation that has gone on in the United States during the postwar period, not only with respect to foreign securities but with respect to domestic securities, both stocks and bonds. At bottom that period of speculation has been mainly induced because certain of the large banks in the United States have converted themselves into ordinary brokerage houses.

Mr. President, if the statement which I am asking to have inserted in the RECORD correctly portrays the fact, to wit, that since 1923 only one bank in Canada has failed, against a total of failures of banks in the United States of 7,805, the American system stands under the most severe indictment. We are, of course, all familiar with the fact that in Canada the continental system of branch banking has been developed, but nevertheless if these figures be correct the indictment against the American system is, indeed, severe.

The VICE PRESIDENT. Is there objection to the insertion in the RECORD of the editorial referred to by the Senator from Georgia?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore (Md.) Evening Sun, January 15, 1932]

ON LOCKING THE STABLE DOOR

The announced purpose of the Reconstruction Finance Corporation (this is the $2,000,000,000 one) is largely to thaw the frozen assets of banks that are in trouble.

The whole purpose of the depositors' relief corporation (this is the $750,000,000 one) is to assist depositors in banks that have failed.

All the administration's efforts are being directed toward salvaging what may be salvaged from the wreckage of exploded banks. That this is important work no one will deny; but it is not the only work that should be done in connection with the banking situation. How about giving a little consideration to the banks before they bust?

That there is no inherent reason why banks should suspend is attested by a glance at the record of our nearest neighbor. The depression has extended into Canada. Industrially and commercially Canada is as bad off as we are; but examine the following table showing the number of bank failures in the United States and Canada for the last nine years:

Year	Failures in United States	Failures in Canada
1923	274	1
1924	915	0
1925	842	0
1926	573	0
1927	831	0
1928	484	0
1929	551	0
1930	1,345	0
1931	2,290	0
Total	7,805	1

Saving the remnants after a bank failure is important, but isn't it just as important for us to try to do something to keep our banks unbusted as well, as Canada keeps hers?

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 7360) to provide emergency financing facilities for financial institutions to aid in financing agriculture, commerce, and industry, and for other purposes; agreed to the conference asked by Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. BRAND of Georgia, Mr. STEVENSON, Mr. MCFADDEN, and Mr. STRONG of Kansas were appointed managers on the part of the House at the conference.

CANADIAN SYSTEM OF LIQUOR CONTROL—STATEMENT BY JUDGE S. A. CLOCK

Mr. BROOKHART. Mr. President, I have an article from the Fort Dodge Messenger, of Fort Dodge, Iowa, containing a statement by Judge Sherwood A. Clock, judge of the United States District Court in Iowa, who has made a study of the workings of the Canadian liquor system and has found it to be a failure in almost every particular. I ask that the article may be inserted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Fort Dodge Messenger]

CANADIAN SYSTEM OF LIQUOR CONTROL HAS FAILED, SAYS CLOCK—SAYS IT WOULD FALL SHORT IN THIS COUNTRY, ALSO—HE AND JUDGE KENYON ARE SPEAKERS AT PRESBYTERIAN MEN'S CLUB WEDNESDAY

The Canadian system of liquor control has failed to solve the prohibition problem in the Dominion, and would prove a similar failure in the United States, District Judge Sherwood A. Clock declared in a talk at the monthly men's dinner of the First Presbyterian Church Wednesday night.

Judge Clock also decried the efforts of the recently organized Iowa Division of the Association Against the Prohibition Amendment to bring about repeal of the eighteenth amendment, and said the association should be "more concerned with the future welfare of Iowa's boys and girls than with the personal habits of the people."

Judge William S. Kenyon, of the United States Circuit Court of Appeals, was a guest at the dinner and spoke briefly. The program also included a solo by Mrs. Harry Nelson, accompanied by Florence Wright, pianist. The dinner was served by division D of the church social society.

SHOWS CRIME INCREASE

Judge Clock, in his discussion of the Canadian liquor-control system, offered figures to prove his contention that drinking, and with it crime, had increased under the Dominion method of supervising liquor sales.

Taking Ontario as an example, Judge Clock declared that the Province, during the first two years of Government control, "swallowed as much liquor as the total value of her gold, silver, zinc, lead, and nickel mined in 1928."

"Toronto under liquor control has more bootleggers than any city of its size in the United States," Judge Clock said. "Throughout the Province crimes against the person have nearly doubled since the liquor control act was passed, and the same increase is noted in crimes against property.

"In British Columbia there has been a 400 per cent increase in drunkenness and crime. The Vancouver Sun made the statement that 'Vancouver is the bootleggers' heaven. The open operation of bootlegging joints is a disgrace to Vancouver.'

BOOTLEGGING GAINS

"In Manitoba, under the strictest of government supervision, bootlegging has steadily increased. Alberta, with government control of the sale of all alcoholic beverages, has the same story of increased crime and drunkenness. In Saskatchewan bootlegging is much greater under government control than under prohibition, and every kind of criminal offense has shown a remarkable increase. Both Nova Scotia and New Brunswick are suffering as the result of government liquor control. Millions of their dollars are going into wasteful rather than useful channels."

Canadians themselves are "sick and tired" of the various government sale systems, Judge Clock said:

"Many of the large newspapers, formerly in favor of the government-control system, are turning about face and are supporting the cause of those opposed to government control," Judge Clock declared.

A "TREACHEROUS" SYSTEM

"These people have lived for several years under this treacherous system and know full well the pernicious results. The fact is that the provincial governments do not control the sale of liquor, which in reality is in the hands of the brewers and distillers. The boasted control of liquor proved from the start to be a complete farce.

"Throughout the whole Dominion the bootlegger is more in evidence than ever. One of the loudest assertions of the 'moderationists' in the 1920 campaign was that with the advent of government control, bootlegging would automatically cease. The fact is that bootlegging never flourished as it has under the present system.

"Right here in Iowa the same statement is now being made—that bootlegging will at once cease if we do away with prohibition and substitute some sort of control system.

"We would be well advised to reconsider the statements of the enemies of prohibition regarding the excellence of the Canadian liquor-control system.

WHAT COUNTRY NEEDS

"What the United States needs is not Government control of liquor or the sale of light wines and beer but a determination on the part of the people to obey the law of the land, putting the welfare of the country before the gratification of personal appetites. There should be a determination on the part of the authorities to enforce the law without fear or favor throughout the whole land.

"Yet, what has happened in Iowa during the last few months?

"An organization known as the Iowa Division of the Association Against the Prohibition Amendment has been formed, with Mr. Maytag, of Newton, as chairman.

"Mr. Maytag made the statement that 'in a matter so closely connected with the personal habits and lives of the people, a law uniformly applying to all States regardless of the traditions of their citizens can not be enforced and should be repealed. If the eighteenth amendment is repealed, the control of alcoholic beverages can be determined by each State in a manner which meets with the approval of its citizens and a major portion of the intolerable conditions now prevailing can be corrected.'

EMPHASIZES PERSONAL HABITS

"Mr. Maytag," Judge Clock continued, "emphasizes the personal habits of the people. Instead of the personal habits and appetites of the people, he should be more concerned with the best interests of the boys and girls and the future welfare of the great State of Iowa. Has Mr. Maytag made a thorough investigation of prohibition? Has he made a thorough investigation of any liquor-control system? Is Mr. Maytag's opinion worthy of consideration compared with the thorough investigation of the Wickersham Commission?

"I would call Mr. Maytag's attention to the statement of Ernest Thomas, secretary of the board of social service for the Dominion of Canada, in reference to the Canadian liquor-control system.

"Mr. Thomas said: 'Enforcement of the law was easiest during the period of drastic dry laws. With the coming and development of Government sale, the defiance of liquor laws has almost doubled. Young people are drinking more, having the liquor right in the home. The liquor problem is not solved. Canada has nothing constructive to offer the world except the value of her discovery that government control has not achieved what was expected.'"

DEFICIENCY APPROPRIATIONS

The Senate resumed consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

Mr. JONES. Mr. President, I understand all the amendments on page 34 have been agreed to. Is that correct?

The VICE PRESIDENT. The Chair understands there is one amendment pending on that page, which the Secretary will state.

The LEGISLATIVE CLERK. On page 34, at the beginning of line 16, it is proposed to strike out "$540,494.55" and insert "$537,335.62."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. JONES. Mr. President, the remaining amendments, beginning on page 35, merely cover audited claims and changes in section numbers. I ask unanimous consent that they may be agreed to en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the amendments are agreed to en bloc.

The amendments agreed to en bloc are as follows:

On page 45, after line 17, to insert the following new section:

"AUDITED CLAIMS

"SEC. 5. That for the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874, as amended (U. S. C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1929 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266), as fully set forth in Senate Document No. 42, Seventy-second Congress, there is appropriated as follows:

"INDEPENDENT OFFICES

"For Interstate Commerce Commission, $3.60.
"For military and naval compensation, Veterans' Bureau, $706.50.
"For medical and hospital services, Veterans' Bureau, $7,287.80.
"For salaries and expenses, Veterans' Bureau, $5.
"For vocational rehabilitation, Veterans' Bureau, $1.25.
"For Army pensions, $24.60.
"For investigation of pension cases, Pension Office, $1.25.

"DEPARTMENT OF AGRICULTURE

"For salaries, Department of Agriculture, $7.04.
"For increase of compensation, Department of Agriculture, $1.33.
"For salaries and expenses, Bureau of Plant Industry, $1.50.
"For salaries and expenses, Bureau of Entomology, $62.75.
"For salaries and expenses, Bureau of Biological Survey, 60 cents.

"DEPARTMENT OF COMMERCE

"For air navigation facilities, $824.64.

"DEPARTMENT OF THE INTERIOR

"For Geological Survey, $18.86.
"For medical relief in Alaska, $26.75.
"For conservation of health among Indians, $6.33.
"For Indian schools, support, $131.54.
"For Indian boarding schools, $10.99.

"DEPARTMENT OF JUSTICE

"For detection and prosecution of crimes, $8.60.
"For salaries, fees, and expenses of marshals, United States courts, $911.18.
"For salaries and expenses of district attorneys, United States courts, $18.10.
"For fees of commissioners, United States courts, $577.60.
"For fees of jurors, United States courts, $33.70.
"For fees of witnesses, United States courts, $18.70.
"For miscellaneous expenses, United States courts, $356.62.
"For support of United States prisoners, $632.

"DEPARTMENT OF LABOR

"For salaries, Bureau of Naturalization, $1.

"NAVY DEPARTMENT

"For transportation, Bureau of Navigation, $24.15.
"For organizing the Naval Reserve, $36.40.
"For instruments and supplies, Bureau of Navigation, $202.30.
"For pay, subsistence, and transportation, Navy, $1,443.14.
"For pay of the Navy, $591.38.
"For maintenance, Bureau of Supplies and Accounts, $71.59.
"For fuel and transportation, Bureau of Supplies and Accounts, $30.
"For maintenance, Bureau of Yards and Docks, $149.40.
"For pay, Marine Corps, $164.70.

"POST OFFICE DEPARTMENT—POSTAL SERVICE

"(Out of the postal revenues)

"For balances due foreign countries, $4,314.69.
"For city delivery carriers, $79.75.
"For clerks, first and second class post offices, $215.79.
"For indemnities, domestic mail, $106.81.
"For indemnities, international mail, $63.66.
"For rent, light, and fuel, $3,151.59.
"For special-delivery fees, $6.65.
"For vehicle service, $56.84.

"TREASURY DEPARTMENT

"For collecting the revenue from customs, $32.55.
"For payment of judgments against collectors of customs, $1,234.68.
"For Coast Guard, $668.48.
"For pay and allowances, Coast Guard, $351.80.
"For collecting the internal revenue, $30.54.
"For refunding internal-revenue collections, $2.50.
"For enforcement of narcotic and national prohibition acts, internal revenue, $93.25.
"For pay of personnel and maintenance of hospitals, Public Health Service, $33.

"WAR DEPARTMENT

"For registration and selection for military service, $320.90.
"For pay, etc., of the Army, $15,671.10.
"For pay of the Army, $5,010.83.
"For pay, etc., of the Army, war with Spain, $115.98.
"For arrears of pay, bounty, etc., $2.81.
"For apprehension of deserters, etc., $8.05.
"For increase of compensation, War Department, $493.80.
"For increase of compensation, Military Establishment, $2,418.66.
"For Army transportation, $396.52.
"For general appropriations, Quartermaster Corps, $535.80.
"For subsistence of the Army, $96.10.
"For supplies, services, and transportation, Quartermaster Corps, $58.89.
"For armament of fortifications, $14.26.
"For Field Artillery armament, $4.58.
"For seacoast defenses, Ordnance, $78.41.
"For seacoast defenses, Panama Canal, Ordnance, $16.50.
"For seacoast defenses, insular possessions, Engineers, $122.
"For Air Service, Army, $92.89.
"For arming, equipping, and training the National Guard, $10.04.
"For Organized Reserves, $93.95.
"For pay of the National Guard for armory drills, $12.
"For Reserve Officers' Training Corps, $135.30.
"For headstones for graves of soldiers, $2.37.
"Total, audited claims, section 5, $50,547.21, together with such additional sum due to increases in rates of exchange as may be necessary to pay claims in the foreign currency as specified in certain of the settlements of the General Accounting Office."

On page 51, line 1, after the word "Sec.," to strike out the figure "5" and insert "6."

On page 51, line 24, after the word "Sec.," to strike out "5" and insert "6," so as to read:

"Total under section 6, $3,204.52."

The reading of the bill was concluded.

The VICE PRESIDENT. The bill is before the Senate and open to amendment.

Mr. SMOOT. Mr. President——

Mr. JONES. I have a couple of committee amendments, but, as the Senator from Utah [Mr. SMOOT] desires to leave, I will yield to him.

Mr. SMOOT. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 17, after the word "That," it is proposed to insert the words "except in the case of the Joint Committee on Internal Revenue Taxation."

The VICE PRESIDENT. That is an amendment to a committee amendment which has heretofore been agreed to.

Mr. SMOOT. I ask unanimous consent that the vote by which the committee amendment at that place was agreed to may be reconsidered in order that my amendment may be acted upon.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the action of the Senate adopting the amendment of the committee is reconsidered. The question is on the amendment of the Senator from Utah to the amendment reported by the committee.

Mr. COPELAND. Mr. President, I should like to know the purpose of the amendment.

Mr. SMOOT. Mr. President, five officials of the Joint Committee on Internal Revenue Taxation receive more salary than provided by this amendment, namely, $3,600. Those five men are the secretary, B. C. Brown; the chief of staff, L. H. Parker; the assistant chief of staff, G. D. Chesteen; the counsel, C. F. Stamm; and the technical assistant, L. L. Stratton.

Mr. COPELAND. I have no objection to the amendment to the amendment.

Mr. FLETCHER. What salary do those receive that the Senator has mentioned?

Mr. SMOOT. I have not the amounts, but they all receive over $3,600. I may say they are all technical men; it is necessary to have them there, and they have the most difficult character of work to perform. They are the ones who pass upon all of the claims for rebates of taxes, and Senators can see that for those positions it is necessary to have exceedingly competent and well-qualified men. I think some of them get $5,000.

Mr. BINGHAM. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Connecticut?

Mr. SMOOT. I yield.

Mr. BINGHAM. I ask the Senator whether any of their pay comes out of this deficiency bill. Are they not provided for in the regular legislative bill?

Mr. SMOOT. They are provided for regularly, but in this bill the amendment of the committee reads:

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1932, $100,000: *Provided*, That no part of this appropriation shall be expended for services, personal, professional, or otherwise, in excess of the rate of $3,600 per annum.

Mr. BINGHAM. That refers to the appropriation in this bill.

Mr. SMOOT. Yes; and this appropriation refers to the very investigation that the joint committee is conducting.

Mr. BINGHAM. But I thought that they were paid out of the appropriation provided in the regular legislative bill.

Mr. JONES. They are paid out of the contingent fund.

Mr. SMOOT. They are paid out of the contingent fund.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment reported by the committee.

Mr. FLETCHER. I did not catch just what the amendment proposes. What is the amendment proposed by the Senator from Utah?

The VICE PRESIDENT. Does the Senator from Florida desire it reported again?

Mr. SMOOT. The amendment merely provides after the word "That" to insert the words "except in the case of the Joint Committee on Internal Revenue Taxation."

Mr. FLETCHER. Very well.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BULKLEY. Mr. President——

Mr. JONES. The Senator from Ohio [Mr. BULKLEY] has an amendment he desires to offer. He is anxious to leave, and I yield to him.

Mr. BULKLEY. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, at the end of line 8, it is proposed to substitute a semicolon for the period and insert:

For the employment of competent persons to assist in continuing the work of compiling, codifying, and revising the laws and treaties of the United States, fiscal years 1932 and 1933, $3,000.

Mr. BULKLEY. Mr. President, this item has been approved by the Director of the Budget, but was omitted from the House bill through a misunderstanding. It is necessary for the work of the House Committee on Revision of the Laws to have this amount available at once or they will have to suspend certain important work on the 1st of February. Unfortunately, it was not called to my notice in time to enable me to bring it to the attention of the committee before the bill was reported to the Senate, but I think the chairman of the committee has no objection to the adoption of the amendment.

Mr. JONES. Mr. President, I understand the amount proposed has been estimated for, and that the work will have to cease unless something of this kind is provided. Therefore I have no objection.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio.

The amendment was agreed to.

Mr. BINGHAM. Mr. President——

Mr. JONES. The Senator from Connecticut desires to leave the Chamber for a while, and I yield to him.

Mr. BINGHAM. Mr. President, I have a brief amendment which I should like to have read at the desk, and then I will offer a word of explanation.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 31, line 6, after the figures "$250,000," insert a colon and the following proviso:

Provided, That in the expenditure of appropriations in this act the Secretary of War and/or the Secretary of the Navy, respectively, shall, unless in his discretion the interest of the Government will not permit, purchase or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable.

Mr. BINGHAM. Mr. President, Senators will remember that this limitation was placed in the last War Department appropriation bill and in the last Navy Department appropriation bill by the Congress, and has become the law. Through inadvertence it was omitted in this bill. There is probably very little in the bill to which it applies. The chairman of the committee has assured me that he has no objection to its going in as a limitation.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut.

The amendment was agreed to.

Mr. JONES. Mr. President, I offer the amendment which I send to the desk, which is recommended by the committee.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 19, after line 2, it is proposed to insert:

Road, Wind River Reservation, Wyo.: The unexpended balance of the appropriation of $150,000 contained in the first deficiency act, fiscal year 1931, for one-half of the cost for reconstruction and improvement of the road running from Milford across the Wind River or Shoshone Indian Reservation, through Fort Washakie to the diversion dam in Wyoming, is hereby continued available until June 30, 1933: *Provided*, That not to exceed $5,000 of the said appropriation is hereby made available for payment for rights of way across Indian lands and payment of the total irrigation construction costs and accrued operation and maintenance charges on affected lands: *Provided further*, That the provision in the act of May 27, 1930 (46 Stat. 430), requiring employment of Indian labor except for engineering and supervision shall not apply to the funds provided by the State of Wyoming.

Mr. JONES. I will say that the last proviso is, to a certain extent, legislation. That is the reason why the committee did not insert it in the bill but offered it on the floor of the Senate. That provision applies to the Indian fund. I know that Congress never intended to have it apply to the fund to be contributed by the State of Wyoming.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington on behalf of the committee.

The amendment was agreed to.

Mr. JONES. Mr. President, on behalf of the committee I offer another committee amendment that is subject to a point of order, of course, but we think it should be made. Therefore the committee recommended it, and wanted me to offer it on the floor.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 27, line 18, after the word "this," it is proposed to insert "or any other."

Mr. COPELAND. Mr. President, I assume that this amendment is violative of Rule XVI, and I raise the point of order against it.

The VICE PRESIDENT. The point of order is sustained.

Mr. COPELAND. May I also ask regarding line 23, where the bill reads—

No part of this or any other appropriation shall be used—

Of course, that language was put in in the House. Does that do away with the ability to raise the point of order in the Senate?

The VICE PRESIDENT. The item would not be subject to a point of order in the Senate if it was put in the bill in the House of Representatives.

Mr. JONES. Mr. President, I desire to say just a word with reference to the amendment that has been ruled out on a point of order.

So far as I may, I propose to do anything I can toward preventing the demolition of a splendid building we have that is being used now; that is, the State, War, and Navy Building. This proposal does not cover a new building. It contemplates tearing down one of the splendid buildings of the Government in this city.

There is a great deal of building construction going on in the city of Washington. That is new construction. Regardless of any other consideration, I do not think we should provide in these times for tearing down fine public buildings that are useful for the purposes for which they are used.

There are other matters at issue in this connection that I do not propose to discuss now, but simply that phase of the subject. Regardless of our ideas with reference to architecture, and so forth, and even though we have need of taking care of unemployment, the question in my mind is whether, to do that, we should tear down good buildings that are being used, just in order to reconstruct and remodel them.

Mr. KING. Mr. President, will the Senator permit an inquiry for information?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES. I yield.

Mr. KING. Does the fastidious and æsthetic taste of some of these persons who are looking after the public buildings in Washington contemplate tearing down the Municipal Building, tearing down or changing materially the State, War, and Navy Building, and also the Post Office Building?

Mr. JONES. I have understood that they contemplate tearing down the Municipal Building, one of the finest buildings in the city of Washington, in my judgment.

Mr. KING. There is no doubt about it.

Mr. JONES. I think it would be a desecration of architecture to tear it down. They contemplated doing that, however; and that is the reason why this provision was put in the bill by the House. I understand that it is contemplated to tear down the Post Office Building, one of the most substantially constructed buildings in the city of Washington. It may not be exactly in accordance with the fastidious taste of architects, and so forth, but it certainly is a splendid building for carrying on the business of the Government.

Mr. WALSH of Montana. Mr. President, I was interested to hear the statement of the chairman of the Committee on Appropriations concerning the purpose with respect to the Municipal Building. I have been interrogated a number of times as to whether it is the purpose or within the plans to tear down that building. I join the Senator from Washington in protest against the demolition of that building, which is really an addition, as I think, to the beautiful architecture of the city of Washington. I think it would be signally unfortunate if that were done. True, it does not entirely harmonize with the new buildings being constructed, but, if I am any judge of architecture at all, it is a gem and ought not to be destroyed.

Mr. JONES. I agree with the Senator; and the House has taken a position to make that secure.

Mr. KING. Mr. President, may I ask the Senator a question?

Mr. JONES. I yield.

Mr. KING. Is there any measure pending to restrain the tearing down or modifying or changing or expenditure of money upon the other two buildings?

Mr. JONES. I think the Senator from Tennessee [Mr. McKELLAR] has introduced a bill with reference to the State, War, and Navy Building. That bill is pending before the Appropriations Committee. I hope those who are interested in changing that building will take notice not only of that action but also of the attitude of the committees of both Houses of Congress as a whole.

Mr. KING. May I inquire of the Senator whether there is any appropriation now available for tearing down either of the three buildings to which I have referred?

Mr. JONES. Possibly so; $25,000,000 was appropriated quite a while ago, and authority was given to use that in the reconstruction, and so forth, of buildings here. I do not know how much is available; but the provision in this bill coming over here from the House, with respect to the buildings about which the Senator from Montana inquired, definitely takes care of them and also takes care of the Post Office Building.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Montana?

Mr. JONES. I do.

Mr. WALSH of Montana. Some misconception may arise by reason of the question addressed to the Senator from Washington by the Senator from Utah [Mr. KING] as it relates to the State, War, and Navy Building. It is not my understanding that that building is to be demolished at all. The appropriation is for remodeling it. That includes some changes in the interior, as I am told, but particularly it relates to the exterior of the building; the purpose being to have it more or less in harmony with the other public buildings that are a delight to all visitors to the city of Washington and reflect credit upon the national taste, like the old Treasury Building, the Annex to the Treasury Building, and the newer structures.

I think anybody will concede that architecturally the State, War, and Navy Building is an eyesore on the landscape, and that it ought to be remodeled in time. Whether or not this is the time to do it is another question.

Mr. JONES. I must say that so far as I am concerned that building is not an eyesore to me; but, as I suggested, we need not discuss that phase of the matter now. I do not think, however, that this is the time to expend over $3,000,000 in putting that building in an æsthetic architectural state.

Mr. FLETCHER and Mr. BRATTON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Washington yield; and to whom?

Mr. JONES. I yield to the Senator from Florida.

Mr. FLETCHER. Mr. President, in that connection it seems to me a mistake to consider obsolete and undertake to demolish buildings simply because they differ in architectural style from the ideas of the present time. One of the great attractions in Europe, as everybody knows, is the old buildings. I think we ought to maintain some of these old buildings just for the sake of the past.

Mr. JONES. I agree with the Senator.

Mr. FLETCHER. I think it is a mistake to remodel and change them around in that way, as has been proposed.

I desire to ask the Senator just what his proposed amendment was—I did not follow it when he offered it—and what it would accomplish? I am aware that it has been held out of order.

Mr. JONES. Line 18 of the bill reads:

That no part of this appropriation.

What I offered was to make it read:

That no part of this or any other appropriation.

And that would cover the appropriation already available for buildings.

Mr. FLETCHER. I am sorry the Senator from New York raised the point of order, because I should like to see that language inserted.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from New Mexico?

Mr. JONES. I do.

Mr. BRATTON. In connection with what the chairman of the committee has just said about this being an inappropriate time to expend large sums of money in remodeling substantial buildings in the city of Washington, I think a record might be made of the fact that the Appropriations Committee overwhelmingly joined in that belief, and that, regardless of the fact that existing legislation may provide money which technically may be used for that purpose, in the judgment of a majority of the Appropriations Committee of the Senate that course should not be followed. The money should not be expended at this time under existing circumstances.

Mr. JONES. I am glad the Senator has emphasized that idea.

Mr. President, there is another committee amendment that I offer to carry out a resolution of the Senate passed just a day or two ago.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 20, after line 5, it is proposed to insert:

Traveling and miscellaneous expenses: Not to exceed $15,000 of the appropriation for "Traveling and miscellaneous expenses, Department of Justice, fiscal year 1932," is hereby made available for the expenses of the investigation of law enforcement in the Territory of Hawaii, pursuant to Senate Resolution No. 134 of January 11, 1932, including traveling expenses and subsistence or per diem in lieu of subsistence, temporary clerical and stenographic services, rent, printing and binding, and such other items as may be deemed necessary, to be expended under the direction of the Attorney General: *Provided*, That upon request of the Attorney General the Secretary of the Treasury is authorized to transfer to the appropriation "Traveling and miscellaneous expenses, Department of Justice, fiscal year 1932," not exceeding $12,000, from any other appropriation for the fiscal year 1932 under the control of the Department of Justice.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. KING. Mr. President, I should like to inquire, not the purpose of the amendment, which I understand, but what is the necessity for giving to the Department of Justice additional funds for rent, books, clerk hire, and so forth? We know that the Department of Justice now has a vast army of employees. I shall not enumerate the various groups under the control of the Department of Justice. They have officials in Hawaii. It seems to me this is an unnecessary expense.

Mr. JONES. Mr. President, this matter came to the committee after we had our bill under consideration here on the floor of the Senate. I have not had an opportunity to interrogate any of these officials, or to look especially into the matter. The resolution passed the Senate two or three days ago. The Attorney General submitted an estimate to the Budget. It was gone through very carefully, and the Budget sent it down here, and so I offered an amendment for the amount they recommended. Technically, it does not add to our appropriations, although I must say that I do not see anything especially to be gained by transferring from one appropriation an amount for some other purpose because a necessity develops for the use of public funds in additional amounts. I want to say, therefore, that it is my purpose to cut out appropriations out of moneys already appropriated as much as I can; but this seemed to be an urgent matter. The Committee on Territories and Insular Affairs recommended this resolution after a careful study of the situation, and the Senate passed the resolution just a day or two ago. This is the amount that the department estimates will be necessary; and, in view of the situation, I have no reason to interfere with the amount recommended. We know that there apparently is a very serious situation in Hawaii which broke out within the last few days.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. JONES. I yield to the Senator.

Mr. COPELAND. If my correspondence is any evidence of the attitude of the whole country, it is certainly a fact that our people want to know what is going on in Hawaii. There are many of us who feel that there is need of an investigation. We want to know why these outrageous things can happen; and, certainly, in view of the fact that we have already passed a resolution in favor of such an investigation, we can not do less than set aside the money for carrying out its purpose.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HATFIELD. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. Let the amendment be reported.

The LEGISLATIVE CLERK. On page 34, line 7, after the figures "174," to insert the words "and Senate Document No. 39," and to strike out all after the colon in line 8, down to the comma in line 16, as follows: "United States Veterans' Administration, $659.46; Department of Commerce, $4,870; Navy Department, $220,255.81, except No. H 320 in favor of Tillett S. Daniel and No. K 138 in favor of William B. Hetfield; Post Office Department, $48,913.44; Treasury Department, $45,449.77; War Department, except No. K 317 in favor of Albert C. Dalton, $217,187.14; in all, $537,335.62," and to insert in lieu thereof the following:

United States Veterans' Administration, $659.46; Department of Commerce, $6,914.23; Navy Department, $252,758.67, except No. H 320 in favor of Tillett S. Daniel and No. K 138 in favor of William B. Hetfield; Post Office Department, $48,913.44; Treasury Department, $48,745.97; War Department, except No. K 317 in favor of Albert C. Dalton, $220,018.34; Independent Offices, $102,596.44; in all, $680,606.55.

Mr. HATFIELD. Mr. President, the item in which I am particularly interested is the one dealing with the Wheeling Steel Corporation, of Wheeling, W. Va. The history of the transaction is as follows:

This is a United States Shipping Board case, and arises out of orders for a large amount of steel plates, all of which orders were canceled by the Shipping Board during the course of manufacture on April 7, 1919.

Thereafter the Wheeling Steel Corporation diligently sought to make settlement with the United States Shipping Board over a long period of years, and was finally refused settlement after the case had been argued three times before the Shipping Board.

Suit was filed in the United States Court of Claims just before the statute of limitations expired. In that court three motions were filed to make the petition more definite or certain or for bills of particulars, all of which were furnished, and on the final trial the court gave judgment on December 1, 1930, for $64,832.77.

After the right of the Government to move for a new trial had expired, the Attorney General moved for special permission to file a motion for a new trial. This was not objected to by the Wheeling Steel Corporation, and the case was retried. On the retrial judgment was reduced to $43,234.28, and the date of judgment was April 6, 1931. That judgment became final against the Government three months thereafter.

The clerk of the Supreme Court of the United States has certified that no application has been made for a writ of certiorari, nor has any other order extending the time been lodged with the Supreme Court.

The case could have been settled many years ago and could have been settled by the Shipping Board. It has required 12 years of work to bring the matter to a final judgment, and it is now here for settlement.

I understand a subcommittee of the Committee on Appropriations has been appointed for the purpose of investigating some of these claims which have been passed upon by the Court of Claims, and that the chairman of the Committee on Appropriations prefers to permit these judgments to go over for a future appropriation bill.

In view of the fact that this obligation began in 1919 and has continued up to the present time, and in view of the fact that the President of the United States has certified this claim, approved by the Director of the Bureau of the Budget, approved by the Secretary of the Treasury; and again, due to the fact that this judgment has been passed upon by the Court of Claims, if this body is to recognize the jurisdiction and the finality of the Court of Claims, I can see no reason why this item should not be included in the appropriation bill which is now before this body.

The fact that those who made the sacrifice primarily in furnishing the raw material which went into this order have waited for a period of 12 years for the returns upon their efforts toward supporting the Federal Government during that period, and taking into consideration the depression which confronts this industry at the present time and its great need of money, I can see no very good reason why this amendment should not be considered by this body and should not be put into the pending appropriation bill.

Mr. JONES. Mr. President, I want to state to the Senate why the committee did not put in any of these judgments which came down just a few days before the committee acted upon the bill. A very serious question has arisen with reference to some of the items, especially a couple of claims put into the bill by the House.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. JONES. I yield.

Mr. HATFIELD. I am told that this item was not presented to the committee in the House.

Mr. JONES. That is correct, and I am going into that. None of the items which the Senator has presented was presented to the House committee. The estimates did not come down until the bill had passed the House.

Conditions arising with reference to some of the amendments considered in the House led us to take the action we did take with reference to these items.

Mr. President, an investigation of certain items which went into the bill as it passed the House led the committee to believe that there were some of the items which were not justifiable, that the judgments of the Court of Claims were not justifiable and could not be sustained. So we

offered an amendment to the pending bill cutting out those items.

There is a controversy, however, as to what the effect of a judgment of the Court of Claims is. If a judgment of the Court of Claims is to be treated as are judgments of Federal district courts, then, after the time for an appeal has expired, Congress will have nothing to do with the matter, no matter what the facts are, except that, of course, we will have to appropriate money to meet every judgment of the Court of Claims just as we do as to judgments of the United States district court. But it has been the policy of Congress, when a judgment of a United States district court becomes final, when no appeal can be taken, to make an appropriation to carry out the judgment without putting ourselves up as a court to pass upon the merits of the claim.

There is a controversy as to the effect of a judgment of the Court of Claims. There is a contention that such a judgment is simply advisory to Congress. There are those who contend that when that court enters a judgment that judgment is final, just the same as the judgment of any United States district court.

In the face of that difference of opinion, as we did not have the time to go into the facts with reference to all these judgments, and as we had brought to our attention the facts in some cases which showed to us at least that the judgments entered by the court were not justified, we thought that we should await a decision on the legal proposition. We appointed a subcommittee, composed of the lawyers on the committee, the subcommittee consisting of the Senator from Oregon [Mr. STEIWER], the Senator from New Mexico [Mr. BRATTON], and the Senator from North Carolina [Mr. MORRISON] to investigate the legal question as to what the effect of a judgment of the Court of Claims is. Their decision will guide the committee in its action in regard to such items. If they report to the committee that a judgment of the Court of Claims is a judgment, which is conclusive on the Government, when no appeal is taken, if they report to us that a judgment of that court has the same effect as the judgment of a United States district court, then, of course, when judgments of that court are sent to Congress, appropriations to settle them will go into the bills.

We thought that the action of Congress on these new judgments which have come to us should await a decision on that legal question.

These judgments may all be meritorious and entirely proper, but until the settlement of this legal question it seemed to the committee we should not provide for paying the judgments.

As I said, if the report of the subcommittee is that such judgments are final and conclusive on the Government, like the judgments of district courts, no question will be raised, and when such judgments are sent to us appropriations will be made.

Mr. HATFIELD. Mr. President, could there be any doubt upon the part of the Senate that a decision rendered by the Court of Claims would be right and proper?

Mr. JONES. If the Senator knew something about some of the judgments we have investigated he would not ask that question. We took the action we did take because of the fact that in some cases where judgments had been rendered it seemed to the committee that the judgments were not justified at all. But if such judgments are conclusive, then we have nothing to say. I wanted to say frankly to the Senator that that was why we took the action we did take.

Mr. NEELY. Mr. President, will the Senator yield to me?

Mr. JONES. I yield.

Mr. NEELY. Has the Senator from Washington any doubt about the justice of the Wheeling Steel Co.'s claim?

Mr. JONES. I have not gone into it at all.

Mr. NEELY. It has the approval of the Court of Claims, expressed in a solemn decision; it also has the approval of the Secretary of the Treasury, and certainly the Senator from Washington does not believe that this high official would have approved the payment of this claim if he had not been convinced that it is valid and just.

Mr. JONES. Some of these items to which I have called attention are just exactly like this one. That is exactly why the committee took the action we did take, because we have found that where some of the judgments of the Court of Claims were final, the facts brought to the attention of the committee did not seem to justify them at all.

Mr. NEELY. Mr. President, I submit that this just claim in favor of the Wheeling Steel Co., which ought to have been paid 10 years ago, should not now be prejudiced by the fact that some other concern, on some other occasion, has unjustly demanded money from the Government. In other words, the Wheeling Steel Co. should not be denied a manifest right because of another's unmitigated wrong.

Mr. JONES. This stands on the same basis with the others. Judgment was entered in all the cases. If these judgments are to be treated as the judgments of the district courts of the United States are treated, then we will not question them any further.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. JONES. Certainly.

Mr. NEELY. I submit that it is not fair for a department of the Government to buy material or obtain services from a West Virginia corporation, or any other corporation, without paying a reasonable sum for what it receives. The amendment offered by the senior Senator from West Virginia simply seeks to compel the Government to pay an honest debt in obedience to an honest judgment of an honest court which the Government itself has created. It would be neither lawful nor logical to permit a subcommittee of the Committee on Appropriations to reverse the judgment which the Court of Claims has entered in this case. If the Senate fails to act in favor of satisfying the judgment, it will deserve severe condemnation for having neglected to perform a palpable duty.

Mr. JONES. The Subcommittee on Appropriations was not appointed to do what the Senator seems to think it is to do.

Mr. NEELY. If I understand what the Senator has said, I am correct.

Mr. JONES. Perhaps I did not make myself clear to the Senate. That may be true. I confess my weakness along that line. The subcommittee was appointed not to investigate the merits of the case but to determine under the law the legal effect of a judgment of the Court of Claims in any case. There is a difference of opinion which has arisen with reference to the legal effect of such a judgment and whether or not it is absolutely final, just as a United States district court judgment is, or whether it is simply advisory to Congress. I hope I have made myself clear.

Mr. NEELY. I thoroughly understand what the Senator says and means, and I protest against the unwarranted procedure which has been proposed. It smacks of an effort to find a technicality with which to defeat justice, in spite of the fact that the Senator's motives are patriotic and pure beyond the peradventure of a doubt.

We have before us a concrete case in which justice goes hand in hand with the approval of the Secretary of the Treasury and the decision of the Court of Claims. Common honesty demands that this claim be satisfied without further delay. I appeal to the Senate to adopt the pending amendment.

Mr. HATFIELD. Mr. President, it is a fact that all of the executive heads that have to do with making up the Budget have approved of the payment of this claim.

Mr. JONES. Mr. President, it is for the Senate to decide what shall be done. There is a claim pending where the Court of Claims entered the same form of judgment that was entered in this case, involving several thousand dollars. That judgment was presented to another body and that body left it out of the bill. They went into the facts and concluded that the facts did not justify its payment. Then the claim was presented here. The judgment, as I understand it, is in exactly the same form as the judgment in this case.

The committee simply wanted to have the judgment of a body of able lawyers as to the legal effect of the judgment





that was rendered. That is all the committee asked. That is all I care to say to the Senate about the matter. It is up to the Senate. If the Senate wants to approve the item, then the other judgments are entitled to the same action by the Senate.

Mr. NEELY. The invalidity of some other claim affords no excuse for the nonpayment of this debt, the amount and the justness of which no one either denies or doubts. In the circumstances the amendment ought to be unanimously adopted.

Mr. JONES. Mr. President, I want to suggest to the Senator that the other claims have gone through exactly the same processes as this claim.

The Secretary of the Treasury approved them in the same way that he approved this one, and the Budget sent them down in the same way. They have all been approved in exactly the same way.

The committee have not gone into the merits of the question. If these judgments are simply advisory judgments to Congress, then of course, the duty is upon us to go into the merits of the case and there probably would be no question raised about the Senator's claim. But that is the very proposition we have asked our subcommittee to decide, whether or not, when a judgment becomes final in the Court of Claims, it is or is not a final judgment like a judgment of the United States district court, or whether it is a judgment that is merely advisory to the Congress. It seems to me that our situation is perfectly clear. The other claims, which did not appear to be reasonable or just or right, have gone through exactly the same processes that this claim has gone through.

Mr. STEIWER. Mr. President, I have no desire to prolong discussion any further than it has already proceeded, but I think I owe it to the Senate to say a word respecting the question of the finality of judgments of the Court of Claims.

As explained by the chairman of the Committee on Appropriations [Mr. JONES], a subcommittee was appointed to consider and report to the committee its recommendation with respect to the finality of the judgments of the Court of Claims. I am a member of that subcommittee. I have no partisan interest in the particular amendment offered by the Senator from West Virginia. I am not concerned whether it be agreed to or rejected at this time. But it is worth while, if we are attempting now to pass upon this question even tentatively, that I should at least partially advise the Senate concerning the situation.

The subcommittee appointed by the chairman of the Committee on Appropriations has not yet had an opportunity to make determination of the question. As a member of the subcommittee I have personally given it some little investigation. I have reached the conclusion that there is that degree of finality in a judgment of the Court of Claims that Congress is, in a moral sense and almost in a legal sense, bound to appropriate the money in accordance with the judgment of the court. I shall not here and now attempt to discuss the question fully nor recite to the Senate the different decisions of the court which have some bearing upon it, but, with the indulgence of the Senate, I will speak of two or three of the leading cases. Those decisions seem to me to make the question reasonably clear.

The Court of Claims originally was merely an advisory court. It was constituted for the purpose of doing something which the Congress itself might have done, but which the Supreme Court of the United States has said was something which Congress could delegate to a subordinate agent. Originally the decrees of the Court of Claims were merely findings. I think until 1863 they were advisory in character only. In 1863 and again in 1866 the law was amended, and it seems reasonably clear that the purpose of the amendments was to make the judgments of the court absolutely final and binding in their effect.

In 1875 the Supreme Court expressed itself on the subject in the case of United States against O'Grady in this language, and I invite the attention of Senators to the language used:

> It is clear that the judgments of this court, rendered on appeal from the Court of Claims, if no such power is conferred by an act of Congress, are beyond all doubt the final determination of the matter in controversy; and it is equally certain that the judgments of the Court of Claims, where no appeal is taken to this court, are, under existing laws, absolutely conclusive of the rights of the parties, unless a new trial is granted by that court as provided in the before-mentioned act of Congress.

Mr. JONES. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Oregon yield to the Senator from Washington?

Mr. STEIWER. Certainly.

Mr. JONES. I was wondering whether the subcommittee has passed upon that brief of attorneys for the claimants?

Mr. STEIWER. I stated that the subcommittee has not yet met, and I am not presuming to speak upon behalf of the subcommittee; but in view of the fact that the question seems to be presented here for determination I feel justified in stating to the Senate my own personal convictions with respect to it.

Mr. JONES. I do not understand that the case is presented here for decision of the Senate. I was in hopes we would get the judgment of the subcommittee.

Mr. STEIWER. I hope that may be done, too, but I think these preliminary observations are not out of place, because the Supreme Court, after all, speaks with considerable authority upon a question of this kind.

Mr. JONES. But I find that it is often the fact that lawyers differ as to the real effect of decisions of the Supreme Court, and I would naturally expect the claimants, of course, to construe it in their favor as much as possible. I think I recognize the brief from which the Senator is reading. It is the brief of the attorneys for one of the claimants.

Mr. STEIWER. I am reading from the language of the court.

Mr. JONES. As quoted in the brief.

Mr. STEIWER. The subcommittee has been furnished three briefs. I am, however, reading from the language of the court. I would like to read just a little further from the same case:

> Should it be suggested that the judgment in question was rendered in the Court of Claims, the answer to the suggestion is that the judgment of the Court of Claims, from which no appeal is taken, is just as conclusive under existing laws as the judgment of the Supreme Court until it is set aside on a motion for new trial.

Subsequently, when the matter was again before the court, Chief Justice Taft, in the case of Sloan Shipyards against Emergency Fleet Corporation, used this language:

> On the other hand, a construction which will bring into one tribunal, the Court of Claims, the hearing and decision of this class of cases will secure uniformity and dispatch, and these two elements will make for justice and peace, because Congress pays the judgments of the Court of Claims against the United States in due course.

Without pursuing the subject too much in detail, I want to add the reference made in the case of United States against Moser, a recent case decided, I think, in 1924, in which it was held that a previous unappealed judgment of the Court of Claims as to the status of a retired naval officer is conclusive even on the Supreme Court in all subsequent proceedings involving that question.

Without attempting, Mr. President, to speak upon behalf of the subcommittee, which has not as yet concluded its investigation of the subject, I am reasonably confident of my own position and believe that in the judgments of the Court of Claims there is such a degree of finality that Congress is both morally and legally bound. Congress could, of course, in the arbitrary exercise of its ultimate power, refuse to make the appropriations necessary in order to pay the judgments entered by the Court of Claims, but it could not rightfully so refuse and should not repudiate the judgments of its own court. I shall therefore vote for the amendment of the Senator from West Virginia [Mr. HATFIELD] upon the theory of law which I have outlined.

The PRESIDING OFFICER. Does the Senator from West Virginia ask that the question on the amendments be put en bloc? There are several amendments.

Mr. HATFIELD. I desire that the question be put on the amendments en bloc.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from West Virginia.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is still before the Senate and is open to amendment. If there be no further amendment, the amendments will be ordered to be engrossed and the bill to be read the third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is on the passage of the bill.

Mr. McNARY. Mr. President, two or three Members of the Senate expressed a desire to be present before the final passage of the bill, particularly the Senator from Michigan [Mr. COUZENS]. I therefore feel the necessity of suggesting the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Johnson	Reed
Austin	Dale	Jones	Robinson, Ark.
Bailey	Davis	Kean	Robinson, Ind.
Bankhead	Dickinson	Kendrick	Sheppard
Barbour	Dill	Keyes	Smith
Bingham	Fess	King	Smoot
Black	Fletcher	La Follette	Steiwer
Blaine	Frazier	Lewis	Thomas, Idaho
Borah	George	Logan	Thomas, Okla.
Bratton	Glass	McGill	Townsend
Brookhart	Glenn	McKellar	Trammell
Bulkley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Morrison	Wagner
Capper	Harris	Moses	Walcott
Caraway	Harrison	Neely	Walsh, Mass.
Carey	Hastings	Norbeck	Walsh, Mont.
Connally	Hatfield	Norris	Waterman
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Oddie	White
Costigan	Howell	Patterson	
Couzens	Hull	Pittman	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, I should like to ask the chairman of the committee to explain fully the item beginning on line 11, page 22, under the heading "Department of Labor, Bureau of Immigration," which provides a deficiency appropriation for that bureau.

Mr. JONES. Mr. President, the situation with reference to that item is this: Last year there was a deficiency in connection with the administration of the immigration law of four or five hundred thousand dollars. A provision was offered in the Senate to a deficiency appropriation bill to cover that item, but instead of doing that we provided in the regular appropriation bill that $500,000 of the money appropriated for this activity should be made immediately available in order to take care of that deficiency. So the amount of money available for the current year was practically diminished by that sum.

The bureau have been increasing their activities with reference to the deportation of aliens who have either come into the United States illegally or who can be deported legally. The deficit is about $650,000, as I recall it. The department officials find, however, that they have saved, so to speak, $175,000 of the appropriation for the border patrol. That saving has been brought about by a more economical administration and conduct of those particular affairs. So they felt that they could use that to help meet deficiency, leaving $475,000 for which they are asking.

This amount is necessary to enable the bureau to deport aliens who are found to be here either illegally or who are willing to be deported. The department has felt that it was justified in deporting such aliens at the expense of the Government. They have looked into the individual cases very carefully and found that those who are willing to be deported will be public charges if they are not deported. The expense of deporting is from $80 to $90 a head, and the department officials figure that it is economy for the Government to deport them. If the aliens have been here for less than three years they are subject to deportation, and, rather than have them remain here as public charges it is thought to be in the interest of economy on the part of the Government to bear the expense of deporting them.

Mr. COUZENS. Is that the reason why the limitation on the border patrol has been removed? The Senator will notice the provision beginning in line 15.

Mr. JONES. I did not understand that that was the reason for removing that limitation; in fact, I had not noticed that that limitation had been removed.

The PRESIDING OFFICER. The Chair will state that the bill is beyond the stage of amendment. If it is desired to offer any amendment there will have to be a reconsideration of the vote whereby the bill was ordered to a third reading and read the third time.

Mr. COUZENS. I did not understand the Chair.

The PRESIDING OFFICER. The question now before the Senate is on the passage of the bill, it having been read three times, and if the Senator desires to offer an amendment it will be necessary to reconsider the vote whereby the bill was ordered to a third reading and read the third time.

Mr. COUZENS. I may not offer an amendment, Mr. President.

Mr. JONES. I do not think that what I have indicated is the reason for removing the limitation on the appropriation under this head and making the $2,368,800 available for coast and land border patrol.

Mr. COUZENS. What is the reason for removing that limitation?

Mr. JONES. I confess to the Senator I do not know what the reason for that is, unless the department finds that aliens are coming into the country in a way that is not otherwise safeguarded. I do not remember of reading any testimony as to why that limitation was removed, I will say to the Senator frankly. I have given the Senator the reasons for the increase—the deficiency in the amount available for deportation.

Mr. COUZENS. It seems that when this limitation was made, there was some purpose for it; and I wondered what the purpose was now for removing it. I am not familiar with either the purpose of the limitation or its removal.

Mr. JONES. I confess to the Senator that I do not know why that limitation has been removed, and I do not find in the hearings anything on the subject. I will say, however, that these officials would like to have more flexibility in handling their appropriations. They think they could accomplish a great deal more by it. Possibly the House acted upon that theory. Their testimony is, I know, that if they had more flexibility in handling the ten million and odd dollars that they have for their activities they could accomplish a great deal more and practice more economy. For instance, take the very case that we have here, where they have saved $175,000 out of the appropriation for the border patrol. They can not use that money for the purpose of deporting these people without authority of Congress. There are, as I understand, many instances where if they had freedom to use money that they find not available for the specific purpose for which it is appropriated in connection with some other activities of their organization, they would be able to act more economically on the whole.

The PRESIDING OFFICER. The question is on the passage of the bill.

The bill was passed.

EFFECT OF DEPRECIATION OF FOREIGN CURRENCIES

Mr. REED. Mr. President, three or four weeks ago the senior Senator from Oregon [Mr. McNARY] introduced and had passed a resolution instructing the Tariff Commission to make an inquiry as to the effect of the depreciation of certain exchanges upon imports of wood pulp, I believe.

Mr. McNARY. Wood pulp and pulp wood.

Mr. REED. Some such materials. At that time I suggested that it might be wise to extend that inquiry to other commodities; but, at the request of the Senator, I did not

make any motion to amend his resolution, thinking it was wiser to present it in a separate resolution.

I now send to the desk a resolution which I ask to have read by the clerk, and then I will follow that with a request for its immediate consideration.

The PRESIDING OFFICER. The resolution will be read.

The resolution (S. Res. 143) was read, as follows:

Resolved, That the United States Tariff Commission is directed to make a thorough investigation of the effect of the depreciation in value of foreign currencies since the enactment of the tariff act of 1930 upon the importation into the United States of all of the more important commodities and the effect of such depreciation on the general trend of international trade in the same period, and to report to the Senate as soon as practicable the results of such investigation.

The PRESIDING OFFICER. The Senator from Pennsylvania asks unanimous consent for the immediate consideration of the resolution.

Mr. JOHNSON. Mr. President, I could not catch all of the resolution. Would the Senator mind simply telling me what the purpose of the resolution is?

Mr. REED. It directs the Tariff Commission to advise us what, in its judgment, it finds to be the effect of the depreciation of certain foreign exchanges upon the international trade between this country and those countries that have depreciated currencies.

Mr. KING. Mr. President, I shall not object to the consideration of the resolution; but I inquire of the able Senator from Pennsylvania whether he believes that the Tariff Commission, with whatever virtues or limitations it possesses, is competent to deal with the question of exchanges. It seems to me it is a matter for economists or bankers, particularly bankers, and those engaged in exchange, rather than those who are presumed to know something about tariffs.

Mr. REED. Oh, no; I would not ask them to report to us on the reasons for the depreciation of the exchanges, but on the effect of the movement of goods to and from the United States resulting from that depreciation in the currencies.

I see present the Senator from Colorado [Mr. COSTIGAN], whose long experience on the Tariff Commission I think would enable him to confirm what I say, that it is purely a question of a study of the changing trade balances and of the economic questions involved. It is not a financial question at all. I shall be obliged to the Senator from Colorado if he will let us have his impressions on that subject.

Mr. KING. Before that is done, let me ask the Senator another question.

I have no objection at all to the commission inquiring into the fact that imports are being diminished and exports are being diminished, and I have no objection to their inquiring as to the difference in cost of production abroad and at home; but to commit to this commission the consideration of the effect of exchanges upon production, imports, or exports, it seems to me, is giving to them jurisdiction over a matter with which they are not familiar. I would rather have the opinion—and I would not care much for it, I will say very frankly—of the experts in the Commerce Department or in the Treasury Department or the banking department of the Government, the Comptroller of the Currency, upon the effect of exchanges upon our relations, than the opinion of the Tariff Commission.

Mr. REED. I am afraid the Senator has misunderstood my intention and the scope of the resolution.

Now may I yield to the Senator from Colorado?

Mr. COSTIGAN. Mr. President, as stated by the Senator from Pennsylvania, the inquiry suggested for the Tariff Commission is not unusual. I have not before me the language of the resolution, and therefore am unable exactly to pass on the question submitted. However, I may say that the Tariff Commission, in the days of the pronounced depreciation in the German mark, did busy itself more or less with a general inquiry into the effect of such depreciation, especially on wages and prices, including the internal purchasing power of the mark in Germany contrasted with the exchange value of the mark.

The Senator from Utah suggests, however, that the inquiry may go somewhat deeper, namely, into the question of what effect such depreciation in foreign exchange has had on the production and movement of commodities across international lines. That subject, so far as I recall, was only partially investigated by the Tariff Commission with results not wholly conclusive or satisfactory to members of the commission.

Does that answer the inquiry?

Mr. REED. Yes. I thank the Senator from Colorado.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

The resolution was considered by unanimous consent and agreed to.

THE CALENDAR

Mr. McNARY. I ask unanimous consent that the Senate proceed to the consideration of the calendar under Rule VIII.

The PRESIDING OFFICER. Is there objection?

Mr. KING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Utah will state it.

Mr. KING. If the request of the Senator from Oregon is granted, does that mean that we may proceed to the consideration of bills over objection?

The PRESIDING OFFICER. Yes; under Rule VIII.

Is there objection to the request? The Chair hears none. The clerk will state the first bill on the calendar.

DEPORTATION OF ALIEN SEAMEN

The first business on the calendar was the bill (S. 7) to provide for the deportation of certain alien seamen, and for other purposes.

Mr. REED. Mr. President, on behalf of the Senator from Connecticut [Mr. BINGHAM], who is very actively interested in that subject, I shall have to ask that the bill go over for the present.

Mr. LA FOLLETTE. Mr. President, I move, notwithstanding the objection of the Senator from Pennsylvania, that the Senate proceed to the consideration of this bill; and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Johnson	Reed
Austin	Dale	Jones	Robinson, Ark.
Bailey	Davis	Kean	Robinson, Ind.
Bankhead	Dickinson	Kendrick	Sheppard
Barbour	Dill	Keyes	Shipstead
Bingham	Fess	King	Smith
Black	Fletcher	La Follette	Smoot
Blaine	Frazier	Lewis	Steiwer
Borah	George	Logan	Thomas, Idaho
Bratton	Glass	McGill	Thomas, Okla.
Brookhart	Glenn	McKellar	Townsend
Bulkley	Goldsborough	McNary	Trammell
Bulow	Gore	Metcalf	Tydings
Byrnes	Hale	Morrison	Vandenberg
Capper	Harris	Moses	Wagner
Caraway	Harrison	Neely	Walcott
Carey	Hastings	Norbeck	Walsh, Mass.
Connally	Hatfield	Norris	Walsh, Mont.
Coolidge	Hayden	Nye	Waterman
Copeland	Hebert	Oddie	Watson
Costigan	Howell	Patterson	White
Couzens	Hull	Pittman	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Wisconsin [Mr. LA FOLLETTE] that the Senate proceed to the consideration of Senate bill 7.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will read the bill.

The legislative clerk read the bill (S. 7) to provide for the deportation of certain alien seamen, and for other purposes, as follows:

Be it enacted, etc., That this act may be cited as the alien seamen act of 1932.

SEC. 2. Every alien employed on board of any vessel arriving in the United States from any place outside thereof shall be examined by an immigration inspector to determine whether or not he (1) is a bona fide seamen and (2) is an alien of the class described in section 7 of this act, and by a surgeon of the United

States Public Health Service to determine (3) whether or not he is suffering with any of the disabilities or diseases specified in section 35 of the immigration act of 1917.

SEC. 3. Unless such alien was shipped in a port in continental United States prior to the passage of this act, then if it is found that such alien is not a bona fide seaman he shall be regarded as an immigrant and immediately be ordered removed from the vessel to an immigration station, and the various provisions of this act and of the immigration laws applicable to immigrants shall be enforced in his case. From a decision holding such alien not to be a bona fide seaman the alien shall be entitled to appeal to the Secretary of Labor, and on the question of his admissibility as an immigrant he shall be entitled to appeal to said Secretary, except where exclusion is based upon grounds nonappealable under the immigration laws. If found inadmissible, such alien shall be deported as a passenger on a vessel other than that by which brought, at the expense of the vessel by which brought, and the vessel by which brought shall not be granted clearance until such expenses are paid or their payment satisfactorily guaranteed.

SEC. 4. If it is found that such alien is subject to exclusion under section 7 of this act, the inspector shall give immediately order to the master to remove such alien, together with his effects and wages, if any, to an immigration station, and such alien shall then be deported in accordance with the provisions of said section 7.

SEC. 5. If it is found that although a bona fide seaman, such alien is afflicted with any of the disabilities or diseases specified in section 35 of the immigration act of 1917, disposition shall be made of his case in accordance with the provisions of the act approved December 26, 1920, entitled "An act to provide for the treatment in hospital of diseased alien seamen."

SEC. 6. All vessels entering ports of the United States manned with crews the majority of which, exclusive of licensed officers, have been engaged and taken on at foreign ports shall when departing from the United States ports carry a crew of at least equal number, and any such vessel which fails to comply with this requirement shall be refused clearance: *Provided, however,* That such vessel shall not be required when departing to carry in the crew any person to fill the place made vacant by the death or hospitalization of any member of the incoming crew.

SEC. 7. No vessel shall, unless such vessel is in distress, bring into a port of the United States as a member of her crew any alien who if he were applying for admission to the United States as an immigrant would be subject to exclusion under subdivision (c) of section 13 of the immigration act of 1924, except that any ship of the merchant marine of any sovereign nation may freely bring any excluded citizen or subject of such nation or any person not racially excluded who is a bona fide seaman as a member of the vessel's crew, exclusive, however, of any citizen, subject, or inhabitant of any colony, dependency, or mandate who is racially excluded from coming to the United States as an immigrant. Any alien seaman brought into a port of the United States in violation of this provision shall be excluded from admission or temporary landing and shall be deported, either to the place of shipment or to the country of his nativity, as a passenger, on a vessel other than that on which brought, at the expense of the vessel by which brought, and the vessel by which brought shall not be granted clearance until such expenses are paid or their payment satisfactorily guaranteed.

SEC. 8. This act shall take effect 60 days after it is passed.

Mr. VANDENBERG. Mr. President, I would like to have the attention of the junior Senator from Utah [Mr. KING].

Since this matter came to the floor of the Senate, I have received a letter from the Lake Carriers' Association, at Cleveland, Ohio, pointing out the effect of the legislation upon navigation upon the Great Lakes, and it is entirely possible that the effect is entirely beyond the scope of the objective which the Senator from Utah has in mind. I will ask him to listen while I submit this point of view. I read from a letter from Mr. George A. Marr, vice president of the Lake Carriers' Association, at Cleveland:

The vessels on the Great Lakes ship their crews in the American ports and the trade is for the most part coastwise. A good many sailors from salt water seek employment on the lake vessels during the navigation season because of the attractive wages and working conditions. It rarely occurs that any of these men (who are bona fide sailors) are unlawfully in the country, but there have been instances where aliens illegally here have been shipped in the lake ports without our knowledge of their unlawful entry. If the vessel on which they ship touches at a Canadian port, she reports to the immigration officer on her return and he rules that this vessel, having come from Canada, has brought the alien into the country.

The Senator will please note this:

Under the King bill the vessel would be required to furnish transportation to the seaboard (possibly with escort) and to the alien's native land, although in no sense responsible for bringing the alien into the United States.

We ship no men in Canada except in the occasional case where necessary to replace a seaman put ashore on account of sickness or injury, and in those instances the master reports to immigration officials on arrival in the United States, proceeding thereafter upon that official's instructions.

We respectfully request that a clause be inserted in the bill to provide that alien seamen shipped in a port of the United States by a vessel of the Great Lakes, which on her voyage enters a port of Canada, shall not, on the return of the vessel to the United States, be deemed to have unlawfully brought such alien seamen into the country.

It is manifestly unjust that the lake vessels should be penalized for the offenses committed by others, and I hope we may have your active interest in the suggested amendment.

If I may amplify that for just a moment, with the Senator's attention, I should like to suggest a new section, to be called section 9, reading as follows:

Alien seamen shipped in a port of the United States by a vessel of the Great Lakes which on a voyage enters a port of Canada shall not, on the return of the vessel to the United States, be deemed to have unlawfully brought such alien seamen into the United States.

May I call the Senator's attention to the fact that this would exempt a carrier only under the following circumstances: The alien seaman is shipped in an inland port. Obviously, he has entered the country through one of its external gates, and the navigation company upon the Great Lakes has had no fair opportunity to pass upon his status, because, of course, he has pretended that he is bona fide, and obviously the Great Lakes Navigation Co. has not conspired in any way to bring the seaman in.

That is a totally different situation from the one to which I apprehend the Senator addresses himself, where there is an obvious opportunity for the transoceanic carriers to deliberately, let us say, enlist the alien seaman, and deliberately take advantage of his enlistment.

We are not asking any exemption for this alien seaman when he happens to be identified at this internal port. We are simply asking that he be turned over to the immigration authorities in the usual course. We are not giving him any immunity, but we are suggesting that the Great Lakes Navigation Co. should not be put to the penalty and imposition, as provided in this bill, of sending the alien not only to our own coast, but also probably to the point to which he is ultimately deported, inasmuch as the responsibility obviously is not upon the Great Lakes Co.

May I ask the Senator whether he would have any objection to that amendment?

Mr. REED. Mr. President, will the Senator yield to me for a moment?

Mr. VANDENBERG. Certainly.

Mr. REED. I am in full sympathy with the purpose of the Senator from Michigan, having some little personal acquaintance with this lake-carrier traffic and the method by which the seamen are shipped there. They are always shipped in the United States. They are always shipped for a round trip, and if the vessel touches at a Canadian port, of course, strictly speaking, it makes them subject to the immigration laws, but it is not actually a process of immigration, because it is merely a circuit made by an alien who has already been in the country.

Mr. VANDENBERG. The Senator is correct.

Mr. REED. I would suggest that we give some attention to the language of the Senator's proposed amendment. I am a little bit afraid that in addition to protecting the steamship company it would be construed to give absolution to the seaman himself who was unlawfully in the country, and none of us wants to do that.

Mr. VANDENBERG. May I say that, of course, I do not want to do that, either?

Mr. REED. I am sure the Senator does not.

Mr. KING. Mr. President, let me put a hypothetical case to my friend the Senator from Pennsylvania. Suppose a person who is racially excluded happens to be in the United States, legally or illegally, and enlists as a seaman, assuming him to be a bona fide seaman, on one of the Great Lakes boats to which the Senator's correspondent referred, and goes to Canada and comes back again. What treatment should be accorded him? Would he be immune from deportation?

Mr. REED. That is just what I want to prevent, and I think we all want to prevent that.

Mr. VANDENBERG. It is my understanding, of course, that he would not be immune.

Mr. KING. Exactly; but he ought to be subject to the terms of the bill.

Mr. VANDENBERG. He ought to be subject to deportation.

Mr. REED. He always was subject to deportation, even before he shipped as a seaman on that boat. All I want to do is to see that this proviso does not improve the alien's status. I would like to protect the steamship company, because it is acting in good faith, but we should not protect the alien, because he is not.

Mr. KING. I agree.

Mr. VANDENBERG. That is precisely the point I am submitting to the Senator.

Mr. KING. May I inquire whether this steamship company is an American company?

Mr. VANDENBERG. Oh, yes, indeed.

Mr. KING. Its home ports are in the United States?

Mr. VANDENBERG. Yes; and practically all the ports it touches are home ports.

Mr. KING. Of course, there were so many ramifications and labyrinthine points in this matter that I am not able to say definitely, as the Senator read the amendment; but it seems to me that it might be a proper amendment.

Mr. REED. Mr. President, there is another suggestion I want to make to the Senator. The subject of the sentence is "alien seamen." I call attention to that. It reads:

> Alien seamen shipped in a port of the United States by a vessel of the Great Lakes which on a voyage enters a port of Canada shall not on the return of the vessel to the United States be deemed to have unlawfully brought such alien seamen into the United States.

Obviously we do not mean that alien seamen shall be deemed not to have brought such alien seamen in. That is not the way the sentence ought to read.

Mr. VANDENBERG. The Senator will permit me to say at this point that I roughly drafted this amendment at the moment, using the language of the letter to which I have referred, not anticipating that the matter was coming to the attention of the Senate this afternoon. If the Senator from Utah will indicate his general attitude toward the matter, possibly we can perfect the amendment in the next few moments in more acceptable form.

Mr. KING. Mr. President, I suggest that we proceed with the consideration of the bill, and that the Senator draft the amendment as he thinks the situation calls for, and with my present views, I would be inclined to accept the amendment, if I understand it and interpret it correctly.

Mr. VANDENBERG. I shall undertake to do that, in conjunction with the Senator from Pennsylvania, because his statement of the case is exactly the objective I have in mind.

Mr. COPELAND. Mr. President, I was not in the Chamber when this bill was taken up. If I had been, I should have requested the Senator who made the motion to postpone it for a week or 10 days, for the reason that there are steamship companies besides the one spoken of just now by the Senator from Michigan which have suggested certain amendments which I would have had with me if I had realized that the matter was coming up to-day.

I should like to say this, that the steamship owners and the Department of Labor have been in conference for some days over a modification of this bill, a proposal to safeguard all the things which those back of the bill have had in mind, and at the same time to do away with the objections raised by the writer of the letter to the Senator from Michigan.

I know the sentiment of the Senate. It is in favor of the spirit of the bill. I am in favor of it myself. But I make the appeal that the matter may go over for a week in order that there may be brought to us from the Labor Department such amendments or modifications of the bill as will do away with manifest injustices and at the same time enable us to enact into law what the movers of the bill desire. I wish that might be done. The very fact now that the Senator from Michigan [Mr. VANDENBERG] has presented an amendment which needs perfecting indicates that there are other similar modifications which should be made.

Would anything be lost if we defer it to a stated time or for a week, or to any time that might be satisfactory? I have no desire to hold up action on the bill, but I am very anxious that other amendments which are in my office and which have been suggested to me might be brought before us in the proper way. The Senator from Wisconsin has moved to take up the bill.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. COPELAND. Certainly.

Mr. LA FOLLETTE. The Senator from New York knows very well that this legislation has been pending in Congress since 1924. There have been hearings on it every year since that time with the exception of this year. The bill has twice passed the Senate after most careful consideration on the part of the committee and the Senate. There is a small group in the Senate, led by the Senator from Connecticut [Mr. BINGHAM], who have been endeavoring to block the legislation by every tactical means which they could employ under the rules.

The bill is important. I realize that the shipping companies which have been bringing in these aliens are going to object to having themselves made responsible for aliens who come in as seamen. Of course, they have prevailed upon the department and discussed the matter with them. But the responsibility rests with Congress, and if we desire to plug up the biggest hole in our present immigration laws and block the biggest part of the evasions of that law, here is the bill with which to do it. I do not subscribe to the proposal to delay consideration of this important bill any longer. Senators have had ample notice that the bill would be brought up at the first opportunity. Further delay is inimical to the consideration of the legislation because, as every Senator knows, when the appropriation bills come before the Senate and other legislation is prepared and ready for the consideration of the Senate, there will be less and less opportunity for the consideration of this bill on its merits. Therefore the plea made by the Senator from New York falls on deaf ears so far as I am concerned.

Mr. COPELAND. Despite what the Senator from Wisconsin has said, I can not see why he should possibly object to postponement of the consideration of the bill to a definite time. If that time is a week or ten days off, then the Senator will accomplish exactly what he has in mind. The bill will be before the Senate then, and at the same time there will be presented such suggested changes as may seem wise to the Labor Department and to the steamship owners.

Mr. LA FOLLETTE. If they come to any agreement concerning the legislation, they can bring it to the attention of the Committee on Merchant Marine, Radio, and Fisheries in the House when the legislation is taken up for consideration there.

I wish to say to the Senator from New York that I am as anxious as any other Senator is to be accommodating to individual Senators when legislation comes up and they ask delay, but I ask the Senator to put himself in the position of those who are in favor of the legislation. In view of the past history of the bill, which I have reviewed briefly for the benefit of the Senate, I think we are justified in asking now, after all these years and having twice passed the bill after consideration by the Senate, to proceed to its consideration and pass it or defeat it on its merits. That is all we are asking. We are justified, I believe, in refusing to grant any further time in the consideration of the legislation.

Mr. COPELAND. It is very easy for me to do what the Senator suggests and put myself in the position of those who favor the legislation, because I am in that position already. I do favor the legislation. But I submit that since there are objections to certain features of the bill it is only fair to the Senate to give consideration to those objections before we act upon the measure. Those of us who want the bill passed and the spirit of it enacted into law lose nothing by fixing a date for its consideration. I have no doubt the Senate would agree to the fixing of a special time for the

consideration of the measure a week or 10 days hence, so that if the steamship owners are acting in good faith they may bring to us their objections. Then if they do not appeal to the Senate, it will be a very simple matter to dispose of the question. I think in all fairness that we should defer final action on the bill in the Senate until the objection can be brought here.

The Senator has said that there have been hearings on the bill every year except this year. There has been no hearing this year, and at a very early meeting of the Committee on Immigration, before we had hardly organized for work, the measure was reported out without any hearing whatever. I have no objection to it being considered at a time when those who have criticisms to offer or amendments to propose may have them here.

The Senator from Michigan [Mr. VANDENBERG] brought an amendment here which it was demonstrated at once was not a perfect amendment. Why do we not, in the interest of fairness to all concerned, set a definite time—say a week from next Monday, or any other day—when this matter may be made a special order? Then all the advantages of having early action for which the Senator from Wisconsin pleads would be met and we would have an opportunity to consider not only the bill as it is now before us, but such perfected amendments as might be brought to us?

Mr. LA FOLLETTE. If unanimous consent could be obtained for a special order for the measure and for the final disposition of it, I would not be inclined to object, but I am not going to lose the opportunity we have been waiting for all these years to get the bill passed and have it dissipated by a plea to set the bill for a special order and then have tactics of delay and filibuster employed in preventing it coming to a final vote, such as we have experienced in the past.

Mr. COPELAND. May I, preparatory to making such a request, ask the senior Senator from Oregon [Mr. MCNARY] if next Monday be as good as any day for a special order?

Mr. MCNARY. Mr. President, unhappily I am not able to anticipate the legislative situation next Monday. I could not distinguish Monday from any other day save the fact that there is always a morning hour and the calendar, under Rule VIII, on that day. Is it in the mind of the Senator from New York to fix a specific date for the consideration of the bill?

Mr. COPELAND. I was about to ask that the bill be made a special order for Friday, January 29.

Mr. LA FOLLETTE. What is the request? I could not hear the Senator's request.

Mr. COPELAND. I said that I was about to ask that the bill be made a special order of the Senate at the close of the morning hour on Friday, January 29, and that final action may be taken on that day.

Mr. REED. Mr. President, I am very much interested in the bill and have been for years. That happens to be the one day in this entire session that I can not be in Washington.

Mr. COPELAND. What about Thursday, January 28?

Mr. REED. Consideration of the bill might last over a day. Why not make it 2 o'clock on the following Monday?

Mr. COPELAND. That would be the 1st day of February.

Mr. LA FOLLETTE. I do not think we ought to put off consideration of the bill as long as that. Would not the Senator be ready to take it up next week?

Mr. COPELAND. I hope so.

Mr. REED. So far as I am concerned, it would suit me to fix it for 2 o'clock next Monday.

Mr. COPELAND. Very well.

Mr. LA FOLLETTE. I suggest that the Senator modify his unanimous-consent proposal to provide that on Monday next the bill be taken up for consideration at 2 o'clock and that it remain the unfinished business of the Senate until disposed of.

Mr. COPELAND. I accept that amendment.

Mr. BINGHAM. Mr. President, that would require the calling of a quorum.

Mr. LA FOLLETTE. No, Mr. President; the setting of a special order does not require the calling of a quorum. It is only when we fix a time to vote that a quorum must be called.

Mr. BINGHAM. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Connecticut?

Mr. COPELAND. I yield.

Mr. BINGHAM. My understanding is that the request is made for a special order for Monday, January 25, at 2 o'clock, and that it shall continue to be the unfinished business until disposed of. I have no objection to that request; but, may I suggest that in the meantime, if possible, the chairman of the committee give those who are opposed to it, and who have not had an opportunity to be heard, an opportunity to express their opinion? I assure the Senator from Wisconsin [Mr. LA FOLLETTE] that this will shorten the debate because it will relieve me of the necessity of reading into the RECORD the testimony which I would prefer to have given to the committee direct.

Mr. LA FOLLETTE. So far as I am concerned, may I say to the Senator from Connecticut I have never had any objection to hearings, provided that the bill, in view of all the circumstances to which I have referred before this afternoon, should not lose its status on the calendar. The matter of further hearings, of course, would rest with the committee and not with its chairman.

Mr. KING. Mr. President, may I ask the Senator from Connecticut a question?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah for that purpose?

Mr. COPELAND. I yield.

Mr. KING. The Senator's proposal does not contemplate a rereference of the bill to the committee at all, but merely that the committee may receive such testimony as they may care to receive after due notice to the committee, and anybody can avail himself of that opportunity as he may see fit.

Mr. BINGHAM. My desire is that the opponents of the bill be given an opportunity to present any new evidence they may have. I am willing it should be made a special order for 2 o'clock on Monday next and continue as the unfinished business until disposed of. I can assure the Senator from Wisconsin that if an opportunity is given for a hearing, so far as I am personally concerned, it would take a very short time to present the matter which I desire to submit to the committee.

Mr. LA FOLLETTE. That is very good news.

Mr. NORRIS. Mr. President, may I ask the Senator from Connecticut a question?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Nebraska?

Mr. COPELAND. Certainly.

Mr. NORRIS. I just entered the Chamber a moment ago and have not heard the first of the discussion, so I may be asking something that everybody else understands. What is the date when this is to be done?

Mr. BINGHAM. The Senator from Wisconsin has suggested that consideration of the bill be made a special order for Monday next at 2 o'clock.

Mr. NORRIS. I have no objection.

Mr. HATFIELD. Mr. President, I have numerous telegrams and letters asking for a hearing on the bill. These telegrams and communications were received after the bill had been reported from the committee. I doubt seriously whether we can have a hearing and complete it by next Monday. However, I rather feel that the bill should be made a special order a little later in the week in order that some of those living on the Pacific coast who have communicated with me may be heard. Whether they have representatives located in the city of Washington who will present their objections to the bill, of course, I am not informed.

Mr. KING. Mr. President——

Mr. COPELAND. I yield to the Senator from Utah.

Mr. KING. I think the shipping interests have their representatives here or in New York, and those who live upon the Pacific coast have heretofore presented their views to the committee. I have no doubt that in a very short time

they can present their testimony. Much of it will be in the form of briefs. I think if the Senator would set next Friday morning for the hearings and would notify them by wire, there would be no difficulty in concluding in one day all the testimony they desire to offer.

Mr. HATFIELD. That date is quite agreeable to me, Mr. President.

Mr. BINGHAM. Mr. President, may I ask the Senator from Wisconsin if he would be willing to change his request to Wednesday at 2 o'clock? I can assure him that there will be no delay whatever; and after what the Senator from West Virginia [Mr. HATFIELD] has stated it seems to me only fair that those who live in California, if they desire to come on, should be permitted to do so.

Mr. LA FOLLETTE. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. Yes.

Mr. LA FOLLETTE. May I ask the Senator from Pennsylvania whether January 26 would be agreeable to him?

Mr. REED. It would not be very convenient, but I shall make it satisfactory if that be the desire of the Senate.

Mr. LA FOLLETTE. If that be satisfactory to the Senator from New York——

Mr. COPELAND. What was the date mentioned by the Senator from Wisconsin?

Mr. LA FOLLETTE. Wednesday, January 26.

Mr. COPELAND. Wednesday will be the 27th.

Mr. LA FOLLETTE. Would Tuesday suit the Senator from West Virginia?

Mr. HATFIELD. Any day, Mr. President, would be entirely agreeable to me. I made the suggestion so that those who are interested in protesting against the bill might be here in order to enter their protest.

Mr. COPELAND. I modify my request and now ask that the bill may be made a special order for 2 o'clock on Tuesday, January 26.

The PRESIDING OFFICER. And that it be made the unfinished business?

Mr. COPELAND. That it be made the unfinished business.

The PRESIDING OFFICER. That request will not require the call of a quorum.

Mr. McNARY. Mr. President, I should want another sentence to be incorporated in the agreement, and that is, "*Provided*, That this agreement shall not prevent the submission of conference reports."

Mr. LA FOLLETTE. I am agreeable to that, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York as modified?

Mr. VANDENBERG. Mr. President, may I ask the Senator to withhold his request just long enough to attach an amendment to the bill, inasmuch as we are now all in agreement upon it and it will simplify the matter to have the bill framed in that way before it goes over?

Mr. COPELAND. I have no objection.

Mr. VANDENBERG. I offer the amendment in behalf of the Senator from Pennsylvania and myself.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to add a new section, as follows:

SEC. 8. A vessel of the Great Lakes, which has shipped an alien seaman in a port of the United States and which on its voyage has entered a Canadian port, shall not upon its return to the United States be subjected to any of the penalties provided in this act.

Also to change "section 8" to read "section 9."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan.

The amendment was agreed to.

Mr. GEORGE. Mr. President, I do not object to entering into this agreement; but unless there is to be some assurance that legislation will be reported out of the Committee on Immigration at this session, I shall, when the bill comes before the Senate for consideration, offer an amendment providing for the deportation of any alien who, in the courts of the United States or of any State, has been convicted of crime involving moral turpitude.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York [Mr. COPELAND]? The Chair hears none, and it is so ordered.

PAPERS RELATING TO MANCHURIAN CONTROVERSY

Mr. CUTTING obtained the floor.

Mr. JOHNSON. Mr. President, will the Senator yield to me in order that I may make an inquiry?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from California?

Mr. KING. I yield.

Mr. JOHNSON. The Senator yielding to an inquiry, I desire to say that on the 17th day of December the Senate adopted a resolution calling upon the Secretary of State for the papers relating to the Manchurian controversy and asking that they be transmitted to the Senate of the United States. I inquire of the Chair has any response been made to that resolution of the Senate?

The PRESIDING OFFICER. There is no record of it.

Mr. JOHNSON. More than a month has passed and no response of any kind or any character has been made to the Senate's resolution.

EVERGLADES NATIONAL PARK

The PRESIDING OFFICER. Will the Senator from New Mexico permit the clerk to state the next bill on the calendar?

Mr. CUTTING. Certainly.

The LEGISLATIVE CLERK. A bill (S. 475) to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes.

WORLD WAR VETERANS' LEGISLATION

Mr. CUTTING. Mr. President, after the enactment of the veterans' act of July 3, 1930, which provided allowances to World War veterans suffering from non-service-connected disabilities, the convention of the American Legion, held from October 6 to October 9, 1930, adopted resolutions calling upon Congress to enact legislation for widows and orphans of World War veterans who died of nonservice-connected disabilities.

In response to that resolution a number of bills were introduced in the last Congress and in the present Congress. The officials of the American Legion, in an endeavor to carry out the desires of the convention, have been in constant attendance during this session at hearings before the Veterans' Committee of the House of Representatives. It was very surprising to Legion officials to read in this morning's Washington Post what purports to be a news story headed "War veterans agree to halt pension fight—White House is notified demands will not be pressed—$200,000,000 bill would aid widows; year delay held dictated by patriotism of leading organizations."

This article, which is signed by Lawrence Sullivan, begins as follows—I will read some of it:

Yielding to the insistent pleas of both Congress and the administration for drastic curtailment of Federal expenditures until the national Budget is balanced again, the principal war veterans' organizations yesterday sent word to the White House that they would not press in the present session of Congress their demands for a $200,000,000 pension bill for widows, orphans, and dependent relatives of former soldiers and sailors.

The decision does not mean that the pension program approved by all the veterans' conventions last summer will be abandoned. An agreement has been reached, however, to withhold pressure for its enactment until the proposed payments might be handled without further increasing the $18,000,000,000 national debt.

Washington spokesmen for the veterans declare that in view of the present state of Federal finances the year's delay is dictated by the high patriotism of the rank and file of their several organizations.

WHAT BILL WOULD INVOLVE

Veterans' Administrator Frank T. Hines discussed both the pension measure and the $13,000,000 hospital-construction program with President Hoover yesterday. He explained that the 5-year pension program would have called for more than $20,000,000 the first year and approximately $60,000,000 in the fifth year. Inasmuch as the billion-dollar veterans' budget for 1933 does not make any provision for the proposed pensions, enactment of the bill in the present session would have involved new Treasury financing.

as was necessary to meet the $1,000,000,000 in service-certificate loans during the last year.

Officials of the American Legion and other powerful veterans' organizations recognized that in an election year it would have been a comparatively easy matter to work up a strong demand in Congress for the immediate enactment of the pension bill.

In the face of the overwhelming development of economy sentiment among both Democrats and Republicans on Capitol Hill since Congress convened, however, the political strategists of the veterans' lobby counseled shelving the pension campaign—

A misprint occurs there. It then goes on:

The wiser heads among the veterans swung gradually to the view that to press their new demands now might jeopardise the entire pension program.

Mr. President, I do not often pay attention to newspaper articles, and certainly there are few Senators who have less interest than I in what is printed in the Washington Post. Perhaps some of us go to the other extreme and consider the inclusion of an item in that newspaper a guaranty of inaccuracy. Nevertheless, I would not voluntarily accuse Mr. Sullivan, of the Post, of having deliberately falsified this article. It bears on its face the suggestion that possibly the inaccuracy of this particular statement is due to the White House itself.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. CUTTING. I yield.

Mr. NORRIS. Is not that suggestion the Senator has made applicable to pretty nearly all of Mr. Sullivan's effusions?

Mr. CUTTING. The Senator possibly is correct, but what I mean to say is that Mr. Sullivan may have written this article in entire good faith. It quotes no one, no individual, no leader of either the American Legion or of any other service man's organization, but appears to be based on information received at the White House.

In view of those circumstances I think it is proper to call the attention of the Senate to the fact that Legion officials have asked me to-day to deny this article completely and to assure the Senate that they are continuing to carry out in good faith the desires of the Boston convention and the subsequent convention last year. As proof of that they show me their last weekly bulletin, which devotes more than half its pages to a discussion of the particular piece of legislation which they are now quoted as having abandoned.

One other matter is emphasized in this bulletin which I think is entirely appropriate to the situation. Since 1925 the American Legion has been anxious to have a special veterans' committee in the Senate, similar to the one in the House, which will deal with veterans' legislation in a thoughtful and comprehensive way. Resolutions proposing the creation of such a committee have been before the Senate at various times. On December 18 last the Senator from Texas [Mr. SHEPPARD] submitted a resolution creating such a committee, which was referred to the Committee on Rules. That committee, as in previous sessions of the Senate, has paid no attention whatever to the resolution.

I do not wish to detain the Senate to read at length the statement by the American Legion on the subject of a veterans' committee in the Senate. I should like, if there be no objection, to have included in the RECORD, as a part of my remarks at this point, a brief statement as to the need of such a committee in the Senate and a table submitted by the American Legion showing the time spent on the consideration of veterans' legislation for the disabled by the House Committee on World War Veterans' Legislation and the time spent by the Finance Committee of the Senate on the same measures.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

THE NEED FOR A VETERANS' COMMITTEE IN THE SENATE

The dates set forth below show a comparison between the time spent in the consideration of legislation for the disabled by the House Committee on World War Veterans' Legislation and the time spent by the Finance Committee of the Senate on these same measures. This comparison covers the period 1925–1931, during which the Legion, since 1925, has endeavored to obtain a veterans' committee in the Senate, so that legislation affecting the disabled may receive the same thoughtful study by Members of the Senate that it has been receiving in the House of Representatives.

In the following compilation, the word "Senate" means Finance Committee, while "House" means House Committee on World War Veterans' Legislation. It should also be stated, in explanation of the House dates, that it has been the custom of the House committee to hold five meetings a week during the period when it is considering veterans' legislation. About three-fourths of this time has been devoted to hearings and one-fourth to executive committee sessions, during which the committee has reached an agreement upon the provisions of the bill it would report. A portion of the hearings, especially those affecting hospitals, have been conducted by subcommittees before the full committee began executive consideration of the legislation.

(Sixty-eighth Congress, second session, 1925)

DISABLED—H. R. 12308

House, January 7 to February 18.
Senate, March 2.

(Sixty-ninth Congress, first session, 1926)

DISABLED—H. R. 12175

House, January 6 to March 11.
Senate, May 6 (S. 3097) and May 24 to 26.

(Sixty-ninth Congress, second session, 1927)

DISABLED—H. R. 17141

House, February 6 to 9.
Senate, no consideration. (Bill failed.)

(Seventieth Congress, first session, 1928)

DISABLED—H. R. 13039

House, January 30 to April 11.
Senate, May 21.

HOSPITALS—H. R. 12821

House, January 9 to March 24.
Senate, May 22.

(Seventieth Congress, second session, 1929)

DISABLED—H. R. 16819

House, February 1.
Senate, no consideration. (Bill failed.)

HOSPITALS—H. R. 15921

House, January 15 to February 21.
Senate, no consideration. (Bill failed.)

(Seventy-first Congress, first session, 1930)

DISABLED—H. R. 10381

House, January 16 to March 10.
Senate, May 8 and 12, and June 11, 27, and 28.

HOSPITALS—H. R. 234

House, December 13 and from April 1 to April 24.
Senate, December 17 and 18.

(Seventy-first Congress, second session, 1931)

DISABLED—H. R. 17116

House, February 3 to February 18.
Senate, no hearings. (Bill failed.)

HOSPITALS—H. R. 16962

House, December 15 to February 10.
Senate, February 18 and 19.

It will be seen from the foregoing that all of the measures affecting the disabled, both amending the World War veterans' act and hospital construction, under consideration for seven years have originated in the House with the exception of one bill, S. 3997, the so-called Reed insurance bill. There is no reason why the Senate should not originate veterans' legislation as well as the House, except that there is no adequate committee of the Senate for this purpose.

Mr. CUTTING. I will read the conclusion reached by the Legion:

A compilation of the time spent since 1925 in House and Senate consideration of veterans' measures affecting the disabled—

That is without any regard to so-called bonus loans—

shows that the House World War Veterans' Committee has spent 440 days during the seven sessions under consideration and that the Finance Committee has spent only 16 days. Counting time out for week-ends this means that the House has spent approximately 20 days on the consideration of veterans' legislation for every day that the Finance Committee has considered the subject. The Veterans' Committee of the House has averaged more than two months each session on measures affecting the disabled, whereas the Finance Committee has only averaged a little more than two days a session in consideration of these same measures. This in itself should be proof conclusive of the need of a veterans' committee in the Senate.

It is quite evident to every Member of this body that the Finance Committee, which has its whole time taken up with matters of enormous importance to the country at this session and at practically every session, has no time to give to

veterans' legislation in any thoughtful way. The result is that at every session since I have been a Member of this body veterans' legislation has come before the Senate in the last two or three days of the session, when there was no time to consider it properly and no time to do anything except either pass it or reject it.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. CUTTING. I yield.

Mr. SMOOT. I think that is an unfair statement on the part of the Senator.

Mr. CUTTING. I should like the Senator to point out in what respect it is unfair.

Mr. SMOOT. I will do so.

The legislation that has come over from the House comes to the Senate with the hearings upon those special measures. I think in the case of 90 per cent of the bills that have been reported to the Senate by the Finance Committee we have taken the hearings that have already been held in the House and passed upon the bills themselves and reported them here without any hearings whatever.

As to public hearings, the Senator's statement as to the time is perhaps true; but that refers only to public hearings. It does not apply to the amount of time that has been expended by the committee in the consideration of House bills, because nearly all of the bills have originated in the House. The reports that have been made here were generally, and, in fact, I think in all cases, on bills that originated in the House. The House hearings were before the Finance Committee and they were considered by that committee. I want to say further that the action of the House has had a great influence upon the action of the Senate committee, and they have not gone into the details any further than the House went into them wherever there was a hearing held.

Mr. CUTTING. May I ask a question of the Senator from Utah? Is there any reason why veterans' legislation should originate in the House? Why should not some veterans' legislation be considered in the Senate by a committee devoted to that end?

Mr. SMOOT. If the Senator will look at the bills on veterans' legislation that have been introduced in the House, I think he will find that there have been at least 20 introduced there where there has been 1 introduced in the Senate.

Mr. CUTTING. Yes; but their passage always comes in the House after House hearings and after consideration before a House committee.

Mr. SMOOT. No; not always.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. CUTTING. I yield to the Senator from Nebraska.

Mr. NORRIS. The membership of the House, as compared with the membership of the Senate, I think, will account for the figures the Senator from Utah has just given. There are so many more Members there.

I should like, however, for the benefit of the Senator from Utah, to call attention particularly to the fact that the Senator from New Mexico has cast no reflection upon the Committee on Finance or any other committee of the Senate. He has called attention to a condition that it seems to me is very favorable to what he is trying to do, by showing, in effect, that neither the Committee on Finance nor any other standing committee of the Senate is physically able to give to this legislation the attention that a regular committee could give to it. He does not mean, as I understand him, to say that the Committee on Finance have not done their duty, or anything of that kind, but that they have so many other things to look after.

Mr. SMOOT. That is not what the Senator from New Mexico said.

Mr. NORRIS. That is a fair inference from what he said.

Mr. CUTTING. That is what I intended to say.

Mr. SMOOT. That is not what the Senator did say, and the reason I rose was to let him and the other Members of the Senate understand the situation.

I think the Senator will admit that, as far as the Senate is concerned, perhaps 90 per cent of the bills considered here dealing with veterans' legislation have been bills that have passed the House and come to the Senate and been reported from the Finance Committee, in most cases without hearings. We have held hearings, however, in the case of any really important legislation, such as the bonus bill passed at the last session of the Senate, where we made an appropriation and made some changes in the House bill and, I may say, also added thereto.

Mr. NORRIS. That may all be, if the Senator will yield further.

Mr. CUTTING. Yes; I yield.

Mr. NORRIS. That, however, does not do away with the fact, which seems to be perfectly plain from the Senator's argument, that regardless of what we think about whether there ought to be another committee or not, the time given by the committee of the House to the consideration of veterans' legislation, as the Senator has shown, practically demonstrates that no standing committee of the Senate ought to be loaded down with additional work when it is already overloaded, while the House committee has nothing but these bills to consider.

Nobody would expect the Senator or his committee, having the burden of legislation that is put upon their shoulders, to undertake this additional work. It would be a physical impossibility to do it. As the Senator says, however, these bills have always come—and we remember that, because we have been embarrassed to know what to do—at the very tail end of a session, particularly a short session. The Senate committee has other work to do, and it does not get to these bills. The House considers them first and passes them first. If we had a committee here to consider them, that would not occur. They would be reported from time to time; and even if we were not able to take them up until late in the session, when we did take them up we would have the advantage of the Senate committee having considered them, and would have their judgment and their report on them.

So I think, regardless of how any Senator may feel about the creation of another committee, the statements made by the Senator from New Mexico are borne out by the facts.

Mr. REED and Mr. ROBINSON of Indiana addressed the Chair.

The VICE PRESIDENT. Does the Senator from New Mexico yield; and if so, to whom?

Mr. CUTTING. I yield first to the Senator from Pennsylvania.

Mr. REED. Mr. President, I have no inclination to quarrel with the figures of the number of hours spent by these different committees; but I do want to correct one statement that inadvertently has been made by the Senator, in which he said that none of these bills has originated in the Senate.

It is a fact that the World War veterans' act of 1924, which is the very foundation stone of the whole system of veterans' relief in the United States, was prepared and written in the Senate after an entire summer had been spent in its consideration and in an investigation of abuses of the Veterans' Bureau at that time. That investigation led to the conviction and sentence of the Director of the Veterans' Bureau at that time, Colonel Forbes, who spent a term in the penitentiary as a result of the disclosures of that committee. The other work that the committee did was the preparation of the World War veterans' act; and it was done entirely in the Senate, and by that committee, after months of steady work every day during the week except Sundays.

Mr. NORRIS. Mr. President——

Mr. CUTTING. May I answer the Senator from Pennsylvania before yielding further? I think my remarks will show that I referred, and I certainly intended to refer, only to the term during which I have been a Member of the Senate. The World War veterans' act of 1924, of course, was passed before that time.

I should like also to say to the Senator from Utah that I entirely agree with what was said by the Senator from

Nebraska [Mr. NORRIS]. I had no desire whatever to reflect on the subcommittee of the Finance Committee which deals with veterans' legislation; but I do say that neither they nor any other men could give the proper attention to the veterans' legislation which has been introduced in Congress in the last four years if they were going to attend to the other things which were bound to absorb the major part of their time and attention.

Mr. REED. Mr. President, will the Senator yield to me again for a moment?

The VICE PRESIDENT. Does the Senator from New Mexico further yield to the Senator from Pennsylvania?

Mr. CUTTING. Yes; I yield.

Mr. REED. The Senator is right when he says that we have spent comparatively few hours on veterans' legislation here as compared to the House; but one reason for that has been the trick, which has become a habit, of the House holding up these veterans' bills and amendments to the veterans' law until just before the session comes to an end. Then they pass their bill; they rush it over here with about 48 hours to spare; the entire force of the veterans' lobby in Washington—and it is very considerable—comes down on us to compel us to rush that thing out with scarcely any consideration, in order to get it to the President before the session is over.

If we had a special committee, I do not believe conditions would be any better. They never give us a chance to consider those bills with deliberation; and it is not the fault of the Senate. It is the fault of either the House committee or the backers of the bill in not getting their veterans' acts over here in time for us to study them.

Mr. CUTTING. The very point I am trying to make, it seems to me, is emphasized by what the Senator from Pennsylvania said. If we had a committee over here it would hold hearings of its own and report a bill favorably to the Senate; and the difficulties, if there were any, between the two Houses could be ironed out in conference at almost any time.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. CUTTING. I do.

Mr. SMOOT. Take the case of the building program, the bill that came over here and was passed in the last hours of the last session, appropriating some nineteen or twenty million dollars. That was a direct appropriation.

Mr. CUTTING. Of course. That is just one item out of a great many, however.

Mr. SMOOT. That bill had to originate in the House of Representatives. We can not handle those things until the House passes on them; and that was one of the most important bills, I think, ever passed in behalf of the veterans.

I do not see how the veterans can complain of the action of the Senate in relation to legislation affecting the veterans' organizations. There may be a few that were not given all they wanted; but in nearly every case the representatives of the American Legion have appeared before the committee, and in nearly every case I can say the legislation that was reported has met their approval.

Mr. CUTTING. I will only say to that, in the first place, that while a Senate veterans' committee could not originate appropriations it can authorize appropriations.

Mr. SMOOT. Yes; but then the bill would have to go back to the House and the House would have to act upon it, and then it would have to come back here again.

Mr. CUTTING. Even then, those things can be done some time before the last days of the session.

In the second place, I want to say that I was not speaking principally about appropriations. If the Senator will remember—and I mention this merely as one example out of many, though a most flagrant one—the bill of July 3, 1930, was introduced in the House without any hearings. It was directly contrary to all the precedents on which veterans' legislation has been based in the past. It was rushed over to the Senate, as I remember, about 24 hours before final adjournment. We had to take it or leave it. Nobody had had any hearings there or here. That is the kind of thing that ought to stop, and it is the kind of thing that would stop if we had a committee over here which was able to give to veterans' legislation the same kind of attention that the committee in the House gives to it.

Mr. NORRIS. Mr. President——

Mr. CUTTING. I yield now to the Senator from Nebraska.

Mr. NORRIS. I desire to reply, if the Senator will permit me, briefly to what has been said by the Senator from Pennsylvania [Mr. REED]; and I should like his attention. If I misstate any of these things I should be glad to have him correct me, because I think they are probably fresher in his mind than in mine.

In answer to the statement of the Senator from New Mexico that veterans' legislation originated almost entirely in the House and not in the Senate, the Senator from Pennsylvania said that one such bill, more important than any other, originated in the Senate, and that it came about from a very extended investigation of the whole question of veterans' legislation.

As I remember, that investigation—of which the Senator from Pennsylvania was an extremely useful member, and which extended, as he says, over an entire summer—was conducted by a special committee.

Mr. REED. That is correct.

Mr. NORRIS. It was not a standing committee of the Senate. The special committee was appointed, as I remember, in response to a resolution of the Senator from Massachusetts [Mr. WALSH].

Mr. REED. No, Mr. President; I introduced the resolution.

Mr. NORRIS. At any rate, it was in response to a special resolution; and the special committee made a very fine investigation. I followed it as well as I could as it proceeded, and it seemed to me that they did very fine work; and the legislation came as a result of it.

Mr. REED. But the bill they drafted went to the Finance Committee.

Mr. NORRIS. Oh, yes.

Mr. REED. And was perfected there and introduced.

Mr. NORRIS. It would necessarily have to go to the Finance Committee under our method of referring those bills. That is true. It was reported by the Finance Committee; but the instigation of it all came, not from a standing committee of the Senate, but from a special committee appointed by the Vice President in accordance with a resolution passed by the Senate providing for that investigation.

Mr. CUTTING. The Senator thinks that that fortifies the point I am making?

Mr. NORRIS. I think it does. I think it fortifies the point the Senator is making, showing that the importance of the subject is sufficient to demand that a standing committee will be appointed whose duty it will be to take care of such legislation.

Mr. SMITH. Mr. President, will the Senator yield to me?

Mr. CUTTING. I yield.

Mr. SMITH. In the course of the colloquy between the Senators on the other side the Senator from New Mexico said that bills carrying appropriations could not originate in the Senate, and some one made the remark that we could authorize appropriations. That is news to me. I think there must be some mistake about it, for the reason that under the Constitution bills for raising revenue may not originate in this body, but bills which carry appropriations certainly can originate here.

Mr. CUTTING. Mr. President, the Senator from South Carolina said I made the statement. The statement was made by the Senator from Utah.

Mr. SMITH. I beg the Senator's pardon. I heard the remark made that bills making appropriations could not originate in the Senate. I do not want any such impression to be gotten, because it is not the custom, so far as my experience has been, that bills making appropriations may not originate here.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. CUTTING. I yield.

Mr. SMOOT. During my service in the Senate we have sent over to the House two or three bills originating appropriations, and every time the House returned the bill to the Senate with a polite note saying that it was the obligation of the House to originate appropriations. They even went so far, when the Senate passed the settlement of the war debt with France and sent it over to the House, as not even to consider it, but they sent it back and told us that it had to do with raising revenue of the Government and, therefore, should originate in the House.

Mr. SMITH. I do not pretend to say that a question might not be raised about an appropriation which in itself intrinsically involved the raising of revenue, but an appropriation such as we think is proper in the Senate should not have any connection whatever with what any other body may do.

Mr. SMOOT. If it is an authorization, it is all right.

Mr. CUTTING. Mr. President, I am almost through. I did not mean to get into this elaborate discussion of fundamentals.

Mr. SMOOT. I will say this to the Senator, that if the Senate authorizes an appropriation after an authorization, the House then will have to appropriate enough to cover the authorization. That is the position the House has taken. I do not know whether a direct vote has ever been had in the Senate upon that question or not, but I do know that for nearly 30 years the House has absolutely refused to recognize a direct appropriation made by the Senate.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from New Mexico yield to me?

Mr. CUTTING. I yield.

Mr. ROBINSON of Arkansas. With respect to the subject immediately under discussion, the constitutional provision, as we all understand, is that bills for raising revenue must originate in the House of Representatives. Of course, it is only by a strained construction that anyone can contend that that provision prevents the Senate from originating appropriation bills, since appropriation bills are not bills for raising revenue but bills for expending revenue.

There is a distinction which I think the House itself makes, which has not been brought out in the course of the debate—that is, that the House has insisted, and the custom has prevailed, to the effect that general appropriation bills shall originate in that body. But within the memory of all of us the Senate has passed numerous bills which appropriate public moneys, sent them over to the House, and some of them, I believe, have been passed.

Mr. SMOOT. I do not remember them.

Mr. LEWIS. Mr. President, I beseech the Senator from New Mexico, when convenient to him, to find, through a little investigation, that the bills providing for pensions for Spanish-American War veterans and bills for the relief of the volunteer officers of the United States Army were all individuated and differentiated under the name of "relief bills," and, upon the theory of being relief, took their origin in the Senate, and since then have been frequently confirmed and have continued to be so denominated.

Mr. CUTTING. I thank the Senator.

I had intended to speak for only a few moments, and we seem to have gone rather far afield.

I simply want to conclude by emphasizing two things. One is that if the Committee on Rules does not act on the resolution of the Senator from Texas [Mr. SHEPPARD], or some similar resolution, I propose at some time to move to discharge the Committee on Rules from further consideration of the resolution.

The other thing I want to emphasize is the one with which I began, namely, that the American Legion and, so far as I know, other service organizations, are continuing their fight to obtain the same relief for the widows and orphans of veterans who had nonservice-connected disability that those veterans themselves obtain under the act of 1930.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. The Chair feels it his duty to announce that under the agreement debate is limited to five minutes. The debate has continued without objection for so long that the present occupant of the chair has not felt inclined to call attention to the rule.

PUBLIC BUILDINGS IN WASHINGTON CITY

Mr. McKELLAR. Mr. President, I think the Chair is right in calling attention to the rule, and if I take over five minutes I hope the Chair will call my attention to the fact.

The first matter to which I want to call the attention of the Senate is the point of order made by the Senator from New York [Mr. COPELAND] to that provision in the appropriation bill which prohibited the remodeling and the rebuilding of what is known as the State, War, and Navy Building in this city. I regretted very much that the point of order was made. The appropriation has already been made to have that building remodeled, and I am informed that the remodeling would cost something like $4,000,000.

Mr. President, I was in the State, War, and Navy Building this morning. The ground was broken for the building on June 21, 1871, and the building was completed on the 31st of January, 1888. I might add that I am informed that half of the granite of which it is constructed came from Massachusetts and the other half from Virginia. It is one of the best structures in this city. From an architectural and æsthetic standpoint, it may not be all that is should be, and sometime when the Government has more money in the Treasury than it knows what to do with, when there is a surplus instead of a deficit, it might be a very good thing to remodel the building. But it ought not to be remodeled now. No building less than 50 years old, constructed in such a manner, and of such materials as entered into this building, should be torn down. It is good enough for any of the officials or employees of this Government to work in. It is a wonderfully constructed and most desirable office building, and it would be a woeful and reckless waste of the people's money to spend $4,000,000 on remodeling it now.

When I heard that a point of order was to be made I tried to have a bill framed so that it could be passed in time so that we might prohibit the use of the money which has already been appropriated. As it is, the officials of the Government can go on and remodel the building. By an overwhelming majority the Committee on Appropriations indicated a desire to insert a provision in the deficiency appropriation bill prohibiting the remodeling of that building at this time. I want to read the bill I introduced, since it is very short, so that there can be no mistake about it. My bill provides:

> That no appropriation, or part thereof, authorized under the act of July 3, 1930 (46 Stat. 907), or under any other act heretofore passed, shall be used for remodeling and reconstructing the Department of State Building until hereafter authorized by law.

It seems to me that at this time, when there is a tremendous deficit in our Treasury, and innumerable needs for other kinds of governmental work, we should not go on with this remodeling, and I know that the Committee on Appropriations will report this bill out, and speedily, and I hope that when it is reported out it will be passed by both Houses.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. NORRIS. I wonder whether the Senator would not add to his bill a provision that they should not tear down the Post Office Building. I understand that is to be torn down.

Mr. McKELLAR. No; that has been stopped. That is stopped by a provision in the deficiency bill.

Mr. NORRIS. The Senator ought to remember, in his opposition to the remodeling of the State, War, and Navy Building, and the spending of several hundred thousand dollars for that purpose——

Mr. McKELLAR. Four million dollars.

Mr. NORRIS. Four million dollars?

Mr. McKELLAR. Yes.

Mr. NORRIS. That is a large building, and the Senator must remember that the interior decorations, and so forth, are two or three years old, and are out of style. Those things, like women's hats, have seasons of popularity and depression, and they have to be remodeled and rebuilt and reconstructed every time the style changes.

Mr. McKELLAR. I can understand that, but I am old fashioned myself, and I rather like old buildings, and old things generally. So that argument does not weigh with me. I hope the Senate will pass the bill which I have introduced, and which I have just read.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. SMOOT. Mr. President, the Treasury Department Building is a very beautiful edifice. The State, War, and Navy Building is one upon which no one who has any idea of a beautiful building can look without wondering what kind of a mind ever created such a monstrosity. I never saw so many gimcracks and spizzerinktums put upon any other building I ever saw in the world.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. LEWIS. What did the Senator say he saw on that building?

Mr. SMOOT. Gimcracks and spizzerinktums.

Mr. NORRIS. Mr. President, let me say to the Senator that when the gimcracks and spizzerinktums were put on that building they were stylish; they were in style then.

Mr. SMOOT. No; they never were stylish.

Mr. NORRIS. And they will come in style again, as all these things do. If we take them out this year, we will put them back next.

Mr. SMOOT. No, Mr. President; they were never in style on a public building and never will be. They are exaggerations of things sometimes placed on private buildings erected by people who have more money than they know what to do with and build a monstrosity of a building which they call home.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. SMOOT. I yield.

Mr. McKELLAR. I happened to be in that building this morning and, while I do not know a great deal about architecture, I saw some Doric columns and some Ionic columns——

Mr. NORRIS. Did the Senator see the spizzerinktums? [Laughter.]

Mr. McKELLAR. And I believe there were a very few Corinthian columns. The Doric and Ionic prevailed. I did not see the spizzerinktums.

Mr. SMOOT. Perhaps the Senator did not cast his eye toward the top of the building, nor do I think he went clear around the building. I do not say that under the conditions which exist now we should expend $4,000,000 for this purpose. That is another question.

Mr. McKELLAR. I am very happy the Senator has taken that position.

Mr. SMOOT. I hope to live long enough to see the day that that building may be made to conform to the beauty of the Treasury Building. I consider the Treasury Building one that would be an ornament any place in the world, and yet back of it is the great State, War, and Navy Building, which is a monstrosity in the sight of anyone who likes symmetry and beauty in a great governmental building.

Mr. NORRIS. Mr. President, the Senator from Utah, of course, is a great judge of art and beauty, and I know that I expose my ignorance of the subject when I say that I have always been attracted to the building which he has so forcefully and eloquently denounced. I think and have always thought that it and the Post Office Building, which has likewise been condemned by modern society, were two of the finest buildings in the city of Washington.

I was not aware of it before, but I presume I have a special liking for gimcracks and spizzerinktums.

Mr. SMOOT. I have not.

Mr. NORRIS. The Senator from Utah for some reason or other has cultivated a distaste for them. They probably hurt him at some time. He probably came in contact with gimcracks that got the best of him or spizzerinktums that got away with him [laughter], and he is now trying to vent his spleen by having us destroy one of the finest buildings in all the civilized world.

Mr. SMOOT. And I hope that I may be successful.

Mr. NORRIS. He wants to do that just because it has some gimcracks in it and because it is inhabited partially by spizzerinktums. [Laughter.]

Mr. JONES. Mr. President, ever since I came here 30 years ago I have admired very much the State, War, and Navy Building. I have not been able to determine just what kind of architecture it is. I know now. I have great admiration for spizzerinktum architecture, and so I am going to stand for that building as it is now just as long as I possibly can.

EVERGLADES NATIONAL PARK

The Senate resumed the consideration of the bill (S. 475) to provide for the establishment of the Everglades National Park, in the State of Florida, and for other purposes, which had been reported from the Committee on Public Lands and Surveys with an amendment.

The VICE PRESIDENT. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 1, line 7, after the word "recommended," strike out the words "as a national park."

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. REED. Mr. President, I ask that the bill go over.

Mr. FLETCHER. Did the Senator ask that the bill go over?

Mr. REED. Yes. I want to find out how much money this is going to cost the United States.

Mr. FLETCHER. It does not cost anything; that is, it will not cost the Government a dollar now. Of course, after a while it may; but at present it carries no appropriation and provides nothing except it establishes a national park to be selected within a certain area in the only tropical portion of the country.

Mr. REED. What will the project cost for maintenance?

Mr. FLETCHER. That, of course, depends on future developments. Perhaps two years from now we will have the site located. The bill merely provides for the establishment of a national park within an area of 2,000 square miles, the site to be selected by the National Park Service. The boundaries will be marked out later, so that we do not yet know the size of it. We have no idea about what will be done in that regard. It will be taken care of eventually if it is selected and agreed to. All this area of land is to be furnished by the people there and the National Government is not to be out a dollar of expense in that connection. After the park is established, then the question of it coming under the jurisdiction of the National Park Service and their care of it, and what they may recommend for its care and development will be a question for the future and Congress can pass upon that question when it arises. At present there is no expense involved for the National Government.

Under an act of Congress passed two years ago the matter has been thoroughly investigated by committees of the House and Senate. The Senate Committee on Public Lands and Surveys went down there and went over the area. There was a unanimous report by the Committee on Public Lands and Surveys during the last session and there is a unanimous report by that committee at this time. A similar bill is on the calendar in the House. The project is recommended by the National Park Service and the Secretary of the Interior, and by all who have made any investigation of it at all. It does not call for any expenditure of money on the part of the Federal Government.

Mr. REED. If it is going to lead to big appropriations for drainage and for building roads and that sort of thing, I think it is an unwise enterprise for us to embark upon at this time. I do not want to be the sole opponent of the bill, however, nor do I want to abuse my right to object.

Mr. NYE. Mr. President, the Senator from Pennsylvania has asked a question, which I think can be answered very frankly, as to the probable cost of maintenance of the proposed park. Within the last hour the director of the National Park Service has indicated that the administration of the park would cost less than does the administration of any other park in which the National Government is interested. Ultimately there is hope of the development of roads and canals there, but certainly that time is not now. In view of the splendid accomplishment that would be won by reason of the preservation of certain life and certain institutions that exist there now, I hope the Senate will consent to the passage of the Everglades park bill.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. NYE. I gladly yield.

Mr. KING. I was wondering why, if the place is suitable for a park, the State does not establish the park? I confess I am very much opposed to the policy which we have followed for a number of years of creating a large number of national parks. I wonder if the States are losing all pride and desire for parks except they are to be unloaded on the Federal Government? Why does not the State, if it is such a magnificent site, establish a park there?

Mr. NYE. I think there is only one answer to the Senator's question, and that is that administration of the National Park Service has been such as to win a greater degree of confidence in a park if it has a national-park status. Their administration has been fine. In the East there is title, it seems to me, to greater recreation grounds through the National Park Service than we have now.

Mr. KING. The success which has attended the National Park Service is in part due, is it not, to the very large appropriations which have been made by Congress? Why may not the State establish its own park? Has the State of Florida a park?

Mr. NYE. I think so.

Mr. FLETCHER. Mr. President, the State of Florida has a park not very far from this site, but it is, of course, a comparatively small area. This park is supposed to be such that the whole country can enjoy it. It is not intended that only the people of Florida may enjoy it. The people of the entire country will have an opportunity to go into it and see the unusual vegetation there—rubber trees, royal palms, and various kinds of tropical plants and flowers—and the wild life that is there. It is the last refuge of the flamingo and other birds, for instance.

It will be attractive to people from all parts of the United States. It will be an attraction such as they can not find anywhere else. All the other parks are in mountainous and other picturesque regions, but they close about the last of August and do not open until late in June. This will be a park that can be kept open the year round. People from all parts of the country can use it and enjoy the beauties of it, which they can not find anywhere else.

Mr. President, I am authorized by the Senator from Pennsylvania [Mr. REED], who was just called to the telephone, to say that he has no objection to the present consideration of the bill.

Mr. JONES. Mr. President, I just had a talk with the head of the National Park Service this afternoon about this matter. I was rather inclined to oppose the bill. He assures me it will probably be several years before title to all the land can be acquired, and that the people of Florida must furnish the land to the National Government. He says that it is such a park as will require comparatively little improvement. It will be kept very much in the condition in which it is now. He considers it highly desirable for a national park because of the rare foliage and trees and forest plants and things like that which are contained in it; also, it will be a refuge for birds and animals, which are likely to become extinct in the near future unless something of this kind is provided for their care.

He said also that the expense for roads will be comparatively small, because most of the travel will be by boat. He also said that the expense of maintenance, after it is established as a national park and title is vested in the United States Government, will be very small, especially as compared with the cost of maintaining other national parks.

Under these circumstances, while I objected the other day to the consideration of the bill, I feel justified in withholding objection to-day.

Mr. GEORGE. Mr. President, I wish to ask the Senator from Florida a question. What part of the Everglades will be embraced within the proposed national park?

Mr. FLETCHER. The extreme southern part of the State, in Dade, Monroe, and Collier Counties.

Mr. GEORGE. How much will be included?

Mr. FLETCHER. The area of the national park will be selected later on by the department. An area of 2,000 square miles is mentioned in the bill, and within that territory will be selected the park area.

Mr. MOSES. Mr. President, in view of the facts stated by the Senator from Florida [Mr. FLETCHER], reinforced by the Senator from Washington [Mr. JONES], it will be several years before title can be acquired to the park, I ask that the bill go over.

Mr. FLETCHER. I move that the Senate proceed to the consideration of the bill.

Mr. MOSES. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Johnson	Robinson, Ark.
Austin	Dale	Jones	Robinson, Ind.
Bailey	Davis	Kean	Sheppard
Bankhead	Dickinson	Kendrick	Shipstead
Barbour	Dill	Keyes	Smith
Bingham	Fess	King	Smoot
Black	Fletcher	La Follette	Steiwer
Blaine	Frazier	Lewis	Thomas, Idaho
Borah	George	Logan	Thomas, Okla.
Bratton	Glass	McGill	Townsend
Brookhart	Glenn	McKellar	Trammell
Bulkley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Morrison	Wagner
Capper	Harris	Moses	Walcott
Caraway	Harrison	Norbeck	Walsh, Mass.
Carey	Hastings	Norris	Walsh, Mont.
Connally	Hatfield	Nye	Waterman
Coolidge	Hayden	Oddie	Watson
Copeland	Hebert	Patterson	White
Costigan	Howell	Pittman	
Couzens	Hull	Reed	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

The VICE PRESIDENT. The question is on the motion of the Senator from Florida [Mr. FLETCHER] to proceed to the consideration of Senate bill 475.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. The motion to proceed to the consideration of a bill is not debatable. [Putting the question.] The motion is agreed to, and the Chair lays the measure before the Senate.

The Senate resumed the consideration of the bill (S. 475) to provide for the establishment of the Everglades National Park, in the State of Florida, and for other purposes.

The VICE PRESIDENT. The bill is open to amendment.

Mr. TRAMMELL. Mr. President, I only have a few words to say in regard to this bill. In Florida we have been asking for a national park, beginning April 5, 1926, at which time I introduced Senate bill 3877 providing for the necessary survey by the Interior Department, with a view to establishing a national park in my State. The idea of a national park for Florida was a new one at that time, and we failed to get a favorable report on the bill. On February 9, 1928, I again introduced a bill, S. 3103, for the necessary survey for a national park in Florida, and, as is the custom, this bill was referred to the Secretary of the Interior for a report thereon to the Senate Committee on Public Lands. About the middle of February, 1928, the Secretary reported to the Senate committee suggesting the bill should embrace a particular location. Just at this stage of the proceedings I had to go to Florida for my campaign of 1928, but my colleague the senior Senator from Florida [Mr.

FLETCHER], about March 1, 1928, introduced a bill providing for an investigation of the particular site covered by the pending bill. That bill passed both the House and the Senate and was approved by the President March 1, 1929. Under its provisions the proposed Everglades park territory was investigated by the Interior Department, and the park was favorably reported on by the Secretary of the Interior after the survey as directed by the law of March 1, 1929. We have the approval of the Park Commission and also the approval of the Secretary of the Interior.

The location now proposed is unique and ideal for the establishment of a national park, as stated in the report. At the last session a similar bill was passed by the Senate. We feel that if established it would be one of the least expensive parks to be maintained in the entire country. I do not think there is any question about that. It will be something quite different from, and in contrast with, the other national parks throughout the country.

I very much hope the bill will be passed. We have been working for the passage of a bill providing, as I said, for a national park in Florida since 1926. Again, I will state we have the approval of the Park Commission, of the Secretary of the Interior, and of the Senate committee. The Senate will also recall that at the last session the Senate passed a similar bill introduced by my colleague, Senator FLETCHER.

The VICE PRESIDENT. The bill is open to amendment. If there be no amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. McNARY. Mr. President, the Senator from Idaho [Mr. BORAH] expressed a desire for an executive session, and I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nominations of sundry postmasters, which was referred to the Committee on Post Offices and Post Roads; and also messages from the President withdrawing the nominations of two postmasters, which were ordered to lie on the table.

(For nominations this day received and withdrawals see the end of Senate proceedings.)

The VICE PRESIDENT. Reports of committees are in order. If there be no reports of committees, the calendar is in order.

GENERAL TREATY OF INTER-AMERICAN ARBITRATION

The treaty, Executive AA, a general treaty of inter-American arbitration, signed by the plenipotentiaries of 20 American Republics at the International Conference of American States on Conciliation and Arbitration, at Washington, on January 5, 1929, was announced as first in order, and the Senate, as in Committee of the Whole, proceeded to its consideration. The treaty is as follows:

The Senate:

To the end that I may receive the advice and consent of the Senate to its ratification, I transmit herewith a General Treaty of Inter-American Arbitration, signed by the plenipotentiaries of 20 American Republics at the International Conference of American States on Conciliation and Arbitration, at Washington, on January 5, 1929.

CALVIN COOLIDGE.

THE WHITE HOUSE,
January 26, 1929.

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a General Treaty of Inter-American Arbitration, signed by the plenipotentiaries of 20 American Republics at the International Conference of American States on Conciliation and Arbitration, at Washington, on January 5, 1929.

Respectfully submitted.

FRANK B. KELLOGG.

DEPARTMENT OF STATE,
Washington, January 24, 1929.

THE INTERNATIONAL CONFERENCE OF AMERICAN STATES ON CONCILIATION AND ARBITRATION, WASHINGTON, DECEMBER 10, 1928–JANUARY 5, 1929

GENERAL TREATY OF INTER-AMERICAN ARBITRATION

The Governments of Venezuela, Chile, Bolivia, Uruguay, Costa Rica, Perú, Honduras, Guatemala, Haiti, Ecuador, Colombia, Brazil, Panamá, Paraguay, Nicaragua, Mexico, El Salvador, the Dominican Republic, Cuba, and the United States of America, represented at the Conference on Conciliation and Arbitration, assembled at Washington, pursuant to the Resolution adopted on February 18, 1928, by the Sixth International Conference of American States held in the City of Habana;

In accordance with the solemn declarations made at said Conference to the effect that the American Republics condemn war as an instrument of national policy and adopt obligatory arbitration as the means for the settlement of their international differences of a juridical character;

Being convinced that the Republics of the New World, governed by the principles, institutions and practices of democracy and bound furthermore by mutual interests, which are increasing each day, have not only the necessity but also the duty of avoiding the disturbance of continental harmony whenever differences which are susceptible of judicial decision arise among them;

Conscious of the great moral and material benefits which peace offers to humanity and that the sentiment and opinion of America demand, without delay, the organization of an arbitral system which shall strengthen the permanent reign of justice and law;

And animated by the purpose of giving conventional form to these postulates and aspirations with the minimum exceptions which they have considered indispensable to safeguard the independence and sovereignty of the States and in the most ample manner possible under present international conditions, have resolved to effect the present treaty, and for that purpose have designated the Plenipotentiaries hereinafter named:

Venezuela:
Carlos F. Grisanti.
Francisco Arroyo Parejo.

Chile:
Manuel Foster Recabarren.
Antonio Planet.

Bolivia:
Eduardo Diez de Medina.

Uruguay:
José Pedro Varela.

Costa Rica:
Manuel Castro Quesada.
José Tible-Machado.

Perú:
Hernán Velarde.
Victor M. Maúrtua.

Honduras:
Rómulo Durón.
Marcos López Ponce.

Guatemala:
Adrián Recinos.
José Falla.

Haiti:
Auguste Bonamy.
Raoul Lizaire.

Ecuador:
Gonzalo Zaldumbide.

Colombia:
Enrique Olaya Herrera.
Carlos Escallón.

Brazil:
S. Gurgel do Amaral.
A. G. de Araujo-Jorge.
Panamá:
Ricardo J. Alfaro.
Carlos L. López.
Paraguay:
Eligio Ayala.
Nicaragua:
Maximo H. Zepeda.
Adrian Recinos.
J. Lisandro Medina.
Mexico:
Fernando González Roa.
Benito Flores.
El Salvador:
Cayetano Ochoa.
David Rosales, Jr.
Dominican Republic:
Angel Morales.
Gustavo A. Díaz.
Cuba:
Orestes Ferrara.
Gustavo Gutiérrez.
United States of America:
Frank B. Kellogg.
Charles Evans Hughes.

Who, after having deposited their full powers, found in good and due form by the Conference, have agreed upon the following:

ARTICLE 1

The High Contracting Parties bind themselves to submit to arbitration all differences of an international character which have arisen or may arise between them by virtue of a claim of right made by one against the other under treaty or otherwise, which it has not been possible to adjust by diplomacy and which are juridical in their nature by reason of being susceptible of decision by the application of the principles of law.

There shall be considered as included among the questions of juridical character:

(a) The interpretation of a treaty;

(b) Any question of international law;

(c) The existence of any fact which, if established, would constitute a breach of an international obligation;

(d) The nature and extent of the reparation to be made for the breach of an international obligation.

The provisions of this treaty shall not preclude any of the Parties, before resorting to arbitration, from having recourse to procedures of investigation and conciliation established in conventions then in force between them.

ARTICLE 2

There are excepted from the stipulations of this treaty the following controversies:

(a) Those which are within the domestic jurisdiction of any of the Parties to the dispute and are not controlled by international law; and

(b) Those which affect the interest or refer to the action of a State not a Party to this treaty.

ARTICLE 3

The arbitrator or tribunal who shall decide the controversy shall be designated by agreement of the Parties.

In the absence of an agreement the following procedure shall be adopted:

Each Party shall nominate two arbitrators, of whom only one may be a national of said Party or selected from the persons whom said Party has designated as members of the Permanent Court of Arbitration at The Hague. The other member may be of any other American nationality. These arbitrators shall in turn select a fifth arbitrator who shall be the president of the court.

Should the arbitrators be unable to reach an agreement among themselves for the selection of a fifth American arbitrator, or in lieu thereof, of another who is not, each Party shall designate a non-American member of the Permanent Court of Arbitration at The Hague, and the two persons so designated shall select the fifth arbitrator, who may be of any nationality other than that of a Party to the dispute.

ARTICLE 4

The Parties to the dispute shall formulate by common accord, in each case, a special agreement which shall clearly define the particular subject-matter of the controversy, the seat of the court, the rules which will be observed in the proceedings, and the other conditions to which the Parties may agree.

If an accord has not been reached with regard to the agreement within three months reckoned from the date of the installation of the court, the agreement shall be formulated by the court.

ARTICLE 5

In case of death, resignation or incapacity of one or more of the arbitrators the vacancy shall be filled in the same manner as the original appointment.

ARTICLE 6

When there are more than two States directly interested in the same controversy, and the interests of two or more of them are similar, the State or States who are on the same side of the question may increase the number of arbitrators on the court, provided that in all cases the Parties on each side of the controversy shall appoint an equal number of arbitrators. There shall also be a presiding arbitrator selected in the same manner as that provided in the last paragraph of Article 3, the Parties on each side of the controversy being regarded as a single Party for the purpose of making the designation therein described.

ARTICLE 7

The award, duly pronounced and notified to the Parties, settles the dispute definitively and without appeal.

Differences which arise with regard to its interpretation or execution shall be submitted to the decision of the court which rendered the award.

ARTICLE 8

The reservations made by one of the High Contracting Parties shall have the effect that the other Contracting Parties are not bound with respect to the Party making the reservations except to the same extent as that expressed therein.

ARTICLE 9

The present treaty shall be ratified by the High Contracting Parties in conformity with their respective constitutional procedures.

The original treaty and the instruments of ratification shall be deposited in the Department of State of the United States of America which shall give notice of the ratifications through diplomatic channels to the other signatory Governments and the treaty shall enter into effect for the High Contracting Parties in the order that they deposit their ratifications.

This treaty shall remain in force indefinitely, but it may be denounced by means of one year's previous notice at the expiration of which it shall cease to be in force as regards the Party denouncing the same, but shall remain in force as regards the other signatories. Notice of the denunciation shall be addressed to the Department of State of the United States of America which will transmit it for appropriate action to the other signatory Governments.

Any American State not a signatory of this treaty may adhere to the same by transmitting the official instrument setting forth such adherence to the Department of State of the United States of America which will notify the other High Contracting Parties thereof in the manner heretofore mentioned.

In witness whereof the above mentioned Plenipotentiaries have signed this treaty in English, Spanish, Portuguese, and French and hereunto affix their respective seals.

Done at the city of Washington, on this fifth day of January, 1929.

[Translation]

The Delegation of Venezuela signs the present Treaty of Arbitration with the following reservations:

First. There shall be excepted from this Treaty those matters which, according to the Constitution or the laws of Venezuela, are under the jurisdiction of its courts; and, especially, those matters relating to pecuniary claims of foreigners. In such matters, arbitration shall not be resorted to except when, legal remedies having been exhausted by the claimant, it shall appear that there has been a denial of justice.

Second. There shall also be excepted those matters controlled by international agreements now in force.

[SEAL] CARLOS F. GRISANTI
[SEAL] FR. ARROYO PAREJO

[Translation]

Chile does not accept obligatory arbitration for questions which have their origin in situations or acts antedating the present Treaty, nor does it accept obligatory arbitration for those questions which, being under the exclusive competency of the national jurisdiction, the interested parties claim the right to withdraw from the cognizance of the established judicial authorities, unless said authorities decline to pass judgment on any action or exception which any natural or juridical foreign person may present to them in the form established by the laws of the country.

[SEAL] MANUEL FOSTER
[SEAL] A. PLANET

[Translation]

The Delegation of Bolivia, in accordance with the doctrine and policy invariably maintained by Bolivia in the field of international jurisprudence, gives full adherence to and signs the General Treaty of Inter-American Arbitration which the Republics of America are to sanction, formulating the following express reservations:

First. There may be excepted from the provisions of the present agreement, questions arising from acts occurring or conventions concluded before the said treaty goes into effect, as well as those which, in conformity with international law, are under the exclusive jurisdiction of the state.

Second. It is also understood that, for the submission to arbitration of a territorial controversy or dispute, the zone to which the said arbitration is to apply must be previously determined in the arbitral agreement.

[SEAL] E. DIEZ DE MEDINA.

[Translation]

I vote in favor of the Treaty of Arbitration, with the reservation formulated by the Delegation of Uruguay at the Fifth Pan American Conference, favoring broad arbitration; and with the understanding that arbitration will be resorted to only in case of denial of justice, when the national tribunals have jurisdiction, according to the legislation of their own country.

[SEAL] JOSÉ PEDRO VARELA

[Translation]

Reservations of Costa Rica:

(a) The obligations contracted under this treaty do not annul, abrogate or restrict the arbitration conventions which are now in force between Costa Rica and another or others of the high contracting parties and do not involve arbitration, disavowal or renewed discussion of questions which may have already been settled by arbitral awards.

(b) The obligations contracted under this treaty do not involve the arbitration of judgments handed down by the courts of Costa Rica in civil cases which may be submitted to them with regard to which the interested parties have recognized the jurisdiction of said courts.

[SEAL] MANUEL CASTRO QUESADA
[SEAL] JOSÉ TIBLE-MACHADO
[SEAL] HERNÁN VELARDE
[SEAL] VICTOR M. MAÚRTUA

[Translation]

The Delegation of Honduras, in signing the present treaty, formulates an express reservation making it a matter of record that the provisions thereof shall not be applicable to pending international questions or controversies or to those which may arise in the future relative to acts prior to the date on which the said treaty goes into effect.

[SEAL] RÓMULO E. DURÓN
[SEAL] M. LÓPEZ PONCE

[Translation]

The Delegation of Guatemala makes the following reservations:

1. In order to submit to arbitration any questions relating to the boundaries of the nation, the approval of the Legislative Assembly must first be given, in each case, in conformity with the Constitution of the Republic.

2. The provisions of the present Convention do not alter or modify the conventions and treaties previously entered into by the Republic of Guatemala.

[SEAL] ADRIÁN RECINOS
[SEAL] JOSÉ FALLA
[SEAL] A. BONAMY
[SEAL] RAOUL LIZAIRE

[Translation]

The Delegation of Ecuador, pursuant to instructions of its Government, reserves from the jurisdiction of the obligatory arbitration agreed upon in the present treaty:

1. Questions at present governed by conventions or treaties now in effect;

2. Those which may arise from previous causes or may result from acts preceding the signature of this treaty;

3. Pecuniary claims of foreigners who may not have previously exhausted all legal remedies before the courts of justice of the country, it being understood that such is the interpretation and the extent of the application which the Government of Ecuador has always given to the Buenos Aires Convention of August 11, 1910.

[SEAL] GONZALO ZALDUMBIDE

[Translation]

The Delegation of Colombia signs the foregoing Convention with the following two declarations or reservations:

First. The obligations which the Republic of Colombia may contract thereby refer to the differences which may arise from acts subsequent to the ratification of the Convention;

Second. Except in the case of a denial of justice, the arbitration provided for in this convention is not applicable to the questions which may have arisen or may arise between a citizen, an association or a corporation of one of the parties and the other contracting state when the judges or courts of the latter state are, in accordance with its legislation, competent to settle the controversy.

[SEAL] ENRIQUE OLAYA HERRERA
[SEAL] C. ESCALLÓN
[SEAL] S. GURGEL DO AMARAL
[SEAL] A. ARAUJO-JORGE
[SEAL] R. J. ALFARO
[SEAL] CARLOS L. LÓPEZ

[Translation]

Reservation of the Delegation of Paraguay:

I sign this treaty with the reservation that Paraguay excludes from its application questions which directly or indirectly affect the integrity of the national territory and are not merely questions of frontiers or boundaries.

[SEAL] ELIGIO AYALA
MÁXIMO H. ZEPEDA
[SEAL] ADRIÁN RECINOS
J. LISANDRO MEDINA

[Translation]

Mexican Reservation:

Mexico makes the reservation that differences which fall under the jurisdiction of the courts, shall not form a subject of the procedure provided for by the convention, except in case of denial of justice, and until after the judgment passed by the competent national authority has been placed in the class of *res judicata.*

[SEAL] FERNANDO GONZÁLEZ ROA
BENITO FLORES

[Translation]

The Delegation of El Salvador to the Conference on Conciliation and Arbitration assembled in Washington accepts and signs the General Treaty of Inter-American Arbitration concluded this day by said Conference, with the following reservations or restrictions:

1. After the words of paragraph 1 of Article 1 reading: "under treaty or otherwise", the following words are to be

added: "subsequent to the present convention". The article continues without any other modification.

2. Paragraph (a) of Article 2 is accepted by the Delegation without the final words which read: "and are not controlled by international law", which should be considered as eliminated.

3. This treaty does not include controversies or differences with regard to points or questions which, according to the Political Constitution of El Salvador, must not be submitted to arbitration, and

4. Pecuniary claims against the nation shall be decided by its judges and courts, since they have jurisdiction thereof, and recourse shall be had to international arbitration only in the cases provided in the Constitution and laws of El Salvador, that is in cases of denial of justice or unusual delay in the administration thereof.

[SEAL]	CAYETANO OCHOA
[SEAL]	DAVID ROSALES, HIJO

[Translation]

The Dominican Republic, in signing the General Treaty of Inter-American Arbitration, does so with the understanding that controversies relating to questions which are under the jurisdiction of its courts shall not be referred to arbitral jurisdiction except in accordance with the principles of international law.

[SEAL]	A. MORALES
[SEAL]	G. A. DÍAZ
[SEAL]	ORESTES FERRARA
[SEAL]	GUSTAVO GUTIÉRREZ
[SEAL]	FRANK B. KELLOGG
[SEAL]	CHARLES EVANS HUGHES

Mr. BORAH. Mr. President, there are two reservations reported by the committee, which I ask the clerk to read.

The VICE PRESIDENT. The clerk will read the reservations.

The legislative clerk read as follows:

Resolved (*two-thirds of the Senators present concurring therein*), That the Senate advise and consent to the ratification of Executive AA, Seventieth Congress, second session, a general treaty of inter-American arbitration, signed at Washington, January 5, 1929, with the understanding to be made a part of such ratification, that the special agreement in each case shall be made only by the President, and then only by and with the advice and consent of the Senate, notwithstanding any provisions of the treaty to the contrary;

Also, with the understanding, to be made a part of such ratification, that the provisions of this treaty shall not be applicable to pending international questions or controversies or to those which may arise in the future relative to acts prior to the date on which said treaty goes into effect, or to controversies arising under treaties negotiated prior to the date on which said treaty goes into effect.

Mr. BORAH. Mr. President, I ask that the first reservation may now be voted upon.

The VICE PRESIDENT. The question is on agreeing to the first reservation.

The first reservation was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the second reservation.

Mr. LA FOLLETTE. Mr. President, I think the Senate should be advised as to the meaning of the second reservation before its adoption in a pro forma manner. If this reservation is to be agreed to by the Senate it means that every treaty which we have ever made with any Central or South American Republic is excluded from the purview of this general treaty of arbitration. It means that all controversies which may arise between this country and any Central or South American Republic growing out of any of those former treaties may not be arbitrated under the terms of this general arbitration treaty. In my judgment, the adoption of the second reservation will make the treaty a hollow shell, because obviously controversies are most likely to arise concerning matters which have been dealt with by the treaties which in the past we have negotiated with these countries, and concerning the interpretation of those treaties themselves.

I was not aware that it was intended to consider this treaty this afternoon, but I secured from the State Department a list of the treaties which would thus be excluded if the second reservation should be adopted. I will say for the information of the Senate that it is a very long typewritten list and, if my recollection serves me correctly, embraces over 105 treaties which this reservation by one sweep of the pen, so to speak, will exclude from consideration under this general arbitration treaty.

It seems to me, Mr. President, that if we are to enter into an agreement with the Central and South American countries for arbitration, as I think we should, there is no valid reason for the exclusion of all the treaties which we have negotiated in the past from consideration under the pending treaty. To my mind, it really makes this treaty an idle gesture, because it will confine its operations entirely to fresh controversies which may arise in the future.

If the material for which I have sent to my office arrives before the debate is concluded, I shall make some further reference to the treaties in particular; but lest it may not come in time, I ask unanimous consent to have that list of treaties incorporated in the RECORD as a part of my remarks.

The VICE PRESIDENT. Without objection, that order will be made.

The list of treaties referred to is as follows:

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND BOLIVIA

BILATERAL TREATIES

Treaty of peace, friendship, commerce, and navigation

Signed at La Paz, May 13, 1858.
Ratifications exchanged November 9, 1862.
USTS: No. 32.
Treaties, etc., 1: 113.
Article XXXIV was abrogated as of July 1, 1916, by act of Congress (seamen's act).

Extradition treaty

Signed at La Paz, April 21, 1900.
Ratifications exchanged December 23, 1901.
USTS: No. 399.
Treaties, etc., 1: 125.

Conciliation treaty

Signed at Washington, January 22, 1914.
Ratifications exchanged January 8, 1915.
USTS: No. 606.
Treaties, etc., 3: 2499.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND BRAZIL

BILATERAL TREATIES

Treaty of amity, commerce, and navigation

Signed at Rio de Janeiro, December 12, 1828.
Ratifications exchanged March 18, 1829.
USTS: No. 34.
Treaties, etc., 1: 133.
Note: By notice given by the chargé d'affaires of Brazil in Washington on March 26, 1840, accepted as of December 12, 1840, this treaty was terminated with respect to articles relating to commerce and navigation on December 12, 1841.
By a note dated May 30, 1916, the Brazilian Foreign Office informed the American ambassador at Rio de Janeiro that the notification effective December 12, 1841, embraced articles relating to consular officers.

Naturalization convention

Signed at Rio de Janeiro April 27, 1908.
Ratifications exchanged February 28, 1910.
USTS: No. 547.
Treaties, etc., 3: 2502.

Arbitration convention

Signed at Washington January 23, 1909.
Ratifications exchanged July 26, 1911.
USTS: No. 562.
Treaties, etc., 3: 2504.

Conciliation treaty

Signed at Washington July 24, 1914.
Ratifications exchanged October 28, 1916.
USTS: No. 627.
Treaties, etc., 3: 2505.

OTHER BILATERAL AGREEMENTS OR ARRANGEMENTS

Agreement for the protection of the marks of manufacture and trade

Signed at Washington September 24, 1878.
USTS: No. 36.
Treaties, etc., 1: 146.

Commercial agreement effected by exchange of notes according mutual unconditional most-favored-nation treatment in customs matters

Signed at Washington October 16, 1923.
USTS: No. 672.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND CHILE

BILATERAL TREATIES

Extradition treaty

Signed at Santiago April 17, 1900.
Ratifications exchanged May 27, 1902.
USTS: No. 407.
Treaties, etc., 1: 192.

Conciliation treaty

Signed at Washington July 24, 1914.
Ratifications exchanged January 19, 1916.
USTS: No. 621.
Treaties, etc., 3: 2509.

Convention for the prevention of smuggling of intoxicating liquors

Signed at Washington May 27, 1930.
Ratifications exchanged November 25, 1930.
USTS: No. 829.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND COLOMBIA

BILATERAL TREATIES

Treaty of peace, amity, navigation, and commerce

Signed at Bogota December 12, 1846.
Ratifications exchanged June 10, 1848.
USTS: No. 54.
Treaties, etc., 1: 302.
Article XXXIII of this treaty was abrogated as of July 1, 1916, in accordance with the provisions of an act of Congress approved March 4, 1915 (seamen's act).

Consular convention

Signed at Washington May 4, 1850.
Ratifications exchanged October 30, 1851.
USTS: No. 55.
Treaties, etc., 1: 314.
Article III of this treaty was abrogated as of July 1, 1916, in accordance with the provisions of an act of Congress approved March 4, 1916 (seamen's act).

Extradition convention

Signed at Bogota May 7, 1888.
Ratifications exchanged November 12, 1890.
USTS: No. 58.
Treaties, etc., 1: 323.

Treaty for the settlement of differences arising out of the events which took place on the Isthmus of Panama in November, 1903, and protocol of exchange of ratifications

Signed at Bogota April 6, 1914.
Ratifications exchanged March 1, 1922.
USTS: No. 661.
Treaties, etc., 3: 2538.

OTHER BILATERAL AGREEMENTS OR ARRANGEMENTS

Exchange of notes concerning the status of Serrana and Quita banks and Roncador Cay

Signed April 10, 1928.
USTS: No. 760½.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND COSTA RICA

BILATERAL TREATIES

Treaty of friendship, commerce, and navigation

Signed at Washington July 10, 1851.
Ratifications exchanged May 26, 1852.
USTS: No. 62.
Treaties, etc., 1: 341.

Naturalization convention

Signed at San Jose June 10, 1911.
Ratifications exchanged May 9, 1912.
USTS: No. 570.
Treaties, etc., 3: 2544.

Extradition treaty and exchange of notes

Signed at San Jose November 10, 1922.
Ratifications exchanged April 27, 1923.
USTS: No. 668.
Treaties, etc., 3: 2548.

Convention facilitating the work of traveling salesmen and protocol

Signed at San Jose March 31, 1924.
Ratifications exchanged June 24, 1924.
USTS: No. 686.

OTHER BILATERAL AGREEMENTS OR ARRANGEMENTS

Protocol of an agreement relative to the construction of an interoceanic canal by way of Lake Nicaragua

Signed at Washington December 1, 1900.
Effective December 1, 1900.
USTS: No. 64.
Treaties, etc., 1: 351.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND CUBA

BILATERAL TREATIES

Commercial convention

Signed at Habana December 11, 1902.
Ratifications exchanged March 31, 1903.
USTS: No. 427.
Treaties, etc., 1: 353.

Supplementary commercial convention

Signed at Washington January 26, 1903.
Ratifications exchanged March 31, 1903.
USTS: No. 428.
Treaties, etc., 1: 357.

Agreement for the lease to the United States of lands in Cuba for coaling and naval stations

Signed by Cuba February 16, 1903.
Signed by United States February 23, 1903.
USTS: No. 418.
Treaties, etc., 1: 358.

Treaty in regard to the relations with Cuba

Signed at Habana May 22, 1903.
Ratifications exchanged July 1, 1904.
USTS: No. 437.
Treaties, etc., 1: 362.

Relations with Cuba (supplementary)

Signed at Washington January 20, 1904.
Ratifications exchanged July 1, 1904.
USTS: No. 438.
Treaties, etc., 1: 365.

Agreement for the lease to the United States by Cuba of land and water for naval or coaling stations in Guantanamo and Bahia Honda

Signed at Washington July 2, 1903.
Ratifications exchanged October 6, 1903.
USTS: No. 426.
Treaties, etc., 1: 360.

Treaty for the adjustment of title to the ownership of the Isle of Pines and exchange of notes

Signed at Washington March 2, 1904.
Ratifications exchanged March 23, 1925.
USTS: No. 709.

Extradition treaty and protocol

Signed at Washington April 6, 1904.
Ratifications exchanged January 31, 1905.
USTS: No. 440.
Treaties, etc., 1:366.

Protocol amending Spanish text of Cuban extradition treaty signed April 6, 1904

Signed at Washington December 6, 1904.
Ratifications exchanged January 31, 1905.
USTS: No. 441.
Treaties, etc., 1: 371.

Additional extradition treaty

Signed at Habana January 14, 1926.
Ratifications exchanged June 18, 1926.
USTS: No. 737.

Convention for the prevention of smuggling of intoxicating liquors, and exchange of notes

Signed at Habana March 4, 1926.
Ratifications exchanged June 18, 1926.
USTS: No. 738.

Convention to suppress smuggling

Signed at Habana March 11, 1926.
Ratifications exchanged June 18, 1926.
USTS: No. 739.

Consular convention

Signed at Habana April 22, 1926.
Ratifications exchanged December 1, 1926.
USTS: No. 750.

Parcel-post convention

Signed July 24, 1930.
Effective September 1, 1930.
Post Office Department print.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND THE DOMINICAN REPUBLIC

BILATERAL TREATIES

Extradition treaty

Signed at Santo Domingo June 19, 1909.
Ratifications exchanged August 2, 1910.
USTS: No. 550.
Treaties, etc., 3:2567.

Convention of ratification as contained in the agreement of evacuation of June 30, 1922

Signed at Santo Domingo June 12, 1924.
Ratifications exchanged December 4, 1925.
USTS: No. 729.

Convention to replace the convention of February 8, 1907, providing for the assistance of the United States in the collection and application of the customs revenue of the Dominican Republic

Signed at Washington December 27, 1924.
Ratifications exchanged October 24, 1925.
USTS: No. 726.

OTHER BILATERAL AGREEMENTS OR ARRANGEMENTS

Agreement effected by exchange of notes according mutual unconditional most-favored-nation treatment in customs matters

Signed at Washington September 25, 1924.
Effective "upon its signature."
USTS: No. 700.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND ECUADOR

BILATERAL TREATIES

Extradition convention

Signed at Quito June 28, 1872.
Ratifications exchanged November 12, 1873.
USTS: No. 79.
Treaties, etc., 1:436.

Arbitration convention

Signed at Washington January 7, 1909.
Ratifications exchanged June 22, 1910.
USTS: No. 549.
Treaties, etc., 3:2574.

Conciliation treaty

Signed at Washington October 13, 1914.
Ratifications exchanged January 22, 1916.
USTS: No. 622.
Treaties, etc., 3:2575.

Agreement for the exchange of registered and insured parcel-post packages

Signed at Washington July 11, 1929.
(Post Office Department print.)

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND EL SALVADOR

BILATERAL TREATIES

Naturalization convention

Signed at San Salvador March 14, 1908.
Ratifications exchanged July 20, 1908.
USTS: No. 503.
Treaties, etc., 2:1570.

Extradition convention

Signed at San Salvador April 18, 1911.
Ratifications exchanged July 10, 1911.
USTS: No. 560.
Treaties, etc., 3:2820.

Convention facilitating the work of traveling salesmen

Signed at Washington January 28, 1919.
Ratifications exchanged January 18, 1921.
USTS: No. 651.
Treaties, etc., 3:2826.

Treaty of friendship, commerce, and consular rights

Signed at San Salvador February 22, 1926.
Ratifications exchanged September 5, 1930.
USTS: No. 827.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND GUATEMALA

BILATERAL TREATIES

Trade-mark convention

Signed at Guatemala City April 15, 1901.
Ratifications exchanged April 3, 1902.
USTS: No. 404.
Treaties, etc., 1:875.

Convention relating to tenure and disposition of real and personal property

Signed at Guatemala City August 27, 1901.
Ratifications exchanged September 16, 1902.
USTS: No. 412.
Treaties, etc., 1:876.

Extradition convention

Signed at Washington February 27, 1903.
Ratifications exchanged July 16, 1903.
USTS: No. 425.
Treaties, etc., 1:878.

Convention for the reciprocal protection of patents

Signed at Guatemala City November 10, 1906.
Ratifications exchanged June 13, 1907.
USTS: No. 463.
Treaties, etc., 1:883.

Convention for the development of commerce by facilitating the work of traveling salesmen

Signed at Washington December 3, 1918.
Ratifications exchanged August 25, 1919.
USTS: No. 642.
Treaties, etc., 3:2670.

OTHER BILATERAL AGREEMENTS OR ARRANGEMENTS

Agreement by exchange of notes according mutual, unconditional, most-favored-nation treatment in customs matters

Signed at Washington August 14, 1924.
Effective "on the day of signature."
USTS: No. 696.

TREATIES IN FORCE BETWEEN THE UNITED STATES AND HAITI

BILATERAL TREATIES

Naturalization treaty

Signed at Washington March 22, 1902.
Ratifications exchanged March 19, 1904.
USTS: No. 432.
Treaties, etc., 1:939.

Supplemental naturalization convention

Signed at Washington February 28, 1930.
Ratifications exchanged March 19, 1904.
USTS: No. 433.
Treaties, etc., 1:941.

Extradition convention

Signed at Washington August 9, 1904.
Ratifications exchanged June 28, 1905.
USTS: No. 447.
Treaties, etc., 1:941.

Arbitration convention

Signed at Washington January 7, 1909.
Ratifications exchanged November 15, 1909.
USTS: No. 535.
Treaties, etc., 1:945.

Treaty with respect to the finances, economic development, and tranquillity of Haiti

Signed at Port au Prince September 16, 1915.
Ratifications exchanged May 3, 1916.
USTS: No. 623.
Treaties, etc., 3:2673.

Protocol for the establishment of a claims commission

Signed at Port au Prince October 3, 1919.
Effective "upon signature."
USTS: No. 643.
Treaties, etc., 3:2678.

OTHER BILATERAL AGREEMENTS OR ARRANGEMENTS

Agreement extending the duration of the treaty of September 16, 1915

Signed at Port au Prince March 28, 1917.
USTS: No. 623A.
Treaties, etc., 3:2677.

Agreement effected by exchange of notes modifying the protocol of October 3, 1919

Signed at Port au Prince June 1 and 3, 1922.
Treaties, etc., 3:2682.

Agreement by exchange of notes according mutual unconditional most-favored-nation treatment in customs matters

Signed at Port au Prince July 8, 1926.
Effective October 1, 1926.
USTS: No. 746.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND HONDURAS

BILATERAL TREATIES

Naturalization convention

Signed at Tegucigalpa June 23, 1908.
Ratifications exchanged April 16, 1909.
USTS: No. 525.
Treaties, etc., 1:958.

Extradition convention

Signed at Washington January 15, 1909.
Ratifications exchanged July 10, 1912.
USTS: No. 569.
Treaties, etc., 3:2685.

Supplementary extradition convention

Signed at Tegucigalpa February 21, 1927.
Ratifications exchanged June 5, 1928.
USTS: No. 761.

Treaty of friendship, commerce, and consular rights

Signed at Tegucigalpa December 7, 1927.
Ratifications exchanged July 19, 1928.
USTS: No. 764.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND MEXICO

BILATERAL TREATIES

Treaty of peace, friendship, limits, and settlement and protocol

Signed at Guadalupe Hidalgo February 2, 1848.
Ratifications exchanged May 30, 1848.
USTS: No. 207.
Treaties, etc., 1:1107.

Treaty of boundary, cession of territory, transit of isthmus of Tehuantepec, etc.

Signed at Mexico City December 30, 1853.
Ratifications exchanged June 30, 1854.
USTS: No. 208.
Treaties, etc., 1:1121.

Boundary convention, Rio Grande and Rio Colorado

Signed at Washington November 12, 1884.
Ratifications exchanged September 13, 1886.
USTS: No. 226.
Treaties, etc., 1:1159.

Water boundary convention

Signed at Washington March 1, 1889.
Ratifications exchanged December 24, 1890.
USTS: No. 232.
Treaties, etc., 1:1167.

Extradition treaty

Signed at Mexico City February 22, 1899.
Ratifications exchanged April 22, 1899.
USTS: No. 242.
Treaties, etc., 1:1184.

Convention extending for indefinite period water boundary convention of March 1, 1889

Signed at Washington November 21, 1900.
Ratifications exchanged December 24, 1900.
USTS: No. 244.
Treaties, etc., 1:1192.

Supplementary extradition treaty

Signed at Mexico City June 25, 1902.
Ratifications exchanged March 28, 1903.
USTS: No. 421.
Treaties, etc., 1:1193.

Convention for the elimination of the bancos of the Rio Grande from effects of Article II of the treaty of November 12, 1884

Signed at Washington March 20, 1905.
Ratifications exchanged May 31, 1907.
USTS: No. 461.
Treaties, etc., 1:1199.

Convention for the equitable distribution of the waters of the Rio Grande

Signed at Washington May 21, 1906.
Ratifications exchanged January 16, 1907.
USTS: No. 455.
Treaties, etc., 1:1202.

Supplementary extradition convention

Signed at Washington December 23, 1925.
Ratifications exchanged June 30, 1926.
USTS: No. 741.

Convention for safeguarding the livestock interests of the two countries through prevention of the introduction of infectious and contagious diseases

Signed at Washington March 16, 1928.
Ratifications exchanged January 17, 1930.
USTS: No. 808.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND NICARAGUA

BILATERAL TREATIES

Protocol for the construction of an interoceanic canal

Signed at Washington December 1, 1900.
USTS: No. 260.
Treaties, etc., 2: 1290.

Extradition treaty

Signed at Washington March 1, 1905.
Ratifications exchanged June 14, 1907.
USTS: No. 462.
Treaties, etc., 2: 1292.

Naturalization convention

Signed at Managua December 7, 1908.
Ratifications exchanged March 28, 1912.
USTS: No. 566.
Treaties, etc., 3: 2738.

Supplementary naturalization convention

Signed at Managua June 17, 1911.
Ratifications exchanged March 28, 1912.
USTS: No. 567.
Treaties, etc., 3: 2740.

Convention respecting a Nicaraguan canal route

Signed at Washington August 5, 1914.
Ratifications exchanged June 22, 1916.
USTS: No. 624.
Treaties, etc., 3: 2740.

OTHER BILATERAL AGREEMENTS OR ARRANGEMENTS

Exchange of notes according mutual unconditional most-favored-nation treatment in customs matters

Signed June 11, 1924, and July 11, 1924.
USTS: No. 697.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND PANAMA

BILATERAL TREATIES

Convention for the construction of a ship canal

Signed at Panama November 18, 1903.
Ratifications exchanged February 26, 1904.
USTS: No. 431.
Treaties, etc., 2: 1349.

Agreement delimiting the Canal Zone referred to in Article II of the convention of November 18, 1903

Signed at Panama June 15, 1904.
Effective June 15, 1904.
Treaties, etc., 3: 2752.
Not printed in USTS.

Extradition treaty

Signed at Panama May 25, 1904.
Ratifications exchanged April 8, 1905.
USTS: No. 445.
Treaties, etc., 2: 1357.

Protocol of an agreement relating to neutrality

Signed at Washington October 10, 1914.
Effective October 10, 1914.
USTS: No. 597.
Treaties, etc., 3: 2778.

Boundary convention

Signed at Panama September 2, 1914.
Ratifications exchanged February 11, 1915.
USTS: No. 610.
Treaties, etc., 3: 2770.

Convention facilitating the work of traveling salesmen

Signed at Washington February 8, 1919.
Ratifications exchanged December 8, 1919.
USTS: No. 646.
Treaties, etc., 3: 2780.

Convention for prevention of smuggling

Signed at Washington June 6, 1924.
Ratifications exchanged January 10, 1925.
USTS: No. 707.

OTHER BILATERAL AGREEMENTS OR ARRANGEMENTS

Declaration effected by exchange of notes permitting consuls to take note in person, or by authorized representatives, of declarations of values of exports made by shippers before customs officers

Signed at Washington April 17, 1913.
Effective June 1, 1913.
USTS: No. 578.
Treaties, etc., 3: 2767.

Arrangement effected by executive decree of the Republic of Panama granting the United States control of wireless telegraphic stations in Panama

Signed at Panama August 29, 1914.
Effective August 29, 1914.
Treaties, etc., 3: 2768.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND PARAGUAY

BILATERAL TREATIES

Treaty of friendship, commerce, and navigation

Signed at ——— February 4, 1859.
Ratifications exchanged March 7, 1860.
USTS: No. 272.
Treaties, etc., 2: 1364.

Extradition treaty

Signed at Asuncion March 26, 1913.
Ratifications exchanged January 17, 1914.
USTS: No. 584.
Treaties, etc., 3: 2783.

Treaty for the advancement of peace

Signed at Asuncion August 29, 1914.
Ratifications exchanged March 9, 1915.
USTS: No. 614.
Treaties, etc., 3: 2788.

Convention facilitating the work of traveling salesmen

Signed at Washington October 20, 1919.
Ratifications exchanged March 22, 1922.
USTS: No. 662.
Treaties, etc., 3: 2791.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND PERU

BILATERAL TREATIES

Convention declaring the rights of neutrals at sea

Signed at Lima July 22, 1856.
Ratifications exchanged October 31, 1857.
USTS: No. 277.
Treaties, etc., 2: 1402.

Extradition treaty

Signed at Lima November 28, 1899.
Ratifications exchanged January 23, 1901.
USTS: No. 388.
Treaties, etc., 2: 1445.

Naturalization convention

Signed at Lima October 15, 1907.
Ratifications exchanged July 23, 1909.
USTS: No. 532.
Treaties, etc., 2: 1449.

Arbitration convention

Signed at Washington December 5, 1908.
Ratifications exchanged June 29, 1909.
USTS: No. 526.
Treaties, etc., 2: 1451.

Treaty for the advancement of peace

Signed at Lima July 14, 1914.
Ratifications exchanged March 4, 1915.
USTS: No. 613.
Treaties, etc., 3: 2795.

Convention and protocol facilitating the work of traveling salesmen

Signed at Lima January 19, 1923.
Ratifications exchanged July 8, 1924.
USTS: No. 692.
Treaties, etc., 3: 2800.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND URUGUAY

BILATERAL TREATIES

Extradition treaties

Signed at Washington March 11, 1905.
Ratifications exchanged June 4, 1908.
USTS: No. 501.
Treaties, etc., 2: 1825.

Naturalization convention

Signed at Montevideo August 10, 1908.
Ratifications exchanged May 14, 1909.
USTS: No. 527.
Treaties, etc., 2: 1829.

Arbitration convention

Signed at Washington January 9, 1909.
Ratifications exchanged November 14, 1913.
USTS: No. 583.
Treaties, etc., 3: 2859.

Treaty for the advancement of peace

Signed at Washington July 20, 1914.
Ratifications exchanged February 24, 1915.
USTS: No. 611.
Treaties, etc., 3: 2860

Convention facilitating the work of traveling salesmen

Signed at Washington August 27, 1918.
Ratifications exchanged August 2, 1919.
USTS: No. 640.
Treaties, etc., 3: 2862.

TREATIES IN FORCE BETWEEN THE UNITED STATES OF AMERICA AND VENEZUELA

BILATERAL TREATIES

Treaty for the advancement of peace

Signed at Caracas March 21, 1914.
Ratification exchanged February 12, 1921.
USTS: No. 652.
Treaties, etc., 3: 2865.

Convention facilitating the work of traveling salesmen

Signed at Caracas July 3, 1919.
Ratification exchanged August 15, 1920.
USTS: No. 648.
Treaties, etc., 3: 2867.

Treaty and additional article of extradition

Signed at Caracas January 19–21, 1922.
Ratification exchanged April 14, 1923.
USTS: No. 675.
Treaties, etc., 3: 2870.

Mr. BORAH. Mr. President, the Senator from Wisconsin has correctly stated the fact, so far as the effect of this treaty on past treaties is concerned. For some reason satisfactory to them, eight of the South American countries have made the same exception. I assume that it is largely for the reason that most of the treaties which heretofore have been entered into were not negotiated in contemplation of a general arbitration treaty. At any rate, eight of the South American countries made the same exception in legal effect that we now propose to make. In other words, this arbitration treaty applies alone to future controversies. It does not deal with past treaties and controversies arising out of treaties heretofore negotiated.

Secondly, Mr. President, it is known that there is a possible controversy between Panama and the United States with reference to the construction of the Panama treaty. Panama contends that we never secured title in fee simple to the Panama Canal Zone; that we simply secured a right of way, an easement. It has been suggested on the part of Panama that this question be arbitrated by the International Court or by the league. It was not thought wise, upon the part of the majority of the committee, that we should sign a treaty which would make it possible for them to call for an arbitration of this question. And if they asked for arbitration, under the terms of this treaty we could not refuse to arbitrate.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. LA FOLLETTE. Under the terms of the treaty, if Panama sought to bring the subject matter of the title to the Canal Zone into the purview of this treaty for arbitration, it would require action by the President of the United States and the Senate, would it not, before the controversy could be submitted for arbitration?

Mr. BORAH. Yes; that is correct. It would require such action; but it would be very embarrassing for the President and the Senate to refuse arbitration upon the subject out of the sheer power to do so. We could not under the terms of this treaty refuse to arbitrate.

Mr. WALSH of Montana. Mr. President, let me remark that both the President of the United States and the Senate under those circumstances would be constrained to agree to the arbitration, and the only thing for consideration would be the terms in which the arbitration should be submitted. The Government of the United States by this treaty would agree that it will submit the matter to arbitration. It may negotiate a so-called special agreement by which the question to be submitted to arbitration shall be determined and submitted; but nevertheless the obligation rests upon both the President and the Senate to arrange such a special agreement.

Mr. BORAH. Mr. President, as the matter would involve the construction of a treaty it would undoubtedly be a justiciable question, and therefore we would have to arbitrate it if we were called upon to do so. All we would have the right to do is to determine the terms and conditions relative to arbitration. It was thought best, in view of the obligatory terms of this treaty, not to make it retroactive as it were.

Mr. LA FOLLETTE. Mr. President, I merely wish to say that if there are any treaties or subjects which the Senate does not feel should come under the scope of this treaty, I appeal to the Senate to make an exception of those particular items, rather than to exclude from the scope of this treaty all of the important treaties which we have negotiated during a long period of years with our neighbors to the south.

In view of the fact that the Government of the United States has always contended that it favored the judicial settlement of controversies arising between itself and other countries, it seems to me that we should not in connection with this treaty show our apparent lack of faith in the instrumentalities for settling these disputes by negotiation and by adjudication in the manner provided in reservation 2.

In view of the lateness of the hour, I shall not detain the Senate with a discussion of this long list of treaties; but I do appeal to the Senate to take some other course than to adopt a reservation which, in my judgment, would be interpreted as exhibiting an utter lack of faith on the part of this Government in this method of settling controversies.

Mr. BORAH. Mr. President, I desire to read part of the reservation of Chile:

Chile does not accept obligatory arbitration for questions which have their origin in situations or acts antedating the present treaty.

That is the legal effect of the reservation which we have adopted. We would be in the same position with reference to any arbitration with Chile, owing to her reservation, as if we should adopt this reservation. In other words, some eight South American countries have preceded the United States in making a reservation of like nature. In view of our vital interests in certain matters it seemed wise and not unfair for the United States to follow the precedent.

The VICE PRESIDENT. The question is on agreeing to the second reservation.

The reservation was agreed to.

The treaty was reported to the Senate; and two-thirds of the Senators present voting in the affirmative, the Senate advised and consented to the ratification of the treaty.

BOARD OF TAX APPEALS

The legislative clerk read the nomination of J. Russell Leech, of Pennsylvania, to be a member of the Board of Tax Appeals.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of John B. Sanborn, of Minnesota, to be United States circuit judge, eighth circuit.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Theodore W. Hukriede to be United States marshal, eastern district of Missouri.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Allen B. Kale to be United States marshal, eastern district of South Carolina.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

PUBLIC UTILITIES COMMISSION

The legislative clerk read the nomination of Riley E. Elgen to be a member of the Public Utilities Commission of the District of Columbia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

That completes the calendar.

REPORTS OF COMMITTEES

Mr. McNARY, from the Committee on Agriculture and Forestry, reported favorably the following nominations, which were placed on the calendar:

Frank Evans, of Utah, to be a member of the Federal Farm Board for the unexpired term of six years from June 15, 1930, to which office he was appointed during the last recess of the Senate, vice Charles C. Teague;

William P. Schilling, of Minnesota, to be a member of the Federal Farm Board for a term of six years from June 15, 1931, to which office he was appointed during the last recess of the Senate (reappointment); and

Sam H. Thompson, of Illinois, to be a member of the Federal Farm Board for the unexpired term of six years from June 15, 1930, to which office he was appointed during the last recess of the Senate, vice Alexander Legge.

Mr. HEBERT, from the Committee on the Judiciary, reported favorably the nomination of Charles G. Briggle, of Illinois, to be United States district judge, southern district of Illinois (additional position), which was placed on the calendar.

ADJOURNMENT

Mr. McNARY. As in legislative session, I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 36 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, January 20, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 19 (legislative day of January 18), 1932

ALABAMA

John Thompson to be postmaster at Altoona, Ala., in place of John Thompson. Incumbent's commission expired January 10, 1932.

Gus L. Camp to be postmaster at Arab, Ala., in place of G. L. Camp. Incumbent's commission expired January 11, 1932.

Thomas P. Bonner to be postmaster at Ashland, Ala., in place of T. P. Bonner. Incumbent's commission expired January 10, 1932.

Frances R. Gresham to be postmaster at Autaugaville, Ala., in place of F. R. Gresham. Incumbent's commission expired January 11, 1932.

Maude A. Bosarge to be postmaster at Bayou Labatre, Ala., in place of M. A. Bosarge. Incumbent's commission expired January 11, 1932.

Wert W. James to be postmaster at Brent, Ala., in place of W. W. James. Incumbent's commission expired January 11, 1932.

Jacob E. Hood to be postmaster at Cordova, Ala., in place of J. E. Hood. Incumbent's commission expired January 10, 1932.

Lawrence L. Mallette to be postmaster at Dozier, Ala., in place of L. L. Mallette. Incumbent's commission expired January 11, 1932.

Mary I. Hogan to be postmaster at East Tallassee, Ala., in place of J. L. Hinson, removed.

Robert B. Evans to be postmaster at Elkmont, Ala., in place of R. B. Evans. Incumbent's commission expired January 10, 1932.

Ada M. Burks to be postmaster at Fairfield, Ala., in place of A. M. Burks. Incumbent's commission expired January 10, 1932.

Lonnie W. Johnston to be postmaster at Hanceville, Ala., in place of L. W. Johnston. Incumbent's commission expired January 10, 1932.

Sylvanus L. Sherrill to be postmaster at Hartselle, Ala., in place of S. L. Sherrill. Incumbent's commission expired January 11, 1932.

Stephen H. Murphy to be postmaster at Huntsville, Ala., in place of S. H. Murphy. Incumbent's commission expired January 10, 1932.

Roy M. Boak to be postmaster at Lineville, Ala., in place of R. M. Boak. Incumbent's commission expired January 10, 1932.

Ruth K. Bullard to be postmaster at Lockhart, Ala., in place of R. K. Bullard. Incumbent's commission expired January 10, 1932.

Emmett C. Sellers to be postmaster at McKenzie, Ala., in place of B. F. Beesley. Incumbent's commission expired February 23, 1930.

Jake E. Wallace to be postmaster at Maplesville, Ala., in place of J. E. Wallace. Incumbent's commission expired January 11, 1932.

James Alexander to be postmaster at Marion Junction, Ala., in place of James Alexander. Incumbent's commission expired January 11, 1932.

George B. Butler to be postmaster at New Hope, Ala. Office became presidential July 1, 1930.

Clifford M. Cox to be postmaster at Ozark, Ala., in place of C. M. Cox. Incumbent's commission expired January 13, 1932.

James L. Ragland to be postmaster at Pell City, Ala., in place of J. L. Ragland. Incumbent's commission expired January 10, 1932.

Roger S. Bingham to be postmaster at Talladega, Ala., in place of J. S. Chambers. Incumbent's commission expired February 14, 1931.

Emerson E. Etheredge to be postmaster at Town Creek, Ala., in place of E. E. Etheredge. Incumbent's commission expired January 10, 1932.

Edna Young to be postmaster at Warrior, Ala., in place of Edna Young. Incumbent's commission expired January 10, 1932.

Charles S. Prescott to be postmaster at Wedowee, Ala., in place of C. S. Prescott. Incumbent's commission expired January 10, 1932.

Maggie Winningham to be postmaster at York, Ala., in place of Maggie Winningham. Incumbent's commission expired January 10, 1932.

ARIZONA

John R. Livingston to be postmaster at Chloride, Ariz., in place of J. R. Livingston. Incumbent's commission expired January 9, 1932.

William F. Haas to be postmaster at Naco, Ariz., in place of W. F. Haas. Incumbent's commission expired January 13, 1932.

Edith A. Macia to be postmaster at Tombstone, Ariz., in place of E. A. Macia. Incumbent's commission expired January 9, 1932.

ARKANSAS

Louis Reitzammer to be postmaster at Arkansas City, Ark., in place of Louis Reitzammer. Incumbent's commission expired January 11, 1932.

Little Watson to be postmaster at Batesville, Ark., in place of J. O. Burns. Incumbent's commission expired January 10, 1932.

Adolph O. Border to be postmaster at Knobel, Ark., in place of A. O. Border. Incumbent's commission expires January 23, 1932.

James L. Willson to be postmaster at Moro, Ark., in place of J. L. Willson. Incumbent's commission expires January 23, 1932.

Pauline Prescott to be postmaster at Rosston, Ark., in place of Pauline Prescott. Incumbent's commission expires January 23, 1932.

Reuben P. Allen to be postmaster at Smackover, Ark., in place of R. P. Allen. Incumbent's commission expired January 11, 1932.

Carleton H. Denslow to be postmaster at Stuttgart, Ark., in place of C. H. Denslow. Incumbent's commission expires January 23, 1932.

Charles E. Kemp to be postmaster at Trumann, Ark., in place of C. E. Kemp. Incumbent's commission expired January 10, 1932.

Leonidas G. Fitzpatrick to be postmaster at Wynne, Ark., in place of G. E. Davis, deceased.

CALIFORNIA

Walter L. Haley to be postmaster at Associated, Calif., in place of W. L. Haley. Incumbent's commission expired January 11, 1932.

Theodore Rueger to be postmaster at Benicia, Calif., in place of Theodore Rueger. Incumbent's commission expired January 11, 1932.

Presentation M. Soto to be postmaster at Concord, Calif., in place of P. M. Soto. Incumbent's commission expired January 11, 1932.

Mildred K. Blacow to be postmaster at Irvington, Calif., in place of K. F. Reynolds, deceased.

Anna Crossland to be postmaster at Loleta, Calif., in place of Anna Crossland. Incumbent's commission expired February 6, 1930.

Charles F. Riedle to be postmaster at Los Banos, Calif., in place of C. F. Riedle. Incumbent's commission expired January 11, 1932.

Ira B. Jones to be postmaster at Los Molinos, Calif., in place of I. B. Jones. Incumbent's commission expired January 11, 1932.

Raymond A. Rigor to be postmaster at McCloud, Calif., in place of R. A. Rigor. Incumbent's commission expired January 11, 1932.

Claude D. Richardson to be postmaster at McFarland, Calif., in place of C. D. Richardson. Incumbent's commission expired January 11, 1932.

Edmund V. Wahlberg to be postmaster at Manhattan Beach, Calif., in place of E. V. Wahlberg. Incumbent's commission expired January 11, 1932.

Charles G. Barnes to be postmaster at Morgan Hill, Calif., in place of C. G. Barnes. Incumbent's commission expired January 11, 1932.

Sula D. Abbott to be postmaster at Placentia, Calif., in place of S. D. Abbott. Incumbent's commission expired January 11, 1932.

Ellery M. Murray to be postmaster at St. Helena, Calif., in place of E. M. Murray. Incumbent's commission expired January 11, 1932.

George G. Hughes to be postmaster at San Bruno, Calif., in place of G. G. Hughes. Incumbent's commission expired January 11, 1932.

Harrie C. Caldwell to be postmaster at San Fernando, Calif., in place of H. C. Caldwell. Incumbent's commission expired January 11, 1932.

Pastor A. H. Arata to be postmaster at San Luis Obispo, Calif., in place of P. A. H. Arata. Incumbent's commission expired January 11, 1932.

Terry E. Stephenson to be postmaster at Santa Ana, Calif., in place of T. E. Stephenson. Incumbent's commission expired January 11, 1932.

Grace E. Tooker to be postmaster at Santa Monica, Calif., in place of G. E. Tooker. Incumbent's commission expired January 11, 1932.

Norman L. Henderson to be postmaster at Spring Garden, Calif. Office became presidential July 1, 1931.

Mary E. Rozier to be postmaster at Tuolumne, Calif., in place of M. E. Rozier. Incumbent's commission expired January 11, 1932.

Henry F. Stahl to be postmaster at Vallejo, Calif., in place of H. F. Stahl. Incumbent's commission expired January 11, 1932.

Ernest D. Gibson to be postmaster at Van Nuys, Calif., in place of E. D. Gibson. Incumbent's commission expired January 11, 1932.

William J. Murray to be postmaster at Yucaipa, Calif., in place of W. J. Murray. Incumbent's commission expired January 11, 1932.

COLORADO

Charles L. Rudel to be postmaster at Fleming, Colo., in place of C. L. Rudel. Incumbent's commission expired January 10, 1932.

Ethel M. Beggs to be postmaster at Keenesburg, Colo., in place of E. M. Beggs. Incumbent's commission expired December 15, 1931.

Zella M. Hutchens to be postmaster at Seibert, Colo., in place of Z. M. Hutchens. Incumbent's commission expired January 10, 1932.

CONNECTICUT

Frederick W. Griffin to be postmaster at Cheshire, Conn., in place of F. W. Griffin. Incumbent's commission expired January 10, 1932.

James J. Fitzpatrick to be postmaster at Meriden, Conn., in place of J. J. Fitzpatrick. Incumbent's commission expires January 25, 1932.

Allen C. Bennett to be postmaster at West Willington, Conn., in place of A. C. Bennett. Incumbent's commission expired January 10, 1932.

DELAWARE

Stephen W. Miller to be postmaster at Camden, Del., in place of S. W. Miller. Incumbent's commission expired January 17, 1932.

FLORIDA

Bertha F. Knight to be postmaster at Bartow, Fla., in place of B. F. Knight. Incumbent's commission expires January 31, 1932.

Carrie Bowers to be postmaster at Lake Placid, Fla., in place of Carrie Bowers. Incumbent's commission expired January 4, 1932.

Charles I. Matthews to be postmaster at Longwood, Fla., in place of C. I. Matthews. Incumbent's commission expired January 4, 1932.

Archibald I. Nearing to be postmaster at Marianna, Fla., in place of A. I. Nearing. Incumbent's commission expired February 1, 1931.

Samuel J. Yoder to be postmaster at Moore Haven, Fla., in place of S. J. Yoder. Incumbent's commission expired January 11, 1932.

Lola Miller to be postmaster at Palm Beach, Fla., in place of Lola Miller. Incumbent's commission expired January 11, 1932.

Lydia E. Ware to be postmaster at St. Andrew, Fla., in place of L. E. Ware. Incumbent's commission expired January 11, 1932.

Joseph P. Hall to be postmaster at Sanford, Fla., in place of J. P. Hall. Incumbent's commission expired January 11, 1932.

George H. Hauser to be postmaster at Venice, Fla., in place of W. M. Parker, deceased.

GEORGIA

H. Ralph Smith to be postmaster at Brunswick, Ga., in place of H. R. Smith. Incumbent's commission expired February 24, 1931.

Eunice G. Bragg to be postmaster at Gray, Ga., in place of N. H. Bragg, resigned.

Cicero F. Duffee to be postmaster at Jonesboro, Ga., in place of C. F. Duffee. Incumbent's commission expired December 19, 1931.

James M. Brophy to be postmaster at Rhine, Ga., in place of J. B. Williams. Incumbent's commission expired March 3, 1929.

George R. Burton to be postmaster at White Plains, Ga., in place of G. R. Burton. Incumbent's commission expired May 17, 1930.

IDAHO

Richard L. Baker to be postmaster at Ashton, Idaho, in place of R. L. Baker. Incumbent's commission expired January 18, 1932.

Roy M. Parsons to be postmaster at Hagerman, Idaho, in place of R. M. Parsons. Incumbent's commission expired January 18, 1932.

James M. Shaw to be postmaster at Kooskia, Idaho, in place of J. M. Shaw. Incumbent's commission expired January 18, 1932.

Wheeler W. Elledge to be postmaster at Lava Hot Springs, Idaho, in place of W. W. Elledge. Incumbent's commission expired January 18, 1932.

Elvira R. Denny to be postmaster at Leadore, Idaho, in place of E. R. Denny. Incumbent's commission expired January 18, 1932.

Helga M. Cook to be postmaster at McCall, Idaho, in place of H. M. Cook. Incumbent's commission expired January 18, 1932.

Charles L. Edwards to be postmaster at McCammon, Idaho, in place of C. L. Edwards. Incumbent's commission expired January 18, 1932.

Fred V. Diers to be postmaster at Mackay, Idaho, in place of F. V. Diers. Incumbent's commission expired January 18, 1932.

Charles W. Craney to be postmaster at St. Maries, Idaho, in place of C. W. Craney. Incumbent's commission expired January 9, 1932.

Kenneth E. McBride to be postmaster at Salmon, Idaho, in place of K. E. McBride. Incumbent's commission expired January 18, 1932.

Oakley A. West to be postmaster at Weiser, Idaho, in place of O. A. West. Incumbent's commission expired January 18, 1932.

ILLINOIS

Clayton O. Merricks to be postmaster at Abingdon, Ill., in place of C. O. Merricks. Incumbent's commission expired December 11, 1930.

Lewis B. Tuthill to be postmaster at Anna, Ill., in place of L. B. Tuthill. Incumbent's commission expired January 10, 1932.

Hugh Martin to be postmaster at Argenta, Ill., in place of Hugh Martin. Incumbent's commission expired January 10, 1932.

Frank Gain to be postmaster at Astoria, Ill., in place of Frank Gain. Incumbent's commission expired January 10, 1932

John H. Holthaus to be postmaster at Aviston, Ill., in place of J. H. Holthaus. Incumbent's commission expired January 10, 1932.

Madison R. Hunter to be postmaster at Avon, Ill., in place of G. E. Simmons. Incumbent's commission expired January 16, 1930.

Raymond Phillips to be postmaster at Beecher City, Ill., in place of Raymond Phillips. Incumbent's commission expired January 10, 1932.

William Hughes to be postmaster at Bement, Ill., in place of William Hughes. Incumbent's commission expired January 10, 1932.

Frank C. Baker to be postmaster at Bridgeport, Ill., in place of L. D. Leach. Incumbent's commission expired February 6, 1930.

Alice Jenkins to be postmaster at Carriers Mills, Ill., in place of Alice Jenkins. Incumbent's commission expired January 10, 1932.

Cecil W. Bishop to be postmaster at Carterville, Ill., in place of C. W. Bishop. Incumbent's commission expired January 10, 1932.

Fred E. Flessner to be postmaster at Cullom, Ill., in place of F. E. Flessner. Incumbent's commission expired January 10, 1932.

George A. Kraus to be postmaster at Danvers, Ill., in place of G. A. Kraus. Incumbent's commission expired January 10, 1932.

Forrest E. Peterson to be postmaster at Depue, Ill., in place of F. E. Peterson. Incumbent's commission expired December 15, 1931.

John E. Moyer to be postmaster at Dixon, Ill., in place of J. E. Moyer. Incumbent's commission expired January 10, 1932.

Stanley L. Ryno to be postmaster at Easton, Ill., in place of S. L. Ryno. Incumbent's commission expired January 12, 1932.

Louis O. McKerrow to be postmaster at Elmwood, Ill., in place of L. O. McKerrow. Incumbent's commission expired January 10, 1932.

George L. Spangler to be postmaster at Franklin Grove, Ill., in place of G. L. Spangler. Incumbent's commission expired January 10, 1932.

Walter J. Ehrler to be postmaster at Galena, Ill., in place of W. J. Ehrler. Incumbent's commission expired January 10, 1932.

Elmer L. Trowbridge to be postmaster at Green Valley, Ill., in place of E. L. Trowbridge. Incumbent's commission expired January 10, 1932.

William Sutton to be postmaster at Kempton, Ill., in place of William Sutton. Incumbent's commission expired January 10, 1932.

Daisy M. Uphaus to be postmaster at Macon, Ill., in place of D. M. Uphaus. Incumbent's commission expired January 10, 1932.

William J. West to be postmaster at Odin, Ill., in place of W. J. West. Incumbent's commission expired January 12, 1932.

Luther G. Raymer to be postmaster at Park Ridge, Ill., in place of L. G. Raymer. Incumbent's commission expired December 11, 1930.

Lewis E. Selby to be postmaster at Pekin, Ill., in place of L. E. Selby. Incumbent's commission expired January 10, 1932.

Ted Henderson to be postmaster at Ridge Farm, Ill., in place of Ted Henderson. Incumbent's commission expired January 10, 1932.

Lewis H. Richards to be postmaster at Scales Mound, Ill., in place of L. H. Richards. Incumbent's commission expired January 10, 1932.

William A. Brian to be postmaster at St. Francisville, Ill., in place of E. H. McKelfresh. Incumbent's commission expired June 16, 1930.

Elgin C. Spivey to be postmaster at Shawneetown, Ill., in place of E. C. Spivey. Incumbent's commission expired January 12, 1932.

Leonard F. Richardson to be postmaster at Sheffield, Ill., in place of L. F. Richardson. Incumbent's commission expired December 15, 1931.

Henry J. Busefink to be postmaster at West Salem, Ill., in place of H. J. Busefink. Incumbent's commission expired January 10, 1932.

Elmer C. Thorp to be postmaster at Winslow, Ill., in place of E. C. Thorp. Incumbent's commission expired January 10, 1932.

INDIANA

John S. Moore to be postmaster at Battle Ground, Ind., in place of J. S. Moore. Incumbent's commission expired January 10, 1932.

Claude A. Warr to be postmaster at Brook, Ind., in place of C. A. Warr. Incumbent's commission expired January 10, 1932.

Hugh R. Foss to be postmaster at Cambridge City, Ind., in place of H. R. Foss. Incumbent's commission expired January 10, 1932.

Samuel C. Morgan to be postmaster at Campbellsburg, Ind., in place of S. C. Morgan. Incumbent's commission expired January 10, 1932.

Julia V. Clark to be postmaster at Colfax, Ind., in place of J. V. Clark. Incumbent's commission expired January 13, 1932.

Lionel A. Pratt to be postmaster at Dunkirk, Ind., in place of L. A. Pratt. Incumbent's commission expires January 27, 1932.

Erasmus R. Bartley to be postmaster at Greencastle, Ind., in place of E. R. Bartley. Incumbent's commission expired January 10, 1932.

Vernon D. Macy to be postmaster at Mooresville, Ind., in place of V. D. Macy. Incumbent's commission expired February 10, 1931.

Fred E. Meeker to be postmaster at Portland, Ind., in place of C. O. Rowland. Incumbent's commission expired February 24, 1931.

John W. Wood to be postmaster at Terre Haute, Ind., in place of W. G. Hays, resigned.

Reader J. Meroney to be postmaster at Topeka, Ind., in place of R. J. Meroney. Incumbent's commission expired January 10, 1932.

Ralph D. Gookins to be postmaster at Veedersburg, Ind., in place of R. D. Gookins. Incumbent's commission expired January 13, 1932.

Betty M. Miller to be postmaster at West Baden, Ind., in place of B. M. Miller. Incumbent's commission expired January 10, 1932.

Edmund H. Imes to be postmaster at Westville, Ind., in place of E. H. Imes. Incumbent's commission expired January 11, 1932.

IOWA

Roscoe W. Petersen to be postmaster at Bettendorf, Iowa, in place of R. W. Petersen. Incumbent's commission expired December 17, 1931.

Howard C. Copeland to be postmaster at Chariton, Iowa, in place of H. C. Copeland. Incumbent's commission expired January 10, 1932.

Andrew C. Link to be postmaster at Dyersville, Iowa, in place of A. C. Link. Incumbent's commission expired January 13, 1932.

Eliza K. Alldredge to be postmaster at Melbourne, Iowa, in place of E. K. Alldredge. Incumbent's commission expired January 13, 1932.

John A. Hale to be postmaster at Tripoli, Iowa, in place of J. A. Hale. Incumbent's commission expired January 13, 1932.

KANSAS

Lynn B. Mohler to be postmaster at Arkansas City, Kans., in place of M. E. Mollett. Incumbent's commission expired December 14, 1930.

Fred C. Oehler to be postmaster at Coffeyville, Kans., in place of L. C. Elliott. Incumbent's commission expired December 14, 1930.

Loraine A. Lyon to be postmaster at Edgerton, Kans., in place of L. A. Lyon. Incumbent's commission expired January 9, 1932.

Harry W. Adams to be postmaster at Elkhart, Kans., in place of H. W. Adams. Incumbent's commission expired January 10, 1932.

Francis M. Smith to be postmaster at Ford, Kans., in place of F. M. Smith. Incumbent's commission expired July 2, 1930.

Griffith R. Hughes to be postmaster at Fort Scott, Kans., in place of C. R. Fisher. Incumbent's commission expired March 2, 1930.

Clarence Haughawout to be postmaster at Onaga, Kans., in place of Clarence Haughawout. Incumbent's commission expired January 11, 1932.

John Quin to be postmaster at Ottawa, Kans., in place of John Quin. Incumbent's commission expired December 16, 1931.

Samuel M. Simmons to be postmaster at Spring Hill, Kans., in place of S. M. Simmons. Incumbent's commission expired January 9, 1932.

KENTUCKY

Roy Fraim to be postmaster at Alva, Ky., in place of Roy Fraim. Incumbent's commission expired January 5, 1932.

Emma A. Ellis to be postmaster at Campbellsville, Ky., in place of E. A. Ellis. Incumbent's commission expired December 15, 1929.

Benton W. Mauzy to be postmaster at Dixon, Ky., in place of C. S. Gentry, resigned.

Albert D. Bouland to be postmaster at Elva, Ky. Office became presidential July 1, 1931.

Arthur G. Powell to be postmaster at Irvine, Ky., in place of A. G. Powell. Incumbent's commission expired March 11, 1930.

Benoni H. Lott to be postmaster at Lewisport, Ky., in place of B. H. Lott. Incumbent's commission expired March 22, 1930.

Marsh F. Chumley to be postmaster at McHenry, Ky., in place of A. M. Smith. Incumbent's commission expired January 6, 1931.

John M. Miller to be postmaster at Middlesboro, Ky., in place of J. M. Miller. Incumbent's commission expired January 12, 1932.

Fred L. Sears to be postmaster at Nicholasville, Ky., in place of F. L. Sears. Incumbent's commission expired December 19, 1931.

Inez M. Christian to be postmaster at Sturgis, Ky., in place of T. B. Rhoades. Incumbent's commission expired May 14, 1928.

LOUISIANA

J. Rodney Murrel to be postmaster at Church Point, La., in place of J. R. Murrel. Incumbent's commission expired January 13, 1932.

Ralph N. Menetre to be postmaster at Covington, La., in place of R. N. Menetre. Incumbent's commission expired January 13, 1932.

Henry A. Forshag to be postmaster at Crowley, La., in place of H. A. Forshag. Incumbent's commission expired January 4, 1932.

Wiltz L. Barrow to be postmaster at Homer, La., in place of L. P. Fulmer. Incumbent's commission expired December 14, 1930.

H. Ernest Benefiel to be postmaster at Kenner, La., in place of H. E. Benefiel. Incumbent's commission expired March 23, 1930.

William R. Morgan to be postmaster at Mandeville, La., in place of W. R. Morgan. Incumbent's commission expired January 13, 1932.

Novilla T. King to be postmaster at Simsboro, La., in place of N. T. King. Incumbent's commission expired January 13, 1932.

Walter B. Eisely to be postmaster at Tallulah, La., in place of W. B. Eisely. Incumbent's commission expired January 13, 1932.

MAINE

William F. Holden to be postmaster at Bangor, Me., in place of W. F. Holden. Incumbent's commission expired December 19, 1931.

Donald W. Stackpole to be postmaster at Bridgewater, Me., in place of D. W. Stackpole. Incumbent's commission expired December 15, 1931.

Albert C. Bradbury to be postmaster at Newport, Me., in place of A. C. Bradbury. Incumbent's commission expired December 19, 1931.

Edith B. Holden to be postmaster at Oakfield, Me., in place of E. B. Holden. Incumbent's commission expired December 19, 1931.

Homer M. Orr to be postmaster at Old Town, Me., in place of H. M. Orr. Incumbent's commission expired December 19, 1931.

Louise R. Harding to be postmaster at Orono, Me., in place of L. R. Harding. Incumbent's commission expired December 19, 1931.

Ernest C. Butterfield to be postmaster at Springfield, Me., in place of E. C. Butterfield. Incumbent's commission expired December 19, 1931.

Robert L. Cyr to be postmaster at Van Buren, Me., in place of R. L. Cyr. Incumbent's commission expired December 15, 1931.

MARYLAND

Jessie P. Smith to be postmaster at Luke, Md., in place of J. P. Smith. Incumbent's commission expired January 10, 1932.

James J. Shoemaker to be postmaster at Sandy Spring, Md., in place of J. J. Shoemaker. Incumbent's commission expired January 10, 1932.

MASSACHUSETTS

Samuel L. Porter to be postmaster at Amesbury, Mass., in place of S. L. Porter. Incumbent's commission expired January 11, 1932.

John D. Quigley to be postmaster at Ashland, Mass., in place of J. D. Quigley. Incumbent's commission expired January 11, 1932.

Henry E. Bearse to be postmaster at Centerville, Mass., in place of A. M. Meigs, resigned.

Maynard N. Wetherell to be postmaster at Chartley, Mass., in place of M. N. Wetherell. Incumbent's commission expired January 11, 1932.

William H. Lilley to be postmaster at Chicopee, Mass., in place of W. H. Lilley. Incumbent's commission expired January 11, 1932.

Walter L. Tower to be postmaster at Dalton, Mass., in place of W. L. Tower. Incumbent's commission expired January 11, 1932.

Gilbert W. O'Neil to be postmaster at Gloucester, Mass., in place of G. W. O'Neil. Incumbent's commission expired January 11, 1932.

Charles H. Slocomb to be postmaster at Greenfield, Mass., in place of C. H. Slocomb. Incumbent's commission expired January 11, 1932.

Leroy E. Johnson to be postmaster at Groton, Mass., in place of L. E. Johnson. Incumbent's commission expired January 11, 1932.

William F. Keller to be postmaster at Holliston, Mass., in place of W. F. Keller. Incumbent's commission expired January 13, 1932.

George A. Coolidge to be postmaster at Hudson, Mass., in place of G. A. Coolidge. Incumbent's commission expired January 13, 1932.

Leon C. W. Foote to be postmaster at Lee, Mass., in place of L. C. W. Foote. Incumbent's commission expired January 13, 1932.

Ernest H. Wilcox to be postmaster at Manchester, Mass., in place of E. H. Wilcox. Incumbent's commission expired January 13, 1932.

Turner R. Bailey to be postmaster at Medfield, Mass., in place of T. R. Bailey. Incumbent's commission expired January 13, 1932.

Charles D. Streeter to be postmaster at Mount Hermon, Mass., in place of C. D. Streeter. Incumbent's commission expired January 13, 1932.

Harold Winslow to be postmaster at New Bedford, Mass., in place of Harold Winslow. Incumbent's commission expired January 13, 1932.

George W. Orcutt to be postmaster at North Abington, Mass., in place of G. W. Orcutt. Incumbent's commission expired January 13, 1932.

James T. Potter to be postmaster at North Adams, Mass., in place of J. T. Potter. Incumbent's commission expired January 13, 1932.

Alonzo W. Jones to be postmaster at Orleans, Mass., in place of A. W. Jones. Incumbent's commission expired January 13, 1932.

Margaret E. Rourke to be postmaster at Prides Crossing, Mass., in place of M. E. Rourke. Incumbent's commission expired January 13, 1932.

William E. Chaffin to be postmaster at Scituate, Mass., in place of W. E. Chaffin. Incumbent's commission expired January 13, 1932.

Wesley G. Ross to be postmaster at South Deerfield, Mass., in place of W. G. Ross. Incumbent's commission expired January 13, 1932.

Maurice Williams to be postmaster at South Easton, Mass., in place of Maurice Williams. Incumbent's commission expired January 13, 1932.

John H. Preston to be postmaster at South Hadley, Mass., in place of J. H. Preston. Incumbent's commission expired January 13, 1932.

Frederick C. Haigis to be postmaster at Turners Falls, Mass., in place of F. C. Haigis. Incumbent's commission expired January 13, 1932.

Otis J. A. Dionne to be postmaster at Walpole, Mass., in place of O. J. A. Dionne. Incumbent's commission expired January 13, 1932.

Blanche E. Robinson to be postmaster at Wareham, Mass., in place of B. E. Robinson. Incumbent's commission expired January 13, 1932.

Thomas E. Hynes to be postmaster at Wayland, Mass., in place of T. E. Hynes. Incumbent's commission expired January 13, 1932.

George D. Roe to be postmaster at Westfield, Mass., in place of G. D. Roe. Incumbent's commission expired January 13, 1932.

Henry O. Bailey to be postmaster at West Newbury, Mass., in place of H. O. Bailey. Incumbent's commission expired January 13, 1932.

Mary A. Fallon to be postmaster at West Stockbridge, Mass., in place of M. A. Fallon. Incumbent's commission expired January 13, 1932.

MICHIGAN

Volney W. Ferris to be postmaster at Allegan, Mich., in place of V. W. Ferris. Incumbent's commission expired January 9, 1932.

Ambrose C. Pack to be postmaster at Ann Arbor, Mich., in place of A. C. Pack. Incumbent's commission expired January 9, 1932.

Erva J. Mallory to be postmaster at Albion, Mich., in place of E. J. Mallory. Incumbent's commission expired January 9, 1932.

John C. Davis to be postmaster at Battle Creek, Mich., in place of J. C. Davis. Incumbent's commission expired January 3, 1932.

Aaron W. Miles to be postmaster at Big Rapids, Mich., in place of A. W. Miles. Incumbent's commission expired January 9, 1932.

Jesse A. Hurd to be postmaster at Ceresco, Mich., in place of J. A. Hurd. Incumbent's commission expired January 9, 1932.

Murl H. DeFoe to be postmaster at Charlotte, Mich., in place of M. H. DeFoe. Incumbent's commission expired January 11, 1932.

Charles F. Goetzen to be postmaster at Chesaning, Mich., in place of C. F. Goetzen. Incumbent's commission expired January 9, 1932.

Lois L. Lancaster to be postmaster at Clinton, Mich., in place of H. E. McClure, resigned.

Milford W. Covert to be postmaster at Clio, Mich., in place of M. W. Covert. Incumbent's commission expired January 9, 1932.

Hugh A. McLachlan to be postmaster at Evart, Mich., in place of H. A. McLachlan. Incumbent's commission expires January 25, 1932.

Walter J. Kern to be postmaster at Frankenmuth, Mich., in place of W. J. Kern. Incumbent's commission expired January 9, 1932.

Mary E. Chadwick to be postmaster at Frankfort, Mich., in place of M. E. Chadwick. Incumbent's commission expired January 9, 1932.

George L. Olsen to be postmaster at Grand Haven, Mich., in place of G. L. Olsen. Incumbent's commission expired January 9, 1932.

Henry C. Hemingsen to be postmaster at Grant, Mich., in place of H. C. Hemingsen. Incumbent's commission expired January 9, 1932.

Arthur A. Graves to be postmaster at Grosse Ile, Mich., in place of A. A. Graves. Incumbent's commission expired January 9, 1932.

Ernest C. Baldwin to be postmaster at Hudson, Mich., in place of E. C. Baldwin. Incumbent's commission expired January 9, 1932.

Gerald McKindles to be postmaster at L'Anse, Mich., in place of Gerald McKindles. Incumbent's commission expired January 9, 1932.

Norman E. Borgerson to be postmaster at Lowell, Mich., in place of N. E. Borgerson. Incumbent's commission expired January 9, 1932.

Mark Boyd to be postmaster at McBain, Mich., in place of Mark Boyd. Incumbent's commission expired January 9, 1932.

Sadie Wheeler to be postmaster at Manton, Mich., in place of Sadie Wheeler. Incumbent's commission expired January 9, 1932.

Vaughn A. Bartlett to be postmaster at Marcellus, Mich., in place of R. M. Krise. Incumbent's commission expired December 14, 1930.

Archie Lowry to be postmaster at Marion, Mich., in place of Archie Lowry. Incumbent's commission expired January 9, 1932.

Lincoln Rodgers to be postmaster at Muskegon, Mich., in place of Lincoln Rodgers. Incumbent's commission expired January 9, 1932.

Otto L. Sprague to be postmaster at Owosso, Mich., in place of O. L. Sprague. Incumbent's commission expired December 15, 1931.

Walter G. Wykoff to be postmaster at St. Johns, Mich., in place of W. G. Wykoff. Incumbent's commission expired January 9, 1932.

MINNESOTA

Malachy Ryan to be postmaster at Caledonia, Minn., in place of P. M. Dunn, resigned.

MISSISSIPPI

Lily B. Maxwell to be postmaster at Camden, Miss., in place of L. B. Maxwell. Incumbent's commission expired February 15, 1930.

Robert W. Kyzar to be postmaster at Columbia, Miss., in place of R. W. Kyzar. Incumbent's commission expired April 13, 1930.

Frances H. Cooke to be postmaster at Coffeeville, Miss., in place of F. H. Cooke. Incumbent's commission expired December 16, 1930.

Nancy A. Murphey to be postmaster at Doddsville, Miss., in place of N. A. Murphey. Incumbent's commission expired December 17, 1931.

William D. Fisher to be postmaster at Dundee, Miss., in place of J. R. Terry, removed.

David C. Branham, jr., to be postmaster at Itta Bena, Miss., in place of P. T. Smith, resigned.

Joseph H. Dent to be postmaster at Lorman, Miss., in place of M. L. James, deceased.

Catherine Fitzpatrick to be postmaster at Pass Christian, Miss., in place of R. J. Delpit. Incumbent's commission expired February 16, 1929.

Mary E. Holtzclaw to be postmaster at Utica Institute, Miss. Office became presidential July 1, 1931.

MISSOURI

Lester H. Pettit to be postmaster at Ava, Mo., in place of L. H. Pettit. Incumbent's commission expired January 13, 1932.

Verner H. Kirkendall to be postmaster at Birch Tree, Mo., in place of V. H. Kirkendall. Incumbent's commission expired January 13, 1932.

Frank W. Dunn to be postmaster at Chaffee, Mo., in place of F. W. Dunn. Incumbent's commission expired December 19, 1931.

Bransby B. Houghton to be postmaster at Crystal City, Mo., in place of B. B. Houghton. Incumbent's commission expired January 13, 1932.

Maurice Craig to be postmaster at Illmo, Mo., in place of Maurice Craig. Incumbent's commission expired January 13, 1932.

Benjamin H. Linhardt to be postmaster at Jefferson City, Mo., in place of B. H. Linhardt. Incumbent's commission expired January 31, 1932.

Victor M. Blankinship to be postmaster at Kennett, Mo., in place of V. M. Blankinship. Incumbent's commission expired January 13, 1932.

Charles S. Dickson to be postmaster at Milan, Mo., in place of C. S. Dickson. Incumbent's commission expired January 13, 1932.

John M. Medcalf to be postmaster at Monroe City, Mo., in place of J. M. Medcalf. Incumbent's commission expired January 13, 1932.

Eugene E. Wyatt to be postmaster at Oak Grove, Mo., in place of E. E. Wyatt. Incumbent's commission expired January 13, 1932.

Amy B. Burchard to be postmaster at Owensville, Mo., in place of A. B. Burchard. Incumbent's commission expired January 13, 1932.

Jesse A. Linthacum to be postmaster at Ridgeway, Mo., in place of J. A. Linthacum. Incumbent's commission expired January 13, 1932.

Lester S. Eddings to be postmaster at Rogersville, Mo., in place of L. S. Eddings. Incumbent's commission expired January 13, 1932.

Alfred A. Smith to be postmaster at Rolla, Mo., in place of A. A. Smith. Incumbent's commission expired January 13, 1932.

Estel G. Crawford to be postmaster at Tipton, Mo., in place of E. G. Crawford. Incumbent's commission expired January 13, 1932.

NEBRASKA

Elza Ury to be postmaster at Chapman, Nebr., in place of Elza Ury. Incumbent's commission expired January 22, 1931.

Gustav A. Koza to be postmaster at Clarkson, Nebr., in place of G. A. Koza. Incumbent's commission expired February 11, 1931.

Albert L. Hepp to be postmaster at Greeley, Nebr., in place of A. L. Hepp. Incumbent's commission expired December 19, 1931.

Lynn F. Cunningham to be postmaster at Gurley, Nebr., in place of L. F. Cunningham. Incumbent's commission expired December 19, 1931.

Elmer W. Couch to be postmaster at Henry, Nebr., in place of E. W. Couch. Incumbent's commission expired December 19, 1931.

Merle A. Brady to be postmaster at Kimball, Nebr., in place of M. A. Brady. Incumbent's commission expired December 19, 1931.

Edmund J. Barrett to be postmaster at Lawrence, Nebr., in place of H. H. Schroer, removed.

Otto C. Smith to be postmaster at Lyman, Nebr., in place of O. C. Smith. Incumbent's commission expired December 19, 1931.

James Nichols to be postmaster at Madison, Nebr., in place of F. H. Davis. Incumbent's commission expired February 9, 1931.

Dean H. Ehle to be postmaster at Newcastle, Nebr., in place of Ward Tuttle. Incumbent's commission expired June 19, 1930.

Harry B. Chronister to be postmaster at Schuyler, Nebr., in place of O. J. Zuelow, resigned.

Charles M. Steil to be postmaster at Scribner, Nebr., in place of C. M. Steil. Incumbent's commission expired March 3, 1931.

Roy Hauke to be postmaster at Shelton, Nebr., in place of Roy Hauke. Incumbent's commission expired December 19, 1931.

Merrell M. Stuart to be postmaster at Stuart, Nebr., in place of E. A. Walker, deceased.

Clyde H. Hodges to be postmaster at Superior, Nebr., in place of C. H. Hodges. Incumbent's commission expired December 19, 1931.

Claude A. MacDonald to be postmaster at Sutton, Nebr., in place of C. A. MacDonald. Incumbent's commission expired December 19, 1931.

NEW JERSEY

Frank J. Allen to be postmaster at Delair, N. J., in place of F. J. Allen. Incumbent's commission expired January 10, 1932.

Howard N. Parker to be postmaster at Gibbsboro, N. J., in place of H. N. Parker. Incumbent's commission expired December 19, 1931.

Thomas J. Willis to be postmaster at Lake Hopateong, N. J., in place of T. J. Willis. Incumbent's commission expired December 15, 1931.

Frank T. Buchanan to be postmaster at Bordentown, N. J., in place of F. T. Buchanan. Incumbent's commission expired December 19, 1931.

Raymond F. Peihl to be postmaster at East Paterson, N. J., in place of S. L. Caruth, resigned.

Harry H. Hilyard to be postmaster at Williamstown, N. J., in place of H. H. Hilyard. Incumbent's commission expired January 10, 1932.

Dorothy M. Adams to be postmaster at Yardville, N. J., in place of D. M. Adams. Incumbent's commission expired December 19, 1931.

NEW YORK

Annie J. McFadden to be postmaster at Ardsley, N. Y., in place of A. J. McFadden. Incumbent's commission expired January 10, 1932.

Howard E. Whealey to be postmaster at Baldwin, N. Y., in place of H. E. Whealey. Incumbent's commission expired January 10, 1932.

Clarence G. Jones to be postmaster at Barneveld, N. Y., in place of C. G. Jones. Incumbent's commission expired January 10, 1932.

Vida E. Freeman to be postmaster at Bloomingdale, N. Y. Office became presidential July 1, 1931.

William G. Fisher to be postmaster at Chadwicks, N. Y., in place of W. G. Fisher. Incumbent's commission expired January 16, 1932.

Clarence A. Bratt to be postmaster at Clarence Center, N. Y. Office became presidential July 1, 1931.

Norman D. Higby to be postmaster at Constableville, N. Y., in place of N. D. Higby. Incumbent's commission expired January 10, 1932.

George C. Palmer to be postmaster at Cuba, N. Y., in place of G. C. Palmer. Incumbent's commission expired January 10, 1932.

Frank P. Morstatt to be postmaster at Garnerville, N. Y., in place of S. M. Henderson, removed.

Edward T. Cole to be postmaster at Garrison, N. Y., in place of E. T. Cole. Incumbent's commission expired January 10, 1932.

John J. Cole to be postmaster at Jamesport, N. Y., in place of J. J. Cole. Incumbent's commission expired December 19, 1931.

Herbert L. Merritt to be postmaster at Katonah, N. Y., in place of H. L. Merritt. Incumbent's commission expired January 10, 1932.

Charles L. Stackpole to be postmaster at Lyon Mountain, N. Y., in place of C. L. Stackpole. Incumbent's commission expired January 10, 1932.

Ernest K. Smith to be postmaster at Middleburg, N. Y., in place of E. K. Smith. Incumbent's commission expired January 10, 1932.

Ambrose D. Eldred to be postmaster at New Hartford, N. Y., in place of A. D. Eldred. Incumbent's commission expired January 16, 1932.

Carl R. Allen to be postmaster at Oriskany Falls, N. Y., in place of C. R. Allen. Incumbent's commission expired January 10, 1932.

Frank V. Palmer to be postmaster at Philmont, N. Y., in place of F. V. Palmer. Incumbent's commission expired January 10, 1932.

William H. Savage to be postmaster at Seneca Falls, N. Y., in place of W. H. Savage. Incumbent's commission expired January 10, 1932.

William T. Williamson to be postmaster at Troy, N. Y., in place of W. T. Williamson. Incumbent's commission expired February 24, 1931.

Dennis W. Messler to be postmaster at Trumansburg, N. Y., in place of E. P. Bouton, resigned.

Ray C. Kelsey to be postmaster at Weedsport, N. Y., in place of R. L. Putnam, resigned.

Julius H. Fisher to be postmaster at Wellsville, N. Y., in place of J. H. Fisher. Incumbent's commission expired January 10, 1932.

Grace A. Harrington to be postmaster at West Point, N. Y., in place of G. A. Harrington. Incumbent's commission expired December 19, 1931.

George T. Anderson to be postmaster at Whitesboro, N. Y., in place of G. T. Anderson. Incumbent's commission expired January 10, 1932.

C. Irving Henderson to be postmaster at Worcester, N. Y., in place of C. I. Henderson. Incumbent's commission expired January 10, 1932.

NORTH CAROLINA

Harley E. Wright to be postmaster at Canton, N. C., in place of C. F. Smathers. Incumbent's commission expired January 22, 1931.

Charlie S. DeLoatch to be postmaster at Conway, N. C., in place of R. J. White. Incumbent's commission expired January 25, 1931.

Pat L. Whitehead to be postmaster at Enfield, N. C., in place of P. L. Whitehead. Incumbent's commission expired December 13, 1930.

John S. Downing to be postmaster at Fayetteville, N. C., in place of J. S. Downing. Incumbent's commission expired January 5, 1932.

Leah J. Franck to be postmaster at Jacksonville, N. C., in place of L. J. Franck. Incumbent's commission expired January 5, 1932.

Kenneth A. Whicker to be postmaster at Kernersville, N. C., in place of F. H. Morris. Incumbent's commission expired December 13, 1930.

Armand T. Daniel to be postmaster at Mocksville, N. C., in place of J. L. Shook, deceased.

John H. Williams to be postmaster at Pikeville, N. C., in place of J. H. Williams. Incumbent's commission expired January 5, 1932.

Philip N. Peacock to be postmaster at Salisbury, N. C., in place of J. H. Ramsay, deceased.

Sudie M. Morgan to be postmaster at Spindale, N. C., in place of S. M. Morgan. Incumbent's commission expired January 5, 1932.

Asa C. Parsons to be postmaster at Star, N. C., in place of A. C. Parsons. Incumbent's commission expired December 17, 1929.

Claude L. Tyson to be postmaster at Vase, N. C., in place of B. L. Matthews. Incumbent's commission expired March 25, 1930.

Robert E. Carmichael to be postmaster at Weaverville, N. C., in place of D. E. Penland. Incumbent's commission expired February 28, 1931.

Fred L. Wimer to be postmaster at Whitakers, N. C., in place of O. S. Woody, resigned.

William P. King to be postmaster at Windsor, N. C., in place of W. P. King. Incumbent's commission expired January 5, 1932.

NORTH DAKOTA

Evan S. Brown to be postmaster at Buffalo, N. Dak., in place of E. S. Brown. Incumbent's commission expired December 19, 1931.

Walter P. Osborne to be postmaster at Hunter, N. Dak., in place of W. P. Osborne. Incumbent's commission expired December 19, 1931.

Philip G. Zimmerman to be postmaster at Pembina, N. Dak., in place of J. F. McQueen, deceased.

Benjamin J. Schnedar to be postmaster at Pisek, N. Dak., in place of B. J. Schnedar. Incumbent's commission expired December 16, 1930.

Harriet C. Stensatter to be postmaster at West Fargo, N. Dak. Office became presidential July 1, 1929.

OHIO

Arthur L. Vanosdall to be postmaster at Ashland, Ohio, in place of A. L. Vanosdall. Incumbent's commission expires March 1, 1932.

Frank B. Pauly to be postmaster at Middletown, Ohio, in place of F. B. Pauly. Incumbent's commission expired January 12, 1932.

Charles T. Cline to be postmaster at New Matamoras, Ohio, in place of C. T. Cline. Incumbent's commission expired January 10, 1932.

Nellie Maddock to be postmaster at North Ridgeville, Ohio, in place of Nellie Maddock. Incumbent's commission expired December 15, 1931.

Frank B. McCullough to be postmaster at Plain City, Ohio, in place of F. B. McCullough. Incumbent's commission expired December 17, 1931.

Harry Oldham to be postmaster at Sidney, Ohio, in place of Harry Oldham. Incumbent's commission expired December 17, 1931.

OKLAHOMA

James K. Malone to be postmaster at Allen, Okla., in place of J. K. Malone. Incumbent's commission expired January 13, 1932.

R. Julian Miller to be postmaster at Bokchito, Okla., in place of R. J. Miller. Incumbent's commission expired January 13, 1932.

Downey Milburn to be postmaster at Coweta, Okla., in place of Downey Milburn. Incumbent commission expired January 13, 1932.

John W. Brookman to be postmaster at Coyle, Okla., in place of J. W. Brookman. Incumbent's commission expired January 13, 1932.

Leroy J. Myers to be postmaster at Dustin, Okla., in place of L. J. Myers. Incumbent's commission expired January 13, 1932.

Thomas H. Henderson to be postmaster at Fort Cobb, Okla., in place of T. H. Henderson. Incumbent's commission expired January 13, 1932.

Alfred J. Canon to be postmaster at Hinton, Okla., in place of A. J. Canon. Incumbent's commission expired January 13, 1932.

Howard Morris to be postmaster at Soper, Okla., in place of Howard Morris. Incumbent's commission expired January 13, 1932.

OREGON

Fred D. Wagner to be postmaster at Ashland, Oreg., in place of F. D. Wagner. Incumbent's commission expired January 4, 1932.

Arthur C. Wahl to be postmaster at Banks, Oreg., in place of A. C. Wahl. Incumbent's commission expired January 4, 1932.

William H. Hays to be postmaster at Brownsville, Oreg., in place of W. H. Hays. Incumbent's commission expired January 4, 1932.

William G. Hoover to be postmaster at Fossil, Oreg., in place of W. G. Hoover. Incumbent's commission expired January 4, 1932.

Andrew R. Siegmund to be postmaster at Gervais, Oreg., in place of A. R. Siegmund. Incumbent's commission expired January 4, 1932.

Frank W. Castor to be postmaster at Haines, Oreg., in place of F. W. Castor. Incumbent's commission expired January 4, 1932.

Duncan E. Douglas to be postmaster at Marshfield, Oreg., in place of D. E. Douglas. Incumbent's commission expired January 4, 1932.

Gephart D. Ebner to be postmaster at Mount Angel, Oreg., in place of G. B. Ebner. Incumbent's commission expired January 4, 1932.

Lyle B. Chappell to be postmaster at North Bend, Oreg., in place of L. B. Chappell. Incumbent's commission expired January 12, 1932.

Evelyn D. Davenport to be postmaster at Oak Grove, Oreg., in place of E. D. Davenport. Incumbent's commission expired January 4, 1932.

Grace W. Gamwell to be postmaster at Powers, Oreg., in place of G. W. Gamwell. Incumbent's commission expired January 4, 1932.

Josephine T. Stark to be postmaster at Sutherlin, Oreg., in place of J. T. Stark. Incumbent's commission expired January 12, 1932.

Charles R. Tyler to be postmaster at Yamhill, Oreg., in place of C. R. Tyler. Incumbent's commission expired January 12, 1932.

PENNSYLVANIA

Annabelle Busler to be postmaster at Avis, Pa., in place of Annabelle Busler. Incumbent's commission expired January 13, 1932.

Otis J. Pandel to be postmaster at Burnham, Pa., in place of O. J. Pandel. Incumbent's commission expired January 14, 1932.

Thomas W. Greer to be postmaster at Carnegie, Pa., in place of J. T. Ritter. Incumbent's commission expired January 6, 1931.

Hope B. Sterner to be postmaster at Dewart, Pa., in place of H. B. Sterner. Incumbent's commission expires January 31, 1932.

Claus H. Fechtenburg to be postmaster at Eddington, Pa. Office became presidential July 1, 1931.

Mayme S. Porter to be postmaster at Hokendauqua, Pa., in place of James Matchette, resigned.

Henry M. Stauffer to be postmaster at Leola, Pa., in place of H. M. Stauffer. Incumbent's commission expired January 18, 1932.

Ethel H. Higgins to be postmaster at Linwood, Pa., in place of E. H. Higgins. Incumbent's commission expired January 10, 1932.

Albert W. Watts to be postmaster at McVeytown, Pa., in place of A. W. Watts. Incumbent's commission expired January 10, 1932.

William J. Lytle to be postmaster at Mayview, Pa., in place of W. J. Lytle. Incumbent's commission expired January 10, 1932.

Ralph E. Ruhl to be postmaster at Millmont, Pa. Office became presidential July 1, 1931.

Albert R. Harris to be postmaster at Mount Carmel, Pa., in place of W. W. Robertson, deceased.

William E. Henry to be postmaster at Nazareth, Pa., in place of W. E. Henry. Incumbent's commission expired January 11, 1932.

Ralph M. Galvin to be postmaster at New Brighton, Pa., in place of H. L. Couch, resigned.

Charles J. Hanley to be postmaster at Newton Square, Pa., in place of C. J. Hanley. Incumbent's commission expired December 16, 1930.

Raymond R. Strickler to be postmaster at Perryopolis, Pa., in place of R. R. Strickler. Incumbent's commission expired January 18, 1932.

George E. McGlennen to be postmaster at Sharon Hill, Pa., in place of G. E. McGlennen. Incumbent's commission expired January 10, 1932.

Gordon C. Kuhns to be postmaster at Trevorton, Pa., in place of G. C. Kuhns. Incumbent's commission expires January 31, 1932.

PORTO RICO

José D. Sanchez to be postmaster at Catano, P. R., in place of Ramona Quinones, deceased.

RHODE ISLAND

S. Martin Rose to be postmaster at Block Island, R. I., in place of S. M. Rose. Incumbent's commission expired January 11, 1932.

Thatcher T. Bowler to be postmaster at Newport, R. I., in place of T. T. Bowler. Incumbent's commission expired January 11, 1932.

Catherine M. Green to be postmaster at Portsmouth, R. I., in place of C. M. Green. Incumbent's commission expired January 11, 1932.

Edwin S. Babcock to be postmaster at Saunderstown, R. I., in place of E. S. Babcock. Incumbent's commission expired January 11, 1932.

SOUTH DAKOTA

Leroy A. Gage to be postmaster at Bryant, S. Dak., in place of L. A. Gage. Incumbent's commission expired January 11, 1932.

Leonard J. Walker to be postmaster at Carthage, S. Dak., in place of L. J. Walker. Incumbent's commission expired January 11, 1932.

William W. Sour to be postmaster at Castlewood, S. Dak., in place of W. W. Sour. Incumbent's commission expired January 11, 1932.

Winfred E. Whittemore to be postmaster at Estelline, S. Dak., in place of W. E. Whittemore. Incumbent's commission expired January 11, 1932.

John Larson to be postmaster at Pukwana, S. Dak., in place of John Larson. Incumbent's commission expired January 11, 1932.

Gust M. Eggen to be postmaster at Vienna, S. Dak., in place of G. M. Eggen. Incumbent's commission expired January 11, 1932.

Victor M. Dalthorp to be postmaster at Volga, S. Dak., in place of V. M. Dalthorp. Incumbent's commission expired January 11, 1932.

John W. Woods to be postmaster at Worthing, S. Dak., in place of J. W. Woods. Incumbent's commission expired January 11, 1932.

TENNESSEE

William E. Richardson, jr., to be postmaster at Halls, Tenn., in place of W. E. Richardson, jr. Incumbent's commission expired December 17, 1931.

Thomas H. Edgar to be postmaster at Jefferson City, Tenn., in place of B. W. Witt, resigned.

Walter P. Shipley to be postmaster at Jonesboro, Tenn., in place of J. T. E. Williams, removed.

Blanche P. Scott to be postmaster at Lancing, Tenn., in place of W. H. Jones. Incumbent's commission expired December 13, 1930.

Nona C. Armstrong to be postmaster at Martel, Tenn., in place of N. C. Armstrong. Incumbent's commission expired December 17, 1931.

E. Dan Smith to be postmaster at Mountpleasant, Tenn., in place of E. D. Smith. Incumbent's commission expired December 17, 1931.

Noble C. White to be postmaster at Pulaski, Tenn., in place of M. H. Webb. Incumbent's commission expired June 16, 1930.

Kester L. Pearson to be postmaster at White Pine, Tenn., in place of K. L. Pearson. Incumbent's commission expired December 20, 1930.

Mathew M. Huling to be postmaster at Winchester, Tenn., in place of M. M. Huling. Incumbent's commission expired December 17, 1931.

TEXAS

Eugene C. Arnold to be postmaster at Agua Dulce, Tex., in place of E. C. Arnold. Incumbent's commission expired December 15, 1931.

Henrietta Fricke to be postmaster at Brenham, Tex., in place of Henrietta Fricke. Incumbent's commission expired January 11, 1932.

Arno L. Wahrmund to be postmaster at Eagle Lake, Tex., in place of A. L. Wahrmund. Incumbent's commission expired January 11, 1932.

William D. Hawthorn to be postmaster at Elkhart, Tex., in place of W. D. Hawthorn. Incumbent's commission expired January 11, 1932.

David W. Thompson to be postmaster at Keltys, Tex., in place of D. W. Thompson. Incumbent's commission expired December 19, 1931.

William B. Byrd to be postmaster at Lipan, Tex., in place of W. B. Byrd. Incumbent's commission expired January 9, 1932.

August C. Koepsel to be postmaster at Mathis, Tex., in place of A. C. Koepsel. Incumbent's commission expired December 19, 1931.

Allen T. Baggett, jr., to be postmaster at Midlothian, Tex., in place of H. J. McKinzie, resigned.

Charlsie S. Witham to be postmaster at New Braunfels, Tex., in place of C. S. Witham. Incumbent's commission expired December 15, 1931.

Roscoe K. Garver to be postmaster at Van Alstyne, Tex., in place of R. K. Garver. Incumbent's commission expired December 19, 1931.

UTAH

Henry H. Lunt to be postmaster at Cedar City, Utah, in place of H. H. Lunt. Incumbent's commission expired December 19, 1931.

VERMONT

Edward H. Willis to be postmaster at Pittsford, Vt., in place of E. H. Willis. Incumbent's commission expired January 13, 1932.

Ernest W. Chase to be postmaster at Rochester, Vt., in place of E. W. Chase. Incumbent's commission expired January 13, 1932.

Jonas H. Brooks to be postmaster at Saint Johnsbury, Vt., in place of J. H. Brooks. Incumbent's commission expired March 3, 1931.

VIRGINIA

William B. Clark to be postmaster at Bird Haven, Va. Office became presidential April 1, 1931.

Charles R. Whitmore to be postmaster at Broadway, Va., in place of C. R. Whitmore. Incumbent's commission expired January 5, 1932.

John R. Yates to be postmaster at Brookneal, Va., in place of J. R. Yates. Incumbent's commission expired January 21, 1931.

William H. Haney to be postmaster at Claremont, Va., in place of W. H. Haney. Incumbent's commission expired January 5, 1932.

James K. Carter to be postmaster at Clinchport, Va., in place of J. K. Carter. Incumbent's commission expired December 22, 1930.

Charles J. Mullins to be postmaster at Clintwood, Va., in place of I. R. Damron. Incumbent's commission expired December 22, 1930.

Caroline E. Bristow to be postmaster at Ivor, Va., in place of C. E. Bristow. Incumbent's commission expired January 5, 1932.

William E. Shaver to be postmaster at Maurertown, Va., in place of W. E. Shaver. Incumbent's commission expired January 5, 1932.

James B. Porterfield to be postmaster at Newport, Va., in place of H. Y. Smith, resigned.

Robert E. Fugate to be postmaster at Nickelsville, Va., in place of R. E. Fugate. Incumbent's commission expired March 16, 1930.

Bryant B. Lipscomb to be postmaster at Portsmouth, Va., in place of P. J. Riley, deceased.

WASHINGTON

Louis H. Gurnsey to be postmaster at Addy, Wash., in place of L. H. Gurnsey. Incumbent's commission expired January 10, 1932.

Mary A. Brimmer to be postmaster at Alderwood Manor, Wash., in place of M. A. Brimmer. Incumbent's commission expired January 9, 1932.

Mark Harris to be postmaster at Brush Prairie, Wash., in place of Mark Harris. Incumbent's commission expired January 10, 1932.

Allison C. Presson to be postmaster at Buena, Wash., in place of A. C. Presson. Incumbent's commission expired January 10, 1932.

Julius C. Raaberg to be postmaster at Clarkston, Wash., in place of J. C. Raaberg. Incumbent's commission expired January 10, 1932.

Arthur B. Cass to be postmaster at Connell, Wash., in place of A. B. Cass. Incumbent's commission expired January 10, 1932.

Will T. Howard to be postmaster at Coupeville, Wash., in place of W. T. Howard. Incumbent's commission expired January 10, 1932.

Herbert P. Fisher to be postmaster at Garfield, Wash., in place of H. P. Fisher. Incumbent's commission expired January 10, 1932.

Tillman E. Kamerer to be postmaster at Hanford, Wash., in place of T. E. Kamerer. Incumbent's commission expired January 10, 1932.

Ernest R. Anderson to be postmaster at La Center, Wash., in place of E. R. Anderson. Incumbent's commission expired January 10, 1932.

Gertrude Eatherton to be postmaster at Manson, Wash., in place of Gertrude Eatherton. Incumbent's commission expired January 11, 1932.

Hubert L. Lockhart to be postmaster at Marcus, Wash., in place of H. L. Lockhart. Incumbent's commission expired January 9, 1932.

James C. Blevins to be postmaster at Naches, Wash., in place of J. C. Blevins. Incumbent's commission expired January 10, 1932.

Daniel L. Jackson to be postmaster at Port Gamble, Wash., in place of D. L. Jackson. Incumbent's commission expired January 9, 1932.

Alphonso F. Learned to be postmaster at Port Ludlow, Wash., in place of A. F. Learned. Incumbent's commission expired January 9, 1932.

Fred B. Goldsworthy to be postmaster at Rosalia, Wash., in place of F. B. Goldsworthy. Incumbent's commission expired January 10, 1932.

Robert O. Logsdon to be postmaster at Sprague, Wash., in place of R. O. Logsdon. Incumbent's commission expired January 10, 1932.

Emmett V. Fleming to be postmaster at Springdale, Wash., in place of E. V. Fleming. Incumbent's commission expired January 10, 1932.

James H. Adams to be postmaster at Waitsburg, Wash., in place of J. H. Adams. Incumbent's commission expired January 10, 1932.

WEST VIRGINIA

Rosa P. Oxley to be postmaster at Athens, W. Va., in place of R. P. Oxley. Incumbent's commission expired January 9, 1932.

Leonard E. White to be postmaster at Princeton, W. Va., in place of R. E. L. Holt. Incumbent's commission expired February 11, 1931.

Roscoe B. Holmes to be postmaster at Raleigh, W. Va., in place of J. E. Virgin, resigned.

WISCONSIN

Laurence J. Lane to be postmaster at Blackcreek, Wis., in place of W. A. Shaw. Incumbent's commission expired January 29, 1931.

William G. Froehlich to be postmaster at Glenbeulah, Wis., in place of F. B. Hesler, deceased.

Edward C. Rehfeld to be postmaster at Horicon, Wis., in place of E. C. Rehfeld. Incumbent's commission expired January 5, 1932.

Norma A. Rheingans to be postmaster at Jackson, Wis., in place of N. A. Rheingans. Incumbent's commission expired January 10, 1932.

Walter F. Martin to be postmaster at Mukwonago, Wis., in place of W. F. Martin. Incumbent's commission expired January 13, 1932.

Walter F. Dietlein to be postmaster at Sheldon, Wis., in place of W. F. Dietlein. Incumbent's commission expired December 19, 1931.

Mourits Mortenson to be postmaster at Stratford, Wis., in place of Mourits Mortenson. Incumbent's commission expired January 13, 1932.

Ernest W. Meredith to be postmaster at Union Grove, Wis., in place of E. W. Meredith. Incumbent's commission expired January 5, 1932.

Lewis H. Cook to be postmaster at Wausau, Wis., in place of L. H. Cook. Incumbent's commission expired January 10, 1932.

Melvin H. Schlytter to be postmaster at Wittenberg, Wis., in place of M. H. Schlytter. Incumbent's commission expired January 13, 1932.

WYOMING

Alvah J. Macy to be postmaster at Moorcroft, Wyo., in place of A. J. Macy. Incumbent's commission expired January 4, 1932.

Conrad Johnson to be postmaster at Pine Bluffs, Wyo., in place of Conrad Johnson. Incumbent's commission expired January 4, 1932.

Robert E. Chittick, jr., to be postmaster at Shoshoni, Wyo., in place of R. E. Chittick, jr. Incumbent's commission expired January 4, 1932.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 19 (legislative day of January 18), 1932

UNITED STATES CIRCUIT JUDGE

John B. Sanborn to be United States circuit judge, eighth circuit.

UNITED STATES MARSHALS

Theodore W. Hukriede to be United States marshal, eastern district of Missouri.

Allen B. Kale to be United States marshal, eastern district of South Carolina.

MEMBER OF THE BOARD OF TAX APPEALS

J. Russell Leech to be member of the Board of Tax Appeals.

MEMBER OF THE PUBLIC UTILITIES COMMISSION

Riley E. Elgen to be member Public Utilities Commission of the District of Columbia.

WITHDRAWALS

Executive nominations withdrawn from the Senate January 19 (legislative day of January 18), 1932

POSTMASTERS

Orlean P. Riordan to be postmaster at Correctionville, in the State of Iowa. (Nominee died January 2, 1932.)

Herman L. Snyder to be postmaster at Ajo, in the State of Arizona. (Nominee died January 5, 1932.)

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 19, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, like a seam in the carpet we have passed through the doorway of another day! Oh, let Thine arms enfold us, and may we hear the sweet heart secrets which Thou alone canst impart. How we do thank Thee that here and there and always Thy mercy never faileth. Be very near any who are weak, any who are sick, and any who are in the gloom of trouble. Bless all of us with that tranquillity of soul, which is as deep as the ocean, as peaceful as its calm, and as grand as its might. Oh, throne of God, remember us in all the plentitude of Thy compassion and awaken in us a very deep sense of duty and inspire us with the determination to do our share nobly. Through Christ, our blessed Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, the bill (H. R. 7360) entitled "An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes," requests a conference with the House on said bill, and appoints Mr. WALCOTT, Mr. NORBECK, Mr. BROOKHART, Mr. TOWNSEND, Mr. FLETCHER, Mr. GLASS, and Mr. BULKLEY to be the conferees on the part of the Senate.

MONETARY STABILIZATION

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent to print in the RECORD a radio speech delivered by me last Saturday on monetary stabilization.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. RAMSEYER. Mr. Speaker, under leave to extend my remarks, I offer for printing in the RECORD the following radio address delivered by me over the National Broadcasting System, from Washington, D. C., during the home and farm hour, sponsored by the National Grange, Saturday, January 16, 1932, at 12.30 o'clock p. m., to wit:

Women and men of the radio audience, I am delighted to greet you and for this opportunity to talk to you for a few minutes on the way out of our present economic difficulties.

We are in the midst of one of the most trying times of modern history. There is much economic distress and injustice in this country and throughout the world. We are confronted by the economic paradox of impoverishment in the midst of abundance. On the one hand we have in distress farmers because they can not get reasonable prices for the commodities they have to sell. On the other hand we have in distress millions of laborers, willing and anxious to work, because they can not earn money with which to buy the necessities of life for themselves and their families. The producers are unable to dispose of commodities and the potential consumers are unable to acquire commodities. Where is the wrong and what is the remedy?

We have in this country sufficient of goods to supply the necessities and comforts of life, and also the luxuries, to every man, woman, and child in the land. In 1921 President Hoover, then Secretary of Commerce, in his report as chairman of the President's conference on unemployment, said:

"There is no economic failure so terrible as that of a country possessing a surplus of every necessity of life, in which numbers, willing and anxious to work, are deprived of these necessities. It simply can not be if our moral and economic system is to survive."

There are many who look on the future with despair and without hope. I fully realize that the situation in this country and abroad is serious and bordering on the dangerous. There is much hardship and misery in the land, and those who suffer therefrom are in most cases in no wise to blame.

When young in the study of the law I learned this legal maxim: "Equity will not suffer a wrong to be without a remedy." I have carried this maxim into the realm of economics. Wherever I see an economic wrong, I know that there must be an economic remedy. There is economic wrong and injustice in the land. It is our business to find and apply the remedy. In this time of economic distress, pessimist and optimist see the same state of facts. The pessimist sees no hope, gives up in despair, and surrenders. The optimist, realizing fully the seriousness of the situation, knows that for every wrong there is a remedy, and sets in to fight it out on this line "if it takes all summer."

In this world-wide depression two causes stand out conspicuously: (1) The aftermath of the war resulting in heavy national and international debts and a tremendous increase in taxation. That in itself is a difficult handicap to overcome; (2) The fall in commodity prices. Unless some way is found to raise the level of commodity prices so that debtors may be able to pay their debts, there is before us years of hard times, and possibly sweeping social changes.

There can be no question that the outstanding cause of our present economic difficulties is the fall in commodity prices. Take agriculture, which is our basic industry. The farmers assumed most of their debts, taxes, and other fixed charges on a commodity price level of several years ago. The last two years the commodity prices have been on a toboggan. Now the average price level is low. To meet those debts, taxes and charges assumed on a higher commodity price level with the present low prices simply can not be done. The result is defaults in debt payments, bankruptcies, and accompanying bank failures. If the average price level had remained stable during the last two years, there would have been very few bank failures.

The way out of these difficulties is to restore the general average of commodity prices to the pre-deflation basis. A moderate and controlled expansion of money and credit to restore the commodity price level is absolutely necessary. Such a restoration of the general price level is essential to economic recovery. That would restore debt paying and purchasing power to the farmers and in turn would create a demand for commodities from factories now idle to be manned by laborers now unemployed.

Much has been said about overproduction being the cause of depression. Facts and statistics do not warrant such a conclusion. On the whole it is underconsumption and not overproduction from which we suffer. It is perfectly normal occasionally for certain industries and certain crops to overproduce. On the other hand, when money and credit conditions are normal, the overproduced commodities right themselves in time without much trouble. The best economic thought of the country is coming more and more to the conclusion that economic depression is a money and credit trouble and is not a result of overproduction.

The restoration and stabilization of the commodity price level is the most important economic problem before the country today. Unless commodity prices are restored and stabilized on a higher level, all other remedies will give at best but temporary and partial relief. That is especially true of agriculture. For agriculture, the only hope lies in a higher level of prices. One of the objects to be attained in stabilizing prices on a higher level is the restoration of debtors to the relative position occupied by them a few years ago when a large part of existing debts, taxes, and other fixed charges were assumed, and to that much at least the debtors are in justice entitled.

There undoubtedly are many in my audience who agree with me on what is wrong and that to work out of this depression and to relieve the burden of debts and taxes there must be brought about a higher commodity price level. What, you are asking in your own minds, are the steps or means I propose to reach that end? That is a fair question.

I have introduced a bill (H. R. 128) directing the Federal reserve system to use all its powers to restore the general level of prices to that of 1926 and thereafter to stabilize on that basis. The Federal reserve system, in its control of the rate of discount and in its open-market operations, has the power to regulate the volume of money in circulation, the cost of money, and the expansion and contraction of credit. My bill does not give the system any added powers but does give the system a yardstick or standard to guide its future operations.

We have not had a money campaign in this country since 1896. Few people understand the relationship between the volume of money and credit at work and the commodity price level. We say commodities are cheap. But in relation to what are commodities cheap? The answer is in relation to money. If instead of saying commodities are cheaper than they were a few years ago we would say money is dearer than it was a few years ago, we would size up the situation in a more understandable way. A leading English financier and banker, with whom I am in entire agreement on this subject, recently made this statement:

"The fall in prices which has occurred is nothing more or less than the rise in prices of currency or means of payment. If the means of payment had been available in adequate quantity with adequate dispersion, the general fall in prices would not have occurred."

Get this in your minds. What I am proposing here is in no sense price fixing. It is price control as applied to the general average of commodity prices. When the price of one commodity falls, a number of causes may be responsible. When the price level of all commodities falls the principal cause responsible is the shortage of available money and credit. Falling prices indicate that money is getting dearer in relation to the things it buys. Rising prices indicate that money is getting cheaper in relation to the things it buys.

To get action to bring about a raise in price level, either by a law of Congress or on the initiative of the Federal reserve system, will require the organized and militant support of farmers, laborers, business men, and bankers throughout the country.





The sooner we realize that this is the only way out of our difficulties and get busy, the sooner we will begin to work out of this depression.

I take pleasure in telling you that the three national farm organizations, the National Grange, the National Farmers' Union, and the American Farm Bureau Federation, for the past year, aided by some of the best economists in the country, have been giving careful study to the problem of raising and stabilizing the commodity prices on a higher level. As a member of committees of two separate organizations tackling the same problem, I am quite familiar with the attitude and recommendations of the farm organizations.

The three presidents of the national farm organizations met in Washington last week and agreed on a program of action. To-day a week ago there was a meeting in one of the rooms of the National Capitol attended by about 100 Congressmen, representing all sections of the country, at which the three presidents of the national farm organizations presented their joint recommendations on raising and stabilizing the commodity price level. Since that time they have presented in writing their program to every Senator and Representative and to the President. Here is a paragraph from their recommendation on monetary stabilization:

"A stable price level is paramount to prosperity. We can not exist with rubber money and iron debts. Therefore we demand the adoption of effective measures to stabilize the purchasing power of money."

Other groups and organizations should at once get back of or join in with the farm organizations to bring about this relief.

During the past century, for lack of a definite currency and credit standard, we have been the victims of overexpansion and overliquidation, which have proved dangerous and costly. We can and must establish a currency and credit system governed by a definite yardstick or standard on which to build a more orderly prosperity for the future.

Additional capital to enable the Federal land banks to function again, adequate finances for the Reconstruction Finance Corporation, and the establishment of Federal home-loan banks will help to expand credit and to restore confidence. This is part of the President's economic recovery program, and I favor it. To render the foregoing measures effective for permanent economic recovery, the Federal reserve system must without delay either adopt or be given a definite yardstick or standard to guide its future operations as recommended by the farm organizations, making it mandatory upon that system to use all its powers to restore the general level of commodity prices to the predeflation basis and thereafter to stabilize as nearly as possible the general average of commodity prices on such basis.

This proposal of the farm organizations is conservative and constructive, and if carried out will restore purchasing power to the farmers, employ labor, revive business, save many banks, and will mark 1932 as a year of economic recovery.

AUTHORIZING AN INVESTIGATION BY THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. COX. Mr. Speaker, by direction of the chairman of the Committee on Rules, I call up House Resolution 59.

The Clerk read as follows:

House Resolution 59

Resolved, That for the purpose of obtaining information necessary as a basis for legislation, the Committee on Interstate and Foreign Commerce, as a whole or by subcommittee, is authorized to investigate (1) the ownership and control, direct or indirect (through stock ownership or control or otherwise), of stock securities, or capital interests in any public utility corporation engaged in the transportation of persons, or the transportation, transmission, or sale of property, energy, or intelligence, in interstate or foreign commerce, by holding companies, investment trusts, individuals, partnerships, corporations, associations, and trusts, and (2) the organization, financing, development, management, operation, and control of such holding companies, investment trusts, partnerships, corporations, associations, and trusts, with a view to determining the effect of such ownership and control on interstate and foreign commerce, and, to the extent necessary to determine the effect of such ownership and control, to make like investigation of public-utility corporations so engaged.

The committee shall report to the House the results of its investigation, including such recommendations for legislation as it deems advisable.

For such purposes the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places in the District of Columbia or elsewhere, whether or not the House is sitting, has recessed, or has adjourned; to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants; to require the attendance of such witnesses and the production of such books, papers, and documents; to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary.

With the following committee amendment:

Page 1, line 7, after the word "engaged," insert "otherwise than as a common carrier by railroad."

Mr. COX. Mr. Speaker, may I inquire of the gentleman from Indiana how much time he desires?

Mr. PURNELL. Will the gentleman yield me 30 minutes?

Mr. COX. I yield the gentleman one-half the time—30 minutes.

Mr. Speaker, I yield myself five minutes. This resolution provides for the consideration of the Rayburn bill, which is in substance and effect the same resolution that was heretofore offered by the former chairman of the Committee on Interstate and Foreign Commerce, the gentleman from New York [Mr. PARKER].

The resolution simply empowers the Committee on Interstate and Foreign Commerce to conduct an investigation into the control and ownership of utility corporations.

The Committee on Interstate and Foreign Commerce finds itself confronted with the necessity of making a further study into all phases of the operations of utility corporations in order to develop facts necessary for the offering of well-considered legislation to the House.

I am sure that the purposes of the resolution appeal strongly to the membership of this body, for there is a realization of the necessity of the development and bringing together such information necessary to wise and well-considered action on the part of that committee.

Mr. BACON. Will the gentleman yield?

Mr. COX. I yield.

Mr. BACON. Is this a continuation of the investigation which has been conducted for the last two years?

Mr. COX. It may be in a sense a continuation, but would not be a duplication of any of the work of the Committee on Interstate and Foreign Commerce. They have already conducted a very fruitful investigation into the railroad situation, and as a result of the facts that were ascertained by that investigation, legislation has been reported from that committee to the House.

Mr. JOHNSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. JOHNSON of Texas. I observe a committee amendment which inserts in line 7, page 1, the words "otherwise than as a common carrier by railroad." Is it the purpose of that amendment to prevent a duplication of the investigation that we had before?

Mr. COX. That is the purpose of the amendment.

Mr. THATCHER. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. THATCHER. Will this involve any duplication of inquiry that has been undertaken by the other legislative body?

Mr. COX. It will not. Other investigations into the utility interests have rather dealt with the political phases of the question.

Mr. COOPER of Ohio. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. COOPER of Ohio. Does the gentleman know of any great demand to have this investigation on the part of Congress at this time? Here the Congress is authorizing these investigations and spending large sums of money in conducting them. Is there any great demand for this investigation?

Mr. COX. If the Congress is to legislate intelligently, then I would say that this investigation is absolutely necessary. There is a widespread and general demand for legislation of the character that will be expected as a result of the action of this committee in conducting this investigation, but such legislation the committee can not now propose because of a want of full information.

Mr. MICHENER. As a matter of fact, as a member of the Committee on Rules, the gentleman from Georgia knows that the chairman of the Interstate and Foreign Commerce Committee and the ranking member of the Interstate and Foreign Commerce Committee appeared before the Rules Committee and advised the Rules Committee that it was, with one exception possibly, the request of the Interstate and Foreign Commerce Committee that this resolution be adopted, and the gentleman from Ohio [Mr. COOPER], who just interrogated the gentleman from Georgia, is a member

of the Committee on Interstate and Foreign Commerce and should be more familiar with the purpose and the object to be accomplished by this investigation than is the gentleman from Georgia, a member of the Committee on Rules.

Mr. COX. That is true.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. SNELL. Mr. Speaker, will the gentleman from Georgia yield so that I may ask a question?

Mr. COX. Yes.

Mr. SNELL. This resolution has just come to my notice. In line 21, on page 2, I notice the language—

and to make such expenditures as it deems necessary.

Is not that going farther than we have ever gone before in connection with one of these rules for an investigation?

Mr. COX. I yield to the gentleman from Texas.

Mr. RAYBURN. Mr. Speaker, this resolution was drawn after consulting with the drafting service of the House of Representatives, and another resolution was drawn that would be referred to the Committee on Accounts for a definite amount. When this resolution is adopted, I have here a resolution that I shall introduce that will go to the Committee on Accounts asking for a definite sum of money.

Mr. SNELL. But when the House has gone on record giving authority to expend any amount necessary, how can the Committee on Accounts put any limit upon that amount?

Mr. RAYBURN. I think the Committee on Accounts has a right to limit any resolution that comes before it.

Mr. SNELL. But the House will be on record as saying that you can expend any amount that you desire.

Mr. RAYBURN. Our committee was authorized something more than a year ago to make an investigation into the holding companies in the railroad field, under a similar resolution. That investigation extended over something like 11 months. In this volume that I have here are to be found the full and complete findings of the committee through its investigation. That investigation cost less than $40,000. We went into the ownership through stock control and through holding companies and all of the avenues of the control of railroads and expended less than $40,000.

Mr. SNELL. I am not finding any fault with the work that they have done; I am not opposing the resolution. I think the committee practically did good work and got through as cheaply as possible in their last investigation, but I am objecting to the general policy of adding under this a phrase giving the right to expend whatever money the committee deems necessary and proper. I think that is going farther than usual in a resolution of this kind. I oppose that policy rather than the resolution itself.

Mr. UNDERHILL. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. UNDERHILL. I do not believe it makes much difference how this particular resolution is worded. As a matter of fact all of these resolutions have to go to the Committee on Accounts.

Mr. RAYBURN. That is my understanding.

Mr. UNDERHILL. The difficulty, then, is in the Committee on Accounts setting a bare amount, an amount that will be satisfactory to the chairman of the committee or the committee itself, and submitting that to the House for its approval.

The trouble is that the House passes these resolutions as recommended by the Committee on Rules without a word of protest. Then when the Committee on Accounts recommends an appropriation of $50,000 out of the contingent fund, some Member rises to his feet and places the blame on the Committee on Accounts. Personally, I would like to say a word further with reference to this practice and the danger of it, and the lack of results that have been obtained.

Mr. CAMPBELL of Iowa. Will the gentleman yield for a question?

Mr. COX. I yield.

Mr. CAMPBELL of Iowa. In making this new investigation, what is there further than has been taken up in the old investigation?

Mr. COX. I yield to the gentleman from Texas [Mr. RAYBURN] to explain that.

Mr. RAYBURN. The investigation which was conducted last year did not touch the field into which we intend to go in this investigation.

Mr. CAMPBELL of Iowa. I would like to know the new field which the gentleman expects to go into.

Mr. RAYBURN. We expect to go into every other utility conducting an interstate business.

Mr. CAMPBELL of Iowa. Consolidation of railroads?

Mr. RAYBURN. No. This investigation does not touch the railroads at all, because our other investigation, the report of which I hold in my hand, covered that matter.

Mr. COX. Mr. Speaker, I yield the balance of my time to the gentlemen from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, I had intended to speak after the rule was adopted, but I am willing to say what I have to say now.

Since I have been a member of the Committee on Interstate and Foreign Commerce, Mr. Speaker, that committee has conducted one investigation as far as my recollection goes. That was authorized by the House during the winter of 1930.

In the railroad field a new element of financing had grown up, known as the holding companies. It was a new thing to most of us, and great complaint came to us with reference to its activities in acquiring railroad properties. In the transportation act of 1920 a permissive consolidation feature was enacted. In other words, it provided that notwithstanding the antitrust laws, with the approval of the Interstate Commerce Commission railroad properties might be consolidated into single systems, believing that, under proper supervision, it would bring about better service, easier financing, better management, and probable reduction in the cost of the service.

We progressed under that for a few years, and we discovered that some of the railroads, at least, were practically consolidating their railroad with other railroads without the consent of the Interstate Commerce Commission, because they were using the device of the holding company. Our committee, under the recommendation of the Interstate Commerce Commission, and after considering the recommendation of that commission, thought enough of that recommendation to authorize an investigation, which the House agreed to conduct.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COOPER of Ohio. The Interstate Commerce Commission desired an investigation of the holding companies of the railroads, did it not?

Mr. RAYBURN. It did.

Mr. COOPER of Ohio. Has the Interstate Commerce Commission asked the chairman of the committee to conduct this investigation?

Mr. RAYBURN. The Interstate Commerce Commission has not. It referred to it in its last report and said it was a matter upon which it had not been called upon to act, and made no recommendation.

Now, in the report of the investigation of the holding companies in the railroad field it was suggested that the activities of the holding companies were much greater and much more complicated in the field of the utilities than in the railroad field. We conducted an investigation into the field of holding companies in the railroad field because we wanted to know the facts. Before we proceeded to legislate with reference to holding companies, these new financial movements in the acquisition of railroads, the committee desired to know the facts. Our committee does not desire to legislate upon rumor and without the facts due the industry and the public, or to do an injustice.

In this report of 1,742 pages are all the facts with reference to the holding companies and their operation in the railroad field, and we are now prepared, if, in our judgment, we think it is necessary, to legislate upon the matter. I have a bill introduced to control the acquisition of railroads by holding companies, placing that acquisition under

the Interstate Commerce Commission, just as all systems of consolidation are now controlled.

In this report we developed the ownership of every class I railroad in the United States. In this report is set out the capitalization, the president, the board of directors, the 30 largest stockholders, and the percentage of voting stock that they hold, of every railroad in the United States; and in this report is a map drawn showing the mileage of every railroad in the United States. In other words, with this report in the hands of the committee the committee knows how railroad stock in the United States is held, owned, and controlled.

The Interstate Commerce Commission will tell you, just as the railroad executives of this country will tell you, that there is no other volume like this extant, and none that gives the information which this report gives about their own property.

Mr. UNDERHILL. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. UNDERHILL. Could the committee not have recommended to Congress that a similar resolution which the gentleman has prepared, placing these holding companies under the control of the Interstate Commerce Commission, without holding these extensive hearings, without taking so much of the time of the Members, and without the expenditure of $50,000, and accomplish the same results which the committee expects to accomplish?

Mr. RAYBURN. If we had been willing to proceed without information; yes. If we desire to proceed with information, and in fairness to ourselves, in fairness to the people who own these properties, and in fairness to the House of Representatives whose servants we are; no.

Mr. SNELL. Will the gentleman yield for a question?

Mr. RAYBURN. I yield.

Mr. SNELL. I find this resolution is practically in the same words as those used in previous similar resolutions, so that the criticism I made is not proper. I understand they should go before the Committee on Accounts and the Congress would then have the right to pass on it.

Mr. RAYBURN. I will say further in reply to the gentleman from Massachusetts [Mr. UNDERHILL] on the question of expenditure of money and taking of time: I venture the assertion that there has never been an investigation made by any department of the Government that gathered as much information as this that did not cost five or ten times as much as this invention cost. I want to say further to the gentleman, with reference to taking up the time of the committee, that a subcommittee was appointed to consult with the investigator and his corps. That subcommittee met in the chairman's office, Mr. PARKER at that time, and never left Washington, and only one time was it called to meet away from Washington, and that was in New York, when Mr. MAPES, a member of the subcommittee, and Mr. PARKER, chairman of the committee, met to pass on some little detail of policy.

I was in Texas and I did not attend, and that is the only expense that was incurred by any member of the committee in that investigation and that is the only time that was taken by the committee, because under Mr. PARKER'S supervision the investigation was carried on so well and so thoroughly that when we got through with the investigation and this report was laid on the desk of the chairman, the committee assembled was asked if, after looking over this report, they wanted to call any witness from anywhere, and no member of the committee desired to call a single witness from anywhere else.

Mr. TILSON. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. TILSON. The gentleman has been speaking of an investigation of the holding companies of railroads. Now, the gentleman realizes that the railroads are engaged almost exclusively in interstate commerce, but as I understand the gentleman, this resolution goes into a different field, because the public utility corporations, which the gentleman is now proposing to investigate, are largely State corporations, and they are engaged in intrastate business rather than interstate business, as are the railroads. Therefore, it seems to me, while what the gentleman has said applies with great force to the transportation of interstate commerce business, that it does not apply with equal force to the other public utilities which have their locations in the several States.

Mr. RAYBURN. Let me say, in reply to the gentleman on that point, that, as he states, the railroads are practically all engaged in interstate commerce.

Mr. TILSON. The larger part of their business, of course.

Mr. RAYBURN. That is true; but it is doubtful if the majority of the business they transact is interstate business. Now we come to these utilities. A great deal of their work is within the States, but there are few, if any, of the great companies that do not do a vast amount of business in interstate commerce. Let me say this to the gentleman and to those who may be fearful of our making this investigation, that we desire in our committee to proceed with caution; we desire in our committee, as we always have under every chairman under whom I have served, and I have served under five, to proceed only when we know the facts and have legislation based upon those facts. The gentleman must know that in articles in magazines and in speeches on the stump from one end of this land to the other for the last three, four, or five years it has been said that the utilities of the country have the people by the throat; that they are taking away the natural resources of the country and gobbling them up; that the people are being robbed in rates; that these companies are being overcapitalized three and four times, and that they are selling their guaranteed paper at 7 per cent, sometimes based upon an overcapitalization of three or four times the actual value of the property devoted to the service they are selling. I do not know whether the power companies have the country by the throat or not. I do not know whether the telephone companies are doing business in an interstate way as to make it possible to conclude that they are doing the things they are being accused of.

I do not know their financial set-up. I do not know what companies own stock in any of these utilities through holding companies, but I do know that one railroad company we investigated—and it is shown in the report filed here—in order to acquire the railroad properties it desired, outside of any law to control it, and through one financial group of this country, formed more than 30 holding companies.

Mr. TILSON. That was in regard to railroads.

Mr. RAYBURN. That was in regard to railroads. We did not know that with reference to railroads until we made this investigation and we will never know it with reference to the public utilities unless we get the facts.

Mr. TILSON. But my question is largely as to the two different fields. One covers the transportation of interstate business while the other is largely concerned with intrastate business. I am jealous of the rights of the States and am against the Federal Government interfering within the States in intrastate affairs.

Mr. RAYBURN. Allow me to say this to the gentleman: That the committee, after the investigation, will have no power to suggest legislation with reference to any of these utilities that do not do an interstate business, because under the Constitution and under the decisions of the Supreme Court we can not do that anyhow. Let me say to the gentleman that before our committee are pending bills with reference to the regulation of pipe lines doing business in oil and in gas; measures to regulate telegraph and telephone companies; and we would like to know the financial set-up, and what we are trying to find out or are going to find out in this investigation, as we did find out in the investigation with reference to the railroads, are the owners of these concerns, and I think the Congress of the United States, through its committees, has the right before it is called upon to legislate to find out what the situation is. I will say to the gentleman from Connecticut, for whom I have an affectionate regard, as he knows, that the Congress of the United States, in the present temper of the people, is going to be called upon to legislate upon these matters without information if we do not get the facts.

One of these days in this House an amendment or rider is going to be offered that will be germane to some bill, or in the Senate of the United States, the Members of which have been agitating this question for years, that may come to the House, and the Committee on Interstate and Foreign Commerce should know the facts, so as to be able to say whether or not such legislation is justified, and not have to legislate upon it in the dark. Our committee does not desire this to happen.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield the gentleman from Texas five additional minutes.

Mr. RAYBURN. We want to find out the facts, and our major proposition is with respect to what these new devices in finance are doing in the public-utility field. We have found it out, as I have said, in the railroad field, and now we are prepared, with knowledge of the whole situation, to proceed with legislation in the railroad field. Before we proceed we want to know the facts with reference to the financial set-up, the interrelated ownership through holding companies, or otherwise, of the telegraph and telephone, pipe lines that carry both gas and oil, and power transmitted by wire and otherwise. It is our hope, however, to complete some of this investigation before this session of Congress closes, and this resolution, allow me to say, is not foreclosing us from proceeding at any hour upon any of these matters when we have the information.

The gentleman from Kansas [Mr. HOCH], one of the ablest members of our committee, has pending before the committee a bill for the regulation of pipe lines engaged in the transportation of oil, which, it seems to me, has a great deal of merit in it; but I would like to know a little more about that, and before we proceed with that legislation it is my hope that we may know considerable about that even before this present session of Congress adjourns.

We do not intend to overlap any investigation that has been conducted, because we are going into a branch and into a field of investigation that no other department of the Government has reached or intends to reach.

One of the members of the Rules Committee asked me, Whom are you after? We are after no individual; we are after no group; we are after no corporation; we are after facts. We, as the servants of this House, believe that in order to serve it we should know the facts about matters that we are called to pass upon, and that is all, simply and solely, that we want to find out by the enactment of this resolution and the making of this investigation. [Applause.]

Mr. PURNELL. Mr. Speaker, I do not as a rule favor these investigations. They seem to lead nowhere and usually serve to do little more than embarrass. But, as a member of the Committee on Rules, I think I was guided very largely in my judgment on this matter by the chairman of the Committee on Interstate and Foreign Commerce [Mr. RAYBURN] and his predecessor, the gentleman from New York [Mr. PARKER], for both of whom I have the very highest regard, as I also have for the other members of that committee.

I am convinced that this resolution sets out the exact purpose for which this investigation is sought. I am convinced further that the distinguished gentleman who heads the committee meant exactly what he said when he told us before the Rules Committee that this investigation would not be conducted in the newspapers. [Applause.]

If one thing more than another controlled me in my determination to support this resolution, it was that the existence of this authority and this power may, and perhaps will, prevent half-baked and ill-advised legislation being offered or perhaps written upon some bill as a rider.

I was further influenced by the statement of the chairman of the committee, who informed us that the same gentleman, Mr. Splawn, who conducted the previous investigation, would be in charge of this investigation if this resolution is agreed to.

With all of these facts taken into consideration, coupled with the high regard which I personally hold for the Committee on Interstate and Foreign Commerce, which is practically unanimous in support of this resolution, I was constrained to support it and hope it will be adopted.

Mr. Speaker, I yield five minutes to the gentleman from Michigan [Mr. MAPES], a member of the committee.

Mr. MAPES. Mr. Speaker, I think this resolution ought to pass and that the investigation which it contemplates ought to be made. The former chairman of the Committee on Interstate and Foreign Commerce [Mr. PARKER] introduced a similar resolution during the closing days of the last Congress, but it came up too late to be acted upon.

Supplementing somewhat what the gentleman from Texas has said, the investigation is to be made by the same party. It will be under the control of the same man who made the investigation of the holding companies of railroads. It is easy to be captious in criticising any proposal such as this, but no one need have any fear that business will be unduly interfered with by this investigation, any more than it was by the investigation of the holding companies of railroads.

Questionnaires were sent out to the railroad companies, investment bankers, and others, and the gentlemen who had charge of the investigation visited railroad offices, the office of bankers and investment bankers, in New York and other places, obtained their cooperation and quietly obtained the information which is set out in the report that the gentleman from Texas has referred to. It is a report which does credit to the Congress of the United States and is one of the best pieces of work that the Congress has done in many a day.

Mr. Speaker, it is one thing to pass legislation to control and regulate the operation and activities of operating companies, but holding companies are another matter entirely. The Interstate Commerce Commission reported to the Committee on Interstate and Foreign Commerce that there were holding companies of railroads that did not come under the jurisdiction of the Interstate Commerce Commission at all, and it was necessary to get the information in regard to the holding companies of railroads in order to legislate intelligently about them. After securing the information relative to railroad holding companies, the present chairman of the Committee on Interstate and Foreign Commerce has introduced a bill, among other things, to bring them under the jurisdiction of the Interstate Commerce Commission, and the only reason that the committee is not now holding hearings on that bill is, as I understand it, because certain people who are interested in the legislation are otherwise engaged and would be greatly inconvenienced to attend hearings before the committee at this particular time.

Just last night I happened to be looking over the Financial World and read an article on utility holding companies. The article speaks of the propensity there was during the last two years to organize holding companies, and it makes this statement:

> In many instances utility consolidations were effected for the primary purpose of enriching promotional interests or satisfying the vanity of individuals greedy for power and greater prestige. The plethora of funds available for speculative enterprise aided the movement, and few companies succeeded in escaping the holding company's tentacles.

This committee desires to get information as to what holding companies were organized for the benefit primarily of enriching promotional interests, and to what extent they were organized for the purpose of benefiting the public. That can not be done without an investigation along the lines that this resolution proposes.

I want to throw out this suggestion: It may be that it will not be possible to make this investigation with as little money as was expended in making the other, because the other investigation was conducted with the assistance and cooperation of the Interstate Commerce Commission, and that commission loaned some of its employees who were familiar with the railroad situation to assist in making the investigation. For that reason it may not be possible to make this investigation within the same limit of cost as the other investigation was made.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Kansas [Mr. HOCH].

Mr. HOCH. Mr. Speaker, I want to add just a few words to what has already been said in support of the resolution. The gentleman from Texas called attention by way of illustration to the situation in the field of oil pipe lines. Let me make a brief further reference to that matter.

There has been a rapidly growing use of pipe lines as a means of transporting oil and gasoline. Under the law as it now exists, the oil pipe lines are compelled to file with the commission their financial reports.

During the past summer the Interstate Commerce Commission issued a bulletin giving a résumé of the reports filed for the year 1930 by the oil pipe line companies of the country. I am sure if any Member of this House will get a copy of that report he will find a perfectly amazing revelation. As everyone knows, 1930 was a period of great depression in the great oil fields of the country through which these pipe line companies were operating, and yet upon their own reports filed under the law, and without any effort on the part of the commission to develop further facts, we find that these oil companies in 1930 declared and paid dividends running all the way from a comparatively small percentage up to 400 per cent of their capitalization. I have in mind one oil company, a comparatively small one, it is true, which stated under oath to the commission that it had assets of something like $700,000 and had a capital stock of $1,000,000, and yet in 1930, when every one else was broke in the territory through which they operated, this pipe line company on a capitalization of $1,000,000 declared and paid a cash dividend of $4,000,000—400 per cent of its capital stock. The percentages in many cases ran up to as high as 50 or 60 per cent. That is, in dividends actually declared and paid in 1930 by these pipe-line companies. It is tremendously important to the oil-producing country, and to the whole country as far as that is concerned, to know just what the ownership relationship of these pipe-line companies is to the great producing and marketing companies. It is the opinion of many of us that these oil companies should be divorced, that the companies engaged in producing and marketing oil should be divorced from the transportation end of the business. These pipe-line companies are simply transportation companies, common carriers, and yet if they can earn 400 per cent upon their capital stock in a year of depression, in their transportation business, obviously they have it within their power to put out of business an independent producer who is not in possession of any means of transportation. What difference does it make to a great oil company engaged in producing and marketing and also in transportation, whether it produces at a loss, if it can turn around and reap unconscionable profits on the transportation end of the business? I give that as a striking illustration of the need of going thoroughly into the question of ownership through holding companies or otherwise, of these great agencies of interstate commerce.

Mr. COX. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

NATIONAL TRAINING SCHOOL FOR BOYS

Pursuant to the provisions of section 134, title 20, United States Code, the Speaker appointed as a member of the National Training School for Boys the gentleman from Nebraska [Mr. NORTON.]

ADDRESS BY HON. ARTHUR M. HYDE

Mr. HOPKINS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address delivered by Hon. Arthur M. Hyde, Secretary of Agriculture, over the radio Saturday evening, January 16, 1932.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOPKINS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the text of a speech broadcast over station WXYZ, Kunsky Trendle Broadcasting Corporation, by Hon. Arthur M. Hyde, United States Secretary of Agriculture, Saturday evening, January 16, 1932.

The speech is as follows:

Recently in one of the homes of this country a domestic tragedy occurred. Johnny, aged 6, heir apparent of the house, misbehaved and had to be spanked. The penalty having been paid and his sobs having subsided, Johnny demanded, "Mamma, did your mamma spank you?" "Yes, dear." "And did your mamma's mamma spank her?" "Yes, dear." "Did your mamma's mamma's mamma spank her?" "Yes, dear; why?" "O, nothing; but who in thunder started it, anyway?"

Of course, that's a foolish little story; but I can't help admiring the headwork of Johnny. He was reasoning from the effect back to the cause. There are millions of adults who never attempt it.

A week ago the annual Jackson Day dinner was held in Washington. If Jackson could have slipped into that dinner he never would have learned that it was held in his honor. He was rarely mentioned. The talk was all about Herbert Hoover.

Three Democratic ex-candidates for President spoke. Unctiously they rolled over their tongues the details of the Nation's distress. In voices which were ecstatic they recounted business failures, bankruptcies, and unemployment. Eyes which glowed with pleasant visions emphasized their remarks.

I apologize for them. They do not really relish nor do they enjoy the distress of their neighbors and of their country. The delight was not due to lack of sympathy but to a party victory, which they imagine is coming to them. They would have done themselves and the country a greater service if they had asked themselves, "Who in thunder started it, anyway?"

Men have forgotten the fatal shot which, in the summer of 1914, slew the heir to the Hapsburg throne. From that shot, fired by a madcap Serbian youth, has come the long train of events which to-day distresses the world—a train of events which snuffed out millions of human lives; which destroyed eighty billion gold dollars of wealth; which plunged the world into a well-nigh hopeless welter of debt and taxation; and which disrupted and unbalanced the world's economic system. It ought not to be necessary, however, to say that it was Woodrow Wilson, not Herbert Hoover, who so valiantly "kept us out of war" in 1916.

As an incident of that great war, and because her great productive capacity was located outside the fighting zone, the United States was called upon to furnish vast quantities of munitions, provisions, and supplies. There can be nothing but praise for all those who, under the stress of war need, rose patriotically to the task. But the close of the war found us in a vastly different economic situation than we occupied in its beginning. Our productive capacity had been greatly increased. We had become the creditor rather than the debtor of Europe. We had advanced to our allies $11,000,000,000 of the money of our people. These loans are debts owed directly to our people. We did not participate in reparations, and reparations are not conditions of their repayment. The political and economic consequences of those loans have been emphasized by the effort of the borrowing nations to discharge them, if at all, from collections of reparations. Thus have the loans to our allies become enmeshed in the political and economic problems of reparations.

Such is the genesis of the political problems which revolve around international debts, and which now resound so sonorously from Capitol Hill. Our Democratic friends, in their anxiety to make political thunder from the difficult and delicate economic and international problems which grow out of these debts, should pause long enough to remember that it was Woodrow Wilson, William G. McAdoo, and CARTER GLASS, not Herbert Hoover, who made those loans, nearly two billion of them, after the war closed and without a legal right to do so. And all of them were made without any provision whatever for the method or time of repayment.

We hear much in these days of overproduction as a cause of our distress.

Not only agriculture but industry was expanded by the war. The deflation policy of the Federal Reserve Board, born of the desire to have cheap food for political reasons in the 1920 election, succeeded in ruining the farmer in 1920 and in precipitating the depression of 1921. Industry, however, was given another lease on life by the stimuli of billions of foreign loans, drawn from the pockets of American investors, which served to inflate foreign buying power, to provide a market in export channels for a capacity volume of products. This gave employment to millions of our people, and in turn stimulated a still greater enlargement of our productive capacity. The expansion of our facilities and the development of mass production by machine methods created a volume of products for export which could not be sold except on the basis of more loans. But the appetite of our investors for foreign loans had abated and more money for this purpose was not available.

Let us not forget it was the international bankers, not Herbert Hoover, who made those loans.

The answer to the question, "Who in thunder started it, anyway?" is this: There is no question now confronting the Nation which has not grown out of the war or has been vastly influenced by it.

Not the least of the sinister results of the war was the disturbance of the moral and spiritual balance of hundreds of millions of people.

The world went in for an orgy of inflation. Each nation, seeking to repair war damage and to achieve self-sufficiency regardless of economic facts, expanded its productive capacity in agriculture and in industry. Reckless expenditures, extravagance, and speculation gripped the world. At the top of the speculative fever men lost their balance, mentally and financially. They turned their backs upon principles which had been proved by hundreds of years of experience. In America, under the influence of high prices, we further expanded our facilities, went equity-share crazy, blew a bubble of speculation which gathered force and victims over three or four years, and finally exploded.

The stock-market crash found Herbert Hoover prepared. With the precision of a prearranged plan he called captains of finance, of rails, and of industry into conference. From them came an agreement not to discharge men, not to cut wages, but rather to maintain fully their building and construction programs. The leaders of labor contributed a promise not to strike or to agitate for higher wages. The Federal Farm Board, feeling that the farmer had not participated in the orgy of speculation and ought not, therefore, be compelled to share in its losses, attempted to stabilize the prices of wheat and cotton. Panic was stayed.

For a time it seemed as if the situation would be righted. The slump in prices stopped, prices hesitated, even advanced. But the weight of world conditions and vast unsold surpluses was too great, and the fall continued.

President Hoover has been viciously criticized because, in the early days of the depression he was hopeful of stemming the tide, and because he issued optimistic statements. The criticism is in itself so petty as to deserve no notice, and in referring to it I plead as my justification the fact that all three of the ex-candidates for President at the Jackson dinner made it.

Let it be admitted. The President was optimistic and his statements did point out the constructive factors in the situation. If he was wrong, so was every other economist, financier, and statesman in the country. The New York bankers who pooled their resources to steady the market were optimistic, and made a profit for their faith. Even one of the critics, who was himself a candidate in 1928, and shows visible signs of interest in the approaching nomination, was optimistic. So was the chairman of the Democratic National Committee. I know they were, because they optimistically poured millions of dollars into a great building in New York City with the confident faith of filling it with tenants.

None of these gentlemen could foresee the financial wreckage in Austria and Germany. None of them had reason to believe that England and a score of other countries would abandon the gold standard. Is it fair to berate Herbert Hoover for an optimism in which his present critics shared?

And anyway, my friends, what would you have your President do? Would you have him a pessimist, forever skulking in the storm cellar, forever quaking in panic over the future of our country, forever cowering in fear behind an inky cloud of his own forebodings? I, for one, am proud of the fact that Herbert Hoover, in spite of the wreckage of the war and despite the crash the world around of governments and institutions, is still a bull on America.

For nearly three years the Democrats have screamed themselves hoarse about the 1930 tariff act. They have filled the air and the newspapers with lamentations and dire prophecies. They charged that the 1930 tariff bill would cost the people a billion dollars a year. They said it was venal, corrupt, iniquitous, written by selfish interests to rob the people.

When they obtained control in the House I naturally thought they would move to repeal so monstrous an iniquity. Not so, however. After long and anxious party conferences, they have produced their tariff bill. Not one single rate of the 1930 act is changed, repealed, or even mentioned. No new rate is suggested. The iniquity they charged is to stand. The billion dollar waste goes on!

Instead they side-step the issue, and duck the responsibility for their own words by requiring the Tariff Commission to find rates which will "most nearly insure equal competitive opportunity between domestic and foreign articles; to report to Congress instead of the President; and calling upon the President to call an international conference to deal with tariff matters. Thus, behind the skirts of the Tariff Commission our brave exponents of tariff righteousness now skulk—their criticisms stilled, their charges hushed, their wrath abated, and their mud batteries of yesterday spiked by their own hands. 'Tis an inspiring augury.

The fact, however, that their bill directs the Tariff Commission to find "competitive" rates must not be overlooked. Between protective tariffs and competitive tariff lies vast differences in theory and in effect. A competitive tariff gives the foreign producer an equal chance in our markets. A protective tariff gives our own producers the possession of the home market. If applied in such a time as the present a competitive tariff would give the jobless of other nations an equal opportunity to compete with our own unemployed for the jobs necessary to supply our own market—and jobs are all too few as it is. It would be all the more dangerous at this time when depreciated foreign currencies make wages abroad seem higher than, as measured by purchasing power, they really are. Tariff schedules, written as the Democrats would have them, to "most nearly equal competitive opportunity" means equal opportunity for foreigners in our markets and unequal opportunities in theirs. It means that our laborers, our farmers, and our industries must lower wages, costs, and living standards to meet those of other nations in a competitive race to cheapen prices.

We have tried that before. We know what it means. It meant disaster in 1893 to 1896. In 1914, under the Underwood tariff, before the World War and when world conditions were favorable, it meant 5,000,000 unemployed. For 70 years, off and on, this country has experimented with that competitive-tariff idea, and we ought to know by now that however attractive cheap prices may seem to some buyers, cheap prices mean low wages for labor and low incomes for farmers; these in turn make low living standards for everybody, and in the end cheap prices mean cheap people.

That part of the Democratic tariff law which requires the President to call a permanent international conference on tariff matters is unique. Heretofore the protection of our industry and labor and agriculture has been a Republican doctrine; the lack of it has been a Democratic doctrine; but always it has been an American doctrine. Always it has been one of those questions, like American sovereignty, which our people have never been willing to submit to any conference, association, or League of Nations. I, for one, hope the tariff will always remain a purely domestic question. My confidence in international conferences has not been so implicit and unfaltering as it was before the last Democratic administration set sail for Europe to write the peace treaty.

I call you to witness that three separate times the optimistic statesmanship of Herbert Hoover has started things upward: Once, at the very beginning, when he secured the cooperation of labor and industry; again, when he suggested the postponement of international debts for one year—a suggestion which unhappily lost its potency while Europe debated and negotiated; and third, when he proposed the National Credit Corporation, organized by the banks and now functioning to knit back together the raveled threads of our economic structure.

And now again, for the fourth time, in his message to Congress, Herbert Hoover has outlined a plan of rehabilitation and reconstruction. It includes the recapitalization of the Federal land banks, the creation of a Reconstruction Finance Corporation, and other measures designed to protect depositors in their savings, farmers in the possession of their farms, small home owners in the maintenance of their homes, as well as assistance to banks, railroads, insurance companies, and financial institutions.

Criticism has been heard in some quarters that this program benefits the larger institutions rather than the little fellows. Such criticism is either malicious or uninformed. We, who are little fellows, know the distress into which we have been plunged by the loss of employment and of savings and of credit by the failure or the stringency of some of our larger institutions, and, knowing that, we can not fail to see the benefits which will flow to us, if the grip of panic can be withdrawn from those institutions.

But more than this, the recapitalization of Federal land banks will enable them to grant extensions which will save the homes of thousands of farmers. The home loan discount banks will protect the homes, not of the rich, but of the small home owners of our towns and cities. Other measures are designed to thaw out assets of banks and release cash for productive purposes. In fact, the whole of the President's program is written with the "little fellows" in mind, and with the statesmanlike realization that only on the basis of the security of the little fellow, can America lead the world out of its woe.

To command the Ship of State when she rides bouyantly upon swelling tides of prosperity is one thing. Even then, there are problems enough but they are mainly those of holding the ship on her course. To command her in war, when opposition is stilled and all thought and effort are united and bent to the supreme purpose of victory is another thing. Even under such conditions, the load of responsibility is enough to break the strongest heart. But to command when storms have driven the Ship of State upon the rocks, when she strains from the shocks of successive seas which crash over her, is quite a different thing. Gone are the favoring winds and tides. Gone is the harmony of opinion and the unanimity of action. In their stead, mutiny, hostility, criticism, doubt, and panic. Lashed by the gales, stung by the spray, beaten down by the doubts and fears and the sullen response, the captain must be a man to command under such conditions.

Amid the din of the storm and the crash of the waves Herbert Hoover has kept his head. The greater the stress the more patiently he has bent to his task, the longer he has kept at his desk, the wider the horizon of his search for causes and remedies. He entered office with high hopes and lofty hope for constructive service to the general welfare of his country. Disillusioned, but not deterred, by the selfishness and partisan antagonisms of politics, forced to turn for the time from his dreams as a builder to cope with situations created not by him but by causes which are rooted in war, he has carried on, meeting crisis after crisis, patiently and constructively. Wholesale libels, caustic criticism, misrepresentation have not swerved him from his duty to the whole people.

"If you can bear to hear the truth you've spoken
Twisted by knaves to make a trap for fools,
If you can see the things you gave your life to, broken
And stoop to build them up with worn-out tools."

Herbert Hoover has refused to bow to panic. The heavy weight of executive responsibility which he has always borne has been his greatest defense. He has refused to give way to despair. In the face of international complications of far-reaching economic and political import, his broad experience and intimate knowledge of international affairs has equipped him for this task. In the

same special way that the qualifications of Washington fitted him for the difficult problems of the infant Republic and that the patient perseverance of Lincoln made him the man of destiny in the Civil War—in that same special sense his training, equipment, and experience have fitted Herbert Hoover for the stress of this economic crisis.

Already the skies are lifting. Already the horizon is clearing. Soon, it may be said that, the rock upon which the tempest spent its force, was the faith and courage of Herbert Hoover. And, next November, when the legions of our fellow citizens march to the polls, the universal answer to the question "Who but Hoover," will be "None but Hoover"!

During those years of falling prices, of decreasing purchasing power, of consequent shrinkage in business activity, and the resultant unemployment, no one has escaped injury or loss. It is worthy of note, however, that the same causes which operate here have produced a score of political revolutions or disorders in countries embracing over half the population of the world, among them many in South America, as well as in Spain and India and China; which have well-nigh broken down the economic systems of Austria and Germany; brought about the collapse of Australia; dragged England, Scandinavia, and other nations off the gold standard; and dictated defaults in scores of issues of foreign bonds.

Amid the crash of governments and of financial systems, the United States has had not even so much disturbance as a strike of major importance, and a dollar is still a dollar, not only in America but throughout the world. Do you think that we, as Americans, should apologize for a political and economic system which can do that? Do you think that we, as Republicans, should apologize for a leadership which has made it possible to say that? I do not apologize for that leadership. I boast about it.

REPUDIATION OF STATE INDEBTEDNESS

Mr. CLARKE of New York. Mr. Speaker, I ask unanimous consent to insert in the RECORD a search that I had made through our Legislative Service as to States which have defaulted in their bonds.

The SPEAKER. Is there objection?

There was no objection.

Mr. CLARKE of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following report of a search made by the legislative reference division of the Library of Congress with regard to States which have defaulted on their bonds:

STATES DEFAULTING ON THEIR BONDS

In reply to the request for data relative to States which have defaulted in their bonds there is attached hereto the Treasury Department mimeographed report, "Repudiation of State Indebtedness," of June 1, 1925, revised May 15, 1930, and some supplementary notes which were compiled chiefly from the following sources:

1. Tenth Census, volume 7 (1884), valuation, taxation, and public indebtedness, pages 523–645.
2. Scott, William A.: The Repudiation of State Debts (1893) (HJ3224.S4).
3. Raymond, William L.: American and Foreign Investment Bonds (1916), ch. 3, pp. 100–128 (HG4651.R3).
4. International Review, vol. 9 (1880). State Debts and Repudiation, pp. 557–592 (by Robert P. Porter) (AP2.I78).
5. Randolph, Bessie C.: Foreign Bondholders and Repudiated Debts of the Southern States (1931) (HJ8110.R3).

None of the authorities examined gave sufficient information to cover all the points in the request. Robert P. Porter, compiler of the Tenth Census, volume 7, in his article in the International Review (1880), states: "It is doubtful if any two persons, equally eminent as writers and equally careful as statisticians, could examine and arrange the varied and oftentimes contradictory statements of State debts which annually emanate from the capitals of the several States of the Union and make their totals correspond." A study of the financial history of some of the States discloses the impossibility of obtaining accurate data. As regards South Carolina, Porter, in the above-mentioned article, says that it is almost impossible to state with any degree of accuracy the aggregate indebtedness at any time within the last 30 years. In an article in the Bankers' Magazine, volume 78, page 603 (May, 1904), on repudiated State bonds, it is stated that "as to the total amount of these bonds it is doubtful if the States themselves could compile accurate figures."

There were three periods of default, compromise, or repudiation: (1) From 1840–1842, when Pennsylvania, Maryland, Indiana, Illinois, Michigan, as well as Florida, Mississippi, and Arkansas defaulted; (2) from 1848–1860, when Minnesota, Texas, and California began certain adjustments of their debts; and (3) from the beginning of the Civil War down to the early nineties, when Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Tennessee, Louisiana, Arkansas, and Missouri defaulted on or compromised their bonds. In this period also arose the difficulties between Virginia and West Virginia.

ALABAMA

Railroad bonds indorsed by the State: Amount, $18,686,000; when authorized, act app. February 19, 1867 (Laws 1866–67, p. 686), amended by act of August 7, 1868 (Laws 1868, p. 196); when issued, up to November 15, 1869, $2,600,000, by September 30, 1870, $8,480,000, by September 30, 1873, $18,686,000; when matured: Under above acts, bonds were to be payable in not less than 15 nor more than 30 years.

Alabama & Chattanooga Railroad: Amount, $2,000,000; when authorized, act of February 11, 1870 (Laws 1870, p. 89); when matured, under above act, bonds were to be payable in not less than 15 nor more than 30 years; laws 1872–73, page 45 ($4,000 per mile act), provided for exchange of State-indorsed railroad bonds for direct bonds of the State bearing interest at 7 per cent in gold, and redeemable in 30 years, the rate of exchange being $4,000 of the former for $1,000 of the latter.

ARKANSAS

Bonds	Date bank chartered	Date bond due	Amount issued [1]
Bank of State of Arkansas	1837	1905	
Real Estate Bank	1838	1861	$2,827,000

	Authorized	Issued	Amount [2]
Railroad-aid bonds	Laws 1868–1868, p. 428		$5,300,000
Levee bonds		1860, 1870	2,000,000
Holford bonds			800,000

[1] Scott, p. 119: "Before the failure of these banks the State had issued bonds all told to the amount of more than $3,500,000." (10th Census, Vol. VII, p. 603.)

[2] Porter, Robert P.: State debts and repudiation, International Review, Vol. IX (1880), p. 583: "In June, 1877, the Supreme Court of Arkansas declared null and void bonds issued to railroads to the amount of $5,350,000, which, with accrued interest, amounted to $6,135,000. The next year the Supreme Court declared void $1,986,733 of the levee bonds on which interest had accrued, making a total of $2,855,488." Tenth Census, Vol. VII, p. 603: "The amount of bonds issued in aid of railroads, including interest, was $7,135,268.76; levee bonds, including interest, $2,855,488.98; and the 6 per cent funding bonds of 1870, known as the Holford bonds, including interest, $1,787,120."

CALIFORNIA

January, 1854: State was in default in interest.

April 28, 1857: Act passed authorizing issue of bonds in amount of $3,900,000 to fund State debt. (Laws, 1857, Ch. CCXLIV.)

Claims entitled to be funded were as follows:

1. Civil bonds issued under acts passed in 1851, 1852, 1853, 1855, 1856.
2. Comptroller's warrants, drawn under sanction of law, for civil expenses incurred prior to January 1, 1857.
3. Just or legal claims against the State incurred prior to January, 1857, and which were allowed and audited by act of the legislature.

April 30, 1860: Another act passed authorizing $200,000 additional bonds to adjust an error in original refunding. (Laws, 1860, Ch. CCCLXIII.)

FLORIDA

Union Bank of Florida: Amount, $3,000,000; when authorized, Laws 1833, pp. 76, 77; when matured, $250,000 in 24 years, $250,000 in 26 years, $250,000 in 28 years, $250,000 in 30 years, others not specified in law.

Bank of Pensacola: Amount, $500,000; when authorized, Laws 1835, ch. 843, p. 303, app. February 14. When matured, payable after January 1, 1860.

Southern Life Insurance & Trust Co.: Amount, $400,000; when authorized, Laws 1835, ch. 826, p. 271, app. February 14; when issued, the law authorized issue of certificates redeemable within the range and limit of the charter (50 years).

Jacksonville, Pensacola & Mobile R. R.; Florida Central R. R.: Amount, $4,000,000; when authorized, act of January 6, 1855, ch. 610, p. 13, sec. 8; act of June 24, 1869, ch. 1716, and Laws 1870, ch. 1731; when matured, under act of 1855, bonds were to mature in not more than 35 years; under act of 1869 they were to be dated July, 1869, due in 30 years; under act of 1870, granting State aid to the amount of $16,000 per mile, they were to be dated January, 1870, due in 30 years.

GEORGIA

	Authorized	Time to run	Amount repudiated
BONDS			
Central bank	Feb. 17, 1854		$375,000
Currency bonds	Aug. 27, 1870		2,000,000
Gold bonds	Sept. 15, 1870	20 years	102,000
Brunswick & Albany R. R.	Oct. 17, 1870	25 years	1,800,000
INDORSED BONDS			
Bainbridge, Cuthbert & Columbus R. R.	Mar. 13, 1869		600,000
Cartersville & Van Wirt R. R.	Mar. 12, 1869		275,000
Cherokee Valley R. R.			300,000
Brunswick & Albany R. R.	Mar. 13, 1869		3,200,000
Macon & Brunswick R. R.	(1)		600,000
Alabama & Chattanooga R. R.	Mar. 20, 1869		

[1] Laws 1870, p. 336.

ILLINOIS

July, 1841: State suspended payment of interest on debt.

State debt in 1842:

Total bank stock	$2,065,000
Total internal-improvement debt	5,614,196
Total canal debt	4,938,907
Total statehouse	116,000
Total college, school, and seminary fund	806,085
Total due State bank for warrants	294,190
	13,836,378

Within a few years the Illinois and Michigan Canal was completed, interest on that part of the State debt was paid to date, and the process of discharging the principal was begun.

In 1847 part of the debt was funded (Pub. Laws 1846–47, pp. 161–65), and to take care of the State debt, other than the canal debt, annual taxes were provided. (Constitution of Illinois, 1848, Art. XV.)

January 1, 1857, the governor gave a favorable account of the continued liquidation of the State debt, saying that there was now no doubt about the State being prepared to pay interest on the whole debt as it matured. The record of Illinois is one of delayed payments, but of payments in full.

INDIANA

Aggregate debt in 1840, $14,057,000. Bonded indebtedness contracted under authority of act of 1832 for canal purposes, $1,727,000.

Contracted under authority of act of 1836:

White Water Canal	$1,400,000
White River Canal	3,500,000
Wabash and Erie extension	1,300,000
Wabash River improvements	50,000
Madison & Lafayette Railroad	1,300,000
Turnpike from Vincennes to New Albany	1,150,000
Turnpike from New Albany to Crawfordsville	1,300,000
	10,000,000

January, 1840–1847, State suspended interest payments.

Bonds outstanding November 1, 1845, $11,090,000.

Statement of bonds issued as of Nov. 1, 1845:

Internal-improvement bonds	$8,900,000
Wabash and Erie Canal bonds	1,727,000
State bank bonds	2,413,000
Surplus revenue bonds	294,000
Madison & Indianapolis Railroad bonds	456,000
Seven per cent bonds issued to pay interest	1,100,000
Lawrenceburgh & Indianapolis Railroad bonds	221,000
	15,111,000

Of the above, $11,090,000 was amount outstanding on November 1, 1845 (supra).

Principal and back interest of debt funded by acts of January 19, 1846, and January 27, 1847.

MARYLAND

State debt in 1842, $15,000,000: All except $215,947 was contracted for purpose of internal improvements, partly by subscriptions to stock in canal and railroad companies on account of the State and partly in form of grants by loans to such companies.

January, 1842: State failed to pay interest on its debt.

1844–1846: Partial payments were made on interest, current and accrued.

January 1, 1848: State resumed current interest on its debt in full.

MICHIGAN

July 1, 1841: State defaulted in its interest payments.

For interest from July 1, 1841, to July 1, 1845, the State issued new 6 per cent bonds under authority of act approved March 8, 1843.

MINNESOTA

Railroad bonds	Date authorized	Date issued	Date redeemable	Amount
Minnesota & Pacific				$300,000
Minneapolis & Cedar Valley	Laws 1857, p. 3	1858, 1859	1883	600,000
Transit Co.				500,000
Southern Minnesota Co.				575,000
				2,275,000

MISSISSIPPI

Union bank bonds. (Scott, William A.: Repudiation of State Debts, pp. 278–281; North American Review, 1844, vol. lviii, p. 130; Fifty-fifth Annual Report of Corporation of Foreign Bondholders, 1928, which contains a replica of the bond.)

Number of bonds and amount, 2,500 bonds; total amount, $5,000,000; authority, Laws 1838, p. 9; p. 33; date issued, June, 1838; date of maturity, February, 1850.

Planters' Bank bonds. (Scott, p. 41, Tenth Census, p. 597, states: "The State also issued to the Planters' Bank, by acts passed December 16, 1930, and February 5, 1833, the sum of $2,000,000.")

Amount, $2,000,000; date issued (Scott, p. 41, Tenth Census, p. 597, states: "The State also issued to the Planters' Bank, by acts passed December 16, 1830, and February 5, 1833, the sum of $2,000,000"): $500,000 in July, 1831; $1,500,000 in March, 1832.

MISSOURI

1861–1867: State in default in interest on its railroad debt.

1862: Auditor's report of debt at end of year was as follows:

1. Miscellaneous debts	$602,000
2. Pacific Railroad bonds (main)	7,000,000
3. Pacific Railroad bonds (southwest branch)	4,500,000
4. Hannibal & St. Joseph	3,000,000
5. North Missouri	4,350,000
6. Iron Mountain	3,600,000
7. Cairo & Fulton	650,000
8. Platte County	700,000
9. Revenue bonds	431,000
10. State defense warrants	725,000
11. Arrears of interest due	1,812,000
	[1] 27,370,000

March 12, 1867: An act was passed authorizing a tax of 4 mills to be applied to the credit of the State interest fund and providing that certain sums received from the United States be applied to the payment of overdue coupons. The act also provided for the issue of 6 per cent funding bonds for the remaining overdue coupons. (Laws 1867, p. 168.)

March 30, 1874: A further funding act provided for $1,000,000 in 6 per cent 20-year funding bonds to be used from time to time to pay maturing bonds.

NORTH CAROLINA

Bonds not recognized by the State and repudiated under the act of March 4, 1879 ("compromise act"):

Purpose	Authority	Date issued	Years to run	Amount
Chatham R. R.	Ord. 1862	Jan. 1, 1863	30	$215,000
Do	Ord. 1868	Apr. 1, 1868	30	1,030,000
Williamston & Tarboro R. R.	do	Oct. 1, 1869	30	150,000
Do[1]	Act. 1868–69	do	30	309,000
Western R. R.[1]	do	Apr. 1, 1869	30	1,320,000
Western North Carolina R. R.[1]	Act 1868	Oct. 1, 1868	30	4,000,000
Do[1]	Act 1868–69	Apr. 1, 1869	30	2,640,000
Wilmington, Charlotte & Rutherford R. R.[1]	do	do	30	3,608,000
Atlanta, Tennessee & Ohio R. R.[1]	do	do	30	108,000
Penitentiary	Act 1868	Oct. 1, 1868	30	44,000
				12,805,000
Bonds issued during war for other than war purposes.		Oct. 1, 1861 / July 1, 1862		913,000
Bonded debt contracted prior to Civil War[2]				
To pay State debt	Acts of 1848, 1849, 1850, 1851.	1849–1852	10	376,000
Fayetteville & Weston Plank Road	Act of 1849	1849–1852	20	120,000
Gaston & Weston R. R., etc.	do	July 1, 1854 / Jan. 1, 1855 / July 1, 1855	10	152,000
North Carolina R. R.	do	July 1, 1853 / Jan. 1, 1855	30	2,000,000
Do	Act of 1855	Apr. 1, 1855	30	1,000,000
Fayetteville & Centre Plank Road	Acts of 1854 and 1855.	do	20	50,000
Fayetteville & Warsaw Plank Road	do	July 1, 1858 / July 1, 1855 / July 1, 1857	20	20,000
Tar River	do	Jan. 1, 1856	30	15,000
Insane asylum	Acts of 1854, 1855, 1856, 1857.	Jan. 1, 1858	10	115,000
Do	Acts of 1858–59	July 1, 1859	30	10,000
Atlanta & North Carolina R. R.	Acts of 1854, 1855, 1856, 1857.	Jan. 1, 1856 / Oct. 1, 1857	30	1,456,500
Albemarle & Chesapeake Canal	Acts of 1856–57	Apr. 1, 1857 / Apr. 1, 1859	30	350,000
Western R. R. from Fayetteville	Acts of 1858, 1859, 1860, 1861.	Sundry dates.	30	600,000
Western North Carolina R. R.	Acts of 1854–55	do	30	4,000,000
Wilmington, Charlotte & Rutherford R. R.	Acts of 1858–59 and 1860–61.	do	30	2,000,000
Certain purposes	Acts of 1858–59	do	30	1,193,000
Do	do	do	10	167,000
Cape Fear & Deep River	Acts of 1854–58	do	10 and 30	400,000
Bonds issued under authority of funding acts.	Act of Mar. 10, 1866.	Jan. 1, 1866	34	2,417,000
Do	Act of Aug. 20, 1868.	Oct. 1, 1868	30	1,721,400
Total				18,167,300

[1] Special tax issues.

[2] Except bonds issued under acts of 1866 and 1868 posts.

Unpaid portions of this debt came under the compromise act of March 4, 1879, as listed on page 20 of the Treasury memorandum forwarded herewith. The table of bonded debts contracted prior

[1] Items 2–9, inclusive, amounting to $23,800,000, were contracted under authority of act passed in the early fifties. (1853?)

to the Civil War was taken from "valuation, taxation, and public indebtedness," Tenth Census, volume 7, page 567.

PENNSYLVANIA

State debt in 1842, $37,319,395. (Issued largely in aid of railroads and canals.)

August 1, 1842: State defaulted interest on its bonds.

February, 1845: Interest payments resumed.

TENNESSEE

Between 1861 and 1864 small portions of the principal of the State debt matured and was not paid.

1865: Provision made for paying all past-due bonds and interest.

July, 1866: Interest on debt was not met.

1868: Interest was funded.

March 17, 1873: Act approved to fund the legally issued bonds and coupons of the State with new 6 per cent bonds.

July, 1875: Interest was not paid.

1879: The governor said the State had been able to pay only three installments of interest in 10 years.

1881: The funding act of 1881 was held unconstitutional by the State supreme court (76 Tenn. 121).

1882: Funding act passed (laws 1881–1883, 3d extra session, 42d G. A., ch. 4, p. 6).

1883: State treasurer absconded, leaving a large deficit. The legislature repudiated the settlement and stopped payment of the January coupons.

1883: Funding act passed (laws 1883, ch. LXXXIV, p. 76).

TEXAS

In 1848 the State legislature passed an act to provide for ascertaining and auditing the debt of the late Republic of Texas, interest of which was in default. For a large part of the debt, it was claimed, Texas had not received anywhere near face value. The entire amount of claims, including interest, was given as $9,647,253.14, to which was assigned a value of $4,807,764.37. On this basis it was proposed to settle the debt. Under the "boundary bill" (acts of 31st Cong., 1st sess., ch. XLIX, approved September 9, 1850, 9 Stat. L. 446) and act of February 28, 1855 (acts of 33d Cong., 2d sess., ch. CXXIX, 10 Stat. L. 617), certain payments were made to the creditors of Texas so that the State auditor could report at the close of 1856 that the State was out of debt.

VIRGINIA

July 1, 1861: State defaulted in interest.

July 1, 1867: After settling for back interest with new bonds, the State resumed cash-interest payments at the rate of 4 per cent and issued coupons for remainder of interest due.

January 1, 1869: State again defaulted.

1871: State passed the funding bill (Laws 1870–71, ch. 282).

December, 1871: Resolution passed legislature discontinuing refunding.

January, 1872: State failed to pay interest due.

March 7, 1872: Legislature passed act repealing the receivability of coupons for taxes and other public dues. The legislature also agreed to pay 4 per cent interest to holders of "consolidated bonds" issued under act of 1871, who acquiesced in repeal of the tax-receivable feature of the coupons. This was origin of class of bonds known as "pealers."

January, 1874: State defaulted in interest.

1879: McCullock bill passed, providing for refunding of part of debt. Under it a portion of the debt was exchanged for "ten-forty dollar bonds."

Later refunding ceased and interest on the "ten-forty dollar bonds" was defaulted.

1882: Riddleberger Act passed for settlement of debt. (Laws 1881–82, ch. 94, app. February 14, 1882.)

1892: Final settlement of debt made under act of February 20. (Laws 1891–92, ch. 325, as amended by Laws 1893–94, ch. 110, Laws 1897–98, chs. 113, 287.)

For many years the bonds issued under the Riddleberger Act were the only bonds of the State receiving interest in cash. The "consols" received no interest in cash and the "pealers" no interest at all from 1874, and the "ten-forties" received no cash interest after July, 1880.

AGNES M. BROWN.

JANUARY 12, 1932.

REPUDIATION OF STATE INDEBTEDNESS

In view of the number of current inquiries regarding the repudiated indebtedness of American States, the following brief summary of the available material on that subject has been prepared. It is not an original study, but simply a summary of the results of the investigations of others, and is based very largely on The Repudiation of State Debts, by William A. Scott, published in 1893 by T. Y. Crowell & Co. That study represents the most comprehensive treatment of the subject that has been made, and while it was prepared over 30 years ago there has apparently been little if any change in the situation since that time, except in the case of the settlement of the dispute between Virginia and West Virginia. The later developments in that case are covered in the summary.

AMOUNTS OF REPUDIATED DEBTS

In his treatment Scott has included both the debts which were "scaled down" in settlement as well as those wholly repudiated, and in some cases it is difficult to gather from the text a figure representing the latter as distinguished from the former. The following table, however, gives for each State what appears to be the amount of debt wholly repudiated according to his account:

Approximate repudiations by States

State	Approximate principal amount of debt repudiation	Date of repudiation act
Mississippi	$5,000,000	1842
	2,000,000	1852
Florida	3,500,000	1845
	4,000,000	1876
Alabama	4,700,000	1876
North Carolina	12,800,000	1879
South Carolina	[1] 6,000,000	1873
Georgia	[1] 9,250,000	1872 1875 1876
Louisiana	22,000,000	1874
Arkansas	7,900,000	1884
	77,650,000	

[1] Scott implies that there were probably further repudiations.

There is no general agreement, however, as to the exact amounts repudiated by each State. The annual report of the British Corporation of Foreign Bondholders, which is generally accepted as the most authoritative statement of defaulted and repudiated government debts, gives the following as the amounts repudiated by the various States:

Name of State	Description of debt	Approximate amount in default
Alabama	Guaranties to railways, etc.; no reliable data available.	$13,000,000
Arkansas	Principally railway guaranties, estimated at	8,700,000
Florida	Bonds issued to establish banks and for railway guaranties, estimated at.	8,000,000
Georgia	Principally railway guaranties, estimated at	13,500,000
Louisiana	"Baby bonds," railway guaranties, and certificates of claim issued under settlement of 1874, estimated at.	6,000,000
Mississippi	Planters' Bank bonds, 1831–1833 $2,000,000 Union Bank bonds, 1838 5,000,000	7,000,000
North Carolina	Special tax bonds and railway guaranties, estimated at.	13,000,000
South Carolina	Conversion bonds, estimated at	6,000,000
		75,200,000

Accompanying the table (p. 375 of the 56th report) is a statement that "It has not been possible to obtain reliable information with regard to most of these debts," and that the figures "with the exception of Mississippi, must not be regarded as complete or accurate."

Interest on these debts has been in arrears for various periods, ranging from 55 to 85 years. If an average interest rate of 5 per cent for an average period of 60 years is assumed, the accrued simple interest on the total repudiated debt would amount to about $230,000,000 on the basis of Scott's figures and to about $225,000,000 on the basis of the Corporation of Foreign Bondholders' figures. The report of that corporation calculates 6 per cent for 57 years, amounting to about $250,000,000.

	Approximate principal amounts by which the debts were scaled down	Date of settlement
Alabama	$3,500,000	1873
Do	5,000,000	1876
North Carolina	14,000,000	1879
South Carolina	16,000,000	1879
Louisiana	8,000,000	1874
Tennessee	[1] 19,000,000	1882–83
Minnesota	[2] 1,137,500	1881
Michigan	2,500,000	1842
Virginia	5,000,000	1882
Do	9,000,000	1892
	83,137,500	

[1] Includes about $500,000 accrued interest.

[2] Plus 50 per cent of interest accrued between 1859 and 1881, at 7 per cent per annum—approximately $1,751,750.

Neither Scott nor the table from the report of the Corporation of Foreign Bondholders includes Confederate bonds or war debts in their tabulations of repudiations. These war debts were voided by the fourteenth amendment to the Constitution, which reads as follows:

"Neither the United States nor any State shall assume or pay any debt or obligation incurred in aid of insurrection or rebellion against the United States * * * but all such debts * * * shall be held illegal and void."

Under this amendment debts contracted for war purposes by the individual States were perforce repudiated by the Southern State legislatures after the Civil War.

In addition to the obligations wholly repudiated a number of States have made settlements in which the principal of the debt was scaled down. The above table appears to be the amounts, according to Scott, by which the debts of the various States were scaled down in making settlements.

CAUSES OF REPUDIATION

Repudiation by the State governments may be divided into two periods. The early period preceded the Civil War, dating from 1842 in Mississippi and 1845 in Florida. An adjustment of debt in Michigan, which belongs in the scaled-down class, was made in 1842. The later period covered the years 1872 to 1884, and included a second repudiation by Florida as well as repudiation by Alabama, North Carolina, South Carolina, Georgia, Louisiana, and Arkansas. Tennessee and Minnesota made scaling-down settlements in this later period, while Virginia did not come to a final agreement with her bondholders until 1892.

Probably the principal cause of repudiation in each period lay in the general condition of the country. The early repudiation followed the disastrous financial crisis of 1837; the later occurred in the reconstruction period following the Civil War.

In the early forties the people of the country were in a condition of gloom and despair which succeeded the crisis of 1837 and 1838. The years immediately preceding had been years of unparalleled prosperity in the United States. The population had increased from 7,000,000 to 17,000,000 since 1812; commerce, manufacturing, and agriculture had developed greatly. Communication was greatly extended by the building of canals and railroads, and cities sprang up in the wilderness. Part of this prosperity had a real basis in the development of the country, but it rested in considerable degree upon an inflated currency and a superstructure of credit, which could not long stand the strain upon it.

As a result of the war against the United States Bank carried on at this time local banks throughout the country had multiplied rapidly; their nominal capital was doubled between 1830 and 1837, and the country was flooded with their bank notes. This increased bank-note circulation, together with the deposit currency and credit based on the enlarged capitalization of these banks, and the use of bills of exchange which became general during this period vastly added to the currency facilities of the country, resulting in inflation and a high level of prices. Subsidies, in the form of shares of the surplus Federal revenue, which were distributed to the States in 1836 by the Treasury of the United States, added to the general feeling of extravagant financial well-being.

Under the influence of all these circumstances the States contracted obligations in the most reckless fashion and launched upon huge public-improvement programs. Because of the apparent great prosperity of the country the bonds of the States sold readily in Europe. This European capital itself added to the already greatly inflated bubble of prosperity. Few people realized the insecurity of the country's financial situation, and they had expected the public improvements not only to pay for themselves but to be productive of wealth as well. Instead, when the bubble burst the States found themselves with enormous debts and no resources with which to meet even their interest payments. No more money could be borrowed, and the only recourse of the States was an increased taxation on a taxable basis much diminished by the liquidations brought about by the crisis.

Most of the embarrassed States, however, issued duebills of some sort and managed to get through the difficult period without repudiation. But in Mississippi and Florida the cry of illegality was raised, the question got into politics, and the bonds were repudiated. Michigan recognized only that part of her bonds for which she had received payment. (See p. 27 of this summary.)

In the group of States where debt repudiation occurred after 1870 we find that all the repudiating States, and all except Minnesota of the States which scaled down their debt, were seceders from the Union in 1861. This fact suggests that a causal relation existed between the disasters suffered during and after the Civil War and the fact of repudiation.

	Taxable basis		Debt	
	1860	1870	1860	Highest point reached by the debt
Virginia	$657,021,336	$505,978,190	$31,779,062	$47,300,839
North Carolina	292,297,602	130,378,190	9,699,000	29,900,045
South Carolina	489,319,128	183,913,327	4,046,540	24,782,906
Georgia	618,232,387	227,219,519	2,670,750	20,197,500
Florida	68,929,685	32,480,843	1,120,000	5,512,268
Alabama	432,198,762	155,582,595	6,700,000	31,952,000
Louisiana	435,787,265	253,371,890	4,561,109	40,416,734
Arkansas	180,211,330	94,528,843	3,092,623	18,287,273
Tennessee	382,495,200	253,782,161	20,898,606	41,853,406

The Civil War greatly reduced the taxable basis in these States. The accumulation of unpaid interest during and after the war and the legitimate and illegitimate expenditures of the reconstruction period greatly increased the debts of these States. The above table shows the decrease in the taxable basis of these States between 1860 and 1870, and the increase in their debts between 1860 and the high points. The debt figures are from an article by R. P. Porter published in the International Review for November, 1880.

The Civil War, moreover, greatly weakened the idea of State sovereignty and the feeling of State responsibility. The fourteenth amendment required the repudiation of all debts contracted in the United States in aid of the rebellion, and it was not easy for the Southern States to discriminate between those and their other debts. Therefore, they did not feel themselves responsible for the increase of debts due to interest accumulated during the war and to the alleged extravagance and fraud of the "carpet-bagger" régimes, which they considered as usurpations due to the war.

The general belief in the fraud and extravagance of State governments during the period is supported by an abundance of facts in the case of at least two States, according to Scott. The report of the joint investigating committee on public frauds of South Carolina contains a record of frauds and extravagance which is unequaled in the annals of this country and hardly surpassed in those of any other. Gigantic frauds were revealed which completely destroyed the confidence of the people in the validity of the greater part of the State debt.

Investigations made by legislative committees of the State of Georgia revealed a most suspicious mass of facts regarding the official acts of those concerned in the negotiations of many of her bonds. Absolute proof of fraud was not obtained, but the unquestioned impression went forth among the people of the State that they had been fearfully swindled. Fraud was also charged against the State governments of Alabama, Tennessee, Louisiana, and also Mississippi.

In both periods a large part of the repudiated debts was rolled upon the shoulders of the States by defaulting and bankrupt railroads or banking corporations whose enterprises the States had attempted to advance by indorsing their bonds or by issuing bonds to them directly. When the enterprises aided were railroads, the property mortgaged to the State for security was of little value when the mortgage was foreclosed. In the case of banks, as in Mississippi, Florida, and Tennessee in part, the matter was still worse, for usually the States had invested heavily in bank stocks which became worthless when the banks failed.

Only in one or two cases did the repudiating States allow their debts to go by simple default without attempting some legal justification. As a rule, they alleged illegality of their bonds. In some States this was a mere pretext; in others the allegations were true, as in the cases of Arkansas, Georgia, and South Carolina. The repudiated issues have been classified by Scott according to the legal reasons given for repudiation, as follows:

1. Those which were not authorized by any law.
2. Those which were authorized by laws which were unconstitutional.
3. Those in which the laws authorizing them had not been strictly complied with.

He does not attempt to analyze, however, the reasons offered by each State or to show which repudiations were probably justified and which were not. He does conclude that "If the specific cases of repudiation on the grounds of illegality described in preceding pages be adjudged in accordance with the principles of the law here laid down, it will be found that some of them were legally justifiable, but that others were not."

LEGAL REMEDIES AGAINST REPUDIATION

Under the Federal Constitution the holder of a repudiated State bond has no remedy in the Federal courts, and there is no recourse from the decision of a State to repudiate. Under section 10, Article I, of the Constitution, a State is prohibited from passing any law "impairing the obligation of contracts." This clause has been held by the Supreme Court of the United States to apply to State as well as to individual contracts, and the decisions of that court leave no doubt concerning the constitutional prohibition against the impairment by States of contracts into which they have entered. By itself, however, this cause is nothing more than a statement of principle; it provides no means of preventing a repudiation of debts.

Section 2, Article III, of the United States Constitution would seem to make this "contract clause" enforceable by provision for the institution of suit against a State by an individual. This was apparently the original intent of the Constitution, but the clause was not long allowed to remain in force. In 1793 the State of Georgia was arraigned in the Supreme Court by one Chisholm, and that court allowed the case as proper and within its jurisdiction under section 2, Article III, of the Constitution. This case, together with a similar one brought against Massachusetts, so aroused the indignation of the people that the eleventh amendment to the Constitution of the United States was passed, destroying the force of the unpopular section 2, Article III. The eleventh amendment provides that:

"The judicial power of the United States shall not be construed to extend to any suit in law or equity commenced or prosecuted against one of the United States by citizens of another State or by citizens or subjects of any foreign state."

Under this amendment the individual is deprived of the power to bring suit against a State and the "contract clause" of the Constitution is consequently not enforceable against a State.

The Supreme Court has ruled that the eleventh amendment applies only to cases brought by individuals against States and not to suits brought by States against individuals. It has also ruled that the eleventh amendment does not prevent the court from pronouncing an opinion concerning the constitutionality of State laws which may be involved in cases which come under their jurisdiction, and from thus restraining State officers from executing unconstitutional laws. The real utility of these decisions to holders

of repudiated State bonds, however, has been negligible. In practice, the holder of such a bond has no legal remedy against the repudiating State.

SUGGESTED ASSUMPTION BY THE FEDERAL GOVERNMENT

It has been suggested that the Federal Government of the United States assume the repudiated State debts. To the European mind especially this is not an illogical idea, because the European is not generally familiar with the dual nature of the American form of government. To the American mind, however, the suggestion has little appeal.

The United States is a republic made up of individual States possessing many independent sovereign powers, one of which is the right to contract financial obligations. The Federal Government is in nowise responsible for State obligations so incurred, and has no power whatever to enforce the payment thereof by the States.

That it would be unwise to assume obligations incurred by Government units, over the expenditures of which the assuming power has no control whatever, can not be questioned. To establish a policy of Federal assumption of State debts would not only encourage recklessness and extravagance on the part of the States, but it would be equivalent to giving the State legislatures the power to appropriate for their use moneys out of the Federal Treasury. Such a policy would be contrary to that fundamental principle of republican government which places the power to appropriate money and the responsibility in the same hands.

SUMMARY BY STATES

The data in the following summary by States are taken from Scott, except where otherwise stated:

Mississippi

Mississippi was the first State to practice repudiation. In June, 1838, $5,000,000 in State bonds were issued in payment of 50,000 shares of stock in the Union Bank of Mississippi. In less than two years after this date the bank was hopelessly insolvent. In 1841 the governor recommended that the $5,000,000 in bonds be repudiated, and in 1842 the legislature denied that the State was under legal and moral obligations to pay the bonds in question. The chief argument for repudiation was the unconstitutionality of the supplemental act under which these bonds were issued.

The Planters' Bank was chartered by the State in 1830 and State bonds to the amount of $2,000,000 were issued in 1831 and 1832 in payment for a like amount of the capital stock of this bank. In 1839 the bank was unable to pay the interest on these bonds and the State was called upon to meet the deficiency. No one at this time seriously proposed the repudiation of the bonds, but the State was delinquent in letting the interest go by default. At the election in 1852 the question was submitted to popular vote whether a tax should be levied to pay the interest on the Planters' Bank bonds, and a majority of 4,000 against the levy of such a tax was returned. This vote undoubtedly meant that the people were in favor of the repudiation of these bonds and willing legislatures so interpreted it. The fate of both these bonds and the Union Bank bonds was sealed by the constitution adopted in 1875, which contained the following clause:

"Nor shall the State assume, redeem, secure, or pay any indebtedness claimed to be due by the State of Mississippi to any person, association, or corporation whatsoever, claiming the same as owners, holders, or assignees of any bond or bonds known as the Union Bank bonds or the Planters' Bank bonds."

This constituted a repudiation of bonds amounting to $7,000,000. The interest on these bonds was apparently not paid after 1841, and is given as amounting to $21,000,000 on the Union Bank bonds and $10,140,000 on the Planters' Bank bonds by the 1924 report of the British Corporation of Foreign Bondholders.

Florida

Florida repudiated $3,900,000 of bonds issued or indorsed for banks in the years from 1834 to 1839, and $4,000,000 in bonds issued in aid of railroads in 1870. (The International Review, vol. 9, p. 579.) The issues were as follows:

Union Bank of Florida	$3,000,000
Bank of Pensacola	500,000
Southern Life Insurance & Trust Co	400,000
Total	3,900,000
Jacksonville, Pensacola & Mobile R. R. and Florida Central R. R.	4,000,000
Grand total	7,900,000

The banks failed in the early forties, and the obligation of meeting both principal and interest on the bonds was thrown upon the State. In 1840 the judiciary committee of the Territorial legislature, to whom the question of the legality of these bonds was referred, passed a resolution—

"That the power of the Governor and Legislative Council of the Territory of Florida * * * does not extend to the creation of banks with exclusive privileges and franchises, nor to the issuing of bonds and guaranties in aid of such institutions * * * that such pledge of the faith and credit of the people of Florida is null and void."

Florida, consequently, entered the Union as a State in 1845, adhering to the doctrine that her new form of political life released her from these obligations. The State really had a much better excuse for repudiating these bonds than those alleged. It was practically impossible for her to pay even the interest on these debts and meet her operating expenses, as the population and wealth of the Territory were so small.

The railroads defaulted on the interest payments early in the seventies. The State took possession of the properties, but was prevented from selling them by litigation. In the course of this litigation (1876) these bonds were declared unconstitutional (William L. Raymond, State and Municipal Bonds, p. 95). After this decision the State no longer troubled herself about the railroad-aid bonds and subsequently omitted to mention them among her liabilities.

Alabama

The early debt of Alabama was contracted in the aid of banks. Between 1823 and 1826 the State became possessed of bank stock to the amount of $8,000,000. These banks went into liquidation in 1842, and the State was responsible for their bills and most of their obligations. She had reduced this debt, however, by 1861 to $3,445,000. The remainder of her debt arose from deficits in her budget and indorsements made and bonds issued in the aid of railroads. The Alabama & Chattanooga Railroad Co. defaulted in its interest payment by 1871 and other roads by 1873, making the State of Alabama responsible for interest on over $18,000,000 of railroad-aid bonds beside her regular debt.

An attempt at settlement was made on April 21, 1873, in the "4,000 per mile act," which provided for the exchange of State-indorsed railroad bonds for direct State bonds at the rate of $4,000 of the former for $1,000 of the latter. The total amount of new bonds issued under this act was $1,192,000, constituting a scaling down of about $3,500,000.

The State made other laudable attempts to meet her increasing obligations, but the obligations were too great. The final settlement was accomplished by the funding act of February 23, 1876. The amounts and dates of issues of Alabama's entire debt, together with the provisions of the funding act, are shown below:

	Old debt	New debt authorized
Five per cent State certificates: Issued between 1866 and 1873 to meet deficits in the budget	$1,040,000	[1] $1,040,000
Educational fund indebtedness: Stock in State banks issued between 1823 and 1826	2,810,670	[1] 2,810,670
Class A: Ordinary debt of the State representing part of State bank debt and issues to meet deficits between 1865 and 1873	7,416,800	7,127,709
Class B: State bonds issued in 1873 under "4,000 per mile act" in exchange for State indorsed railroad bonds	1,192,000	806,000
Class C: Bonds indorsed for the Alabama & Chattanooga R. R. Co. between 1867 and 1873	5,300,000	1,000,000
Total scaled-down debt	17,750,470	12,674,379
State bonds issued to Alabama & Chattanooga R. R. Co. about 1870	2,000,000	(2)
Bonds of various railroads indorsed by the State	4,705,000	(3)
	6,705,000	

[1] Interest which had accrued for a number of years was repudiated.
[2] The land of the Alabama & Chattanooga R. R. Co., variously estimated from 500,000 to 1,200,000 acres, was turned over to the bondholders.
[3] Includes accrued interest of about $1,000,000. (The International Review, vol. 9, p. 579.)

This constituted a direct repudiation of about $4,700,000 in principal amount, plus the overdue interest on most of these classes and a scaling down of $3,500,000, including the scaling down under the "4,000 per mile act" mentioned above. In addition to this there was $2,000,000 in bonds whose holders received in settlement land of questionable value.

South Carolina

Previous to the war South Carolina had a debt amounting to $3,814,862.91. This figure included some debts contracted in 1861 and 1863 which were not for war purposes. By October, 1867, the debt had increased through accrued interest to $5,407,215. A number of acts were passed during the next three years, which led to a great increase in the debt. As to this increase the records are so confused and the reports of officials so conflicting that scarcely any two persons who have investigated the matter have agreed on the exact figure of the debt. In 1871 we find several figures for the amount of the State debt and State indorsements. Scott quotes the estimate of the committee appointed by the legislature on November 28, 1871, that there were outstanding against the State, bonds to the amount of $20,827,608.20, to which, they said, must be added certain other items and a contingent railroad debt of $6,787,608.20, making a grand total of $28,997,608.20. The confusion in regard to the amount of bonds which were actually issued under these acts can scarcely be accounted for on any theory which will not reflect upon the honor and integrity of the State officials. Indeed, an abundance of facts point to their corruption and extravagance and lend support to the claim that the State was being mercilessly fleeced by her own legally appointed guardians.

On December 22, 1873, the so-called "consolidation act" was passed. This authorized the exchange of outstanding bonds and stocks of the State for new bonds equal in amount to 50 per cent of the face value of bonds and stocks surrendered. Under this act $5,965,000 in bonds were repudiated on the ground that they had been fraudulently issued. Other bonds were later repudiated, but the exact amount can not be stated.

On December 23, 1879, an act was passed (amended February 20, 1880)[1] which constituted a final settlement of the debt controversy and reduced the debt to a figure which the State could handle. The comptroller's report for 1879 gave the State debt as $7,175,454.[2] This would constitute a known repudiation of some $6,000,000, with a repudiation and scaling of some $16,000,000.

North Carolina

The amount of the debt of North Carolina, dates of issue, purpose for which issued, and final disposition, are as follows:

Bonds not recognized by the State and entirely repudiated under the act of March 4, 1879:

Chatham Railroad, 1863	$215,000
Chatham Railroad, 1868–69	1,030,000
Williamston & Tarboro Railroad, 1868–69	450,000
Western Railroad, 1868–69	1,320,000
Western North Carolina Railroad, 1868–69	6,640,000
Wilmington, Charlotte & Rutherford Railroad, 1868–69	3,000,000
Atlantic, Tennessee & Ohio Railroad, 1868–69	106,000
State Penitentiary, 1868–69	44,000
Total[3]	12,805,000
Bonds issued during the war for other than war purposes[4]	913,000

The act of March 4, 1879, provided the following settlement for the recognized debt of the State. The detail of amounts is given in so far as available:

Bonds issued before May 20, 1861, under acts dating from 1848 to 1858 in aid of railroad, plank road, and canal companies (to be scaled 60 per cent)	$8,761,245
Bonds issued under authority of funding act of Mar. 10, 1866 (to be scaled 85 per cent), which amounted to	2,417,400
Bonds issued under funding act of Aug. 20, 1868, for the funding of overdue bonds and coupons (to be scaled 85 per cent)	1,721,400
Bonds issued by the State in aid of railroads and registered certificates of the literary fund (to be scaled 75 per cent):	
Wilmington, Charlotte & Rutherford R. R., 1862	430,000
Western North Carolina R. R., 1865 and 1867	2,217,000
Chatham R. R., 1867	1,200,000
Williamston & Tarboro R. R., 1868	150,000
Western R. R., October, 1861 Certificates of literary fund	1,995,600
Total	18,892,645

This amount was authorized to be funded into a debt of $5,006,616, which constituted a scaling down of about $14,000,000. Some few million of unpaid interest was also repudiated, but an authoritative figure is not obtainable.

Georgia

Georgia had used her credit in aid of railroads as early as 1836; also in 1856 and again some few years later. The legislatures of 1868, 1869, and 1870, however, dealt out State aid to railroads with extravagant hand. During these three years aid was granted to over 30 railroads in the form of bonds issued or indorsed, aggregating about $8,000,000 in face value.

The repudiated State debt of Georgia, so far as data are available thereon, with the dates of issue and of repudiation acts, is stated below:

Date of issue	Bonds	Amount repudiated	Date of repudiation
	Direct bonds:		
1854	Central Bank	$375,000	1876
1870	Currency bonds[1]	2,000,000	1872
	Gold bonds[1]	102,000	
1870	Brunswick & Albany R. R.	1,800,000	1872
	Indorsed bonds:		
1868–1870	Bainbridge, Cuthbert & Columbus R. R.	600,000	1872
	Cartersville & Van Wirt R. R.	275,000	
	Cherokee Valley R. R.	300,000	
	Brunswick & Albany R. R.	3,300,000	
	Macon & Brunswick R. R.	600,000	1875
	Alabama & Chattanooga R. R.		

[1] Issued to redeem overdue bonds and coupons.

This gives a total of $9,352,000 repudiated debt. There may have been other bonds repudiated, but the record is not clear. The British Corporation of Foreign Bondholders makes an estimate of $13,500,000 repudiated debt, which includes, in addition to the above, bonds to the amount of about $4,800,000 issued in 1866.

The work of repudiation accomplished by these various acts was secured for all time, first by constitutional amendment, and then by a new constitution. The clause of the latter relating to the debt reads as follows:

"The general assembly shall have no authority to appropriate money, either directly or indirectly, to pay the whole or any part of the principal or interest of the bonds or other obligations which have been pronounced illegal, null, and void by the general assembly and the constitutional amendments ratified by the people on the first day of May, 1877."

Louisiana

The State debt of Louisiana stood at a little more than $10,000,000 in 1861. This was the remains of a debt contracted in aid of banks and railroads, for levees, for seminary and school funds, for a charity hospital, for aid to the city of New Orleans, and for various trust funds. This debt was increased by another million during the Civil War for purposes not connected with the war. Additional bonds up to 1871 were issued as follows, and for the following purposes:

In 1866 or 1867 for the construction of levees	$1,000,000
In 1866 or 1867 for paying overdue bonds and coupons	997,500
In 1867 or 1868 for levees	4,000,000
In 1869 and 1870 for levees, the State penitentiary, aid to the Mississippi & Mexican Gulf Ship Canal Co	7,000,000
In 1871 to the New Orleans, Mobile & Texas R. R. Co	2,500,000

Sufficient additional bonds were issued for various purposes by authority of the legislature of 1871 to bring the total debt in 1871 to about $42,000,000, although an amendment to the constitution adopted December 15, 1870, limited the debt of the State to $25,000,000.

By the passage of the act of January 24, 1874, about $22,000,000 of this debt was repudiated and about $20,000,000 was scaled down to approximately $12,000,000. (William L. Raymond, "State and Municipal Bonds," p. 109.) This was accomplished by the declaration of some parts of the debt as unconstitutional on the basis of the debt limitation of $25,000,000, and by refunding the remainder at the rate of 60 cents on the dollar. The new bonds bore a 7 per cent rate of interest. This was considered too high by many, and a contest on the point raged until 1884, when an amendment to the constitution providing that interest on the consolidated bonds be fixed at 2 per cent for the first five years and at 4 per cent thereafter was passed. Interest on the entire debt up to the date of repudiation was paid, but after that date the State was often in arrears on interest up to 1884. The legislature in that year provided for the payment of the interest on the consolidated debt thereafter.

Arkansas

The debt of the State of Arkansas arose in the following manner: Beginning in 1837 and 1838 bonds were issued to a total amount of more than $3,500,000 in aid of the Bank of the State of Arkansas and the Real Estate Bank. These banks speedily became insolvent, leaving the payment of the bonds, with accumulated interest, to the State. By 1869 this debt with accumulated interest had reached $4,225,000. On April 6, 1869, the legislature passed an act funding the matured bank debt and the entire interest due thereon. By January, 1873, new bonds to the amount of $3,050,000 had been issued under authority of this act.

The same legislature passed an act under which bonds to the amount of $5,300,000 were issued in aid of railroads. All the roads defaulted in interest payments in 1873. Two million dollars in bonds for the building of levees were also issued at about the same time as those for the railroads. The State allowed the interest to accumulate on all these bonds.

The debt matter was finally settled by an amendment to the constitution passed in September, 1884, after some years of agitation and court cases, declaring that the general assembly should have no power to levy a tax or to make an appropriation to pay the interest or principal of the bonds or the claims upon which they were based, known as the Holford bonds, the railroad-aid bonds, and the levee bonds. This constituted a repudiation in principal amount of about $7,900,000, which, with accrued interest, amounted to between $12,000,000 and $13,000,000. The acts under which these bonds were issued were declared unconstitutional by the Supreme Court.

In addition to the States which actually repudiated all or part of their indebtedness, a number of States scaled down their debts contracted in the same period. In some cases these settlements were accepted by the bondholders, but in others they were arbitrarily carried through. Tennessee, Minnesota, Michigan, and Virginia are included in this list. A discussion of events in each State is presented below:

Tennessee

The State debt of Tennessee was created for the most part under the authority of a series of acts providing for aid to companies engaged in the construction of public improvements, the most important act of which was passed February 11, 1852. Under the authority of these acts State bonds to the amount of $27,678,000 were loaned to the railroad companies, some being issued before the war and others immediately succeeding it. In addition there was a State debt proper, a portion of which had been created between 1833 and 1838 for the Union Bank and the Bank of Tennessee, between 1848 and 1860 for the building of the capitol, and in 1856 for the agricultural bureau and the purchase of the old home of President Jackson. This State debt proper seems to have been about $8,000,000 in 1861. The accumulation of interest during the war was funded by the act of 1865, and later accrued interest was funded by the act of 1868. In the legislatures of 1869 and 1870 four acts were passed which resulted in reducing the total debt from about $43,000,000 in 1870 to about $28,000,000 in 1874. Pro-

[1] Wm. L. Raymond, State and Municipal Bonds, p. 157.
[2] The International Review, vol. 9, p. 569.
[3] Items from the International Review, vol. 9, p. 573.
[4] They were made payable in "good and lawful money of the Confederate States." On this account they had no market value and the State failed to recognize them.

vision for the funding of all coupons and bonds due up to January 1, 1874, was made by the act of March 15, 1873.

After many attempts at compromise, the act of May 20, 1882, provided for the refunding of the debt and accrued interest into a new issue, the face value of which should equal 60 per cent of the total debt. Twelve million dollars of the old debt was refunded under this act, which apparently constituted a scaling down of some $4,800,000.

The debt question was finally settled by the act of March 20, 1883, which detailed the debt as follows, with the following scale provisions:

State debt proper to be scaled from 20 per cent to 24 per cent and new bonds to bear same interest rate as old bonds, being 6 per cent, 5 per cent, and 5¼ per cent:	
Capital bonds	$493,000
Hermitage bonds	35,000
Agricultural bonds	18,000
Union Bank bonds	125,000
Bank of Tennessee bonds	214,000
Turnpike companies' bonds	741,000
Hiawassee R. R. bonds	280,000
East Tennessee & Georgia R. R. bonds	144,000
Memphis & LaGrange R. R. bonds	68,000
	[1] 2,118,000
Contingent debt to be scaled 50 per cent and the new issue to bear 3 per cent interest:	
Antewar railroad bonds	8,583,000
Postwar railroad bonds	2,638,000
Bonds funded under act of 1866	2,246,000
Bonds funded under act of 1868	596,000
Bonds funded under act of 1873	4,867,000
	18,930,000
Bonds funded under act of 1882 to be scaled down in accordance with the above provisions applicable to the class to which they belong, about	7,200,000

This constituted a scaling down of about $19,000,000. The interest from 1875 on all but $2,118,000 of the debt was repudiated. The new bonds were payable in 30 years and redeemable after five years.

Michigan

On March 21, 1837, the first State legislature authorized a loan of $5,000,000, the proceeds of which were to be employed in constructing a system of public improvements. The Morris Canal & Banking Co. was hired to sell the bonds as agent for the State. This company turned over a certain amount of bonds to the United States Bank of Pennsylvania, some of which were sold to foreign bankers. Both the Morris Canal & Banking Co. and the United States Bank of Pennsylvania failed and the State of Michigan received full payment for only $1,387,000 of the bonds. Michigan announced that she would recognize bonds only to the extent to which she had received payment for the same.

The act of February 17, 1842, provided for the payment of $302.73 in the form of new bonds per $1,000 of the original bonds for which she had received only partial payment. This, Michigan claimed, represented the actual value received by her. This act constituted a scaling down by Michigan of her debt by practically $2,500,000 in principal amount. Interest seems to have been paid on the fully paid bonds, and interest up to July, 1841, included in the settlement on the partially paid bonds.

Minnesota

By an act of Congress passed March 3, 1857, a grant of land was made to the Territory of Minnesota to aid in the construction of four railroads. These railroads applied to the State for more aid, the granting of which required an amendment to the Constitution, which was approved by the people April 15, 1858. Under this amendment Minnesota issued $2,275,000 in 7 per cent bonds, the interest upon which the railroad companies were to pay. The companies defaulted, however, in 1859; the State foreclosed her mortgages and acquired about 250 miles of graded road, the franchises of the companies, and their lands, amounting to about 5,000,000 acres.

The people of the State, judging by their defeat of all attempts of the legislature to settle with the bondholders, were determined to repudiate the entire debt. The legislature of 1881 consequently passed an act constituting the Supreme Court a tribunal to decide the question of the power of the legislature to settle with the bondholders without submitting the matter to the people. The decision of the Supreme Court allowed the legislature to proceed, and an act was passed which provided for the exchange of the old bonds, and interest accrued thereon, for new bonds at the rate of $50 of the former for $100 of the latter, the new bonds to be dated July 1, 1881, with interest at 5 per cent. This constituted a scaling down of the debt by $1,137,500, plus 50 per cent of the accrued interest, which amounted to about $1,751,750.

Virginia

The Civil War left the old State of Virginia an enormous debt. In 1861 it amounted to more than $33,000,000, and with accrued interest, on January 1, 1870, to more than $45,000,000. The debt was refunded and accrued interest funded under the act of 1871 at 6 per cent interest. Under this act Virginia agreed to recognize about $31,000,000 of this debt—the other one-third, or about $15,000,000, she claimed was the share of West Virginia, which had become a separate State in 1863. The legislature of 1872 attacked the funding act of 1871, an attack which was renewed at intervals for 16 years. The controversy centered around the scaling down of the debt, the rate of interest on the debt, and whether or not coupons from the bonds should be receivable for taxes and other dues to the State.

The famous Riddleberger Act of 1882 provided for the scaling down of a debt of some $31,000,000 to about $19,500,000. The scaling down was justified in the following manner: The estimated debt at the time of the passage of the funding act of March 30, 1871 (a little more than $45,000,000), included about $15,000,000 of capitalized interest, or about one-third of the debt as at that time reckoned.

Not only was the debt, therefore, too large by $15,000,000, but also by the interest on that sum which had accumulated and been funded; so the total justified debt was claimed to be about $19,500,000 at that date. Only about $14,000,000 of bonds were presented for exchange under this act, so that some $9,000,000 new bonds were issued. (Information furnished by second State auditor of Virginia for A National Survey of State Debts and Securities, compiled by Bank of America.)

The act of February 18, 1892, brought a final settlement of the debt question. The scaling down was again justified on the principles of the Riddleberger bill. The issue of a maximum amount of $19,000,000 was provided for to be exchanged for the outstanding obligations of the State mentioned in the Riddleberger Act (other than those held by schools and colleges) now in the hands of the public, but not including bonds already funded under this act, such new bonds to run for 100 years and to bear 2 per cent interest for 10 years and 3 per cent interest for 90 years. The coupons were not to be receivable for taxes, and the old bonds were exchangeable for the new at the rate of 28 of the former for 19 of the latter.

The total amount of the debt to which this act applied was considered to be about $28,000,000. (William L. Raymond, State and Municipal Bonds, p. 170.) The operation of the above provisions constitutes a scaling down of about $9,000,000.

West Virginia

The part of the Virginian debt assigned to West Virginia was not recognized by the latter State until 1919. The representatives of the two States had never been able to agree on West Virginia's obligation, and West Virginia had refused to do anything about the matter. On June 14, 1915, the Supreme Court decided that the total amount due by West Virginia, including interest up to July 1, 1915, was $12,393,929.50. (Information regarding the payment of West Virginia debt from the biennial report of the treasurer of West Virginia, 1919–20.) The court further decreed that this amount should draw interest at 5 per cent until paid. The total of principal and accrued interest on January 1, 1919, was $14,562,867.16. As a result of this decision the West Virginia Legislature, at its regular 1919 session, passed a law providing for the settlement of the debt under the following terms: West Virginia was to pay Virginia $1,062,867.16 in cash and $13,500,000 in 20-year 3½ per cent bonds. The cash payment was made on April 18, 1919, and the bonds were delivered on July 3, 1919, except $1,133,500 held in escrow by the State Board of Public Works pending the filing of the balance of the outstanding Virginia debt certificates.

[1] Plus accrued interest to July, 1883 (about $1,000,000).

ABSENCE OF A QUORUM

Mr. BANKHEAD. Mr. Speaker, important matters are coming up, and I suggest the absence of a quorum.

The SPEAKER. The gentleman from Alabama makes the point of order that there is no quorum present. The Chair will count.

Mr. BANKHEAD (interrupting the count). Mr. Speaker, I withdraw the point of order of no quorum.

RECONSTRUCTION FINANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to a conference.

The SPEAKER. The gentleman from Alabama asks unanimous consent to take from the Speaker's table the bill H. R. 7360, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference. The Clerk will report the title of the bill.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I note that the Senate adopted an amendment, the so-called 5 per cent amendment, reducing the amount of a loan to any one borrower to $100,000,000. If it is proper, may I ask the gentleman from Alabama whether he expects

to resist that amendment, or will we have an opportunity to vote upon it should the committee disagree?

Mr. STEAGALL. I can not give a definite answer to that. I can not speak for the conferees in respect to their action on the provision. There are quite a number of disagreements between the two Houses, and it is impossible to answer the gentleman's question as he may desire. I say this personally, that I do not look upon that difference as of such transcendent importance as to prevent an agreement between the two Houses.

Mr. LAGUARDIA. Of course a matter of $100,000,000 is not very important.

Mr. STEAGALL. Oh, the gentleman does not understand me. I did not say the amount of $100,000,000 was unimportant, but I spoke of the difference between the Houses as not being of such transcendent importance as to prevent an agreement.

Mr. LAGUARDIA. I believe the gentleman is convinced at this time that a majority of the membership of the House is in favor of putting that limitation upon it. It almost passed in the House.

Mr. BACON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BACON. As a matter of fact, did not the gentleman from New York [Mr. LAGUARDIA] offer a motion to recommit on that point, and the House has already expressed itself on the point by voting down the resolution offered by the gentleman from New York [Mr. LAGUARDIA]?

Mr. STEAGALL. That is true, but the matter is still in disagreement between the two houses to be settled in conference.

Mr. BACON. In other words, it seems to me that the conferees ought to follow the expressed will of the House as it was shown by the vote which came on the motion to recommit.

Mr. LAGUARDIA. Mr. Speaker, further reserving the right to object, may I propound a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. Would it be proper at this time to move to concur in the Senate amendment covering the subject upon which I interrogated the gentleman from Alabama?

The SPEAKER. Not at the present moment.

Mr. CRISP. Mr. Speaker, may I say under the strict letter of the rules of the House, this amendment would go to the Committee on Banking and Currency for the committee to consider it. This matter now is not privileged. The committee must first consider it and report it back. The gentleman from Alabama [Mr. STEAGALL] is asking unanimous consent to take up the bill and disagree to the amendments and agree to the conference asked. Clearly, under those conditions, it is not in order to move to concur in the amendment. The matter does not come before the House unless this unanimous consent is granted.

Mr. SNELL. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. SNELL. I think this bill should go to conference at the earliest possible moment. I think we can trust the House conferees in this matter, and as far as I am concerned, I hope there will be no objection.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Further reserving the right to object, Mr. Speaker, five minutes, more or less, is not going to disturb the condition of the country on this $2,000,000,000 proposition. Nobody in this House likes that bill, and I would like to have some more reassuring statement from the gentleman from Alabama [Mr. STEAGALL] that we will have an opportunity to pass upon that amendment before we lose control of it.

Mr. STEAGALL. As has been clearly stated by the gentleman from Georgia [Mr. CRISP], there is nothing in the parliamentary situation that will deprive the gentleman from New York of the full right, if he desires again to test the sentiment of the House, with reference to that provision of the bill.

Mr. LAGUARDIA. Then, for the present, I shall object to the gentleman's request.

Mr. CRISP. Mr. Speaker, may I say I am anxious to have this go to conference. If unanimous consent is given to the request of the gentleman from Alabama to disagree to the Senate amendments and agree to the conference requested, immediately, before the conferees are appointed, the gentleman from New York can offer a motion to instruct the conferees as to that particular matter, and thereby he will have a chance for the House to go on record.

Mr. LAGUARDIA. Mr. Speaker, I will follow that suggestion.

Mr. JONES. Mr. Speaker, further reserving the right to object, I hope the conferees will insist on the House amendment which definitely allocates a portion of this fund to agriculture, and I hope also the conferees will be disposed to agree to the Senate amendment known as the Smith amendment, which the House evidently favored, but which it was not given an opportunity to vote upon.

Mr. STEAGALL. I am sure the gentleman from Texas needs no assurance from the chairman of the committee as to his personal views with reference to that feature of the legislation, and the gentleman may also fortify his faith by recalling the fact that the chairman of the Committee on Banking and Currency attempted to offer, in fact, did offer, this particular amendment in the House and it went out on a point of order. So the gentleman can find in the RECORD ample basis for faith in the committee, though, of course, I can not say in advance what will be done by the conference committee.

The SPEAKER. Is there objection?

Mr. SABATH. Reserving the right to object, I desire some information from the chairman of the committee. Many Members of the House have been interested in securing the adoption of an amendment that would relieve the condition of our municipalities. It has been ruled out on a point of order. I am wondering whether there is any way on the part of the conferees to embody that provision in the bill before it is finally brought back to the House.

Mr. STEAGALL. The parliamentary situation is such that the conferees have no jurisdiction whatsoever over that question. That is not in conference. The gentleman's only remedy will be by new legislation.

Mr. SABATH. And the chairman is ready to help us out in that respect, I take it?

Mr. STEAGALL. Well, that is another matter. I could not attempt to go into that at this time.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none.

Mr. LAGUARDIA. Mr. Speaker, I have a preferential motion.

The SPEAKER. The gentleman from New York [Mr. LAGUARDIA] offers a preferential motion, which the Clerk will report.

The Clerk read as follows:

Mr. LAGUARDIA moves to instruct the conferees to agree to the Howell amendment to the Senate bill, which provides that the limit of a loan to any one borrower is 5 per cent of the capital stock and outstanding bonds of the corporation.

Mr. STEAGALL. Mr. Speaker, I move the previous question on that motion.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion of the gentleman from New York to instruct the conferees.

The question was taken; and on a division (demanded by Mr. LAGUARDIA) there were—ayes 69, noes 71.

Mr. LAGUARDIA. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 183, nays 157, answered "present" 1, not voting 92, as follows:

[Roll No. 13]

YEAS—183

Allgood	Drane	Kading	Parks
Almon	Drewry	Karch	Parsons
Arentz	Driver	Keller	Patman
Arnold	Eslick	Kniffin	Patterson
Ayres	Evans, Mont.	Kopp	Person
Baldrige	Fishburne	Kvale	Pittenger
Barton	Flannagan	LaGuardia	Polk
Beam	Frear	Lambertson	Ragon
Blanton	Fulbright	Lamneck	Ramspeck
Boehne	Fulmer	Lanham	Rankin
Boileau	Gambrill	Lankford, Ga.	Rayburn
Boland	Garber	Larrabee	Robinson
Brand, Ohio	Gasque	Lewis	Romjue
Briggs	Gilchrist	Lichtenwalner	Rutherford
Buchanan	Gillen	Linthicum	Sabath
Bulwinkle	Glover	Loofbourow	Sanders, Tex.
Burch	Granfield	Lovette	Sandlin
Burtness	Green	Lozier	Schneider
Butler	Gregory	McClintic, Okla.	Shallenberger
Byrns	Griswold	McCormack	Shannon
Cable	Guyer	McGugin	Simmons
Campbell, Iowa	Haines	McKeown	Sinclair
Canfield	Hall, Miss.	McReynolds	Sirovich
Cannon	Hall, N. Dak.	McSwain	Spence
Carden	Hardy	Maas	Stafford
Cartwright	Harlan	Major	Summers, Wash.
Chavez	Hart	Manlove	Sumners, Tex.
Cochran, Mo.	Hastings	Mansfield	Swank
Collier	Haugen	Mapes	Tarver
Collins	Hill, Wash.	Martin, Oreg.	Taylor, Colo.
Condon	Hoch	May	Taylor, Tenn.
Cooper, Tenn.	Hogg, Ind.	Mead	Thomason
Cox	Hogg, W. Va.	Miller	Thurston
Crail	Holaday	Milligan	Tucker
Crisp	Hope	Mitchell	Underwood
Crosser	Hopkins	Montague	White
Crowe	Hornor	Moore, Ky.	Whittington
Davis	Howard	Morehead	Williams, Tex.
DeRouen	Huddleston	Murphy	Williamson
Dickinson	Jacobsen	Nelson, Mo.	Wilson
Dies	James	Nolan	Wingo
Dieterich	Jeffers	Norton, Nebr.	Withrow
Dominick	Johnson, Mo.	Oliver, Ala.	Wolfenden
Douglass, Mass.	Johnson, Okla.	Owen	Wright
Dowell	Johnson, Tex.	Palmisano	Yon
Doxey	Jones	Parker, Ga.	

NAYS—157

Abernethy	Cooper, Ohio	Houston, Del.	Rogers
Adkins	Coyle	Hull, Morton D.	Rudd
Aldrich	Darrow	Jenkins	Schafer
Allen	Davenport	Johnson, Wash.	Seger
Andrew, Mass.	Delaney	Kahn	Seiberling
Andrews, N. Y.	Dickstein	Kelly, Pa.	Shott
Bacharach	Disney	Kendall	Smith, Idaho
Bachmann	Doughton	Kurtz	Smith, W. Va.
Bacon	Dyer	Lambeth	Snell
Bankhead	Eaton, Colo.	Lankford, Va.	Snow
Barbour	Eaton, N. J.	Leavitt	Somers, N. Y.
Beck	Englebright	Leech	Stalker
Beedy	Erk	Lehlbach	Steagall
Beers	Estep	Lindsay	Stevenson
Bloom	Evans, Calif.	Lonergan	Stewart
Bohn	Fiesinger	Luce	Strong, Kans.
Bolton	Finley	McClintock, Ohio	Strong, Pa.
Bowman	Fish	McFadden	Sullivan, N. Y.
Brand, Ga.	Fitzpatrick	McLaughlin	Sutphin
Britten	Foss	Magrady	Swanson
Browning	Free	Martin, Mass.	Swing
Brumm	French	Michener	Temple
Busby	Gavagan	Millard	Thatcher
Campbell, Pa.	Gibson	Moore, Ohio	Tilson
Carter, Calif.	Gifford	Mouser	Timberlake
Cavicchia	Goldsborough	Nelson, Me.	Tinkham
Celler	Goodwin	Niedringhaus	Underhill
Chapman	Goss	Norton, N. J.	Vestal
Chindblom	Hadley	Oliver, N. Y.	Vinson, Ga.
Chiperfield	Hall, Ill.	Parker, N. Y.	Warren
Christopherson	Hancock, N. Y.	Partridge	Wason
Clague	Hancock, N. C.	Perkins	Weaver
Clancy	Hartley	Pou	Welch, Calif.
Clark, N. C.	Hawley	Prall	Whitley
Clarke, N. Y.	Hess	Pratt, Harcourt J.	Williams, Mo.
Cochran, Pa.	Hill, Ala.	Pratt, Ruth	Wolcott
Cole, Md.	Hollister	Ralney	Wood, Ind.
Colton	Holmes	Ramseyer	
Connery	Hooper	Ransley	
Cooke	Horr	Reilly	

ANSWERED "PRESENT"—1

Griffin

NOT VOTING—92

Amlie	Carley	Crowther	Fernandez
Andresen	Carter, Wyo.	Crump	Freeman
Auf der Heide	Cary	Culkin	Fuller
Black	Chase	Cullen	Garrett
Bland	Christgau	Curry	Gilbert
Boylan	Cole, Iowa	Dallinger	Golder
Brunner	Connolly	De Priest	Granata
Buckbee	Corning	Douglas, Ariz.	Greenwood
Burdick	Cross	Doutrich	Hare
Hull, William E.	Ludlow	Reid, Ill.	Treadway
Igoe	McDuffie	Rich	Turpin
Johnson, Ill.	McLeod	Sanders, N. Y.	Vinson, Ky.
Johnson, S. Dak.	McMillan	Schuetz	Watson
Kelly, Ill.	Maloney	Selvig	Weeks
Kemp	Montet	Shreve	Welsh, Pa.
Kennedy	Nelson, Wis.	Smith, Va.	West
Kerr	O'Connor	Sparks	Wigglesworth
Ketcham	Overton	Stokes	Wolverton
Kinzer	Peavey	Sullivan, Pa.	Wood, Ga.
Kleberg	Pettengill	Sweeney	Woodruff
Knutson	Purnell	Swick	Woodrum
Larsen	Quin	Taber	Wyant
Lea	Reed, N. Y.	Tierney	Yates

So the motion to instruct the conferees was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Christgau (for) with Mr. Shreve (against).
Mr. Schuetz (for) with Mr. Connolly (against).
Mr. Cross (for) with Mr. Kleberg (against).
Mr. Johnson of South Dakota (for) with Mr. Douglas of Arizona (against).

Until further notice:

Mr. Woodrum with Mr. Welsh of Pennsylvania.
Mr. McDuffie with Mr. Reed of New York.
Mr. Cullen with Mr. Culkin.
Mr. Garrett with Mr. Turpin.
Mr. Kerr with Mr. Reid of Illinois.
Mr. Sweeney with Mr. Watson.
Mr. Montet with Mr. Buckbee.
Mr. Carley with Mr. Golder.
Mr. Quin with Mr. McLeod.
Mr. Greenwood with Mr. Purnell.
Mr. Larsen with Mr. Wyant.
Mr. Vinson of Kentucky with Mr. Wolverton.
Mr. Bland with Mr. Treadway.
Mr. O'Connor with Mr. Rich.
Mr. Corning with Mr. Crowther.
Mr. Smith of Virginia with Mr. Doutrich.
Mr. Crump with Mr. Curry.
Mr. Boylan with Mr. William E. Hull.
Mr. Overton with Mr. Kinzer.
Mr. Fuller with Mr. Johnson of Illinois.
Mr. Hare with Mr. Woodruff.
Mr. Wood of Georgia with Mr. Weeks.
Mr. Kemp with Mr. Swick.
Mr. West with Mr. Yates.
Mr. Pettengill with Mr. Wigglesworth.
Mr. Black with Mr. Taber.
Mr. McMillan with Mr. Dallinger.
Mr. Brunner with Mr. Sullivan of Pennsylvania.
Mr. Maloney with Mr. Chase.
Mr. Auf der Heide with Mr. Carter of Wyoming.
Mr. Fernandez with Mr. Andresen.
Mr. Tierney with Mr. Cole of Iowa.
Mr. Cary with Mr. Burdick.
Mr. Gilbert with Mr. Freeman.
Mr. Lea with Mr. Knutson.
Mr. Kelly of Illinois with Mr. Ketcham.
Mr. Igoe with Mr. Nelson of Wisconsin.
Mr. Kennedy with Mr. Sanders of New York.
Mr. Ludlow with Mr. Stokes.
Mr. Amlie with Mr. Granata.
Mr. Sparks with Mr. De Priest.
Mr. Peavey with Mr. Selvig.

Mr. CROSS. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman in the Chamber and listening when his name was called?

Mr. CROSS. No; I was at lunch.

The SPEAKER. The gentleman does not qualify.

Mr. KETCHAM. Mr. Speaker, I was temporarily absent from the Hall on department business. Had I been present, I would have voted "yea."

Mr. KLEBERG. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman in the Chamber and listening when his name was called?

Mr. KLEBERG. No; I was at lunch.

The SPEAKER. The gentleman does not qualify.

Mr. YATES. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman in the Chamber and listening when his name was called?

Mr. YATES. No, Mr. Speaker.

The SPEAKER. The gentleman does not qualify.

The result of the vote was announced as above recorded.

The SPEAKER. The Chair appoints the following conferees: Messrs. STEAGALL, BRAND of Georgia, STEVENSON, McFADDEN, and STRONG of Kansas.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

AGRICULTURAL APPROPRIATION BILL

Mr. BUCHANAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes. Pending that motion, Mr. Speaker, I ask unanimous consent that the time for general debate may be equally divided and controlled by the gentleman from Nebraska [Mr. SIMMONS] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7912) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1933, and for other purposes, with Mr. MCCORMACK in the chair.

The Clerk read the title of the bill.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent that the first reading of the bill may be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SIMMONS. Mr. Chairman, in order that the gentleman from Indiana [Mr. WOOD] may attend a committee meeting at 2 o'clock, I now yield the gentleman from Indiana 30 minutes.

Mr. WOOD of Indiana. Mr. Chairman, I was surprised, and I suspect many Members of the House were surprised, and I feel the country was astounded, when on the 11th day of this month the Washington Post published a statement setting forth the number of measures that had already been introduced in this House. We had then actually been in session about one month. These measures, if enacted into law, would authorize appropriations in the staggering sum of very nearly $30,000,000,000.

Of course, I realize that many of these measures were introduced, making up this great amount, when the authors of them did not expect them to become law. Many of them, however, were introduced, I dare say, in good faith.

No matter what the purpose of the authors of these measures may have been, I think this is a most unfortunate time to introduce them in this session of the Congress. The whole country is not as well aware of the workings of the Congress as we who participate in its deliberations. A very bad impression, indeed, goes out over the country when in this, the most distressful period through which our country has ever passed, and when all of the eyes of the Nation are turned on the Congress as they were never turned before looking for relief, to see that within 30 days of actual sessions measures amounting to more than $29,000,000,000 are introduced.

I was amazed in looking over this statement to see who the various authors of these measures were to find that one gentleman—and I am pleased that he is not a Member of this House, but at the other end of the Capitol, who but a few days before had criticized the President of the United States in the severest possible language, and had criticized the administration as being a most extravagant administration and the President as being the most extravagant President that had ever occupied that position—according to this statement had introduced measures in the Senate of the United States which if enacted into law would carry $860,000,000. For construction of post offices he provides $300,000,000; canal across Nicaragua, a thing that is not needed now and will not be needed, in my opinion, in 100 years, $150,000,000; aid to agriculture, $100,000,000; veterans' insurance relief, $60,000,000; amendment to veterans' act, $250,000,000.

How this gentleman within a very few days after he had criticized the administration and the President for extravagance could introduce measures aggregating more than $800,000,000 is beyond my ken.

Mr. SIMMONS. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. SIMMONS. A number of us did not understand the name of the person to whom the gentleman referred.

Mr. WOOD of Indiana. Of course, I am not permitted to say; but if I were to guess his name, I would say it is MCKELLAR, of Tennessee.

Mr. OLIVER of New York. Mr. Chairman, I make a point of order on the gentleman's remarks as reflecting on a Senator of the United States.

Mr. WOOD of Indiana. I am not reflecting on him. I am merely stating facts.

Mr. OLIVER of New York. I think the remarks in themselves show such a reflection; and if the gentleman thinks he is not reflecting, I am afraid he is not exercising very good judgment himself.

The CHAIRMAN. The gentleman from Indiana will proceed in order.

Mr. WOOD of Indiana. Mr. Chairman, I wish as briefly as I may to point out some of the abuses against the Treasury of the United States which I think it is high time for us to remedy. We are directly the cause of these abuses; and if they are abuses or if the laws which we passed in good faith, thinking there would be no abuse, we now find are being abused, it is up to us to amend them, and most of them can only be remedied by affirmative legislation.

I wish to call attention to several such items. First, if no person making an income-tax return were entitled to receive allowances or pensions, there would be a saving to the Treasury of the United States of $24,500,000.

Think of this. There are persons who are drawing compensation and pension who are paying income taxes into the Treasury of the United States, whereas if such compensations and pensions were not paid the sum would aggregate $24,500,000. I admire patriotism in war, I admire patriotism in peace; but I say it is a poor exposition of patriotism for any man in the United States who is sufficiently able to pay an income tax to draw out of the Treasury compensation or pension, and there are so many of them that they are drawing out of the Treasury of the United States $24,500,000 a year.

If no person employed by the Federal Government were entitled to such allowances, there would be a further saving of $12,000,000.

We have case after case called to the attention of this House, cases that have come to you and to me in private conversation or through communications, of men who are drawing total disability pensions that are in the employ of the Government, some of them receiving as much as $7,000 a year.

I call your attention to a letter I received on the 9th day of this month:

LINCOLN, NEBR., *January 9, 1932.*

Representative WOOD,
Washington, D. C.

DEAR SIR: I am inclosing to you an article from the Lincoln Star dated June 15, 1931. According to this article one of the officials of the Veterans' Bureau of Lincoln, Nebr., has been awarded $150 a month compensation from the Government.

At the time this claim was allowed this official was working for the Veterans' Bureau at a salary of $3,300 a year.

I have heard it said a number of times that a good many of the Veterans' Bureau officials and employees draw compensation, but still they are able to follow a gainful occupation working for the Veterans' Bureau.

Every year Congress appropriates hundreds of millions of dollars (and each year it increases) which is put at the disposal of the Veterans' Bureau for the World War veterans' relief. A very small percentage of this money is received by the ex-soldier who did actual fighting on the battlefields of France.

The largest percentage is used to pay overhead and compensation to ex-soldiers who never saw foreign service.

There are hundreds of ex-soldiers scattered over the United States who were wounded and gassed and lost their health on the battlefields of France who at the present time do not receive any aid from the United States Government for their service rendered for their country.

These same ex-soldiers who were wounded are paying taxes to the Federal Government, taxes which go to pay compensation to a lot of ex-soldiers who never tasted the pains of war or left the



shores of the United States, and some of whom had served only a few days in some Army camp.

In every locality you will find ex-soldiers who have been wounded and gassed and who have lost their health in foreign service, and at the present time their only means of existence is the few miserable crumbs that charity gives them, for them and their dependents. As a taxpayer, I think the Veterans' Bureau should be discontinued or new management put over it.

Now, my dear friend, if you think you have been misinformed, just take the matter up and investigate, and I think you will find the truth has been revealed to you.

If you will please read this to the United States Congress, it will be appreciated by an ex-soldier who saw actual service on the battlefields of France.

I remain,

Yours respectfully,

JOHN CHANEY,
3108 North Fortieth Street, Lincoln, Nebr.

I have another one here that reads as follows. These are not anonymous letters. They are all signed:

STATE OF MICHIGAN,
THE CRIME COMMISSION,
St. Joseph, January 9, 1932.

Hon. WILLIAM WOOD,
Washington, D. C.

DEAR MR. WOOD: I cut the inclosed clipping from last night's local paper. You have certainly hit the nail on the head in regards to payments to veterans.

The Government has gone crazy and it is a disgust to see how some of the veterans are getting their hands into the United States Treasury while holding Government jobs or State jobs.

In the local post office at Benton Harbor there are four or five veterans drawing more pay than they ever received in their life from the United States Government and could not go out and get a job at one-half the pay they are receiving from the United States Government, and at the same time are receiving pensions from the United States Government, while under civil service and holding jobs for life.

My God! How much longer can the American people stand this outrage? If you want, I can give you the names of these veterans, some of whom never smelt gunpowder and never cocked a gun.

Hoping you will continue your fight and have these cases struck from the pension roll by an amendment to the pension act, I am,

Yours very sincerely,

WILLARD J. BANYON.

P. S. I know of one Spanish War veteran who is drawing a salary of $4,200 a year as a secretary of a chamber of commerce and is receiving a pension, and another receiving a salary of $200 to $250 a month and receiving a pension.

Here is another:

WASHINGTON, D. C., *January 9, 1932.*

Hon. WILL R. WOOD,
Washington, D. C.

DEAR SIR: I am from Evansville, Ind., and have just completed an 8-week course of treatment at naval hospital here through Veterans' Administration, and was much interested in articles today in newspapers quoting your ideas regarding economising in Government departments, especialy those in connection with veterans' compensation and disability allowances, and heartily agree with you that anyone paying income tax should not be entitled to Government pensions, regardless of whether it is a soldiers' allowance or any other sort of pension.

I am a veteran, and am sorry to say, after seeing the "workings" of the Veterans' Administration, I lost some of my admiration for the Government, and am ashamed to see some of the things pulled off for the benefit of the few.

As an illustration—and you can easily verify these statements by a little inquiry—the Veterans' Administration maintains a contact officer at naval hospital, which is within 10 minutes' walk of Veterans' Bureau, whose duties seem to be usually to read magazines and refer veterans to the bureau to settle any claims they may have.

This man, according to the records, draws a pension of $150 per month (I don't know on what grounds), also a salary of $2,700 per year from the Government. Many veterans actually hungry would be glad to have the job at half the salary and claim no pension at all

Look this man over and see if he looks disabled or earns his salary or big pension, and then look at some of the poor, ragged devils drawing $18 per month and no job or anywhere to go when discharged from hospital.

Here is another picture: To my knowledge there are at least two patients at this same hospital that have been there for years, both drawing $150 and more a month compensation. One of them has a wife employed at Veterans' Bureau at a good salary. He stays at hospital, not for treatment but to save money. He is "bothered" with asthma, but never misses a show or any other performance. Another there draws $150 or more and is a regular attendant at all race meets or poker games. The hospital is merely a convenient place to get free board and room. This one has no dependents, and is "suffering" with an inherited disease that does not interfere with his operations.

Please understand me, I don't claim these men are able to work and earn a living, but the Government is paying them enough to enable them to live comfortably, and yet through some "pull" or connection they keep a bed and place to eat in addition to their compensation.

It is not fair at all; as thousands are really sick and on the waiting list for hospitalization that have no income and are confident their Government is doing all it can for them, while it really is catering to a few and leaving the ones really needing go.

Thank God, I am fortunate enough to have sufficient means of supporting myself at present. But if I were in the shoes of some of the poor ones that have even more claim than those I mentioned, and are turned out cold and ragged, I would see "red."

The main trouble with the Veterans' Administration is a few are "hogging" it all, and cause you gentlemen to think the veteran is well cared for, when that is not true.

Neither legally nor morally has any man or woman any right for a claim for pension, compensation, or disability allowance that earns or has an income of $2,000 a year or more when others are hungry, and neither has anyone a right to occupy a hospital bed that is drawing $100 a month, just for a convenient place to live.

Seeing and learning what I have in the past two months has opened my eyes. The shrewd, sharp, able boys are simply making it a racket, while the great majority of deserving but ignorant and trusting veterans are still wondering what it is all about. I think anyone fair will agree that a $2,000 yearly income from any source would void any pension claim, and $1,000 yearly should void claimants with no dependents.

You may think it strange a veteran would have such ideas. But I am thinking about what I would be up against if I were down and out, ragged and hungry, and had a case of real merit or was in the same fix, but really sick, in need of medical care, but denied, because of the hospitals being filled with folk as described above.

I know none of those described personally, but did check them carefully, and you can easily verify my statements by calling the naval hospital and asking for a list of patients (not bed patients) they have had over a year. You can check contact officer's salary and pension from public records.

I am writing you because I wish you to know the great bulk of veterans' expenditures are going not to those that need it but to those that "know enough to get it." Stand out, Mr. WOOD, for no Government pension or allowance for those with sufficient income to live on, and those drawing enough to live on to get out and give those drawing not enough to exist on.

That goes both as to jobs and occupying sleeping space at veterans' hospitals.

But you must remember those fellows are smart and are hard to "get at," as they usually have influential connections, and it takes a real fearless man to get after them.

Believe me, with best wishes for you and pulling for more for needy vets and less for those not needing.

Yours sincerely,

IRA L. HOOPER.

EVANSVILLE, IND., *Route 2.*

Mr. MANLOVE. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. MANLOVE. Would the correction of these incongruities which the gentleman has outlined, and which he says would save the Government $24,000,000 a year, equal the amount that it is proposed in certain other measures now introduced in Congress to offset the salary reduction?

Mr. WOOD. No; but it would go a long way.

Mr. MANLOVE. I wondered whether it would be enough to meet that amount.

Mr. WOOD. No; it would not meet that amount. The newspaper clipping referred to in the letter from St. Joseph, Mich., reads as follows:

PUBLIC PAY ROLL

The cartoon on this page expresses quite clearly the attitude of the public on the one hand and of the politician on the other in the matter of governmental expenditures. Facing a further increase of the already heavy tax burden the public demands the elimination of waste and inefficiency through curtailment in the salaries and personnel of Federal officeholders. Four hundred and forty Representatives and 96 Senators in Congress look over the pay roll, and seeing the names of relatives and friends whom for political reasons or otherwise are holding public office at their behest, advance flimsy excuses for maintaining the present standard of salaries and the present personnel of the pay roll, including, of course, their own salaries. While before them is the tragic picture of 7,000,000 men out of employment and in distress. And in face of the fact that in practically every avenue of human enterprise and endeavor other millions of men and women workers have and are making sacrifices to maintain themselves, their families, and their Government.

Appearing before the members of the House Ways and Means Committee, Under Secretary of the Treasury Ogden Mills told the committee on Wednesday "that the Federal Government must stop the 'cowardly policy' of borrowing and adopt tax increases sufficient to balance the Budget." Stressing the emergency that faces the credit and the stability of the Government with its deficit of upwards of $2,000,000,000 he emphasized that the Government must live within its income, and warned Congress that it must practice not merely self-restraint but self-sacrifice.

Thorough in his presentation of fact and logical in his deductions and argument based upon the facts, as revealed in the report of the Treasury Department, he said further:

"We are fully justified in calling upon the people to make further sacrifices in order to supply their Government with adequate revenue, but we are justified only in making this call if at the same time we eliminate every unnecessary expenditure and see to it that just as enforced economy prevails in every home in the land so must it be observed in every operation of the Federal Government."

The warning of Mr. Mills is timely. Sanity and patriotism on the part of the Members of Congress, that exalted sense of patriotism that is expected of the people of the country, and in which they never have and never will fail their Government, demands, first, that Congress put its own house in order by paring down the Government pay roll, beginning with its own; and second, that as the legislative branch of the Government it cease its unrestrained and destructive "racket" upon the Public Treasury; and third, that it function within its sphere, not as the branch of a paternalistic and bureaucratic government but rather as a great democracy of a great people, as was intended by its founders.

Here is another abuse. If all the inmates of the soldiers' homes or hospitals to-day were required to turn over all loans and pensions except $20 a month for a single person and $60 for a married person, there would be an addition of $8,900,000.

Think of it. The hospitals of the country are being filled by men who are paid disability pensions and they are not contributing one cent toward the upkeep of these institutions.

Under the old law, following the Civil War and the Spanish-American War, when soldiers of these wars entered a Government or a State hospital, or a Government or a State soldiers' home, they took all of his pension away from him except a small amount if he was a single man and less if he was a married man. A single man has no expenses in the hospital—he is furnished with everything except the clothing he wears, and $20 a month would be more than sufficient to furnish his needs. On the other hand, for a married man $60 a month when he is there helpless would be sufficient to contribute to his family, and the remainder should go to the institution that gives him a home.

Now, here is another thing. It applies to the Federal Treasury and the various State treasuries.

The Board of Vocational Training is costing the Federal Government $10,000,000 a year, and imposing the same expenditure upon the States. To my mind that should be abolished entirely. We could thus save $10,000,000 to the Treasury of the United States and $10,000,000 to the various States of the United States that are participating under that act.

Mr. COCHRAN of Missouri. Did the gentleman vote against the bill brought in in the last Congress to increase that amount of money?

Mr. WOOD of Indiana. I did; and I have been opposing it and I am now opposing it. I think it should be abolished. This paternalism that has been growing here year after year and mounting higher and higher with each session of Congress should be brought to an end, and the best way to do it is to correct the mistakes that we have made by rectifying them now when we have the best excuse in the world for doing so, when we have to economize wherever possible, and chop off these paternalistic functions.

The closing of the Charleston Navy Yard and the Boston Navy Yard, whose closing has been recommended by the technical officers of the Navy, would save the Government $2,000,000 a year. Why in the world are we keeping these things up when the Navy itself says that we have no need for them?

The closing of the Army posts that has been recommended by the War Department would save $2,000,000 more a year. You gentlemen who have had experience with the War Department know that they do not give up anything as long as they can hold to it. Yet they have advised the closing of sufficient posts that are obsolete or obsolescent that would result in a saving to the United States Government of $2,000,000 a year.

What would be the result of such an attempt? When the committee that has to do with making appropriations for the Army brings in its bill and suggests a closing of these posts every Member of this House, with a few exceptions that I know of now, who has one of these forts in his district will be here trying to get it put back in the bill again. It is time for us to overcome our own selfish purposes, it is time for us to overlook the selfish purposes of our districts, for the betterment of this Government. I remember, and many of you older men here remember, when we had what is called the United States pension commissioners, a creation of the Civil War. We had them in every State of the Union. They were a pure sinecure. They served no useful purpose, yet it took years and years and years to abolish them. Since I have been in the Congress, when the subtreasuries of the United States became useless after the creation of the reserve system, we tried again and again to abolish them. We finally succeeded when the Members of this Congress realized the utter uselessness of them and the outlay and waste of money in keeping them up.

Another thing I adverted to the other day and repeat now is that if you will abolish the transport system carried on by the Army and the Navy you will save the American people $2,000,000 more a year, and aside from that you can do a duty to the merchant marine of the country and to the people of the country who are not permitted to participate in competition with these transports of the United States.

This brings me to another item about which there has been and no doubt will be considerable controversy. I can not understand why the Government clerks who are being paid out of the Treasury of the United States are so insistent that their salaries shall not be decreased. It is absolutely inconsistent with everything, with existing conditions, with conditions that are prevailing throughout the United States and throughout the rest of the civilized world. Every nation on the face of the earth of any consequence has reduced the salaries of its Federal employees except the United States. Many of the States have likewise done it. Many of the cities have done it, and some of them are now undertaking to do it, and why the salaries of the Federal employees of this Government should be kept up on the basis on which they are now being paid I can not understand. We all know that their salaries were increased four times during and since the war because of the high cost of living. The cost of living has gone down. In some instances it has been reduced as much as 50 per cent, and in many 20 to 30 per cent. Yet these people insist that their salaries shall not be reduced. They have been advocating through the press that they should not be reduced because the President of the United States is opposed to their reduction. That is a mistake, and it should not be uttered again. The President of the United States is not opposed to a reduction of these salaries.

Mr. GIBSON. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. GIBSON. Can the gentleman tell us what the aggregate of the pay roll of the Government of the United States is?

Mr. WOOD of Indiana. About $1,000,000,000, I am informed, not including the Army and Navy.

Mr. GIBSON. I would like to know how much it would save if there were a reduction of 10 per cent.

Mr. WOOD of Indiana. A reduction of 10 per cent would save more than $100,000,000, I am informed by persons who have been figuring upon it. What that reduction should be is a matter concerning which I have my ideas, and concerning which you gentlemen have yours, but that question is bound to be raised. It is being raised to-day in every hamlet in the United States. Take the farmers of the country who do not get enough on the return of their farms to even pay their taxes. They do not think very well of it when they see the rural carrier passing their places who is receiving from $2,100 to $2,300 and $2,500 a year, when he works about three hours a day, and who spends the rest of the time at whatever employment he may find to do.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. ALLGOOD. The gentleman refers to the President's view in regard to a decrease of Government salaries. If we are going to have a decrease in salaries, why not start at the top, with the President, if possible, and go down?

Mr. WOOD of Indiana. That is at the top. I will say to you I will join with the gentleman in that, and I expect Congress to take the initiative. We can not reduce by law the salaries of the President or of Federal judges. Everybody knows that, for it is prohibited by the Constitution. But I say that I have faith enough to believe that if the salaries of the Federal employees are reduced, President Hoover will reduce his own salary. He has reduced it time and time again since this depression has come on by donations he has made. Hardly a week passes but what we see in the papers where he has made a donation to this charity or that charity or some other charity.

Mr. ALLGOOD. If there is going to be a reduction in salaries it should start at the top and be uniform, and it should not be taken out on the little fellows.

Mr. WOOD of Indiana. Absolutely; and I do not propose to take it out of the little fellows. But I receive letters every day saying, "What are you people down there in Washington going to do about reducing Federal salaries?" They realize that those who are working for Uncle Sam receive higher wages than are paid for like services any place else in this country or in the world, and they are sure of their pay. In addition, they have 30 days' leave of absence. Who else receives that kind of leave? They also have 30 days' sick leave. They have all the holidays, and they have Saturday afternoons. It has been figured that they do not work two-thirds of the time for which they are being paid.

Mr. SHANNON. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. SHANNON. Would the gentleman please give us some information of the reputed wealth of the President?

Mr. WOOD of Indiana. I do not know anything about the reputed wealth of the President.

Mr. SHANNON. Is it not common rumor that he is worth many, many millions?

Mr. WOOD of Indiana. Yes; and I say to the gentleman that I am informed that that is a mistake. Of course, that is a matter with which the gentleman and I have little concern; but in answer to the gentleman's question and in order to set right the false impression that has gone over the country, I am informed that the President is not worth a million. He has made a lot of money, but he has given it away. My information, from a reliable source, is that the President to-day is not worth a million dollars.

Mr. SHANNON. Did not his home in Palo Alto, Calif., cost a half million?

Mr. WOOD of Indiana. I do not know anything about it, and I do not know that the gentleman does.

Mr. MEAD. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. MEAD. The gentleman is making an interesting speech, but with regard to the Post Office employees, is it not true that they have, in great measure, taken a very large decrease in salary already, due to the law by which they are paid?

As an example, if the gentleman will bear with me a moment, first, second, third, and fourth class postmasters are paid in proportion to the receipts of their offices. The employees under them are graded according to the receipts of the office. The volume has dropped 30 per cent, and the salaries of first, second, third, and fourth class postmasters, and the employees under them, have been reduced in proportion. The rural letter carriers, of whom the gentleman spoke as working three hours a day, have had their routes extended by the present Postmaster General by from 25 to as high as 60 and 70 miles.

Mr. WOOD of Indiana. And they are paid for it, too.

Mr. MEAD. The city carriers and city clerks have 6,000 less employees now than they had in 1929.

Mr. WOOD of Indiana. More than two-thirds of the employees of the Federal Government are in the Post Office Department. There are more than 360,000 men and women employed in the Post Office Department. The gentleman from New York will remember that at the last session those who were proponents of the Saturday half holiday told us that they considered the half holiday would not cost the Government a single cent; that by reason of the extra efficiency created it would be absorbed. The fact of the matter is the Post Office Department alone, by reason of that half-day vacation, is costing the Government more than $500,000 a year. The fact of the matter is that the half holiday is costing the Bureau of Engraving and Printing $250,000 a year and what this additional cost in other departments is I do not know.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. COCHRAN of Missouri. The gentleman spoke of the low cost of living and the lowered price that the farmer is receiving for his products. The gentleman is certainly in favor of the farmer receiving a reasonable price for his products?

Mr. WOOD of Indiana. Certainly I am in favor of it.

Mr. COCHRAN of Missouri. Then does the gentleman not realize that if the price of the farmer's products goes up, the cost of living rises, and if the cost of living rises and the salaries of these employees are reduced, how are they going to buy the necessities of life for themselves and their families?

Mr. WOOD of Indiana. I hope that the time will come when the farmers will receive an increased price for their products. [Applause.] When that time does come and when the farmers are being paid in proportion to the amount of labor which they put in as compared with the amount of labor that the Federal employees put in, then I will say, "Let us go back and pay them what they are now getting and more if necessary."

Mr. HART. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. HART. The bill now before the committee provides about $20,000,000 for advice to the farmers. There is a good chance for a saving. I do not think the farmer wants it, because it has not done him any good.

Mr. WOOD of Indiana. I hope something will happen for the farmer, because if the farmer ultimately fails, this Republic fails. The whole wealth of this Nation depends upon the farm, so it is unthinkable that the farmer will not come out of this slough of despond in which he finds himself.

[Here the gavel fell.]

Mr. SIMMONS. I yield to the gentleman from Indiana [Mr. WOOD] 10 additional minutes.

Mr. LOZIER. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. LOZIER. Apropos of the suggestion that an increase in farm products would increase the cost of living, is it not true that when the prices of farm commodities decline there is no comparative decline in the cost of living?

Mr. WOOD of Indiana. That is what I tried to explain a while ago. I want to call your attention to what Mr. James P. Goodrich, who was formerly Governor of the State of Indiana, has to say on this subject. I think there is no better business man in the State of Indiana or a more conservative man or a man who takes more interest in the affairs of his State and of the Nation than Mr. Goodrich. This is what he says on this subject:

JANUARY 7, 1932.

Hon. WILL R. WOOD, M. C.,
Washington, D. C.

MY DEAR WILL: I have not always agreed with you on matters outside of Congress, but in the discharge of your duties in Congress I have always agreed with you and especially now when you are standing for the most rigid economy in public affairs.

I do not believe anything could be done that would help more than the dealing with the matter of salaries of public officials in a courageous way. The working people all over the country have taken a reduction and done it in splendid fashion. No strikes at all, in contrast with what happened during the Cleveland administration when we had strikes, lockouts, and martial law all over the country, with bloodshed and riot everywhere.

If salaries of public officials were to be reduced, it would meet with universal approval. There is no excuse, with heavy burdens resting upon taxpayers now, for continuing salaries adjusted with

the high cost formerly obtained. We are down now to about the 1914 level of commodity prices, and there is no reason why salaries and wages in the Government service should not be brought down to a corresponding level.

The salaries paid postal employees are outrageously high. The clerks in our post office get more money than the president of any bank in Randolph County and are paid more than double what they could earn outside of the Government service, and in addition to that they have their vacation, sick leave, and a pension at the end of their service. Rural carriers' positions net over $2,000 a year, and none of them work to exceed four hours a day.

Taxes must be increased, but that increase should be tempered wherever possible by cutting down unnecessary expense.

I had a letter the other day from a man living in my district telling me that the rural carrier who carries his mail gets $2,100 a year and works three hours a day. This man owns 160 acres of land and has a family of four or five children. He said, "Economize as best I could, I could not make ends meet." He said, "I had a fair crop this year, but with the cheap prices we received for our products I did not have enough money left to pay my taxes."

Now, I want to say to you gentlemen that when everybody else is sacrificing, when you and I are being called upon every day to sacrifice—and we will be called upon to sacrifice further by a reduction in our salaries—I want to say it does not set well with me or with the country, and it does not set well with those who are bearing the burdens of taxation to see these high salaries paid to Federal employees, who work less hours than any other employees and who receive better pay than others who render a like service. They do not like the high salaries that the Government employees are receiving, and if this thing is permitted to continue, I want to say to you there will be a revolt among the people who are bearing this burden of taxation.

We know that within a few days we are going to be called upon to increase taxes. We know that this burden of taxation, already heavy, is going to be heavier in order that we may balance our Budget. So wherever there is a chance, as the President of the United States said the other day, we should cut, and cut to the bone. He said to me and he said to our splendid chairman, JOE BYRNS, "You need not be guided by the Budget I sent to you. Wherever you want to make a cut do so." He said another thing we should bear in mind, that we can not relieve this depression by riotous spending, because that is what got us into it, and it is time we were curbing and curtailing these expenditures wherever there is a possibility of doing so.

So I say to you that in order to meet this question and meet it squarely and so it will not be presented during the consideration of every bill that comes in here, I am going to ask, and have asked, the Rules Committee to make in order an amendment to this bill which will settle once for all this question of salary decreases.

Mr. GRISWOLD. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. GRISWOLD. Is it not true that Governor Goodrich, who advocated a reduction in his letter, is at the present time before the Utilities Commission of Indiana opposing any reduction in the rates of his utilities companies below the rates of 1929?

Mr. WOOD of Indiana. I do not know anything about that. Mr. Goodrich is a lawyer, and I suspect he takes legitimate employment.

Mr. GRISWOLD. He is the owner of various utilities in Indiana, is he not?

Mr. WOOD of Indiana. He may be. But salaries everywhere have been reduced. Where can you mention a section of our country in which salaries have not been reduced? Go back to your own home and you will find they have been reducing salaries there.

I was on the Eastern Shore the other day and found that common labor down there is seeking work at $1 a day, with their dinners thrown in, or $1.15 a day and boarding themselves. Think of it. When common laborers are receiving only $1 a day then you ask me to approve of a policy which will pay common laborers in Government employ $3 and $4 a day. It is not right, gentlemen. It is unfair to the people of this country, to the business of this country, and to those who are seeking employment and can not find it.

Mr. BEAM. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. BEAM. Does the gentleman think that $1 a day is a proper standard living wage for an American citizen?

Mr. WOOD of Indiana. No; I do not.

Mr. BEAM. Or that $3 or $4 is a proper standard wage?

Mr. WOOD of Indiana. Well, we are paying $4 and $5 per day, and under existing conditions I think it a splendid wage for common labor; and will not the gentleman admit that the 6,000,000 or 7,000,000 men who are out of employment would be glad to accept $4 or $5 a day if they had the chance?

Mr. BEAM. Does the gentleman advocate cutting the wages of those receiving $3 or $4 a day to the extent of $1 a day; and does the gentleman think that that would result in maintaining a proper standard living wage for American citizens?

Mr. WOOD of Indiana. Nobody is advocating the cutting down of a salary to $1 a day, and I did not say that at all. I said that on the Eastern Shore common laborers were getting $1 a day, and were glad to get it, because of the fact that they are glad to get everything to do. When these people are compelled by their necessities to accept $1 a day when the Government is paying for the same kind of labor $4 and $5 a day, I want to say it does not set very well with a man who has to accept $1 in order to live.

Mr. PARSONS. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. PARSONS. The gentleman is making a very interesting speech, but I am wondering if the gentleman has considered the figures or ascertained whether or not the reduction in the cost of living, including clothing, food, and so on, which the average individual must buy, is in accordance with his schedule providing for a reduction of salaries?

Mr. WOOD of Indiana. Yes; the fact of the business is, it is much lower.

Mr. PARSONS. I have not seen it reflected in the prices here in Washington on any of the hotel menus.

Mr. WOOD of Indiana. If you investigate, you will find that eggs are selling to-day at 16 cents a dozen, whereas I remember a few years ago they were selling at 45 cents a dozen. Other things are selling in proportion. If he reads these Montgomery Ward and Sears-Roebuck advertisements the gentleman will find he can buy canned goods for 5 cents that he could not buy for less than 20 cents a few years ago.

Mr. PARSONS. Of course, the farmer is not getting the price he ought to get for his products, but when they come to the ultimate purchaser, the reduction in price is not there.

Mr. WOOD of Indiana. I agree with the gentleman that that is not what it should be, but you can not remedy that situation by keeping up these wages or even making them higher. Every time you do that you are adding to the burden of the farmer who pays the great bulk of the taxes, so far as our country is concerned.

Mr. YON. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. YON. Does not the gentleman think that if we are going to reduce Government expenses, it is high time we were putting a stop to the creation of bureaus, boards, and commissions?

Mr. WOOD of Indiana. Yes.

Mr. YON. And does not the gentleman think it would be a pretty good idea to start the pruning knife there and cut out about one-third or one-half of those we already have, so that we can begin with some real economy in government?

Mr. WOOD of Indiana. I have expressed myself on that subject and I agree with the gentleman, but we are responsible for every one of these bureaus. So we had better get rid of them and discharge our responsibility in that respect.

[Here the gavel fell.]

Mr. SIMMONS. Mr. Chairman, I yield the gentleman one more minute in order to ask a question. In view of the

statement just made by the good Member on the other side, I think it is fair to state that the first bill they have put through, about which they are boasting, the so-called tariff bill, creates and sets up another high-salaried aggregation of employees here in Washington.

Mr. WOOD of Indiana. As I stated here the other day, the Congress itself is responsible for these bureaus and for these conditions. Not one of the bureaus would be in existence if it were not for our action, and when we decry them, we ought to stop to think that we are responsible for their being established. I admit that we are rapidly getting away from a republican or democratic form of government in favor of a bureaucratic government, to the very great detriment of our country; and I predict if this so-called tariff bill this House passed the other day becomes a law, the producers' counsel, provided for in that measure, will have a force of more than ten hundred in his office inside of 10 years. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield myself one minute merely to state to my colleagues that I realize it is my duty to give a full analysis of the pending bill; but I am not feeling very well to-day, and as I hope to feel better to-morrow, I shall give you an analysis of the bill and a statement as to the manner in which we are speeding up an economy program when the House convenes to-morrow.

I now yield 30 minutes to the gentleman from Missouri [Mr. COCHRAN.]

Mr. COCHRAN of Missouri. Mr. Chairman, in the near future this House will be called upon to express itself on an amendment to the Volstead Act permitting the manufacture and sale of beer.

Beer is made from the products of the farm. The legalization of beer would mean nothing unless the farmer produced the grain that is used in the manufacture of this pure cereal beverage. It is absolutely impossible without the aid of the farmer to make beer. Therefore, I feel justified in presenting to the House to-day indisputable evidence as to how and why prohibition has brought ruin to the American farmers. I say indisputable evidence because this evidence comes from departments of the United States Government in the form of official statistics. If this evidence could be placed in the hands of all the farmers in the United States they could not help but be convinced that prohibition has brought ruin to the American farmer. Let me list some of the facts taken from official Government records:

Farm values increased $50,000,000,000 in the 20 years prior to prohibition.

The farmers of the United States had an income in 1919 of $15,434,000,000.

In 10 years of prohibition farm values dropped $18,4[illegible]3,164,244, and the mortgage indebtedness increased $1,610,826,000.

In 1931 the farm income was $8,514,000,000 less than it was in 1919.

For every dollar of taxes paid by farmers in 1913 they were required to pay $2.49 in 1929.

Farmers lost $54,217,000,000 in income in 10 years of prohibition.

Prohibition has deprived farmers of a market for 1,296,000,000 bushels of grain since 1920.

One million, two hundred and ninety-six thousand farmers have lost a year's work and income during 12 years of prohibition.

Repeal of prohibition would prevent the annual surplus of grain.

The late Wayne B. Wheeler before a Senate committee, said prohibition would deprive 1,000,000 men of employment and release them for war purposes.

Professor Fisher of Yale stated to a congressional committee, that the brewery industry used 675,000 freight cars annually.

The Federal Government could collect a tax of $400,000,000 annually by legalizing the manufacture and sale of beer.

Government has lost $4,800,000,000 in taxes in 12 years of prohibition, enough to meet Government expenses for one full year.

When the national prohibition law became effective in 1920 there were 30 brewing plants in St. Louis representing an invested capital of more than $200,000,000. They gave employment, at remunerative wages, directly and indirectly, to nearly 50,000 persons.

Out of these 30 brewing plants only one of any consequence has been able to withstand the shock of prohibition. That is the plant of Anheuser-Busch (Inc.). One or two of the remaining plants were sold for about eight cents on the dollar of valuation, and the others are standing idle to-day. They are dead property.

Before the adoption of the national prohibition law this firm shipped the products of American farms, in freight train loads, around the world. There was not a city of any size on the face of the globe where these products were not sold. This tremendous export business, as well as the domestic business, was wiped out by the enactment of the prohibition law. It was a complete confiscation of business by fiat of government.

Before prohibition the company was a large buyer of farm grains for conversion into beverages and other food and medicinal products.

In this discussion it is pertinent to compare the conditions of agriculture before and after prohibition. Are the farmers more prosperous or less prosperous under prohibition, and why?

The national prohibition law became effective January 16, 1920. I shall designate, in this discussion, the 20-year period before 1920 as the preprohibition era and the period after that date as the prohibition era.

FARMERS HAPPY AND PROSPEROUS BEFORE PROHIBITION

Fortunately for this discussion the United States Department of Agriculture and the Census Bureau have fully collected facts and figures concerning agriculture for both the preprohibition and the prohibition eras. Nothing is left to guesswork. It is all a matter of Government record.

The honorable Secretary of Agriculture, Mr. Arthur M. Hyde, in his annual report to Congress for 1931 says:

> The average valuation of farm real estate in the United States doubled from 1900 to 1910, and the gain continued at an increasing rate until 1920.

I have examined the census reports to ascertain, in dollars and cents, what this great increase in the value of farm real estate meant to the American farmers. I find:

That farm real estate values increased almost $50,000,000,000 in the 20-year period before prohibition.

In 1900 the value of farm lands and buildings was $16,614,647,491.

In 1910 the value of farm lands and buildings had increased to $34,614,125,697.

That was an increase of $18,191,478,206 in 10 years, or 109.5 per cent.

In 1920 the value of farm lands and buildings was $66,316,002,602.

That was an increase of $31,702,876,905, or 90.6 per cent.

In the 20-year period before prohibition the exact increase in farm real estate values was $49,894,355,111.

In 1919, the year before the national prohibition law became effective, the farmers of the United States had an income of $15,434,000,000.

Farm income in 1919 was only $1,186,640,491 less than the value of all farm lands and buildings in the United States in 1900.

These figures, from the United States Department of Agriculture and the Census Bureau, accurately measure the marvelous increase in the wealth and income of the American farmers in the 20-year period before the national prohibition law wiped out the home market for an enormous quantity of farm products.

PINNACLE OF FARM PROSPERITY

Figuratively speaking, the American farmers were sitting on top of the world in 1919. From this pinnacle of pros-

perity they could survey their 6,448,343 farms, having an aggregate value of $66,316,002,602, and yielding an income of $15,434,000,000. In addition to lands and buildings they had implements and farm machinery valued at $3,594,772,428, increasing their wealth to approximately $70,000,000,000.

Happy and prosperous were the American farmers before prohibition.

THE 12-YEAR PERIOD AFTER PROHIBITION

I have shown that according to the United States census reports the farm lands and buildings in the United States were valued at $66,316,002,602 in 1920, the beginning of the prohibition era.

In 1930, after 10 years of prohibition, the value of farm lands and buildings had dropped to $47,870,838,358—a decline of $18,446,164,244.

The mortgage indebtedness on the rapidly declining value of the farms increased from $7,857,700,000 in 1920 to $9,468,536,000 in 1930—an increase of $1,610,826,000 in the 10 prohibition years.

In his 1931 annual report to Congress Secretary Hyde estimated the farm income of 1931 at $7,000,000,000, but the Bureau of Agricultural Economics, at the end of the year, fixed the farm income at $6,920,000,000.

That is a decline of $8,514,000,000 from the farm income of 1919.

We have it upon the authority of the Secretary of Agriculture, in his 1931 report, that for every dollar in taxes the American farmers paid in 1913 they had to pay $2.49 in 1929. The farmer will recall that among the many benefits promised for prohibition great reduction in taxes was one. But the records of the Government show that after 10 years of prohibition they are paying two and one-half times as much taxes as before prohibition.

FARMERS $74,278,000,264 POORER AFTER 10 YEARS OF PROHIBITION

Taking the 1919 income of the American farmers as a basis for calculation, I find, on checking the records of the United States Department of Agriculture, that they have lost $54,217,000,000 in income during 10 years of prohibition. If we add to this the decline in farm real-estate values and the increase in mortgage indebtedness, we find that the American farmers are $74,278,000,264 poorer than they would have been if agriculture had continued on the prosperous basis of 1919.

In 10 years of prohibition the American farmers suffered a loss in income, or buying power, greater than the wealth of all the millionaires of the United States, including the Rockefellers and the Fords.

161,343 FARMS SOLD FOR TAXES AND MORTGAGES LAST YEAR

But the saddest part of the story is yet to be told.

The reports of the Department of Agriculture show that for the year ending March 15, 1931, 26.1 farms out of every 1,000 in the United States were sold for delinquent taxes and under mortgage foreclosure.

The census reports show that there were 6,288,648 farms in the United States in 1930. Therefore, there were 161,343 farms sold for tax and mortgage delinquencies in the fiscal year ended March 15, 1931.

That is at the rate of 450 farms going under the hammer of forced sale every day of the year, including Sundays.

If the average farm family contains 5 persons, then 806,715 farm people were rendered homeless and helpless in a single year by the forced sale of their property. That is the picture of the deplorable plight of our American farmers in the eleventh year of national prohibition, as drawn from the records of the United States Government.

BEFORE PROHIBITION: RICH AND HAPPY FARMERS—AFTER PROHIBITION BEGGING FOR GOVERNMENT HELP

A recapitulation of the foregoing facts shows that at the beginning of 1920, which was also the beginning of the national prohibition era, the American farmers were prosperous beyond their fondest dreams. In the 20 years preceding prohibition their real estate wealth had increased $50,000,000,000, and their income had mounted to $15,434,000,000.

Then came national prohibition. In 10 years, from shrinkage of income alone, the farmers lost $54,000,000,000 in buying power; the value of their farm lands declined nearly $20,000,000,000; their taxes were more than doubled; and their homes are being taken away from them, under forced sale, at the rate of more than 160,000 a year. They have been driven by the sheer force of circumstances to throw themselves at the feet of the Government and beg for relief.

WHAT PROHIBITION HAS DONE TO FARMERS

What has prohibition had to do with this farm debacle? Again, I turn to the records of the Government for answer.

In 1917, the Senate Committee on Agriculture and Forestry held hearings on a bill to prohibit the use of grain in the manufacture of beverages. This was really a prohibition bill, sponsored by all the accredited prohibition organizations, to force prohibition upon the country in the guise of a food-conservation measure.

These hearings gave the prohibitionists an opportunity to present to the Congress statistics showing the enormous quantities of grain, coal, and other raw materials consumed in the brewing industry in the manufacture of beer.

DRY LAW COST FARMERS MARKET FOR 1,296,000,000 BUSHELS OF GRAIN

There was presented to the Senate committee on behalf of the War Prohibition Conservation Committee a statement that 108,000,000 bushels of grain were used in 1916 in the manufacture of beverages.

This statement was signed by Irving Fisher, professor of political economy of Yale University, and T. N. Carver, Edmund E. Day, William N. Ripley, and Edwin F. Gay, professors in the department of economics of Harvard University.

On behalf of the War Prohibition Conservation Committee this statement was distributed to members of the Senate committee by Edwin F. Dinwiddie, then chief legislative agent of the Anti-Saloon League and now director of the united prohibition organizations.

There was attached to this statement a certification signed by Profs. Walter Cannon and Percy G. Styles, of the department of physiology of Harvard University, and by Professor Fisher, of Yale, that this grain was sufficient to feed 7,000,000 people for an entire year.

Of the 108,000,000 bushels, it was shown that 60,000,000 bushels were used in the manufacture of beer.

Twelve crop years have passed since the enactment of national prohibition. On the basis of 1916 production of grain beverages the American farmers, therefore, have lost a market for 1,296,000,000 bushels of grain.

EMPLOYMENT OF 125,000 FARMERS TO GROW GRAIN FOR BEER

In November, 1931, the Senate Committee on Agriculture and Forestry held another hearing. The committee was trying to find out why the Federal farm relief bill, for which $500,000,000 had been appropriated, had failed to benefit agriculture. There appeared at this hearing Mr. George S. Milnor, the $50,000-a-year grain expert of the Federal Farm Board and the Farmers National Grain Corporation, a subsidy of the Federal Farm Board.

Mr. Milnor testified that it gave full-time employment to 25,000 farmers to grow the 25,000,000 bushels of wheat exchanged by the board for Brazilian coffee.

I have examined the records of the Department of Agriculture to ascertain how much grain an average farmer, working under average conditions, could produce for the market in a year.

The department has no figures on this subject. But experts of the Bureau of Farm Management of the department estimated that under average conditions a farmer could cultivate 80 acres of grain, 40 in corn and 40 in small grains. The average yield of corn and barley in the United States is 25 bushels to the acre. But as only a small part of the corn crop and about one-third of the barley crop reach the market for sale, it is evident that one farmer can

not produce more than 1,000 bushels of grain for the market in a year.

It would, therefore, give full-time employment to 100,000 farmers to grow and market the grain that was used in the manufacture of beverages in 1916.

If production of beverages had continued, without interruption, in proportion to the increase in population, it would have required the full time of 121,000 farmers to grow the grain that would have been consumed in 1931.

On the basis of 1916 production of beverages, and taking no account of the increase in population, 1,200,000 farmers have lost a year's work and income during the 12 years of prohibition.

Taking into account the increase in population 151,000 farmers lost a year's work and income last year on account of prohibition.

151,000 FARM HOMES COULD HAVE BEEN SAVED

I have shown from computations based upon the records of the Department of Agriculture that the home and lands of 161,163 farmers were sold under mortgage foreclosure and for taxes in the fiscal year ending March 15, 1931. The repeal, or mere amendment of the national prohibition act, would have saved 151,000 of these homes to their owners, and would have prevented 655,000 farm people from being turned out of house and home.

GRAIN SURPLUS CONTROLS GRAIN PRICES AS WHOLE

The destruction by prohibition of an American market for more than 100,000,000 bushels of grain annually has greatly augmented the accumulated surplus of grains in the domestic markets. Let us, for a moment, consider the effect of surplus grain on the market price. I turn again to the official records of the Federal Government.

Says Secretary of Agriculture Hyde in his 1931 report to Congress:

Our agriculture is burdened with surpluses.

When any country from year to year has an exportable surplus of a commodity, or group of commodities, the price realized for the export surplus determines the price of the whole supply.

This statement of Secretary Hyde makes it emphatic that it is the surpluses that have brought ruin to the American farmers. Prohibition has contributed at least 3,000,000,000 bushels to the surplus of grains in the United States during the 12 prohibition years. Now, says Secretary Hyde, quite correctly, our agriculture is burdened with surpluses, and it is these surpluses that control the price paid to the farmers for their entire crops.

FARMERS' AGRICULTURAL PLANS PREVENT CONSTRUCTION

Again I quote from Secretary Hyde's 1931 report to Congress:

* * * our export trade in farm products brings a large part of our agricultural industry under foreign market influence. * * * If a surplus must be sold, the price falls in the domestic market to a point at which foreigners will buy. This explains why foreign sellings have a much greater influence on prices than their proportion to the total would indicate. No device can be a remedy which fails to increase these exportable surpluses. Actually to reduce these surpluses is the only logical course. They can not be forced into unwilling markets.

REPEAL OR MODIFICATION WOULD ENDING THE SURPLUSES

The reasoning of the Secretary of Agriculture is based on sound economics. He points out plainly that there can be no remedy for this situation which tends to increase surpluses, and, adds that the only effective remedy is to reduce the surpluses. The repeal or same amendment of the prohibition law to legalize four per cent beer would create a domestic market for these surplus grains and thereby provide the remedy which the Secretary of Agriculture is unable to find.

In this crisis neither the President, nor the Secretary of Agriculture, nor the Federal Farm Board, has offered a constructive remedy. At a loss of hundreds of millions of dollars of taxpayers' money the Federal Farm Board attempted to control the surpluses of wheat and cotton by outright purchase. That did not dispose of the surpluses, but left them hanging over the market like a deadly miasma. Agriculture has gone from bad to worse.

GRAPE SURPLUS HAS RISEN

In one particular instance the Secretary of Agriculture and the Federal Farm Board practiced good economics. They found a home market not only for the surplus grape crop, but a very large part of the entire crop, by permitting grapes to be converted into wine.

In his annual report Secretary Hyde makes it clear that the appeals of both the Department of Agriculture and the Federal Farm Board to the farmers to grow smaller crops have merely resulted in larger crops. But if the administration, which is committed to prohibition, had permitted the surplus of grains to be manufactured into beverages, as it did permit the grapes to be manufactured into wine, then the problem of grain surpluses would have been as effectively disposed of in the domestic markets as were the grapes.

$20,000,000 OF FEDERAL AID TO WINE MAKERS

The Federal Farm Board solved the problem of surpluses for the California grape growers by finding them $20,000,000 of Government money to convert 80,000 tons of grapes into wines containing 12 to 20 per cent of alcohol, or into concentrates from which wines and champagne are easily produced. Not only the surplus of the crop went into wines and concentrates but practically the entire grape-juice crops of California. This is being done at the present time with money loaned out of the Federal Treasury, but it has been done successfully ever since the enactment of the national prohibition law. Federal Prohibition Director Woodcock, in a recent survey, fixes the amount of wine made from California grapes between 1923 and 1929 at 1,000,000,000 gallons, all containing 12 per cent of alcohol. He computes the amount of absolute alcohol in this wine at 120,000,000 gallons.

$60,000 WORTH OF EMPLOYMENT ON WINE INDUSTRY

We are told in the literature of the California grape growers that 150,000 to 200,000 people are dependent upon this industry. The enforcement of the prohibition law against the grape growers, as it is enforced against the grain growers, would, therefore, deprive that number of people of a livelihood. It would lay waste a strip of land 100 miles wide and 1,000 miles long. But under the Government policy of permitting the manufacture of wine, and aiding its manufacture with Government loans, much of the California grape lands are valued at more than $1,000 an acre, in contrast with the rapidly declining value of grain lands.

GOVERNMENT ACTS WISELY

It was a splendid example of governmental wisdom to save the great California grape industry by financing the conversion of 80,000 carloads of California grapes into 12 per cent wines. Under section 29 of the national prohibition act, as passed by Congress, and interpreted by the courts and the Federal Prohibition Department, it is entirely legal to make wines and ciders in the home, without regard to quantity or alcoholic content. This policy on the part of the Government has resulted in great benefits to the grape growers.

A similar policy on the part of the Government with respect to the manufacture of 4 per cent beer, which contains only one-third as much alcohol as the legal Government-financed wines and champagnes, would have disposed of a large part of the marketable surplus of grains and likewise would have contributed greatly to the prosperity of the grain farmers.

GRAIN SURPLUSES ANALYZED

Consider for a moment the problem of surpluses. I have shown upon the authority of Professors Fisher, of Yale, and Carver and others, of Harvard, that, in 1916, 103,000,000 bushels of grain were converted into beverages. They based these figures on Government reports. According to their computations this grain amounted to 2.3 per cent of the entire corn, wheat, oats, rice, and barley crops grown in the United States. The principal grains used in the manufacture of beer are barley, corn, and rice. Hops are also an essential ingredient.

perity they could survey their 6,448,343 farms, having an aggregate value of $66,316,002,602, and yielding an income of $15,434,000,000. In addition to lands and buildings they had implements and farm machinery valued at $3,594,772,428, increasing their wealth to approximately $70,000,000,000.

Happy and prosperous were the American farmers before prohibition.

THE 12-YEAR PERIOD AFTER PROHIBITION

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In 1930, after 10 years of prohibition, the value of farm lands and buildings had dropped to $47,879,838,358—a decline of $18,446,164,244.

The mortgage indebtedness on the rapidly declining value of the farms increased from $7,857,700,000 in 1920 to $9,468,526,000 in 1930—an increase of $1,610,826,000 in the 10 prohibition years.

In his 1931 annual report to Congress Secretary Hyde estimated the farm income of 1931 at $7,000,000,000, but the Bureau of Agricultural Economics, at the end of the year, fixed the farm income at $6,920,000,000.

That is a decline of $8,514,000,000 from the farm income of 1919.

We have it upon the authority of the Secretary of Agriculture, in his 1931 report, that for every dollar in taxes the American farmers paid in 1913 they had to pay $2.49 in 1929. The farmer will recall that among the many benefits promised for prohibition great reduction in taxes was one. But the records of the Government show that after 10 years of prohibition they are paying two and one-half times as much taxes as before prohibition.

FARMERS $74,273,990,244 POORER AFTER 10 YEARS OF PROHIBITION

Taking the 1919 income of the American farmers as a basis for calculation, I find, on checking the records of the United States Department of Agriculture, that they have lost $54,217,000,000 in income during 10 years of prohibition. If we add to this the decline in farm real-estate values and the increase in mortgage indebtedness, we find that the American farmers are $74,273,990,244 poorer than they would have been if agriculture had continued on the prosperous basis of 1919.

In 10 years of prohibition the American farmers suffered a loss in income, or buying power, greater than the wealth of all the millionaires of the United States, including the Rockefellers and the Fords.

161,143 FARMS SOLD FOR TAXES AND MORTGAGES LAST YEAR

But the saddest part of the story is yet to be told.

The reports of the Department of Agriculture show that for the year ending March 15, 1931, 26.1 farms out of every 1,000 in the United States were sold for delinquent taxes and under mortgage foreclosure.

The census reports show that there were 6,288,648 farms in the United States in 1930. Therefore, there were 161,143 farms sold for tax and mortgage delinquencies in the fiscal year ended March 15, 1931.

That is at the rate of 450 farms going under the hammer of forced sale every day of the year, including Sundays.

If the average farm family contains 5 persons, then 820,715 farm people were rendered homeless and helpless in a single year by the forced sale of their property. That is the picture of the deplorable plight of our American farmers in the eleventh year of national prohibition, as drawn from the records of the United States Government.

BEFORE PROHIBITION: RICH HAPPY FARMERS—AFTER PROHIBITION BEGGING FOR GOVERNMENT HELP

A recapitulation of the foregoing facts shows that at the beginning of 1920, which was also the beginning of the national prohibition era, the American farmers were prosperous beyond their fondest dreams. In the 20 years preceding prohibition their real estate wealth had increased $50,000,000,000, and their income had mounted to $15,434,000,000.

Then came national prohibition. In 10 years, from shrinkage of income alone, the farmers lost $54,000,000,000 in buying power; the value of their farm lands declined nearly $20,000,000,000; their taxes were more than doubled; and their homes are being taken away from them, under forced sale, at the rate of more than 160,000 a year. They have been driven by the sheer force of circumstances to throw themselves at the feet of the Government and beg for relief.

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What has prohibition had to do with this farm debacle? Again, I turn to the records of the Government for answer.

In 1917, the Senate Committee on Agriculture and Forestry held hearings on a bill to prohibit the use of grain in the manufacture of beverages. This was really a prohibition bill, sponsored by all the accredited prohibition organizations, to force prohibition upon the country in the guise of a food-conservation measure.

These hearings gave the prohibitionists an opportunity to present to the Congress statistics showing the enormous quantities of grain, coal, and other raw materials consumed in the brewing industry in the manufacture of beer.

DRY LAW COST FARMERS MARKET FOR 1,296,000,000 BUSHELS OF GRAIN

There was presented to the Senate committee on behalf of the War Prohibition Conservation Committee a statement that 108,000,000 bushels of grain were used in 1916 in the manufacture of beverages.

This statement was signed by Irving Fisher, professor of political economy of Yale University, and T. N. Carver, Edmund E. Day, William N. Ripley, and Edwin F. Gay, professors in the department of economics of Harvard University.

On behalf of the War Prohibition Conservation Committee this statement was distributed to members of the Senate committee by Edwin F. Dinwiddee, then chief legislative agent of the Anti-Saloon League and now director of the united prohibition organizations.

There was attached to this statement a certification signed by Profs. Walter Cannon and Percy G. Styles, of the department of physiology of Harvard University, and by Professor Fisher, of Yale, that this grain was sufficient to feed 7,000,000 people for an entire year.

Of the 108,000,000 bushels, it was shown that 80,000,000 bushels were used in the manufacture of beer.

Twelve crop years have passed since the enactment of national prohibition. On the basis of 1916 production of grain beverages the American farmers, therefore, have lost a market for 1,296,000,000 bushels of grain.

EMPLOYMENT OF 108,000 FARMERS TO GROW GRAIN FOR BEER

In November, 1931, the Senate Committee on Agriculture and Forestry held another hearing. The committee was trying to find out why the Federal farm relief bill, for which $500,000,000 had been appropriated, had failed to benefit agriculture. There appeared at this hearing Mr. George S. Milnor, the $50,000-a-year grain expert of the Federal Farm Board and the Farmers National Grain Corporation, a subsidy of the Federal Farm Board.

Mr. Milnor testified that it gave full-time employment to 25,000 farmers to grow the 25,000,000 bushels of wheat exchanged by the board for Brazilian coffee.

I have examined the records of the Department of Agriculture to ascertain how much grain an average farmer, working under average conditions, could produce for the market in a year.

The department has no figures on this subject. But experts of the Bureau of Farm Management of the department estimated that under average conditions a farmer could cultivate 80 acres of grain, 40 in corn and 40 in small grains. The average yield of corn and barley in the United States is 25 bushels to the acre. But as only a small part of the corn crop and about one-third of the barley crop reach the market for sale, it is evident that one farmer can

not produce more than 1,000 bushels of grain for the market in a year.

It would, therefore, give full-time employment to 108,000 farmers to grow and market the grain that was used in the manufacture of beverages in 1916.

If production of beverages had continued, without interruption, in proportion to the increase in population, it would have required the full time of 131,000 farmers to grow the grain that would have been consumed in 1931.

On the basis of 1916 production of beverages, and taking no account in the increase in population, 1,296,000 farmers have lost a year's work and income during the 12 years of prohibition.

Taking into account the increase in population 131,000 farmers lost a year's work and income last year on account of prohibition.

131,000 FARM HOMES COULD HAVE BEEN SAVED

I have shown from computations based upon the records of the Department of Agriculture that the homes and lands of 161,143 farmers were sold under mortgage foreclosure and for taxes in the fiscal year ending March 15, 1931. The repeal, or sane amendment of the national prohibition act, would have saved 131,000 of these homes to their owners, and would have prevented 655,000 farm people from being turned out of house and home.

EXPORT SURPLUS CONTROLS GRAIN PRICES AT HOME

The destruction by prohibition of an American market for more than 100,000,000 bushels of grain annually has greatly augmented the accumulated surplus of grains in the domestic markets. Let us, for a moment, consider the effect of surplus grain, on the market price. I turn again to the official records of the Federal Government.

Says Secretary of Agriculture Hyde in his 1931 report to Congress:

> Our agriculture is burdened with surpluses . . .
> When any country from year to year has an exportable surplus of a commodity, or group of commodities, *the price realized for the export surplus determines the price of the whole supply.*

This statement of Secretary Hyde makes it emphatic that it is the surpluses that have brought ruin to the American farmers. Prohibition has contributed at least 1,256,000,000 bushels to the surplus of grains in the United States during the 12 prohibition years. Now, says Secretary Hyde, quite correctly, our agriculture is burdened with surpluses, and it is these surpluses that control the price paid to the farmers for their entire crops.

AMERICAN AGRICULTURE UNDER FOREIGN DOMINATION

Again I quote from Secretary Hyde's 1931 report to Congress:

> * * * our export trade in farm products brings a large part of our agricultural industry under foreign market influence. * * * If a surplus must be sold, the price falls in the domestic market to a point at which foreigners will buy. This explains why foreign takings have a much greater influence on prices than their proportion to the total would indicate. No device can be a remedy which tends to increase these exportable surpluses. Actually to reduce these surpluses is the only logical course. They can not be forced into unwilling markets.

REPEAL OF PROHIBITION WOULD ABSORB THE SURPLUSES

The reasoning of the Secretary of Agriculture is based on sound economics. He points out plainly that there can be no remedy for this situation which tends to increase surpluses, and adds that the only effective remedy is to reduce the surpluses. The repeal or sane amendment of the prohibition law to legalize four per cent beer would create a domestic market for these surplus grains and thereby provide the remedy which the Secretary of Agriculture is unable to find.

In this crisis neither the President, nor the Secretary of Agriculture, nor the Federal Farm Board, has offered a constructive remedy. At a loss of hundreds of millions of dollars of taxpayers' money the Federal Farm Board attempted to control the surpluses of wheat and cotton by outright purchase. That did not dispose of the surpluses, but left them hanging over the market like a deadly miasma. Agriculture has gone from bad to worse.

GRAPE SURPLUS INTO WINE

In one particular instance the Secretary of Agriculture and the Federal Farm Board practiced sound economics. They found a home market not only for the surplus grape crop, but a very large part of the entire crop, by permitting grapes to be converted into wine.

In his annual report Secretary Hyde makes it clear that the appeals of both the Department of Agriculture and the Federal Farm Board to the farmers to grow smaller crops have merely resulted in larger crops. But if the administration, which is committed to prohibition, had permitted the surplus of grains to be manufactured into beverages, as it did permit the grapes to be manufactured into wine, then the problem of grain surpluses would have been as effectively disposed of in the domestic markets as were the grapes.

$23,000,000 OF FEDERAL AID TO WINE MAKERS

The Federal Farm Board solved the problem of surpluses for the California grape growers by lending them $23,000,000 of Government money to convert 80,000 tons of grapes into wines containing 12 to 20 per cent of alcohol, or into concentrates from which wine and champagne are easily produced. Not only the surplus of the crop went into wines and concentrates but practically the entire grape-juice crops of California. This is being done at the present time with money loaned out of the Federal Treasury, but it has been done successfully ever since the enactment of the national prohibition law. Federal Prohibition Director Woodcock, in a recent survey, fixes the amount of wine made from California grapes between 1923 and 1929 at 1,086,569,000 gallons, all containing 12 per cent of alcohol. He computes the amount of absolute alcohol in this wine at 130,288,286 gallons.

200,000 PEOPLE DEPENDENT ON WINE INDUSTRY

We are told in the literature of the California grape growers that 150,000 to 200,000 people are dependent upon this industry. The enforcement of the prohibition law against the grape growers, as it is enforced against the grain growers, would, therefore, deprive that number of people of a livelihood. It would lay waste a strip of land 100 miles wide and 1,000 miles long. But under the Government policy of permitting the manufacture of wine, and aiding its manufacture with Government loans, much of the California grape lands are valued at more than $1,000 an acre, in contrast with the rapidly declining value of grain lands.

GOVERNMENT ACTS WISELY

It was a splendid example of governmental wisdom to save the great California grape industry by financing the conversion of 80,000 carloads of California grapes into 12 per cent wines. Under section 29 of the national prohibition act, as passed by Congress, and interpreted by the courts and the Federal Prohibition Department, it is entirely legal to make wines and ciders in the home, without regard to quantity or alcoholic content. This policy on the part of the Government has resulted in great benefits to the grape growers.

A similar policy on the part of the Government with respect to the manufacture of 4 per cent beer, which contains only one-third as much alcohol as the legal Government-financed wines and champagnes, would have disposed of a large part of the marketable surplus of grains and likewise would have contributed greatly to the prosperity of the grain farmers.

GRAIN SURPLUSES ANALYZED

Consider for a moment the problem of surpluses. I have shown upon the authority of Professors Fisher, of Yale, and Carver and others, of Harvard, that, in 1916, 108,000,000 bushels of grain were converted into beverages. They based these figures on Government reports. According to their computations this grain amounted to 2.3 per cent of the entire corn, wheat, oats, rice, and barley crops grown in the United States. The principal grains used in the manufacture of beer are barley, corn, and rice. Hops are also an essential ingredient.

The records of the Department of Agriculture show that only 69 to 71 per cent of the wheat crop reaches the market for sale, 14 to 21 per cent of the corn crop, 27 to 43 per cent of the barley crop, and 95 to 96 per cent of the rice crop.

Analysis of the exports of wheat, corn, barley, and rice shows that on the average about 10.5 per cent of the total crop is exported. It is this comparatively small export surplus that is bringing ruin to the American farmers, if the economic reasoning of the Secretary of Agriculture is correct.

BEVERAGE GRAINS EQUAL 8.7 PER CENT OF CROPS MARKETED

Further analysis shows that the amount of grains consumed in making beverages in 1916 is equivalent to 8.7 per cent of the entire wheat, corn, barley, and rice crops actually sold in both the domestic and foreign markets during three average years of the prohibition period. If the consumption of grain in making beverages had continued to increase in proportion to population, the amount would now be sufficient to wipe out the exportable surplus that controls the home market to the disaster of our farmers.

MORE THAN TWICE THE WORLD SURPLUS

The Secretary of Agriculture, in his 1931 report to Congress, states that the world surplus of wheat on July 31 last was 679,000,000 bushels. The amount of grain that would have been consumed in the manufacture of beverages during the 12 years of prohibition would be more than twice the world surplus of wheat. After 12 years of accumulated grain surpluses the American farmers, according to Secretary Hyde's report, received 36.1 cents a bushel for their wheat on October 15, 1931. In 1919, before national prohibition, the farmers received $2.18 a bushel for their wheat. During the World War they might have received $5 a bushel if the Government had not limited the price.

GOVERNMENT RECORDS PROVE PROHIBITION RUINED FARMERS

The foregoing records of the United States Government present incontrovertible and convincing proof that the American farmers are the victims of the cruel and destructive prohibition law.

It may be argued that since large quantities of illegal liquor are everywhere available in the United States that a good deal of farm products has been used in this illegal manufacture. It is undoubtedly true that some farm products have been so used.

It was recently stated on the floor of Congress by one of our colleagues, the honorable WILLIAM E. HULL, of Illinois, that the greater part of the alcohol, legal and illegal, manufactured in the United States is from blackstrap molasses imported from Cuba. It is also true that large quantities of whisky and beer, made from foreign-grown grains, have been smuggled into this country. Mr. Woodcock's survey shows that more than three times as much wine is made now than before prohibition, but that is legal.

The farmers have also been hurt because the confiscation of the brewing industry by prohibition threw great numbers of laboring men in the cities out of employment and rendered practically useless property worth a billion dollars. These idle men, all buyers and consumers of farm products, had their buying power greatly reduced.

MORE THAN 1,000,000 MEN EMPLOYED BY INDUSTRY

In the hearings on the war-time prohibition measures before the Senate Committee on Agriculture in 1917 the late Wayne B. Wheeler, then chief lobbyist for the Antisaloon League, said that the enactment of this legislation would deprive more than 1,000,000 men of employment and release them for war purposes. During the war the million men could readily be absorbed in other employment, but after the war was over the problem was more difficult.

Professor Fisher, of Yale, represented to Congress that the brewing industry created 13,500,000 tons of freight annually. That would load 675,000 freight cars.

If Mr. Wheeler's statement was true in 1917—and I think it was—then the reestablishment of the brewing industry would provide employment for at least 1,000,000 persons, of whom 130,000 would be farmers to produce the 130,000,000 bushels of grain that would be required for conversion into beer.

If Professor Fisher was right—and I think he was—the relegalization of beer would start 675,000 loaded freight cars to moving on the tracks of our railroads. That would help the railroads, give employment to many working men, and put large sums of money into circulation.

The Federal Government now has a deficit in its Treasury of nearly $2,000,000,000 with a prospect that it will be doubled within the next two years. On the basis of the existing tax of $6 a barrel on beer, and the preprohibition production of more than 66,000,000 barrels, the Federal Government could collect $400,000,000 a year on beer taxes. Suppose the Government had collected $400,000,000 a year during the 12 prohibition years. The total would have been $4,800,000,000, enough to take care of the present $2,000,000,000 deficit and leave $2,800,000,000 to be applied to the prospective additional $2,000,000,000 deficit just around the corner.

The effect of the employment of a million men at this time when millions are unemployed, and the revival of numerous industries dependent upon the brewing industry, would be immediately beneficial to the farmers of the United States by increasing the home market for their grains, fruits, and vegetables, timber for barrels and boxes, and other products of farm and forest and mine needed in these industries.

FARMERS CRUELLY VICTIMIZED BY PROHIBITION PROPAGANDISTS

The American farmers have been cruelly victimized by the professional prohibition agitators. These propagandists for pay, who are largely responsible for the ruin of the farmers, live on the fat of the land. Former Senator James A. Reed, of Missouri, investigated the Antisaloon League in 1926 and found that it had spent $67,000,000 in prohibition activities, more than half of which went into the pockets of its political agents and employees as salaries and expenses.

EASY LIVING FOR PROPAGANDISTS—BACK-BREAKING TOIL AND RUIN FOR FARMERS

There are 33 professional prohibition organizations spending in the aggregate $5,000,000 a year. While the homes of the farmers are being sold under the hammer for tax and mortgage delinquencies at the rate of 160,000 a year, the superintendents of the Antisaloon League are drawing salaries of $4,000 to $15,000 a year and expenses. There are thousands of these people who do no other work. They travel all over the United States and Europe. They ride in luxurious Pullman cars and steamship and live in the finest hotels. Their work is easy and pleasant; but the farmers, who were misled by their representations to support prohibition, are working 12 to 16 hours a day at back-breaking toil and getting as their reward at the end of the year a notice from the sheriff or tax collector that they are to be sold out of house and home. Prosperity, luxury, a life of ease for the prohibition "reformers," but for the farmers, the poor house, or worse.

FARMERS WILL ACT WHEN THEY KNOW THE TRUTH

It is my judgment that when the American farmers become acquainted with the foregoing facts from the records of their Government that they will instruct their representatives in Congress to enact the only logical farm-relief legislation—the repeal or amendment of the national prohibition law. When the farmers insist their Representatives in Congress vote for a restoration of a home market for 130,000,000 bushels of grain annually for conversion into beer, then they will get farm relief that will remove them from the domination of foreign markets—and not until then.

I have quoted the honorable Secretary of Agriculture that it is surpluses that have brought ruin to the farmers. Congress and the administration took the same view when they passed a farm relief bill and appropriated $500,000,000 to control the surpluses. Makeshift remedies have miserably failed. Everything has been tried except the common-sense remedy, increasing the home markets by prohibition repeal

or modification to wipe out the price-demoralizing grain surpluses.

Relegalizing wholesome 4 per cent beer, which certainly can not be in violation of the eighteenth amendment when more than 1,000,000,000 gallons of 12 per cent wines and champagnes have been legally manufactured under that amendment, would create a home market for not less than 130,000,000 bushels of farm grains annually and reduce the price-destroying surplus to the vanishing point. Therein lies the road back to prosperity for our farmers, and temperance and good fellowship for the American people.

On January 4, by adopting a resolution submitted by Senator Bingham, the Senate called upon the Department of Commerce for information relative to employment in connection with the liquor industry as well as the amount of freight attributed to the industry.

Government agencies can not repudiate statistics I have quoted. I have checked them and I say the quotations can not be assailed.

No one wants to force the sale of beer upon States that desire to remain dry. Amendment to the Volstead law will in no way deprive a State of its right to prohibit the sale and manufacture of beer. The Congress could amend the Volstead Act and the 48 States in the Union would all be able, if their legislatures so voted, to keep all the States dry.

I contend each State should have the right to exercise its own discretion and I would never support any legislation that would deprive a State of that right.

If the farmers of the country will insist that their Representatives vote for an amendment to the Volstead law that will let each State decide this question for itself, they will have "worked out their own salvation," as former President Coolidge told them they must do, and at the same time will save themselves a further increase in taxes. [Applause.]

Mr. ALLGOOD. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. ALLGOOD. The gentleman seems to be claiming that the welfare of the farmer is dependent on the repeal of prohibition. During the last few months I have been all over the United States and studied farm conditions. I find that the cotton farmers are in worse condition financially than farmers who are producing other products. They are selling their cotton for 5 cents a pound, or $25 a bale. I would like to know how the cotton farmer is going to get back on his feet by the repeal of prohibition. If prohibition is repealed, can the farmer take his cotton, make wine or beer out of cotton or cottonseed, and thereby bring back prosperity?

Mr. COCHRAN of Missouri. If the farmers of the Nation as a whole become prosperous, there will be a market for cotton. Until the farmers as a whole become prosperous there will be no market for the cotton the gentleman refers to. There will be no market for our commodities manufactured in the great industrial centers. Agriculture must become prosperous as a whole if we are to expect real prosperity in this country. When the buying power of this great country is restored, then the gentleman's farmers can sell their cotton. The condition of the farmers, yours included, is at the bottom of all our troubles.

Mr. MEAD. If the gentleman will yield, I want to ask him if it is not a fact that no part of this country has been prosperous since prohibition?

Mr. COCHRAN of Missouri. My examination of statistics warrants me in saying that no farmers have been prosperous since prohibition. The grain farmers have not been able to buy the cotton goods of the State of Alabama or anywhere else. If the people of the State of Alabama and other dry States will permit the States of the Union to exercise their own discretion on prohibition, you will have prosperity, for the grain farmers will be enabled to buy clothing, which consists mainly of cotton goods.

Mr. ALLGOOD. The gentleman is trying to lay all the ills of the farmers to prohibition? Is that true?

Mr. COCHRAN of Missouri. Absolutely.

Mr. ALLGOOD. You place all the blame on prohibition?

Mr. COCHRAN of Missouri. I insist that the grain farmers of this country could not be deprived of a market of over a hundred million bushels of grain a year without putting them in a position where they have no purchasing power.

Mr. ALLGOOD. But our farmers are cotton farmers.

Mr. COCHRAN of Missouri. If the grain farmers of the country can not sell their commodities at a reasonable price, how are they going to buy cotton goods which come from the State of Alabama? Prohibition deprives you of customers.

Mr. ALLGOOD. But the grain farmers are not the only ones interested here. One-half of the people of the Nation live in the cities.

Mr. COCHRAN of Missouri. The market for over 100,000,000 bushels of grain would bring prosperity to the grain farmer. He could buy our products and have means to buy the cotton goods made from the cotton that the gentleman speaks about in Alabama.

Mr. ALLGOOD. In order for the southern cotton farmer to receive a living price for his cotton it has been necessary for us to export 6,000,000 bales of cotton each year into countries where they have no prohibition but where they have whisky and beer, and yet these people are not able to buy our cotton, notwithstanding the fact that they have all the whisky and beer they want.

Mr. SCHAFER. Will the gentleman from Alabama yield?

Mr. ALLGOOD. Oh, no, no; I refuse to yield to the gentleman. [Laughter.]

Mr. COCHRAN of Missouri. Does the gentleman from Alabama realize that a revision of the tariff law now on the statute books would provide a market for cotton in foreign countries? The people in foreign countries can not sell their commodities in this country, owing to our high tariff, and therefore they have no money with which to buy your cotton. I will say for the gentleman from Alabama [Mr. ALLGOOD], who I know was the former commissioner of agriculture in his State, that there is no Member in this House who has tried to help the cotton farmer more than he has. He is always present on the floor, never overlooking an opportunity to further legislation that will benefit the people he represents. His knowledge of the subject is second to none, and I can assure him that I will support him in his efforts to assist his people who are suffering now because of the large surplus of cotton. I hope he can find a way whereby legislation will help his people. I realize it is a most difficult matter to advance any legislation that will be of benefit; but if a way can be found to solve the problem, I am sure he will advance it. We from the large cities know that you must have help, for when your people's buying power is restored then you can buy what we manufacture in the cities. Our prosperity depends upon the ability of the farmer—grain and cotton—to buy.

Mr. ALLGOOD. Oh, well, the gentleman is getting away from prohibition now, and onto another subject, that of the tariff. I am with the gentleman on the question of the tariff. We both opposed its passage with all the power we had. The Hawley tariff measure was supposed to be a bill for the relief of the farmer, and the fact of the business is that it has practically relieved him of every thing he has, and it is my opinion that it is the repeal of this robber tariff measure that the farmers are most interested in at this time.

Mr. SIMMONS. Mr. Chairman, I yield 30 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, after failure to obtain time yesterday to discuss the Reduction of Armament Conference at Geneva on February 2, to which we are sending delegates this week, I avail myself of the first opportunity to express what I believe are the grateful acknowledgments of all Members for eloquent and forceful tributes to its peace efforts, voiced by Mr. BANKHEAD, Mr. NELSON of Maine, and the distinguished daughter of a great man and gifted orator the lady from Florida, Mrs. OWEN.

I listened with interest to the gentleman from North Carolina who demands an "efficient Navy," a phrase as inexact as the length of a piece of string in view of the greatest and most expensive Navy to-day this country ever has had in war or peace, and also the argument of the eminent gentleman, who will never surrender to any ignoble peace. His protest, I am sure, was not made with any belief that other Members of this great body would be less willing to do so than himself. Both cahmpions of a Navy, bigger than any ever dreamed of in times of peace, they simply constructed straw men that they then easily knocked down by patriotic utterances, usually offered in profusion by those who have no monopoly of patriotism over their fellow Members.

In my judgment it is more patriotic for Congress at the present time in heated, feverish world affairs to set an example of peaceful purposes to other countries rather than to build a billion-dollar addition to our present great Navy, as is proposed in committee, primarily I believe because of the insistence of the Navy League, local navy yards, munition makers, and a great army of surrounding admirals and lesser officers who are trained in the lessons of war and receive pay and promotions because of that fact.

Yet all that army of many thousands of naval officers during the last war did not suffer as many fatalities from actual battle as one little company from my home town. And it is for this splendid little company that saw battle and suffering and their mothers, who suffered more than the dead, and their comrades in arms that I would speak to-day.

Thirteen years after we helped win a war to end all wars in Europe the United States is spending more for armaments than any other country in the world. It is spending annually over $800,000,000 for Army and Navy maintenance, or far more than double our pre-war expenditures in 1914.

PREPARING FOR THE NEXT EUROPEAN WAR

Although assured another war with poison gases, airplanes, and bombs will wipe out whole armies, whole cities of noncombatants, and put the world back a quarter of a century, war agencies of the Army are also seeking an Army mobilization measure for 4,000,000 "selected" men to send into the next European slaughterhouse. In times of the greatest world business depression known to man, Congress is now asked to begin a billion-dollar parity shipbuilding race, with England. Admirals are quoted in the press or before committees daily supporting this "parity" billion-dollar demand in addition to our $800,000,000 annual war burden.

Every hypocritical and illogical reason that can be advanced by "war experts" is employed to justify great war preparedness. The people who pay the bills, now groaning under heavy tax burdens, are befogged in an atmosphere of doubt and fear seized upon by these war interests. It is known that over $70 out of every $100 is a tax now paid in this country for wars past or future; that not one sane reason has been advanced for engaging in another European war, and yet the Army staff and naval experts, not 2 per cent of whom ever engaged in a real battle, are to-day frightening our peopre into a war fever. Practically every so-called war expert has a direct interest in so doing.

Europe is reasonably certain to get into another war, now in the making. France hates Italy, and a return hatred is intensified by the Italians. Germany hates both, and Russia does not love Poland, France, or other European powers. Austria and Hungary are bitter toward their conquerors. Japan and China are both signers of the Kellogg peace treaty and are now lustily engaged in killing each other. That is the world we are to join in. As one who has visited most of these countries, I believe conditions exist as stated.

NATIONS THAT DID NOT ENGAGE IN THE WAR

Although Norway, Sweden, Denmark, Holland, Switzerland, Spain, and other European noncombatants, though surrounded by belligerents, kept out of the last war without forfeiting their national honor, we are told it is an evidence of pacifism for the United States to do so. Reckless men and women enjoy adventuring into the war zone because assured they will be protected everywhere by Uncle Sam with all his millions. That excuse is generally used to fan the flames of hatred and of war by those who profit by war. Congress and those carrying chips on their shoulders rarely fight but send others to do the actual killing.

At a time when the nations of the world are spending over $4,000,000,000 annually in preparing for the next war, our own country is spending over $6 annually for every man, woman, and child for war purposes and over $150 annually, on the average, for every family of five for past and future wars.

The United States is sending a group of splendid men and women to Geneva to ask the nations of the world to disarm. A Senator who leads in the proposed haggling-over-arms convention, however, is a firm believer in battleships, and recently publicly predicted that two of the battleships then to be remodeled, he hoped or expected, would get their $20,000,000 remodeling done in his particular navy yard. This expenditure was to be for battleships that are now discarded by the average European Government.

He is about as good a peace negotiator as would be Mr. Du Pont, the munitions maker, or Shearer, the $250,000 big-navy propagandist formerly at Geneva, or the average admiral or general looking for a promotion, usually advanced by war. The only way to stop wars is to keep out. All the flirting with war and with countries that through fear, hatred, or greed want war will only serve to get us into war.

A fear exists that the Geneva meeting will be useless, like all other; but if we would keep out of war, the people and not the American Congress should first vote by referendum on the next war and on all wars. That with a constitutional prohibition against sending a conscripted American Army to fight Europe's battles will do more to stop war for us, judging from past experience, than all the Geneva conferences and Kellogg peace pacts combined. Congress will surrender that right to declare war only when its members are threatened with retirement unless they approve constitutional amendments to permit the people to act.

"NAVAL-MINDED CONGRESS" AND WAR-MINDED NAVY

War is the greatest problem before the world and before the American people to-day. Greater than unemployment, great as that has now become. Another war may wipe out not only men, property, and our own form of government but if we are caught in the threatened maelstrom, it may doom a civilization which we now enjoy.

Mr. Chairman, that is the picture presented by many students of history. I speak not from the standpoint of a pacifist but from an experience of many years in military service, of which five were spent in the Regular Army. A father and son each served throughout one of the last two great wars as volunteers in active service at the front, so I speak with some understanding of what war means. I know the weakness and the futility of war in settling questions.

Those who win are among the chief losers in war. The only way to keep out is by a decision from the people who fight and pay. Let them first decide. I speak feelingly because the Thirty-second Division of Wisconsin and Michigan troops in the World War suffered 13,000 casualties, or nearly one-half of the entire force were disabled, and a small company from my home city lost 88 men in killed or dead in France, about one-third of its effective force. That is war.

The Associated Press of January 17, carrying a half page of Navy propaganda, declares that Congress "has become Navy-minded." Constant propaganda by Navy League and other interests, with those in Congress interested in navy yards and naval appointees, has combined to capture congressional fancy. This is no idle boast. Congress that is easily "war-minded" by propaganda will yield to the next demand of big Navy and other war interests for a declaration of war to protect American interests against any potential enemy, whether England or Japan. The only barrier to a big Navy to-day is President Hoover and his influence over Congress. Never in all history has there been more need of sending back to the people the right to decide war before Congress acts. Never before has Congress so com-

pletely surrendered to a war fever, navy parity, and war preparedness in times of peace.

Ten years ago we were nursing our war wounds, and the country was sick of war and of war debts. To-day Congress is Navy-minded and, with the Navy, war-minded. Not to fight themselves, but to have others fight.

The country that pays for war has no voice in the matter. Congress is certain to respond to propaganda when again voiced, even as in the past over the sinking of the *Maine* or sinking of the *Lusitania*. When Europe sets off the bomb, we will follow. If naval officers, Congress, and other war-minded interests were put in the front ranks to face real fighting, Congress would not be so naval-minded nor war-minded. The people who have no voice, however, will do the fighting until a war-minded Congress surrenders its right to declare war.

Is this an idle statement? Let me recall to your minds later how we were swept into the last war that the people six months before had elected a President on the issue to prevent war.

In the discussion yesterday on the subject of the Geneva conference the distinguished chairman of the Committee on Rules, Mr. Pou, in a vigorous address said, in substance, he expected to vote on the subject of the conference, but he was "opposed to every effort to lower the efficiency of the American Navy."

It may be said that this is the argument of every admiral, of every exponent of a big Navy, whether representing Government navy yards or generally interested in the subject of a big Navy.

ENORMOUS INCREASES ARE ASKED FROM CONGRESS IN PEACE TIMES

There is now pending before the American Congress a proposal to increase the present enormous naval force more than 100,000 tons to put us on a parity with Great Britain, with Canada on our north border—a country we nexer expect to fight—and for other reasons and yet in addition to this a proposed $1,000,000,000 expenditure for the new Navy, pared down in a bill for this session to $600,000,000.

We are expending annually over $800,000,000 for military and naval purposes, far more than double what the taxpayers of this country were paying prior to the war, as shown by the accompanying table:

	Army	Navy	Total
1916	$164,635,577	$154,029,426	$319,665,003
1926	355,072,226	312,743,410	667,815,636
1927	360,808,777	318,908,096	679,717,873
1928	390,540,803	331,335,492	721,876,295
1929	416,901,546	364,561,544	781,463,090
1930	453,524,973	374,165,639	827,690,612
1931	478,418,974	354,071,004	832,489,978

The foregoing figures were taken from the World Almanac of 1932, and show an increase in 15 years of a total naval expenditure of more than 266 per cent. Without considering the Army bill, fast approaching a half billion dollars annually.

Anyone who suggests that there is any effort to lower the efficiency of the American Army or Navy should keep in mind all this enormous expenditure is apart from and in addition to the $1,000,000,000 parity Navy bill now under consideration by the Naval Affairs Committee of the House.

Let me add in this connection the following appropriations or expenditures for naval purposes by the five principal powers, taken from page 370, World Almanac, 1932:

	Great Britain	United States	France	Italy	Japan
1928	£65,123,257	$356,897,546	$98,046,348	$57,599,000	$128,203,000
1929	57,300,000	364,233,362	101,600,000	60,021,000	131,222,000
1930	55,965,000	378,879,087			
1931	51,739,000	375,291,828	137,516,120	80,795,701	131,463,844
1932	$273,307,900	357,806,219	118,970,598	84,569,254	105,437,569
Annual average[1]	$370,000,000	1,832,718,022 366,543,604	456,123,066 91,224,613	282,974,955 56,594,991	496,331,412 99,266,283

[1] Approximately.

Forty million active and reserve soldiers, according to the same authority, including four million "selected" soldiers in this country, are to be in readiness for the next world war and add enormously to the above war-preparedness costs.

This is offered particularly to show a feverish race in naval expenditures during the past five years, of which the United States has contributed $1,832,718,022, or more than three times the expenditures of Great Britain, to which we are asked further to build a billion dollar parity Navy—for a few more American battleships to be used as naval targets.

The appropriations by France and Italy are set forth because these countries had a reduction in debt settlements with the United States of 50 per cent in round numbers for France and of 75 per cent for Italy, while they are now spending many billions of dollars for navies and armies with which to fight each other. Now, both countries ask for debt cancellations, yet threaten another world war by their vast war preparations.

The Geneva conference, even if a failure, will be infinitesimal in cost compared with the annual naval expenditures by the United States or the cost of a single useless battleship. About 1 per cent of the latter for money actually used by a peace commission apart from that used to meet the league expenses of $99,000. That is a picture of war preparations compared with peace efforts worth studying by the American Congress.

EUROPE WANTS US TO GUARANTEE AID IN CASE OF WAR

Yesterday I sought to connect the prediction of Mr. Frank Simonds, a recognized war authority, quoted by the gentleman from Texas [Mr. BLANTON]. Along the line with Simonds's prediction in the Sunday Star that France and Italy wanted our aid in case of war, the following extract with brief comment is from the White House social secretary, who was with President Wilson and Mrs. Wilson in Italy following the war. At that time the war poker game was being played by Clemenceau, Lloyd George, and Orlando, with the President of the United States seeking to be initiated into the mysteries of European war treaties.

Her information must be accurate, because it has never been denied, and appeared in the October, 1930, Cosmopolitan, about which I commented at some length in the RECORD of January 9, 1931. On page 1825 of the RECORD she says:

> After luncheon the President (Wilson) told us of an amusing quarrel between Clemenceau and Lloyd George. The question of mandatories for Asia Minor was being discussed, and as Italy had shown bad faith, they did not want her to have any part therein. The French want northern Anatolia, the British southern, and they want the United States to take Armenia. The French felt they were not being treated fairly.
>
> Yesterday he (the President) sat on a chair while Lloyd George and Clemenceau renewed again * * * their fight of the day before. The President (of the United States) was constituted umpire, and he said it was fun to watch the two pointing out plans on the map and to hear one saying to the other, "You promised us this or that in Asia Minor for this thing or the other," and he sat there quite out of sympathy or understanding of the bargaining away of peoples.
>
> Last night Clemenceau attempted a curious thing. The treaty was being printed and word came to the President that he (Clemenceau) had had inserted a whole paragraph saying that the Americans and English bound themselves to come to the assistance of France if she was attacked.
>
> This treaty had been prepared and drafted by the representatives of all the powers, 27 in all, and no one had a right to change a word without the consent of the whole session.

The paragraph was stricken out, but it was again put in. After much difficulty the President kept out this determination to keep us in future wars. That is the inglorious ending of a treaty that instead of leaving us some little national respect for our participation in the war presents us in a rôle of simple-minded novices used by past masters in the game to divide up the spoils we helped them secure.

I have introduced two resolutions that have gone to the Committee on the Judiciary. They are both for constitutional amendments to reduce the dangers of war. I was here during the last declaration of war, and I am going to quote to you, if you care to listen to it, what occurred on that day

in this Chamber, and will quote from some of the leading men who were here at the time.

RESOLUTION TO KEEP US OUT OF WAR

House Joint Resolution No. 103, which I have reintroduced, provides, in two brief paragraphs, as follows:

House Joint Resolution 103

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"Congress shall have power to declare war only after the proposition shall have been submitted by the President to the several States and a majority of the States, at general or special elections called by the governors thereof, shall have approved the same. This amendment shall not be construed to prevent the President from using the Army and Navy to suppress insurrections and to repel invasions.

"The right of the people to be secure in their persons shall not be violated by conscription or forced military service, but when public safety demands, Congress may provide for forced military service on the North American Continent and in no other place."

When I made that statement before the War Policies Commission, the New York newspapers particularly criticized me because I uttered a proposal of that kind—to say that you can conscript men to fight at home, but not abroad. We have the right to-day to call on the men of our country to protect our country at home. There is no combination of countries that could ever threaten us here, but to conscript our soldiers and send them abroad again it seems to me is inconceivable after the experience we had during the World War.

Before discussing the general subject of prevention of war and necessity therefor, including war propaganda that overwhelms Congress, when the hysteria, actual or apparent, is on, I quote briefly from House proceedings of April 5, 1917, immediately before the declaration by Congress for war. In this I am not discussing the merits of the last war. That is water over the wheel, but I am presenting influences that always surround Congress when a war declaration is presented.

Uncle Joe Cannon, out of a 44-year service, said in the heat of the debate, page 343, April 5:

Under the Constitution the President is Commander in Chief of the Army and Navy * * *. The House is one part of the legislative body. Presidents have made conditions time and again that have forced the legislative body to declare war. Mr. Polk was the first one.

PRESIDENTS FORCE CONGRESS INTO WARS

Practically every war declaration by Congress since that date, including the last one, has been so influenced by the President. In other words, the President produces a situation that Congress can not resist. Throughout the speeches for a war declaration in 1917 ran the cry by Members and laymen, iterated and reiterated, "stand by the President." That I wish briefly to discuss, without reflection upon President Wilson, who was elected six months before for keeping us out of war. Under the present system, he, like Congress, is ever subjected to a flood of war propaganda hard to determine its truth or falsity, or responsible interest, a pressure equally hard to resist during war hysteria.

Quoting President Wilson's message presented in person to Congress February 3, two months prior to the war declaration by Congress, Congressman Cooper, of Wisconsin, dean of the House, read on April 5 to the House from the President's message:

Let me remind the Congress that on the 18th of April (1916) last, in view of the sinking on the 24th of March of the steamer *Sussex* by a German submarine, without summons or warning, and the consequent loss of lives of several citizens of the United States, who were passengers aboard her—

And so forth.

In predicating a duty of Congress to declare war, the President gave as a determining reason therefor, among others, the loss of lives of Americans sailing on the North Sea—in the war zone—over a year before, and in face of warnings by belligerents of that danger. The President believed that statement of losses to be true. It was not true, for Congressman Cooper read extracts from a letter dated March 27, 1917, or only 10 days before the declaration was passed, which contained the following:

You are informed that no American citizens lost their lives on the *Sussex* and *Evelyn*.

Very sincerely yours,

ROBERT LANSING,
Secretary of State.

That letter appears in full in the RECORD of April 5. A misinformed President, with all the power and influence of his position, urged upon Congress as a cause for war a reason that did not exist. A reason, even if true, that alone should not have caused the loss of 100,000 American lives and $35,000,000,000 war expenditures because of venturesome or reckless American travelers. Only war's hysteria made it impossible to resist. It was found to be untrue, as stated by Lansing.

Like the sinking of the *Maine* in Habana harbor, such reports will always stir national anger, whether the facts and responsibility therefor are true or not. Future wars are certain to result from like reports. Emotional insanity should not plunge the people into wars. It will not do so if they decide. A leading Democratic Member, Congressman Keating, during the heated war debate, page 343, RECORD, April 5, aptly expressed the feeling of the country when he said:

I ask Members of the House who among you last October and November, when asking votes from your constituents, dared suggest to them that if elected you would send their boys to Europe? Why my friends, Woodrow Wilson, running on that kind of a platform would not have carried a single State in this Union.

Six months before President Wilson had been reelected "because he kept us out of war." Yet, within that six months we were in.

NOT ONE PERSON IN TEN WOULD HAVE VOTED FOR WAR

Congressman BRITTEN, at present a leading member of the Naval Committee, page 397, April 5, declared—

I have traveled over the great Central West, and I tell you sincerely that 90 per cent of the people of this country are opposed to the declaration of war against Germany at this time. The truth is that 90 per cent of your people and mine do not want this declaration of war, and are distinctly opposed to our going into that bloody mire on the other side.

Mr. BRITTEN then offered an amendment to the war declaration as follows:

Provided, however, That no part of the military forces of the United States shall be ordered to do land duty in any part of Europe, Asia, or Africa until so directed by Congress, excepting those troops who specifically volunteer for such service.

The amendment was defeated.

Among many impressive words in debate on that same day, I quote from Representative Sherwood (Democrat), a lovable man, who enlisted in the Civil War as a private. He was in 42 engagements and battles; promoted repeatedly for bravery, and finally was mustered out of that war with a brilliant record, second to none, as a brigadier general.

No more courageous man ever represented his countrymen in Congress. He said, page 335, April 5—

I can not keep faith with my people by voting for this war resolution in its present form. I will vote for it if the provision to authorize an army to be sent across the Atlantic to participate in this European conflict is stricken out.

In striking support of the brave words of this noted warrior who opposed the President of his own party and country, I quote once more from the caustic but good-natured criticism of Representative Keating, who gave a correct picture of the responsibility of Congress in sending others to fight when he said in debate, page 348, the same day:

CONGRESSMEN DO NOT CROWD RECRUITING STATIONS

When Congress declares war it does not mean that Congressmen are ordered to the front. Congress has declared war heretofore, but the recruiting offices of this country have not been uncomfortably crowded with Senators and Representatives who wanted to enlist.

No comment is offered beyond saying this picture is too true to be questioned, for of Congressmen then loudest for war, not 2 per cent, possibly not 1 per cent, were found fighting at the front, whereas several who had valiantly served their country before or enlisted in the World War had the courage to vote with the minority their convictions against that war. In this I criticize no one, but offer that comment in support of the proposition that the people who are to fight or pay for the war ought to be allowed to determine the question before Congress votes any declaration of war, and that no American troops be conscripted for European wars.

CLAUDE KITCHIN'S WAR STATEMENT

One of the bravest men in that war Congress, and one of the ablest, was Democratic Leader Claude Kitchin, who also broke with his President on the war declaration. In a paragraph he sounded a message to the country that will be true of any other European war in which we engage. He said, in debate, on page 333:

We are about to make the cause of Great Britain, France, and Russia, right or wrong, our cause. We are to make their quarrel our quarrel. We are to help fight with all the resources in men, money, and credit a difference between the belligerents of Europe, to which we were and are utter strangers.

That proposition will confront us again if those with personal interests to serve—influences which enveloped Congress in 1917—are again unleashed. That is sure to occur again with redoubled war propaganda by forces that rarely serve at the front but urge war declarations on Congress.

Similar expressions to those quoted came from the Senate side, but when once declared no war ever had more complete support, irrespective of individual views of its merits. Once in, there was nothing to do but win the war.

That is the argument pressed every time; and though we may have no bitterness against any people, as stated by President Wilson, when war lords responsible for the peace of Europe again disagree or great commercial rivals differ, our aid will be sought by the same foreign and domestic propaganda from all sides that encompassed the President and the American Congress in 1917.

A recent writer, a student of military strategy who, as a commissioned officer, served with his father, a brigadier general, in the World War, now declares that colossal blunders in the handling of troops were never more striking than in that war. Yet no ante mortem statement ever appears on the subject, because war losses are accepted as a certainty and losses, however unnecessary or colossal, are a closed book.

In the RECORD of January 9, 1931, I discussed at some length war propaganda and methods employed in the past to urge wars on the United States.

PRESIDENT WILSON FLOODED BY PROPAGANDA

President Wilson was flooded with war propaganda before our entrance into war. Wilson's closest Cabinet member was his son-in-law, Secretary McAdoo. In McAdoo's "Crowded Years," just published, he says:

British propaganda in America was undoubtedly a violation of American neutrality—

And adds—

A man may be like Ananias, but you can't put him in jail for that.

The man or agency whose lies and propaganda help to involve this country in war is infinitely worse than all the gangsters combined who have ever been prosecuted by the Government for concealing their income receipts. Surrounded by untrue propaganda, Presidents occasion situations that force Congresses to declare war. I have heretofore discussed the amazement of the President when confronted after the war with the conflicting claims of Clemenceau and Lloyd George over a division of the war spoils, during which it is stated (RECORD, January 9, 1931), after printing of the treaty, "Clemenceau inserted a whole paragraph saying the Americans and English bound themselves" to help France if attacked.

When war threatens, propagandists are practically lawless, and Representative Tavenner's disclosures prior to our entrance into the World War gave a startling picture of influences then behind the Navy League. Influences by munitions, shipbuilding, and other financial interests that controlled the Navy League then, now declare a great parity Navy must be built to match that of England and advocates a billion dollars extra expenditure for that purpose in these times of great business depression. Hair-splitting claims of comparative naval power with ships obsolete or soon to become so receive ten times the public attention devoted to peace efforts because of the vast financial powers that press naval competition upon Congress.

SHEARER, THE "NAVAL EXPERT," SUES FOR HIS COMMISSION

The American public soon forgets that Shearer testified before the Senate committee he was paid $2,000 a month by an American publisher to discredit the Geneva disarmament conference. Shearer's statements, he then declared, prevented any disarmament action at Geneva; yet it later appeared Shearer based false propaganda on admittedly forged and faked British papers. His suit for $250,000 against his employers, large shipbuilding companies, failed when his methods were exposed. Yet these false statements were potent at Geneva, even as mistaken statements by the President were offered to Congress to declare war, and a crazy act at Habana plunged us into the war with Spain.

Page after page of propaganda to inspire war, arouse hatred and a war hysteria that controls Congress were set forth in my speech of January 9, last session. That propaganda from a new Northcliffe and others will come again as in the past, inspired in part by good men, often misled, and by men not good who throw all lives into the balance when their own commercial, financial, or other interests are involved.

In a country that embraces a citizenship composed largely of people from practically every European country, such efforts to provoke national hatred serve to arouse neighbor against neighbor in order "to make Europe's quarrel our quarrel," as declared by Democratic Leader Kitchin.

Yet, with all this record of dishonest propaganda and reprehensible lying, those responsible defend their methods by professing patriotic motives and the unrestrained liberty of the press as their justification. By passage of my resolutions the responsibility for war would rest with the people instead of with Congress that to-day fiddles over many inconsequential issues while Rome waits to be burned again.

The inducement for war is gone when a great American Navy and American Army can not be suddenly thrown in the conflict to turn the tide. That will not again occur if these resolutions or their substance are written into the Constitution.

Although during and since the war I sought repeatedly to disclose false propaganda published by a "Security League" and by other agencies within and without my own State of poisoned wells, of ground glass, of arms gathered in cellars all shown to be false, and have presented to Congress indisputable evidence of the existence of war hatreds abroad that menace the peace of the world, I have no illusions regarding counteragencies in this country which believe in war and in war propaganda as a cure for national supineness. Another war may change the form of this Government as it has some governments of Europe, and then, possibly, unless too late, a sane course will be pursued to keep this country out of foreign wars.

As was stated yesterday by my friend from Texas, there is liable to be another war in Europe at any time. I think Mr. Frank Simonds is as good an authority as can be found in the United States, and he declares that to be so. I have been myself in practically every country in Europe with three exceptions, and the sentiment abroad everywhere is one of jealousy and fear and envy, one toward the other. I am going to put into the RECORD something that will confirm the statement made by Mr. Simonds about the condition under which France and Italy to-day expect us to help

them and protect them, just as we did immediately after the war.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. BLANTON. With regard to those who voted for war, I remind the gentleman that the distinguished gentleman from New York [Mr. LAGUARDIA], who passed a very important amendment here this morning, was one of those who did walk down this aisle and say, "Mr. Speaker, I am going to the front." When the gentleman knows that Europe is in a turmoil, when the public mind is in distress, when they are armed to the teeth, and he says that war is going to come about at any moment, how is it that he would vote as he did yesterday to spend $450,000 to send a big delegation of Americans over there at this particular time?

Mr. FREAR. For this purpose: I do not believe it will do very much good, if the gentleman wants to know my own sentiment, but I believe it is an effort in the right direction. We sent them over the last time, and what happened? They agreed to 100,000 extra tons of armament, to bring us to a parity with England at that time, involving a billion dollars expenditure. That was a reduction of armament conference. I have been there. I have been there with Mr. Hugh Gibson. When I came back on the boat five admirals sat at the same table with me. They were men who had been there to advise in the matter of a reduction of armament. Reduction of armament? No; of course not, if the same surroundings are there again; but I am hoping that the nations of Europe may be willing to consider peace proposals, and that with our aid in bringing them together that may occur this year.

WE SHOULD NOT SELL MUNITIONS DURING WARS

In Joint Resolution 102, also reintroduced from last session, I ask Congress to pass a provision that the President be authorized and requested to urge certain governments mentioned to hold a conference at which, among other things, first of all—

> The representative governments agree not to permit any public or private interests therein hereafter to render military or naval aid to any belligerents, either by selling or otherwise disposing of any ships, arms, munitions, or other war supplies to such belligerents or by gift or loan of any money or property to those engaged in war.

Every student of history knows that these conditions are impelling forces which have dragged peaceful people into wars, and will do so again. Publisher Hearst, whose graphic picturing of any proposition is unexcelled, gave out a signed editorial on November 16 last year which is directly on that point, when he says in part:

> It is horribly hypocritical for us to prate of peace while we encourage war by supplying all the necessities of war to battling nations. How can we claim to be opposed to war when we take advantage of a state of conflict to fill our pockets with the profits on the materials we supply to continue the war. Nothing is more contemptible than hypocrisy. It is the vilest of vices.

It is vicious, but no more hypocritical than efforts of the Navy League or big shipbuilding companies or munition makers and countless others in times of peace to pretend patriotic motives for advocacy of great parity navies and vast conscripted armies, primarily to protect foreign investments and arouse hatred to provoke war. History discloses it is often a controlling motive, and its inwardness is not known until after we are plunged into war. No more danger exists for war with Great Britain than with China, nor need for a billion-dollar "parity" navy with which to attempt any intimidation of foreign war powers. No unprejudiced war expert will so say.

No possible way of eliminating plunder and profiteering from war has yet been devised and the most certain way to avoid war is by removing the ease by which innocent people the world over, including ourselves, are swayed by hysteria and yield to the hands behind the scenes that pull the war-curtain strings.

It is sometimes argued that refusal to mix in foreign wars or international controversies ignores a duty to humanity that smacks of national selfishness. On the other hand, by Europeans, we are frequently termed to have become the great international meddler.

INTERNATIONAL GRATITUDE (?) TO AMERICA

Following America's intervention in the "war to end wars" this Government has been roundly criticized abroad because it entered war so late, the critics saying the Allies would have won the war without us. European debtors to the amount of over $11,000,000,000 are almost a unit in declaring those debts should be canceled by our Government and American taxpayers left to bear the burden. All this justifies the great wisdom of Washington's warning to beware of foreign entanglements.

When a half dozen European countries adjoining one or the other of the World War belligerents managed to maintain their own self-respect and neutrality without serious effort during four years of the World War, which frequently reached across their borders, it is certain that any spirit of jingoism, self-interest, financial or otherwise, should be suppressed by a country 3,000 miles distant from such wars. Adequate defense against insurrection or invasion will provide all air, chemical, and other needed protection, but my resolutions are offered against European entanglements.

Peaceful offers to aid with advice and friendly counsel in the future as in the past would be better than carrying an international chip on each shoulder to invite friction.

Yet war is reasonably sure to occur abroad, and numerous pretexts will be urged to involve us again, as in the past. Remembering the instigation of the Spanish-American War and efforts to embroil us in controversies with Mexico, Japan, and other countries by powerful news agencies and untruthful propaganda prior to and during the World War, it is reasonably certain that great preparedness or other efforts to anticipate war are a last and futile means for its prevention.

It should be determined by the people who have to fight and pay and who are not so easily stampeded as Congress has been in the past—and again is sure to be.

NO REFERENDUM NEEDED TO REPEL INVASION

No referendum would occur in an insurrection or invasion like the Civil War or the American Revolution, for constitutional powers lie with the President, as Commander in Chief, for disposal of our military and naval forces if such an emergency should again arise. An army of 10,000,000 would be available for either purpose, but will never be needed, because no threatening force can be combined against us.

Wars are always justified by their champions as "defensive," even as "adequate defense" means arming to the limit. A referendum to the people should be had when an aggressive war, like the average foreign war, seeks our aid.

"Disarmament" proposals have been characterized as an idle dream. They are disclosed by frequent failures to be that, and the only way to stop another war nightmare is by taking away the direct war power from Congress and placing it in the people, with exceptions noted. No disarmament will ever occur with this country while others are arming, but naval races and military races have been unprofitable throughout all history and only hasten the use of the ships and armies in a real war.

Treaties during war talk and war propaganda become little more than "scraps of paper" when any pretext is used to justify war. Practically all of the 27 countries participating in the last war had such treaties with one another. Secret treaties were trotted out for international study after the war was over and disclosed that war is always expected to be a source of plunder and of a division of lands and spoils among those who were our Allies.

In this connection any present effort to limit war profiteering by repeal of the constitutional property rights in Article V should be supported, but all laws are nullified in times of war by the military powers then in control and such proposal ought not be used as a subterfuge for the passage of a man-power conscription law, that military

powers eagerly seize upon through a pretense of taking profits out of war.

WAR A MONSTROUS FORCE IN ITS ULTIMATE RESULTS

I have presented imperfectly a brief picture of influences that bring on wars, their false and inhuman efforts to arouse hatreds so men will fight to kill each other. Men who desire equally to live will pray to the same God for success and then wonder what the war was all about, what great question was at stake for which so many millions of lives were staked and lost. Civilization was set back a quarter of a century or more by the last war, with deep-seated enmities never to be removed, but certain to fire desire for future wars among those who deem themselves to have been wronged.

Cumulative evidence that would weigh down the heavily laden scales all confirms this estimate of the effect of recent wars. Possibly it is impossible to arouse the present generation or our own people to the logical result of the next war. Personally I have discussed before at some length this subject, but I shall offer no evidence here excepting to say that the series of blunders by military leaders of practically every nation are set forth graphically by Stratford in a comprehensive history of those "that take the sword."

A COMPETENT WITNESS

It is just off the press this year; the author was a captain who saw real service in the World War. His father, a retired brigadier general in the British Army, returned to service when the World War broke out and was commander of a brigade on the western front. The author's brother, a major, served with distinction through the war. That is his background.

Criticisms well supported are strongly urged by him against the management of the English, as well as of the French, German, Russian, and Austrian Armies. He had no illusions or delusions, but saw war in all its frightfulness and uselessness.

Countless witnesses can picture what occurred "over there," but this writer seeks to set forth the uselessness of the last war and the probable result of the next in over 400 pages of valuable war information not to be refuted.

From the preface I quote a passage he sustains with facts:

> That prolonged act of criminal lunacy in which the military mind was revealed as more stupid and unteachable not only stripped the last rags of romance and decency from the business of international butchery but made it clear as day that civilized man had received his last warning. * * *

Mr. Chairman, I am offering for your consideration a definite and specific remedy to prevent, so far as possible, our participation in the next European war, now brewing.

The exact terms of a constitutional amendment are not material, but that which I have offered will do the work more effectively than all the conferences carried on at Geneva and The Hague combined.

I am in favor of those conferences if in any way they advance the cause of world peace, but I am certain that a leader of the American group who has great naval-construction yards and great private shipbuilding yards in his home surroundings has not lived within a proper atmosphere for world peace. A retinue of admirals and naval experts now with him for advisers, whose present place is made more secure and promotions more certain by war, are not agencies for advancing world peace.

With admirals now before congressional committees demanding a parity navy with Great Britain and admirals at Geneva constantly in the forefront, it is time for Congress to inquire as to influences and motives that seek to shape our big Navy program at an approximate cost of a billion dollars additional to American taxpayers. As long as these naval experts are in the saddle little hope exists of convincing the world of our pace purposes or our people of reduced armament taxes.

Men engaged in a particular line of governmental work are always extreme in their demands for control and that applies to the Army and Navy and practically every bureau of the Government.

Their influence is most serious now when we are trying to impress the world with our Kellogg peace treaties and professions of world-wide friendship.

The way to make peace progress and insure against wars in Europe is by giving to the people, those whom we profess to represent and in whom we express complete confidence, a right to vote on all foreign wars before Congress assumes to act. That course will insure peace more than all the conferences that will occur in a century to come.

Mr. FIESINGER. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. FIESINGER. I voted for the resolution yesterday. I will vote for similar resolutions to accomplish that end. I sometimes hear the question asked, "Suppose the United States did disarm, what would become of the men now engaged in military service in these times?" I wonder if the gentleman has an answer to that. I believe that is propaganda that is going over the country.

Mr. FREAR. I think so; just as propaganda that we are to build the Navy up to parity, so that boys who are constantly graduating from Annapolis will have naval positions; just as we are asked for more ships to give work in the navy yards at Norfolk and elsewhere in order to furnish employment to men. Those are all arguments; but peace is more valuable, even if those men go out of the service; but this will not occur.

We are not proposing for disarmament. Each country will preserve a policing force on land and sea for its own use. Gradually we will reduce the force to a real peace-time footing. Our Army, instead of being 118,000 men, is more nearly a force of 500,000 men. I said to the Secretary of War when I was before his War Policies Commission, "118,000 men is not the total force of the Army." He said, "What is the Army?" I replied, "200,000 men in the National Guard must be added—you do not count those—and you have the Officers' Reserve and other forces on part-time pay, which total over 500,000." We have that many in the military service to-day. We are not going to take them all out, but if we can gradually reduce the number we ought to do that. Every man who is in favor of peace and against war will say that is the proper thing to do. Otherwise we can or should give employment to every man in need by putting him in the Army.

Mr. BLANTON. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. BLANTON. Congress will probably adjourn in June. The conference over there then may first vote for the cancellation of war debts. Then they can go further and demand of Japan that Japan remove all troops from Manchuria, and if Japan does not remove the troops, a declaration of war can follow that, and with Congress not in session, and then the gentleman will be brought back from Wisconsin, just as he was in April, 1917, with the war cry "Stand behind the President." What will the gentleman do then?

Mr. FREAR. I will not have to stand behind the President on any declaration of debts or war because those people who have gone to the Geneva conference have no authority to discuss cancellation of debts. I wrote in committee into the original resolution amendments that there should be no cancellation of debts, no substitution of debts, and it is in there, and no one has authority to change it except the Congress of the United States.

Mr. BLANTON. They are liable at this conference this summer to do all sorts of things, and I do not want our Government ever to tell a nation that it must do something without making that nation do it. Much may be done over there that the gentleman from Wisconsin and the gentleman from Texas will not approve of. And they may force us into war when we do not want war.

Mr. FREAR. But we will not permit of it being done by Congress. Neither will the conference do it.

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. LANKFORD of Virginia. I am wondering if the gentleman is not unfair to the naval "butterflies" he has been speaking about——

Mr. FREAR. Oh, I was quoting somebody else.

Mr. LANKFORD of Virginia. During every war since the beginning of this country they have conducted themselves very wonderfully and then left such a bright page in our history in the last war when they took our troops over and back without the loss of a single life; is the gentleman not unfair to the American Navy in referring to them as "butterflies"?

Mr. FREAR. No; I am not unfair, because it was not my expression. I was quoting a high naval expert's statement.

But I will say that after agreeing with you as to their high character, all the naval officers, including admirals, commodores, and all others, never suffered all together as many fatalities during the last war from fighting as the little company from my home town which lost 88 men.

Mr. LANKFORD of Virginia. That is perfectly true.

Mr. FREAR. And the Thirty-second Division, National Guard "shock troops" from Wisconsin and Michigan had 13,000 casualties in that single division. I was quoting another naval authority as to their easy assignments, for which Congress may be equally responsible.

Mr. LANKFORD of Virginia. Of course, it so happened that this was not a naval war.

Mr. FREAR. I am not discrediting them at all. I was quoting another naval authority as to their assignments, for which Congress may be equally responsible.

[Here the gavel fell.]

Mr. BUCHANAN. I yield 30 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Chairman, we are in the midst of the most far-reaching and important economic revolution the world has ever witnessed. This revolution threatens the destruction of the individualism of the American people. During the past decade a radical change has taken place in our economic life. Although we still retain the external form, the professions and precepts of a democratic Government, there has grown up in our midst an industrial and financial oligarchy as absolute in its sway as ever existed in the heyday of medieval feudalism. If the present trend is not checked we will have two systems diametrically opposed to each other but existing side by side under the same laws and institutions of government. One is our political system that was erected upon the pillars of individualism, competition, and equality of opportunity. It is the chief tenet of our political creed that although all men can not be equal in brains, energy, or property, they can be equal in the opportunity to achieve independence and success in their respective pursuits. It was for this principle that our fathers fought and died and incarnadined the battlefields of this Republic with their blood. It was to establish this principle upon a firm foundation that the immortal scenes at Lexington and Valley Forge were enacted. But despite the fundamental principles of equal and exact justice to all and equality of opportunity for every man, woman, and child, an industrial and financial feudalism has risen in the United States that threatens to nullify the intentions and ideas of the founders of this Republic and stultify in letter and spirit the Constitution of the United States and the Declaration of Independence.

We are living in a tragic era when some political leaders consume their time in paltry disputes and unprofitable controversies while the giants of concentrated wealth and financial control stalk over our land unopposed and unresisted, and, in fact, encouraged by the indifferent attitude and tacit consent of the Government. These giants have become so dominant in our political, financial, and industrial life that few men dare to cross swords with them and challenge their right to trample underneath mailed fist and iron heel the individualism and economic freedom of the American people.

No nation in all the annals of time has witnessed in such a short time the rapidity with which financial control and industrial power have been concentrated in the hands of a few as the peoples of these United States. Between 1919 and 1929, 8,003 independent manufacturing and mining establishments disappeared in the process of consolidation engineered by the giants of finance and industry. Less than one-half of 1 per cent of the total number of the Nation's factories employ nearly a fourth of the Nation's factory labor forces and between 8 and 9 per cent of the factories employ 71 per cent of its wage earners. On the other extreme, 85 per cent of the factories support less than one-fifth of the factory hands.

Several years ago James W. Gerard, former ambassador to Germany, declared "that sixty-odd citizens of the United States—chiefly leaders in finance and in industry—were the real rulers of America." This statement is particularly interesting in view of the assertion made by President Hoover in his presidential campaign that the economic system of the United States is a system of "rugged individualism," and that the essence of this happy state of society is "that there shall be no domination by any group or combination in the Republic, whether it be business or political."

In the public-utility field only 22 mergers were noted in 1919. Seven years later, in 1926, however, this number had increased to an astonishing total of 1,029. Gardiner C. Means, of Columbia University, conducted, under the auspices of the Social Science Research Council, a detailed and careful investigation of the growing size of corporate units in the United States. As a result of this study Doctor Means declared that "200 of the largest nonfinancial corporations controlled in 1927 over 40 per cent of the corporate income, controlled over 35 per cent of all business wealth, and between 15 per cent and 20 per cent of all national wealth." "Between 1919 and 1927," declared Doctor Means, "the assets of the 200 largest corporations increased more than twice as fast as the assets of other nonfinancial corporations. They reinvested a larger proportion of their earnings, secured a larger proportion of new capital in the open market, and increased in size through mergers. If recent rates of growth were to continue, 80 per cent of nonfinancial corporate wealth would be in the hands of 200 corporations by 1950."

Laidler, in his exhaustive treatise on Concentration in American Industry, summarized the trend toward concentration in a very accurate and intelligent manner:

> In anthracite coal we have found that nearly four-fifths of the recoverable tonnage is controlled by eight companies closely affiliated with railroads. Four companies produce one-half of the total output. In the soft-coal industry, where less concentration prevails, some 30 producers mine about one-third of the total and own more than one-third of the coal reserves. In the case of iron ore one corporation, the United States Steel, controls from one-half to three-fourths of the iron-ore reserves and two-fifths of the industry's steel-making capacity, while two corporations control some 52 per cent of steel capacity and nine over 80 per cent.
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> In the copper industry four companies control nearly one-half of the copper reserves. A few large companies dominate the field in the production of lead and zinc. Keen competition, however, still persists in these three metals. One company—the International Nickel—owns more than 90 per cent of the known nickel resources of the world. One company—the Aluminum Co. of America—holds a position of practical monopoly as far as the domestic market is concerned in the ownership of bauxite deposits, used in the manufacture of aluminum, while two others control most of the world's sulphur supply.
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> In the gigantic business of communication that one system—the Bell Telephone—controlled about four-fifths of the telephone service of the country; that another company—the Western Union—had jurisdiction over three-fourths of the telegraph service; that another company controlled the major part of radio communications; and that two companies presided over the destinies of most of the Nation's cables.
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> In transportation, the country still supports some hundreds of steam railroad lines, although the Interstate Commerce Commission is now trying to funnel them into a score of systems and the investment trust is concentrating control in a startling fashion.
>
> Electric railway lines are local monopolies and are being increasingly controlled by great electric systems. Three corporations are outstanding leaders in the new aviation industry, with General Motors taking an increasingly important place therein. Bus systems are being more and more absorbed by the steam and electric railways, while large taxi corporations are dividing the taxi field between them in the important cities of the country.





In the power utility, four electrical groups control a majority of electricity produced in the country, with the Morgan-Drexel-Bonbright-controlled United Corporation rapidly forging to the front as the most important electrical interest in the world to-day. In the manufactured and natural gas industry a similar development is taking place, with the great oil companies taking an active part, while water-works corporations are at the threshold of a significant consolidation movement. In the whole utility field only 29 mergers were recorded in 1919. Seven years later, in 1926, that number was over 1,000.

When we enter the general manufacturing industry, we find the situation more varied. However, the consolidation movement has here advanced with remarkable speed since the World War, with over 7,000 mergers during the decade 1919–1928. In the automobile industry General Motors and Ford sell nearly three-fourths of motor cars. In our food industry two packing companies handle over 50 per cent of the meat entering interstate commerce. The American Sugar Refining Co. and its affiliates do a large proportion of the sugar-refining business of the country.

Four huge corporations, three of them formerly dominated by one family, are supplying about a fourth of the Nation's bread. The National Biscuit Co. is a dominant figure in the biscuit world. The General Foods Corporation is gradually reaching out over a larger part of the cereal field, with Quaker Oats and Kelloggs vigorous competitors. The National Dairy Products Co. and Bordens are becoming the great giants in milk, butter, and egg distribution, while these and other corporations, as circular trusts, are encompassing many other branches of the food industry.

Turning to tobacco, we find that three corporations control over 70 per cent of the cigarette trade of the country, while a similar situation is developing in other branches of the industry.

In the field of entertainment mass production is taking the place of the individualistically directed artist. In the radio field the National Broadcasting Co. and the Columbia chain are extending their tentacles to all parts of the country, while the Radio Corporation of America, through its patents and licenses, occupies a supreme position in the radio field. In the movie industry the Radio-Keith-Orpheum Corporation, the General Theaters Equipment, and the Paramount Publix Corporation are without rivals. Each of them constitutes a great movie empire of its own. In the field of legitimate theaters the Shubert Theater Corporation is outstanding. The manufacture of phonographs is being integrated with the radio. The piano manufacturers are becoming fewer in number. Entertainment has succumbed to big business.

Nor has the movement toward concentration ignored the printing press. In the publication and distribution of periodicals and newspapers large-scale production has made itself felt. In the newspaper realm, chain newspapers, press associations, and press syndicates, and the merging of local newspapers, have led to a degree of concentration in the collection and publication of news such as was scarcely dreamed of a generation ago. New printing inventions are accelerating the movement toward standardization and centralization. In the actual production of paper, the International Paper & Power Co. is the outstanding example of large corporate control.

The equipment of our industries is, for the most part, in the hands of the great capitalistic concerns. The General Electric and Westinghouse manufacture more than half of the equipment for the electrical industry. The Western Electric supplies most of the wants of the telephone industry.

The American Locomotive, the Baldwin Locomotive, and the Bethlehem Steel Corporations divide the locomotive field among them. Two corporations dominate the manufacture of passenger and freight cars; one corporation monopolizes the parlor-car business; one corporation manufactures around half of the agricultural machinery in the country; and one manufactures the great mass of shoe machinery used in the shoe factories of the country. In the supplying of elevators and radiators, the significant business is going increasingly to a few great industrial units. The same thing is happening with store and office supplies.

The housewife, in equipping her home, finds it more and more necessary to patronize the large concerns. In securing her aluminum utensils she pays tribute to the Aluminum Co. of America. In purchasing her sewing machines she helps swell the large profits of the Singer Co. Every time she strikes a match she helps the Diamond or the Swedish match concerns. In furniture, in vacuum cleaners, etc., she finds the domain of the great corporation enlarging while the empire of the small corporation is becoming proportionately smaller in extent.

The Du Ponts, the American Chemical & Dye, and the Union Carbide & Carbon are preempting increasingly the expanding field of chemical manufacture. In textiles, while concentration has proceeded to far less an extent than in many other industries, such corporations as the American Woolen Co. have made themselves symbolic of future trends, while in silk, in rayon, in cotton goods the movement toward further consolidation is on. In the shoe industry the International Shoe and the Endicott-Johnson companies are forerunners of larger combinations yet to come. In the rubber industry four corporations take charge of the vast majority of the business, and new consolidations are being heatedly discussed. And so one might analyze trends in many other manufactures, trends that point for the most part in one direction.

Although there may not be a money trust in the narrow definition of the word trust, remarkable strides toward concentration have been taken in the fields of banking and credit. Banks with resources of $42,000,000,000 and more have made their appearance in the last few years. These have taken on an increasing variety of functions. Chain banks, branch banks, investment trusts, holding corporations have all aided in the movement toward concentrated control. Already 1 per cent of the banks of the country hold resources almost equal to the other 99 per cent.

In the field of marketing, one giant does a business of over a billion dollars a year, and the chain stores and great department stores are daily reducing the profits and prestige of the small independent unit store. Even in agriculture, capitalistic farming is appearing; and chain farms, "factory farms," corporation farms, are more and more to be seen, while the farmer is increasingly dependent for his supplies and equipment on huge trustified concerns. On the other hand, a vigorous cooperative movement has here developed in the marketing end.

Concentration, furthermore, has been advanced through interlocking directorates. A most casual survey of Poor's Register of Directors will indicate how extensive are such interconnections between large industrial and financial concerns through powerful personalities. Thus we find Albert H. Wiggin, chairman of the board of the Chase National, the largest bank in the world; a member of the boards of nearly half a hundred public-utility, manufacturing, and financial concerns. Samuel Insull, in 1930, was serving on over 80 boards; Richard B. Mellon on nearly 50; William L. Mellon on 38; P. A. Rockefeller on 68; Oris P. Van Sweringen on 32; Patrick E. Crowley, president of the New York Central, on over 70; Sidney Z. Mitchell on 35; Charles E. Mitchell, president of the National City Bank, on 32.

Other powerful figures are more selective in their choice of directorates, but their appearance is frequently more significant. Thus we find J. P. Morgan as chairman of the United States Steel and on the boards of the Pullman Co., of the International Mercantile Marine, of Drexel & Co., of Philadelphia, of the First Security Co., of New York, and of the Etna Insurance Co. The du Pont family is strongly represented on the General Motors and on several banking institutions. Owen D. Young appears on numerous radio and electric boards. Thomas W. Lamont functions on some of the great railroads, on the Guaranty Trust board, the International Harvester, the Lehigh Valley Coal Co., and the Crowell Publishing Co., among others.

Concentrated ownership and control has invaded the great field of agriculture, and it is threatening to create two classes of farmers—the absentee owner and a multitude of tenants. The proportion of tenants, as compared with owners, has definitely increased. In 1900 the percentage of land, improved and unimproved, held by tenants was 23.3 per cent. By 1925 that percentage had grown to 28.7 per cent. The percentage of improved land alone held by tenants had, on the other hand, advanced during these years from 30.2 per cent of the total to 40.6 per cent. But this concentration has not resulted from any desire or attempt on the part of high finance and big business to take over agriculture. Big business is not bothered about the ownership of land or the cultivation of it "when by fixing the price of the things the farmer buys and the things the farmer sells it can secure all of the profit and have to assume none of the risk."

The farmer occupies two positions in the economic world. On the one hand he is a producer and a seller, on the other hand he is a consumer and a purchaser. In the capacity of a producer and seller he is subjected to the laws of competition and supply and demand. He is not only compelled to compete with millions of other farmers in the production and sale of his commodities, but, in many instances, he is compelled to compete with the cheap pauper labor of India, Egypt, and other foreign countries. Although he pays high taxes, decent wages, and undertakes to maintain the standard of American living, he must directly compete in the production and sale of his cotton with the farmer in Egypt or India who pays low taxes, starvation wages, and produces his cotton on the most fertile land in the world. The farmer's life is one of constant toil and sacrifice from early in the morning until late at night. His time is taken up in the discharge of a thousand duties and tasks. In the summer he bares his tanned and weathered face to the burning rays of the noonday sun. In the winter he faces the bitter winds that chill him to the marrow. Finally, after he and his family have toiled and moiled and conquered rain and storm, insects, and a thousand set-backs, if he is fortunate he gathers his little crop and hauls it to the nearest market. When he arrives there he is compelled to unload the fruits of his toil upon an unprotected market with the other man fixing the price. After he has been paid, or rather underpaid for his crop, he is compelled to buy his clothes and the other necessities of life at a price fixed by

the giants of industry. Those from whom he buys are protected from foreign competition by a prohibitive tariff wall and from domestic competition by mergers, consolidations, and numerous other ingenious devices to restrict competition and stabilize prices.

Laidler has very graphically described the condition of the farmer:

> He is still permitted to cultivate the soil, to pay off the mortgage, to exploit his wife and children and his hired help, if such help be available, to drive himself to his many tasks from dawn until dark, to assume all the risks of drought, of hail, of frost, of hurricane, of overproduction. He is permitted to hold the bag after having paid to big business the price which it decides that the traffic will bear and after having received from big business that which it feels it must pay in order to insure further production.

As a result, in the year 1927, according to the National Bureau of Economic Research, the farmer found himself collectively assuming a deficit of some $1,717,000,000, on the assumption that he set aside for himself some $540 a year, or slightly more than $10 a week as wages, and, in addition, that he paid himself some 4½ per cent on the market value of his owner's equity in his farm. His deficit at present will run into billions of dollars. Compare this deficit with the tremendous profits made by the concerns from whom the farmer purchased the things he required and you will get some idea of how high agriculture must be lifted in order to place it on the same plane of economic equality with other industries.

The total gross income of American farmers amounted to $6,920,000,000 in 1931, a decline of 26 per cent from the 1930 figure, and a drop of 92 per cent from the 1929 total.

That there is a definite and increasing trend toward concentration in industry and finance and in every field of human activities is so apparent as to admit of no contradiction. Individualism, which has always formed the foundation of our political and economic system, is being rapidly destroyed. Individualism still exists in agriculture, independent business and labor, but it is being pushed lower and lower in our economic life. The paramount question before us is, Shall individualism survive in the United States, and, if so, what shall we do to preserve it from the invasion of organized minorities? What shall we do to place labor, agriculture, and independent business upon the same plane of economic equality with the more favored groups in our economic life? If individualism is to survive we must make a bona fide effort and adopt a permanent policy to vigorously and energetically enforce the Sherman antitrust law, the Clayton Act, and carry out the Federal Trade Commission act in accordance with the intention of those who established it. That the Government has made no serious effort to guard against these monopolies during the past 12 years is generally admitted by every impartial person. It has been the policy of our Republican administration in the past 12 years to encourage great consolidations and their various efforts to restrict competition. But it would prove inadequate to merely enforce the Sherman antitrust law and the Clayton Act as they are now interpreted by the Supreme Court. The judicial interpretation of the antitrust law has had the effect of legalizing almost any degree of consolidation of economic power if certain legal formalities are observed.

Under the interpretation of the Sherman antitrust law by the Supreme Court in the United States Steel case, the International Harvester case, and many others, it is held that the mere size of a corporation, however impressive, or the existence of an unexerted power to monopolize does not make such concern a violator of the law. In the United Machinery case the corporation was held to be a legal entity not in violation of the Sherman antitrust law, although it controlled over 90 per cent of the shoe machinery of the United States. Two conclusions might be arrived at as a result of the decisions of our Supreme Court: First, a concern may attain almost any size without falling afoul of the antitrust laws; and, second, practices which are recognized as unfair are likely to bring more serious penalties to very large concerns than to those of average size. Almost every student of economic affairs is convinced that a concern which dominates an industry, without rivals of comparable size, is able to determine in a large measure the policies of the industry without resorting to compulsive tactics. It is, therefore, apparent that in order to preserve individualism in our economic life our antitrust laws must be consistently enforced and that they should be amended to make them more enforceable and to eliminate uncertainty and loophopes. Under the present interpretation business organizers can restrict competition through mergers and consolidations without the slightest fear of prosecution and conviction under the antitrust laws, whereas independent business men are forbidden to achieve the same ends through agreements and cooperative efforts.

This is largely responsible for the fact that, between 1919 and 1928, 1,268 resulting consolidations were formed, and 8,003 independent establishments disappeared. Under our present laws, many consolidations and mergers are permitted to be formed, although there is no industrial or economic justification for their existence. Also, many consolidations and mergers are permitted to exist long after industrial justification for their existence has ceased to exist. Consolidations and mergers that are formed for the purpose of enabling business organizers and business promoters to make a tremendous fortune through overcapitalization and issuance and sale of watered stock should be prohibited. Consolidations, mergers, and acquisitions effected to enable the restriction of competition should also be prohibited. Consolidations and mergers formed for the purpose of enabling business organizers to monopolize patents and natural resources should be forbidden by specific enactment. I have heretofore had occasion to discuss the various classes of consolidations and mergers that are formed not to bring about economies in the interest of the public, but for purely selfish and aggrandizing purposes. The methods and processes by which these combinations and consolidations are formed should be forbidden item by item, so that, regardless of the changing political views and economic ideas of the Supreme Court, the law can be consistently and intelligently enforced, and capital can be definitely notified as to what is legal and what is illegal.

Of course, we must be careful not to hamstring business and industry so that it can not improve its efficiency and take advantage of the economies effected through large-scale operations, integration and technological improvements. It is undisputed that technological integration—the completion of all the processes within a single plant—yield many economies, such as continuity of process, saving of fuel, and so forth. It is admitted that the uniting of factories so as to bring under a single ownership several distinct plants in successive stages in the production of goods yield many economies. In many industries technical integration is not as economical and efficient as plant specialization up to the most economical point. Some consolidations link only plants that have been, and continue to be engaged upon different stages of the processes from raw materials to finished products, and that were thus, before consolidation in the relationship of buyer and seller, not in that of competitors. These character consolidations or mergers often permit mass production at each mill, which would devote itself exclusively to one stage or process of product—all rails, all plates, all cars, and so forth. But in many instances these economies can be obtained in a single plant without the necessity of uniting under one ownership plants and mills of the same kind. Combinations that are formed to secure better financing can be prevented by so regulating our financial system as to enable independent units of business to secure the necessary financial backing.

Combinations that are formed to secure the increased profits through stock manipulations, or the pooling of patents and licenses, or on account of the enlarged political influence in securing tariff and other favors, or in fighting effective

regulation, should be absolutely prohibited in such terms as to permit of no evasion whatsoever. There is a point beyond which the enlargement of individual plants is uneconomical, and a corporation or combine can grow to such size that it becomes unwieldy and cumbersome so as to prevent that effective control and higher supervision so necessary to economical and efficient management. Sometimes these corporations or combines become so immense that it is impossible to secure men of large enough managerial capacity or to bring about a proper subdivision of functions among the constituent members of the consolidation. Some of the objections to consolidations and mergers are expressed by Laidler in his great book as follows:

It is true, as Samuel Crowther declares, that recent years have shown certain limitations to the so-called vertical trust formation and have demonstrated the economy of independent concerns in the production of special parts of automobiles and other goods. It is true that many at the head of the corporations have to decide questions of great importance connected with the subsidiaries at the bottom of the pyramid with little or no knowledge of the situation. It is true that as an industry reaches the monopoly stage there is no little danger of regimentation and stagnation, and it is true that a haphazard consolidation of a number of inefficient plants gives no guaranty that the resultant organizations will be successful.

But when the consolidation is once formed it is difficult to unscramble it. It may be less efficient than the constituent members that make it up, when they were separate and independent, but its ability to artificially restrict competition, the difficulty of finding new capital to enter an already overcrowded field, and the widespread and powerful financial interest involved in the success or failure of the combination often serve to keep it alive long after industrial justification for its existence has ceased to exist.

In all industries where competition is ineffective or nonexistent, such as railroads, telephones, telegraphs, radio, gas companies, electric companies, and so forth, we must devise some effective and uniform regulations that will protect the public from discrimination and unreasonable rates, low wages, and inadequate service. Although it has the power, the Federal Government is giving little attention to the regulation of telephone, telegraph, cable, and radio communications. The Federal Power Commission act does not apply to water power generally, and in 1929 less than one-fourth of the developed water power was operating under the authority of the Federal Power Commission, and only about 6 per cent of the installed electric power was under such control. The legal right of public utilities to charge almost any sum to operating expenses and to put exaggerated valuations on their assets render it almost impossible for the State commissions to effectively regulate the electrical industry, as well as electric railway, telephones, telegraphs, gas, and water supply.

The American Telephone & Telegraph Co., a holding company, has been permitted to charge its own subsidiary, the Southwestern Co., an unreasonable rent for receivers, transmitters, for licenses, and various services. The valuation which the Supreme Court permitted the Indianapolis Water Co. to put upon its assets enabled that concern, according to Prof. John A. Ryan, to earn a generous return on the common stock of over 300 per cent. This, of course, was paid by the consumers and laborers. I merely cite these well-known instances to illustrate the ineffectiveness of our present method of regulating public utilities.

In view of this dangerous trend toward concentration it is unbelievable that some captains of industry and high finance would advocate, as they are now doing, that we scrap our present antitrust laws and permit, through legislative enactment, the organization of business and monopolies of any size. Such a disastrous course would result in the complete establishment of an economic feudalism in the United States. Such a feudalism would differ from communism or socialism only in the matter of ownership. In such an economic feudalism the ownership would be concentrated in the hands of a few individuals or groups, whereas in the case of communism or socialism the ownership would vest in the State. Such a feudalism might be more efficient than Government ownership and control, but in common with socialism and communism it would completely stifle the private initiative and the individualism of our citizenship. Those who advocate this disastrous course may not perceive it, but they are advocating the same thing in effect as do the socialist or the communist, namely, the destruction of individualism.

There are those who advocate socialism or communism as a cure for the economic ills that afflict our Nation. Socialism and communism are derived from the same source, Karl Marx. They differ only in the means by which they endeavor to destroy property and individualism. The communist advocates violence and revolution, whereas the socialists advocate change through elections. One advocates the bullet, the other the ballot. The foundation stone of modern socialism, the communist manifesto of Marx and Engels declares:

The theory of the communists may be summed up in the single sentence: Abolition of private property.

Wherever socialism or communism has been tried it has resulted in miserable failure. The socialists controlled Queensland, Australia, for 14 years and were defeated overwhelmingly. Under the rule of the socialist in Queensland business and the Government were practically bankrupt. Although Russia in theory is a communistic form of government, yet in practice it is making one concession after another to capitalist theory and practice in the guise of various "new economic policies." Bolsheviki have found that the pure socialistic theory does not work. Under socialism or communism incentives to wealth production are removed. It deprives men of the capacity to acquire property and thereby removes the main incentive to labor; in the guise of public assistance it would remove the necessity for thrift and self-help. Under socialism or communism inventors will not be adequately rewarded, consequently there will be no incentive to invent; the more efficient workers will not be paid any more than the less efficient, therefore, the more efficient will soon descend to the level of the poorest.

If the workers elect their bosses the temptation will be to elect an easy boss and, therefore, production and management will become inefficient; if on the other hand the production bosses are appointed by political chiefs, such bosses will more than likely be politicians who are not qualified. The science of government is separate and apart from the science of business. A politician is no more qualified to run business than business is to run the government. The enormous increase in physical production in this country in the past 30 years has been responsible for the increase in wages and the standards of living and a decline of about 18 per cent in individual hours of labor. This increased production has been partly the result of new or improved machines and processes utilized and installed by management—the representatives of capitalism.

The writings of socialism—especially of its founders—advocate scientific socialism, a socialism based on the materialistic conception of history. The principle of historic materialism in which Marxian or scientific socialism is founded is opposed to religion because it denies the existence of a Supreme Being. Karl Marx, the founder of modern socialism, states—

Religion is a fantastic degradation of human nature.

All the great leaders of socialism have uttered similar declarations.

Not only do industrial and financial feudalism, communism, and socialism destroy private initiative and individualism, but Fascism, as preached by Mussolini and now practiced by Italy, also has the same effect. Mussolini's formula is: "Everything for the state, nothing outside the state, and nothing against the state." Under socialism, communism, or Fascism the individual exists for the state. Under our theory of government, the state exists for the individual. Fascism, communism, and socialism have this in common: They destroy freedom of speech, freedom of thought, and the right to worship God according to the dic-

tates of one's conscience. None of these systems rest on the active growth and moral value of the individuals, without whom the state is a fiction or a monster.

And so the titanic struggle, not only in the United States but in the world at large, is between individualism on one hand and collectivism on the other. The question is, Shall a few, whether that few be feudal lords under a system of concentrated ownership and control, or a dictatorship under systems such as prevail in Russia and Italy, govern the masses, or shall individual and political freedom be preserved? Shall individualism, as proclaimed by Thomas Jefferson, applied by Andrew Jackson, and interpreted by Woodrow Wilson, be retained as the basis of our political, religious, and economic life, or shall we relapse into the tyranny of an enthroned and governing minority, whether that minority be the Communist of Russia, the Fascist of Italy, or the great industrial and financial lords who are seeking control of the wealth, the natural resources, and the industrial power of this country?

Fortunately, under our system of government there is no need to resort to any of these alternatives. Extreme measures of all kinds are equally bad. The only wise and happy course to pursue is the one that lies in the middle of the extremes. Let us keep constantly in mind that our sacred duty to our Nation and our children's children yet unborn is to preserve individualism in our economic and political life. We can shape our economic and political policies and laws to achieve this end. We can do so without destroying or impairing the efficiency of legitimate industry and business. In some fields of human activity large-scale operations are necessary, but even in these classes of industry individualism can be preserved by distributing a fair share of the economies of large-scale operations to the laborers who are employed and by voluntary effort on the part of capital to give to labor some protection during periods of unemployment.

The capitalist can no longer escape the great responsibility which he owes to society and the laboring people who created his fortune. It was once thought that the capitalist could do whatever he wanted to with his own money and property. There are still those who think that he has this right and that so long as he pays his debts and his taxes he is doing his full duty to mankind and society; but the better and higher conception of to-day places upon the capitalist responsibility for humane policies in industrial enterprises. No longer can the capitalist be indifferent as to the means by which his wealth is increased.

The capitalist must so order his affairs that the earning of his money and the uses he makes of it will be for the general social betterment. One of the highest social services the individual can render is to engage in the manufacture and distribution of goods which are useful or beautiful, or both. To do this is to give remunerative employment to the largest possible number of people under working conditions which give full opportunity to ability and likewise satisfy the requirements of human dignity and self-respect. Much has been done in this respect, but much more remains to be done. A great deal of our output is ugly and unuseful; insecurity of employment is the haunting specter in the workingman's vision of the future.

There are many capitalists to-day who have this high conception of social service, and for these capitalists I entertain profound respect. Instead of using their money for idle pleasure, they invest it in business and manufacture where men are given honorable employment. This type of capitalists does not need an irresistible and implacable public sentiment to enforce its ideals of social responsibility upon him. They are exercising themselves to the utmost to promote the economic security and dignity of their workingmen. Some of them voluntarily reduce the hours of work and the days of work so that their employees may have leisure hours.

These unselfish capitalists know that in spite of the shortened working hours the economic balance is such that the worker can earn in these shorter periods not only enough to house and feed his family on a scale not previously dreamed of as remotely possible but he has a surplus with which to purchase such things as automobiles, radios, musical instruments, washing machines, refrigerators, and many other things regarded not so long ago as luxuries available only to a favored few. The wise capitalist knows that the surplus earnings and the leisure time of his employees result in the creation of new jobs in an endless fashion. Workers who have surplus earnings and leisure time can buy automobiles. With these automobiles they can go to the country or elsewhere on holidays or week-ends and during vacations. This creates a necessity for filling stations, parking and eating accommodations, and many other things which give employment to great masses of people. Back of the gasoline sold at the filling station lies a trail of activities. Land is leased for a bonus, wells are put down, and refineries are operated; all giving employment to thousands of men. The automobile requires good roads and the improvement of public roads on an extensive scale creates a demand for huge labor, and the building of roads extends back to quarry and coal mines, and other original sources. It also becomes necessary that thousands of people be employed in the registration of automobiles, collection of taxes, policing of roads, and other things not necessary to mention.

The worker, with surplus earnings and leisure time, can also go to the moving-picture show. This means that more cotton will be used to make films; that theaters will be erected, creating a market for the iron, brick, and stone out of which the theater is constructed; and that thousands of people will be employed to operate the moving-picture industry. As the purchasing power of labor increases the consumption of farm products increases.

In order to preserve individualism in large-scale operations we must evolve a program whereby employees will have some reasonable assurance of definite and regular employment in times of financial depression. Capital must be willing to shoulder its part of the responsibility and not throw it entirely upon the shoulders of labor. Widespread unemployment at regular intervals is a great social, political, and economic evil. It only increases the depression and makes times worse. We can partly solve the problem of periodical unemployment by preserving the independent unit of business wherever economically possible. Doctor Thorpe clearly shows that in periods of depression the larger corporations are more inclined than are the smaller concerns to shut down their plants completely, discharge their men, and accept the losses from idleness rather than from greatly reduced prices. He says that prices are maintained to a large extent by this policy and that there is a greater stability of earning power for the stockholders of the corporations but greater hardships for the laborers.

Unemployment can also be partly solved by the suspension of immigration, or the restriction of it to a minimum. This is a prerequisite to any intelligent and sincere attempt to solve the unemployment problem. Unless we do this, other methods will be insufficient to absorb the labor surplus and give everyone employment. There is no excuse or justification for immigration to a country where 7,000,000 men and women are unemployed, and where the inventive genius of the country is constantly supplying the industrial world with new labor-saving devices that constantly displace labor. In order to offset the displacement of labor by those lavor-saving devices and in order to increase the purchasing power of the people so that mass consumption may keep abreast with mass production, we must stop immigration and distribute to labor its just and fair proportion of the economies effected through the installation of machines. In order to preserve individualism in agriculture we must lift from the shoulders of the farmer some of the oppressive burdens of unequal taxation, and assist him to develop a marketing system that will enable him to earn a fair return upon his labor and investment.

But we can not assist business, labor, or agriculture by putting the Government in business; neither can we assist

by creating boards, commissions, and bureaus that increase the public expenditures, and consequently the burdens of taxation that weigh heavily upon the shoulders of many groups in our economic life. We can not restore individualism by appropriating millions of dollars out of the Public Treasury to prevent the disintegration of vast consolidations that have no economic justification for their existence. We must be courageous enough to confess that the prime function of our Government is to protect life, liberty, and property, and to give every man an equal chance in the race of life.

I do not mean by this that I subscribe wholly to the old doctrine of "Let alone" that was once suitable to our pioneering Nation. At that time it was necessary to insure the full development of our economic life by giving to capital unrestricted opportunity for profit. I recognize that our changing economic conditions require wholesome and salutary restrictions in some instances, but this does not justify our Government going into business. I recognize that natural monopolies, such as railroads, telephones, telegraphs, cables, electric industries, and so forth, must be effectively regulated in the protection of the public, but it does seem to me, Mr. Chairman, that the only possible solution of the grave problems that confront us is a courageous return to the fundamental principles of Jeffersonian democracy. When we return to these principles and courageously apply the chief tenet of democratic faith, "Equal and exact justice to all men of whatever state or persuasion, religious or political," we will be able to rescue this Nation from the rocks of socialism, bureaucracy, and extravagance against which she is now being hurled. This "equal and exact justice" would prevent vast appropriations for the benefit of privileged and favored classes. It would prevent legislation enacted for the benefit of a few at the expense of the many. It would necessitate the enforcement of laws that have for their purpose the preservation of individualism and the enactment of necessary laws to facilitate and strengthen the chief purpose of a democratic form of government—the preservation of individualism. If this eternal principle were applied, we would preserve true competition in real markets, and prevent unfair practices and cutthroat competition.

In industries where competition is nonexistent or ineffective, such as exist in public utilities, this principle would compel us to bring about effective governmental regulation that would protect labor from unfair wages, the consuming public from discrimination and unreasonable rates, and the investing public from watered stock, and at the same time allow sufficient room for the fair play of private initiative and individual ambition. This principle would necessitate the prevention of mergers and consolidations, where they are economically unsound and unjustified industrially, or where the consolidation results in a monopoly. This "equal and exact justice" to all classes and groups in our economic life would restore the correct balance and give to capital, labor, and agriculture an equal opportunity for a fair return upon labor, capital, brains, energy, and thrift. The failure to apply this principle consistently and courageously in legislation and enforcement of existing laws is largely responsible for the concentration of wealth and power in the hands of a few and the many inequalities that exist in our economic life.

There are some who believe that these great principles are no longer applicable to the problems of our advanced civilization. They continue to experiment with the fallacies of other doctrines. They advocate various and sundry artificial expedients to interfere with or suspend, in so far as favored groups are concerned, the natural and orderly operation of the great laws that underlie the economic world.

Although each experiment results in dismal failure to the detriment of the people and the Republic, they continue to urge new experiments of similar nature and equal futility. They refuse to profit by the experience of the past and the light that history offers to guide our erring steps. They are not even as wise as Mark Twain's cat. This cat sat on a hot stove and not only learned the lesson not to sit on a hot stove but was impressed so deeply by the experience that it refused to sit on any stove. It seems to me that in view of the deplorable condition to which folly has reduced us we could at least become as wise as the cat and not repeat our disastrous experiments.

As for me, Mr. Chairman, I am old-fashioned enough to continue to believe in the fundamental principles of Jeffersonian democracy. I still believe in individualism in politics and in business. I still believe in the system of independent business and independent farming, which are based upon individualism. This system places the employee in direct and friendly relationship with the employer, and in this manner develops the initiative and inspires the ambition of the employee. He is stimulated to emulate the example of his employer, and he is permitted to indulge the fond hope that some day he, too, can establish a successful business. This system induces the employee to take a more active and lively interest in his work and to apply himself more diligently to its needs and requirements. He is working always with a goal in view and objective to strive toward. He is an integral part of the business, even though he owns no share in it. He is inspired by the encouraging words with which a grateful employer rewards honest endeavor, and he enjoys the great privilege of personal contact and its consequent advantage of advice, suggestion, and aid.

Not only is this true but the independent business man and the independent farmer dispense charity with a generous hand and a kindly smile. Honest poverty and genuine want are never driven from their doors with empty hands. Their hands are ever open to the needy, and their hearts ever open to the sorrowing.

Such men are a vital part of the community in which they live. They contribute heavily to its churches, its schools, and its civic activities. In their business or farms they invest more than dollars and cents and honest toil. In it they put their lives, their ideals, their conceptions of ethics, and their noble desire for service. They measure the success of their business or farm not by the amount of profit which they derive from its operation but by the service which they render to their community, their country, and their God. Their greatest business assets are their names, and they guard them with jealous care. They do not regard the community in which they live as fertile ground for exploitation but rather as a place where they may live the life of service and leave their footsteps on the sands of time. They are ever ready to cooperate without stint in every civic movement that promises to promote the happiness, the welfare, and the prosperity of the community, town, or city in which they live. They never shirk the responsibility of good citizenship, and their names may be found on the roster of every worthy civic organization. Without them the existence of civic and fraternal organizations would be practically impossible. Every town and every community and every State owes a debt of gratitude to the unselfish and fearless business men and farmers and laborers who have contributed in a large measure to the success and power of this Republic.

Believing that the preservation of these groups in our economic life is essential to the happiness and welfare of society, I shall devote my feeble efforts to this end. It is the greatest issue before the American Congress, and it challenges the best thought of our leadership. It at least demands that we resist the further encroachments of monopoly upon those fields of human activity still left to independent business.

Those who prate about the productive efficiency of monopoly fail to realize that for every glittering advantage that monopoly offers there are a hundred disadvantages. Centralized industry, commerce, and finance may be for a time more efficient than independent units, but they inevitably lead to the exercise of tyranny and the abuse of power. It was the efficiency of centralized government that Hamil-

ton and the Federalists clamored for. But the immortal sage of Monticello knew that there were more important ends in life than efficiency; and it was for this reason that he and his compatriots insisted upon a decentralized form of government. It was for this reason that he found fault with the Constitution of the United States in not containing a specific pronouncement against monopolies. It was for this reason that many States in the Union adopted pronouncements against monopolies in their constitutions.

Jefferson realized that no democracy could long survive the ravages of time and the wreck of ages, whose economic organization became monopolistic as to the few and competitive as to the many. He realized that economic freedom was essential to political freedom, and that no nation could be free politically that was enslaved economically and industrially. He knew that so long as centralized governments were administered by wise and patriotic men, they might be more efficient than decentralized governments, but when they eventually fell into the hands of time serving politicians, ambitious dictators, and unscrupulous demagogues, they would become the master of the people instead of the servant. The annals of all history attest the wisdom of this view, and it would be treason against democratic government for us to sacrifice to expediency, a principle that is indispensable to the very life of this Republic and the perpetuation of free government among the children of men. If our economic system is to become monopolistic, then our political system will become monopolistic, because two systems diametrically opposed to each other, as light and darkness, or right and wrong, can not coexist under the same structure and fabric of government.

Mr. KNUTSON. Will the gentleman yield?

Mr. DIES. I yield.

Mr. KNUTSON. Has it ever occurred to the gentleman that this Government started in its un-American policy of engaging in this, that, or the other since we adopted the primary system of nominating public officials?

Mr. DIES. That point never occurred to me.

Mr. KNUTSON. We are getting too many "yes-yes" men under the primaries.

Mr. FIESINGER. Will the gentleman yield?

Mr. DIES. I yield.

Mr. FIESINGER. The gentleman said something about the small merchant disappearing.

Mr. DIES. Yes.

Mr. FIESINGER. Has the gentleman any plan to stop that?

Mr. DIES. Yes. The plan that will stop it is a strict enforcement of the Sherman antitrust law and a revision of it where it is necessary, and I think there is necessity for revision, which will prevent the Supreme Court from judicially misinterpreting the spirit and the intention of the authors of that great bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas [Mr. DIES] has expired.

Mr. SIMMONS. Mr. Chairman, I yield 25 minutes to the gentleman from Kentucky [Mr. FINLEY].

Mr. FINLEY. Mr. Chairman, on the 9th of this month, during the course of debate on the tariff bill, the gentleman from Illinois [Mr. RAINEY] spoke as follows, as reported on page 1592 of the RECORD:

> Going back to the Civil War days, Abraham Lincoln we find to be the first protectionist President. * * * We might go back a little further to the first protective tariff in 1816

This is my first opportunity to advert to the statements which I have just read.

I wish I could have the time to notice, seriatim, all the misstatements contained in the paragraph from which those two were taken.

I have not. But I can not let those two go unchallenged. I must protest against miswriting our economic history on the floor of this Chamber. Abraham Lincoln was not the first protectionist President. The tariff law of 1816 was not the first protective tariff law.

I can account for those statements by the gentleman from Illinois solely upon the theory that he does not know that the distinguishing and fundamental difference between a protective tariff law and a tariff law for revenue only—or free trade—tariff law is not the difference in the height of the duties, but the difference in the articles on which the duties are imposed.

Mr. CABLE. Will the gentleman yield?

Mr. FINLEY. Yes.

Mr. CABLE. If the gentleman will investigate the first record of the First Congress of the United States, he will find that the first bill passed was a protective tariff bill, I believe signed by George Washington. It was passed because there were petitions filed by the industries at that time against foreign goods coming into the United States and doing damage to the farm and industry here.

Mr. FINLEY. If the gentleman will bear with me, I will develop that more fully.

Far be it from me to deny to Abraham Lincoln one iota of that just fame which will forever be his. His name through all generations will be—

> As some tall cliff that lifts its awful form,
> Swells from the vale and midway leaves the storm,
> Though round its breast the rolling clouds are spread,
> Eternal sunshine settles on its head.

But Abraham Lincoln was not our first protectionist President. That distinction belongs to him who was first in war, first in peace, first in the hearts of his countrymen, and first in his yearning for the prosperity and happiness of the country he had fathered.

Let us briefly consider the history of our country:

When our forefathers had won their independence they found themselves free to form a new government—a government after the counsels of their own hearts. But for generations they had suffered under the power of the British Empire, centralized in the hands of despotic kings.

They had just fought a long and bloody and cruel war to emancipate themselves from that power. During that war that same power had brought upon them heartless mercenaries from abroad and pitiless savages from the wilderness. Thus they came to the formation of their new government dominated and controlled by hatred and fear of centralized power. In that frame of mind, and strongly influenced by Thomas Jefferson, the new States associated themselves together under the Articles of Confederation.

That instrument embodied, and the new government exemplified, the theory of government advocated by Thomas Jefferson. Under it each State reserved to itself most of its original sovereign powers over its domestic affairs. Few and feeble were the powers over such matters granted to the general government. Particularly, and because the power to impose duties on foreign imports had been so often used to oppress them, each State reserved that power to itself and denied it to the general government.

Thus by reserving to themselves most of their sovereign powers over their domestic matters and ceding only negligible powers to the general government the new States guarded themselves against centralized power in their own government.

But they soon discovered that they had planted in their new government the seeds of its own destruction. In avoiding the Scylla of centralized power they had fallen into the Charybdis of industrial ruin.

For the power to impose duties on foreign imports, reserved by each State to itself, soon began to be used by some of the States against each other.

One State imposed a certain rate of duty upon a certain article; another State imposed a lower rate in order to bring commerce to its own ports; another a still lower rate for the same purpose, and so forth. Thus the interests of the country as a whole were crucified between conflicting interests of rival States.

The results were inevitable. Even during the war, and under its protection, feeble beginnings of industry and enterprise were born. These were drowned in their cradles

by the unrestricted flood of British goods which poured into the land.

No country ever grew rich, prosperous, or truly independent as a producer of raw materials. And that our country soon became, with its market for those raw materials 3,000 miles away by sail. Industry perished. Agriculture languished on a virgin soil. Commerce stagnated. Debt was well-nigh universal; poverty everywhere. Rebellion lifted its head. Our fathers had won their political independence from the British. Under the Articles of Confederation and national free trade the British had reduced us to industrial servitude.

Of this period, and of the Articles of Confederation, Andrew Jackson said:

> But the defects of the confederation need not be detailed. Under its operations we could hardly be called a nation. We had neither prosperity at home nor consideration abroad. This state of things could not be endured; and our present happy Constitution was formed. (Messages and Papers of the Presidents, vol. 2, p. 643.)

In 1787, after four years of the Articles of Confederation and national free trade, our fathers met in convention, presided over by George Washington, to frame a constitution. That Constitution was ratified and became operative in 1789.

Thomas Jefferson was the dominant influence of the Articles of Confederation. Alexander Hamilton's was the guiding mind of the Constitution.

Our fathers lived under the Articles of Confederation for six years, abandoned it forever, and adopted the Constitution, under which we have lived for 143 years.

The Articles of Confederation created an association of States with a general government powerless to sustain itself, powerless to protect itself or to protect its subjects at home or abroad.

The Constitution created a nation—a nation strong enough to sustain itself, strong enough to protect itself, strong enough to compel obedience at home and command respect abroad, and strong enough to promote and foster the prosperity of its people.

That Constitution took away from the several States the power to impose duties on foreign imports and gave that power to the General Government to be exercised through Congress.

The first law passed by the first Congress to convene under the Constitution was, naturally, a law prescribing the oath officials under the Government should take. The second had this preamble—

> Whereas it is necessary for the support of Government, the payment of the debts of the United States, and for the protection of industry that duties be levied on imports: Be it enacted, etc.

Our fathers had no doubt as to what was the trouble with their country. Likewise they had no doubt of what the proper remedy was.

So after completing the organization of their Government by prescribing the oath officials should take, they immediately applied that remedy.

Note that the preamble declares it necessary to protect American industry. Note also that that preamble boldly declares that the law about to be passed is for the protection of industry.

George Washington approved and signed that law. How, then, can any man say that Abraham Lincoln was the first protectionist President? And how can anybody say that the first protective tariff law was that of 1816?

And there were other protectionist Presidents before Lincoln. I undertake to say that Thomas Jefferson, alleged founder of the Democratic Party, and Andrew Jackson, alleged father of it, both were protectionists. And I need no other testimony to support that assertion than the utterances of Andrew Jackson, claimed by modern Democrats as their patron saint.

In his first inaugural address Jackson said:

> With regard to the proper selection of the subjects of imposts with a view to revenue, it would seem to me that the spirit of equity, caution, and compromise in which the Constitution was formed requires that the great interests of agriculture, commerce, and manufactures should be equally favored, and that perhaps the only exception to this rule should consist in the peculiar encouragement of any products of either of them that may be found essential to our national independence. (Messages and Papers of the Presidents, vol. 2, p. 457.)

Will self-styled Jackson Democrats on the south side of the aisle accept that doctrine of their patron saint? If not, why not?

And if they will not, will they cease claiming to be Jackson Democrats? If not, why not?

Let us go a step farther. In 1832 Jackson was a candidate for reelection against Henry Clay, an outstanding protectionist. Jackson's party did not adopt a platform in that campaign. Pennsylvania had already laid the foundation of her present mighty manufacturing system. Jackson was a southern man by birth and residence. The southern wing of Jackson's party, led by John C. Calhoun, had committed itself to an economic policy of cotton produced by slave labor and free trade. Pennsylvanians were profoundly interested to know if Jackson shared the views of his southern brethren. Doctor Coleman, of Pennsylvania, sought an expression of Jackson's views. Whereupon Jackson wrote the following characteristic letter:

> Heaven smiled upon us and gave us liberty and independence. The same Providence has filled our mountains with lead, iron, and copper, and given us a climate for the growing of hemp and wool. These being the grand materials of our national defense, they ought to have extended to them adequate and fair protection, in order that we may have within our own country a supply of these important things so essential in time of war, and in order that our own workingmen may be placed on an equality with those of Europe. If we neglect to avail ourselves of the opportunities with which Providence has blessed us, we deserve not a continuation of her favor.
>
> [Applause.]

Will self-styled Jackson Democrats on the south side of the aisle subscribe to that declaration of their patron saint? If not, why not? And if they will not, do they not think they ought, in all sincerity, to cease calling themselves Jackson Democrats? If not, why not?

Never in our whole history has the case for protection to American labor and American industry been stated more clearly or more forcibly than in those words of Andrew Jackson.

The gentleman from Illinois twitted Republicans upon still using the same tariff arguments used by Henry Clay. In reply, we dare him to go on the hustings and use the same arguments used by Andrew Jackson, claimed by his party as its father and patron saint.

The Democratic Party has apostatized from the faith taught by Andrew Jackson. We have remained true to the faith taught by Andrew Jackson, Henry Clay, and the fathers of our country.

But let us go one step farther. Let Andrew Jackson speak once more:

In his second annual message to Congress he wrote as follows:

> The object of the tariff is objected to by some as unconstitutional, and it is considered by almost all as defective in many of its parts. The power to impose duties on imports originally belonged to the several States. The right to adjust those duties with a view to the encouragement of domestic branches of industry is so completely incidental to that power that it is difficult to suppose the existence of the one without the other. The States have delegated their whole authority over imports to the General Government without limitation or restriction, saving the very inconsiderable reservation relating to their inspection laws. This authority having thus entirely passed from the States, the right to exercise it for the purpose of protection does not exist in them, and, consequently, if it be not possessed by the General Government it must be extinct. Our political system would thus present the anomaly of a people stripped of the right to foster their own industry, and to counteract the most selfish and destructive policy which might be adopted by foreign nations. This surely can not be the case. This indispensable power thus surrendered by the States must be within the scope of the authority on the subject expressly delegated to Congress. In this conclusion I am confirmed by the opinions of Presidents Washington, Jefferson, Madison, and Monroe, who have repeatedly recommended the exercise of this right under the Constitution, as by the uniform

practice of Congress, the continued acquiescence of the States, and the general understanding of the people. (Messages and Papers of the Presidents, vol. 2, p. 523.)

Again I ask if self-styled Jackson Democrats on the south side of the aisle will subscribe to that utterance of the father and patron saint of their party. If not, why not?

And if they will not, will they cease trying to delude the people by claiming to be Jackson Democrats? If not, why not?

Again I say that the case for the constitutionality of protection has never been more clearly or more strongly stated than in those words of Andrew Jackson. That argument has never been met or answered; and it never can be.

And his declaration that Presidents Washington, Jefferson, Madison, and Monroe repeatedly recommended to Congress exercise of the right to pass protective tariff laws disposes for all time of any doubt that they, as well as Jackson himself, were protectionists.

The truth is the free-trade, State-rights Democratic Party of to-day is the offspring of that great advocate of free trade, State rights, and nullification, John C. Calhoun. It is no more akin to Andrew Jackson than a stepson is to his mother's husband. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, during a membership in this House which is now approaching five years, I have consumed little time of its membership in discussions on the floor. I did not desire unnecessarily to consume its time to-day. I rise to submit a very brief observation concerning an article recently appearing in the Christian Index. I do not wish to read that article. The time allotted me is amply sufficient, however, for that purpose. Therefore, to save time, I ask unanimous consent that the article in question may be printed in the RECORD as a part of my remarks.

Mr. SIMMONS. The gentleman expects to comment upon the article?

Mr. TARVER. I propose to insert into the RECORD an article appearing in a recent issue of the Christian Index, which relates to one of the greatest governmental problems now pending before the Congress. That article I propose to discuss in the course of my remarks. It is not my desire to read the article, preferring not to consume the time of the House for that purpose.

Mr. SIMMONS. How long is it?

Mr. TARVER. Two short pages.

The CHAIRMAN. Is there objection?

Mr. LAMNECK. Mr. Chairman, reserving the right to object, this same request has been made twice before. I do not know what the article is or what it pertains to or what the object is, but I notice that the two Republican Members who objected to this are not now on the floor. In view of that fact I object.

Mr. TARVER. May I ask the gentleman upon what basis he makes the statement that this request has been made twice before?

Mr. LAMNECK. I assume that.

Mr. TARVER. The gentleman means that he has heard me twice request permission to insert in the RECORD an article. He assumes that it is the same article?

Mr. LAMNECK. I judge that from the gentleman's own statement.

The CHAIRMAN. Is there objection?

Mr. LAMNECK. I object, because it has been objected to twice before.

Mr. TARVER. Then I read to the membership of the committee within my time, as a basis for the discussion which I propose to indulge in, an article from the Christian Index of December 24, 1931, as follows:

SOCIAL SERVICE REPORT, GEORGIA BAPTIST CONVENTION, NOVEMBER 19, 1931

PROHIBITION

Prohibition has been in our National Constitution now for nearly 12 years. It came as the culmination of more than 100 years of organized temperance work in the Nation. The first temperance society of which we have any knowledge was organized in 1808. From then on the movement assumed many forms, sometimes it flourished and sometimes it languished, but at the last it issued in the eighteenth amendment, the greatest piece of social legislation in the history of the country. To be sure it is imperfectly administered, to be sure its enforcement has too often been in the hands of its enemies and therefore lax, but it has reduced the consumption of alcoholic liquors 70 per cent, and that fact alone is an irrefutable argument in favor of prohibition, even as we have it. Any measure that reduces the liquor drinking more than two-thirds can not be otherwise than of tremendous value to the Nation.

Oh, yes, we have bootlegging, but we had that before prohibition just the same as now. The United States district courts have always had to spend most of their time to the trying of liquor cases; this was just as true in the days of legal liquor selling as it is now under prohibition.

The liquor forces are making propositions for the modification and the repeal of our prohibition laws. Their proposals mostly revolve around State rights in the liquor matter, or governmental control. Both of these plans have been tried and found unsatisfactory and were therefore rejected.

The temperance people have tried every known plan. They first tried moral suasion, but the sight of the saloon hard by, legalized by the State, nullified moral suasion. They tried pledges, but the sight of drinkers passing in and out of the groggery, operating under the legal sanction, discounted every pledge. They tried restriction on the sale of liquor, hours of sale, no sales on Sunday, or on holidays, or to minors, or to confirmed drinkers, or near to school houses or churches, but these did not help very much. Liquor has ever been a lawbreaker. Then they tried precinct option, but all the drinker had to do was to go a mile or so and drink his fill. Then they tried county option, but the next county was not far away and it was easy to lay in a supply. Next State prohibition was tried, but train loads of liquor were sent into the State under the interstate commerce laws, and unbroken packages were shipped in by mail. And we can easily remember how at Chattanooga and Jacksonville were great depots from which liquor was poured into Georgia in defiance of our State prohibition law. Each of these steps meant an advancement in the war for the destruction of the liquor traffic. By 1920, 33 States had adopted State prohibition. It was an easy step from State prohibition to national prohibition under these circumstances, and prohibition was placed in the National Constitution with practical unanimity, 46 States ratifying the amendment in the way prescribed by the Constitution itself.

South Carolina tried governmental distribution and control and it proved a miserable failure.

Some wets are advocating that we legalize the sale of light wines and beer, and so give employment to 2,000,000 people now out of work, thus relieving to that extent the unemployment situation.

But they figure greatly wrong. Statistics show that even in 1914 there were only 498,906 workers employed in the liquor business, including allied trades. Of this number 409,465 were employed in the retail trade. As the wets generally assert that they do not want the saloon back, that would leave only 89,541 employees, which is far short of 2,000,000, and which would do very little to relieve unemployment.

If the return of liquor would be such a blessing to us in this country we would ask: "What about Europe?" England has millions of workmen dependent on public charity, supported by the dole. Ireland, Scotland, and Germany have their serious unemployment situations. And yet the sale of liquor is legalized in all these countries.

But they point us to Canada. There, however, the government plan has not worked for temperance but quite the contrary. In 1920 during the prohibition period there were operating in Canada 4 distilleries and 57 breweries; there are now 28 distilleries and 86 breweries. In 1920 the joint capitalization of all distilleries and breweries was $49,000,000; in 1923 it had reached the sum of $128,000,000. In 1920 the consumption of liquor was $16,000,000 worth; in 1930 $56,000,000. This indicates a great increase in the amount of liquor consumed.

Nor have they gotten rid of the bootleggers and dives. They are there just the same. The biggest work of their "morality squad" is "putting the bootlegger out of business." And "bootlegging and blind-piggery are rampant."

The wets say, "Permit light wines and beer and tax them and turn great sums into the Government to help it in these times of deficits."

One of the great glories of the eighteenth amendment was that the Nation, in adopting it, broke its alliance with liquor. We do not believe that our Government should have any alliance with the liquor business and therefore we would oppose to the uttermost any tax on liquor. It is an unholy tax, a blood-money tax. Nearly 200 years ago Lord Chesterfield in an address in the House of Lords, protesting against the British excise and revenue derived from intoxicating liquors said: "Luxury is to be taxed, but vice must be prohibited. Let the difficulties in executing the law be what they may. Will you lay a tax on the breach of the commandments? Would not such a tax be wicked and scandalous, because it would imply an indulgence to all who would pay the tax? This bill contains the conditions on which the people are to be allowed henceforth to riot in debauchery, licensed by law

and countenanced by magistrates." Subsequent experience has justified his warning.

Our tax on liquors was first laid as a war measure. The first year and a half of the Civil War was decidedly favorable to the Confederacy. The United States Government found it increasingly difficult to secure funds with which to carry on the war. The Cabinet appealed to President Lincoln to lay a tax on liquor. Three times he refused to do so, but at the last, under great pressure, he agreed, with the positive stipulation that immediately upon the close of the war the tax should be abolished. The tax was not abolished, however, but continued until the adoption of national prohibition.

The Government must not be put back again in the liquor business.

They say, "Legalize beer, and create a market for the farmer's grain." However, statistics show that in 1916 only 2 per cent of the grain crop of the country for that year was used in the manufacture of beer.

Even if wines and beer were legalized by Congress, 38 of the States have laws prohibiting the manufacture of beer, and these laws would have to be repealed before the law of Congress would be effective in those States.

And even should the legalizing of wines and beer give employment to a considerable number of workmen, many of them would be men now employed in other lines of work.

No; as imperfectly as prohibition is being administered, it is better than anything we have yet had.

It has reduced the consumption of liquor.

It has reduced the number of drunkards.

It has reduced deaths from alcoholism from 5.22 per hundred thousand in 1910–1916 to 3.7 in 1929.

It has put the United States out of the liquor business.

It has confined the drinking of liquor to those who are in favor of bootlegging.

There is in this connection a new note being sounded in the war on crime and lawlessness. It is that the way to reduce lawlessness is to repeal the law against the manufacture and sale of liquor and there will be no liquor violations. True. But if the proposition is sound it ought to work in other cases also. Why not abolish all traffic ordinances; they are being constantly violated. And laws against holdups, thievery, and ad infinitum.

If you have a good law and a poor enforcement officer, repeal the officer, not the law.

This commission would sound a strong call for law observance and law enforcement. The prohibition law is a part of the law of the land and it is the duty of all good and loyal citizens to observe it. It should be remembered that in all good conscience and morals the man who buys liquor is just as guilty as the man who sells it. To select one portion of the Constitution or the public law for loyalty and obedience and reject other portions of the Constitution and the law is selective anarchy, whether the persons guilty of such conduct know it or not. The communist who rails at the fifth amendment is no more of a lawbreaker than the man who breaks the eighteenth amendment.

We Baptists are constitutionalists, not nullificationists.

The great rank and file of our people, we believe, honor and observe the prohibition law. It is with this great body of our people that the law is of such benefit. The violations for the most part are from a relatively small upper fringe and lower fringe of society.

Enforcement and observance will grow better.

Thomas A. Edison's death is fresh on our minds. Within a year before he died he said, in answer to questions, that prohibition had helped the industrial and economic life of America, and to a greater extent than realized; that children are better fed and clothed and educated than before the coming of prohibition; that the eighteenth amendment should be retained as a blessing to our American homes to-day and to those of future generations. And he closed by saying that prohibition enforcement was getting more practical every day. And Henry Ford has said that if liquor had to go in the horse-and-buggy age, so much the more should it be gone in this high-powered automobile age.

Let no one be fooled by the enemy of prohibition who says that he would never tolerate the saloon. As sure as night follows day the fall of prohibition means the reenthronement of the saloon. It may be called by some other name, but any place where liquor is sold and distributed is a saloon.

Let us encourage faithful officials who enforce the law; and there are very many of them. And let us relieve unfaithful officials.

And let us be sure never at any time in any election to cast a vote that would give any encouragement to the foes of prohibition.

We are emphatically opposed to any referendum on prohibition.

This commission has a feeling that the subject of temperance is not receiving the attention and emphasis in our churches and in our young people's organizations and in our Sunday schools that it ought to have. In the days before prohibition the baneful effects of alcohol were constantly held up before the citizenry, particularly the youth. Since liquor has been outlawed we have acted as though the victory was finally won and there was nothing more necessary to be done. But it is a problem for every generation. In our day many great newspapers are constantly featuring in headlines, in editorials, and in news columns attacks on our prohibition laws. Most of our metropolitan newspapers, sad to say, are either wet or neutral. They print very little in the interest of prohibition. Good literature and good teaching are needed to counteract the baneful influence of much of the big daily press.

I have read this statement at length in order to get the position of almost half a million people composing the Baptist Church in my native State of Georgia before the House of Representatives of the United States, and so that there may be publication of their position in the RECORD on this great question with which the Congress is being now urged to deal by the wet minority in Congress, because my effort to get it inserted without reading was resisted by a gentleman who took advantage of the fact that one Member of the House is able to prevent such publication by unanimous consent.

On February 16 next, the Committee on the Judiciary of the House of Representatives begins the consideration of a bill agreed upon by that wet minority, in executive session; in a session, in other words, where the American people will have no right to be heard. Perhaps hearings are not necessary. But all sorts of propaganda have from time to time been printed in the CONGRESSIONAL RECORD by unanimous consent, touching every conceivable governmental problem coming before this Congress. Nobody objected; but when half a million honest, upright, conservative American citizens express their views on this great question of prohibition, about which they can not be heard by a committee considering it, and it is desired to have their views placed in the RECORD for the purpose of consideration by the Congress of the United States, gentleman take advantage of their right to do so under the unanimous-consent rule and undertake to keep those views out of the RECORD. I have undertaken to obviate the effect of objections made by reading the article.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BUCHANAN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MCCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 7912 and had come to no resolution thereon.

PHILIPPINE INDEPENDENCE

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Insular Affairs:

To the Congress of the United States:

There are transmitted herewith a number of resolutions and other communications relative to Philippine independence which have recently been received in the War Department from the Philippine Islands.

HERBERT HOOVER.

THE WHITE HOUSE, *January 19, 1932.*

EXTENSION OF REMARKS

Mr. CONDON. Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the RECORD the petition of Harriet R. Gallagher against the Alabama-New Orleans Transportation Co. This is a petition that has to do with the complaint of several hundred bondholders and stockholders in a matter now pending in the District Court of the District of Massachusetts. I would like to have it extended in the RECORD so that it may be available to Members who may be interested in it after it is considered by the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

Mr. SIMMONS. Mr. Speaker, for the present time I must object.

CALENDAR WEDNESDAY

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that Calendar Wednesday business, in order to-morrow, may

be dispensed with in order that we may proceed with the pending agricultural appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BUCHANAN]?

There was no objection.

ADJOURNMENT

Mr. BUCHANAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 47 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 20, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Wednesday, January 20, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m. and 2 p. m.)

Estate and gift taxes.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

General inquiry into the American Merchant Marine, the United States Shipping Board, and Merchant Fleet Corporation affairs.

COMMITTEE ON AGRICULTURE

(10 a. m.)

Commodity short selling.

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

Construction bill (H. R. 6661).

COMMITTEE ON RIVERS AND HARBORS

(10.30 a. m.)

Wrangell Narrows, Alaska, House Document 647–71–3.

Sacramento, San Joaquin, and Kern Rivers, Calif., House Document 791–71–3.

Napa River, Calif., Committee Document 6–72–1.

Lake Washington Waterways, Wash., House Document 140–72–1.

Port Gamble Harbor, Wash., House Document 152–72–1.

Tacoma Harbor, Wash., House Document 140–72–1.

Wrangell Harbor, Alaska, House Document 202–72–1.

Kodiak Harbor, Alaska, House Document 208–72–1.

Youngs Bay and Youngs River, Alaska, House Document 209–72–1.

Stikine River, Alaska, House Document 210–72–1.

Seattle Harbor (east waterway), Wash., House Document 211–72–1.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

388. A letter from the Secretary of Navy, proposing the recovery of loss sustained by Lieut. J. E. Bolt, United States Navy; to the Committee on Claims.

389. A letter from the Secretary of War, transmitting a draft of a bill to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

390. A letter from the Secretary of Treasury, transmitting a draft of a bill for the relief of John L. Summers, disbursing clerk, Treasury Department, and other purposes; to the Committee on Claims.

391. A letter from the Secretary of War, transmitting a report dated January 14, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Port Royal Harbor, Beaufort River, and adjacent waters; to the Committee on Rivers and Harbors.

392. A letter from the Secretary of War, transmitting a report dated January 14, 1932, from the Chief of Engineers, United States Army, preliminary examination and survey of Siletz River, Oreg.; to the Committee on Rivers and Harbors.

393. A letter from the Secretary of War, transmitting a report dated January 15, 1932, from the Chief of Engineers, United States Army, on preliminary examination of Bayfield Harbor, Wis.; to the Committee on Rivers and Harbors.

394. A letter from the Secretary of the Navy, transmitting a draft of a bill for the relief of Lieut. Jack C. Richardson, United States Navy; to the Committee on Claims.

395. A letter from the Secretary of the Navy, transmitting a letter requesting that H. R. 6335 be withdrawn; to the Committee on Naval Affairs.

396. A letter from the Secretary of War, transmitting a reported dated January 13, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Anclote River, Fla. (H. Doc. No. 229); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. EVANS of Montana: Committee on the Public Lands. H. R. 268. A bill to excuse certain persons from residence upon homestead lands during 1930 and 1931 in the drought-stricken areas; with amendment (Rept. No. 185). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLTON: Committee on the Public Lands. H. R. 5062. A bill to authorize the exchange of potassium-bearing lands in Tooele County, Utah, between the United States and private owners; without amendment (Rept. No. 186). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on the Public Lands. S. 1588. An act to authorize the Secretary of the Interior to issue patents for lands held under color of title; without amendment (Rept. No. 187). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 571. A bill for the relief of William T. Roche; without amendment (Rept. No. 157). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 756. A bill for the relief of R. L. Wilson; without amendment (Rept. No. 158). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1172. A bill for the relief of Moreau M. Casler; without amendment (Rept. No. 159). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1846. A bill for the relief of John J. Corcoran; without amendment (Rept. No. 160). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2153. A bill for the relief of Mary Cooper; without amendment (Rept. No. 161). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2304. A bill for the relief of John W. Barnum; without amendment (Rept. No. 162). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2417. A bill for the relief of Charles A. Holder; with amendment (Rept. No. 163). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2633. A bill for the relief of William R. Cox; without amendment (Rept. No. 164). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2775. A bill for the relief of Dr. Luis H. Debayle; without amendment (Rept. No. 165). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2804. A bill for the relief of Philip F. Hambsch; without amendment (Rept. No. 166). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3373. A bill for the relief of Fireman's Fund Insurance Co.; with amendment (Rept. No. 167). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3379. A bill for the relief of W. P. Nash; without amendment (Rept. No. 168). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4144. A bill for the relief of H. H. Lee; without amendment (Rept. No. 169). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4147. A bill for the relief of Halvor H. Groven; without amendment (Rept. No. 170). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4232. A bill for the relief of Jens H. Larsen; without amendment (Rept. No. 171). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4868. A bill for the relief of George E. Casey; without amendment (Rept. No. 172). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4989. A bill for the relief of James B. Conner; without amendment (Rept. No. 173). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5047. A bill for the relief of the Yosemite Lumber Co.; without amendment (Rept. No. 174). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5048. A bill for the relief of James E. Dethlefsen; without amendment (Rept. No. 175). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5146. A bill for the relief of Edward J. Devine; without amendment (Rept. No. 176). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5202. A bill for the relief of Bernis Brien and John M. Springer; without amendment (Rept. No. 177). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5221. A bill for the relief of Mary S. Neel; without amendment (Rept. No. 178). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5242. A bill for the relief of D. Emmett Hamilton; without amendment (Rept. No. 179). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5259. A bill for the relief of Steve Fekete; without amendment (Rept. No. 180). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5267. A bill to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries; without amendment (Rept. No. 181). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5272. A bill for the relief of Frank Bayer; without amendment (Rept. No. 182). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5283. A bill for the relief of Blanche Knight; without amendment (Rept. No. 183). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5794. A bill to extend the benefits of the employers' liability act of September 7, 1916, to Mary Ford Conrad; without amendment (Rept. No. 184). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 7770) granting an increase of pension to Gus Cook; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 4976) granting an increase of pension to Alfred Barker; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 7683) for the relief of Stillwell Bros. (Inc.)); Committee on Naval Affairs discharged, and referred to the Committee on Claims.

A bill (H. R. 7784) granting a pension to Angus G. Irvine; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 5002) granting a pension to Zattoo Adkins; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 5003) granting a pension to Marion Litton; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 4433) granting a pension to Louie B. Reibold and Louis Reibold, jr.; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mrs. NORTON of New Jersey: A bill (H. R. 8012) to authorize the Commissioners of the District of Columbia to settle small claims, and for other purposes; to the Committee on the District of Columbia.

Also, a bill (H. R. 8013) to amend the act of the Legislative Assembly of the District of Columbia creating the office of steam-boiler inspector for the District of Columbia; to the Committee on the District of Columbia.

By Mr. DRANE: A bill (H. R. 8014) providing for the establishment of a term of the district court of the United States for the southern district of Florida at Fort Myers, Lee County, Fla.; to the Committee on the Judiciary.

By Mr. MITCHELL: A bill (H. R. 8015) granting extension of time for the payment of fertilizer, feed, and seed loans made by the Government to farmers for a period not to exceed two years at a rate of interest not to exceed 3 per cent per annum; to the Committee on Agriculture.

Also, a bill (H. R. 8016) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates without interest deductions; to the Committee on Ways and Means.

By Mr. WHITE: A bill (H. R. 8017) to limit the purchase of executive departments so far as possible to articles of the growth, production, or manufacture of the United States; to the Committee on Expenditures in the Executive Departments.

By Mr. SANDERS of Texas: A bill (H. R. 8018) providing import duties on crude petroleum and all products of crude petroleum imported into the United States from foreign countries; to the Committee on Ways and Means.

By Mr. BACHMANN: A bill (H. R. 8019) to amend section 113 of the Judicial Code as amended (U. S. C., title 28, sec. 194); to the Committee on the Judiciary.

By Mr. CRAIL: A bill (H. R. 8020) for the relief of officers and soldiers of the volunteer service of the United States mustered into service for the war with Spain and who were held to service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899; to the Committee on War Claims.

By Mrs. KAHN: A bill (H. R. 8021) to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland; to the Committee on Interstate and Foreign Commerce.

By Mr. YON: A bill (H. R. 8022) to authorize the Secretary of the Navy to proceed with the construction of certain public works; to the Committee on Naval Affairs.

By Mr. SMITH of Idaho: A bill (H. R. 8023) providing for the erection of an Indian exhibit building on the eastern Idaho district fair grounds, at Blackfoot, Idaho; to the Committee on Indian Affairs.

Also, a bill (H. R. 8024) providing for the diversion of proceeds from hunting and fishing permits within Indian reservations, to be expended under the direction of the tribal council for the benefit of the Indians; to the Committee on Indian Affairs.

By Mr. KELLY of Pennsylvania: A bill (H. R. 8025) to provide for the transportation and the distribution of mails on motor-vehicle routes; to the Committee on the Post Office and Post Roads.

By Mr. GOLDSBOROUGH: A bill (H. R. 8026) to provide for increasing and stabilizing the price level of commodities, and for other purposes; to the Committee on Banking and Currency.

By Mr. GIBSON: A bill (H. R. 8027) to establish a woman's bureau in the Metropolitan police department of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. AYRES: A bill (H. R. 8028) providing import duties on crude petroleum and all products of crude petroleum imported into the United States from foreign countries; to the Committee on Ways and Means.

By Mr. DAVENPORT: A bill (H. R. 8029) separating and allotting between the Secretary of Commerce and the United States Shipping Board various duties and powers arising under the shipping act, 1916, the merchant marine act, 1920, and the merchant marine act, 1928, amending these acts accordingly, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. FULBRIGHT: A bill (H. R. 8030) granting pensions and increase of pensions to certain soldiers and sailors of the war with Spain, the Philippine insurrection, or the China relief expedition, to certain maimed soldiers, to certain widows, minor children, and helpless children of such soldiers and sailors, and for other purposes; to the Committee on Pensions.

By Mr. LEAVITT: A bill (H. R. 8031) to provide for expenses of the Crow Indian tribal council and authorized delegates of the tribe; to the Committee on Indian Affairs.

By Mr. McKEOWN: Resolution (H. Res. 114) providing that the Secretary of the Interior shall not dispose of any property of the Seminole Indians without their consent; to the Committee on Indian Affairs.

By Mr. RAYBURN: Resolution (H. Res. 115) authorizing the expenses of the Committee on Interstate and Foreign Commerce; to the Committee on Accounts.

By Mr. CONDON: Resolution (H. Res. 116) to provide for an investigation of wage cutting, particularly in those industries which either directly or indirectly are favored by Federal laws, and generally in the United States since 1929; to the Committee on Rules.

By Mr. SNELL: Joint resolution (H. J. Res. 223) granting permission to Lieut. Col. Dan I. Sultan, Corps of Engineers, United States Army, to accept decorations and medals bestowed upon him by the Government of the Republic of Nicaragua; to the Committee on Military Affairs.

Also, joint resolution (H. J. Res. 224) granting permission to First Lieut. Leslie R. Groves, jr., Corps of Engineers, United States Army, to accept certain medals bestowed upon him by the Government of the Republic of Nicaragua; to the Committee on Military Affairs.

Also, joint resolution (H. J. Res. 225) granting permission to Paul R. Hawley, major, Medical Corps, United States Army, to accept certain medals bestowed upon him by the Government of the Republic of Nicaragua; to the Committee on Military Affairs.

By Mr. LINDSAY: Joint resolution (H. J. Res. 226) empowering the President to proclaim October 12 a legal public holiday; to the Committee on the Judiciary.

By Mr. SIROVICH: Joint resolution (H. J. Res. 227) to create a civil-service board of appeals; to the Committee on the Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLGOOD: A bill (H. R. 8032) granting a pension to Nancy C. Morgan; to the Committee on Pensions.

Also, a bill (H. R. 8033) granting a pension to Margaret E. Cantrell; to the Committee on Pensions.

By Mr. BOLTON: A bill (H. R. 8034) granting an increase of pension to Hannah Margaret Acheson; to the Committee on Invalid Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 8035) granting an increase of pension to Lucy S. Tolles; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8036) granting an increase of pension to Ada M. Young; to the Committee on Pensions.

By Mr. CULKIN: A bill (H. R. 8037) granting an increase of pension to Margaret M. Phillips; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8038) granting an increase of pension to Florine F. Seaman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8039) granting an increase of pension to Mary H. Ackley; to the Committee on Invalid Pensions.

By Mr. DARROW (by request): A bill (H. R. 8040) for the relief of the Ancona Printing Co. (Inc.); to the Committee on Claims.

By Mr. DRANE: A bill (H. R. 8041) granting a pension to Della Bond; to the Committee on Invalid Pensions.

By Mr. EVANS of Montana: A bill (H. R. 8042) for the relief of M. M. Twichel; to the Committee on Claims.

By Mr. FINLEY: A bill (H. R. 8043) granting a pension to Elizabeth Saylor; to the Committee on Invalid Pensions.

By Mr. FULMER: A bill (H. R. 8044) granting a pension to L. V. Katheren Trambley; to the Committee on Pensions.

By Mr. GAMBRILL: A bill (H. R. 8045) for the relief of Walter J. Bienemann; to the Committee on Claims.

By Mr. GLOVER: A bill (H. R. 8046) granting a pension to Elijah Walters; to the Committee on Invalid Pensions.

By Mr. HALL of Mississippi: A bill (H. R. 8047) for the relief of I. J. Taylor; to the Committee on Claims.

By Mr. HOLLISTER: A bill (H. R. 8048) for the relief of Sarah Daily; to the Committee on Claims.

By Mr. JOHNSON of Washington: A bill (H. R. 8049) for the relief of Alfred W. Bishop; to the Committee on Naval Affairs.

By Mr. LAMBERTSON: A bill (H. R. 8050) granting a pension to George H. Hunter; to the Committee on Invalid Pensions.

By Mr. McREYNOLDS: A bill (H. R. 8051) granting a pension to Bell D. Qualls; to the Committee on Invalid Pensions.

By Mr. MEAD: A bill (H. R. 8052) for the relief of Joseph M. Haska; to the Committee on Naval Affairs.

Also, a bill (H. R. 8053) granting an increase of pension to Martha J. Wilcox; to the Committee on Invalid Pensions.

By Mr. MOORE of Ohio: A bill (H. R. 8054) granting an increase of pension to Jemima E. Stephens; to the Committee on Invalid Pensions.

By Mr. MOUSER: A bill (H. R. 8055) granting an increase of pension to Hallie Redfern; to the Committee on Invalid Pensions.

By Mr. NELSON of Maine: A bill (H. R. 8056) granting an increase of pension to Harriet M. Chamberlin; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 8057) for the relief of Ruth Relyea; to the Committee on Claims.

Also, a bill (H. R. 8058) for the relief of Ettie A. Shepard; to the Committee on Claims.

Also, a bill (H. R. 8059) granting an increase of pension to Nellie Murray; to the Committee on Pensions.

By Mr. RAINEY: A bill (H. R. 8060) granting a pension to Agnes G. Smith; to the Committee on Invalid Pensions.

By Mrs. ROGERS: A bill (H. R. 8061) granting a pension to Alma A. DeCoen; to the Committee on Pensions.

By Mr. SWANK: A bill (H. R. 8062) granting a pension to Joe W. George; to the Committee on Pensions.

By Mr. SWEENEY: A bill (H. R. 8063) granting a pension to Florence G. Schultz; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8064) for the relief of John Oscar Brown; to the Committee on Military Affairs.

Also, a bill (H. R. 8065) granting a pension to Sarah J. Green; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8066) for the relief of William W. Perryman; to the Committee on Military Affairs.

By Mr. WHITE: A bill (H. R. 8067) for the relief of Ben F. Osborn; to the Committee on Claims.

By Mr. WILLIAMS of Texas: A bill (H. R. 8068) granting an increase of pension to David R. Majors; to the Committee on Pensions.

Also, a bill (H. R. 8069) granting a pension to William Newton Johnson; to the Committee on Invalid Pensions.

By Mr. WOOD of Indiana: A bill (H. R. 8070) granting a pension to Mary Long; to the Committee on Invalid Pensions.

By Mr. WOODRUFF: A bill (H. R. 8071) granting an increase of pension to Anna Duplanta; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

506. By Mr. ALDRICH: Petition of 22 citizens of Rhode Island, opposing the repeal, resubmission, or any modification of the eighteenth amendment; to the Committee on the Judiciary.

507. By Mr. BACHMANN: Petition of Mrs. John W. Bickett, Mrs. R. J. Baggs, Mrs. Wesley R. Baumberger, Mrs. Margaret Scott, Mrs. L. D. Cole, Mrs. M. E. Hillyer, Mrs. Charles F. Folmer, and Mrs. A. W. Crowther, opposing a resubmission resolution of the eighteenth amendment by Congress; to the Committee on the Judiciary.

508. Also, petition of Fairview Woman's Christian Temperance Union, Rev. Gordon Withers, Rev. J. A. Wright, Walter Lough, Worley Powell, Alfred Knosely, Gay Basnett, and Walter Toothman, opposing a resubmission resolution of the eighteenth amendment by Congress; to the Committee on the Judiciary.

509. By Mr. BOHN: Petition of Michigan association of probate judges, indorsing and urging the continuation of rehabilitation services; to the Committee on Agriculture.

510. By Mr. CONDON (by request): Petition of certain bond owners, stockholders, and creditors of the Alabama & New Orleans Transportation Co., requesting a hearing and other relief in the case of Harriet H. Gallagher, petitioner, v. Alabama & New Orleans Transportation Co., a corporation, defendant, now pending in the United States District Court for the District of Massachusetts; to the Committee on the Judiciary.

511. Also (by request), petition of Mary J. Broadbent and several other citizens of Rhode Island, opposing repeal, resubmission, or any modification of the eighteenth amendment; to the Committee on the Judiciary.

512. By Mr. GARBER: Petition of Court No. 946, Catholic Daughters of America, of Ponca City, Okla., protesting against House bill 4757; to the Committee on Education.

513. Also, petition of Court St. Mary, No. 946, of the Catholic Daughters of America, of Ponca City, Okla., in opposition to House bill 4739; to the Committee on Interstate and Foreign Commerce.

514. Also, petition of the Quaker Line, Philadelphia, Pa., urging support of House bill 28, providing for the construction of a vessel designed for ice breaking and assistance work in the Hudson River, N. Y.; to the Committee on Interstate and Foreign Commerce.

515. Also, petition of the women's study clubs of Miami, Okla., urging legislation in the furtherance of world peace; to the Committee on the Judiciary.

516. By Mr. HOCH: Petition of various residents of Hamilton, Kans., urging support of the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

517. Also, petition of various residents of Fall River, Kans., urging support of the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

518. By Mr. JOHNSON of Texas: Petition of Texas division of the Mid-Continent Oil & Gas Association, opposing a Federal tax on gasoline; to the Committee on Ways and Means.

519. Also, petition of C. A. Middleton, Corsicana, Tex., favoring a reduction of Federal expenditures rather than increase in taxes; to the Committee on Ways and Means.

520. Also, petition of Raphael Levine, Corsicana, Tex., ex-president Local Union 393, International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States, opposing Federal admission tax; to the Committee on Ways and Means.

521. Also, petition of Denie D. Posey, of Henderson, Tex., favoring payment in full of adjusted-service certificates; to the Committee on Ways and Means.

522. Also, petition of Fort Worth Chamber of Commerce, Fort Worth, Tex., favoring a tariff on oil; to the Committee on Ways and Means.

523. By Mr. LONERGAN: Petition of Federal Bar Association of New York, New Jersey, and Connecticut for additional permanent judgeship; to the Committee on the Judiciary.

524. By Mr. McKEOWN: Petition of Enid (Okla.) Chapter of Business and Professional Women's Club, urging tariff on crude oil; to the Committee on Ways and Means.

525. By Mr. MURPHY: Petition of Harry R. Fitton, of Bellaire, Ohio, protesting against a tax on admissions to motion-picture shows; to the Committee on Ways and Means.

526. Also, petition of Jennie Baker, of Jewett, Ohio, and 53 other members of the Woman's Christian Temperance Union, asking for the retention of the prohibition laws; to the Committee on the Judiciary.

527. By Mrs. OWEN: Petition from Miami (Fla.) Woman's Christian Temperance Union, requesting that there shall not be a resubmission of the eighteenth amendment to the States; to the Committee on the Judiciary.

528. By Mr. PERSON: Resolution of board of directors of the Michigan Real Estate Association, protesting against the proposed enactment of a stamp tax on realty conveyances; to the Committee on Ways and Means.

529. Also, petition of 294 citizens of Detroit, Mich., favoring the enactment of legislation to curb the activities of the chain-store system; to the Committee on Interstate and Foreign Commerce.

530. By Mr. ROBINSON: Petition signed by L. F. Wolcott, manager of the Grand Theater, Eldora, Iowa, and about 85 other citizens of Eldora, protesting against a 10 per cent tax on theater admissions; to the Committee on Ways and Means.

531. By Mr. ROMJUE: Petition of Mason Contractors Association of St. Louis, Mo., favoring the passage of House bill 4680; to the Committee on Expenditures in the Executive Departments.

532. By Mr. RUDD: Petition of the Federal Bar Association of New York, New Jersey, and Connecticut, favoring the passage of Senate bill 1335 and House bill 5342, for additional judges for the district of New Jersey; to the Committee on the Judiciary.

533. Also, petition of the Maritime Association of the Port of New York, opposing the passage of Senate bill 7 and

House bill 4643, for the deportation of alien seamen; to the Committee on Immigration and Naturalization.

534. Also, petition of E. W. Holmes, of Flushing, N. Y., opposing a tax on automobiles, tires, and accessories as an unjust burden on this industry; to the Committee on Ways and Means.

535. By Mr. SNOW: Petition of F. C. Soule and many other residents of Smyrna Mills, Me., requesting that some action be taken by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

536. By Mr. SWANK: Petition of Business and Professional Women's Club, Cushing, Okla., in favor of a tariff on oil; to the Committee on Ways and Means.

537. By Mr. TREADWAY: Memorial of Bertha Day and other residents of North Adams, Mass., urging maintenance of the prohibition law and its enforcement, and protesting against modification, resubmission, or repeal; to the Committee on the Judiciary.

538. By Mr. YON: Petition signed by N. F. Nelson, of Bay Harbor, and 34 other citizens of Panama City, St. Andrews, and Millville, Fla., protesting against compulsory Sunday observance; to the Committee on the Judiciary.

539. By the SPEAKER: Petition of Manuel L. Lummerio, that the pension laws be extended to include the house boys employed by United States Army officers during the Spanish American War; to the Committee on Pensions.